JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

II. CLASSES AT THE UNIVERSITY OF WISCONSIN--MADISON

F. Business 551: Real Estate Finance
(Was Income Property and Residential Finance until Fall of 1982; Graaskamp divided 551 into two separate courses--551 and 552 and renamed 551 "Income Property Finance and Group Investment")

1. Selected Syllabi: 1976-87, and Undated

Index

Incomplete

REAL ESTATE FINANCE - 551

Class 1 - Handout

I. Prof. James Graaskamp, Room 118, School of Business, 262-6378
Lynn Woodward, Teaching Assistant - Room 91, Bascom Hall, 263-2043, home number, 255-9783

II. Text materials:

Required texts: <u>Real Estate Finance</u>, John P. Wiedemer, published by Reston Press, 1974, available from Real Estate Club in Room 91 at 10% off list:

<u>U. S. Savings & Loan Fact Book 1974</u> available free in Room 91

<u>REIT Fact Book 1974</u>, available free in Room 91

Two optional textbooks: <u>Real Estate Law</u>, Fifth Edition, Robert Kratovil, published by Prentice Hall (available in Law School Book Store)
<u>Financing Real Estate Development</u>, Harry A. Golemon, and American Institute of Architects, published by Aloray, available in Room 91.

Mimeograph material package will cost $12 per student, payable when you pick up textbook.

III. The theme of the course is based on the following premises:

A. Any real estate investment is the purchase of a set of assumptions about the future.

B. Risk is the variance between assumptions and realizations. The cash cycle assumptions of real estate finance involve a longer term of time, and hence more potential intervening circumstances, than any other form of investment.

C. Since the assumptions of the borrower and the lender are many times conflicting a great many contractual and institutional risk management devices are employed. Real estate finance is the study of these risk management controls applied to capital invested in real estate and related enterprise.

D. Risk controls and specification is particularly important in real estate finance since real estate is the art of doing business with somebody elses money, often for reasons that should make that other person extra anxious about his investment.

2-26-W INTRODUCTION TO MULTI-FAMILY RESIDENTIAL LOANS

A. Chap. 10, Loan Analysis of Income Property, Wiedemer — Text

B. Chap. 1-3, Financing Dynamics, Types, and Techniques, Financing Real Estate Development, Golemon — Text/BLR

QUIZ #7 REVIEW OF CASH FLOW ANALYSIS AND MINI-MOD

3-3-M LEVERAGE, ELLWOOD, VALUE, AND MORTGAGE TERMS

A. "Rate of Return & Financial Leverage: A Paradigm for Sensitivity Analysis, Raymond Erler, The Appraisal Journal, July 1972 — Mimeo

B. "Ellwood Without Algebra," Charles Akerson, The Appraisal Journal, July 1970 — Mimeo

C. "Two Further Applications of the Ellwood Capitalization Method," Entreken & Gibbons, Real Estate Appraiser, Jan-Feb 1974 — Mimeo

3-5-W BUDGETING THE INCOME PROPERTY FINANCIAL PLAN

A. Chap. 5, 6, and 7, Organizing, Obtaining and Risks and Rewards of Financing, Financing Real Estate Development, Golemon — Text/BLR

B. "Going Broke in Style," Forbes, Oct. 1, 1974 — Mimeo

QUIZ #8 ASSIGNMENT OF INCOME PROPERTY ANALYSIS PROBLEMS

3-10-M FINANCIAL ANALYSIS OF REAL ESTATE - THE KEY ISSUE

A. "Real Estate Financial Analysis - The State of the Art," Oakleigh J. Thorne, The Appraisal Journal, Jan. 1974 — Mimeo

B. Chap. 8 & 9, Tax Consequences and Computerized Financial Analysis, Financing Real Estate Development, Golemon — Text/BLR

C. Economic Case Studies: Apartment, p. 121 and 236 Cooperative Housing Loan, p. 125, Financing Real Estate Development, Golemon — Text/BLR

3-12-W SPECIAL INCOME PROPERTY LOANS

A. Chap. 11, Loan Analysis of Industrial, Rural & Development Property, Wiedemer — Text

B. "New Protection for Construction Lenders," Jeffry Dwyer, Real Estate Review, Fall '73 — Mimeo

C. "Construction Loan," Construction Funding: Where the Money Comes From, Don Halperin, John Wiley & Sons, pp. 44-62 — Mimeo

3-17-M SOURCES OF CAPITAL FOR THE INCOME PROPERTY LOAN

A. Chap. 4, Financing Sources, Financing R.E. Development, Golemon — Text/BLR

B. Chap. 12, Alternative Financing Methods, Wiedemer — Text

C. Chap. 28, Lease Drafting for the Purposes of a Mortgage on the Fee, Modern Mortgage Law and Practice, Robert Kratovil, Prentice Hall 1974 — Mimeo

QUIZ #9

3-19-W THE REAL ESTATE MORTGAGE TRUST

A. Chap. 1, 2, 3, 4, 6, 7 & 8, REIT Fact Book 1974 — Text

B. "Getting at the Roots of REIT Reporting Problems," James J. Klink, Real Estate Review, Fall 1974 — Mimeo

3-21-F QUIZ #10

3-24-M THE RISE AND FALL OF FEDERAL MORTGAGE MARKET OPERATIONS

A. The Fragmentation of FHA, by Horace B. Bazan — Text

B. "Government Organizations, Programs and Terms, Savings & Loan News, June 1969 — Mimeo

C. Commercial & Industrial Mortgage Money From Government Agencies — Mimeo

3-26-W 1974 COMMUNITY DEVELOPMENT ACT

A. "The Housing and Community Development Act of 1974: an interpretation; its history, by Mary K. Nenno, et. al., Journal of Housing, August-September 1974 — Mimeo

3-28 - 4-6 SPRING VACATION - NO QUIZ SECTIONS

4-7-M CAPITAL MARKET REQUIREMENTS AND NEW INSTRUMENTS OF REAL ESTATE FINANCE

A. "The Changing World of Real Estate Finance," Harold S. Jensen, Urban Land June 1971 — Mimeo

B. "The Case for Variable Rate Mortgages," Harmon Spolan, Real Estate Review Summer 1971 — Mimeo

C. "Federal Reserve & the Subeconomy of Real Estate," Andrew Brimm, Real Estate Review, Fall 1971 — Mimeo

4-9-W THE PARTICIPATION LOAN

A. "Lender-Developer Participation," John C. Opperman, The Mortgage Banker, Sept. 1968 — Mimeo

(continued)

B. Illustrations of Various "Kickers" and Their Relative Yields as Applied When Lender Shares in Income Flow — Mimeo

C. "Legal Implications of New Real Estate Financing Techniques, Mendes Hershman, Proceedings American Real Estate & Urban Economics Association 1972 — Mimeo

4-11-F QUIZ #11

4-14-M LEASEBACKS, BUYBACKS, AND WRAPAROUNDS

A. "The Wrap-Around Mortgage...Friend or U.F.O.," Francis P. Gunning, Financing 1969 — Mimeo

B. "Ground Leasing Makes Dollars & Sense for Developers," Neil Underberg, Real Estate Review, Summer 1971 — Mimeo

C. Chap. 31, Sale & Buy-Back, Modern Mortgage Law & Practice, Robert Kratovil, Prentice Hall 1974 — Mimeo

D. Chap. 32, Mortgages in Large Scale Transactions, Modern Mortgage Law & Practice, Robert Kratovil, Prentice Hall 1974 — Mimeo

4-16-W THE LIMITED PARTNERSHIP - EQUITY OWNERSHIP OR REVENUE BOND

A. "FHA Syndications Under the Microscope" Creamer & Deutschman, Real Estate Review Fall '72 — Mimeo

B. "Legal Forms of Ownership," Stephen E. Roulac, Marketing Real Estate Securities, RESSI, 1974 — Mimeo

C. "The Growing Pains of Public Real Estate Syndicates," Augustine and Hrusoff, Real Estate Review Fall '71 — Mimeo

4-18-F QUIZ #12

4-21-M THE JOINT VENTURE

A. "Economics Makes Strange Bedfellows: The Institutional Joint Venture, Burton A. Hartman, Real Estate Review Summer 1972 — Mimeo

B. "Real Estate Equity Investments" and "The Institutional Lender: Nothing Ventured Nothing Gained," F.E. Rogge, G. J. Talbot, R. M. Zinman, Fordham Law Review, May 1971 — Mimeo

4-23-W REAL ESTATE FINANCE AND SECURITIES REGULATION

A. Chap. 9, Regulation of Real Estate Securities," James L. Kelly, Real Estate Securities and Syndication Stephen E. Roulac — Mimeo

4-25-F QUIZ #13

4-28-M REAL ESTATE AND WALL STREET

A. "Inflation Shapes (Misshapes?) an Industry," <u>When Real Estate and Home Building Become Big Business</u>, Lewis M. Goodkin, Cahner 1974 Mimeo

4-30-W MATCHING URBAN SYSTEMS TO CAPITAL INVESTMENT SYSTEMS

FINAL EXAM AS SCHEDULED IN TIME TABLE

REAL ESTATE FINANCE - BUSINESS 551
Course Syllabus

Incomplete

Spring Semester 1976

Prof. J. A. Graaskamp
Teaching Assistant - J. R. DeLisle

I. Catalog description:

551 Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of governmental agencies. Prereq: Bus. 550.

A. Format - two lectures and a quiz section per week

B. Lectures will develop dynamic relationships and risk management systems which link borrowers to lenders, lenders to capital market and both to government.

C. Quiz sections will stress mechanics and case problems

II. Text materials:

A. Basic required texts -

Housing & the Money Market, Roger Starr, Basic Books, 1975, available from U.W. Real Estate Club.

U.S. Savings and Loan League Fact Book, 1975 (provided with course materials)

National Association of Real Estate Investment Trusts Fact Book, 1975, provided with course materials.

B. Optional textbook:

Real Estate Law, 6th Edition, Robert Kratovil, published by Prentice Hall, 1973.

(Reading assignments in this book will be in Business Reserve Library and certain key items will be xeroxed)

C. Required reading set of mimeographed materials will cost $_____ per student and can be purchased at Room 118 Commerce or Room 91 Bascom.

D. Students will be responsible for reading Real Estate News and Finance sections of House and Home magazine from December 1975 through April 1976 issues. These selected pages will be xeroxed for distribution.

III. Grading system - Letter grades will be assigned only after completion of the course based on an array of the total points scored by each student from a total potential score of 500 points allocated as follows:

problem exercises	150 points
6 week exam	150 points
final 2 hr. exam	200 points
Total	500 points

REAL ESTATE FINANCE - BUS. 551
Assignment Sheet

Spring Semester, 1975 Prof. J. A. Graaskamp

Date	Readings	Source
1-26-M	REAL ESTATE FINANCE - A STUDY OF RISK MANAGEMENT OF REAL ESTATE ASSUMPTIONS	
	A. Chap. 1 & 2, "The House" and "The Equity," Starr	Text
	B. Chap. 3, "The Mortgage," Starr	Text
1-28-W	TERMINOLOGY AND CLASSIFICATION OF MORTGAGES	
	A. Chap. 20, Mortgages - REAL ESTATE LAW, Kratovil	Text & BLR
	B. Chap. 19, Liens - REAL ESTATE LAW, Kratovil	Text & BLR
2-2-M	MORTGAGE FORECLOSURE	
	A. Sec. 42-46, Modern Mortgage Law and Practice, Kratovil	Mimeo
2-4-W	LAND CONTRACTS AND EQUITABLE MORTGAGE	
	A. Chap. 8, The Land Contract, Wisconsin Real Estate Law, Rauschenbush, et. al.	Mimeo
	QUIZ SECTION #2 CALCULATION OF INTEREST COST POINTS AND YIELD (See page 122-123 in Wiedemer text)	Mimeo
2-9-M	SHOPPING FOR MONEY	
	A. Chap. 4 & 5, "The Resources," and "Money & Its Market," Starr	Text
	B. U. S. Savings & Loan Fact Book 1975, pages	Text
2-11-W	THE RESIDENTIAL LOAN PROCESS	
	A. Chap. 9, Residential Loan Analysis - Wiedemer	Mimeo
	B. Chap. 13 & 14, Analyzing Borrowers and Loan Closing, Wiedemer	Mimeo
	QUIZ #3 - LENDER RISKS IN CREDIT ANALYSIS AND LOAN CLOSING (Case Demonstration)	
2-16-M	RISK EXPOSURES FOR THE RESIDENTIAL MORTGAGE LENDER	
	A. "Principles of a Construction Loan to an Owner-Occupant, Construction Lending Guide	Mimeo
	B. "How Do You Rate Loan? And why?" Savings & Loan News, May 1974	Mimeo
	C. "U.S. Department of Housing and Urban Development" Milwaukee Area Office of HUD, Oct. 25, 1974	Mimeo

continued

2-16-M (cont.)	D.	"Home Ownership and Insurance: Eight Suggestions" MGIC Newsletter, June 1972	Mimeo
	E.	"When to Lend, When to Wait," Savings & Loan News March 1969	Mimeo
	F.	"Consumer Protection in Housing: Friend or Foe?" MGIC Newsletter, March 1970	Mimeo
	G.	"Numerical Risk Ratings Aid Loan Credit Analysis" Savings & Loan News March, 1969	Mimeo
2-18-W		MORTGAGE GUARANTY INSURANCE	
	A.	Chap. 12, Federal Housing Administration, Starr	Text
	B.	The Private Insurance of Home Mortgages (Revised summary 1973) Chester Rapkin	Mimeo BOOKLET
		QUIZ #4 - UNDERWRITING PROBLEMS	
2-23-M		SAVINGS AND LOAN LENDERS AND THE INSTITUTIONAL RISK FACTOR	
	A.	Chap. 7 & 8, Mutual Savings Banks, Savings & Loans, Starr	Text
	B.	Chap. 9 & 10, Management of Portfolio Risks & Profit Planning, Financing Real Estate, Sherman Maisel	Mimeo
	C.	"Friend Report: Big Problems Demand Big Solutions" Savings & Loan News, 1969	Mimeo
	D.	Savings & Loan Fact Book 1975	Text
2-25-W		INSURANCE LENDERS AND INSTITUTIONAL RISK	
	A.	Chap. 9, The Life Insurance Companies, Starr	Text
	B.	Chap. III, Life Insurance Companies, Bruce Ricks	Mimeo
	C.	"Sources of Housing Funds in the 1970's," Bruce Ricks	Mimeo
		QUIZ #5 - LOAN SERVICING PROCEDURES	
3-1-M		COMMERCIAL BANKS AND RESIDENTIAL LOANS	
	A.	Chap. 6, The Commercial Banks, Starr	Text
	B.	"Federal Reserve and the Subeconomy of Real Estate, Andrew Brimmer, Real Estate Review, Summer 1971	Mimeo
3-3-W		MORTGAGE BANKING COMPANIES AND INSTITUTIONAL RISK	
	A.	Chap. 10, The Mortgage Bankers, Starr	Text

3-8-M → FEDERAL GOVERNMENT AS A SOURCE OF REAL ESTATE CREDIT FOR RESIDENTIAL PROPERTY

A. Chap. 13 & 14, FNMA, GNMA, Starr — Text

B. "All About the GNMA Mortgage-Backed Securities Market" David R. Ganis, Real Estate Review, Summer 1974 — Mimeo

C, D, E, F, G

3-10-W STATE GOVERNMENT AS A SOURCE OF REAL ESTATE CREDIT

A. Chap. 1, 2 and 6, State Housing Finance Agencies: An Entrepreneurial Approach to Subsidized Housing, Peter R. Morris, Lexington, 1974 — Mimeo

