

**FIN 3334
REAL ESTATE FINANCE
SPRING 2020**

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RCOBA W301

(817) 834-4171

Office Hours: MW 2:30 p.m. – 4:00 p.m. (or by appointment)

This syllabus is a general plan for the course. If necessary, the instructor will communicate any deviations from this syllabus to the class.

I. Course Details

Times: MW 12:30 p.m. – 1:50 p.m.

Location: RCOBA 287

II. Course Objectives

Course Summary: FIN 3334 This class focuses on the instruments, techniques, and institutions of real estate finance; sources of funds; mortgage risk analysis; emphasis on typical policies and procedures used in financing of residential, industrial, and commercial properties. The course will also examine the valuation of various mortgage instruments and mortgage-related securities. It is intended to prepare individuals for future careers in real estate and finance.

Learning Outcomes: At the end of the course, students will be able to:

- Understand the economic foundations of US real estate markets
- Evaluate risks and returns associated with mortgage instruments and mortgage-related securities
- Differentiate between the primary and secondary mortgage markets
- Recognize the role and importance of real estate-backed securities
- Appreciate the effect of financial regulation on the US real estate market
- Understand common real estate financing structures
- Develop basic real estate cash flow models

III. Course Procedures

Required Text: Terrence M. Clauretie and G. Stacy Sirmans. *Real Estate Finance: Theory and Practice*, 7th edition. OnCourse Learning, 2014.

Blackboard: Course announcements, handouts, supplemental readings, lecture slides, and grades will be made available through Blackboard. Students are expected to regularly check the class Blackboard site for announcements. Students are expected to read assigned materials ahead of the class lecture and discussion on that topic.

Financial Calculator: Students are required to have a financial calculator.¹ Any basic financial calculator will suffice for this course, but the student is responsible for understanding how to operate it. Calculators that store text or transmit data are not permitted to be used on the exams (this includes cell phones). Sharing calculators during exams is prohibited.

Outcome Measurement:

- There will be **three (3) exams**, with the third exam given as the final. **Each of the three (3) exams are weighted thirty percent (30%)** of your final course grade. Exams will be a combination of essays and multiple-choice questions. Exams will cover the material from class lectures and assigned readings.
- Class participation and proper preparation is expected since it will greatly aid the learning process and enjoyment of the class. Class attendance will be measured regularly throughout the semester. Unscheduled quizzes and other assignments will be given as well. Students will not be penalized for the first three (3) unexcused absences on days when attendance is taken or a quiz is given. The **total attendance and quiz points will count as 10%** of your final course grade. Make-up quizzes will not be offered. If a student misses an attendance day or a quiz due to an excused absence, the weight of the missed attendance or quiz will be evenly distributed across the remaining days/quizzes. For an absence to be excused, twenty four (24) hours' notice must be given to the instructor (or as soon as possible in the case of an emergency). The instructor reserves the right to require appropriate documentation to substantiate any excused absence. If a student misses an attendance day or quiz (a) without a qualified excuse or (b) without giving timely notice to the instructor, they will receive a zero (0) for the missed attendance day or quiz.
- Final course grades are assigned as follows:

90<=	A	<= 100
80<=	B	< 90
70<=	C	< 80
60<=	D	< 70
	F	< 60

- Final course grades and/or exams may be curved as necessary. The final grade cutoff points will not be known until the final exam is graded.

Exams: Exams will be taken in the Rawls College of Business Testing Center (the "Testing Center") during its normal hours of operation. The Testing Center's hours of operation may not coincide with the scheduled class times. Any exam scheduling conflicts must be reported to the instructor no later than one (1) week prior to the first scheduled exam (see *Final Exam Date* for details about the final exam schedule). To ensure fairness to all students, aid pertaining to exam content will not be provided by instructors or teaching assistants during the testing period.

- The policies and procedures of the Testing Center are in force during and after all exams. For more information, go to testingcenter.ba.ttu.edu/students/studentpolicies.php.

