



SMU

EDWIN L. COX
SCHOOL OF BUSINESS

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

Adjunct Lecturer: Julie Brand Lynch

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

LYNOUS Talent Management (www.LYNOUS.com)
6860 N. Dallas Parkway; Ste. 200
Plano, Texas 75024
Office: 214.387.9595
Mobile: 972.786.3235
Fax: 214.975.1462
E-Mail: Julie@LYNOUS.com

Website Reference: <http://faculty.cox.smu.edu>

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, 14th 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 14th 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** has been included with the 14th 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 or 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. **NO LATE ASSIGNMENTS ARE ACCEPTED.**

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.

Grading Policy:	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%
	Finance Module Final Grade equals	33% entire RE3381 grade

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

HOMEWORK: Read Chapter 8.

Complete Chapter 8 “Quiz” (www.mhhe.com/bf14e Print out results and turn in next class) March 5, 2014.

Bring HP 12c calculator to next class.

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

Lecture:

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

HOMEWORK: Read Chapter 3 and complete chapter 3 on-line “Quiz”.
www.mhhe.com/bf14e print out results and turn in next class. March 17, 2014.

Complete homework assignment sheet distributed in today’s class.

Bring HP12c calculator to next class.

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

Lecture:

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

HOMEWORK: Read Chapter 4 and complete chapter 4 on-line
Quiz” www.mhhe.com/bf14e print out results and turn in next class.

March 19, 2014. Complete homework assignment sheet distributed in class today.

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

Lecture:

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

HOMEWORK: Read Chapter 5 and complete chapter 5 on-line “Quiz”
www.mhhe.com/bf14e. Print out results and turn in next class March 24, 2014.

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

HOMEWORK: Read Chapter 7 and complete Chapter 7 on-line “Quiz” www.mhhe.com/bf14e. Print out results and bring to class March 26, 2014. Read Chapter 10 pages 296 – top half 300. Continue page 324 “Cost Approach” - page 327. Complete Appraisal Report assignment and bring to March 26, 2014.

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

HOMEWORK: Read Dr. Linneman Chapters 1 and 3 provided.

BRING LAPTOP TO NEXT CLASS

⇒ **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

HOMEWORK: Read Chapter 9 and complete on-line “Quiz”. Print out your results in hand in next class April 2, 2014.

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

INDIVIDUAL PROJECT DUE

FINAL EXAM
