

# REAL ESTATE APPRAISAL

## Fall 2018 REAE 5334-001/4334-001

8/17/2018 12:20:38 AM

Location: Section 001 Room 147 COBA @ UTA

Class Time: Tuesday 7 – 9:50 p.m. (16 Week Course: 8/28 – 12/11)

Instructor: Daniel Scott Lowrance, Ph.D.	Office Hours:	By appointment (or before and after class)
Campus Office: UTA Business Building Room #240B	CellPhone:	817-680-8012 for voice or text
Web-Page: <a href="http://elearn.uta.edu">elearn.uta.edu</a> & log in with your NetID & pass	E-mail:	<a href="mailto:Daniel.Lowrance@uta.edu">Daniel.Lowrance@uta.edu</a> (University)

**About this Syllabus:** This syllabus is our contract. It clearly states the requirements this class places on both you and me, and I will not change the conditions of this contract during the course. This is done to ensure fairness and consistency among all members of the class. By staying in this class you accept the conditions of this contract and agree not to ask me for exceptions to the syllabus.

**Course Description:** Theory and methods of residential and income property appraisal. Market analysis, highest-and-best-use analysis, capitalization techniques, and market, cost, and income approaches to valuation and reconciliation of value indicators.

**Learning Outcomes:** How to analyze real property using the normative real estate valuation process including:

- estimating the value of property using the three traditional approaches to valuation; sales comparison, income, and cost approaches.
- the student will understand the advantages and disadvantages of the alternative methods of appraising income producing property.
- will be introduced to valuation methodologies and technologies.

**Prerequisites:** See graduate/undergraduate bulletin/catalogue but generally REAE 3325 or FINA 3313 or FINA/REAE 5311

**Required Materials:** *The Appraisal of Real Estate, 14 Edition, Appraisal Institute, 2013*  
ISBN13: 978-1-935328-38-4

**Optional Materials:** *The Student Handbook to The Appraisal of Real Estate, 14th Edition, Mark Rattermann, MAI, SRA*  
ISBN13: 978-1-935328-50-6 (Completely optional workbook to accompany the required text book)

Available at the campus bookstore, [The Appraisal Institute](http://www.theappraisalinstitute.com), or from <http://www.amazon.com/>  
This course will utilize Blackboard for distribution of course materials like PowerPoints, student learning aids etc. and is provided via the course Blackboard website by individual topics on the hyperlinked schedule. To access the course, go to [elearn.uta.edu](http://elearn.uta.edu) and log in with your NetID and password. Click on the name of the course in the upper left module after logging in. If you have any problems logging in, [e-mail the Help Desk](mailto:helpdesk@uta.edu). Review the [Student Resources](#) page. This site contains valuable information that will acclimate you to your course and the Blackboard environment.

**Calculator:** Hewlett-Packard 10-B / 10-BII, BAII (preferred) or equivalent. The calculator must be able to calculate Net Present Value (NPV) and Internal Rate of Return (IRR) for an uneven series of cash flows. You are on your own as far as learning the calculator if you use something other than the 10-B / 10-BII. Bring your calculator to class every day for use on examples, quizzes and tests. You may **not** use cell phone calculator apps or other similar devices on examinations.

**Course Format:**

- The course will be conducted on a lecture basis with discussion and questions highly encouraged.
- Specific readings in the required text and supplemental material on the course website will be assigned for each class period with the expectation that the material will be read prior to class so as to facilitate discussion.
- Attendance is strongly encouraged and the assumed responsibility of the student.
- Quizzes and/or supplemental homework assignments may be random and are used in grade determination according to the option a student chooses to pursue in “Grading Calculations and Options” listed below.
- There will be a mid-term exam and a cumulative final exam. All exam questions will be in a multiple choice format for undergraduates and predominantly a mix of fill in the blank, short and long answer for graduate students.

**Policies:**

- Lectures are designed to clarify the text and supplemental material. Unless otherwise instructed, students will be held responsible for all assigned reading assignments (even if they are not covered in class), chapter questions, supplementary material, and information presented in lecture. Material presented in course lectures is representative of exams and will come directly from the required textbook and assigned chapters therein.

