

Career and Technical Education TEKS Review Draft Recommendations

Texas Essential Knowledge and Skills (TEKS) for Career and Technical Education Draft Recommendations
Business, Marketing, and Finance Career Cluster
Program of Study: Real Estate
Region 4 Education Service Center

The document reflects the draft recommendations to the career and technical education (CTE) Texas Essential Knowledge and Skills (TEKS) that have been recommended by subject matter experts facilitated by Region 4 Education Service Center for the **Real Estate program of study**.

Proposed additions and new courses are shown in green font with underline (additions). Proposed deletions are shown in red font with strikethroughs (~~deletions~~). Text proposed to be moved from its current student expectation is shown in purple italicized font with strikethrough (~~*moved text*~~) and is shown in the proposed new location in purple italicized font with underlines (*new text location*). Numbering for the knowledge and skills statements in the document will be finalized when the proposal is prepared to file with the *Texas Register*.

Comments in the right-hand column provide explanations for the proposed changes. The following notations may be used as part of the explanations.

Abbreviation	Description
KS	refers to knowledge and skills statement
SE	refers to student expectation

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Commercial Lending and Real Estate.....	2-7

§127.XX Commercial Lending and Real Estate (One Credit), Adopted 202X.

	TEKS with edits	Work Group Comments/Rationale
(a)	<u>Implementation. The provisions of this section shall be implemented by school districts beginning with the 2025-2026 school year.</u>	
(1)	<u>No later than August 31, 2025, the commissioner of education shall determine whether instructional materials funding has been made available to Texas public schools for materials that cover the essential knowledge and skills identified in this section.</u>	
(2)	<u>If the commissioner makes the determination that instructional materials funding has been made available this section shall be implemented beginning with the 2025-2026 school year and apply to the 2025-2026 and subsequent school years.</u>	
(3)	<u>If the commissioner does not make the determination that instructional materials funding has been made available under this subsection, the commissioner shall determine no later than August 31 of each subsequent school year whether instructional materials funding has been made available. If the commissioner determines that instructional materials funding has been made available, the commissioner shall notify the State Board of Education and school districts that this section shall be implemented for the following school year.</u>	
(b)	<u>General requirements. This course is recommended for students in Grades 9-12. Students shall be awarded one credit for successful completion of this course.</u>	
(c)	<u>Introduction.</u>	
(1)	<u>Career and technical education instruction provides content aligned with challenging academic standards and relevant technical knowledge and skills for students to further their education and succeed in current or emerging professions.</u>	
(2)	<u>The Business, Marketing, and Finance Career Cluster focuses on planning, managing, organizing, directing, and evaluating business functions essential to efficient and productive business management, finance, operations, and marketing.</u>	

(3)	<u>This course is designed to equip students with the knowledge and skills needed to excel in the field of commercial lending. Students will gain an understanding of commercial lending principles and practices, develop expertise in analyzing commercial real estate properties, learn about various types of commercial loans and their underwriting processes, and explore the role of commercial lenders in driving economic development.</u>	
(4)	<u>Students are encouraged to participate in extended learning experiences such as industry certifications, networking opportunities, case studies, simulations, internships, job shadowing, and mentorship programs.</u>	
(5)	<u>Statements that contain the word "including" reference content that must be mastered, while those containing the phrase "such as" are intended as possible illustrative examples.</u>	
(d)	<u>Knowledge and skills.</u>	
(1)	<u>The student understands the fundamental concepts of commercial lending and real estate. The student is expected to:</u>	
(A)	<u>define commercial lending and distinguish it from residential lending;</u>	
(B)	<u>explain the role of commercial lending in the real estate market and the broader economy; and</u>	Commercial loans fund the construction and development of new commercial properties, stimulating economic growth and job creation. The commercial real estate sector contributes to overall economic growth by generating investment, stimulating demand for goods and services, and creating tax revenue.
(C)	<u>identify the relationship between commercial real estate and commercial lending practices.</u>	
(2)	<u>The student examines different types of commercial real estate. The student is expected to:</u>	
(A)	<u>identify and describe various types of commercial properties, including office buildings, retail centers, industrial facilities, and multifamily housing;</u>	

