FINC 403- 01– Real Estate Finance
Fall 2022 Syllabus (MW 2-3:15pm)

Instructor: Luqi (Emma) Xu
E-mail: xul@cofc.edu
Classroom: TCFE 133
Office: Beatty 412
Office Hours: MW 11:00am-1:00 pm or by appointment

Course Description:
This course presents the fundamental concepts of real estate finance. The course provides a framework for understanding the flow of funds into the various real estate markets and financing costs can be calculated and evaluated. The course will provide students with practical knowledge of various financing options, their costs and benefits, and provide an introduction to the financial analysis of real estate investments.

Objectives of the course:
The main goal of the course is to introduce students to concepts, principles and theories within the field of real estate finance and investment. Students will learn to use technology in making real estate financial decisions, including the use of current data and relevant software applications (e.g., Excel). By the end of this course, students should be able to:

1. Apply appropriate tools, skills, and information to real estate investment opportunities. Students will demonstrate the ability to analyze information about the financial performance of real estate investments.

2. Develop the knowledge and skills required to estimate the value of real estate assets.

3. Demonstrate knowledge of residential and commercial mortgages and the underwriting of those mortgages.

4. Develop skills and intuition required to evaluate a variety of decisions faced by financial managers in real estate.

5. Understand the origination process of commercial real estate loans.

Detailed learning objectives will also be provided for each lecture at the beginning of the class session.
Prerequisites:
Junior standing; ACCT 203, ACCT 204, FINC 303, REAL 310, ECON 200, ECON 201, and MATH104 or MATH 250.

School Of Business Learning Goals:
The School of Business Learning goals addressed by this course include:

Communication Skills: Students demonstrate the ability, via both written and spoken word, to effectively present, critique, and defend ideas in a cogent, persuasive manner. Students should be able to present thoughtful arguments during case discussions, submit analytical written papers and project reports.

Quantitative Fluency: Students demonstrate competency in logical reasoning and data analysis skills. This course requires an aptitude in comprehending and applying quantitative data and methods in solving practical real estate problems.

Synthesis: Students demonstrate the ability to integrate knowledge from multiple disciplines incorporating learning from both classroom and non-classroom settings in the completion of complex and comprehensive tasks. Students will develop the ability to synthesize information from real estate transactional documents and other sources.

Required Text:

Optional textbooks, Equipment, and Technology:
- I recommend you read a business periodical such as the Wall Street Journal, Business Week, The Economist, Financial Times, NPR (e.g. Marketplace and Planet Money), and CNBC.
- All course materials (lectures, assignments, etc.) are located on the OAKS website. You are expected to check your OAKS accounts regularly to download any materials provided for class.
- You need a computer with access to high-speed internet. Failure of your internet connection or computer during an exam/quiz will not be a good enough justification to retake the quiz/exam. Your computer should have Microsoft (e.g. Word, Powerpoint and Excel) installed. If you have any technical issues, kindly contact the Student Computing Support Desk at (843)-953-8000 or studentcomputingsupport@cofc.edu.
Course Requirements and Grading

Your grade for the course will be calculated based on the following percentages:

- **Homework (4)**: 20%
- **Excel Projects (5)**: 35%
- **Exams (4)**: 40%
- **Attendance**: 5%

1. **Individual Homework**
   There will be 4 individual homework assignments throughout the course. Those homework assignments are designed to practice the things we learn in class and will also greatly help you in exam preparation. Homework solutions will be discussed in class on the due dates. Late submissions will be penalized at 50% grade loss.

2. **Excel Projects**
   You will be working on 5 individual excel projects throughout the semester. Instructions for the projects will be posted on OAKS. Completed projects should be submitted on OAKS. Late projects may be accepted within 10 hours of the due date but will incur a 10% penalty per hour. Projects will not be accepted more than 10 hours after the due date.

3. **Exams**
   There will be 4 computerized exams, including the final exam, throughout the semester. You will need to take the exams on **OAKS with Lockdown Browser**. You will be tested on lecture materials, materials related to homework, and any hand-outs distributed electronically. There will be no make-up tests/exams. If you miss one test you must take a comprehensive exam that will be held during final exams week.

   You can bring one double sided 8 ½ x 11 formula/notes sheet to each test.

4. **Attendance and Class Participation**
   Your attendance is required for this class. I will pick up random days to take attendance throughout the semester. Each absence will result in loss of 1 point from all available attendance points. Although this class will be primarily of a lecture format, quality discussion and questions will create a better learning environment for all. Exceptional classroom participation will result in up to 1 bonus point added in your final course average.
Grading

Letter grades will be assigned based on the following scale:

- 93− 100% = A
- 87−89.99% = B+
- 77−79.99% = C+
- 60−69.99% = D
- 90− 92.99% = A−
- 83−86.99% = B
- 73−76.99% = C
- 0−59.99% = F
- 80− 82.99% = B−
- 70−72.99% = C−

Writing Lab:

I will urge you to take advantage of the Writing Lab in the Center for Student Learning (Addlestone Library, first floor). Trained writing consultants can help with writing for all courses; they offer one-to-one consultations that address everything from brainstorming and developing ideas to crafting strong sentences and documenting sources. For more information, please call (843)-953-5635 or visit http://csl.cofc.edu/labs/writing-lab/.

Center For Student Learning:

You are encouraged you use the Center for Student Learning’s (CSL) academic support services for assistance in study strategies, speaking & writing skills, and course content. They offer tutoring, Supplemental Instruction, study skills appointments, and workshops. Students of all abilities have become more successful using these programs throughout their academic career and the services are available to you at no additional cost. For more information regarding these services please visit the CSL website at http://csl.cofc.edu or call (843)953-5635.