### Grading Calculations and Options:

Grading Options	Class Requirements Highest possible grade	Option # 1	Option # 2	Option # 3
		B	B	A
	In-class Quizzes/Homework (<9 with lowest dropped)	30%	0%	10.00%
	Mid-term Over Textbook Chapters 1 - 16 ± (80min.)	35.00%	35.00%	35.00%
	Optional Appraisal Project (Intro before or after Mid-term)	0.00%	30.00%	20.00%
	Comprehensive Final Exam (180 min.)	35.00%	35.00%	35.00%
	<b>TOTAL POSSIBLE POINTS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Highest Letter Grade Possible & point Range	<b>B</b>	<b>90-100</b>	<b>90-100</b>	<b>90-100 A</b>
	<b>B</b>	<b>80-89</b>	<b>80-89</b>	<b>89-90</b>
	<b>C</b>	<b>70-79</b>	<b>70-79</b>	<b>70-79</b>
	<b>D</b>	<b>60-69</b>	<b>60-69</b>	<b>60-69</b>
	<b>F</b>	<b>Below 60</b>	<b>Below 60</b>	<b>Below 60</b>



- A. There are three options for the determination of your final grade and you do **not** need to notify the instructor of your choice. Grades will automatically be determined in your favor via an automated spreadsheet. Option #1, consists the student taking two exams and completing up to 9 in-class quizzes or homework's with the lowest score being automatically dropped. There will be no Appraisal Project required for Option #1 and will result in a maximum grade of "B" according to the grading mnemonic above. Option #2, for those who may need to miss more than a few of the in-class quizzes or homework's simply replaces that grade percentage with that of the now required Appraisal Project. All else remains the same and Option #2 has a maximum course grade according to the scale above as "B". Option#3 requires all of the various grading components and simply changes the percentages that some of the components are worth. If you believe you are due credit for points and do not see them indicated on the web, you have two weeks to challenge the awarding of those points from the day that grade was posted for review or otherwise you forfeit you right to request a review.
- B. I would like to give less than 9 unannounced quizzes/home works this semester. A quiz might be at the start of the class period and test on the reading material that was assigned. Conversely, a quiz may be given at the middle or end of class to test material that was covered. Although I will drop your lowest quiz grade, you can also consider this as an attendance grade. If you are not in class or leave early/late you may not take the quiz and your grade for a missed quiz is zero. Note: Whether it is called a quiz or homework, it will total <9.
- C. Make-up Quiz/Homework Policy: No make-up quizzes/homework given. I will drop your lowest quizzes/homework grade. If you are not in-class for a quiz or to turn in homework, you will receive a zero. I do not formally take attendance but attendance may influence your quiz grade.
- D. Policy on Handing in Assignments Late: Several homework assignments will be made during the semester. A penalty per class period will be assessed for all assignments turned in late. Absence from class is not a valid excuse for handing in an assignment late.
- E. All undergraduate exams, including the final, will be closed book and consist completely of multiple choice questions with "None of the above" frequently an option. Formula sheets will be provided and you will need a financial calculator as described above along with a pencil and Scan-Tron (Form #882E). Please note, present value tables will not be allowed during any exams.
- F. A Comprehensive Final Exam is absolutely required regardless of the "Option" you chose to pursue for determination of your grade.
- G. Make-up Examination Policy: The instructor reserves the rights to change the style, format, and content of a make-up examination. A make-up exam will be given if the student has a reasonable, verifiable excuse. However, students should not expect to take more than one make-up exam. The make-up exam must be completed before the end of the week in which the original exam was scheduled. Once a student has taken an exam, a make-up exam cannot be given.
- H. All course sections have individual websites and you should check them for announcements and/or postings frequently. There will be a great deal of supplemental material posted and will consist of articles for discussion in class, pre-test reviews, problems for discussion and both pre and post lecture notes.
- I. As per COBA guidelines and for your privacy, grades will not be distributed via email or by phone. I will provide grades online via Blackboard and will be posted to the course website within 24hrs.of the last section's exam being administered. Exams will be returned in-class and you will have an opportunity during class to review your work. Contact me in person regarding any grade related issues.
- J. The UTA College of Business Administration policy on bomb threats will be followed. (See SYLLABUS ADDENDUM.)
- K. This is not a correspondence course and students registered for this course are expected, but not required, to attend all class sessions and actively participate. It is the responsibility of the student to prepare for all classes and you are responsible for all announcements discussed in class. Students will not be dropped if they fail to attend class. It is a student's responsibility to withdraw from the course.
- L. A10-point scale will be used in assigning grades for the course and are awarded on an absolute basis based on the various options listed above. All grades are kept to 8 decimal places and any curves will be assigned to individual components as the course progresses. This is done to ensure students always know where they rank in the class. The distribution and mean of the final grades will generally adhere to the guidelines of the Dept. of Finance and Real Estate and are based on averages for similar courses in the COBA.
- M. This course will be conducted in a professional manner. Unprofessional behavior of any form in the classroom will not be tolerated. Students can be withdrawn at the discretion of the instructor for unacceptable behavior. Also, please be courteous and turn off all noise making devises during lectures and exams including phones and pagers.
- N. The instructor reserves the right to make any additions, deletions, or corrections to the syllabus as long as verbal notice is given during the assigned class time and/or posted to the course website.

