

ATTACHMENT I
Text of Proposed New 19 TAC

Chapter 127. Texas Essential Knowledge and Skills for Career Development and Career and Technical Education

Subchapter F. Business, Marketing, and Finance

§127.270. Commercial Lending and Real Estate (One Credit), Adopted 2025.

- (a) Implementation.
 - (1) The provisions of this section shall be implemented by school districts beginning with the 2026-2027 school year.
 - (2) School districts shall implement the employability skills student expectations listed in §127.15(d)(2) of this chapter (relating to Career and Technical Education Employability Skills, Adopted 2025) as an integral part of this course.
- (b) General requirements. This course is recommended for students in Grades 10-12. Prerequisite: at least one credit in a Level 2 or higher course from the Business, Marketing, and Finance Career Cluster. Students shall be awarded one credit for successful completion of this course.
- (c) Introduction.
 - (1) 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.
 - (2) 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.
 - (3) Commercial Lending and Real Estate is designed to equip students with the knowledge and skills needed to excel in the field of commercial lending. Students 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.
 - (4) Students are encouraged to participate in extended learning experiences such as career and technical student organizations and other organizations that foster leadership and career development in the profession such as student chapters of related professional associations.
 - (5) 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.
- (d) Knowledge and skills.
 - (1) The student understands the fundamental concepts of commercial lending and real estate. The student is expected to:
 - (A) define commercial lending and distinguish commercial lending from residential lending;
 - (B) explain how the role of commercial lending affects economic development and the growth of the real estate market; and
 - (C) describe the relationship between commercial real estate and commercial lending practices.
 - (2) The student examines different types of commercial real estate. The student is expected to:
 - (A) identify and describe various types of commercial properties, including office buildings, retail centers, industrial facilities, and multifamily housing;

- (B) analyze the unique characteristics and investment potential of each type of commercial property; and
 - (C) identify and evaluate the impact of market trends on different sectors of commercial real estate.
- (3) The student understands the processes involved in commercial lending. The student is expected to:
 - (A) describe the steps involved in originating a commercial loan, including application, underwriting, and approval;
 - (B) analyze the criteria, including income, credit history, and collateral, that lenders use to assess creditworthiness of borrowers; and
 - (C) explain the role of risk assessment and mitigation in the commercial lending process.
- (4) The student uses financial analysis techniques to evaluate commercial real estate investments. The student is expected to:
 - (A) calculate key financial metrics such as net operating income (NOI), cap rate, and return on investment (ROI) for a given commercial lending scenario;
 - (B) use financial modeling to project cash flows and assess the profitability of commercial real estate projects through consideration of market trends, financing options, and risk assessment; and
 - (C) analyze the impact of financing terms, interest rates, and loan structures on commercial real estate investments.
- (5) The student examines commercial lending and real estate legal and regulatory environments. The student is expected to:
 - (A) identify key laws and regulations, including zoning laws, environmental regulations, and fair lending practices, that govern commercial real estate transactions;
 - (B) analyze the role of contracts in commercial real estate, including purchase agreements, lease agreements, and loan documents; and
 - (C) identify and discuss how regulatory changes impact commercial lending and real estate markets.
- (6) The student explores the various structures and terms used in commercial loans. The student is expected to:
 - (A) describe common loan structures, including fixed-rate, adjustable-rate, and interest-only loans;
 - (B) analyze the advantages and disadvantages of different loan terms, including loan-to-value ratio, amortization period, and prepayment penalties; and
 - (C) compare creative commercial financing options such as mezzanine financing and bridge loans in commercial real estate transactions.
- (7) The student analyzes commercial real estate markets to inform investment and lending decisions. The student is expected to:
 - (A) conduct market research to assess supply and demand dynamics in commercial real estate;
 - (B) evaluate the impact of economic indicators, including employment and interest rates on commercial real estate markets; and
 - (C) analyze and evaluate emerging trends in commercial real estate such as urbanization and technology-driven changes.

- (8) The student understands the importance of risk management in commercial lending and real estate. The student is expected to:
- (A) identify common risks associated with commercial lending, including default risk, interest rate risk, and market risk;
 - (B) research and describe risk mitigation strategies, including diversification, insurance, and due diligence, used in commercial lending and real estate transactions; and
 - (C) evaluate the role of loan covenants and credit enhancements in protecting lenders.
- (9) The student examines the processes involved in servicing commercial loans and managing real estate assets. The student is expected to:
- (A) describe the responsibilities of loan servicers, including payment processing, account management, and collections;
 - (B) analyze asset management strategies for maximizing the value of commercial real estate investments, including financial analysis, performance monitoring, property management, tenant relations, market analysis, strategic planning, risk management, portfolio diversification, and exit strategy planning; and
 - (C) research and describe the challenges of managing distressed assets and non-performing loans such as valuation difficulties, legal and regulatory complexities, operational challenges, market and economic factors, and reputational risks.
- (10) The student understands the principles and practices of commercial real estate development. The student is expected to:
- (A) describe the stages of commercial real estate development from site selection to project completion;
 - (B) analyze the financial, legal, and regulatory considerations of commercial development projects; and
 - (C) analyze various impacts of development on communities, including benefits and challenges.
- (11) The student identifies and understands ethical considerations in commercial lending and real estate transactions. The student is expected to:
- (A) discuss ethical issues related to lending practices, including predatory lending, conflicts of interest, and transparency, and evaluate the impact of these issues on consumers and financial institutions; and
 - (B) propose strategies for promoting integrity and ethical behavior in the commercial lending and real estate professions, including transparency, accountability, and compliance with regulations.
- (12) The student explores career opportunities in commercial lending and real estate. The student is expected to:
- (A) identify various career paths in commercial lending and real estate, including loan officers, underwriters, real estate analysts, and developers, and describe the primary responsibilities and qualifications for each role;
 - (B) research and identify the education, skills, and certifications required for different roles in the industry, including loan officers, underwriters, real estate analysts, and developers; and
 - (C) develop a career plan that includes short- and long-term goals for entering and advancing in the commercial lending and real estate fields.