B. Chap. 11, The State Agencies, Starr — Starr

3-15-M RESIDENTIAL FINANCE & LAND USE ETHICS

A. Chap. 15, Policies & Prospects, Starr — Starr

3-17-W 50-MINUTE SIX WEEKS EXAM DURING REGULAR CLASS PERIOD

3-29-M

3-31-W

4-5-M

4-7-W

4-12-M

4-14-W

4-19-M

4-21-W

4-26-M

4-28-W

5-3-M

5-5-W

5-10-M

5-12-W

5-17-M

5-19-W

551

Year Unknown

Business 551
Real Estate Finance
Syllabus

Date	Topic/Assignment	Readings Page or Text Chapter
9-8-W	INTRODUCTION TO HOUSING MARKETS	
	A. "Home Ownership," Ring, A.A., Real Estate Principles and Practices, pp. 485-505.	
	B. "Investing in Property for One's Own Use," M&R, Ch. 25, pp. 430-444	M&R-25
	C. "Determining How Much You Can Afford," First Wisconsin	
9-13-M	BUYER AND SELLER RISK	
	A. "Davey v. Brownson" and "House v. Thornton", Rice, David A., Consumer Transactions, (1975); p.115-124.	
	B. "Broader Expansion Seen for Realtor Home Warranty Plan," Savings and Loan News, (1976) and "New Deal: Home Warranties", Sylvia Porter (1976).	
	C. ".....Waranty....", House and Home, 49:20 (Jan., '76) and 49:5, (Feb. '76).	
	D. "The Nature of Title Insurance," Johnson, H.M., The Journal of Risk and Insurance, p. 393-402.	
	E. "Property Insurance for Your Home," "Liability....", and "The Cost of Insurance for Your Home", The Insurance Information Institute, A Family Guide to Property and Liability Insurance, 1973	
9-13-M	INSTRUMENTS OF HOUSING FINANCE	
	A. "Major Instruments of Real Estate Finance," Attebury, Ch. 1, pp. 1-20	Att.-1
	B. "The Mechanics of Mortgage," M&R, Ch. 3, pp. 34-49	M&R-3
	C. "Land Contracts," Attebury, Ch. 2, pp. 21-30	Att.-2
	D. "Junior Liens," Attebury, Ch. 4, pp. 41-52	Att.-4
9-20-M	MORTGAGE REGULATION: USURY AND RESPA	
	A. "Usury and the Tight Money Market," Hershman, Mandes, The Business Lawyer, (Jan. 1967).	
	B. "The Real Estate Settlement Procedure Act: How to Comply Problems and Prospects," Whitman, Dale A., Real Estate Law Journal, (Vol 4: 1976); p. 223-243.	
	C. Settlement Costs and You: A Guide for Homebuyers. American Bankers Association, (1976).	
9-22-W	MORTGAGE LENDING RISK MANAGEMENT PROCESS	
	A. "The Control of Individual Risks: Appraisal and Valuation", M&R Ch. 18, pp. 292-314.	
	B. "Residential Loan Analysis," Wiedemer, Ch. 9, Real Estate Finance	
	C. "Analyzing Borrowers", and "Loan Closing," Wiedemer, John P., Ch. 13 and 14, Real Estate Finance.	
	D. "The Mortgage Clause," Huebner, S.S. Kenneth Black, Jr., and Robert S. Cline, Property and Liability Insurance, (1976).	

9-27-M MORTGAGE LOAN RISK MANAGEMENT: DEFAULT

A. "Private Mortgage Insurance," Attebury, Ch. 21, pp. 333-350 — Att.-21
B. "Government Programs for Housing," M&R, Ch. 14, pp. $\boxed{223-242}$ — M&R-14
C. "Federal Housing Administration," Attebury, Ch. 15, pp. 207-240 — Att.-15
D. "Mortgage Loans for Veterans," Attebury, Ch. 16, pp. 241-260. — Att.-16

9-29-W MORTGAGE FORECLOSURE

A. "Foreclosure by Judicial Proceedings," Kratovil, Robert, Modern Mortgage Law and Practice, Ch's. 42-46, pp. 306-336
B. "Mortgagor's and Mortgagee's Rights in the Event of Default," Attebury, Ch. 3, pp. 31-40 — Att.-3
C. "Loan Foreclosure Costs Affected by Varied State Regulations," McElhorne, J. and R. P. Carter, The Mortgage Banker (December 1975)

10-4--M MORTGAGE MARKETS

A. "Mortgage Markets and Fund Flows," Attebury, Ch. 8, pp. 111-118 — Att.-8
B. "Real Estate Lending," M&R, Ch. 2, pp. 17-33 — M&R-2
C. "Mortgage Flows, Internal Rates and Inflation," M&R, Ch. 11, pp. 168-190 — M&R-11
D. "The Big Four Institutional Lenders," M&R, Ch. 12, pp. 191-204 — M&R-12

10-6-W DEPOSITORY MORTGAGE INSTITUTIONS

A. "Savings and Loan Associations," Attebury, Ch. 9, pp. 119-136 — Att.-9
B. "Mutual Savings Banks and Commercial Banks," Attebury, Ch. 10, pp. 137-152 — Att.-10
C. "The Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation," Attebury, Ch. 14, pp. 195-206 — Att.-14

D

10-11-M NON-DEPOSITORY INSTITUTIONS

A. "Life Insurance Companies," Attebury, Ch. 11, pp. 153-166 — Att.-11
B. "Mortgage Companies and Pension Funds," Attebury, Ch. 12, pp. 167-182 — Att.-12
C. "Pension Funds Show New Interest in Mortgage Market Investments," Shank, Andrew G., The Mortgage Banker (October 1975)

10-13-W FEDERAL INVOLVEMENT

A. "Federal National Mortgage Association," Attebury, Ch. 17, pp. 261-278 — Att.-17
X B. "Government National Mortgage Association," Attebury, Ch. 18, pp. 279-298 — Att.-18
C. "Government Sources of Funds," M&R, Ch. 15, pp. 243-256 — M&R-15
D. "Trial Begins for FHA Single-Family Coinsurance," Williams, Peter M., The Mortgage Banker (May 1976)
E. "Federal Home Loan Mortgage Corporation," Attebury, Ch. 18, pp. ~~279-298~~ — Att.-18

10-18-M PORTFOLIO MANAGEMENT
A. "The Management of Portfolio Risks," M&R, Ch. 19, pp. 315-334 — M&R-19
B. "Decision Tables Aid Mortgage Bankers in Servicing, Origination, Warehousing," Schmid, William E., The Mortgage Banker (December 1975)
C. "FHA-VA Mortgage Costs -- Bargains in Capital-Short Areas," Wetmore, John M., The Mortgage Banker (April 1974)
D. "Possible GNMA Futures Market Should Alert Mortgage Bankers to Working of Commodity Exchanges," Mathews, Trevvett, The Mortgage Banker (July 1975)

10-20-W MORTGAGE MARKET: OUTLOOK
A. "Changing the Mortgage Market and Financial Institutions," M&R, Ch. 16, pp. 257-269 — M&R-16
B. "Promising Future Seen for Nonstandard Mortgages," Hines, M. A., The Mortgage Banker (July 1976)
C. "The New Mortgage Game," Savings and Loan News (April 1976)
D. "Wide Acceptance Marks Farm Credit Systems' Variable Rate Mortgage," Mitlar

10-25-M EXAM

10-27-W INTRODUCTION TO INCOME PROPERTY
A. "Property Types and Characteristics," M&R, Ch. 27, pp. 468-491 — M&R-27
B. "The Strategy of Real Estate Investment," M&R, Ch. 24, pp. 415-429 — M&R-24
C. (for Friday discussion) "Mr-Cap Manual," M. Robbins, M.R. Press (1976)

11-1-M INCOME PROPERTY FINANCING: OVERVIEW
A. "Development of the Financial Statement," M&R, Ch. 25, pp. 430-444 — M&R-25
B. "Basic Elements of Syndication," Donald H. Ellis, in Real Estate Securities and Syndication, Roulac, S.E., editor (1973)
C. "Economic Studies and Risk Management," M&R, Ch. 23, pp. 394-414 — M&R-23

11-3-W RISK MANAGEMENT AND SURVIVAL
A. "Commitment Planning: An Approach to Reducing Real Estate Risks,: Apgar, Mahlon IV, The Appraisal Journal, (July, 1976), pp. 412-427.
B. "Surviving a Real Estate Crisis", Brown, Peter C., Business Horizons, (April, 1975), pp. 31-40.

11-8-M RISK MANAGEMENT: LEASES

A. "Definitions" and "Essential Features and Characteristics (of Leases)" in McMichael, S.P. and P.T. O'Keefe, Leases: Percentage, Short and Long-Term (1974)

B. "A Lender's Examination of Shopping Center Leases," Gunning, F.P., Shopping Center Report No. 13 (1969)

C. "Shopping Center Leases Are Not Nonnegotiable," Lasker, A.E.. Real Estate Review (Summer 1976)

D. "Lease Guarantee Insurance," Kinnard, W.N. and S.D. Messner, University of Connecticut Monograph (1970)

11-10-W FINANCIAL MANAGEMENT AND ANALYSIS

A. "Investment Analysis in Real Estate," M&R, Ch. 20, pp. 335-353 M&R-20

B. "Real Estate Financial Management -- The State of the Art," Thorne, O.J., The Appraisal Journal (January 1974)

C. "Risk Analysis in Capital Investment," Hertz, D.B., Harvard Business Review

11-15-M FORMS OF EQUITY CONTRIBUTIONS

A. "The Ownership of Property," M&R, Ch. 7, pp. 107-120 M&R-7

B. "Broadening the Scope of Ownership," M&R, Ch. 8, pp. 121-132 M&R-8

C. "Tax Considerations," M&R, Ch. 21, pp. 354-376 M&R-21

D. "Legal Forms of Ownership," Roulac, S., Real Estate Securities & Syndication Institute (1974)

11-17-W LIMITED PARTNERSHIPS AND SYNDICATIONS

A. "Tax Factors in the Limited Partnership," Schwartz, S. in Real Estate Securities and Syndications, Roulac, Steven E., editor (1973)

B. "A Useful Exemption from Securities Registration for Smaller Real Estate Syndications: SEC Rule 240." Erwin, G.B., Real Estate Law Journal (Winter 1976)

11-22-M CONDOMINIUMS

A. "Condominiums: A Precase for Attorneys," Rohan, P.J. in Real Estate Financing, Practicing Law Institute (1970)

B. "State and Federal Regulation of Condominiums," Minahan, D.J., Marquette Law Review, Vol. 53 (1974)

11-24-W JOINT VENTURES

A. "Economics Makes Strange Bedfellows: The Institutional Joint Venture," Hartman, B.A., Real Estate Review

B. "Real Estate Equity Investments and the Institutional Lender. . .," Roegge, F. et al., Fordham Law Review, Vol. 39 (1971) excerpts

C. "Lender-Developer Participation," Opperman, J.C., The Mortgage Banker (September 1968)

11-29-M CREATIVE FINANCING

A. "Creative Financing," Beston, W.R., Real Estate Finance (1975)

B. "Ground Leasing Makes Dollars and Cents for Developers," Underberg, Neil, Real Estate Review (Summer 1971)

C. "Convertible Mortgages: New Financing Tool," Vitt, L.A. and J.H. Bernstein, Real Estate Review (Summer 1976)

D. "Eight Ways to Finance Your Next Investment," in The Mortgage and Real Estate Executives Report (October 1971)

12-1-W CONSTRUCTION LENDING

A. "Construction Lending," in Real Estate Financing, Practicing Law Institute (1970)
B. "Construction Funding: Where the Money Comes From," Halperin, D. (1974)

C.

12-6-M SOURCES OF DEBT CAPITAL

A. "Life Insurance Companies and the Commercial Mortgage Market," Robinson, Thomas R., The AREUEA Journal, (Spring, 1975), p. 49-72.
B. "Real Estate Investment Trusts in General," NAREIF Handbook, 1973.
C. "REIT's: An Historical Perspective," Rose, C.C., REIT Analysis Journal (Spring, 1973)
D. "The Case for Treating REIT's as Corporations for Purposes of Diversity Jurisdiction," Hopfl, C.E., Real Estate Law Journal (Summer 1976)

12-8-W WORKOUTS, RESTRUCTURING AND BANKRUPTCY

A. "Dealing with the Buyer of Property in Trouble," Rasmussen, V.B., Real Estate Review (Winter 1976)
B. "New Interest in Chapter XII Bankruptcy Hearings," Arnold, A.A., Real Estate Law Journal (Summer 1976)

C. "The Real Estate Debtor and the Bankruptcy Act," Miller, H.R., Wall Street Journal
D. "Managing Large Portfolios of Troubled Real Estate," Kaskmin, J.A., Real Estate Review (Summer 1976)

12-13-M SUMMARY

FINAL EXAM: PART II

REAL ESTATE FINANCE - BUSINESS 551
Course Syllabus

Fall Semester 1977

Prof. James A. Graaskamp
James R. DeLisle

I. Catalog Description:
551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of governmental agencies. Prereq: Bus. 550.

A. Format: two lectures and a quiz section per week.

B. Lectures will develop dynamic relationships and risk management systems which link borrowers to lenders, lenders to capital market, and both to government.

C. Quiz sections will stress mechanics and case problems.

II. Text Materials:

A. Required:
1. Attebury, William, Modern Real Estate Finance, Grid, Inc. 1976
2. Robbins, Michael L., MR. CAP Manual, UW Copy Center Press, 1976.
3. Readings packet

B. Costs and Availability of Materials:
1. The required and optional text materials are available directly through the Real Estate Club. They can be purchased in Room 373-A Bascom Hall during office hours and special hours as announced.
2. Prices:**

Attebury	$13.00
Robbins	5.00
Mimeos	
TOTAL	$

** Note: Books are ordered direct from the manufacturer as a service of the Real Estate Club.

In the event that you elect not to purchase the text, several copies will be placed on reserve in the Business School Library. Given the restricted budget, they cannot be replaced if damaged or lost; please respect the needs of your fellow students in this regard.