(B)	<u>analyze the unique characteristics and investment potential of each type of commercial property; and</u>	Commercial real estate encompasses a diverse range of property types, each with its own unique characteristics, investment potential, and risk profile. Understanding these distinctions is crucial for making informed investment decisions.
(C)	<u>evaluate market trends and their impact on different sectors of commercial real estate.</u>	
(3)	<u>The student understands the processes involved in commercial lending. The student is expected to:</u>	
(A)	<u>describe the steps involved in originating a commercial loan, including application, underwriting, and approval;</u>	Loan Application, Underwriting, Loan Approval or Denial, Loan Closing
(B)	<u>analyze the criteria used by lenders to assess the creditworthiness of borrowers, including income, credit history, and collateral; and</u>	
(C)	<u>explain the role of risk assessment and mitigation in the commercial lending process.</u>	
4.	<u>The student applies financial analysis techniques to evaluate commercial real estate investments. The student is expected to:</u>	
(A)	<u>calculate key financial metrics such as net operating income (NOI), cap rate, and return on investment (ROI);</u>	
(B)	<u>use financial modeling to project cash flows and assess the profitability of commercial real estate projects; and</u>	
(C)	<u>identify the impact of financing terms, interest rates, and loan structures on commercial real estate investments.</u>	
(5)	<u>The student examines the legal and regulatory environment surrounding commercial lending and real estate. The student is expected to:</u>	
(A)	<u>identify key laws and regulations governing commercial real estate transactions, including zoning laws, environmental regulations, and fair lending practices;</u>	
(B)	<u>analyze the role of contracts in commercial real estate, including purchase agreements, lease agreements, and loan documents; and</u>	

(C)	<u>identify and discuss the impact of regulatory changes on commercial lending and real estate markets.</u>	Regulatory changes can have a significant impact on the commercial lending and real estate markets. Lending standards, interest rates, tax policies, environmental regulations, and economic policy.
(6)	<u>The student explores the various structures and terms used in commercial loans. The student is expected to:</u>	
(A)	<u>describe common loan structures, including fixed-rate, adjustable-rate, and interest-only loans;</u>	
(B)	<u>analyze the advantages and disadvantages of different loan terms such as loan-to-value ratio, amortization period, and prepayment penalties; and</u>	
(C)	<u>explore creative financing options such as mezzanine financing and bridge loans, in commercial real estate transactions.</u>	
(7)	<u>The student analyzes commercial real estate markets to inform investment and lending decisions. The student is expected to:</u>	
(A)	<u>conduct market research to assess supply and demand dynamics in commercial real estate;</u>	
(B)	<u>evaluate the impact of economic indicators such as employment rates and interest rates, on commercial real estate markets; and</u>	
(C)	<u>identify emerging trends in commercial real estate such as urbanization, sustainability, and technology-driven changes.</u>	
(8)	<u>The student understands the importance of risk management in commercial lending and real estate. The student is expected to:</u>	
(A)	<u>identify common risks associated with commercial lending, including default risk, interest rate risk, and market risk;</u>	<p>Default Risk: Probability of non-payment, borrower's creditworthiness, financial health of business, economic outlook, property value.</p> <p>Interest Risk: Fluctuation in Interest Rates, Impact on Loan Value</p> <p>Market Risks: Economic downturn, industry-specific risks, regulatory risks</p> <p>Credit and Liquidity Risks</p>

(B)	<u>explore strategies for mitigating risks such as diversification, insurance, and due diligence; and</u>	
(C)	<u>evaluate the role of loan covenants and credit enhancements in protecting lenders.</u>	
(9)	<u>The student examines the processes involved in servicing commercial loans and managing real estate assets. The student is expected to:</u>	
(A)	<u>describe the responsibilities of loan servicers, including payment processing, account management, and collections;</u>	
(B)	<u>analyze asset management strategies for maximizing the value of commercial real estate investments; and</u>	Property Management, Tenant Mix, Property Upgrades and Renovations, Market Analysis, Risk Management, Exit Strategy.
(C)	<u>explore the challenges of managing distressed assets and non-performing loans.</u>	
(10)	<u>The student understands the principles and practices of commercial real estate development. The student is expected to:</u>	
(A)	<u>describe the stages of commercial real estate development, from site selection to project completion;</u>	
(B)	<u>analyze the financial, legal, and regulatory considerations involved in commercial development projects; and</u>	
(C)	<u>evaluate the impact of development on communities, including economic, environmental, and social factors.</u>	
(11)	<u>The student identifies and understands the ethical considerations in commercial lending and real estate transactions. The student is expected to:</u>	
(A)	<u>discuss ethical issues related to lending practices such as predatory lending, conflicts of interest, and transparency;</u>	
(B)	<u>analyze case studies involving ethical dilemmas in commercial real estate such as environmental concerns, fair housing, and social responsibility; and</u>	
(C)	<u>propose strategies for promoting ethical behavior and integrity in the commercial lending and real estate professions.</u>	

(12)	<u>The student explores career opportunities in commercial lending and real estate. The student is expected to:</u>	
(A)	<u>identify various career paths in commercial lending and real estate such as loan officers, underwriters, real estate analysts, and developers;</u>	
(B)	<u>research the education, skills, and certifications required for different roles in the industry; and</u>	
(C)	<u>develop a career plan that includes short- and long-term goals for entering and advancing in the commercial lending and real estate fields.</u>	

WORKING DOCUMENT