## SYLLABUS ADDENDUM

### Revised 8/24/17

#### Academic Dishonesty:

All students are expected to pursue their scholastic careers with honesty and integrity. It is the philosophy of this Department, this instructor, and the University of Texas at Arlington that academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures. Discipline may include suspension or expulsion from the University.

"Academic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, or any act designed to give unfair advantage to a student or the attempt to commit such acts." (Regents Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22)

Institutional procedures regarding charges of academic dishonesty are outlined in Part II, Chapter 2, of the **Handbook of Operating Procedures of The University of Texas at Arlington**. Copies of the Handbook are available at more than 75 locations on campus, including the Student Congress office, the Library, and the Finance/Real Estate Department office.

#### Americans with Disabilities Act (ADA):

UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including *The Americans with Disabilities Act (ADA)*, *The Americans with Disabilities Amendments Act (ADAAA)*, and *Section 504 of the Rehabilitation Act*. All

instructors at UT Arlington are required by law to provide “reasonable accommodations” to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a **letter certified** by the Office for Students with Disabilities (OSD). Only those students who have officially documented a need for an accommodation will have their request honored. Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting:

**The Office for Students with Disabilities, (OSD)** [www.uta.edu/disability](http://www.uta.edu/disability) or calling 817-272-3364. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at [www.uta.edu/disability](http://www.uta.edu/disability).

**Counseling and Psychological Services, (CAPS)** [www.uta.edu/caps/](http://www.uta.edu/caps/) or calling 817-272-3671 is also available to all students to help increase their understanding of personal issues, address mental and behavioral health problems and make positive changes in their lives.

**Non-Discrimination Policy:** *The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit [uta.edu/eos](http://uta.edu/eos).*

**Title IX Policy:** The University of Texas at Arlington (“University”) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. *For information regarding Title IX, visit [www.uta.edu/titleIX](http://www.uta.edu/titleIX) or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or [jmhood@uta.edu](mailto:jmhood@uta.edu).*

#### **Evacuation Procedures:**

In the event of an evacuation of the College of Business building, when the fire alarm sounds, everyone must leave the building by the stairs. With the fire alarm system we now have, the elevators will all go to the first floor and stay there until the system is turned off. All those in the North tower side of the building should proceed to the fire escape stairs located on the East and West sides of that wing.

**FOR DISABLED PERSONS**.....please go to the Northeast fire stairs. We have an evacu track chair located on the 6<sup>th</sup> floor stairwell. We have people trained in the use of this chair and there will be someone that will go to the 6<sup>th</sup> floor to get the chair and bring it to any lower floor stairwell to assist disabled persons. Should this be a real emergency, the Arlington Fire Department and UTA Police will also be here to help.

#### **Attendance Policy:**

Students are expected to attend each class and students are expected to come to each class with their assignments completed. Any student who must miss a class is responsible for securing any and all assignments for coursework missed.

#### **Drop Policy:**

These policies include by reference all provisions for grade adjustment or drop policies included in the applicable Graduate or Undergraduate Catalog in effect at the start of the semester. It is the **student’s responsibility** to complete the course or withdraw from the course in accordance with University regulations. **No student will be dropped from the class rolls for absences.** Students are strongly encouraged to verify their grade status before dropping a course after the first withdrawal date. A student who drops a course after the first withdrawal date may receive an “F” in the course if the student is failing at the time the course is dropped.

#### **Drop for Non-Payment:**

It is the policy of the University of Texas at Arlington that students who have not paid by the census date and are dropped for non-payment cannot, **under any circumstances**, receive a grade for the course. Therefore, a student dropped for non-payment who continues to attend the course **will not receive a grade for that course**. Emergency loans are available to help students pay tuition and fees. Students can apply for emergency loans by going to the Emergency Tuition Loan Distribution Center at E. H. Hereford University Center (near the southwest entrance).

