**Course Syllabus: RE541 Real Estate Capital Markets**

**Instructor:** Aaron DeCollibus

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\* All files should/must be uploaded to Canvas.

**Text/Materials: Real Estate Finance & Investments**, 17th Edition, W.B. Brueggeman & Jeffrey D. Fisher, 2005, McGraw-Hill Irwin

ISBN: 978-1-264-07294-1

HP-12C or HP-12bII+ Financial Calculator (or other financial calculator); you can also download the HP-12C app for your phone

**Time & Location: 1:30-2:50pm T-Th**

**January 3 – March 9 and exam week**

**Warning!** This class will require a considerable amount of work. The more effort spent on this class, the more students will benefit. The schedule is aggressive and the reading and work requirements for students enormous! You have been warned!

**Course Description:**

**Objective:** Develop a firm foundation for the capital markets with particular focus on real estate, e.g. RMBS, CMBS, etc. The materials will define the environment in which real estate investing decisions are made, especially for non-physical real estate investments. Students will understand the Financial/Capital markets, Mortgage-Backed Securities (RMBS and CMBS), and Waterfall distributions, i.e. Financial Engineering of returns.

**Teaching Method:** This course will be taught twice a week in a hybrid mode with some lectures being via Zoom (see schedule on following pages). Each class will consist of a discussion of homework and new lecture material.

**Grading Policy:** Homework 45%

Midterm \* 25%

Final Examination \* 30%

\* Examinations will be administered in-person. Examination and final grades may be curved.

Homework assignments are due at the beginning of each class with students uploading them on canvas. The homework will be a mix of multiple-choice questions and scenario problems. The homework will be available through Canvas, although there may be some problems assigned directly from the textbook. ALL WORK MUST BE CLEARLY SHOWN. NO CREDIT WILL BE RECEIVED FOR ANSWERS WITHOUT THE ACCOMPANYING WORK!

**10% of assignments/projects will be reduced for each day late up to three days. After three days the assignment will receive a grade of zero (0). Assignments are due at the beginning of class on the date stated as “Due”. Note: If class begins at 1:30 pm and your assignment is turned in at 1:31pm, you receive a 10% penalty for one day late. In addition, students will have ONLY three (3) days to challenge grading on an assignment once grades have been returned. After three (3) days, assistance and understanding will be provided but, the grade will be final.**

There will be two examinations: one midterm and a final examination. Prior to the midterm and final examination, a review of prior material will be presented. Students are responsible for all coursework up to and including material covered during the previous class, i.e. both examinations are cumulative.

Grading Scale:

*Graduate Grading Scale:*

|  |  |  |
| --- | --- | --- |
| A | 4.0 | 94% and above |
|  | 3.9 | 93% |
| A- | 3.8 | 92% |
|  | 3.7 | 91% |
|  | 3.6 | 90% |
|  | 3.5 | 89% |
| B+ | 3.4 | 88% |
|  | 3.3 | 87% |
|  | 3.2 | 86% |
|  | 3.1 | 85% |
| B | 3.0 | 84% |
|  | 2.9 | 83% |
| B- | 2.8 | 82% |
|  | 2.7 | 81% |
|  | 2.6 | 80% |
|  | 2.5 | 79% |
| C+ | 2.4 | 78% |
|  | 2.3 | 77% |
|  | 2.2 | 76% |
|  | 2.1 | 75% |
| C | 2.0 | 74% |
|  | 1.9 | 73% |
| C- | 1.8 | 72% |
|  | 1.7 | 71% |
| E | 1.6 | 70% and below |

https://grad.uw.edu/policiesprocedures/graduate-school-memoranda/memo-19-gradingsystem-for- graduate-students/

The minimum passing grade for a graduate student is 2.7.

**Meeting Protocol for the Virtual Classroom**

For the lectures via zoom you can participate by accessing canvas and selecting zoom. The lecture links will be available based on the specific day/time of zoom lecture. Please click on it and you will be placed in a waiting room until the professor provides you with access to the class.

Please let me know via e-mail @ [aaron.decollibus@gmail.com](mailto:aaron.decollibus@gmail.com) if you have any issues. Recordings will also be added to canvas directly for those of you who may not be able to attend at the scheduled time but please try to make it to sessions or make sure to watch the recording within a week of the class. Each class will build on the subject and provide you with the necessary tools to complete assignments and due well on the examinations. It is strongly recommended that you attend as many classes as possible.