III. Grading:

Problem Set #1	50 points
Six Weeks Exam	150 "
Problem Set #2	100 "
Final Exam	200 "
TOTAL	500 points

Business 551
TOPIC SCHEDULE

Wed.,	Sept.	7	INTRODUCTION TO REAL ESTATE FINANCE
Fri.,	"	9	LAB - TERMINOLOGY AND CLASSIFICATION OF MORTGAGES
Mon.,	"	12	RESIDENTIAL MORTGAGE FORECLOSURE RISK
Wed.,	"	14	LAND CONTRACTS AND ALTERNATIVE MORTGAGES
Fri.,	"	16	LAB - CALCULATION OF INTEREST COST, POINTS, YIELD, AND DEBT SERVICE
Mon.,	"	19	THE RESIDENTIAL LOAN PROCESS
Wed.,	"	21	PROPERTY COLLATERAL RISKS
Fri.,	"	23	LAB - CREDIT ANALYSIS
Mon.,	"	26	MORTGAGE GUARANTY INSURANCE
Wed.,	"	28	LAB - LOAN CLOSING PROCEDURES
Fri.,	"	30	CAPITAL FLOWS AND MONEY RISKS
Mon.,	Oct.	3	SAVINGS AND LOAN LENDERS AND INSTITUTIONAL RISK
Wed.,	"	5	COMMERCIAL BANKS AND MORTGAGE BANKERS IN RESIDENTIAL LENDING
Fri.,	"	7	LAB - LOAN SERVICING PROCEDURES
Mon.,	"	10	SHORT HISTORY OF FEDERAL INTERVENTION
Wed.,	"	12	FEDERAL GOVERNMENT AS RESIDENTIAL LOAN RISK TAKER
Fri.,	"	14	LAB - FEDERAL GOVERNMENT AS A SOURCE OF REAL ESTATE CREDIT FOR RESIDENTIAL PROPERTY
Mon.,	"	17	STATE GOVERNMENT AS A SOURCE OF REAL ESTATE CREDIT FOR RESIDENTIAL PROPERTY
Wed.,	"	19	MORTGAGE REFORM TO CONTROL CREDIT RISK AND MONETARY RISK
Fri.,	"	21	LAB - DISCUSSION OF VARIABLE RATE AND PAYMENT MORTGAGES
Mon.,	"	24	RESIDENTIAL LENDING AND SOCIAL PURPOSE
Wed.,	"	26	SIX WEEKS EXAM

Business 551
REAL ESTATE FINANCE
Syllabus

Class Period	Readings	Source
Sept. 7, W	INTRODUCTION TO REAL ESTATE FINANCE	
	A. "Home Ownership," A.A. Ring, Real Estate Principles and Practices, pp. 485-505	Mimeo
	B. "Determining How Much You Can Afford," First Wisconsin	Mimeo
	C. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," James A. Graaskamp, Real Estate Issues, Summer 1977, pp. 53-70	Mimeo
Sept. 9, F	LAB - TERMINOLOGY AND CLASSIFICATION OF MORTGAGES	
	A. Attebury, Chap. 1	Text
Sept. 12, M	RESIDENTIAL MORTGAGE FORECLOSURE RISK	
	A. Attebury, Chap.3	Text
	B. "Mechanics Liens," pp. 138-148, Modern Mortgage Law and Practice, Robert Kratovil	Mimeo
	C. Wisconsin Statutes	Mimeo
	D. "Foreclosure by Judicial Proceedings," Modern Mortgage Law and Practice, Robert Kratovil, Chaps. 42-46, pp. 306-336	Mimeo
Sept. 14, W	LAND CONTRACTS AND JUNIOR LIENS	
	A. Attebury, Chaps, 2 & 4	Text
	B. Substitute Collateral (Flip)	Brochure
	C. "Synopsis of the New Construction Lien Law," Wis. Builders Assoc.	Mimeo
Sept. 16, F	LAB - CALCULATION OF INTEREST COST, POINTS, YIELD, AND DEBT SERVICE	
	A. "Points and Discounts," pp. 129-133, Real Estate Finance, John P. Wiedemer	Mimeo
	B. Problem Exercise #1	
Sept. 19, M	THE RESIDENTIAL LOAN PROCESS	
	A. "Residential Loan Analysis," pp. 225-246, Real Estate Finance, John P. Wiedemer	Mimeo
	B. "The Control of Individual Risks: Appraisal and Valuation," Financing Real Estate 2nd edition, Maisel & Roulac, Chap. 18, pp. 292-314	Mimeo

Class Period	Readings	Source
	C. "Principles of a Residential Construction Loan to an Owner-Occupant," Construction Lending Guide, Schmidt, USS & L	Mimeo
Sept. 21, W	PROPERTY COLLATERAL RISKS	
	A. "Davey v. Brownson" and "House v. Thornton," David A. Rice, Consumer Transactions, (1975) pp. 115-524	Mimeo
	B. "Broader Expansion Seen for Realtor Home Warranty Plan," Savings and Loan News, (1976) and "New Deal: Home Warranties," Sylvia Porter (1976)	Mimeo
	C. "....Warranty....," House and Home, 49:20, (Jan. 1976), and 49:5, (Feb. 1976)	Mimeo
	D. "The Nature of Title Insurance," H.M. Johnson, The Journal of Risk and Insurance, pp. 393-402	Mimeo
	E. "Property Insurance for Your Home," "Liability...," and "The Cost of Insurance for Your Home," The Insurance Information Institute, A Family Guide to Property and Liability Insurance, 1973	Mimeo
	F. "The Mortgagee Clause," S.S. Huebner, Kenneth Black, Jr., & Robert S. Cline, Property Liability Insurance, (1976)	Mimeo
Sept. 23, F	LAB - CREDIT ANALYSIS	
	A. "Analyzing Borrowers," and "Settlement Procedures" Real Estate Finance, John P. Wiedemer, Chaps. 9 & 14	Mimeo
	B. "Credit Scoring System Aids Second Mortgage Makers," Michael S. Long & John J. Mc Connell Mortgage Banker, July 1977	Mimeo
	C. "Numerical Risk Ratings Aid Loan Credit Analysis," Savings & Loan News, March 1969	Mimeo
Sept. 26, M	MORTGAGE GUARANTY INSURANCE	
	A. "Federal Housing Administration," Attebury, Chap. 15, pp. 207-240	Text
	B. "Mortgage Loans for Veterans," Attebury, Chap. 16, pp. 241-260	Text
	C. "Private Mortgage Insurance," Attebury, Chap. 21, pp. 333-350	Text
	D. "Trial Begins for FHA Single Family Coinsurance," Peter M. Williams, The Mortgage Banker, May 1976	Mimeo

Business 551

Class Period	Readings	Source
Sept. 28, W	CAPITAL FLOWS AND MONEY RISKS	
	A. "Mortgage Markets and Fund Flows," Attebury, Chap. 8, pp. 111-118	Text
	B. "Mortgage Flows, Internal Rates and Inflation," <u>Financing Real Estate</u> 2nd edition, Maisel & Roulac, Chap. 11, pp. 168-190	Mimeo
	C. "The Big Four Institutional Lenders," <u>Financing Real Estate</u> 2nd edition, Maisel & Roulac, Chap. 12, pp. 191-204	Mimeo
	D. "Disintermediation," Federal Reserve Bulletin	Mimeo
	E. "FHA-VA Mortgage Costs - Bargains in Capital-Short Areas," John M. [illegible], Mortgage Banker, [illegible]	Mimeo
Sept. 30, F	LAB - LOAN CLOSING PROCEDURES	
	A. "Usury and the Tight Money Market," Hershman, Mandes, <u>The Business Lawyer</u>, (Jan. 1967)	Mimeo
	B. "The Real Estate Settlement Procedure Act: How to Comply—Problems and Prospects," Dale A. Whitman, <u>Real Estate Law Journal</u>, (Vol. 4: 1976), pp. 223-243	Mimeo
	C. "The RESPA Amendments of 1975," Wisconsin Bar Bulletin, Feb. 1976	Mimeo
	D. <u>Settlement Costs and You: A Guide for Homebuyers</u>, American Bankers Association, 1976	Mimeo
Oct. 3, M	SAVINGS AND LOAN LENDERS AND INSTITUTIONAL RISK	
	A. "Savings and Loan Associations," Attebury, Chap. 9, pp. 119-136	Text
	B. "Mutual Savings Banks and Commercial Banks," Attebury, Chap. 10, pp. 137-152	Text
	C. "The Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation," Attebury, Chap. 14, pp. 195-206	Text
	D. "Friend Report: Big Problems Demand Big Solutions," <u>Savings & Loan News</u>, 1969	Mimeo
	E. "How to Analyze a Rate Cut," <u>U.S. Savings & Loan News</u>, May 1971	Mimeo
	F. "[illegible]," <u>Savings & Loan News</u>, April 1976	Mimeo
Oct. 5, W	COMMERCIAL BANKS AND MORTGAGE BANKERS IN RESIDENTIAL LENDING	

Business 551

Class Period	Readings		Source
	A.	"The Commercial Banks," Housing and the Money Market, Roger Starr, Chap. 6, pp. 85-92	Mimeo
	B.	"The Federal Reserve and the Subeconomy of Real Estate," Andrew Brimmer, Real Estate Review, 1971	Mimeo
	C.	"The Mortgage Bankers," Housing and the Money Market, Roger Starr, Chap. 10, pp. 138-148	Mimeo
	D.	"Life Insurance Companies," Attebury, Chap. 11 pp. 153-166	Text
	E.	"Mortgage Companies and Pension Funds," Attebury, Chap. 12, pp. 167-182	Text
	F.	"Pension Funds Show New Interest in Mortgage Market Investments," Andrew G. Shank, The Mortgage Banker, (Oct. 1975)	Mimeo
	G.	"The Management of Portfolio Risks," Financing Real Estate 2nd edition, Maisel & Roulac, Chap. 19, pp. 315-334	Mimeo
Oct. 7, F	LAB - LOAN SERVICING		
	A.	"Fundamentals of Servicing," Mortgage Loan Administration, William DeHuszar, Chap.2, pp. 13-26	Mimeo
	B.	"Loan Foreclosure Costs Affected by Varied State Regulations," McElhorne & Carter, The Mortgage Banker, (Dec. 1975)	Mimeo
	C.	"Decision Tables Aid Mortgage Bankers in Servicing Origination, Warehousing," Schmid, The Mortgage Banker, (Dec. 1975)	Mimeo
Oct. 10, M	SHORT HISTORY OF FEDERAL INTERVENTION		
	A.	"Before HUD," History of HUD	Mimeo
	B.	"Federal National Mortgage Association," Attebury, Chap. 17, pp. 261-278	Text
	C.	"Government Sources of Funds," Financing Real Estate 2nd edition, Maisel & Roulac, Chap. 15 pp. 243-256	Mimeo
	D.	"Federal Home Loan Mortgage Corporation," Attebury, Chap. 18, pp. 299-312	Text
	E.	"HUD Budget for 1977 Summarized, Analyzed," Journal of Housing, Feb. 1976	Mimeo
	F.	"Fiscal Year 1978 Budgets for the Department of Housing & Urban Development, Journal of Housing, Feb. 1977	Mimeo

Class Period	Readings	Source
Oct. 12, W	FURTHER FEDERAL GOVERNMENT INVOLVEMENT	
	A. "Everyman's HUD," Charles Edson, <u>Real Estate Review</u>, 1972	Mimeo
	B. "Government National Mortgage Association," Attebury, Chap. 18, pp. 279-298	Text
	C. "Study Analyzes Risks Facing Issuers of GNMA Mortgage-Backed Securities," James R. Kozuch & Michael K. Stamper, <u>Mortgage Banker</u>, Feb. 1977	Mimeo
	D. "GNMA Pass Through: Overwhelming Success Story," Winfield A. Boileau, <u>Mortgage Banker</u>, Feb. 1977	Mimeo
	E. "Growth, Acceptance to Improve Liquidity of GNMA Security," Thomas C. Miller, <u>Mortgage Banker</u>, Feb. 1977	Mimeo
	F. "The Short Hedge - Financial Boon for Mortgage Bankers," Steven F. Jacobs, <u>Mortgage Banker</u>, Feb. 1977	Mimeo
Oct. 14, F	LAB - FEDERAL GOVERNMENT AS A SOURCE OF REAL ESTATE CREDIT FOR RESIDENTIAL PROPERTY	
	A. "Direct Government Involvement in Real Estate Finance," Attebury, Chap. 20	Text
Oct. 17, M	STATE GOVERNMENT AS A SOURCE OF RESIDENTIAL REAL ESTATE CREDIT	
	A. "Housing Programs Available in Wisconsin," DLAD	Mimeo
	B. Wisconsin Housing Finance Authority Program Activity	Mimeo
	C. "Fifteen State Housing Finance Agencies in Review," Robert Alexander, <u>Journal of Housing</u>, 1972	Mimeo
	D. "State of Wisconsin Proposed Housing Conservation Program"	Mimeo
Oct. 19, W	MORTGAGE REFORM TO CONTROL CREDIT RISK AND MONETARY RISK	
	A. "Graduated Mortgage Could Loose Wave of New Young Buyers! Here Are Two Plans," <u>Professional Builder</u>, July 1977	Mimeo
	B. "A Micro Economic Simulation Model of Savings and Loan Association Portfolios of Variable Rate and Other Indexed Mortgage Loans," James Vernor	Mimeo

Class Period	Readings	Source
	C. "Wide Acceptance Marks Farm Credit System's Variable Rate Mortgages," James A. Millar & Stanley R. Stansell, Mortgage Banker, June 1975	Mimeo
Oct. 21, F	LAB - DESCUSSION OF VRM MORTGAGES	
Oct. 24, M	RESIDENTIAL LENDING & SOCIAL PURPOSE	
	A. "Money Matters - South Shore National Bank," Judith Barnard, Chicago, Feb. 1977	Mimeo
	B. "The Devil Theory of Redlining," Pierre deVise, Real Estate Issues, Summer 1977	Mimeo
	C. "A Nation of Energy Efficient Buildings by 1990," AIA	Mimeo
Oct. 26, W	SIX WEEKS EXAM	

551
Stanley

REAL ESTATE FINANCE - BUS. 551
Assignment Sheet

Fall Semester, 1977 — Prof. J. A. Graaskamp

Date

10-31-M CAPITAL FLOWS INTO REAL ESTATE

A. "Federal housing subsidies: conceptual issues and benefit patterns", Brueggeman, Journal of Economics and Business, 1974-75. — Mimeo

B. "Mechanics of Variable Rate Mortgages and Implications for Home Ownership as an Inflation Hedge", Brueggeman and Baesel, Appraisal Journal, April 1976 — Mimeo

C. "National Fiscal Policy and Housing", Jacobe & Thygerson, Real Estate Issues, Fall 1976. — Mimeo

11-2 -W INTRODUCTION TO INCOME PROPERTY LOANS

A. "Real Estate Financial Analysis - The State of the Art", Oakleigh J. Thorne, M.A.I. The Appraisal Journal, January 1974. — Mimeo

B. "The Autobiography of William Zeckendorf with Edward McCreary", Zeckendorf, Holt, Rinehart and Winston, 1970 pp. 40-43 and pp.143-152.

