RE 300 Principles of Real Estate
Fall 2016

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Office Hours: Wednesday and Friday 12:00-1:00 PM and by appointment
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Classroom meetings and times and place: Classes will be held at 9:00-10:15 in Rm D-201.

Catalog Description: Principles, including legal, physical, economic elements, valuation, market analysis, finance, investments, and public and private externalities affecting the allocation and utilization of real estate resources.

Prerequisites: None

Course Objectives:

1. To provide you with a broad background in real estate principles that will make you more effective in making home purchase decisions. Particular attention will be placed on personal finance and other consumer decisions.
2. To familiarize you with various real estate professions.
3. To help you understand the cyclical nature of real estate markets and the risks associated with the timing of real estate investments.
4. To understand the fundamentals of successful real estate investing.
5. To understand mortgage financing basics.
6. To give you local knowledge about the unique aspects of Hawai’i’s aina and respect for local culture and traditions.
7. To use Internet tools.

NOTE: This course is NOT designed to prepare you for the real estate license exam. For information on course for pre-licensing preparation that qualifies you for the exam please see the Hawai’i Real Estate Commission Website: http://www.hawaii.gov/hirec/ and click on “Real Estate Education” and then “Prelicensing Schedule.”

Internet websites will be suggested.

**Grading:**

1. Class Projects 30 points (it is possible to gain 34 points with the bonuses)

You must turn in all homework projects on date indicated in the schedule; Each project is worth up to 12 points (up to 2 bonus points if you are called on and present your answer in class): Excellent = 10 points; A = 9 points; B = 8 points; C = 7 points. & D = 6 points: Failing to turn in project = (- 5 points). Late submissions will carry a penalty of one (1) point for each day the submission is late.

2. Test #1 25 points
3. Test #2 25 points
4. Final Exam 20 points

**Grade-Score Equivalents:**

A+ = 97 points +
A = 93 points +
A- = 90 points +
B+ = 87 points +
B = 83 points +
B- = 80 points +
C+ = 77 points +
C = 73 points +
C- = 70 points +
D = 60 points +
F = below 60 points

**Class Policies:**

1. You have a limited license to tape record lectures for your own personal use.
2. Generally any open time/date is available for appointments. Probably the best way to make appointments is by e-mail.
3. You are encouraged to use e-mail to ask questions. However, e-mail is not acceptable for turning in assignments. Grades will NOT be provided by e-mail or telephone. However this information is always available to you if you personally come to my office.
4. I tend not to answer my phone calls until a sufficient number of messages have group up (Time management). If you make a phone call – make sure you leave a message.
5. You are encouraged to meet with the professor outside of class if you need additional help understanding the concepts. Let me know by e-mail if you plan to come in so that the outer door can be opened (if necessary).

6. All assignments must be typed.

7. Unexcused late paper will suffer a penalty. Any excuses must be documented.

8. There are many handouts in class. If you are not present when these handout are given, you will need to make an appointment with the instructor to obtain the handout.

9. Try not to come to class late – Often the instructor provides valuable test tips during the first five minutes of class. These tips are not provided again during the test reviews which also start at the beginning of a class period.

10. If you are more than fifteen minutes late for a test, you may be required to take a make-up test at a later time or date which is likely to be more difficult.

11. Academic Honesty: Because UHM is an academic community with high professional standards, its teaching, research, and service purposes are seriously disrupted and subverted by academic dishonesty. Such dishonesty includes cheating and plagiarism as defined below. Ignorance of these definitions will not provide an excuse for acts of academic dishonesty.

A. Cheating includes but is not limited to giving or receiving unauthorized assistance during an examination; obtaining unauthorized information about an examination before it is given; submitting another’s work as one’s own; using prohibited sources of information during an examination; fabricating or falsifying data in experiments and other research; altering the record of any grade; altering answers after an examination has been submitted; falsifying any official University record; or misrepresenting of facts in order to obtain exemptions from course requirements.

B. Plagiarism includes but is not limited to submitting, in fulfillment of an academic requirement, any work that has been copied in whole or in part from another individual’s work without attributing that borrowed portion to the individual; neglecting to identify as a quotation another’s idea and particular phrasing that was not assimilated into the student’s language and style or paraphrasing a passage so that the reader is misled as to the source; or submitting the same written or oral or artistic material in more than one course without obtaining authorization from the instructor involved.

12. Service to Students with Disabilities: If you are a student with a physical and/or mental disability, you are encouraged to contact the Kokua Program (956-7511) on the ground floor of the new Student Services Center.

SCHEDULE

(Caveat: Minor changes may be made in the schedule as the semester progresses.)

August

Wednesday 24  Introductions/ Class Policies/ Objectives; Real estate and career planning  (no reading assignment).

Friday 26  Nature of real estate and real estate markets.
Wednesday 31  Ch. 12 – Real estate brokerage and listing contracts. HOMEWORK PROJECT ONE: On a Sunday, go to at least three open houses. Write a description of the experience. You may do this assignment as a group with up to 2 other students (only one paper needs to be turned in for the group. Due September 16.

September
Friday 2  Ch. 13 – Contracts for sale and closing.

Wednesday 7  Ch. 21 – Enhancing value through ongoing management.
Friday 9  Ch. 22 – Leases and property types.

Wednesday 14  Ch. 23 – Development: The dynamics of creating value.
Friday 16  Ch. 2 – Legal foundations to value Project One is due.

Wednesday 21  Ch. 3 – Conveying real property interests. Discussion of Project One.
Friday 23  Ch. 4 – Government controls and real estate markets.

Wednesday 28  Ch. 5 – Market determinants of value. HOMEWORK PROJECT TWO (individual project): Go to any shopping center, draw a general site plan (can be hand done). Indicate its strengths and weaknesses. Indicate how you think the shopping center can be improved. Due October 14.
Friday 30  Ch. 6 – Forecasting ownership benefits and value: Market research. Review for test 1.

October
Wednesday 5  TEST NUMBER ONE
Friday 7  Ch. 7 – Valuation using the sales comparison and cost approaches.

Wednesday 12  Continued
Friday 14  Ch. 8 – Valuation using the income approach. Project Two is due.
Wednesday 19  Ch. 9 – Real estate finance: The laws and contracts. **Discussion of Project Two.**

Friday   21  Ch. 10 – Residential mortgage types and borrower decisions.

Wednesday 26  Ch. 11 – Sources of funds for residential mortgages.

Friday  28  **Review for test**

**November**

Wednesday  2  **TEST NUMBER TWO**

Friday  4  Ch. 14 – The effects of time and risk on value. HOMEWORK PROJECT THREE (individual project but you can discuss issues with other students): Investment case for analysis is passed out. **Due November 23.**

Wednesday  9  Ch. 15 – Mortgage calculations and decisions.

Friday  11  – **Veteran’s Day – No instruction**

Wednesday  16  Ch. 16 – Commercial mortgage types and decisions.

Friday  18  Ch. 17 – Sources of commercial debt and equity capital. Ch. 18 – Investment decisions: Ratios.

Wednesday  23  **No class will held** – the classroom is remain open for students who want to meet and discuss the issues in the case (individual projects - so write your own report)

Friday  25  – **Thanksgiving Break – No Instruction**

Wednesday  30  Ch. 19 – Investment Decisions NPV and IRR. **Project Three is due.**

**December**

Friday  2  Ch. 20 – Income Taxation and Value. **Discussion of Project Three.**

Wednesday  7  Review for Final Exam

Friday  16  **FINAL EXAM (7:30 – 9:30 am)**