To facilitate a good learning environment, I would really appreciate if you could follow the following:

* Be punctual and do not cause disruption if you come late in class or need to step away for a minute
* Cell phones should be on silent mode
* Be respectful of other’s opinions
* If you need to leave the room in a virtual classroom, make sure your video and microphone are turned off
* You cannot record without instructor’s permission

# Virtual (zoom) classroom- Etiquette

Some of our classes will be via zoom which is integrated in canvas and you should be able to access the classes through the course site. Please make sure your video/audio works properly before class. I would recommend you find a quiet place during the class as you will need to unmute for the breakout room when we have them and possibly ask questions. If you have a busy background, you can use a blurred or professional virtual background. Additionally, please dress for the course as if you are in the classroom – so no pajamas please. If you experience technical issues please reach out to: be-help@uw.edu or206-543-8531

During class, please follow these guidelines:

* Muting and unmuting your mic: Your microphone is set on mute when you enter the virtual classroom. Please unmute yourself to speak. Mute your mic when you are not speaking to eliminate ambient feedback and other unwanted background noises.
* Start Video: Please start your video when class starts and keep the camera on during the entire class, especially when you are speaking unless you have bandwidth issues. For class engagement, it is important that we can see each other. If you are interrupted during class or need to step away, please turn off your video but restart it as soon as you return.
* Raise Hand: During class, use the Raise Hand button and if the instructor has not called on you then unmute and interrupt to ask your question.
* Chat: We will not be using this function in this course since it can be distracting for the instructor. If you have questions or comments, please unmute your mic.
* Share Screen: When presenting using a PowerPoint or another application, share the application only rather than your desktop to protect your privacy.

**Recording**

The Zoom class sessions will be recorded. The recoding will capture the presenter’s audio, video and computer screen. Student audio and video will be recorded if they share their computer audio and video during the recorded session. The recordings will only be accessible to students enrolled in the course to review materials. These recordings will not be shared with or accessible to the public.

The University and Zoom have FERPA-compliant agreements in place to protect the security and privacy of UW Zoom accounts. Please let me know if you have concerns about being recorded and the use of the recording. Students who do not wish to be recorded should:

* Change their Zoom screen name to hide any personal identifying information such as their name or UW Net ID, and
* Not share their computer audio or video during their Zoom sessions.

**Academic Integrity**

The University takes academic integrity very seriously. Behaving with integrity is part of our responsibility to our shared learning community. If you’re uncertain about if something is academic misconduct, ask me. I am willing to discuss questions you might have.

Acts of academic misconduct may include but are not limited to:

* Cheating (working collaboratively on quizzes/exams and discussion submissions, sharing answers and previewing quizzes/exams)
* Plagiarism (representing the work of others as your own without giving appropriate credit to the original author(s))
* Unauthorized collaboration (working with each other on assignments)

Concerns about the above or other behaviors prohibited by the Student Conduct Code will be referred for investigation and adjudication to the program director, Department chair and if needed Associate Dean of Student Services. Students found to have engaged in academic misconduct may receive a zero on the assignment

Students are expected to adhere to the UW’s code of conduct. The student conduct code requires students to practice "high standards of academic and professional honesty and integrity." Students who are suspected of cheating or plagiarism will be confronted directly by the instructor, who will inform the appropriate parties within the Department, College, and University to determine if the student's actions warrant zero points and/or disciplinary action, which may include probation or dismissal. The University’s Student Conduct Code is Washington Administrative Code 478-120:

[(](file:///C:\Users\aaron.decollibus\Desktop\UW%20Documents\_Winter%202023\Syllabus\()[http://app.leg.wa.gov/WAC/default.aspx?cite=478-120)](http://app.leg.wa.gov/WAC/default.aspx?cite=478-120).

Student conduct code: <https://www.washington.edu/cssc/for-students/student-code-of-conduct/>

Additionally, please keep in mind that the university provided site (SimCheck) will screen your assignments and the final paper, helping in the identification of plagiarism from internet resources.

**Religious Accommodations**

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW’s policy, including more information about how to request an accommodation, is available at:

* [Religious Accommodations Policy, and Resources](http://we.discover.uw.edu/NTI3LUFIUi0yNjUAAAGGifMJ2a8-6auSXcrf92tBKQCl4NzXdSM4ZlgXzKit76I9bw5KI41r5jf2QLNMLXj_qG9t0gA=)
* [Religious Accommodations Request Form](http://we.discover.uw.edu/NTI3LUFIUi0yNjUAAAGGifMJ2KrGSwDWhwS2_rQtOpHbIU5qyQ2HW5LGBxd2Xebl1IDN0qNQl5KxB1DadX6nyAElP8I=)

Accommodations must be requested within the first two weeks of this course.