2000

C. "Real Estate Investment Analysis", Robert M. Ellis, Coldwell Banker Company, 1976, pp. 1-44. — Text

QUIZ Introduction to MR-CAP Manual

11/7 -M OBJECTIVES AND RISKS - BORROWER & LENDER

A. Income Property Finance Report, Volume 1 No. 5, March 1977. — Mimeo

B. "Life Insurance Companies and the Commercial Mortgage Market, 1960-73", Thomas R. Robinson, AREUEA Journal, Spring 1975. — Mimeo

C. "Real Estate Investment Analysis", Ch. XI: Investment Properties Financial Comparisons and Ch. XII: Determining Whether to Hold, to Sell and Reinvest or to Exchange, pp. 120-130. Robert M. Ellis, Coldwell Banker Company, 1976. — Text

-W SOFTWARE OF GOVERNMENT SUBSIDIZED LOANS

A. "Real Estate Investment Analysis", Ch. X: Apartment Investments, pp. 104-119, Robert M. Ellis, Coldwell Banker Company, 1976. Text

B. 'Wisconsin Housing Finance Authority Loan Package Checklist. Mimeo

Further Introduction to MR-CAP - Problems Assignment

John 14 -M COMMERCIAL INCOME PROPERTY

A. "Real Estate Investment Analysis", Ch.VII: Shopping Center Investments, Ch.VIII: Office Building Investments and Ch.IX: Multi-tenant Industrial Investments, pp.60-103, Robert M. Ellis, Coldwell Banker Company, 1976. Text

B. "Definitions" and "Essential Features and Characteristics (of Leases)" in McMichael, S.P. and P.T. O'Keefe. Mimeo

C. "A Lender's Examination of Shopping Center Leases", F. P. Gunning, Shopping Center Report No. 13 (1969). Mimeo

D. "Shopping Center Leases Are Not Nonnegotiable", A.E. Lasker, Real Estate Review (Summer 1976). Mimeo

E. "Lease Guarantee Insurance", Kinnard, and S. D. Messner, University of Connecticut Monograph (1970). Mimeo
enhances position of small business

16-W LEASEBACKS, AND SECOND MORTGAGES

A. "To Lease or Own Real Estate", Coldwell Banker Co. Mimeo

Neil B. "Real Estate Investment Analysis", Ch. VI: Net Leased Investments, pp. 46-59. Robert M. Ellis, Coldwell Banker Company, 1976. Text

C. "Ground Leasing Makes Dollars and Sense for Developers", Neil Underberg, Real Estate Review, (Summer 1971). Mimeo

D. "The Installment Land Contract: As Used in Farm Sales", Suter & Scaletta, Real Estate Appraiser, Mar-Apr. 1977. Mimeo

12 MR-CAP Problem - Case I to be handed in: semester case to be distributed.

11/21-M CREATIVE LENDING

A. "Creative Financing", W. R., Beston, Real Estate Finance 1975. — Mimeo

B. "Lender-Developer Participation", J.C. Opperman, The Mortgage Banker, September 1968. — Mimeo

C. "Convertible Mortgages: New Financing Tool", L.A. Vitt and J. H. Bernstein, Real Estate Review, Summer 1976. — Mimeo

D. "Wraparound Mortgage - UFO", F.P. Gunning, Shopping Center Report NOT IN PACKET — Mimeo

E. "Tax Increment Financing", Richard G. Mitchell, J. of Housing, No. 5, May 1977. pp.226-229. — Mimeo

11/23-W CONSTRUCTION LENDING

A. "Construction Funding: Where the Money Comes From", Don Halperin, John Wiley & Sons, 1974. — Mimeo

B. "How to Build Lender Protection into Construction Loan Agreements", Cary Hall, Mortgage Banker, October 1977 pp.130-138. — Mimeo

NO QUIZ Thanksgiving

11/28-M FORECLOSURE AND BANKRUPTCY

A. "From the Legislatures", Alvin L. Arnold, Real Estate Law Journal Vol. 5: 66 1976. — Mimeo

B. "The Real Estate Debtor and the Bankruptcy Act: Lenders are Wounded as Realty Portfolios are Shot Full of Holes", Harvey R. Miller, Wall Street Journal, January 2, 1975. — Mimeo

C. "Bankruptcy Abuses Threaten Investments, Could Dry Up Funds", Berger & Moss, Mortgage Banker, August 1977, pp.50-55. — Mimeo

11/30-W FORECLOSURE AND BANKRUPTCY (continued)

QUIZ Lease Analysis; Loan Decision Matrix

REAL ESTATE FINANCE - BUSINESS 551

Course Schedule - Second Half Fall Semester 1977

10/31	M	Capital Flows into Real Estate
11/2	W	Introduction to Income Property Loans
QUIZ		MR-CAP
11/7	M	Objectives and Risks - Borrower & Lender
11/9	W	Software of Government Subsidized Loans
QUIZ		Introduction to MR-CAP - Problem
11/14	M	Commercial Income Property
11/16	W	Leasebacks, and Second Mortgages
QUIZ		MR-CAP Problem - Case I to be handed in: semester case to be distributed
11/21	M	Creative Lending
11/23	W	Construction Lending
NO QUIZ		Thanksgiving
11/28	M	Foreclosure and Bankruptcy
11/30	W	Foreclosure and Bankruptcy
QUIZ		Lease Analysis; Loan Decision Matrix
12/5	M	Real Estate Trusts
12/7	W	Real Estate Syndication
QUIZ		MR-CAP Problem due
12/12	M	Condominium
12/14	W	Real Estate as a Security
NO QUIZ		Open period - Final Exam - 7:45AM, Thursday, Dec, 22

REAL ESTATE FINANCE - BUS. 551
Assignment Sheet

Fall Semester, 1977 — Prof. J. A. Graaskamp

Date

10-31-M CAPITAL FLOWS INTO REAL ESTATE

A. "Federal housing subsidies: conceptual issues and benefit patterns", Brueggeman, Journal of Economics and Business, 1974-75. — Mimeo

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QUIZ Introduction to MR-CAP Manual

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C. "Real Estate Investment Analysis", Ch. XI: Investment Properties Financial Comparisons and Ch. XII: Determining Whether to Hold, to Sell and Reinvest or to Exchange, pp. 120-130. Robert M. Ellis, Coldwell Banker Company, 1976. — Text

3 -W SOFTWARE OF GOVERNMENT SUBSIDIZED LOANS

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B. "Wisconsin Housing Finance Authority Loan Package Checklist. Mimeo

12 Further Introduction to MR-CAP - Problems Assignment

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C. "A Lender's Examination of Shopping Center Leases", F. P. Gunning, Shopping Center Report No. 13 (1969). Mimeo

D. "Shopping Center Leases Are Not Nonnegotiable", A.E. Lasker, Real Estate Review (Summer 1976). Mimeo

E. "Lease Guarantee Insurance", Kinnard, and S. D. Messner, University of Connecticut Monograph (1970). Mimeo

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C. "Ground Leasing Makes Dollards and Sense for Developers", Neil Underberg, Real Estate Review,(Summer 1971). Mimeo

D. "The Installment Land Contract: As Used in Farm Sales", Suter & Scaletta, Real Estate Appraiser, Mar-Apr. 1977.Mimeo

12 MR-CAP Problem - Case I to be handed in: semester case to be distributed.

11/21-M CREATIVE LENDING

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C. "Convertible Mortgages: New Financing Tool", L.A. Vitt and J. H. Bernstein, Real Estate Review, Summer 1976. Mimeo

D. "Wraparound Mortgage - UFO", F.P. Gunning, Shopping Center Report Mimeo

E. "Tax Increment Financing", Richard G. Mitchell, J. of Housing, No. 5, May 1977. pp.226-229. Mimeo

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B. "How to Build Lender Protection into Construction Loan Agreements", Cary Hall, Mortgage Banker, October 1977 pp.130-138. Mimeo

NO QUIZ Thanksgiving

11/28-M FORECLOSURE AND BANKRUPTCY

A. "From the Legislatures", Alvin L. Arnold, Real Estate Law Journal Vol. 5: 66 1976. Mimeo

B. "The Real Estate Debtor and the Bankruptcy Act: Lenders are Wounded as Realty Portfolios are Shot Full of Holes", Harvey R. Miller, Wall Street Journal, January 2, 1975. Mimeo

C. "Bankruptcy Abuses Threaten Investments, Could Dry Up Funds", Berger & Moss, Mortgage Banker, August 1977, pp.50-55. Mimeo

11/30-W FORECLOSURE AND BANKRUPTCY (continued)

QUIZ Lease Analysis; Loan Decision Matrix

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1981

Fall Semester 1981 — Prof. James A. Graaskamp

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of governmental agencies. Prereq: BUS 550.

A. Format

1. Section 1: Residential Finance - BUS 552. Two lectures and one quiz section per week.

2. Section 2: Income Property Finance - BUS 551. Two lectures and one quiz section per week.

B. Lectures will develop risks systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

C. Quiz sections will stress Real Estate Finance Arithmetic and Finance.

II. Text Materials:

A. Required:

1. Brueggeman, William B. & Stone, Leo D., REAL ESTATE FINANCE, 7th ed., Homewood, Ill.: Richard D. Irwin, Inc., 1981. (Book store)
2. Britton, James A. and Kerwood, Lewis O., FINANCING INCOME-PRODUCING REAL ESTATE, McGraw Hill, 1977.
3. Manske Manual on MR CAP, UW Copy Center Press, 1981. (Room 118)
4. Mimeographed readings packet. (Room 118)

B. Optional - Recommended:

Goebel, Paul R. & Miller, Norman G. Handbook of Mortgage Mathematics & Financial Tables. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1981. (NOTE: Required for BUS 552.)

C. Course materials can be purchased from UW Real Estate Club in Room 118 at posted hours.

Prices:

Brueggeman & Stone	Book Store
Manske MR CAP Manual	
Mimeo Packet	
Goebel & Miller	

III. Grading:

Quiz Grade	50 points
Problem Set #1	50 points
Problem Set #2	50 "
Problem Set #3 (Case Study)	100 "
Six Weeks Exam	100 "
Twelve Weeks Exam	100 "
Final Exam	150 "
TOTAL	600 points

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551

1981 Topic Schedule

Aug. 31, Mon.		INTRODUCTION TO INCOME PROPERTY FINANCE
Sept. 2, Wed.		LEGAL FORMAT OF MULTIPLE-PARTY COMMERCIAL MORTGAGES
	(LAB)	MATHEMATICS OF MORTGAGE FINANCE
Sept. 7, Mon.		-LABOR DAY-
Sept. 9, Wed.		KEY CONCEPTS OF MORTGAGE FORMAT
	(LAB)	MATHEMATICS OF MORTGAGE FINANCE (con't.)
Sept. 14, Mon.		MORTGAGE DEFAULT AND WORKOUTS FOR COMMERCIAL MORTGAGES
Sept. 16, Wed.		MORTGAGES AND THE BANKRUPTCY ACT
	(LAB)	BACK-DOOR, FRONT-DOOR, FLOW CHARTS: PROBLEMS FOR THE HAND CALCULATOR
Sept. 21, Mon.		CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
Sept. 23, Wed.		INCOME PROPERTY LOAN APPLICATION PROCESS
Sept. 25, Fri.		REAL ESTATE ALUMNI SEMINAR, 24-26
Sept. 28, Mon.		BASIC FORMAT FOR UNDERWRITING AN INCOME PROPERTY LOAN
Sept. 30, Wed.		RISKS OF AND ALTERNATIVES TO THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN
	(LAB)	INTRO TO WITS, RATES, AND BFCF
Oct. 5, Mon.		!! <u>6 WEEKS EXAM</u> !!
Oct. 7, Wed.	(LAB)	CONSTRUCTION LENDING
		CONSTRUCTION LENDING (con't.)
Oct. 12, Mon.		BASIC OFFICE BUILDING LOANS
Oct. 14, Wed.	(LAB)	LEASE TERMS FOR LOAN SECURITY
		LEASE TERMS FOR LOAN SECURITY (con't.)
Oct. 19, Mon.		INTRODUCTION TO MR. CAP
Oct. 21, Wed.		FINANCING ALTERNATIVES ON MR. CAP
	(LAB)	FIRST MR. CAP PROBLEM
Oct. 26, Mon.		SHOPPING CENTER LENDING

Oct. 28, Wed.	SHOPPING CENTER LENDING (con't.)
	PARTICIPATION LOANS AND LENDING STRATEGIES
Nov. 2, Mon.	GROUND LEASING
Nov. 4, Wed.	SALES AND LEASEBACKS; BUYBACKS
(LAB)	MR. CAP RATIO ANALYSIS; YIELD ANALYSIS
Nov. 9, Mon.	LAND DEVELOPMENT LOANS
Nov. 11, Wed.	WRAPAROUNDS AND REFINANCING
Nov. 13, Fri.	!! 12 WEEK EXAM !!
Nov. 16, Mon.	THE DEPOSITORY INSTITUTIONS DE-REGULATION AND MONETARY CONTROL ACT OF 1980
Nov. 18, Wed. (LAB)	S&L SERVICE CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSIONS
	CONDOMINIUM CONVERSION LOANS
Nov. 23, Mon.	INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENT
Nov. 25, Wed.	LIMITED PARTNERSHIP
Nov. 27, Fri.	-THANKSGIVING-
Nov. 30, Mon.	LIMITED PARTNERSHIP (con't.)
Dec. 2, Wed.	SECURITY LAWS IN REAL ESTATE FINANCE
(LAB)	ASSISTANCE ON CASE STUDY NO. 3; JOINT VENTURES
Dec. 7, Mon.	CORPORATE STRUCTURES FOR REAL ESTATE FINANCE
Dec. 9, Wed. (LAB)	PUBLIC FINANCING OF COMMERCIAL REAL ESTATE
	SOLUTION AND DISCUSSION OF CASE STUDY NO. 3 - PAPERS DUE AT THE BEGINNING OF CLASS - NO LATE PAPERS ACCEPTED

FINAL EXAM - AS SCHEDULED IN TIME TABLE

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551

Income Property Loans Topic Schedule

Business 551
Fall Semester 1981

Prof. James A. Graaskamp

Class Period	Readings	Source
Aug. 31, Mon.	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. Chapter 1,"Fundamental Concepts in Income-Property Financing," FINANCING INCOME-PRODUCING REAL ESTATE, James A. Britton, Jr. and Lewis O. Kerwood, McGraw-Hill, 1977.	Text
	B. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," REAL ESTATE ISSUES, James A. Graaskamp.	Mimeo
Sept. 2, Wed.	LEGAL FORMAT OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, REAL ESTATE FINANCE, Brueggeman & Stone	Text
	B. Chapter 2, "Parties to the Transaction," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood.	Text
	(LAB) MATHEMATICS OF MORTGAGE FINANCE	
	A. Chapter 6 & 7, REAL ESTATE FINANCE, Brueggeman & Stone (See Appendices A,B,C).	Text
	B. Optional, HANDBOOK OF MORTGAGE MATHEMATICS AND FINANCIAL TABLES, Gable and Miller, Chapter 1.	Optional Text
Sept. 7, Mon.	LABOR DAY	
Sept. 9, Wed.	KEY CONCEPTS OF MORTGAGE FORMAT	
	A. Chapter 4 and 5, REAL ESTATE FINANCE, Brueggeman & Stone.	Text
	B.	
	(LAB) MATHEMATICS OF MORTGAGE FINANCE (Continued)	
	A. Chapter 28, "Mathematica of Mortgage Finance," FINANCING INCOME PRODUCING REAL ESTATE	Text
	B. Assignment of Problem Set #1	

Sept. 14, Mon. MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, REAL ESTATE FINANCE, Brueggeman & Stone. Text

B. Chapter 29, "The Prevention and Cure of Distressed Real Estate," Daniel S. Burman in FINANCING INCOME REAL ESTATE, Britton & Kerwood. Text

C. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, REAL ESTATE REVIEW, Fall 1977, pp. 45-53. Mimeo

Sept. 16, Wed. MORTGAGES AND THE BANKRUPTCY

A. "An Explanation of the Bankruptcy Reform Act of 1978," Dean L. Overman & Edward C. Maeder, SHOPPING CENTER REPORT, 1979. Mimeo

B. "Bankruptcy Reform Act Restores Protection to Real Estate Secured Lenders," William I. Cumberland & Christopher G. Griffith, THE MORTGAGE BANKER, Jan. 1979, pp. 34-39. Mimeo

C. "Deeds in Lieu of Foreclosure," Paul E. Roberts, REAL ESTATE REVIEW, Winter 1979, Vol. 8, No. 4. Mimeo

(LAB) MATHEMATICS OF REAL ESTATE FINANCE (Continued)

A. Problem Set #1B
B. Chapter 10, "Valuation of Income Properties," & Appendix, REAL ESTATE FINANCE. Text

Sept. 21, Mon. CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 and 14, REAL ESTATE FINANCE. Text

Sept. 23, Wed. INCOME PROPERTY LOAN APPLICATION PROCESS

A. Chapter 11, REAL ESTATE FINANCE. Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood. Text

Sept. 25, Fri. (LAB) ATTEND A PORTION OF THE REAL ESTATE ALUMNI SEMINAR, LOWELL HALL, ON FRIDAY, SEPT. 25. SCHEDULE OF SPEAKERS POSTED OUTSIDE ROOM 118.

