

Commercial Real Estate Lending

Build expertise in evaluating and lending for investment real estate projects



SELF-PACED
E-LEARNING

15-20
HOURS

OVERVIEW

In today's competitive commercial lending environment, financial institutions increasingly rely on the production and maintenance of high-quality commercial real estate loans. This course provides lenders with the unique skills and knowledge required to effectively evaluate and manage these opportunities.

WHO SHOULD ENROLL

Anyone with commercial real estate lending responsibilities, including commercial real estate lenders, commercial lenders, credit managers, credit underwriters, and loan review staff.

RESULTS AND BUSINESS BENEFITS

Upon completion, participants will be able to:

- Evaluate a commercial real estate opportunity, including the project's management, ownership, market, and property
- Calculate and evaluate cash flow, net operating income (NOI), and debt service coverage
- Determine the value of a commercial real estate property as a secondary source of repayment
- Identify the appropriate loan documentation needed for different types of real estate transactions
- Recognize the steps necessary to properly monitor a construction loan

LEARNING MODULES

1

Opportunity
Assessment

2

Borrower and
Management
Assessment

3

Market and
Property
Assessment

4

Repayment
Assessment

5

Real Estate
Valuation

6

Global Financial
Assessment

7

Loan
Documentation
and
Management

8

Construction
Lending



E-LEARNING BY OMEGA PERFORMANCE

Omega Performance E-Learning courses, accessible online at any time, are developed to be highly interactive—maintaining high learner interest that enhances understanding and application of the material. Concepts are presented in conjunction with related definitions, explanations, formulas, and real-world examples to ensure that individuals of all learning styles find the subject matter accessible and user-friendly.



Learning Module Descriptions

1 OPPORTUNITY ASSESSMENT

- Introduces the real estate lending decision strategy framework for comprehensive risk analysis
- Defines the different types of commercial real estate properties
- Differentiates between owner-occupied and non-owner-occupied properties
- Provides guidances on matching the loan purpose with the appropriate type of loan
- Provides guidance on completing a preliminary assessment of management and the property
- Describes key documents that the lender must gather in order to complete a comprehensive analysis

2 BORROWER AND MANAGEMENT ASSESSMENT

- Examines typical and complex real estate ownership structures
- Defines structural subordination and its impact on cash
- Presents a framework for assessing the breadth, depth, character, and project experience of management

3 MARKET AND PROPERTY ASSESSMENT

- Details the property characteristics and sub-categories for retail, office, industrial, and multi-family investments
- Analyzes site and improvement characteristics of a commercial real estate property, as well as zoning, easement, and other restrictions
- Identifies the three phases of an environmental assessment
- Explores how supply, demand, and market absorption influence financial feasibility

4 REPAYMENT ASSESSMENT

- Defines and explains the calculation of existing and stabilized NOI
- Explains underwriting metrics: debt service coverage, maximum supportable loan, and loan to value
- Describes the calculation and use of capitalization rates to determine property value
- Provides job aids that detail underwriting guidelines for industrial, multi-family, office, and retail properties
- Addresses types of leases, lease clauses and provisions, tenant types, and other aspects of lease analysis

5 REAL ESTATE VALUATION

- Presents the regulations affecting real estate appraisals and the role of FIRREA and FDICIA
- Explains the valuation framework used to complete appraisals for commercial property
- Describes how the appraiser determines value using the cost approach
- Outlines how to establish value using the sales comparison approach
- Explores the income approach to value using both the direct capitalization and discounted cash flow models
- Provides a method to determine which valuation approach is most appropriate for the particular project

6 GLOBAL FINANCIAL ASSESSMENT

- Explains analytical methods used to evaluate the financial statements and cash flow of the borrower
- Explores the different types of guarantees available in a real estate transaction
- Details the analysis of financial statements of individual and business guarantors to determine their financial capacity to support a loan
- Presents a method of consolidating the borrower and guarantor assessments to determine global cash flow
- Synthesizes the real estate underwriting, borrower financial analysis, and guarantor analysis into a loan recommendation
- Addresses commercial real estate loan structure, pricing, and covenants

7 LOAN DOCUMENTATION AND MANAGEMENT

- Identifies the documents required to evidence and secure a commercial real estate transaction
- Enumerates the documents required to verify and protect collateral for the loan
- Describes the purpose and use of additional documents needed for construction loans

