



# SMU

EDWIN L. COX  
SCHOOL OF BUSINESS

## Spring 2014: RE – 3381 – Real Estate Fundamentals Introduction to Real Estate Finance

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**Adjunct Lecturer:** Julie Brand Lynch

**Office Hours:** By appointment at SMU – most any time before or after class

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**RE 3381 Class–spring 2014 – 3:30 p.m. – 4:50 p.m.**

### **Learning Outcomes:**

- Learn the contributing causes of the 2008 Financial Crisis in the United States thru research and authoring a paper
- Student will be able to calculate compound interest and understand financial tables for the process of compounding, discounting and finding internal rates of return by using interest factors.
- Learn approaches to pricing and structuring fixed interest rate mortgage loans.
- Understand determinants of house prices and appraisal procedures used for residential mortgage lending.
- Learn the underwriting process and closing of residential properties. Course will cover and students will learn the necessary accounting between the borrower, lender, seller and other parties to a transaction.
- Students will be introduced and learn sound investment decisions for income producing properties with consideration given to market supply & demand, and economic considerations.

**Textbook:** Real Estate Finance and Investments, 14<sup>th</sup> ed., by Brueggeman and Fisher (**BF**) published by McGraw Hill-Irwin Co., 2011.

- a. If you are a Real Estate Finance major you should acquire a copy of the book because it will be used again in RE 4389. If you obtain a used copy, be sure that it is the 14<sup>th</sup> edition.
- b. For non-majors who do not wish to purchase a book, there are copies on reserve in the BIC.

**Calculator:** For RE3381 finance module, the HP12c calculator will be used. There is an iPhone application for the HP12C for approximately \$16.00. This application can't be used during the exam. The calculator can be purchased from most office supply stores and Amazon.

During the course, the classroom exercises, homework solutions and supplemental reference materials will all be using the HP12c.

**Software:** A website reference [www.mhhe.com/bf14e](http://www.mhhe.com/bf14e) has been included with the 14<sup>th</sup> edition of your textbook. It contains EXCEL spreadsheets/templates and may be useful for many of the homework assignments this part of the class.

**Website:** Information on assignments/changes, important terms that you should know from reading assignments, check figures for homework and various messages from me will be posted on the **Blackboard (BB)** website. Go to: <http://smu.edu/cms/> . **(Use your same User ID and Password as ACCESS.)**

The textbook supplement website: [www.mhhe.com/bf14e](http://www.mhhe.com/bf14e) or [www.mhhe.com/business/finance/realestonline](http://www.mhhe.com/business/finance/realestonline) also includes Real Estate Outline. This contains supplementary material including quiz questions, etc. You may find this site useful as you study during the course.

**Supplements:** Hard copies of any course handouts, etc. will be provided to you at no charge courtesy of the Real Estate Department or you can obtain the information off of Blackboard. “Too Big Too Fail” DVD on reserve in the BIC.

**Homework:** Students are responsible for reading all the assigned chapters, gaining a comprehensive understanding and completing the assigned chapter assignments. Chapter on-line chapter quizzes need to be handed in each class. Certain problems and solutions will be worked during the class to help students. It is your responsibility to seek additional help from Ms. Lynch or other classmates if you don't understand any of the material.

**Class Participation:** Attendance is MANDATORY. This module is taught utilizing blended learning techniques to reinforce concepts assigned in reading and to deliver new learning. It is required that students actively engage in the classroom exercises, participate in discussions, be an active listener, respond effectively or correct when called on by Ms. Lynch.

**Honor Code Policy:** If it is determined that a student has cheated on any work submitted for academic credit, a grade of zero will be given for that assignment, quiz, or exam. If the student feels wrongly accused, he/she has the option of appealing that decision to the Honor Council. I will abide by the decision of the Honor Council. If the Honor Council also finds the student guilty of cheating and recommends that the student receive a "HV" for the course, I will follow the Honor Council's recommendation. An "HV" carries the weight of an "F" and will remain on the student's transcript for three years after graduation.

