
**FINC 403 01: REAL ESTATE FINANCE SYLLABUS:
SUMMER 2022 (Maymester)**

INSTRUCTOR: Kenneth W. Soyeh, Ph.D.

Office: Beatty Center, Suite 416

Phone: 843-953-1857(Office)

Email: soyehkw@cofc.edu

Office Hours: Tuesdays & Thursdays via Zoom: 1:00PM – 3:00 PM or by appointment.

Meeting Times: Online

Location/Room: Online

PREREQUISITES:

Junior standing; ACCT 203, ACCT 204, FINC 303, REAL 310, ECON 200, ECON 201, and MATH 104 or MATH 250; or permission of the instructor.

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, commercial real estate mortgages and underwriting procedures.
4. Develop skills and intuition required to evaluate a variety of decisions faced by financial managers in real estate.
5. Analyze and evaluate the role of finance in real estate markets, including the nature and working of markets for financial capital.

Detailed learning objectives will also be provided for each lecture at the beginning of the class session.

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:

Real Estate Finance and Investments, by Brueggeman and Fisher (BF). 17th Edition. McGraw-Hill Irwin, Inc. 2022. ISBN13: 9781260734300.

SUPPLEMENTARY TEXTS:

Geltner, D.M., N.G. Miller, J. Clayton, and P. Eichholtz. Commercial Real Estate Analysis and Investments. Third Edition. Mason, OH: OnCourse Learning, 2014. ISBN13: 978-1133108825.

Linneman, P. Real Estate Finance and Investments: Risks and Opportunities. Fifth Edition. Linneman Associates, 2018. ISBN-13: 978-0692996638.

Supplemental notes will also be provided by the instructor and these will be covered on any exams.

METHOD OF INSTRUCTION:

This course is conducted on a lecture/discussion basis. You are assigned readings in the text and there may be other assigned readings at the instructor's discretion. You would have access to lecture videos for each topic. The instructor will use real life examples on many topics to help further educate the students.

COURSE MATERIALS AND TECHNOLOGY:

Course materials will be distributed via OAKS. Students are expected to check their OAKS accounts regularly to download any materials provided for class. You need a computer with access to high speed internet. **Kindly be advised that failure of your internet connection or computer during an exam/quiz will not be a good enough justification to retake the said 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.

COMMUNICATION CLASS CLIMATE:

The best way to contact me with personal questions/issues is via my email at soyehkw@cofc.edu. An online meeting can be scheduled by appointment via Zoom if there is the need. Generic questions relating to the lecture materials can be posted on "Course Questions" discussion board on OAKs. I will usually try to respond within 24 hours on weekdays. I may not be able to respond to your email within 24 hours on weekends. In order to maintain a cordial and effective learning environment, it is important to be courteous in your online postings and communication with your instructor as well as your colleagues.

ASSIGNMENTS AND EXAM:

Projects: There will be three Excel projects this semester. Instructions for the three projects will be posted on OAKS along with its due date. Completed projects should be submitted on OAKS. Late homework projects may be accepted by the instructor within 12 hours of the due date but will incur a 20% penalty per hour. Assignments will not be accepted more than 12 hours after the due date.

Exams: There will be two exams to be completed via OAKs. The exams may be made up of a combination of multiple choice, short answers and calculations based on readings, exercises, and class discussions. There will be a review before the exam. If a student will miss an exam due to illness, family emergency, or work emergency, the student must contact the instructor in advance of the exam period and receive permission to take a make-up exam.

Quizzes: Four online quizzes will be completed via OAKs. It is your responsibility to check OAKs regularly for due dates of quizzes. Quizzes will not be reopened after their due dates.

GRADING CRITERIA:

| | |
|---------------------|-----|
| Excel Projects (3): | 25% |
| Quizzes (4) | 15% |
| Exam I | 25% |
| Final Exam: | 30% |
| Participation: | 5% |

Your final numeric average, avg, will translate into a letter grade as shown below.

| | | | |
|-------------------------------|----|---------------------------|----|
| $93 \leq \text{avg} \leq 100$ | A | $77 \leq \text{avg} < 80$ | C+ |
| $90 \leq \text{avg} < 93$ | A- | $73 \leq \text{avg} < 77$ | C |
| $87 \leq \text{avg} < 90$ | B+ | $70 \leq \text{avg} < 73$ | C- |
| $83 \leq \text{avg} < 87$ | B | $60 \leq \text{avg} < 70$ | D |
| $80 \leq \text{avg} < 83$ | B- | $\text{avg} < 60$ | F |

There will be no resubmission of an exam or project for a higher grade. Any bonus point questions on exams will be available to all students.