Sept. 28, Mon. UNDERWRITING AN INCOME PROPERTY LOAN

A. Chapter 8, "Financial State and Credit Analysis," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood. Text

B. Chapter 12, REAL ESTATE FINANCE, Brueggeman & Stone. Text

C. "A Sample Construction Loan Commitment," Richard Ridloff, REAL ESTATE REVIEW, Winter 1981, Vol. 10, No. 4. Mimeo

Sept. 30, Wed. RISKS OF LONG-TERM SELF-AMORTIZED LOAN

A. "The Investor Loses His Leverage," Wayne E. Etter, REAL ESTATE REVIEW, Spring 1981. Mimeo

(LAB) INTRO TO WITS, RATES, AND BFCF

Oct. 5, Mon. . . . <u>SIX WEEKS EXAM</u> . . .

Oct. 7, Wed. (LAB) CONSTRUCTION LENDING

A. Chapter 16, REAL ESTATE FINANCE, Brueggeman & Stone. Text
the Buy-Sell Agreement"

B. "Real Estate Financing, Charles C. Smith and Harold A. Lubell, REAL ESTATE REVIEW, Spring 1979. Mimeo

CONSTRUCTION LENDING (Continued)

A. "How to Build Lender Protection Into Construction Loan Agreements, Cary Hall, REAL ESTATE LAW JOURNAL, Vol. 6, 1977, pp. 21-32. Mimeo

B. "Interest Capitalization and Project Profitability," Handorf & Finley, REAL ESTATE REVIEW, Spring 1978, pp. 54-58. Mimeo

Oct. 12, Mon. BASIC OFFICE BUILDING LOANS

A. Case Study 6, "Low-Rise Office Building," p. 574. Two-page underwriting memo due Oct. 23. No late papers. (Britton & Kerwood) Text

B. "The National Energy Act: Its Impact on Real Estate and Real Estate Financing," Martin Klepper, THE REAL ESTATE ——REVIEW Mimeo

C. Case Study 7, "H-Rise Office Building." Read for general familiarity for class discussion.(Britton & Kerwood) Text

Oct. 14, Wed. (LAB) LEASE TERMS FOR LOAN SECURITIES

	A.	Chapter 6, "Coping with the Risks of Commercial Development," THE WONDERFUL WORLD OF REAL ESTATE, Emanuel B. Halper.	Mimeo
	B.	Chapter 8, "What is a Net Net Net Net Lease?" THE WONDERFUL WORLD OF REAL ESTATE, Emanuel B. Halper.	Mimeo
	C.	"Consumer Price Index Escalation Clauses in Leases," John R. Lewis & Eldon J. Nosari, REAL ESTATE REVIEW, Fall 1980.	Mimeo
Oct. 16, Fri.	LEASE TERMS FOR LOAN SECURITIES (Continued)		
	A.	Chapter 9, "Lease Analysis: Some Practical Applications and Techniques," FINANCING INCOME-PRODUCING REAL ESTATE, Britton & Kerwood	Text
Oct. 19, Mon.	INTRODUCTION TO MR CAP		
	A.	"The Manske Manual to MR CAP"	Mimeo
Oct. 21, Wed.	FINANCING ALTERNATIVES ON MR CAP		
	A.	Manske Manual continued	
Oct. 23, Fri.	(LAB) MR CAP PRACTICE PROBLEM		
Oct. 26, Mon.	SHOPPING CENTER LENDING		
	A.	"How the Professional Shopping Center Developer Obtains a Mortgage," REAL ESTATE REVIEW, Spring 1979.	Mimeo
	B.	"How to Mortgage Out - Financial Discipline in the Development Process for Small Centers," Jack R. McNutt, SHOPPING CENTER REPORT.	Mimeo
	C.	"Shopping Center Loans," Coldwell Banker & Co.	Mimeo
Oct. 28, Wed.	SHOPPING CENTER LENDING (Continued)		
	A.		
	B.	Case Study #3, "Neighborhood Shopping Center." DUE ON FRIDAY, DECEMBER 11 AT THE BEGINNING OF CLASS. NO LATE PAPERS ACCEPTED.	
Oct. 30, Fri.	PARTICIPATION LOANS AND LENDING STRATEGY		
	A.	Chapter 21, "Contingent Interest," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood	Text

	B.	"Loan Participations Are Meaningful Commitments," Tockarshewsky, REAL ESTATE REVIEW, Winter 1980.	Mimeo
Nov. 2, Mon.	GROUND LEASING		
	A.	"Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer, & Eugene F. Dunham, Jr., REAL ESTATE REVIEW.	Mimeo
	B.	"A Lender's View of Unsubordinated Ground Leases," Milton Davis, SHOPPING CENTER REPORT NO. 27, International Council of Shopping Centers.	Mimeo
	C.	"The Ground Swell in Ground Leasing," Wallace Boothby, Jr., REAL ESTATE REVIEW, Winter 1980.	Mimeo
Nov. 4, Wed.	SALES AND LEASEBACKS: BUYBACKS		
	A.	Chapter 15, "Sale and Leaseback Financing and Subordinated Ground Leases," REAL ESTATE FINANCE, Brueggeman & Stone.	Text.
	B.	LEASING OR OWNING REAL ESTATE - WHICH APPROACH WILL MAXIMIZE THE PROFITS OF YOUR COMPANY, Coldwell Banker & Co., 1972.	Mimeo
	C.	"A Small Firm Makes a Buy/Lease Decision," Willis N. Cobb & James L. Doherty, REAL ESTATE REVIEW, Spring 1980.	Mimeo
	(LAB) MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3		
Nov. 9, Mon.	LAND DEVELOPMENT LOANS		
	A.	Review Chapter 16.	
	B.	"Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, REAL ESTATE REVIEW, Summer 1979.	Mimeo
	C.	"Release Provisions in Office and Industrial Park Development Loans," Robert C. Gurbb, REAL ESTATE REVIEW, Winter 1979.	Mimeo
Nov. 11, Wed.	WRAPAROUNDS AND REFINANCING		
	A.	"Simplifying the Calculation of Yield on New Money," Allen F. Thomas, REAL ESTATE REVIEW, Spring 1979.	Mimeo
	B.	"Calculation of Interest - Lenders Beware!" Richard Ridloff, REAL ESTATE REVIEW, Winter 1980.	Mimeo
	C.	"The Rollover Illusion," B. Jerremad, REAL ESTATE REVIEW, Spring 1978, pp. 43-45.	Mimeo

	D.	Chapter 14, REAL ESTATE FINANCE.	Text
Nov. 13, Fri.	!	TWELVE WEEK EXAM !	
Nov. 16, Mon.		THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980	
	A.	Chapter 18, REAL ESTATE FINANCE.	Text
	B.	THE FEDERAL RESERVE BULLETIN, June 1980, pp. 444-453.	Mimeo
	C.	"Historic Legislation," by Verle Johnston, FEDERAL RESERVE BANK OF SAN FRANCISCO WEEKLY LETTER, April 4, 1980.	Mimeo
Nov. 18, Wed.		S & L SERVICE CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSIONS	
	A.	Chapters 19, 20, 21, and 22, REAL ESTATE FINANCE	Text
	B.	"Draft United States League Special Management Bulletin on Service Corporations," Barry D. Tate, United States League of Savings Association.	Mimeo
	C.	"New Regs Affect Service Corporations' Debt, Equity," United States League of Savings Associations Newsletter, Vol. 11, No. 2, March 1981.	Mimeo
	D.	"Final Reg Broadens Service Corporation Powers," United States League of Savings Associations Newsletter, Vol. 11, No. 3, May 1981.	Mimeo
Nov. 20, Fri.		CONDOMINIUM CONVERSION LOANS	
	A.	"Financing Interim Loans for Condominium Conversion Projects," Douglas W. Hall & Richard T. Garrigan, REAL ESTATE REVIEW, Spring 1980.	Mimeo
	B.	"Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, REAL ESTATE REVIEW, Winter 1980.	Mimeo
Nov. 23, Mon.		INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENTS	
	A.	Chapter 17, REAL ESTATE FINANCE.	Text
	B.	"Strategies for Involvement," Stephen E. Roulac, MODERN REAL ESTATE INVESTMENT: AN INSTITUTIONAL APPROACH. San Francisco: Property Press, 1976, pp. 169-199.	Mimeo
Nov. 25, Wed.		LIMITED PARTNERSHIPS	

A. "How to Understand a Subsidized-Housing Syndication," J. Miller Blew & H. H. Stevenson, REAL ESTATE REVIEW, Summer 1978, pp. 42-51. — Mimeo

Nov. 27, Fri. — YOUR HOLIDAY

Nov. 30, Mon. — LIMITED PARTNERSHIPS (Continued)

A. Real Estate Securities Letter, June 1981. — Mimeo

B. "How Equity Financing Works," Charles E. Wiggin, REAL ESTATE REVIEW, Summer, 1981, pp. 22-27.

Dec. 2, Wed. — SECURITIES LAWS IN REAL ESTATE FINANCE

A. "The Impact of Securities Regulations and Financial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. — Mimeo

B. "Securities Regulation in the 1980's," Howard C. Pizer, REAL ESTATE SYNDICATION REPORTER ANNUAL REPORT 1979-80. — Mimeo

(LAB) JOINT VENTURES: ASSISTANCE ON CASE STUDY #3

A. Chapter 22, "Joint Ventures," FINANCING INCOME-PRODUCING REAL ESTATE, Britton & Kerwood. — Text

B. "The Tax Consequences of a 'Piece of the Action,'" Stephen Jarchow, REAL ESTATE REVIEW, Winter 1979. — Mimeo

Dec. 7, Mon. — CORPORATE STRUCTURES FOR REAL ESTATE FINANCE

A. "Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, REAL ESTATE REVIEW. — Mimeo

Dec. 9, Wed. (LAB) — PUBLIC FINANCING OF COMMERCIAL REAL ESTATE

A. "A Developer's Guide to Urban Development Action Grants, Eric Stevenson, REAL ESTATE REVIEW, Winter 1981. — Mimeo

B. "Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School. — Mimeo

SOLUTION AND DISCUSSION OF CASE STUDY NO. 3 - <u>PAPERS DUE AT THE BEGINNING OF CLASS</u> - <u>NO LATE PAPERS ACCEPTED</u>

<u>FINAL EXAM</u> - AS SCHEDULED IN TIMETABLE

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1982

Fall Semester 1982 Prof. James A. Graaskamp

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of governmental agencies. Prereq: BUS 550.

A. Format

1. Two lectures and one quiz section per week.
Quiz section will develop problems and cases.

B. Lectures will develop risks systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

II. Text Materials:

A. Required:

1. Brueggeman, William B. & Stone, Leo D., REAL ESTATE FINANCE, 7th ed., Homewood, Ill.: Richard D. Irwin, Inc., 1981. (Book store)

2. Manske Manual on MR CAP, UW Copy Center Press, 1981. (Room 118)

3. Mimeographed readings packet. (Room 118)

B. Optional - Recommended:

Goebel, Paul R. & Miller, Norman G., Handbook of Mortgage Mathematics & Financial Tables. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1981. (Note: Required for BUS 552.)

C. Course materials can be purchased from UW Real Estate Club in Room 118 at posted hours.

III. Grading:

Quiz Grade	50 points
Problem Set #1	50 points
Problem Set #2	50 points
Problem Set #3 (Case Study)	100 points
Six Weeks Exam	100 "
Twelve Weeks Exam	100 "
Final Exam	150 "
TOTAL	600 points

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551

1982 Topic Schedule

Aug.	30, M	INTRODUCTION TO INCOME PROPERTY FINANCE
Sept.	1, W	LEGAL FORMAT OF MULTIPLE-PARTY COMMERCIAL MORTGAGES
	3, F (LAB)	MATHEMATICS OF MORTGAGE FINANCE
	6, M	* * LABOR DAY * *
	8, W	KEY CONCEPTS OF MORTGAGE FORMAT
	10, F (LAB)	MATHEMATICS OF MORTGAGE FINANCE (CONTINUED)
	13, M	MORTGAGE DEFAULT AND WORKOUTS FOR COMMERCIAL MORTGAGES
	15, W	MORTGAGES AND THE BANKRUPTCY ACT
	17, F (LAB)	BACK-DOOR, FRONT-DOOR, FLOW CHARTS: PROBLEMS FOR THE HAND CALCULATOR
	20, M	CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
	22, W	INCOME PROPERTY LOAN APPLICATION PROCESS
	24, F	
	27, M	BASIC FORMAT FOR UNDERWRITING AN INCOME PROPERTY LOAN
	29, W	RISKS OF AND ALTERNATIVES TO THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN
Oct.	1, F (LAB)	INTRODUCTION TO WITS, RATES, AND BFCF
	4, M	* * <u>6 WEEKS EXAM</u> * *
	6, W	CONSTRUCTION LENDING
	8, F (LAB)	CONSTRUCTION LENDING (CONTINUED)
	11, M	BASIC OFFICE BUILDING LOANS
	13, W	LEASE TERMS FOR LOAN SECURITY
	15, F (LAB)	LEASE TERMS FOR LOAN SECURITY (CONTINUED)
	18, M	INTRODUCTION TO MR CAP
	20, W	FINANCING ALTERNATIVES ON MR CAP
	22, F (LAB)	FIRST MR CAP PROBLEM
	25, M	SHOPPING CENTER LENDING

Oct.	27, W	SHOPPING CENTER LENDING (CONTINUED)
	29, F (LAB)	PARTICIPATION LOANS AND LENDING STRATEGIES
Nov.	1, M	GROUND LEASING
	3, W	SALES AND LEASEBACKS; BUYBACKS, WRAPAROUNDS & REFINANCING
	5, F (LAB)	MR CAP RATIO ANALYSIS; YIELD ANALYSIS
	8, M	LAND DEVELOPMENT LOANS
	10, W	CONDOMINIUM CONVERSION LOANS
	12, F	* * 12 WEEKS EXAM * *
	15, M	THE DEPOSITORY INSTITUTIONS DE-REGULATION AND MONETARY CONTROL ACT OF 1980
	17, W	S & L SERVICE CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSIONS
	19, F (LAB)	
	22, M	INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENT
	24, W	LIMITED PARTNERSHIP
	26, F	* * THANKSGIVING * *
	29, M	GENERAL PARTNERSHIPS
Dec.	1, W	SECURITY LAWS IN REAL ESTATE FINANCE
	3, F (LAB)	ASSISTANCE ON CASE STUDY NO. 3; JOINT VENTURES
	6, M	CORPORATE STRUCTURES FOR REAL ESTATE FINANCE
	8, W (LAB)	PUBLIC FINANCING OF COMMERICAL REAL ESTATE
		SOLUTION AND DISCUSSION OF CASE STUDY NO. 3 - PAPERS DUE AT THE BEGINNING OF CLASS - NO LATE PAPERS ACCEPTED

