

## Course Syllabus

### Course Overview

## Welcome to Real Estate Finance!

I am Mark Sunderman and I will be your guide on this exciting journey this semester. Even though I feel like an "old timer" when it comes to on-line education (I have been teaching online since Spring 1999), I am still learning more every semester (I try not to make the same mistake twice). Since many of you are also new to online instruction, I am sure this will be a learning experience for all of us. One thing I have learned while teaching online is to be FLEXIBLE. I have also learned how critical communication (i.e., e-mail, the class message center, threaded discussion, chatroom) is in online education.

I have designed this class so it should be beneficial to the university student needing an elective, the professional wanting to learn about real estate finance, the individual considering making real estate a career, or even the real estate professional needing continuing educational credit. A major objective of this class is to provide the student an understanding of the mechanics of a mortgage, as well as, the legal environment. Analysis of the borrower and the property will also be considered. In addition, the nature of institutions and the instruments that have been developed will be studied; however, the approach will be analytical and quantitative whenever possible.

Real estate finance is a field of study that requires an understanding of many important subjects: property law, mortgage underwriting practices, mortgage insurance programs, financial analysis, valuation principles, federal income tax laws, investment analysis, financial institutions, real estate development, and capital markets. Finance 4800 is designed to provide the student a foundation in each of these areas. Finance 4800 is an advanced course in real estate, as such; topics in real estate finance (introduced in Finance 4610 - *Real Estate and Urban Economics*) are examined in more detail. However, Finance 4610 is not required for success in this class.

Let me stress that online education has many benefits. But it is still in many respects self-directed learning. It requires a high level of responsibility, dedication and self-discipline on your part. Even though we do not have class meetings, there are still assignments and deadlines to met. In this class you will be responsible for your own work, your own progress, and your own grade. What you get from this class will be in direct relationship to what you put in! I really enjoy the flexibility of online education, but it is also VERY easy to get behind.



Before we get started, a few words about myself. I am a Professor of Finance at the University of Wyoming and have been teaching in higher education for over 25 years. I hold a Ph.D. in Finance from the University of Illinois, Urbana-Champaign. Even though my degrees are in Finance, my specialty (and love) is real estate. I have been on the faculty of the University of

Wyoming since 1986. Prior to coming to the University of Wyoming, I taught at Spring Arbor College, Northwest Missouri State University, and Illinois State University. I like to believe that I bring to my classes a blend of theory and application.

In addition to my teaching obligations, I am very active in academic research - I love to write. Consulting, primarily in the area of real estate valuation and as an expert witness in real estate related cases, has also been an important part of my career.

I was one of the first online faculty at the University of Wyoming. I taught my first class over the internet in Spring 1999. I have learned much since then and have become a strong advocate for online education. In fact, Spring 2000 I got the go ahead to develop a 6 class Real Estate Certificate program to be offered by UW entirely over the internet (these classes are also taught on campus). This class is part of that effort.

For more professional information about me, check out my web page at <http://www.uwyo.edu/sunderman/sunderman.htm>. Want to know more personal information about me? SORRY, you will have to wait till we get into the threads! Not only will I be asking you to introduce yourselves, but then I will tell you more about me.

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**Textbook** Brueggeman and Fisher, Real Estate Finance and Investments. McGraw-Hill Irwin, Thirteenth Edition, 2008.

A calculator is required. A financial calculator is not mandatory, but one is *strongly* recommended (if you are planning to purchase one, the HP-12C is recommended). Calculators will be needed to work the quizzes and the problems assigned in class.

The text and a selection of calculators can be ordered from the University Bookstore at the University of Wyoming - 1-800-423-5809 (enter #2 and then #1). You may also purchase the text online at <http://www.uwyobookstore.com>.

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## Course Syllabus

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Calculator: A calculator in this class is required. A financial calculator is not mandatory, but may be helpful for some of the assignments.

