Principles of Real Estate Investment and Finance
Stephen F. Austin State University
Fall 2021

Course Number: Finance 4375

Course Title: Principles of Real Estate Investment and Finance

Time / Location: Tuesday / Thursday
12:30 to 1:45
BU 458

Instructor: David R. Kaiser
Lecturer / Director, Chadwick Family Banking Program
McGee 303J
kaiserdr@sfasu.edu
936-468-1664

Office Hours: Tuesday 2:00 to 5:00, Wednesday 8:30 to 12:30, Thursday 2:00 to 5:00
Or – By Appointment

Communication: I will communicate outside of class primarily through E-Mail using your
@jacks address. Please use kaiserdr@sfasu.edu to contact me. I will
also utilize the “News” feature in D2L to for class related
announcements. (Note: Please do not use the email system contained in D2L
as I do not regularly monitor that system).

Catalogue Description and Credit Hours of Course: Principles of Real Estate Investment and
Finance - A study of the financial principles surrounding residential, commercial and multifamily
real estate investment. Three (3) Credit Hours.

Prerequisites: Prerequisites: FIN 333 (Introduction to Financial Management)


Learning Objectives of the Course:
- To build student's knowledge and understanding of the principles of residential,
  commercial and multifamily real estate from the perspective of an investor or an
  investment portfolio manager.
- Develop the student’s ability to analyze internal and external strengths, weakness,
  opportunities and threats associated with investing in real property.
• Provide the student with a basic understanding of process and requirements necessary to finance of real property.
• Provide students with opportunities to build their interpersonal skills in teamwork and in expressing themselves both orally and in writing.

Instructor's Goal for This Course:
• In this course we will examine the financial aspects associated with real property and real property investment. When analyzed and managed appropriately, real property is a proven investment with predictable returns. It is highly likely that at some point in your career, as either a personal investment or as part of your professional responsibilities you will be asked to consider an investment in real property. It is my hope that having taken this course you will have the basic tools and knowledge to make an informed, risk based investment decision.

Course Outline (See Attached Tentative Schedule):
Unit #1: General Principles of Real Estate and Real Estate Finance
Unit #2: Residential Real Estate – Key Concepts and Analysis
Unit #3: Commercial Real Estate – Key Concepts and Analysis
Unit #4: Research Project & Presentation – Real Estate Investment Prospectus

Course Evaluation Process:
• There will be three unit examinations.
• There will be case studies and class preparation work associated with each unit.
• There will be a (group) written research project to turn in, and an oral presentation to be made on the research project.

Weighting:
  o Examination #1  20%
  o Examination #2  20%
  o Examination #3  20%
  o Research Project and Oral Presentation  20%
  o Case Exercises and Other Work  10%
  o Participation (Attendance) & Professionalism  10%
  Total  100%

Course grades are determined by applying the following scale to a student’s weighted average:
  o 90% and above A
  o 80% to 89% B
  o 70% to 79% C
  o 60% to 69% D
  o < 60% F

Research Project and Presentation: In lieu of a comprehensive final exam, students working in groups determined by the instructor, will analyze a real estate investment opportunity and prepare an Investment Prospectus and Presentation for the property similar to what an investor or developer would present to attract potential investors.
The Real Estate Investment Prospectus will include (detailed instructions will be provided):

A description of the property
* Physical (type, size, condition, location, etc.)
* Management (maintenance, reserves, etc.)
* Leases (tenant mix, terms, vacancy, etc.)
* Historical income and expense analysis
* A pro-forma analysis of potential future cash flows
* An assessment of the risks to the cash flow and mitigation
* A comparative sales valuation analysis of the property
* An income approach valuation analysis of the property
* A ROA/ROE evaluation of the property as an investment
* A discussion of financing options, leverage, required investment
* A discussion of potential returns
* An analysis of risks and other issues surrounding the investment.

The prospectus report is to be prepared in a PowerPoint format suitable for presentation to the class and invited guests, and turned in to the instructor prior to the presentation date.

During the course final exam time slot, students will make presentations based upon their investment prospectus to a group of “investors” consisting of other students and invited guest professionals.

