

COURSE INFORMATION

Course title:	Real Estate Investment Analysis		
Course code:	BAUL 501	Credits:	1.5
Session, term, period:	2022, W, 7	Class location:	HA 437
Section(s):	001	Class times:	T/Th 10-12
Course duration:	Oct 31 – Dec 2	Pre-requisites:	n/a
Division:	SBE	Co-requisites:	n/a
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Tom Davidoff, PhD		
Phone:	2-8325	Office location:	HA 273
Email:	thomas.davidoff@sauder.ubc.ca	Office hours:	Tuesday, 11 – 12

COURSE DESCRIPTION

This course is an introduction to the financing of real estate acquisitions and development. The focus will be on debt financing through mortgage loans for residential and commercial properties. Topics will include the mathematics of mortgage design and pricing, the regulatory and legal framework that distinguishes mortgages from other types of secured debt, and mortgage derivatives such as mortgage-backed securities. We will also look at the structure of equity finance through partnership arrangements and real estate investment trusts. In combination with BAUL500, this class should prepare students well for careers in real estate acquisitions, development, finance, brokerage or in city planning or government.

COURSE FORMAT

This course will combine lectures, discussion, and problem sets. Problem sets will be due before each class meeting (except the first) and we will review these in class. Additional lecture material will be posted to canvas.

LEARNING OBJECTIVES

By the end of this course, students will be able to:

- Compute the payments, outstanding balances, effective interest rate, prepayment penalties or amortization period on a loan
- Characterize the basic structure of reverse mortgages
- Compute the default option value embedded in a conventional or reverse mortgage in a stylized case
- Answer questions concerning the legal foundations of real properties and mortgages
- Understand fundamental measures used in residential mortgage underwriting
- Understand the mechanics and simple valuation of pass-through, tranching, and interest/principal-only mortgage-backed securities
- Work through the profitability of a real estate investment and the impact of different financing choices under different macroeconomic conditions.
- Calculate measures of real estate investment trust value and profitability

ASSESSMENTS

Summary

Component Weight **ASSESSMENTS**

Summary

<u>Component</u>	<u>Weight</u>
Assignments (almost entirely completion)	30%
Final exam	50%
Class participation	20%
Total	<u>100%</u>

Details of Assessments

Assignments due before class will mostly be graded based on completion, as I do not want to penalize trying but getting answers wrong, or reward borrowing answers from friends.

Class participation is mostly attendance and answering surveys on iclicker, but may be bumped up by a clearly strong effort to follow the class discussion.

LEARNING MATERIALS

Required:

- Brueggeman and Fisher, Real Estate Finance and Investments (current edition is 17, 14th+ fine)

- Real Estate Finance in a Canadian Context (free on Canvas)
- Iclicker app

Estimated cost of required materials: \$100 if you rent newest Brueggeman and Fisher

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Late submissions will not be accepted and will receive a grade of zero (exception for first couple of assignments if registering late).

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

Other Course Policies and Resources

- See above regarding assignments. Generally, if concessions are needed, discuss ASAP with the RHL Graduate School Program office.

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health's [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be

required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

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constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change with class consultation), all classes synchronous

Class	Date	Topic	Readings or Activities	Assessments due
1	Nov 1	Course intro, mortgage and property law	REFCC 4,5 (optional BF 1+2)	NA
2	Nov 3	Mortgage Math	BF 4; REFCC	PS 1
3	Nov 8	Rate risk: variable rate loans and prepayment	BF 5, REFCC 9	PS 2
4	Nov 10	Mortgage default	Canvas articles	PS 3
5	Nov 15	Reverse mortgage	Canvas articles	PS 4
6	Nov 17	Mortgage Insurance	Canvas articles	PS 5
7	Nov 22	Mortgage Underwriting	BF 8, REFCC 7	PS 6
8	Nov 24	Mortgage Backed securities	BF 19, 20	PS 7
9	Nov 29	Pro forma review and partnerships	BF 11, 18	PS 8
10	Dec 1	REITs, funds, and course review	BF 21, 23	PS 9