

SYLLABUS

CRE 4301 Real Estate Finance

CRN 16991, Fall 2023

1. General Information

Time and Location: M & W 3:00-4:20PM, CoBA 312

Instructor: Dr. Aaron Sun

Office Hours: M & W 2:00-3:00PM, CoBA 237

Email: xsun3@utep.edu (Students should contact me using UTEP email)

Course Overview: This course introduces students to real estate cash flow models and tools for ensuring investment decisions are made on wise finance fundamental and to analyze value, risk and return in commercial property markets. The student will be exposed to an overview of the real estate universe through tools such as cash flow models, time value of money, functions of the dollar, discounted cash flow analysis, net present value, cap rates, internal rate of return, and other tools used to compare different types of real estate investments.

Learning Objectives: The main goal of the course is to introduce students to concepts, principles, and theories within the field of real estate finance. By the end of the course, students should be able to (1) apply appropriate tools and skills to real estate investment opportunities, (2) develop the knowledge and skills required to estimate the value of real estate assets, and (3) demonstrate knowledge of residential and commercial mortgages.

2. Required Materials

- *Real Estate Finance & Investments* by William Brueggeman and Jeffrey Fisher, 17th Edition, McGraw-Hill. ISBN10: 1260734307.
- Financial Calculator
 - A financial calculator (TI-83, TI-83 Plus, TI-84, TI-84 Plus, TI BA II Plus Professional, HP 10B, HP 12, or other programmable Graphic Calculator with a Finance or Application keypad) is required. Your calculator should be able to compute the net present value and internal rate of return on an uneven stream of cash flows.
- Blackboard course site
 - It is recommended that students visit our Blackboard course site once a day to check for new announcements and updates.

3. Tentative Course Outline

Module 1: Time Value of Money				
Week	Readings	Topics		Notes
1	Chapter 3	Time Value of Money		
2	Chapter 3	Time Value of Money		
3	Teaching Notes	Discounted Cash Flow Valuation, NPV, IRR, and Cap Rate		
4	Teaching Notes	Discounted Cash Flow Valuation, NPV, IRR, and Cap Rate		
5		Review: Module 1	Exam: Module 1	HW1 Due Sun, 09/24
Module 2: Mortgage Loans				
6	Chapter 4	Fixed Interest Rate Mortgage Loans		
7	Chapter 4	Fixed Interest Rate Mortgage Loans		
8	Chapter 5	Adjustable and Floating Rate Mortgage Loans		
9	Chapter 5	Adjustable and Floating Rate Mortgage Loans		
10		Review: Module 2	Exam: Module 2	HW2 Due Sun, 10/29
Module 3: Mortgage Value, Analysis, and Underwriting				
11	Chapter 6	Incremental Borrowing Cost		
12	Chapter 6	Loan Refinancing		
13	Chapter 8	Underwriting and Financing Residential Properties		
14		Group Project Presentations		
15		Review: Module 3	Exam: Module 3	HW3 Due Sun, 12/03
16		Comprehensive Final Exam		

The course outline provides a general plan for the course; deviations may be necessary.

4. Grading Policy

Grades will be determined as follows:

- Assignments (10 points × 3) = 30 points
- Exams (15 points × 3) = 45 points
- Group Project = 15 points
- Class Attendance = 10 points
- Total = 100 points

Final letter grades will be assigned based on the following scale:

- A = 90 to 100, B = 80 to 89, C = 70 to 79, D = 60 to 69, F = Below 60

There will not be any extra credit. I will not attend to any emails begging for grade changes.

4.1 Assignments

Three homework assignments will be given throughout the semester. The assignments will be collected and graded via Blackboard. Solutions will be posted right after the due time.

No late assignments will be accepted; it is your responsibility to keep up with the due dates. I strongly urge the student to use all the homework assignments as preparation for the exams.

4.2 Exams

Three non-comprehensive midterm exams and one mandatory and comprehensive final exam will be given. Your lowest exam score will be dropped.

There will be absolutely no make-up exams. If you have a valid reason for missing one midterm exam, then the exam will simply be dropped. Valid reasons for missing an exam include a documented medical illness that prevents you from taking the exam, a death in your immediate family, or a documented mandatory court date. Being confused about the date or time of the exam, having non-refundable airplane tickets that conflict with the date, family vacations, etc. are NOT valid reasons for requesting a makeup exam. All valid reasons must be justified with documentation.

Important Exam Dates

Midterm Exam 1: Wednesday, 09/27, 3:00-4:20PM

Midterm Exam 2: Wednesday, 11/01, 3:00-4:20PM

Midterm Exam 3: Wednesday, 12/06, 3:00-4:20PM

Final Exam: Monday, 12/11, 1:00-3:45PM

4.3 Group Project

The group project aims to get students familiar with the technical side of different mortgage types and their effects on the net present value (NPV) and internal rate of return (IRR) of a commercial real estate project. Detailed instructions will be posted on Blackboard by the end of October.

4.4 Class Attendance

Class attendance is very important. Experience indicates that students who attend class regularly perform better on exams than those who do not attend. As such, ten random in-class attendance checks will be taken throughout the semester. Attendance checks will be conducted during the first five minutes of class.

You only need six of the ten attendance checks to receive 10 points. For each less attendance, you will lose 2 points.

5. Academic Integrity and Scholastic Dishonesty

Academic dishonesty is prohibited and is considered a violation of the UTEP Handbook of Operating Procedures. It includes, but is not limited to, cheating, plagiarism, and collusion. Cheating may involve copying from or providing information to another student, possessing unauthorized materials during a test, or falsifying research data on laboratory reports. Plagiarism occurs when someone

intentionally or knowingly represents the words or ideas of another as ones' own. Collusion involves collaborating with another person to commit any academically dishonest act. Any act of academic dishonesty attempted by a UTEP student is unacceptable and will not be tolerated. All suspected violations of academic integrity at The University of Texas at El Paso must be reported to the [Office of Student Conduct and Conflict Resolution](#) (OSCCR) for possible disciplinary action. To learn more, please visit [HOOP: Student Conduct and Discipline](#).

6. Other Important Information

- **Accommodations Policy:** The University is committed to providing reasonable accommodations and auxiliary services to students, staff, faculty, job applicants, applicants for admissions, and other beneficiaries of University programs, services and activities with documented disabilities in order to provide them with equal opportunities to participate in programs, services, and activities in compliance with sections 503 and 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA) of 1990 and the Americans with Disabilities Act Amendments Act (ADAAA) of 2008. Reasonable accommodations will be made unless it is determined that doing so would cause undue hardship on the University. Students requesting an accommodation based on a disability must register with the [UTEP Center for Accommodations and Support Services](#) (CASS). Contact CASS at 915-747-5148, or email them at cass@utep.edu, or apply for accommodations online via the [CASS portal](#).
- **Communication:** Students are welcomed to communicate with the professor via email. Please always put “CRE 4301 + your full name” in the subject line if you want the professor to read and respond your message in a timely fashion. The professor will not reply any email that does not come with a student name. For email etiquette, see <https://marktomforde.com/academic/undergraduates/Email-Etiquette.html>.
- **Course Evaluation:** Your constructive assessment of this course plays an indispensable role in shaping education at UTEP. Upon completing the course, please take the time to fill out the online course evaluation.
- **Copyright Statement:** All materials used in this course are protected by copyright law. The course materials are only for the use of students currently enrolled in this course and only for the purpose of this course. They may not be further disseminated.