Missed Examinations: Makeup examinations will be given only on a case by case basis. If you promptly provide me verifiable evidence prior to the examination that an examination absence is excused based upon SFA policy (the absence was caused because of health, family emergencies, or student participation in approved university-sponsored events) a request for a make-up examination will be considered.

Late Assignments: Late assignments will generally not be accepted for credit. Professional success requires honoring commitments, meeting deadlines, and exceeding expectations. Plan as necessary to avoid turning in late assignments.

Attendance: Attendance in class is expected and will be taken each session. Scheduling, time management and “showing up” are skills that are required to succeed professionally. Attendance is required to earn participation credit, participation credit will be deducted for each class session missed. Excused absences will be reviewed on a case by case basis.

Please be on time, late arrival is discourteous to others who managed to arrive on time and reflects poor time management skills. Avoid leaving the classroom early, unless previously agreed with the instructor.

Professionalism: This class will include case based discussions of actual business situations and dilemmas as well as interactive activities. Differences of opinion are expected, expanding comfort zones, open discussion and taking of positions will be encouraged. Professionalism requires that interactions at all times remain polite, respectful, considerate and thoughtful. Personal attacks, rude behavior and intolerance/belittling will not be tolerated.
**General Administration:** This course is intended to be a professional learning experience in a professional environment. Students are expected to come prepared to participate and contribute. Electronic devices should be silenced and put away for the duration of the class period.

**Pandemic Administration:**
This class will follow the university guidelines as may be issued to related to COVID-19. As guidelines are issued and policies presented we will modify the class structure and activities as may be necessary to comply with university policy.

**SACS Credit Hour/Contact:**
FIN 4375 "Real Estate Investment and Finance" (3 credits) meets twice each week (Tuesday/Thursday) in 75 minute segments for 15 weeks and also meets for a two hour final examination. The class is divided into topical modules, with each module requiring advance preparation and study. Lectures are supplemented with topical lectures from industry experts. Students complete three mid-term examinations. In lieu of a final examination, students working in teams will prepare a real estate investment prospectus using commercial real property actually listed for sale. Students are required to complete an oral presentation of their investment opportunity to the class and invited industry representatives. These activities require a minimum of 6 hours each week to prepare outside of classroom hours.

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**Rusche College of Business—Syllabus Addendum**

**Program Learning Outcomes:** Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at [http://www.sfasu.edu/cob/ug-plo.asp](http://www.sfasu.edu/cob/ug-plo.asp)

**Academic Integrity (4.1)** Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism.

**Definition of Academic Dishonesty** Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one’s own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one’s paper without giving the author due credit. Please read the complete policy at [http://www.sfasu.edu/policies/4.1-student-academic-dishonesty.pdf](http://www.sfasu.edu/policies/4.1-student-academic-dishonesty.pdf)

**Course Grades (University Policy 5.5)** At the discretion of the instructor of record and with the approval of the academic unit head, a grade of WH will be assigned only if the student cannot complete the course work because
of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F, except as allowed through policy related to active military service. If students register for the same course in future semesters, the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average. Please refer to the complete policy at:

**Students with Disabilities** To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Room 325 in the Human Services Building, 468-3004/468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to:
http://www.sfasu.edu/disabilityservices/

**Student Conduct (University Policy 10.4)** Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the full Student Conduct Code at http://www.sfasu.edu/policies/student-conduct-code.pdf.) Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic, classroom, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the iCare Early Alert Program. This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.