<b>Grading Policy:</b>	Finance Chapter On-line Quizzes	20%
	Group paper – 2008 Financial Crisis	20%
	Individual Acquisition Assignment	20%
	Class Participation	10%
	Finance Module Examination	<u>30%</u>
	RE Finance	100%
	<b>Finance Module Final Grade equals</b>	<b>33% entire RE3381 grade</b>

A 94 - 100	B+ 86 - 89	B- 80 – 82	C 72 – 75	D 60 - 69
A- 90 - 93	B 82 - 85	C+ 76 - 79	C- 70 – 72	Don't 0 - 59

This provides students with a reminder not only of the policies themselves, but also of how to access the services and accommodations available.

- **Disability Accommodations:** Students needing academic accommodations for a disability must first be registered with Disability Accommodations & Success Strategies (DASS) to verify the disability and to establish eligibility for accommodations. Students may call 214-768-1470 or visit <http://www.smu.edu/alec/dass.asp> to begin the process. Once registered, students should then schedule an appointment with the professor to make appropriate arrangements. (See University Policy No. 2.4; an attachment describes the DASS procedures and relocated office.)
- **Religious Observance:** Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9.)
- **Excused Absences for University Extracurricular Activities:** Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work. (University Undergraduate Catalogue)

⇒ **Class 1:** Wednesday – February 26, 2014

**Lecture:**

- A. Introductions
- B. Review syllabus
- C. What does real estate mean
- D. What is real estate finance

Read Chapter 8.

Complete Chapter 8 “Quiz” ([www.mhhe.com/bf14e](http://www.mhhe.com/bf14e) Print out results and turn in next class).

**Bring HP 12c calculator to next class.**

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⇒ **Class 2:** Wednesday – March 5, 2014

**Lecture:**

- A. Mortgage application process
- B. Qualifying for a loan
- C. Financing calculator workshop

Read Chapter 3 and complete chapter 3 on-line “Quiz”.

[www.mhhe.com/bf14e](http://www.mhhe.com/bf14e) print out results and turn in next class.

Complete homework assignment sheet.

**Bring HP12c calculator to next class.**

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⇒ **Class 3:** Monday – March 17, 2014

**Lecture:**

- A. Discussion on Chapter 4
- B. Mortgage application process & underwriting

Read Chapter 4 and complete chapter 4 on-line “Quiz”. Complete homework assignment sheet.

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SPRING BREAK Monday March 10 – March 14, 2014

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⇒ **Class 4:** Wednesday – March 19, 2014

**Lecture:**

- A. Adjustable rate mortgages
- B. Discussion on Chapter 5

Read Chapter 5 and complete chapter 5 on-line “Quiz”

[www.mhhe.com/bf14e](http://www.mhhe.com/bf14e). Print out results and turn in next class.

Complete homework assignment sheet.

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⇒ **Class 5:** Monday – March 24, 2014  
**Lecture:** A. Finding the property  
B. Economic base  
C. Supply & demand  
D. GROUP PROJECT DUE

Reading Chapter 7 and complete Chapter 7 on-line “Quiz”  
Print out results and turn in next class.  
Complete homework assignment sheet.

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⇒ **Class 5:** Monday – March 24, 2014  
**Lecture:** A. Appraisal process  
B. Classroom Exercise

Read Chapter 10 pages 296 – top half 300. Continue page 324 “Cost Approach” - page 327. Complete homework assignment sheet.

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⇒ **Class 6:** Wednesday – March 26, 2014  
**Lecture:** A. Introduction to Income Producing Properties

Read Dr. Linneman Chapters 1 and 3 provided.  
Complete homework assignment sheet.

BRING LAPTOP TO NEXT CLASS

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⇒ **Class 7:** Monday – March 31, 2014  
**Lecture:** A. Introduction to Cash Flow Analysis  
B. Complete course evaluation  
C. Continue discussion on income producing properties  
D. Review for Final Exam

Read Chapter 9 and complete on-line “Quiz”.  
Print out your results in hand in next class.  
Complete homework assignment sheet.

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⇒ **Class 8:** Wednesday – April 2, 2014

INDIVIDUAL PROJECT DUE

FINAL EXAM

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