#### **Student Evaluation of Teaching:**

At the end of each term, students enrolled in classes categorized as lecture, seminar, or laboratory shall be directed to complete a Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student’s feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington’s effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

#### **College of Business Bomb Threat Policy:**

Effective April 8, 1996, the College of Business Administration adopted a policy to deal with the classroom disruption caused by bomb threats in the building. Section 22.07 of the Texas Criminal law states that a Class A misdemeanor is punishable by (1) a fine not to exceed \$4,000, (2) a jail term of not more than one year, or (3) both such a fine and confinement. If anyone is tempted to call in a bomb threat, be aware that UTA has the technology to trace such phone calls.

Every effort will be made to avoid cancellation of presentations/tests caused by bomb threats to the Business Building. Unannounced alternate sites will be available for these classes. If a student who has a class with a scheduled test or presentation arrives and the building has been closed due to a bomb threat, the student should immediately check for the alternate class site notice which will be posted on/near the

main doors on the south side of the Business Building. If the bomb threat is received while class is in session, your instructor will ask you to leave the building and reconvene at another location.

Students who provide information leading to the successful prosecution of anyone making a bomb threat will receive one semester's free parking in the Maverick Garage across from the Business Building. UTA's Crimestoppers will provide a reward to anyone providing information leading to an arrest. To make an anonymous report, call 817-272-5245.

#### **Food/Drink in Classrooms:**

College policy prohibits food and/or drinks in classrooms and labs. Anyone bringing food and/or drinks into a classroom or lab will be required to remove such items, as directed by the class instructor or lab instructor.

#### **UTA Student Success Programs:**

The University of Texas at Arlington supports a variety of student success programs to help you connect with the University and achieve academic success. They include learning assistance, developmental education, advising and mentoring, admission and transition, and federally funded programs. Students requiring assistance academically, personally, or socially should contact the Office of Student Success Programs at 817-272-6107 for more information and appropriate referrals.

#### **Other Important University Dates for Fall 2018 Calendar:**

August 22	First day of classes
September 7	Census Date for Semester
November 2	<b>Last day to drop courses</b>
November 21-23	Thanksgiving break
December 4	Last Day of Classes
December 8	Final exam

#### ***The Appraisal of Real Estate, 14<sup>th</sup> Edition Fall 2018 tentative Schedule Course Schedule, may change as necessary***

Session	Minutes	Topics
1 Aug 28	30	Course regulations, instructor introduction, schedule, and goals
	60	Overview of the appraisal business Overview of professional standards Review of the appraisal process State Licensing and Certification Board rules, applications, fees, and local regulations Current local appraisal issues
	50	Chapter 1: Introduction to Appraisal
	140 min	
2 Sept 4	45	Chapter 2: Land, Real Estate, and Ownership of Real Property
	45	Chapter 3: The Nature of Value
	30	Chapter 4 : The Valuation Process
	30	Chapter 5: Elements of the Assignment
	150 min	
3 Sept 11	30	Chapter 6: Identifying the Type of Value and Its Definition
	30	Chapter 7: Identifying the Rights to Be Appraised
	60	Chapter 8: Scope of Work
	60	Chapter 9: Data Collection
	180 min	
4 Sept 18	60	Chapter 10: Economic Trends in Real Estate Markets and Capital Markets
	60	Chapter 11: Neighborhoods, Districts, and Market Areas
	120 min	
5 Sept 25	60	Chapter 14: Statistical Analysis in Appraisal
	120	Chapter 12: Land and Site Description
	180 min	
6 Oct 2	180	Chapter 13: Building Description

	180 min	
7 Oct 9	60	Chapter 15: Market Analysis
	120	Chapter 16: Highest and Best Use Analysis
	180 min	
8 Oct 16	First 80 min	Mid-term
	100 min	After mid-term will cover <b>Chapter 17: Land and Site Valuation</b>
9 Oct 23	60	Chapter 18: The Sales Comparison Approach
	120	Chapter 19: Comparative Analysis
	180 min	
10 Cct 30	180	Chapter 20: Applications of the Sales Comparison Approach
	180 min	
11 Nov 6	120	Chapter 21: The Income Capitalization Approach
	60	Chapter 22: Income and Expense Analysis
	180 min	
12 Nov 13	90	Chapter 23: Direct Capitalization
	60	Chapter 24: Yield Capitalization
	45	Chapter 25: Discounted Cash Flow Analysis and Investment Analysis
	45	Chapter 26: Applications of the Income Capitalization Approach
	240 min	
13 Nov 20	40	Chapter 27: The Cost Approach
	120	Chapter 28: Building Cost Estimates
	160 min	
14 Nov 27	180	Chapter 29: Depreciation Estimates
	180 min	
	60	Chapter 30: Reconciling Value Indications
15 Dec 4	120	Chapter 31: The Appraisal Report
	60	Chapter 32: Appraisal Review
	240 min	
16 Dec 11	180 min	<b>Cummulative Final Exam 7:00-10:00 pm Only over textbook material covered</b>
	50 50 50	Chapter 33: Consulting Chapter 34: Valuation for Financial Reporting Chapter 35: Valuation of Real Property with Related Personal Property or Intangible Property
	180 min	Will not be covered due to time constraints
Total time	3,000	60 hours x 50 minutes per hour = 3,000 minutes