**Mental Health:** SFASU values students’ mental health and the role it plays in academic and overall student success. SFA provides a variety of resources to support student mental health and wellness. Many of these resources are free, and all of them are confidential.
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<thead>
<tr>
<th>Date</th>
<th>Day</th>
<th>Section</th>
<th>Module / Topic</th>
<th>Class Preparation Assignments, Projects and Homework</th>
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<tr>
<td>8/24/2021</td>
<td>Tuesday</td>
<td>Introduction/Welcome</td>
<td>1) Why study Real Estate Investment and Finance? Introductions, Syllabus Review.</td>
<td>Textbook Chapter 1</td>
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<td>8/26/2021</td>
<td>Thursday</td>
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<td>No Class</td>
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<td>8/31/2021</td>
<td>Tuesday</td>
<td>General Principles</td>
<td>2) Real Property, Interests, Estates, Economics</td>
<td>Textbook Chapter 3 Real Property, Chapter 4 Interests &amp; Estates, Chapter 20 Economics</td>
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<td>9/7/2021</td>
<td>Tuesday</td>
<td>General Principles</td>
<td>3) Ownership, Liens and Encumbrances</td>
<td>Textbook Ch 5 Ownership, Ch 6 Encumbrances and Liens</td>
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<td>9/7/2021</td>
<td>Tuesday</td>
<td>General Principles</td>
<td>4) Legal Descriptions, Title Insurance, Escrow/Closing</td>
<td>Textbook Ch #8 Legal Desc, Ch #27 Title Transfer, Chapter #28 Closings</td>
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<td>9/9/2021</td>
<td>Thursday</td>
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<td>Guest Lecture Title Officer</td>
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<td>9/14/2021</td>
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<td>General Principles</td>
<td>5) Land Use Controls, Flood, Environmental</td>
<td>Textbook Chapter 23, Land Use Controls</td>
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<td>Thursday</td>
<td>Guest Lecture</td>
<td>Realtor</td>
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<td>9/21/2021</td>
<td>Tuesday</td>
<td>General Principles</td>
<td>6) The Phase 1 Project, Risk Management</td>
<td>Complete &amp; Submit Phase 1 Project to Dropbox, Ch 29 Real Estate Risk Management</td>
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<td>9/22/2021</td>
<td>Thursday</td>
<td>General Principles</td>
<td>7) TRLA (Texas Real Estate Commission), Test Prep Review</td>
<td>Textbook Chapters 16-17-18-19 TRLA</td>
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<td>9/28/2021</td>
<td>Tuesday</td>
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<td>Test #1 General Principles Module 1-7 and Guest Lecture</td>
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<td>10/5/2021</td>
<td>Tuesday</td>
<td>Residential</td>
<td>9) 1-4 Single Family Home Appraisal</td>
<td>Textbook Chapter 21 Single Family Home Appraisal</td>
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<td>10/7/2021</td>
<td>Tuesday</td>
<td>Residential</td>
<td>10) Financing 1-4 Single Family Homes</td>
<td>Textbook 22 Real Estate Finance</td>
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<td>10/14/2021</td>
<td>Thursday</td>
<td>Residential</td>
<td>11) 1-4 Family Residential Regulatory and Compliance</td>
<td>Review Understanding Compliance D2L Module #11</td>
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<td>10/19/2021</td>
<td>Tuesday</td>
<td>Residential</td>
<td>12) The 1-4 Single Family Home as an Investment</td>
<td>Read Article D2L Module #12 Real Estate Investor Characteristics</td>
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<td>10/21/2021</td>
<td>Thursday</td>
<td>Guest Lecture</td>
<td>Residential Loan Underwriter</td>
<td>Turn in D2L - Analysis of a Single Family Rent Home Project</td>
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<td>Tuesday</td>
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<td>Test #2 Residential Real Estate and Guest Lectures</td>
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<td>10/28/2021</td>
<td>Thursday</td>
<td>Commercial RE</td>
<td>Roll out of CRE Investment Prospectus Project</td>
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<td>13) Commercial Real Estate Overview</td>
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<td>11/16/2021</td>
<td>Tuesday</td>
<td>Commercial RE</td>
<td>17) Financing Commercial Real Estate Continued</td>
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<td>11/18/2021</td>
<td>Thursday</td>
<td>Commercial RE</td>
<td>18) Construction and Development/Course Conclusion</td>
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<td>11/23/2021</td>
<td>Tuesday</td>
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<td>Thanksgiving Break</td>
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<td>11/25/2021</td>
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<td>Thanksgiving Break</td>
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<td>11/30/2021</td>
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<td>Guest Lecture CRE Lender</td>
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<td>12/2/2021</td>
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<td>Test #3 Commercial Real Estate and Guest Lectures</td>
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<td>Final Exams Week of 12/6/2021</td>
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<td>Real Estate Investment Prospectus Presentations, Invited Guests</td>
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