



# THE UNIVERSITY of MISSISSIPPI

COURSE:	Finance 351
INSTRUCTOR:	Dr. Bennie D. Waller
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OFFICE HOURS:	T/TH 11-12, M/W 8-9 and other times by appointment

## Basic Course Information

### UNIVERSITY COURSE DESCRIPTION: REAL ESTATE PRINCIPLES

Principles of ownership and transfer of real property interests; buying, selling, or leasing residential or investment real estate; and legal, economic, financial, and appraisal aspects of the subject matter.

**PREREQUISITES:** Successful completion of 54 hours

### REQUIREMENTS:

**Financial calculator:** The *Texas Instruments BA II PLUS calculator* is recommended and is the calculator used in lectures. An equivalent financial calculator is acceptable, but it is your responsibility to know how to use it. Learn to use your calculator and always have it available for class.

**Textbook:** *Real Estate Principles, A Value Approach*, 5<sup>th</sup> edition by David Ling and Wayne Archer, McGraw Hill publishing.

**CURRENT EVENTS:** The student is expected to keep abreast of the current economic and financial events related to the course material. Sources include [finance.yahoo.com](http://finance.yahoo.com), the Wall Street Journal, and CNBC financial news.

**QUIZZES/EXAMS:** Quizzes and exams are an integral part of this course assignments. These are individual assignments, and the Honor Code applies. No makeups are permitted. Ask questions when you need help.

## Tentative Course Schedule

<b>Chapter</b>	<b>Topic</b>	<b>Tentative date</b>
<b>Chapter 1:</b>	<b>The Nature of Real Estate and Real Estate Markets</b>	<b>8/21</b>
<b>Chapter 2:</b>	<b>Legal Foundation to Value</b>	<b>8/23</b>
<b>Chapter 3:</b>	<b>Conveying Real Property Interests</b>	<b>8/28</b>
<b>Chapter 4:</b>	<b>Government Controls and Real Estate Markets</b>	<b>8/30</b>
<b>Chapter 5:</b>	<b>Market Determinants of Value</b>	<b>9/4</b>
<b>Chapter 6:</b>	<b>Forecasting Ownership Benefits and Value: Market Research</b>	<b>9/6</b>
	<b>EXAM 1</b>	<b>9/11</b>
<b>Chapter 7:</b>	<b>Valuation Using the Sales Comparison and Costs Approach</b>	<b>9/13</b>
<b>Chapter 8:</b>	<b>Valuation Using the Income Approach</b>	<b>9/20</b>
<b>Chapter 9:</b>	<b>Real Estate Finance: The Laws and Contracts</b>	<b>9/25</b>
<b>Chapter 10:</b>	<b>Residential Mortgage Types and Borrower Decisions</b>	<b>9/27</b>
<b>Chapter 11:</b>	<b>Sources of Funds for Residential Mortgages</b>	<b>10/2</b>
<b>Chapter 12:</b>	<b>Real Estate Brokerage and Listing Contracts</b>	<b>10/4</b>
	<b>EXAM 2</b>	<b>10/9</b>
<b>Chapter 13:</b>	<b>Contracts for Sale and Closing</b>	<b>10/11</b>
<b>Chapter 14:</b>	<b>The Effects of Time and Risk on Value</b>	<b>10/16</b>
<b>Chapter 15:</b>	<b>Mortgage Calculations and Decisions</b>	<b>10/18</b>
<b>Chapter 16:</b>	<b>Commercial Mortgage Types and Decisions</b>	<b>10/23</b>
<b>Chapter 17:</b>	<b>Sources of Commercial Debt and Equity Capital</b>	<b>10/25</b>
<b>Chapter 18:</b>	<b>Investment Decisions: Ratios</b>	<b>10/30</b>
<b>Chapter 19:</b>	<b>Investment Decisions: NPV and IRR</b>	<b>11/1</b>
<b>Chapter 20:</b>	<b>Income taxation and value</b>	<b>11/8</b>
<b>Chapter 21:</b>	<b>Enhancing Value through Ongoing Management</b>	<b>11/13</b>
<b>Chapter 22:</b>	<b>Leases and Property Types</b>	<b>11/15</b>
<b>Chapter 23:</b>	<b>Development: They Dynamics of Creating Value</b>	<b>11/27</b>
	<b>FINAL EXAM</b>	

\* Schedule subject to change.

## **COURSE OBJECTIVES**

Upon completion of this course, all students should be equipped to:

- ▶ Discuss the primary ways that real estate markets are different from the markets for other assets.
- ▶ Apply the sales comparison approach, the cost approach, and the income approach to value real estate properties.
- ▶ Develop multi-year net cash flow forecasts (pro forma).
- ▶ Calculate and interpret cash flow multipliers, profitability ratios, and financial ratios.