**Emergency Phone Numbers:** In case of an on-campus emergency, call the UT Arlington Police Department at **817-272-3003** (non-campus phone), **2-3003** (campus phone). You may also dial 911. Non-emergency number 817-272-3381.



# REAE 5334/4434

## General comments and suggestions for being successful in Real Estate Appraisal:

Real Estate is a challenging subject and after completing this course I expect that you should be very comfortable with the appraisal process, general valuation techniques used in the industry and the time value of money. The majority of people in this class will go on to work in or with real estate in some capacity and understanding the material in this course can save the average individual up to 4% of the cost of purchasing a home and many multiples of that on investment property. Therefore, we will approach the subject matter with the breadth and depth required to ensure you obtain the maximum benefit.

This course will utilize Blackboard this semester for distribution of course materials like PowerPoints, student learning aids etc. and is provided via the course Blackboard website by individual topics on the hyperlinked schedule. To access the course, go to [elearn.uta.edu](http://elearn.uta.edu) and log in with your NetID and password. Click on the name of the course in the upper left module after logging in. If you have any problems logging in, [e-mail the Help Desk](#). Review the [Student Resources](#) page.

In order to get the most from lectures and this course in general, I expect that before coming to class you read the assigned material and download any desired material from the course website to bring with you for taking notes over the lecture material. Also, be sure to check the hyperlinked course outline on the course website for any supplementing material such as articles to be discussed, downloads and/or problem sets which are scheduled to be covered. Lectures are not only your opportunity for asking questions and getting class material clarified but will also be supplemented by test examples and opportunities for bonus points. The lecture slides on the course website are for your benefit and provide a focus to certain topics but should **not** be used as a replacement to the text book. Students who do not read the text are at an extreme disadvantage when it comes time for tests and quizzes. You are responsible for all of the material in the text book chapters covered. Lectures are designed to simply clarify the text material and provide real world examples with additional depth.

Exams are very challenging and will require you to keep up with the course reading assignments. The exams in this course are scaled so as to separate the student's grasp of the information and questions range from simple terminology to those which require synthesis of the material in the book and original thinking.

## Additional suggestions for success include:

- Study the definitions of boldface words in the "Key Terms" lists at the end of each chapter.
- Work through the "Study Exercises" at the end of each chapter.
- Attend all class sessions and feel free to stop by during office hours to ask questions.

**PS: I will add and delete material as we proceed with the semester. It is important to attend each class. You are responsible for all announcements whether given in class or on your class website.**

# STUDENT QUESTIONNAIRE/BACKGROUND

8/17/18

**REAE 5334/4434 SECTION # and/or time**\_\_\_\_\_

NAME (Print Last First):\_\_\_\_\_

STUDENT ID: (LAST 4 Digits ONLY)\_\_\_\_\_

MAJOR/MINOR:\_\_\_\_\_

YEAR in SCHOOL (i.e. junior, senior)\_\_\_\_\_

GRADUATION DATE: \_\_\_\_\_

EMPLOYMENT STATUS: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

1.) What previous finance/real estate classes have you taken in the past?

\_\_\_\_\_  
\_\_\_\_\_

2.) What type of financial calculator do you plan to use in this class?

\_\_\_\_\_

3.) Are there any real estate related topics which you have particular interest in seeing covered in this class and if so what are they? (Rank in descending order)

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

4.) Do you have any suggestions for making this class more interesting or useful?

\_\_\_\_\_  
\_\_\_\_\_

Please sign your name to indicate you have received and read the syllabus as well as the guidelines on academic honesty and intend to abide by the rules for this course and the University.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

**PLEASE RETURN TO THE INSTRUCTOR AT THE END OF CLASS**  
**(You may not email this information for reasons of confidentiality)**