STATE REAL ESTATE COMMISSION
POST OFFICE BOX 2649
HARRISBURG, PA 17105-2649
1-833-367-2762

BROKER COURSE INFORMATION

All real estate courses must qualify in accordance with Section 35.271 of the Rules and Regulations of the State Real Estate Commission in order to be applied toward the 16 credits, 240 hours of instruction, in professional real estate education required for the broker examination.

The Commission strongly recommends that educational institutions implement the Commission recommended uniform titles, minimal content outline and clock hours for courses in the areas of study listed in Section 35.271.(2).

Students submitting transcripts from educational institutions implementing this recommendation should experience no difficulties in the qualification of their credits for the broker examination requirements.

Students submitting transcripts from educational institutions who have not implemented this recommendation could experience difficulty in the qualifications of their credits for the broker examination requirements.

It is the responsibility of the administrator of a college, university or accredited institute of higher learning, or director of a real estate school to determine that the real estate courses offered by that educational institution qualify.

Whenever the responsible administrator of a college, university, or accredited institute of higher learning determines that a qualifying real estate course will be offered as part of the educational institution's curriculum, the responsible administrator should immediately submit to the Commission a COURSE APPROVAL APPLICATION (SPOA 2137.IL or 2137.DE).

Whenever the director of a real estate school determines that a qualifying real estate course will be offered as part of the school's curriculum, the director is required to immediately submit to the Commission a COURSE APPROVAL APPLICATION (SPOA 2137.IL or 2137.DE).

A real estate school is required to maintain at its administrative office all records relative to the qualifications of their courses including the course content outline. These records must be available for review by the Commission's representative when monitoring the real estate program of the school.

REAL ESTATE FINANCE (45 hours)

Minimum Content Outline

I. Sources of Mortgage Funds
- A. Fiduciary Sources
  - 1. Commercial banks
  - 2. Savings and loan associations
  - 3. Life insurance companies
  - 4. Pension and retirement programs
  - 5. Credit unions
- B. Semifiduciary Sources
  - 1. Mortgage bankers and brokers
  - 2. Real estate investment trusts and bonds
- C. Nonfiduciary Sources
  - 1. Private loan companies
  - 2. Individual and other financiers

II. Government Influences in the Financial Market
- A. Federal Reserve System
  - 1. Reserve requirements
  - 2. Discount rates
  - 3. Open market operations
  - 4. Truth-in-Lending Act
- B. United States Treasury
- C. Federal Home Loan Bank System (FHLB)
- D. Government Insurance and Guarantees of Deposits and Mortgages
  - 1. Federal Deposit Insurance Corporation (FDIC)
  - 2. Federal Savings and Loan Insurance Corporation (FOLIC)
  - 3. Federal Housing Administration (FHA)
  - 4. Veterans Administration Guaranteed Program (VA)
- E. Government Activities in the Secondary Mortgage Market
  - 1. Federal National Mortgage Association (FNMA)
  - 2. Government National Mortgage Association (GNMA)
  - 3. Federal Home Loan Mortgage Corporation (FHLMC)
- F. Other Government Real Estate Finance Activities (When Applicable)
  - 1. Cooperative farm credit system
  - 2. Housing and Urban Development (HUD)
  - 3. Urban renewal and rehabilitation projects
  - 4. State real estate financing agencies

III. Anatomy of Real Estate Finance Instruments
- A. Mortgage
  - 1. Prepayment/Penalties
  - 2. Alienation/Due on sale
  - 3. Acceleration
  - 4. Subordination
  - 5. Release clause
  - 6. Other current clauses
- B. Note
  - 1. Interest—straight; amortized
  - 2. Rate—fixed; variable
  - 3. Payments—amounts; due dates; extensions; etc.
  - 4. Acceleration
  - 5. Other current clauses

IV. Defaults; Foreclosures; Redemptions

V. Alternative Instruments of Real Estate Finance
- A. First Mortgages
- B. Junior Mortgages
- C. Mortgage Alternatives
  1. Open-end mortgages
  2. Construction loans
  3. Blanket mortgages
  4. Participation loans
  5. Leasehold mortgages
  6. Reverse annuity mortgages
  7. Wrap around mortgages
  8. Sale-leaseback
  9. Purchase money mortgages
  10. Installment land contracts
  11. Assumptions
  12. Recasting
  13. Other current alternatives

VI. Mortgage Placement Procedures
- A. Qualifying the Borrower
  1. Regulations—FR; FHLB; FNMA
- B. Qualifying the property
  1. Appraisal
- C. Analysis of Title
  1. Title evidence; Title insurance
- D. Closing the Loan—Procedures and Regulations
  1. Equal Credit Opportunity Act
  2. Real Estate Settlement Procedures Act

This outline is designed to enable the real estate licensee to understand the factors affecting a mortgaged transaction, thereby enabling the practitioner to more effectively deal with a borrower and lender. The topics should be discussed in detail and application, including mathematical calculations and forms where appropriate. The financial market, tax laws and government regulations will impact these topics requiring instruction judgment about the timeliness of suggested topics.