- ▶ Calculate the NPV and IRR on a proposed investment and determine the effect financial leverage has on expected returns and risk.
- ▶ Explain how income taxes affect discount rates, NPVs, and IRRs.

## OVERVIEW OF COURSE FORMAT

**A suggested approach for this class is as follows;**

1. Students should attend all classes and be prepared to participate and ask relevant questions.
2. The student should read the associated chapter in the textbook paying very close attention to the material that was focused on in the lecture.
3. Students should review and complete end of chapter problems in preparing for the graded quizzes and exam.
4. Students should carefully review any material which posed difficulty.
5. If there are questions that continues to pose difficulty, please contact the professor for assistance.
6. Students should take graded quiz. If there still exists uncertainties in the covered material, the student should review material and/or contact professor with questions.

## STUDENT EVALUATION

Students will be evaluated on their performance on quizzes, examinations and project.

**Grading scale:**

Numerical Grade	Letter Grade
90 and above	A
80-90	B
70-80	C
60-70	D
Below 60	F

Quizzes	25%
Exams (3)	75%

## COURSE POLICIES

**Communication Policy:** You will be required to check your Longwood University email on a daily basis (I do **NOT** use the BLACKBOARD mail feature). Please use my Ole Miss email [bwaller@bus.olemiss.edu](mailto:bwaller@bus.olemiss.edu) for all electronic communications. Emails will be sent to the class periodically with additional course information and announcements. I will respond to emails within 24 hours (excluding weekends and holidays).

**Communication Policy:** Email will be the primary means of communication in this class. Students are expected to check your email at least once per day. Students may also contact me by calling my office phone during office hours.

**Code of Conduct:** It is important to recognize that the online classroom is in fact a classroom, and certain behaviors are expected when you communicate with both your peers and your instructors. These guidelines for online behavior and interaction are known as netiquette. In general, when communicating online “think before you write.” Treat instructors and students with respect, use clear and concise language, use correct spelling and grammar, and avoid slang and texting abbreviations. Keep your discussion board posts on topic, be respectful of others’ opinions, and when you disagree with someone express your differing opinion in a respectful, non-critical way. Be professional in your online communications. Finally, do not share your password with anyone, change your password if you think someone else might know it, and always logout when you are finished using the system.

**Honor Code:** Cheating in any form will not be tolerated in any form in the College of Business and Economics. If the instructor determines that a student has cheated on an assignment, the grade of “F” may be assigned for the entire course. “Cheating” is the use of unauthorized resources and/or the work of another including, but not limited to, homework, tests, papers, presentations, and exams. Unless specifically instructed otherwise, students are to assume that all coursework is to be the work of the individual student alone. If a student is unsure as to whether collaboration is permitted, the student should contact the professor in advance of performing the work.

**Attendance Policy:** You are expected to attend all classes, which means arriving on time and being prepared for class. Class attendance is not a substitute for reading the text. The college attendance policy provides the following penalties. The final grade may be lowered by one letter grade if more than 10% of classes are missed with absences in excess of 25% resulting in an automatic F.

**MAKE-UP POLICY:** There will be no make-ups allowed for any missed work. If you miss exam 1 OR exam 2, then exam 3 (which is cumulative) will replace your grade for missed exam (i.e., exam 3 will count 50% instead of 25%). However, if you miss exam 1 and exam 2, your grade on exam 3 will only count for 50% and NOT 75%).

**Inclement Weather Policy:** Please see [www.olemiss.edu](http://www.olemiss.edu) for the latest announcements regarding whether classes and the university will be open or not due to bad weather.

## ADDITIONAL RESOURCES

**Disability Accommodation:** A student who feels that s/he may require accommodations because of a learning disability should discuss this with the instructor in private and contact *The Office of Disability Resources*.

**Technology Help:** If a student has technical issues (hardware/software/passwords) and needs assistance, please contact the Help Desk at 662-915-5222 or via email at [helpdesk@olemiss.edu](mailto:helpdesk@olemiss.edu).

Please visit their webpage (<https://olemiss.edu/helpdesk/>) for additional information.

## OTHER CLASS POLICIES AND INFORMATION

1. Technology often has a way of going wrong -- just at the wrong moment! Please plan ahead and don't leave assignments for the last minute. Remember there are not extensions or make-ups permitted.
2. Let the instructor know as soon as possible if you have problems with material or assignments.
3. You are to assume that any and everything related to concept understanding will be asked on every exam.
4. Minimize your concern for grades and maximize your concern for learning. The latter takes care of the former.