8 CONSTRUCTION LOANS

- Provides an overview of construction lending, including types of construction loans, gathering of information, and types of contracts
- Steps through the key factors to consider when analyzing a general contractor
- Explains how to evaluate a project budget, including hard costs, soft costs, interest reserve, and contingency
- Provides an overview of construction project management, focusing on the construction loan agreement, draw requests, inspections and potential red flags
- Presents the documentation and administration required for a construction loan

FIND OUT MORE ABOUT OMEGA PERFORMANCE TRAINING

For detailed course descriptions and to speak with an Omega Performance training consultant, please contact us at:

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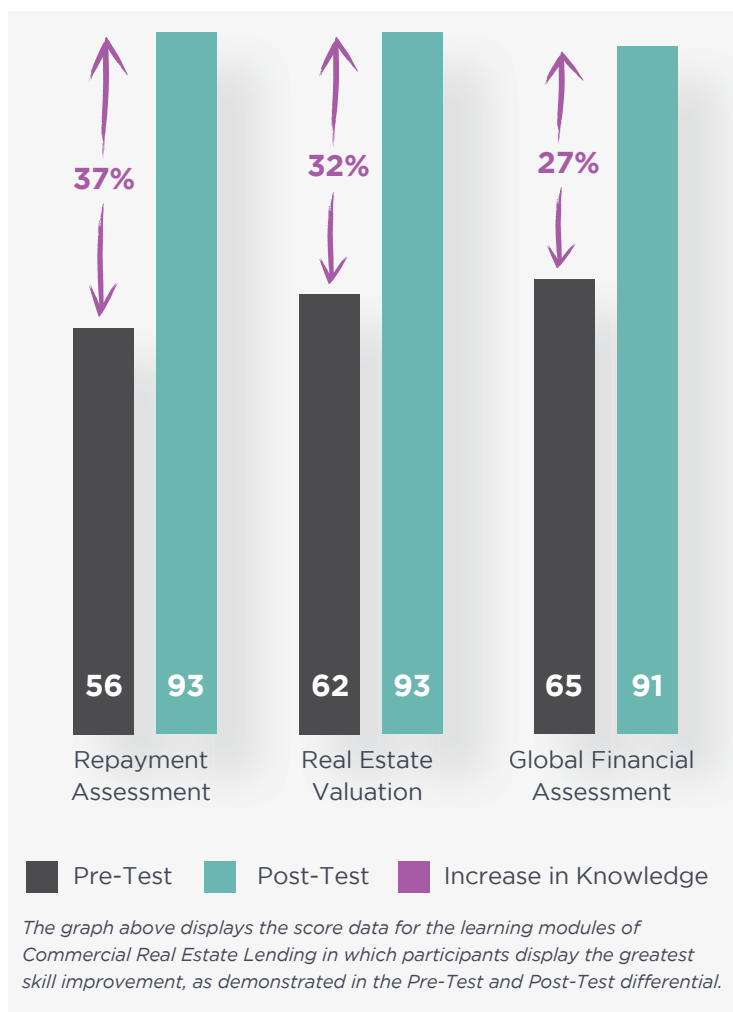
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Training Effectiveness Benchmarking Report

Commercial Real Estate Lending

Average Percentage Increase in Knowledge **27%**

LEARNING MODULES	PRE-TEST SCORES	POST-TEST SCORES
1. Opportunity Assessment	77	94
2. Borrower and Management Assessment	69	92
3. Market and Property Assessment	66	93
4. Repayment Assessment	56	93
5. Real Estate Valuation	62	93
6. Global Financial Assessment	65	91
7. Loan Documentation and Management	68	94
8. Construction Loans	70	94



Key Takeaways

Pre-Training Participants lacked critical Commercial Real Estate Lending skills, and found it difficult to calculate debt service coverage, maximum supportable loan amount, or perform a lease analysis. Further, participants failed to recognize current appraisal requirements, and they did not demonstrate an understanding of global cash flow.

Post-Training Post-Test results highlighted an average 27% improvement in key skills. Participants demonstrated a clear understanding of risk assessment, ownership structures, underwriting metrics, structural subordination, appraisal requirements, global financial assessment, real estate documentation, and construction lending.