¹ A Texas Instrument BA II Plus Calculator will be used for in-class examples and students are strongly advised to purchase a similar model (the Professional version is fine). An adequate financial calculator can be purchased for roughly \$30. At minimum, your calculator must be able to deal with uneven cash flows to calculate internal rates of return (IRR) and the net present value (NPV) of an investment. No programmable calculators, PDAs, computers, phones, or similar devices are allowed to be used on tests.

- The Texas Tech University Code of Student Conduct (the “Code of Student Conduct”) is in force during and after all exams. For more information, go to www.depts.ttu.edu/dos/handbook/conduct.php.
- Any violation (including conveying or discussing an exam, or its contents, with other students that have not taken the exam) will result in (a) a score of zero (0) for the applicable exam and (b) the incident being reported to the Office of Student Conduct for potential other sanctions. It is the obligation of all students to report violations of applicable policies to the instructor.
- Failure to complete the exam during the applicable testing period without an excused absence will result in a zero (0) for the exam.
- Students must bring a valid TTU ID to each exam.
- Calculators are provided by the Testing Center. Students are not allowed to use their own calculator on exams.
- Make-up exams will only be allowed for excused absences that span the entire testing period for the applicable exam. For an absence to be excused, twenty four (24) hours’ notice must be given to the instructor (or as soon as possible in the case of an emergency). The instructor reserves the right to require appropriate documentation to substantiate any excused absence. Make-up exams must be taken by the earlier of (a) one (1) week after the end of the applicable testing period or (b) the day before the date of the final exam. Scheduling a make-up exam is the student’s responsibility. If a student misses an exam (a) without an excused absence, (b) without giving timely notice to the instructor or (c) without scheduling a timely make-up, the student will receive a zero (0) for the missed exam.

Final Exam Date: Students may elect one (1) of two (2) options for the Final Exam: 1) take the Final Exam at the Rawls Testing Center on Thursday, May 7th during the test availability window of 8am until noon (12pm), **OR** 2) take the Final Exam in the regular classroom (Rawls 287) on Friday, May 8th at 1:30pm. Students must email me their Final Exam option choice no later than 5pm on Friday, May 1st. The amount of time allowed for the Final Exam is the same for both options (2.5hrs or 150mins). Option 2 is the default election for students who fail to contact me before the election deadline (5pm on 5/1/2020) since the day and time are consistent with the Final Exam Schedule published by TTU.

Extra Credit: Extracurricular participation in the Texas Tech Real Estate Organization (“REO”) will aid the learning process and enjoyment of the course. Extra credit (up to a maximum of 8 points) will be awarded in tiers as follows:

Tier 1 (maximum of 4 points)

- Become a dues-paying member of REO for the semester (2 points)
- Attend a REO event (1 point per meeting; maximum of 2 points)
- Attend one of the following ShortCourses offered by TTU Technology Support (1 point per ShortCourse; maximum of 2 points):
 - Adobe InDesign
 - 3D-Printing
 - Search Engine Optimization (SEO) (ShortCourse schedule and registration information can be found at <http://www.depts.ttu.edu/itts/training/shortcourses/>)

Tier 2 (maximum of 6 points)

- Complete 4 points of extra credit from Tier 1 in order to be eligible for Tier 2
- Participate in a REO service project (2 points)

- Attend the entire software training sponsored by REO (2 points)
- Successfully complete Level One and/or Level Two of the REFM Certification Program in Excel for Real Estate (1 point per Level). More information and registration information can be found at <https://www.getrefm.com/training-and-certification/refm-certification-program-in-excel-for-real-estate/>

Tier 3 (maximum of 8 points)

- Complete 6 points of extra credit from Tier 1 and Tier 2 in order to be eligible for Tier 3
- Successfully complete the ARGUS Software Certification (2 points)
- Successfully complete Level Three of the REFM Certification Program in Excel for Real Estate (2 points)

To be eligible for extra credit, the activity must be completed in the current semester. It is the student’s responsibility to report participation in extra credit opportunities to the instructor. The instructor reserves the right to require appropriate documentation to substantiate extra credit participation. Except as listed above, there are no other extra credit opportunities for this course.

