



DURATION

2 Days



DELIVERY CHANNEL

Virtual

OR

In-Person



PROGRAM LEVEL

Introductory to
Intermediate

PREREQUISITES

None

ADVANCE PREPARATION

None

CPE CREDITS

16

Overview

Commercial Real Estate Analysis Foundations teaches an end-to-end process for evaluating and structuring loans against commercial properties.

Using an interactive, case study-based approach, participants learn how to assess economic, environmental, and regulatory risks, as well as property-specific risks. They also learn how to analyze cash flow and coverage and use property valuations to determine the appropriate loan amount. The course concludes with an examination of underwriting and loan structuring techniques, including typical covenants and reserves.

Learning Objectives

BY THE END OF THIS COURSE, YOU WILL BE ABLE TO:

- » Recognize the credit risks associated with commercial real estate.
- » Identify the different types of income-generating properties and their primary characteristics.
- » Assess property-specific and external risks associated with lending against commercial properties.
- » Evaluate the quality of income sources associated with commercial real estate.
- » Structure historical and projected property cash flow statements and assess a property's ability to generate sufficient cash flow.
- » Perform meaningful sensitivity analyses to determine an appropriate loan amount.
- » Assess the ability of a property to generate sufficient cash flow to keep loans current in less-than-ideal circumstances.
- » Properly use commercial real estate appraisals.
- » Make sound, defensible lending decisions and build solid loan structures.

Who Should Attend?

- » Commercial real estate analysts
- » Commercial real estate underwriters
- » Investment bankers
- » Commercial bankers
- » Relationship managers
- » Commercial real estate professionals

Course Detail

MODULES

1 Credit Analysis Framework and Credit Risk

- 1 Liquidity and solvency tests and analytical decision-making
- 2 Crucial areas of risk assessment
- 3 Financial risk analysis and risk mitigants
- 4 General categories and types of CRE credit risk
- 5 Five Cs of credit

2 Property Types and Uses

- 6 General CRE property types: residential construction, multifamily, industrial, office, retail, mixed-use, special-purpose, and land
- 7 Primary characteristics of CRE property types
- 8 Similarities and differences between CRE property types
- 9 Owner-occupied properties versus investment properties
- 10 Special-purpose properties
- 11 Current trends

3 External Risks

- 12 Property location and its effect on demand and credit
- 13 CRE in the context of market and economic trends
- 14 Space markets, asset markets, capital markets, and development industry
- 15 Real estate capital markets and industry statistics
- 16 External environmental issues
- 17 Legal and governmental regulatory risks

4 Property-specific Risks

- 18 Sponsor/borrower analysis
- 19 Tenants: source of cash flow
- 20 Lease types and terms
- 21 Property management and building maintenance
- 22 Deferred maintenance and replacement reserves
- 23 Property condition assessments (environmental, engineering, seismic, and property inspections)
- 24 Property inspections, including inspections for construction loans

MODULES

5

Cash Flow Analysis

25 Cash flow projections and drivers

26 Liquidity and pro forma cash flow overview

27 Individual pro forma cash flow items

28 Sample rent roll and pro forma cash flow

29 Capitalization rates

30 Cash flow and property valuation

31 Ground leases and mortgage financing

32 Legal elements of leases

6

Coverage Analysis and Financial Ratios

33 Financial ratios

34 Interaction between pro forma cash flow and financial ratios

35 Determining the loan amount

36 Income quality, sensitivity analysis, and stressing the loan

7

Third-party Property Valuation Issues

37 Formal property valuations: process, structure, and content

38 Appraisal valuation approaches: cost, sales comparison, and income

39 Final property valuation estimate versus liquidation value

40 Valuation risk and appraisal analysis

8

Financing and Loan Structure

41 Construction loans and permanent loans

42 Capital structure overview

43 Affirmative, negative, and financial covenants

44 Basic loan underwriting framework

45 Typical lender escrow/reserves, including property taxes, insurance, tenant rollover, and deferred maintenance

46 Sample cash management and lockbox structures

47 Deal documentation

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Students should check for up-to-date information directly from the NASBA website: www.nasbaregistry.org.

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GROUP DISCOUNTS

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FEES AND CANCELLATIONS

The fee listed is per participant. Course fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the course. Registrations may be canceled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another course, but fees will not be refunded. We reserve the right to cancel or reschedule courses at any time. For further information on our refund and complaint policy, please contact us.

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