

Real Estate Finance

REAL 4000, BLB140
Tuesday 2:00pm-4:50pm
Office Hours Tuesday 10:30-12:30
(940)5654281

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Overview

This course exposes students to the fundamentals of real estate finance. The primary objective is to examine real estate capital markets, both debt and equity. We will begin by looking at the primary residential mortgage market and the mathematics and finance of residential mortgage cash flows and pricing, understanding the pro and cons of various mortgage products. We will move into commercial real estate market. The last part of this class will study the secondary market for mortgage funds with a study of simple pass-through residential mortgage pass-through securities.

Course Objectives:

After completing this course successfully, the student should be able to:

- understand the structure of the mortgage market
- understand the pros and cons of various types of mortgages
- perform basic calculations of various mortgage instruments
- understand the need and structure of secondary mortgage market
- understand common types of mortgage-backed securities

Text Book:

Real Estate Finance & Investments, by William B. Brueggeman Jeffrey Fisher, 15th Edition.
My lectures will follow the book loosely in most sessions and I will have supplement materials during some sessions.

You will also need a **calculator**. I strongly recommend a financial calculator. I will use Texas Instruments' BA II Plus during class. Financial calculators are permitted in exams.

This course will require considerable study outside of class. The course will be structured as a combination of lectures, discussion and accompanied by related reading assignments and problem sets. The best way to prepare for exams is to work the assigned problems. It is very important that you keep up with the assigned work so that you will not be overwhelmed at exam time.

I will take attendance. You are expected to arrive on time and stay till end of the class. I will give bonus points up to 2 for attendance and class participation

Grading

No make-up exam will be given. Plan your schedule accordingly. Your grade will be determined by your performance on project and exams.

Grading	
Homework	10%
3 Midterms	60%
Final	30%
Total	100%

The final grading scale is:

A: $\geq 90\%$
B: 80% - 89%
C: 70% - 79%
D: 60% - 69%
F: $\leq 59\%$

Grade Appeals

All grade appeals must be done within three days of the posted grade. I will not look into grades appealed after three days past the date of grade postings for any exam.

Homework question

You will have homework questions from the book and supplementary questions throughout the semester. I will collect those questions, it is very important that you work on them. The goal of these questions is to help you understand the material and prepare for the exams. I want you to work in groups of 4-5 students. Hand in one copy of homework per group with all group members names. Hand in homework need to be typed, no handwriting. Note that questions similar to the practice question may appear on exams – so it is important that you understand how to work problems **by yourself**.

Exams

There will be three midterms and a final exam. Your lowest scored midterm exam will be dropped. Midterm Exams will cover the new material. Final exam is cumulative. Tests may consist of multiple choice questions and short answer questions. The final exam can NOT be dropped. No make-up exams.

E-mail

I will reply the emails in timely fashion. However, some questions may not be easily answered via email, and then I may ask you to stop by my office. Sometimes your questions are important enough that they are worth bringing to the attention to the whole class, I will address it in our class.

Student Perceptions of Teaching (SPOT)

Student feedback is important and an essential part of participation in this course. The student evaluation of instruction is a requirement for all organized classes at UNT. The short SPOT survey will be made available April 18th – May 1st to provide you with an opportunity to evaluate how this course is taught. For the spring 2016 semester you will receive an email on April 18th (12:01 a.m.) from "UNT SPOT Course Evaluations via IASystem Notification" (no-reply@iasystem.org) with the survey link. Please look for the email in your UNT email inbox. Simply click on the link and complete your survey. Once you complete the survey you will receive a confirmation email that the survey has been submitted. For additional information, please visit the spot website at www.spot.unt.edu or email spot@unt.edu.

This schedule is tentative depend on how we progress in the class. The week of spring break is not included.

Course Schedule (Tentative)

Week1

INTRODUCTION TO REAL ESTATE FINANCE

Reference: Chapter 1, 2

Week 2, 3, 4

MORTGAGE

Reference: Chapters 3, 4 and 5

Week 5: Exam I, 2/23 (HW#1 due 2/20)

Week 6

MORTGAGES: EXTENSION

Reference: Chapter 6

Week7

RESIDENTIAL MORTGAGE CHOICE

Reference: Chapter 7

Week8

COMMERCIAL MORTGAGE (Notes)

Week9

VALUATION OF INCOME PROPERTY

Reference: Chapter10

Week10: Exam II, 3/29 (HW#2 due 3/26)

Week11

VALUATION OF MORTGAGE-BACKED SECURITIES: PASS-THROUGH

Reference: Chapter 19

Week12

VALUATION OF MORTGAGE-BACKED SECURITIES: CMOS

Reference: Chapter 20

Week13: Exam III, 4/19 (HW#3 due 4/16)

Week14:

REAL ESTATE IN A PORTFOLIO CONTEXT

Reference: Chapter 22

Week 15: Review

Week16: Final Exam