FINAL EXAM - AS SCHEDULED IN TIME TABLE

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551

Income Property Loans Top Schedule

Business 551
Fall Semester 1982

Prof. James A. Graaskamp

Class Period	Readings	Source
Aug. 30, Mon.	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," REAL ESTATE ISSUES, James A. Graaskamp	Mimeo
	B. "Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gaylon E. Greer, REAL ESTATE REVIEW, Winter, 1982	Mimeo
	C. "Installment Sales Are Not Always Better", Robert H. Zerbst, REAL ESTATE REVIEW, Spring 1982	Mimeo
Sept. 1, Wed.	LEGAL FORMAT OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, REAL ESTATE FINANCE, Brueggeman & Stone	Text
	B. Chapter 2, "Parties to the Transaction," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood	Mimeo
	(LAB) MATHEMATICS OF MORTGAGE FINANCE	
	A. Chapter 6 and 7, REAL ESTATE FINANCE, Brueggeman & Stone (See Appendices A,B,C).	Text
	B. Optional, HANDBOOK OF MORTGAGE MATHEMATICS AND FINANCIAL TABLES, Gable and Miller, Chapter 1.	Optional Text
Sept. 6, Mon.	* * LABOR DAY * *	
Sept. 8, Wed.	KEY CONCEPTS OF MORTGAGE FORMAT	
	A. Chapters 4 and 5, REAL ESTATE FINANCE, Brueggeman & Stone	Text
	B.	
	(LAB) MATHEMATICS OF MORTGAGE FINANCE (CONTINUED)	
	A. Chapter 28, "Mathematics of Mortgage Finance," FINANCING INCOME PRODUCING REAL ESTATE Britton & Kerwood.	Mimeo
	B. Assignment of Problem Set #1	

Sept. 13, Mon. MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, REAL ESTATE FINANCE, Brueggeman & Stone — Text

B. Chapter 29, "The Prevention and Cure of Distressed Real Estate," Daniel S. Burman in FINANCING INCOME REAL ESTATE, Britton & Kerwood. — Mimeo

C. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, REAL ESTATE REVIEW, Fall 1977, pp. 45-53. — Mimeo

Sept. 15, Wed. MORTGAGES AND THE BANKRUPTCY

A. "An Explanation of the Bankruptcy Reform Act of 1978," Dean L. Overman & Edward C. Maeder, SHOPPING CENTER REPORT, 1979. — Mimeo

B. "Bankruptcy Reform Act Restores Protection to Real Estate Secured Lenders," William I. Cumberland & Christopher G. Griffith, THE MORTGAGE BANKER, Jan. 1979, pp. 34-39 — Mimeo

C. "Deeds in Lieu of Foreclosure," Paul E. Roberts, REAL ESTATE REVIEW, Winter 1979, Vol. 8, No. 4. — Mimeo

(LAB) MATHEMATICS OF REAL ESTATE FINANCE (CONTINUED)

A. Problem Set #1B
B. Chapter 10, "Valuation of Income Properties," & Appendix, REAL ESTATE FINANCE. — Text

Sept. 20, Mon. CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 and 14, REAL ESTATE FINANCE. — Text

Sept. 24, Wed. INCOME PROPERTY LOAN APPLICATION PROCESS

A. Chapter 11, REAL ESTATE FINANCE. — Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood. — Mimeo

Business 551 (Income)
Fall Semester 1982

Sept. 27, Mon. UNDERWRITING AND INCOME PROPERTY LOAN

A. Chapter 8, "Financial State and Credit Analysis," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood. Mimeo

B. Chapter 12, REAL ESTATE FINANCE, Brueggeman & Stone. Text

Sept. 29, Wed. RISKS OF LONG-TERM SELF-AMORTIZED LOAN

A. "The Investor Loses His Leverage," Wayne E. Etter, REAL ESTATE REVIEW, Spring, 1981 Mimeo

B. "How Inflation Erodes the Income of Fixed-Rate Lenders," REAL ESTATE REVIEW, Spring, 1981, Anthony Downs & S. Michael Giliberto Mimeo

(LAB) INTRODUCTION TO WITS, RATES, AND BFCF

Oct. 4, Mon. * * SIX WEEKS EXAM * *

Oct. 6, Wed. (LAB) CONSTRUCTION LENDING

A. Chapter 16, REAL ESTATE FINANCE, Brueggeman & Stone, "The Buy-Sell Agreement" Text

B. "Real Estate Financing, Charles C. Smith and Harold A. Lubell, REAL ESTATE REVIEW, Spring 1979 Mimeo

C. "A Sample Construction Loan Commitment," Richard Ridloff, REAL ESTATE REVIEW, Winter, 1981, Vol. 10, No. 4 Mimeo

CONSTRUCTION LENDING (CONTINUED)

A. "How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, REAL ESTATE LAW JOURNAL, Vol. 6, 1977, pp. 21-32. Mimeo

B. "Interest Capitalization and Project Profitability," Handorf & Finley, REAL ESTATE REVIEW, Spring, 1978, pp. 54-58. Mimeo

C. "A Checklist for the Construction Lender's Attorney," Richard Ridloff, REAL ESTATE REVIEW, Winter, 1982. Mimeo

Oct. 11, Mon. BASIC OFFICE BUILDING LOANS

A. Case Study 6, "Low-Rise Office Building," p. 574. Two-page underwriting memo due Oct. 23. No late papers. (Britton & Kerwood) Mimeo

B. "The National Energy Act: Its Impact on Real Estate and Real Estate Financing," Martin Klepper, THE REAL ESTATE REVIEW Mimeo

Business 551 (Income)
Fall Semester 1982

C. Case Study 7, "H-Rise Office Building." Read for general familiarity for class discussion. (Britton & Kerwood) Mimeo

Oct. 13, Wed. (LAB) LEASE TERMS FOR LOAN SECURITIES

A. Chapter 6, "Coping with the Risks of Commercial Development," THE WONDERFUL WORLD OF REAL ESTATE, Emanuel B. Halper. Mimeo

B. Chapter 8, "What is a Net Net Net NET Lease?" THE WONDERFUL WORLD OF REAL ESTATE, Emanuel B. Halper. Mimeo

C. "Consumer Price Index Escalation Clauses in Leases," John R. Lewis & Eldon J. Nosari, REAL ESTATE REVIEW, Fall 1980. Mimeo

Oct. 15, Fri. LEASE TERMS FOR LOAN SECURITIES (CONTINUED)

A. Chapter 9, "Lease Analysis: Some Practical Applications and Techniques," FINANCING INCOME-PRODUCING REAL ESTATE, Britton & Kerwood Mimeo

Oct. 18, Mon. INTRODUCTION TO MR CAP

A. "The Manske Manual to MR CAP" Mimeo

Oct. 20, Wed. FINANCING ALTERNATIVES ON MR CAP

A. Manske Manual Continued

Oct. 22, Fri. (LAB) MR CAP PRACTICE PROBLEM

Oct. 25, Mon. SHOPPING CENTER LENDING

A. "How the Professional Shopping Center Developer Obtains a Mortgage," REAL ESTATE REVIEW, Spring 1979. Mimeo

B. "How to Mortgage Out - Financial Discipline in the Development Process for Small Center," Jack R. McNutt, SHOPPING CENTER REPORT Mimeo

C. "Shopping Center Loans," Coldwell Banker & Co. Mimeo

Oct. 27, Wed. SHOPPING CENTER LENDING (CONTINUED)

A.

B. Case Study #3, "Neighborhood Shopping Center." <u>DUE ON FRIDAY, DECEMBER 10</u> AT THE BEGINNING OF CLASS. NO LATE PAPERS ACCEPTED.

Oct. 29, Fri. PARTICIPATION LOANS AND LENDING STRATEGY

A. Chapter 21, "Contingent Interest," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood — Mimeo

B. "Loan Participations Are Meaningful Commitments," Tockarshewsky, REAL ESTATE REVIEW, Winter 1980. — Mimeo

Nov. 1, Mon. GROUND LEASING

A. "Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer, & Eugene F. Dunham, Jr., REAL ESTATE REVIEW. — Mimeo

B. "A Lender's View of Unsubordinated Ground Leases," Milton Davis, SHOPPING CENTER REPORT NO. 27, International Council of Shopping Centers. — Mimeo

C. "The Ground Swell in Ground Leasing," Wallace Boothby, Jr., REAL ESTATE REVIEW, Winter 1980. — Mimeo

D. "Why Public Buildings Cost So Much," Michael Fasano, REAL ESTATE REVIEW, Spring 1981 — Mimeo

Nov. 3, Wed. SALES AND LEASEBACKS: BUYBACKS, WRAP AROUNDS & REFINANCING

A. Chapter 15, "Sale and Leaseback Financing and Subordinated Ground Leases," REAL ESTATE FINANCE, Brueggeman & Stone — Text

B. LEASING OR OWNING REAL ESTATE - WHICH APPROACH WILL MAXIMIZE THE PROFITS OF YOUR COMPANY, Coldwell Banker & Co., 1972. — Mimeo

C. "A Small Firm Makes A Buy/Lease Decision," Willis N. Cobb & James L. Doherty, REAL ESTATE REVIEW, Spring 1980. — Mimeo

D. "Simplifying the Calculation of Yield on New Money," Allen F. Thomas, REAL ESTATE REVIEW, Spring, 1979 — Mimeo

E. "Calculation of Interest - Lenders Beware!" Richard Ridloff, REAL ESTATE REVIEW, Winter 1980. — Mimeo

F. "The Rollover Illusion," B. Jerremad, REAL ESTATE REVIEW, Spring 1978, pp. 43-45 — Mimeo

G. Chapter 14, REAL ESTATE FINANCE. — Text

(LAB) MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3

Nov. 8, Mon. LAND DEVELOPMENT LOANS

A. Review Chapter 16.

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, REAL ESTATE REVIEW, Summer 1979. — Mimeo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Gurbb, REAL ESTATE REVIEW, Winter 1979. Mimeo

Nov. 10, Wed. CONDOMINIUM CONVERSION LOANS

A. "Financing Interim Loans for Condominium Conversion Projects," Douglas W. Hall & Richard T. Garrigan, REAL ESTATE REVIEW, Spring 1980. Mimeo

B. "Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, REAL ESTATE REVIEW, Winter, 1980. Mimeo

Nov. 12, Fri. * * TWELVE WEEKS EXAM * *

Nov. 15, Mon. THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980

A. Chapter 18, REAL ESTATE FINANCE. Text

B. THE FEDERAL RESERVE BULLETIN, June 1980, pp. 444-453. Mimeo

C. "Historic Legislation," by Verle Johnston, FEDERAL RESERVE BANK OF SAN FRANCISCO WEEKLY LETTER, April 4, 1980 Mimeo

Nov.17, Wed. S & L SERVICE CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSIONS

A. Chapters 19, 20, 21, and 22, REAL ESTATE FINANCE Text

B. Urban Land Institute paper on "An MXD Financing Session: Sources & Cost of Money in Today's Capital Market," Nov. 1981 Mimeo

C. "Draft United States League Special Management Bulletin on Service Corporations," Barry D. Tate, United States League of Savings Association. Mimeo

D. "New Regs Affect Service Corporations' Debt, Equity," United States League of Savings Associations Newsletter, Vol. 11, No. 2, March 1981. Mimeo

E. "Final Reg Broadens Service Corporation Powers," United States League of Savings Associations Newsletter, Vol. 11, No. 3, May 1981. Mimeo

Nov. 22, Mon. INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENTS

A. Chapter 17, REAL ESTATE FINANCE. Text

B. "Strategies for Involvement," Stephen E. Roulac, MODERN REAL ESTATE INVESTMENT: AN INSTITUTIONAL APPROACH. San Francisco: Property Press, 1976, pp. 169-199. Mimeo

Nov. 24, Wed. LIMITED PARTNERSHIPS

A. "How to Understand a Subsidized - Housing Syndication," J. Miller Blew & H. H. Stevenson, REAL ESTATE REVIEW, Summer 1978, pp. 42-51 Mimeo

Nov. 26, Fri. * * THANKSGIVING HOLIDAY * *

Nov. 29, Mon. LIMITED PARTNERSHIPS (CONTINUED)

A. Real Estate Securities Letter, June 1981 Mimeo

B. "How Equity Financing Works," Charles E. Wiggin, REAL ESTATE REVIEW, Summer, 1981, pp.22-27 Mimeo

Dec. 1, Wed. SECURITIES LAWS IN REAL ESTATE FINANCE

A. "The Impact of Securities Regulations and Financial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. Mimeo

B. "Securities Regulation in the 1980's", Howard C. Pizer, REAL ESTATE SYNDICATION REPORTER ANNUAL REPORT 1979-80. Mimeo

(LAB) JOINT VENTURES: ASSISTANCE ON CASE STUDY #3

A. Chapter 22, "Joint Ventures," FINANCING INCOME PRODUCING REAL ESTATE, Britton & Kerwood. Mimeo

B. "The Tax Consequences of a 'Piece of the Action,'" Stephen Jarchow, REAL ESTATE REVIEW, Winter 1979. Mimeo

Dec. 6, Mon. CORPORATE STRUCTURES FOR REAL ESTATE FINANCE

A. "Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, REAL ESTATE REVIEW. Mimeo

Dec. 8, Wed. (LAB) PUBLIC FINANCING OF COMMERCIAL REAL ESTATE

A. "A Developer's Guide to Urban Development Action Grants," Eric Stevenson, REAL ESTATE REVIEW, Winter 1981. Mimeo

B. "Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School. Mimeo

SOLUTION AND DISCUSSION OF CASE STUDY NO. 3 - <u>PAPERS DUE AT THE BEGINNING OF CLASS</u> - <u>NO LATE PAPERS ACCEPTED</u>

<u>FINAL EXAM</u> - AS SCHEDULED IN TIMETABLE.

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1983

Fall Semester 1983 | Professor J. A. Graaskamp

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of governmental agencies. Prereq: Bus. 550.

A. Format

1. Two lectures and one quiz section per week. Quiz section will develop problems and cases.

B. Lectures will develop risks systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

II. Text Materials:

A. Required:

1. Brueggeman, William B. & Stone, Leo D., _Real Estate Finance_, 7th Ed., Homewood, IL: Richard D. Irwin, Inc., 1981. (Book Store)

2. Manske Manual on MR CAP, UW Copy Center, 1981. (Room 118)

3. Mimeographed readings packet. Bob's Copy Shop, University Square Mall.

B. Optional - Recommended:

Goebel, Paul R. & Miller, Norman G., _Handbook of Mortgage Mathematics & Financial Tables_. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1981. (Note: Required for Bus. 552.)