## **Course Requirements**

1. There will be seven online quizzes (there will be a quiz for Units 2 through 8). The quizzes will be worth 50 points each. Each quiz can be taken up to three times and there will be no time limit on the individual quizzes. Your grade will be the average of your attempts. When the quiz is retaken, even though most of the questions remain the same, there may be some variation. Feel free to use your text / notes while taking these quizzes. Again, these quizzes are individual assignments -- team work is not permitted.
2. An important aspect of this class will be communication. Your involvement in this class, through conference threads, will be evaluated at the end of each unit. 25 points is available for Units 1 through 8, for a total of 200 points in the course. To receive credit for your threaded discussion your posts must be made by midnight on the due date of the unit of material. No late posts will be accepted, regardless of the reason. Threads will not only be used for discussion, but I will also use the threads to cover questions about the subject material. **For more information about the grading of these threads see information in Unit 1.**
3. In addition to the above, there will be three problem sets due during the semester. Each problem set will be worth 100 points. Late assignments will not be accepted since the solutions will be posted. It is suggested you keep a copy of your assignment prior to turning it in (with electronic submission of assignments - things can go wrong). Instructions on how to turn this assignment in will be discussed later.
4. We will have NO formal final exam; however, the final quiz and the last problem set will be due during final exam week.

## **Course Outline**

- **Unit 1 -- Overview**
  - Overview of the *eCollege* shell
  - Structure of the *Real Estate Finance* class
  - Format of the individual class units
- **Unit 2 -- Introduction to Real Estate Finance**
  - An Introduction to Real Estate Investment: Legal Concepts (Chapter 1)
  - Financing: Notes and Mortgages (Chapter 2)
  - The Interest Factor in Financing (Chapter 3)
- **Unit 3 -- Financing Residential Properties -**



**Part 1**

- Fixed Rate Mortgage Loans (Chapter 4)
  - Adjustable Rate and Variable Payment Mortgages (Chapter 5)
  
  - **Unit 4 -- Financing Residential Properties - Part 2**
    - Residential Financial Analysis (Chapter 6)
    - Single Family Housing: Pricing, Investment, and Tax Considerations (Chapter 7)
    - Underwriting and Financing Residential Properties (Chapter 8)
    - *Problem Set 1*
  
  - **Unit 5 -- Financing Income Properties - Part 1**
    - Introduction to Income-Producing Properties: Leasing and Market for Space (Chapter 9)
    - Valuation of Income Properties: Appraisal and Market for Capital (Chapter 10)
    - Investment Analysis and Taxation of Income Properties (Chapter 11)
  
  - **Unit 6 -- Financing Income Properties - Part 2**
    - Financial Leverage and Financing Alternatives (Chapter 12)
    - Risk Analysis (Chapter 13)
    - Disposition and Renovation of Income Properties (Chapter 14)
    - Partnerships, Joint Ventures, and Syndications (Chapter 18)
    - *Problem Set 2*
  
  - **Unit 7 -- Financing Proposed Projects**
    - Financing Construction Projects (Chapter 16)
    - Financing Land Development Projects (Chapter 17)
  
  - **Unit 8 -- Alternative Real Estate Investment Vehicles**
    - The Secondary Mortgage Market: Pass-Through Securities (Chapter 19)
    - The Secondary Mortgage Market: CMOs and Derivative Securities (Chapter 20)
    - Real Estate Investment Performance and Portfolio Considerations (Chapter 22)
    - *Problem Set 3*
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**Grading Policies** This course will have a total of 850 possible points. The breakdown of these points are:

Unit Quizzes	350
Conference Threads	200
Problem Sets	300

Total points earned by the student will determine the grade assigned. I intend to use a 90 / 80 / 70 / 60 percent grading scale. Individual assignments may be curved; however, at no time will the final grading scale exceed the above listed scale.

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**Course Policies** As with any course, there are policies that need to be followed. With an online class, since we never meet face to face, these policies tend to be even more important.

**Communication Expectations**

Since this class meets over the Internet, it is critical that constant communication is maintained. For my part, I will check my e-mail daily (Monday through Friday), usually late afternoon, and will check the Threaded Discussions at least twice a week. You can reach me either through e-mail, [m-sunderman@uwyo.edu](mailto:m-sunderman@uwyo.edu), (this is NOT my main campus address - this is one I have setup strictly for my online students) or by phone at (307) 766-4199 (I have voice mail in the event you miss me). **From past experience, e-mail communication often works best.** To better serve you, PLEASE include in the subject line of your e-mail "FIN 4800". Also, please make sure to include your name in your message! This makes it easier to identify each of you. If at all possible, I will respond to your questions / problems within 36 hours.

