

IREM Master List of Courses for NMREC Approval 5.9.18

CPM

Financing and Loan Analysis for Investment Real Estate - ASM603

Financing and Loan Analysis for Investment Real Estate (ASM603)

Course Description

While it may not seem important on a day to day basis, understanding financial concepts can help you build value and increase income for your business holdings. Let's be honest. Fluctuations in the financial and real estate market are inevitable. But with this course, you'll learn to produce higher revenue for your portfolio – despite the turbulence of the market.

Register and learn the ins and outs of financing and leverage:

- Financing and Where to Get it. Public and private **lenders**, lender perceptions and requirements.
- Loan Structure and Fees. You'll learn about **common loan types** and detail the elements of a **loan package** used to secure financing.
- Loan Calculation. Compare financial calculation tools, calculate principal and interest, and understand **effective interest rate**.
- Here's the Important Part: Loan Analysis. Your value to clients and employers will multiply exponentially when you can **determine leverage position** and **conduct a break-even analysis**.



Course Length

Classroom: The classroom course is 2 days, including lunch and breaks. Typical course timeframe is 8:00 a.m. to 5:00 p.m. each day. Select a specific offering of the course from the dropdown menu above for exact dates and times. The course exam is taken online within 7 days after completing the course; instructions to access the exam are provided during the course.

Online: The online course takes approximately 3-5 hours to complete, followed by the online course exam.

Access to the online course ends when you complete the course or 6 months after registration, whichever comes first.

Learning Objectives

Lesson 1: Financing and Loan Packages

An investor can borrow a major portion of the purchase price of a property. Consequently, financing plays a large role in making decisions about real estate.

In this lesson, you will learn how to:

- List common sources of investment real estate loans
- Detail the elements of a loan package used to secure financing

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Lesson 2: Loan Structures and Fees

Financing for a property may be required for acquisition, major replacements, and renovations. Thus, one of a real estate manager's responsibilities may be to compare loan options in order to select the most advantageous loan structure form available. To do this, the real estate manager must understand the various types of loans that can be obtained in the marketplace today.

In this lesson, you will learn how to:

- Define common loan types
- List fees associated with financing

Lesson 3: Loan Calculation

Although few real estate managers make decisions about financing on their own, an understanding of loan calculations leads to better decision making, assessment of financial condition, and knowledge of how a property operates.

In this lesson, you will learn how to:

- Compare financial calculation tools
- Calculate principal and interest on several types of loans
- Calculate effective interest rate

Lesson 4: Loan Analysis

Equity holders and lenders alike invest in real estate because the returns are higher than those from "safe investments," such as government securities. When evaluating a potential loan recipient, lenders examine a number of aspects of the potential borrower and of the property itself and weigh risks associated with financing. This is why the loan package needs to be complete and meet lender criteria.

In this lesson, you will learn how to:

- Define and calculate lender ratios
- Determine leverage position
- Conduct a break-even analysis

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Lesson 5: Lender Rights and Recourses

Measuring risk helps lenders avoid making bad loans. However, even with all the best risk measures in place, lenders must have ways to protect themselves if a loan does not perform as desired or becomes delinquent. This could impact your property if it is not performing well and cannot meet debt obligations.

In this lesson, you will learn how to:

- Describe liens
- Explain loan workout arrangements

Lesson 6: Exploring the IREM Financial Analysis Spreadsheet

Financial tools can greatly impact the accuracy and efficiency of a real estate manager's work.

In this lesson, you will learn how to:

- Use the IREM Financial Analysis Spreadsheet to perform loan calculations and analyses

Course Schedule

These are guidelines; you may adjust timing, but total hours must remain the same.

Start Time End Time Minutes Description

Introduction

8:00 8:30 0:30 Registration
8:30 8:45 0:15 Student Introductions
8:45 8:55 0:10 IREM® Membership
8:55 9:00 0:05 Course Overview

Lesson 1: Financing and Loan Packages

9:00 9:05 0:05 Lesson Introduction
9:05 9:15 0:10 Overview of Lending/History
9:15 9:20 0:05 Student Discussion: Sources of Financing
9:20 9:30 0:10 Sources of Financing
9:30 9:40 0:10 Elements of a Loan Package
9:40 9:45 0:05 Conclusion
9:45 10:00 0:15 **BREAK**

Lesson 2: Loan Structures and Fees

10:00 10:05 0:05 Lesson Introduction
10:05 10:15 0:10 Interest Rates
10:15 10:30 0:15 Types of Loans
10:30 10:40 0:10 Activity 2.1: Loan Structure Scenarios
10:40 10:45 0:05 Conclusion

Lesson 3: Loan Calculation

10:45 10:50 0:05 Lesson Introduction

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10:50 10:55 0:05 Student Discussion: Financial Tools
10:55 11:15 0:20 Financial Calculator
11:15 12:00 0:45 Loan Calculation
12:00 12:30 0:30 Activity 3.1: Calculating Loans
12:30 1:30 0:60 **LUNCH**
1:30 2:15 0:45 Effective Interest Rates
2:15 3:00 0:45 Activity 3.2: Effective Interest Rates
3:00 3:15 0:15 Activity 3.3: Practice Problems
3:15 3:20 0:05 Conclusion
3:20 3:35 0:15 **BREAK**

Lesson 4: Loan Analysis

3:35 3:40 0:05 Lesson Introduction
3:40 4:10 0:30 Lender Ratios
4:10 4:30 0:20 Activity 4.1: Lender Ratios
4:30 5:00 0:30 Recap and Review

Start Time End Time Minutes Description

8:30 8:45 0:15 Recap Day 1

Lesson 4: Loan Analysis, cont.

8:45 9:05 0:20 Leverage
9:05 9:25 0:20 Activity 4.2: Leverage Position
9:25 9:40 0:15 Break-Even Points
9:40 9:50 0:10 Activity 4.3: Break-Even Points
9:50 10:10 0:20 Activity 4.4: Practice Problems
10:00 10:15 0:05 Conclusion
10:15 10:30 0:15 **BREAK**

Lesson 5: Lender Rights and Recourses

10:30 10:35 0:05 Lesson Introduction
10:35 10:50 0:15 Lender Rights and Recourses
10:50 11:20 0:30 Case Study 5.1: Loan Workout
11:20 11:25 0:05 Student Discussion: Loan Workouts
11:25 11:30 0:05 Conclusion
11:30 12:30 0:60 **LUNCH**

Lesson 6: Exploring the IREM® Financial Analysis Spreadsheet

12:30 12:35 0:05 Lesson Introduction
12:35 12:50 0:15 Overview
12:50 1:15 0:35 Loan Calculation Using the Spreadsheet
1:15 1:45 0:30 Activity 6.1: Using the Financial Analysis Spreadsheet
1:45 2:15 0:30 Activity 6.2: Loan Scenarios
2:15 2:30 0:15 Loan Analysis Using the Spreadsheet
2:15 2:30 0:15 **BREAK**
2:30 3:15 0:45 Activity 6.3: Loan Analysis
3:15 3:20 0:05 Conclusion
3:20 3:30 0:10 Final Reflection