III. Grading:

Problem Set #1	50 points
Problem Set #2	50 "
Problem Set #3 (Case study)	50 "
Problem Set #4 (Case Study)	100 "
Six Weeks Exam	100 "
Twelve Weeks Exam	100 "
Final Exam	150 "
TOTAL	600 points

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
1982 Topic Schedule

Aug.	29, M		INTRODUCTION TO INCOME PROPERTY FINANCE
Aug.	31, W		LEGAL FORMAT OF MULTIPLE-PARTY COMMERCIAL MORTGAGES
Sept.	2, F	(LAB)	MATHEMATICS OF MORTGAGE FINANCE
Sept.	5, M		* * LABOR DAY * *
	7, W		MORTGAGE FORMAT (CONTINUED)
	9, F	(LAB)	MATHEMATICS OF MORTGAGE FINANCE (CONTINUED)
	12, M		MORTGAGE DEFAULT AND WORKOUTS FOR COMMERCIAL MORTGAGE
	14, W		MORTGAGES AND THE BANKRUPTCY ACT
	16, F	(LAB)	BACK-DOOR, FRONT-DOOR, FLOW CHARTS: PROBLEMS FOR THE HAND CALCULATOR
	19, M		CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
	21, W		INCOME PROPERTY LOAN APPLICATION PROCESS
	23, F	(LAB)	INTRODUCTION TO WITS, RATES, AND BFCF (PROBLEM SET #1 DUE)
	26, M		BASIC FORMAT FOR UNDERWRITING AN INCOME PROPERTY LOAN
	28, W		RISKS MANAGEMENT OF THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN
	30, F		REVIEW FOR EXAM
Oct.	3, M		* * 6 WEEKS EXAM * *
	5, W		CONSTRUCTION LENDING
	7, F	(LAB)	INTRODUCTION TO MR CAP
	10, M		CONSTRUCTION LENDING (CONTINUED)
	12, W		BASIC OFFICE BUILDING LOANS
	14, F	(LAB)	MR CAP PROBLEM #2
	17, M		LEASE TERMS FOR LOAN SECURITY
	19, W		FINANCING ALTERNATIVES ON MR CAP
	21, F		ALUMNI SEMINAR - LOWELL HALL

Oct.	24, M		SHOPPING CENTER LENDING
	26, W		SHOPPING CENTER LENDING (CONTINUED)
	28, F		PARTICIPATION LOANS AND LENDING STRATEGIES ON MR CAP
	31, M		GROUND LEASING
Nov.	2, W		SALES AND LEASEBACKS; BUYBACKS, WRAPAROUNDS & REFINANCING
	4, F	(LAB)	MR CAP RATIO ANALYSIS; YIELD ANALYSIS
	7, M		LAND DEVELOPMENT LOANS
	9, W		CONDOMINIUM CONVERSION LOANS
	11, F		* * 12 WEEKS EXAM * *
	14, M		THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980
	16, W		S & L SERVICE CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSION FUNDS
	18, F	(LAB)	CASE STUDY #3
	21, M		INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENT
	23, W		LIMITED PARTNERSHIP
	25, F		* * THANKSGIVING * *
	28, M		GENERAL PARTNERSHIPS
	30, W		SECURITY LAWS IN REAL ESTATE FINANCE
Dec.	2, F	(LAB)	ASSISTANCE ON CASE STUDY #4; JOINT VENTURES
	5, M		CORPORATE STRUCTURES FOR REAL ESTATE FINANCE
	7, W	(LAB)	PUBLIC FINANCING OF COMMERCIAL REAL ESTATE
			SOLUTION AND DISCUSSION OF CASE STUDY #4 - PAPERS DUE AT THE BEGINNING OF CLASS - NO LATE PAPERS ACCEPTED

FINAL EXAM - AS SCHEDULED IN TIME TABLE

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Loans Top Schedule

Business 551 — Prof. James A. Graaskamp
Fall Semester 1983

Class Period	Readings	Source
Aug. 29, Mon.	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," _Real Estate Issues_, James A. Graaskamp.	Mimeo
	B. "Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gaylon E. Greer _Real Estate Review_, Winter, 1982.	Mimeo
	C. "The Triple Revolution in Real Estate Finance," Anthony Downs, _Real Estate Review_, Spring, 1983, pp. 18-27.	Mimeo
	D. "The Desirability of Leverage: Expanding the Concept," Robert W. Wilbur & James L. Short, _Real Estate Review_, Summer, 1983, pp.41-46	Mimeo
	E. "The Case for All-Cash Real Estate Investing," William Clark, _The Financial Planner_, Sept. 1982, Vol. 11, No. 9, pp 1-5.	Mimeo
	F. "Equity-ing Out' Creates Potential Perils", Anthony Downs, _National Real Estate Investor_, Feb. 1982.	Mimeo
Aug. 31, Wed.	LEGAL FORMAT OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, _Real Estate Finance_, Brueggeman & Stone	Text
	B. Chapter 2, "Parties to the Transaction," _Financing Income Producing Real Estate_, Britton & Kerwood	Mimeo
Sept. 2, Fri.	(LAB) MATHEMATICS OF MORTGAGE FINANCE	
	A. Chapter 6 & 7, _Real Estate Finance_, Brueggeman & Stone (See Appendices A,B,C)	Text
	B. Optional, _Handbook of Mortgage Mathematics and Financial Tables_, Gable & Miller, Chap. 1.	Optional Text
Sept. 5, Mon.	* * LABOR DAY * *	

Sept. 7, Wed. MORTGAGE FORMAT (CONTINUED)

A. Chapters 4 & 5, Real Estate Finance, Brueggeman & Stone — Text

B. "Creative Financing Instruments," Fred E. Case, The Real Estate Appraiser & Analyst, Spring 1982, pp. 45-58. — Mimeo

Sept. 9, Fri. (LAB) MATHEMATICS OF MORTGAGE FINANCE (CONTINUED)

A. Chapter 28, "Mathematics of Mortgage Finance," Financing Income Producing Real Estate, Britton & Kerwood. — Mimeo

B. Assignment of Problem Set #1

Sept. 12, Mon. MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, Real Estate Finance, Brueggeman & Stone — Text

B. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, Real Estate Review, Fall 1977, pp. 45-53. — Mimeo

Sept. 14, Wed. MORTGAGES AND THE BANKRUPTCY

A. "An Explanation of the Bankruptcy Reform Act of 1978," Dean L. Overman & Edward C. Meader, Shopping Center Report, 1979. — Mimeo

B. "Bankruptcy Reform Act Restores Protection to Real LEstate Secured Lenders," William I. Cumberland & Christopher G. Griffith, The Mortgage Banker, Jan. 1979, pp. 34-39. — Mimeo

C. "Deeds in Lieu of Foreclosure," Paul E. Roberts, Real Estate Review, Winter 1979, Vol.8, #4. — Mimeo

Sept. 16, Fri. (LAB) MATHEMATICS OF REAL ESTATE FINANCE (CONTINUED)

A. Problem Set #1B

B. Chapter 10, "Valuation of Income Properties," & Appendix, Real Estate Finance. — Text

Sept. 19, Mon. CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 & 14, Real Estate Finance. — Text

Sept. 21, Wed. INCOME PROPERTY LOAN APPLICATION PROCESS

A. Chapter 11, Real Estate Finance. Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

Sept. 23, Fri. (LAB) INTRODUCTION TO WITS, RATES, 7 BFCF (PROBLEM SET #1 DUE)

Sept. 26, Mon. UNDERWRITING AND INCOME PROPERTY LOAN

A. Chapter 8, "Financial State and Credit Analysis," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

B. Chapter 12, Real Estate Finance, Brueggeman & Stone. Text

Sept. 28, Wed. RISK MANAGEMENT OF THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN

A. Financing the Lodging Industry: Players & Techniques of the 1980's, Laventhol & Horwath,` pp. 5-39. Mimeo

B. "How Inflation Erodes the Income of Fixed-Rate Lenders," Real Estate Review, Spring, 1981 Anthony Downs & S. Michael Giliberto Mimeo

Sept. 30, Fri. (LAB) REVIEW FOR EXAM

Oct. 3, Mon. * * SIX WEEKS EXAM * *

Oct. 5, Wed. CONSTRUCTION LENDING

A. Chapter 16, Real Estate Finance, Brueggeman & Stone, "The Buy-Sell Agreement" Mimeo

B. "Real Estate Financing", Charles C. Smith & Harold A. Lubell, Real Estate Review, Spring 1979. Mimeo

C. "A Sample Construction Loan Commitment," Richard Ridloff, Real Estate Review, Winter, 1981, Vol. 10, No. 4 Mimeo

Oct. 7, Fri. (LAB) INTRODUCTION TO MR CAP

A. "The Manske Manual to MR CAP" Mimeo

Oct. 10, Mon. CONSTRUCTION LENDING (CONTINUED)

A. "How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, Real Estate Law Journal, Vol. 6, 1977, pp. 21-32. Mimeo

"A Checklist for the Construction Lender's Attorney," Richard Ridloff, Real Estate Review, Wintger, 1982. Mimeo

Oct. 12, Wed. BASIC OFFICE BUILDING LOANS

A. Case Study 6, "Low-Rise Office Building," p. 574. Two-page underwriting memo due Oct. 23. No late papers.(Britton & Kerwood) Mimeo

B. "The National Energy Act: Its Impact on Real Estate and Real Estate Financing," Martin Klepper, The Real Estate Review. Mimeo

Oct. 14, Fri. (LAB) PROBLEM #2--MR CAP, DUE

Oct. 17, Mon. LEASE TERMS FOR LOAN SECURITIES

A. Chapter 6, "Coping with the Risks of Commercial Development," The Wonderful World of Real Estate, Emanuel B. Halper. Mimeo

B. Chapter 8, "What is a Net Net Net NET Lease," Wonderful World of Real Estate, Emanuel B. Halper. Mimeo

C. "Consumer Price Index Escalation Clauses in Leases," John R. Lewis & Eldon J. Nosari, Real Estate Review, Fall 1980. Mimeo

D. Chapter 9, "Lease Analysis: Some Practical Applications and Techniques," Financing Income-Producing Real Estate, Britton & Kerwood. Mimeo

Oct. 19, Wed. FINANCING ALTERNATIVES ON MR CAP

A. Manske Manual Continued

Oct. 21, Fri. ALUMNI SEMINAR - LOWELL HALL

Oct. 24, Mon. SHOPPING CENTER LENDING

A. "How the Professional Shopping Center Developer Obtains a Mortgage," Real Estate Review, Spring 1979. Mimeo

B. "How to Mortgage Out - Financial Discipline in the Development Process for Small Center," Jack R. McNutt, Shopping Center Report. Mimeo

C. "Shopping Center Loans," Coldwell Banker Co. Mimeo

Oct. 26, Wed. SHOPPING CENTER LENDING (CONTINUED)

A. "Property Report United States, Richard Ellis, April, 1983. Mimeo

Case Study #3, "Neighborhood shopping Center" DUE ON FRIDAY, DECEMBER 10 AT THE BEGINNING OF CLASS. NO LATE PAPERS ACCEPTED.

Oct. 28, Fri. PARTICIPATION LOANS AND LENDING STRATEGY

A. Chapter 21, "Contingent Interest," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

B. "Loan Participations Are Meaningful Commitments," Tockarshewsky, Real Estate Review, Winter 1980. Mimeo

Oct. 31, Mon. GROUND LEASING

A. "Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer & Eugene F. Dunham, Jr., Real Estate Review. Mimeo

B. "A Lender's View of Unsubordinated Ground Leases," Milton Davis, Shopping Center Report No. 27, International Council of Shopping Centers. Mimeo

C. "People and Property: To Buy or Not to Buy," Emanual B. Halper, Real Estate Review, Summer, 1983, pp. 78-87. Mimeo

D. "Why Public Buildings Cost So Much," Michael Fasano, Real Estate Review, Spring 1981. Mimeo

Nov. 2, Wed. SALES AND LEASEBACKS; BUYBACKS, WRAP-AROUNDS & REFINANCING

A. Chapters 14 & 15, "Sale and Leaseback Financing and Subordinated Ground Leases," Real Estate Finance, Brueggeman & Stone. Text

B. Leasing or Owning Real Estate - Which Approach Will Maximize the Profits of Your Company, Coldwell Banker & Co., 1972. Mimeo

C. "A Small Firm Makes A Buy/Lease Decision," Willis N. Cobb & James L. Doherty, Real Estate Review, Spring 1980. Mimeo

D. "Simplifying the Calculation of Yield on New Money," Allen F. Thomas, Real Estate Review, Spring, 1979. Mimeo

E. "Installment Sales Are Not Always Better," Robert H. Zerbst, Real Estate Review, Spring 1982 Mimeo

F. "The Rollover Illusion, B. Jerremad, Real Estate Review, Spring 1978, pp. 43-45. Mimeo

G. "A Secondary Market for Privately Held Purchase Money Mortgages?", John W. Ramzy, Real Estate Review, Spring, 1983, pp. 84-88. Mimeo

H. "Hypothecation Loans Secured by Purchase Money Mortgages," Daniel A. Blumberg, Real Estate Review, Summer, 1983, pp.12-13. Mimeo

Nov. 4, Fri. (LAB) MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3

Nov. 7, Mon. LAND DEVELOPMENT LOANS

A. Review Chapter 16.

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, Real Estate Review. Summer 1979. Mimeo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Grubb, Real Estate Review, Winter 1979. Mimeo

Nov. 9, Wed. CONDOMINIUM CONVERSION LOANS

A. "Financing Interim Loans for Condominium Conversion Projects," Douglas W. Hall & Richard T. Garrigan, Real Estate Review, Spring 1980. Mimeo

B. "Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, Real Estate Review, Winter, 1980. Mimeo

Nov. 11, Fri. * * TWELVE WEEKS EXAM * *

Nov. 14, Mon. THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980

A. Chapter 18, Real Estate Finance. — Text

B. The Changing Role of Depository Financial Institutions and the Availability of Funds to the Real Estate Industry, Donald R. Fraser, Aug. 1981, pp. 1-80. Texas Real Estate Research Center. — Monograph

C. "America Cannot Afford Its Cost of Capital," (Business Brief), The Economist, April 30, 1983. — Mimeo

Nov. 16, Wed. S & L CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSION FUNDS

A. Chapters 19, 20, 21, and 22, Real Estate Finance. — Text

B. Urban Land Institute paper on "An MXD Financing Session: Sources & Cost of Money in Today's Capital Market," Nov. 1981. — Mimeo

C. "Draft United States League Special Management Bulletin on Service Corporations," Barry D. Tate, United States League of Savings Association. — Mimeo

D. "New Regs Affect Service Corporation' Debt, Equity," United States League of Savings Associations Newsletter, Vol. 11, No. 2, March 1981. — Mimeo

E. "Final Reg Broadens Service Croporation Powers," United States League of Savings Associations Newsletter, Vol. 11, No. 3, May 1981. — Mimeo

Nov. Fri. (LAB) CASE STUDY NO. 3 DUE

Nov. 21, Mon. INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENTS

A. Chapter 17, Real Estate Finance. — Text

B. "Strategies for Involvement," Stephen E. Roulac, Modern Real Estate Investment: An Institutional Approach. San Francisco, property Press, 1976, pp. 169-199. — Mimeo

C. "A Pension Consultant's Perspective on Real Estate Programs for Tax-Exempt Funds," Questor Real Estate Investment Yearbook, Blake Eagle, 1982, pp. 385-391. Mimeo

D. "Applications of Portfolio Theory to Real Estate," Peter Hornick, Real Estate Review, Summer, 1983, pp. 88-92. Mimeo

E. "Sources and Cost of Money in Today's Capital Market," ULI 1981 Fall Meeting, Bowen H. McCoy, pp. 1-22. Mimeo

Nov. 23, Wed. LIMITED PARTNERSHIPS

A. "How to Understand a Subsidized - Housing Syndication," J. Miller Blew & H. H. Stevenson, Real Estate Review, Summer 1978, pp.42-51. Mimeo

Nov. 25, Fri. * * THANKSGIVING HOLIDAY * *

Nov. 28, Mon. LIMITED PARTNERSHIPS (CONTINUED)

A. Real Estate Securities Letter, June 1981. Mimeo

B. "How Equity Financing Works," Charles E. Wiggin, Real Estate Review, Summer, 1981, pp. 22-27. Mimeo

C. "Syndication is Where Most Real Estate Action Is, Spurring Institutions, S&L's to Enter the Industry," Paula S. Stephens, National Real Estate Investor, August 1983, pp.36-48. Mimeo

Nov. 30, Wed. SECURITIES LAWS IN REAL ESTATE FINANCE

A. "The Impact of Securities Regulations and Financial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. Mimeo

B. "Impacts of Recent Securities Regulatory Developments on Real Estate Syndication," Questor Real Estate Investment Yearbook, 1981, John D. Alspach and Paul J. Derenthal, pp. 399-410. Mimeo

Dec. 2, Fri. (LAB) JOINT VENTURES: ASSISTANCE ON CASE STUDY #4

A. Chapter 22, "Joint Ventures," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

B. "The Unique Tax Characteristics of Partnerships," Jerry S. Williford, Real Estate Review, Summer, 1983, pp. 28-34. Mimeo

C. "The Tax Consequences of a 'Piece of the Action," Stephen Jarchow, Real Estate Review, Winter 1979. Mimeo

Dec. 5, Mon. CORPORATE STRUCTURES FOR REAL ESTATE FINANCE

A. "Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, Real Estate Review. Mimeo

"Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School. Mimeo

SOLUTION AND DISCUSSION OF CASE STUDY NO. 4 - PAPERS DUE AT THE BEGINNING OF CLASS - NO LATE PAPERS ACCEPTED

FINAL EXAM - AS SCHEDULED IN TIMETABLE.