IV. Tentative Course Outline

Day	Date	Topic	Ch.
Wed.	01/15/20	Syllabus/Intro	1
Mon.	01/20/20	No Class	1
Wed.	01/22/20	Intro to RE Finance & Interest Rates	2
Mon.	01/27/20	History of Residential Finance	4
Wed.	01/29/20	Mortgage Mechanics	4
Mon.	02/03/20	Mortgage Mechanics	5
Wed.	02/05/20	Alternative Mtge. Instruments	5
Mon.	02/10/20	Alternative Mtge. Instruments	6
Wed.	02/12/20	Exam 1 Review	6
Mon.	02/17/20	Exam 1	
Wed.	02/19/20	Secondary Mortgage Market	10, 11
Mon.	02/24/20	Secondary Mortgage Market	10, 11
Wed.	02/26/20	Structured Finance	10, 11
Mon.	03/02/20	Structured Finance	10, 11
Wed.	03/04/20	Commercial RE Finance & Tax	15, 16, 17
Mon.	03/09/20	Commercial RE Finance & Tax	15, 16, 17
Wed.	03/11/20	Commercial RE Finance & Tax	15, 16, 17
Mon.	03/16/20	No Class (Spring Break)	
Wed.	03/18/20	No Class (Spring Break)	
Mon.	03/23/20	Exam 2 Review	
Wed.	03/25/20	Exam 2	
Mon.	03/30/20	Financial Crisis	
Wed.	04/01/20	Real Estate Regulation	7, 8, 9
Mon.	04/06/20	Real Estate Regulation	7, 8, 9
Wed.	04/08/20	Mortgage Origination	12, 13, 14
Mon.	04/13/20	Mortgage Origination	12, 13, 14

Wed.	04/15/20	TBD	
Mon.	04/20/20	Equity Structuring	
Wed.	04/22/20	Equity Structuring	
Mon.	04/27/20	TBD	
Wed.	04/29/20	TBD	
Mon.	05/04/20	Final Exam Review	
Wed.	05/06/20	Individual Study Day	
Thu.	05/07/20	Option 1) Final Exam: 8am until noon*	Rawls Testing Center
Fri.	05/08/20	Option 2) Final Exam: 1:30pm to 4pm*	RCOBA 287

*See syllabus section 'Final Exam Date' for details

V. Other Details

Texas Real Estate Licensing Exam: This course is not intended to prepare students for licensure pursuant the Texas Real Estate Licensing Act. For additional information on licensing, or non-credit correspondence courses, go to www.educationstation.net.

Academic Integrity: Academic integrity is taking responsibility for one's own class and/or course work, being individually accountable, and demonstrating intellectual honesty and ethical behavior. Academic integrity is a personal choice to abide by the standards of intellectual honesty and responsibility. Because education is a shared effort to achieve learning through the exchange of ideas, students, faculty, and staff have the collective responsibility to build mutual trust and respect. Ethical behavior and independent thought are essential for the highest level of academic achievement, which then must be measured. Academic achievement includes scholarship, teaching, and learning, all of which are shared endeavors. Grades are a device used to quantify the successful accumulation of knowledge through learning. Adhering to the standards of academic integrity ensures grades are earned honestly. Academic integrity is the foundation upon which students, faculty, and staff build their educational and professional careers. [Texas Tech University ("University") Quality Enhancement Plan, Academic Integrity Task Force, 2010]

Cheating: Dishonesty on exams, quizzes or on written assignments, illegal possession of exams, the use of unauthorized notes during an exam or quiz, obtaining information during an exam from the exam paper or otherwise from another student, assisting others to cheat, alteration of grade records, illegal entry to or unauthorized presence in an office are instances of cheating. If a student commits an act of cheating on any quiz or attendance, the student will receive a zero (0) for the entire "*total attendance and quiz points*" portion of the course and be subject to further consequences as provided by the Code of Student Conduct.^{2,3} If a student commits an act of cheating on any exam, the student will receive a zero (0) for that exam and be subject to further consequences as provided by the Code of Student Conduct.