Accommodation For Disabilities:

Any student eligible for and needing accommodations because of a disability is requested to speak with the professor during the first two weeks of class or as soon as the student has been approved for services so that reasonable accommodations can be arranged.

The College will make reasonable accommodations for persons with documented disabilities. Students should apply for services at the Center for Disability Services/SNAP located on the first floor of the Lightsey Center, Suite 104. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me one week before accommodation is needed.

This College abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. If you have a documented disability that may have some impact on your work in this class and for which you may require accommodations, please see an administrator at the Center of Disability Services/SNAP, (843) 953-1431) or me so that such accommodation may be arranged. For more information, you may visit the disability services website: http://disabilityservices.cofc.edu/
**Academic Misconduct:**

Academic dishonesty will not be tolerated. Cheating on tests or assignments that are not considered group assignments will not be tolerated and a zero grade will be given if it occurs. No use of cell phones is allowed during tests and these should be turned to silent ring tones during class sessions as well as tests. The undergraduate catalog has a detailed policy on academic misconduct.

**College Of Charleston Honor Code And Academic Integrity:**

Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student’s actions are related more to a misunderstanding will handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student’s file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XXF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student’s transcript for two years after which the student may petition for the XX to be expunged. The F is permanent. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration—working together without permission—is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others’ exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the Student Handbook at [http://deanofstudents.cofc.edu/honor-system/studenthandbook/](http://deanofstudents.cofc.edu/honor-system/studenthandbook/)

**OAKS**

OAKS, including Gradebook, will be used for this course throughout the semester to provide the syllabus and class materials and grades for each assignment, which will be regularly posted.

**Inclement Weather, Pandemic or Substantial Interruption of Instruction**

If in-person classes are suspended, faculty will announce to their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a
computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

**Expectations:**
I expect you to read the textbook chapters and supplemental readings before the corresponding class. I expect you to participate in class discussions, and to speak up if you need clarification. I expect that you will not find every topic we cover to be of interest to you, but that you will be a good sport about it.

**Student Assessment:**
Your constructive assessment of this course plays an indispensable role in shaping education at College of Charleston. Upon completing the course, please take time to fill out the online course evaluation.
Course Calendar (subject to change)

The following topics only serve as a guideline for the course; I will add certain topics not covered by the book, and possibly skip several topics covered by the book.

<table>
<thead>
<tr>
<th>Dates</th>
<th>Topic</th>
<th>Readings</th>
<th>Assignments</th>
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<tbody>
<tr>
<td>08/24</td>
<td>Syllabus &amp; Course Overview</td>
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<tr>
<td>08/29</td>
<td>The Time Value of Money</td>
<td>Chap 3</td>
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<td>08/31</td>
<td>The Time Value of Money</td>
<td>Chap 3</td>
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<td>09/05</td>
<td>Single-Family Properties</td>
<td>Chap 7</td>
<td>Excel Project 1 due at end of day</td>
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<td>09/07</td>
<td>Underwriting and Financing Residential Properties</td>
<td>Chap 8</td>
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<td>09/12</td>
<td>Fixed-rate Mortgages</td>
<td>Chap 4</td>
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<tr>
<td>09/14</td>
<td>Homework 1 Review / Catch up</td>
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<td>Homework 1 due at beginning of class</td>
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<td>09/19</td>
<td><strong>Exam 1</strong></td>
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<td>09/21</td>
<td>Fixed-rate Mortgages</td>
<td>Chap 4</td>
<td>Excel Project 2 due at end of day</td>
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<td>09/26</td>
<td>Floating-rate Mortgages</td>
<td>Chap 5</td>
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<td>09/28</td>
<td>Other Mortgage Concepts</td>
<td>Chap 6</td>
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<td>10/03</td>
<td>Commercial Real Estate, Leases</td>
<td>Chap 9</td>
<td>Excel Project 3 due at end of day</td>
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<td>Valuation of Income Properties</td>
<td>Chap 10</td>
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<td>Homework 2 Review / Catch up</td>
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<td>10/17</td>
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<td>10/19</td>
<td>Investment Analysis</td>
<td>Chap 11</td>
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<td>10/24</td>
<td>Leverage and Financing Alternatives</td>
<td>Chap 12</td>
<td>Excel Project 4 due at end of day</td>
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<td>10/26</td>
<td>Commercial Mortgage Origination Process</td>
<td>Handout</td>
<td>Reading: KBRA US CMBS Property Evaluation Methodology</td>
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<td>Homework 3 Review / Catch up</td>
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<td>11/07</td>
<td>Fall Break</td>
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<td>Commercial Mortgage Origination Process</td>
<td>Handout</td>
<td>Reading: KBRA US CMBS Property Evaluation Methodology</td>
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<td>Risk Analysis</td>
<td>Chap 13</td>
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<td>11/16</td>
<td>W</td>
<td>Equity Ownership Structures</td>
<td>Chap 18</td>
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<td>11/21</td>
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<td>Equity Ownership Structures</td>
<td>Chap 18 Excel Project 5 due at end of day</td>
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<td>Thanksgiving Break</td>
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<td>11/28</td>
<td>M</td>
<td>REITs</td>
<td>Chap 21</td>
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<td>11/30</td>
<td>W</td>
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<td>Q&amp;A Session</td>
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