### **E-mail Policies**

E-mail can be a valuable tool; however, it can be easily abused. Each of you has the option to e-mail the entire class; however, PLEASE keep these messages related to course content. Also, I suggest that you do not give the entire class your phone number or address. If you want to share this selectively, that is fine. These policies are designed so each of you are not inundated with junk mail and you are able to maintain some privacy. Further, often posting your question / comment in the threads is better than sending an e-mail message to the entire class.

WARNING - Several years ago someone impersonated me with a valid looking e-mail address - they even signed my name to the message! There is no way I can stop this from happening in advance. However, if I catch the culprit they will have to answer to ME, the University, and the e-mail provider. To try to eliminate this potential problem, I will only be using my UW e-mail address ([m-sunderman@uwyo.edu](mailto:m-sunderman@uwyo.edu) or [sundermn@uwyo.edu](mailto:sundermn@uwyo.edu)) when I communicate with you this semester. If you get mail from another address, let me know and unless you hear otherwise from me, IGNORE it!!

Finally, please realize that the University of Wyoming or this instructor cannot and will not be held responsible for the content of any personal messages which are sent from one student directly to another student using the UW Online e-mail delivery system. It is expected that all students will adhere to accepted codes of ethical, personal, and civil conduct when conversing online using e-mail or engaging in any real time online chat sessions. Failure to abide by such codes of conduct and etiquette will result in expulsion from the course with a failing grade.

### **Threads Policies**

I will not place limits on the use of conference threads other than to clearly state that I will not tolerate rudeness or inconsiderate comments being posted. Please treat each others views with the same amount of respect that you would want your views handled. Remember, it is VERY easy to be guilty of "flaming" in a thread situation. If handled properly, you may find that the "threads" are the most enjoyable aspect of the class.

### **Grammar / Spelling**

There is a tendency to become lax when posting responses to threaded discussions and when sending e-mail. This is not an English class; however, I still expect proper grammar and spelling to be used. I do not intend to grade participation based on the quality of your writing style; however, it is disconcerting when it is HARD to understand what someone is expressing because their writing is unclear. As a suggestion, you may want to compose your threaded comments or e-mail messages in a word processing program where you can check spelling, edit, and revise your writing. Once you are finished, you can cut and paste the work into the threaded discussion or into e-mail.

## **Academic Dishonesty**

This is a topic I would prefer if we did not have to deal with it, but ...

Academic dishonesty, also known as "cheating," **will not be tolerated in this class**. Cases of academic dishonesty will be prosecuted in accordance with UNIREG 802 Rev. 2. Cheating in this course can result in an "F" in the course, a permanent notice of academic dishonesty in your student citizenship file, or suspension from the University. In this course, academic dishonesty includes (but is not limited to) unapproved assistance on quizzes (i.e., working together), taking or giving unapproved assistance on the problem sets, plagiarism or other use of published materials without complete citations, or fabrication of referenced information.

If you have a question regarding cheating, PLEASE, drop me a note!

## **File Format of Assignments**

When I deliver material to the class for downloading, I will save text files in "pdf" format. This is an easy format to read with a free Adobe Acrobat reader. You can download this reader at <http://www.adobe.com/products/acrobat/readermain.html>. Non-text files will be saved in Microsoft Office format. To send files to me, you can send files in either WordPerfect / Word / Adobe Acrobat or Excel format. If you have any concerns regarding my ability to read a file, please contact me. Again, I am very flexible!

## **Technical Problems**

If you have problems with the class (non-technical), please address these to me. If your problems are technical and not class material related, please e-mail the technical support staff at eCollege at [helpdesk@ecampus.uwyo.edu](mailto:helpdesk@ecampus.uwyo.edu), or call (303) 873-0005 (they are available 24/7). I have NO control over the technical aspects of this class. Even though I have had VERY good assistance from the help desk, if you have any problems, PLEASE let me know. Sometimes I can "open doors" that you might not be able to!