ATTENDANCE AND EXAM POLICY:

Because we do not meet face-to-face, it is very important that you maintain an active presence in the class, including posting to and reading discussion board threads. I will post topics for discussion from time to time. All students are expected to post at least one original comment on the topic and reply to comments posted by other students to earn full credit. You will not earn credit for just agreeing or disagreeing with others without providing any justification. The goal of this discussion is to learn about current happenings in the real estate market and to foster a collective learning environment. This participation constitutes 5% of the overall grade.

You should log into the course at least 5 days a week in order to be successful. Note that I can see when you log into OAKS and can monitor your progress. **Also, do not assume that this is an easy class because it is being offered online, or during the summer! The material is quite challenging and will demand a lot of effort on your part to be successful. Remember that discipline and hard work are key to being successful in this course.**

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 to 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:

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. You can also email them at snap@cofc.edu or call at (843)953-1431. Students approved for accommodations are responsible for notifying me as soon as possible before accommodation is needed. For more information regarding SNAP services, please visit their website at <https://disabilityservices.cofc.edu/>.

ACADEMIC MISCONDUCT:

Academic dishonesty will not be tolerated. Cheating on tests or assignments that are 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 be 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/index.php>

ONLINE COURSES WITH EXAM PROCTORING:

This course will require the use of a Respondus LockDown Browser for taking quizzes/exams on OAKs. The Browser locks down your testing environment (i.e., computer) during quizzes/exams. There is no cost to students in using the Browser. Tutorials and more information can be found at: <http://blogs.cofc.edu/tlftutorials/2020/08/13/respondus-lockdown-browser/>

CALCULATORS AND EXCEL:

Students are required to have and learn how to use a financial calculator that can calculate uneven cash flows, such as a TI-BAll+. Students will also learn how to use financial formulas in Excel.

EXPECTATIONS:

What I Expect of You:

- I expect you to read the textbook chapters and supplemental readings provided.
- I expect you to watch/listen to the lecture videos.
- 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.

Expectations of Me:

- Expect me to have an active OAKs presence in the course of the semester during weekdays.
- Expect me to make course materials/assignments/quizzes/exams available on OAKs in a timely manner.
- Expect me to respond to emails within 24 hours on weekdays.
- Expect to receive feedback from me on graded assignments in a timely manner after their due dates.

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 SCHEDULE:

This course syllabus provides a general plan for the course; deviations may be necessary.

| Module | Date | Chapter | Topic | Due |
|---------------|-------------|----------------|---|---------------------|
| 1 | May 16 | 3, 4 | Course Introduction Mathematics of Real Estate Finance Constant Payment Mortgages | |
| 1 | May 17 | 4, 5 | Effective Cost of Borrowing Alternative Mortgage Instruments | Discussion 1 |
| 1 | May 18 | 5 | Alternative Mortgage Instruments | Quiz 1 |
| 1 | May 19 | 6 | Mortgage Refinancing | Project 1 |
| 1 | May 20 | 8 | CRE Mortgage Underwriting/Exam I Review | Quiz 2 |
| May 23 | | | Exam I | |
| 2 | May 24 | 9,10 | Leases, Rents & Market for Space Valuation of Income Properties | Discussion 2 |
| 2 | May 25 | 9, 11 | Pro-forma Analysis: Before and After- Tax Cash Flows | |
| 2 | May 26 | 12,13 | Risk Analysis Financial Leverage | Discussion 3 |
| 2 | May 27 | 7, 15 | Lease-versus-Own Analysis Corporate Real Estate Strategy | Quiz 3 |
| May 30 | | | Memorial Day – No Classes | |
| 3 | May 31 | 21 | REITs and REIT Valuation | Project 2 |
| 3 | Jun 1 | 19, 20 | Debt Securitization: RMBS | Project 3 |
| 3 | Jun 2 | 20 | Debt Securitization: CMBS Final Exam Review | Quiz 4 |
| Jun 3 | | | Final Exam | |