**Accommodating Disabilities**

The program is committed to ensuring learning opportunities for students with disabilities. If you would like to request academic accommodations due to a disability, please contact the office of Disability Resources for Students (<http://depts.washington.edu/uwdrs/> ). If you have a letter from the office of Disability Resources for Students indicating you have a disability that requires academic accommodations, please present it to the instructor so we can discuss specific accommodations for this class. Please notify the grader(s) to ensure that any accommodation is known to them to ensure additional time (or other accommodation) is provided for approved requests.

**Student Safety**

Students are advised to refer to UW policies and procedures to ensure their safety and security on campus. For more information to go: <http://wwww.washington.edu/safecampus/> to report threats, seek advice, or get counseling, dial (206) 685-SAFE (7233).

**Student Athletes**

Student athletes who have conflicts with attending any lecture or submitting any assignment should submit a list of such conflicts along with a letter from the athletics department by Monday, January 16th, 2023.

**Week 1**

**Class 1: 3 January (Tuesday) – Syllabus Overview; Professor Overview; Class Overview**

* Discussion: What are Capital Markets?
* **Reading: Chapter 1 – 3**

**Class 2: 5 January (Thursday)**

* Lecture: Real Estate Investment, Legal Concepts, Intro to Mortgage Loans
* **Reading: Chapters 4 – 6**
* **Homework: Chapters 1-4 assignments**

**Week 2**

**Class 3: 10 January (Tuesday)**

* Lecture: Mortgage Loans (Continued) — Fixed Rate Mortgages
* **Reading: Review Chapters 5 – 6**

**Class 4: 12 January (Thursday)**

* Lecture: Mortgage Loans (Continued) — Adjustable & Floating Rate Mortgages
* **Reading: Chapters 7 – 8**
* **Homework: Chapters 5-7 Assignments**

**Week 3**

**Class 5: 17 January (Tuesday)**

* Lecture: Residential Housing — Pricing, Investment, & Tax Considerations
* **Reading: Review Chapter 8**

**Class 6: 19 January (Thursday) – Zoom Class**

* Lecture: Residential Housing (Continued) — Underwriting & Financing Residential Properties
* **Reading: Chapters 9 – 10**
* **Homework: Chapter 8 & 9 Assignment**

**Week 4**

**Class 7: 24 January (Tuesday)**

* Lecture: Income Producing Properties — Leases, Rent, Market for Space
* **Reading: Review Chapters 9 – 10**

**Class 8: 26 January (Thursday)**

* Lecture: Income Producing Properties (Continued) — Appraisal
* **Reading: Chapters 11 – 12**
* **Homework: Chapter 9-11 Assignment**

**Week 5**

**Class 9: 31 January (Tuesday) – Zoom Class**

* Lecture: Income Producing Properties (Continued) – Investment Analysis & Taxation
* **Reading: Review Chapters 11 – 12**

**Class 10: 2 February (Thursday) – Zoom Class**

* Lecture: Income Producing Properties (Continued) – Financial Leverage & Financing Alternatives
* **Guest Speaker:**
* **Reading: Chapters 13 – 15**
* **Homework: Chapter 12-15 Assignment**

**Week 6**

**Class 11: 7 February (Tuesday)**

* **Review Midterm**

**Class 12: 9 February (Thursday)**

* **Midterm**

**Week 7**

**Class 13: 14 February (Tuesday)**

* Lecture: Income Producing Properties (Continued) – Risk Analysis & Financing
* **Reading: Review Chapters 13 – 15**

**Class 14: 16 February (Thursday)**

* Lecture: Income Producing Properties (Continued) – Disposition & Financing Corporate RE
* **Reading: Chapters 16 – 17**
* **Homework: Chapter 13-16 Assignments**

**Week 8**

**Class 15: 21 February (Tuesday) — Zoom Class**

* Lecture: Financing Real Estate Development
* **Reading: Review Chapters 16-17**

**Class 16: 23 February (Thursday) — Zoom Class**

* Lecture: Financing Real Estate Development (Continued) — Land Development
* **Reading: Chapters 18 – 21**
* **Homework: Chapter 17-20 Assignments**

**Week 9**

**Class 17: 28 February (Tuesday)**

* Lecture: Alternative RE Financing— Structuring RE Investments & Secondary Mortgage Market
* **Reading: Chapter 22-23**

**Class 18: 2 March (Thursday)**

* Lecture: Alternative RE Financing (Continued) —Secondary Mortgage Market & REITs
* **Guest Speaker:**
* **Homework: Chapter 21-23 Assignments, Review homework & discussion notes**

**Week 10**

**Class 19: 7 March (Tuesday) — Zoom Class**

* **Review Final Examination**

**Class 20: 9 March (Thursday)**

* **Review Final Examination**

**NO ASSIGNMENTS ACCEPTED BEYOND THE START OF THIS CLASS**

**Week 11**

**Exam week TBD**