One exception to the above. I use a different provider (WebCT) for the testing and grade book features of this class - more on this later. IF you have problems with these components, **PLEASE address those problems to me**, the helpdesk will not be able to help you.

Unfortunately, Internet Service Providers (ISP) periodically have problems. I have also found that all ISPs are not "created equal" - many class problems have resulted from an inferior ISP. These problems are not an excuse for failing to complete assignments or for turning them in late, not being involved in threaded discussion, or having no e-mail access. Since computer crashes and disasters are bound to happen, I encourage you to make hard copies of your assignments and communication. If you have problems with your ISP, notify them immediately. If problems persist, you may have to access this course from another computer or through another ISP. Keep in mind that your ISP is your only link to this class.

### **Access to Course**

The way this class is designed, you are not permitted to work ahead; however, I have provided some overlap of the units for flexibility (please check out the schedule shown under "Class Schedule"). After each unit is completed, you will still have access to it; however, work done on prior units (involvement in past threads and quizzes) will not be graded.

### **Personal Involvement and Time**

There is often a misperception that taking a course online is easier since you don't have to physically go to a classroom. It is true that there are some things that become easier for online students. However, it is also easier to get behind. Even though you have flexibility in attending class, the work still needs to be done. Further, you have to take more responsibility for your learning. Finally, an online course requires more personal involvement where participation is the KEY. For success, don't put off your assignments. When possible, get an early start on each unit of material.



How much you learn in this class will be in direct relationship to the amount of time spent on this material. Even though this class will be a lot of work, I also hope it can be an enjoyable experience!

Finally, I ask that you check your e-mail daily. I may be making adjustments to the course from time to time depending on the needs of the class. I will use e-mail and the message center in the class to keep you informed. Also, I ask that you access conference threads several times during the week. Don't be surprised if you find most of your learning results from this form of communication.

### **Class Attendance / Involvement**

This is NOT A CORRESPONDENCE class! We don't have class meetings, but we have regular assignments AND deadlines! We will move through this material AS A CLASS, not as individuals. You will find that I stress communication. This is not possible if everyone is at a different place in the material. My TA and I are here to help you, but you will likely find your classmates can help a lot as well! Get to know them.

I would suggest that you set aside a time each day that you plan on working on this class. If

you need to miss a day, that is fine, but the work still needs to be done! The way this class is designed, you have approximately 17 days to complete a unit of material (this includes three weekends). Even though this may sound like a lot of time, it really isn't considering the amount of material that needs to be covered in each unit. I had considered breaking these units up into smaller pieces; however, leaving them larger gives each of you more flexibility (or more rope to hang yourself with!).

I realize that problems occur. I am usually fairly flexible; however, if you are having problems (technical or otherwise) it is **YOUR** responsibility to **contact me** .

## Class Schedule

Shown below is the schedule we will be following this semester. Remember, you can not enter a unit until the "Beginning Date". Even after a unit is completed, you can still access it; however, any work done AFTER the "Ending Date" will not be graded.

Unit - Material Covered	Beginning Date	Ending Date
Unit 1	1/14	2/4
Unit 2 - Chapters 1 - 3	1/18	2/4
Unit 3 - Chapters 4 and 5	2/1	2/18
Unit 4 - Chapters 6 - 8	2/15	3/3
Unit 5 - Chapters 9 - 11	2/29	3/17
Unit 6 - Chapters 12 - 14 and 18	3/14	4/7
Unit 7 - Chapters 16 and 17	4/4	4/21
Unit 8 - Chapters 19, 20 and 22	4/18	5/5

You will note that we are not doing too much the first week, the reason for this is to provide some flexibility at the beginning of the semester. Hopefully, everyone will be fully registered and have the textbook prior to us getting into the main material this semester!

New units will open on a Friday and are due 17 days later, on a Monday (by Midnight). These dates do not apply to Unit 6 due to Spring Break at the University of Wyoming (you have a week more for this unit) or Unit 1. Note that there is some overlap in the Units to provide more flexibility - please do not leave the material to the last day! Even though I have attempted to have these units approximately of equal size, you will find that some are harder than others - SORRY.