² To be clear, cheating on either attendance or a quiz will result in a zero for the entire 6% of the course grade related to attendance and quizzes because quizzes aid attendance tracking. In addition, attendance is a requisite for quiz eligibility so that these two grades are dependent upon one another and therefore inseparable.

³ One of the most common instances of cheating on attendance and quizzes is outlined in Part 1, Section B.1.a.7 of the [Texas Tech University Student Handbook](#): "Substituting for another person, or permitting another person to substitute for oneself in order to take a course, take a test, quiz or other assignment or sign in/register attendance."

Plagiarism: Offering the work of another as one's own, without proper acknowledgment, is plagiarism; therefore any student who fails to give credit for quotations or an essentially identical expression of material taken from books, encyclopedias, magazines, and other reference works, or from the themes, reports, or other writings of a fellow student, commits plagiarism. If you commit plagiarism on any assignment, you will receive a zero (0) for that portion of the course and be subject to further consequences as provided by the Code of Student Conduct.

Civility in the Classroom: Texas Tech University is a community of faculty, students, and staff that enjoys an expectation of cooperation, professionalism, and civility during the conduct of all forms of university business, including the conduct of student–student and student–faculty interactions in and out of the classroom. Further, the classroom is a setting in which an exchange of ideas and creative thinking should be encouraged and where intellectual growth and development are fostered. Students who disrupt this classroom mission by rude, sarcastic, threatening, abusive or obscene language and/or behavior will be subject to appropriate sanctions according to university policy. Likewise, faculty members are expected to maintain the highest standards of professionalism in all interactions with all constituents of the university (www.depts.ttu.edu/ethics/matadorchallenge/ethicalprinciples.php).

Disability Accommodation: Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor's office hours. Please note: instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, please contact Student Disability Services in West Hall or call 806-742-2405.

Religious Holy Day Observance: "Religious holy day" means a holy day observed by a religion whose places of worship are exempt from property taxation under Texas Tax Code §11.20. A student who intends to observe a religious holy day should make that intention known in writing to the instructor prior to the absence. A student who is absent from classes for the observance of a religious holy day shall be allowed to take an examination or complete an assignment scheduled for that day within a reasonable time after the absence. A student who is excused under section 2 may not be penalized for the absence; however, the instructor may respond appropriately if the student fails to complete the assignment satisfactorily.

TTU Resources for Discrimination, Harassment, and Sexual Violence: Texas Tech University is committed to providing and strengthening an educational, working, and living environment where students, faculty, staff, and visitors are free from gender and/or sex discrimination of any kind. Sexual assault, discrimination, harassment, and other Title IX violations are not tolerated by the University. Report any incidents to the Office for Student Rights & Resolution, (806)-742-SAFE (7233) or file a report online at titleix.ttu.edu/students. Faculty and staff members at TTU are committed to connecting you to resources on campus. Some of these available resources are:

- TTU Student Counseling Center, 806-742-3674, <https://www.depts.ttu.edu/scc/> (Provides confidential support on campus.)
- TTU 24-hour Crisis Helpline, 806-742-5555, (Assists students who are experiencing a mental health or interpersonal violence crisis. If you call the helpline, you will speak with a mental health counselor.)
- Voice of Hope Lubbock Rape Crisis Center, 806-763-7273, voiceofhopelubbock.org (24-hour hotline that provides support for survivors of sexual violence.)

- The Risk, Intervention, Safety and Education (RISE) Office, 806-742-2110, <https://www.depts.ttu.edu/rise/> (Provides a range of resources and support options focused on prevention education and student wellness.)
- Texas Tech Police Department, 806-742-3931, <http://www.depts.ttu.edu/ttpd/> (To report criminal activity that occurs on or near Texas Tech campus.)