SAME AS FALL (Bus 822) '83-'84

REAL ESTATE FINANCE - FINANCE
SPRING SEMESTER, 1983-84

WEEK	Readings	Source
1/16/-18	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," Real Estate Issues, James A. Graaskamp.	Mimeo
	B. "Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gaylon E. Greer Real Estate Review, Winter, 1982.	Mimeo
	C. "The Triple Revolution in Real Estate Finance," Anthony Downs, Real Estate Review, Spring, 1983, pp. 18-27.	Mimeo
	D. "The Desirability of Leverage: Expanding the Concept," Robert W. Wilbur & James L. Short, Real Estate Review, Summer, 1983, pp. 41-46	Mimeo
	E. "The Case for All-Cash Real Estate Investing," William Clark, The Financial Planner, Sept. 1982, Vol. 11, No. 9, pp 1-5.	Mimeo
	F. "Equity-ing Out' Creates Potential Perils", Anthony Downs, National Real Estate Investor, Feb. 1982.	Mimeo
	LEGAL FORMAT OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, Real Estate Finance, Brueggeman & Stone	Text
	B. Chapter 2, "Parties to the Transaction," Financing Income Producing Real Estate, Britton & Kerwood	Mimeo
	MATHEMATICS OF MORTGAGE FINANCE	
	A. Chapter 6 & 7, Real Estate Finance, Brueggeman & Stone (See Appendices A,B,C)	Text
	B. Optional, Handbook of Mortgage Mathematics and Financial Tables, Gable & Miller, Chap. 1.	Optional Text

WEEK
1/23-25

MORTGAGE FORMAT (CONTINUED)

A. Chapters 4 & 5, <u>Real Estate Finance</u>, Brueggeman & Stone — Text

B. "Creative Financing Instruments," Fred E. Case, <u>The Real Estate Appraiser & Analyst</u>, Spring 1982, pp. 45-58. — Mimeo

MATHEMATICS OF MORTGAGE FINANCE (CONTINUED)

A. Chapter 28, "Mathematics of Mortgage Finance," <u>Financing Income Producing Real Estate</u>, Britton & Kerwood. — Mimeo

B. Assignment of Problem Set #1

1/30-2/1

MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, <u>Real Estate Finance</u>, Brueggeman & Stone — Text

B. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, <u>Real Estate Review</u>, Fall 1977, pp. 45-53. — Mimeo

MORTGAGES AND THE BANKRUPTCY

A. "An Explanation of the Bankruptcy Reform Act of 1978," Dean L. Overman & Edward C. Meader, <u>Shopping Center Report</u>, 1979. — Mimeo

B. "Bankruptcy Reform Act Restores Protection to Real LEstate Secured Lenders," William I. Cumberland & Christopher G. Griffith, <u>The Mortgage Banker</u>, Jan. 1979, pp. 34-39. — Mimeo

✓C. "Deeds in Lieu of Foreclosure," Paul E. Roberts, <u>Real Estate Review</u>, Winter 1979, Vol.8, #4. — Mimeo

MATHEMATICS OF REAL ESTATE FINANCE (CONTINUED)

A. Problem Set #1B

B. Chapter 10, "Valuation of Income Properties," & Appendix, <u>Real Estate Finance</u>. — Text

2/6-2/8

CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 & 14, <u>Real Estate Finance</u>. — Text

INCOME PROPERTY LOAN APPLICATION PROCESS

A. Chapter 11, Real Estate Finance. — Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," Financing Income Producing Real Estate, Britton & Kerwood. — Mimeo

C. [illegible]

_. INTRODUCTION TO WITS, RATES, 7 BFCF
(PROBLEM SET #1 DUE)

2/13-2/15 UNDERWRITING AND INCOME PROPERTY LOAN

A. Chapter 8, "Financial StateMENT and Credit Analysis," Financing Income Producing Real Estate, Britton & Kerwood. — Mimeo

B. Chapter 12, Real Estate Finance, Brueggeman & Stone. — Text

RISK MANAGEMENT OF THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN

A. Financing the Lodging Industry: Players & Techniques of the 1980's, Laventhol & Horwath, pp. 5-39. — Mimeo

B. "How Inflation Erodes the Income of Fixed-Rate Lenders," Real Estate Review, Spring, 1981 Anthony Downs & S. Michael Giliberto — Mimeo

2/20 * * SIX WEEKS EXAM * *

Feb. 22, Wed. <u>CONSTRUCTION LENDING</u>

A. Chapter 16, <u>Real Estate Finance</u>, Brueggeman & Stone, "The Buy-Sell Agreement" — Text

B. "Real Estate Financing," Charles C. Smith and Harold A. Lubell, <u>Real Estate Review</u>, Spring 1979. — Mimeo

C. "A Sample Construction Loan Committment," Richard Ridloff, <u>Real Estate Review</u>, Winter, 1981, Vol. 10, No. 4 — Mimeo

Feb. 27, Mon. CONSTRUCTION LENDING (CONTINUED)

A. "How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, <u>Real Estate Law Journal</u>, Vol. 6, 1977, pp. 21-32. — Mimeo

B. "A Checklist for the Construction Lender's Attorney," Richard Ridloff, <u>Real Estate Review</u>, Wintger, 1982. — Mimeo

Feb. 29, Wed. BASIC OFFICE BUILDING LOANS

A. Case Study 6, "Low-Rise Office Building, p. 574. Tow-page underwriting memo due March 21. No late papers. (Britton and Kerwood) — Mimeo

B. "The National Energy Act: Its Impact on Real Estate and Real Estate Financing," Martin Klepper, <u>The Real Estate Review</u>. — Mimeo

March 5, Mon. LEASE TERMS FOR LOAN SECURITIES

A. Chapter 6, "Coping with the Risks of Commercial Development," <u>The Wonderful World of Real Estate</u>, Emanuel B. Halper — Mimeo

B. Chapter 8, "What is a Net Net Net NET Lease," <u>Wonderful World of Real Estate</u>, Emanual B. Halper. — Mimeo

C. "Consumer Price Index Escalation Clauses in Leases," John R. Lewis & Eldon J. Nosari, <u>Real Estate Review</u>, Fall 1980. — Mimeo

D. Chapter 9, "Lease Analysis: Some Practical Applications and Techniques," <u>Financing Income-Producing Real Estate</u>, Britton and Kerwood. — Mimeo

C. "A Small Firm Makes a Buy/Lease Decision," Willis N. Cobb & James L. Doherty, <u>Real Estate Review</u>, Spring 1980. — Mimeo

D. "Simplifying the Calculation of Yield on New Money," Allen F. Thomas, <u>Real Estate Review</u>, Spring, 1979. — Mimeo

E. "Installement Sales Are Not Always Better," Robert H. Zerbest, <u>Real Estate Review</u>, Spring 1982. — Mimeo

F. "The Rollover Illusion, B. Jerremad, <u>Real Estate Review</u>, Spring 1978, pp. 43-45. — Mimeo

G. "A Secondary Market for Privately Held Purchase Money Mortgages," John W. Ramzy, <u>Real Estate Review</u>, Spring, 1983, pp. 84-88 — Mimeo

H. "Hypothecation Loans Secured by Purchase Money Mortgages," Daniel A. Blumberg, <u>Real Estate Review</u>, Summer, 1983, pp. 12-13 — Mimeo

March 28, Wed. LAND DEVELOPMENT LOANS

A. Review Chapter 16.

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, <u>Real Estate Review</u>. Summer 1979. — Mimeo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Grubb, <u>Real Estate Review</u>, Winter 1979. — Mimeo

April 2, Mon. CONDOMINIUM CONVERSION LOANS

A. "Financing Interim Loans for Condominum Conversion Projects," Douglas W. Hall & Richard T. Garrigan, <u>Real Estate Review</u> Spring 1980. — Mimeo

B. "Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, <u>Real Estate Review</u>, Winter, 1980. — Mimeo

April 4, Wed. $\boxed{\text{**TWELVE WEEK EXAM**}}$

April 9, Mon. THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980

A. Chapter 18, <u>Real Estate Finance</u> — Text

B. "America Cannot Afford Its Cost of Capital," (Business Brief), <u>The Economist</u>, April 30. 1983. — Mimeo

C. RE Consequences of the New Credit Markets

Meeting

D. "Real Estate Syndication Today - The Whats, Whys and How," Thomas O'Dea, Real Estate Investing Letter - Special Report.

E. "Real Estate Syndication Alert," Sample Report (WG&L).

F. RE Syndications - Jarchow + Case Study

April 30, Mon. SECURITIES LAWS IN REAL ESTATE FINANCE

A. "The Impact of Securities Regulations and Finacial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. Mimeo

B. Notes on Securities Law aspects of RE Limited Partnerships

May 2, Wed. JOINT VENTURES: ASSISTANCE ON CASE STUDY #4

A1 ULI Insights

A2 Chapter 22, "Joint Ventures," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

B. "The Unique Tax Characteristics of Partnerships," Jerry S. Williford, Real Estate Review, Summer, 1983, pp. 28-34. Mimeo

C. "The Tax Consequences of a 'Piece of the Action,'" Stephen Jarchow, Real Estate Review, Winter 1979. Mimeo

d. Partnership allocations in RE Joint Ventures, RE Review

May 7, Mon. CORPORATE STRUCTURES FOR REAL ESTATE FINANCE

A. "Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, Real Estate Review. Mimeo

B. "Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School. Mimec

SOLUTION AND DISCUSSION OF CASE STUDY NO. 4
PAPERS DUE AT THE BEGINNING OF CLASS--NO LATE PAPERS ACCEPTED.

May 9 FINAL EXAM -- AS SCHEDULED IN TIMETABLE.

Review - CASE #4 DUE.

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1984

Fall Semester 1984

Professor J. A. Graaskamp
Instructor - Robert Gibson

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of government agencies. Prereq: Bus. 550.

A. Format

1. Two lectures and one quiz section per week.
Quiz section will develop problems and cases.

B. Lectures will develop risks systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

II. Text Materials:

A. Required:

1. Brueggeman, William B. & Stone, Leo D., Real Estate Finance, 7th Ed., Homewood, IL: Richard D. Irwin, Inc., 1981. (Book Store)

2. Arnold, Alvin & Oharenko, John, Guide to Real Estate Capital Markets, (included in reading packet.) Rm 118

3. Manske Manual on MR CAP, UW Copy Center, 1981. (Room 118)

4. Mimeographed readings packet. Bob's Copy Shop, Randall Towers, 1314 W. Johnson Street.

III. Grading:

Problem Set #1	50	points
Problem Set #2	50	"
Problem Set #3 (Case Study)	50	"
Problem Set #4 (Case Study)	100	"
Six Weeks Exam	100	"
Twelve Weeks Exam	100	"
Final Exam	150	"
TOTAL	600	points

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
1984 Topic Schedule

Sept.	5, W	INTRODUCTION TO INCOME PROPERTY FINANCE AND MORTGAGE FORMAT
	LAB	NO LAB FIRST WEEK
	10, M	LEGAL WEB OF MULTIPLE-PARTY COMMERCIAL MORTGAGES
	LAB	MATHEMATICS OF MORTGAGE FINANCE
	12, W	MORTGAGE DEFAULT AND WORKOUTS FOR COMMERCIAL MORTGAGE
	17, M	MORTGAGES AND THE BANKRUPTCY ACT
	LAB	BACK-DOOR, FRONT-DOOR, FLOW CHARTS: PROBLEMS FOR THE HAND CALCULATOR
	19, W	CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
	24, M	INCOME PROPERTY LOAN APPLICATION PROCESS
	LAB	INTRODUCTION TO PC'S-RATES AND VALTEST (PROBLEM SET # 1 DUE)
	26, W	BASIC FORMAT FOR UNDERWRITING AN INCOME PROPERTY LOAN
Oct.	1, M	RISK MANAGEMENT OF THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN
	LAB	CONSTRUCTION LENDING (CONTINUED)
	3, W	RISK MANAGEMENT OF CONSTRUCTION LENDING
	8, M	* * 6 WEEKS EXAM * *
	LAB	INTRODUCTION TO MR CAP
	10, W	HEDGING INTEREST RATE RISKS
	15, M	LEASE TERMS FOR LOAN SECURITY
	LAB	MR CAP PROBLEM #2
	17, W	SHOPPING CENTER LEASE VARIATIONS
	22, M	PARTICIPATING LOANS
	LAB	PARTICIPATION LOANS AND LENDING STRATEGIES ON MR CAP
	24, W	PARTICIPATING LOANS (CONTINUED)
	29, M	GROUND LEASING

	LAB	MR CAP RATIO ANALYSIS: YIELD ANALYSIS
Oct.	31, W	SALES AND LEASEBACKS: BUYBACKS, WRAPAROUNDS & REFINANCING
Nov.	5, M	LAND DEVELOPMENT LOANS
	LAB	NO LAB
	7, W	* * 12 WEEKS EXAM * *
	12, M	THE DEPOSITIORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980
	LAB	CASE STUDY #3
	14, W	S & L SERVICE CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES
	19, M	INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENT
	LAB	MEASURING INVESTMENT PERFORMANCE
	21, W	PENSION FUND INVESTORS
	26, M	LIMITED PARTNERSHIPS
	LAB	ASSISTANCE ON CASE STUDY #4
	28, W	SECURITY LAWS IN REAL ESTATE FINANCE
Dec.	3, M	GENERAL AND LIMITED PARTNERSHIPS COMPARED
	LAB	ISSUES IN CASH FLOW MODELING
	5, W	CORPORATE STRUCTURES FOR REAL ESTATE FINANCE
	10, M	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE
	LAB	REVIEW OF CASE STUDY #4 PAPERS
	12, W	CASE STUDY OF PUBLIC PRIVATE FINANCE

FINAL EXAM - AS SCHEDULED IN TIMETABLE

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Topic Schedule

Fall Semester 1984

Professor J. A. Graaskamp
Instructor - Robert Gibson

Class Period	Readings	Source
Sept. 5, Wed.	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," _Real Estate Issues_, James A. Graaskamp.	Mimeo
	B. "Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gayson E. Greer _Real Estate Review_, Winter, 1982.	Mimeo
	C. "The Triple Revolution in Real Estate Finance," Anthony Downs, _Real Estate Review_, Spring, 1983, pp. 18-27.	Mimeo
	D. "The Desirability of Leverage: Expanding the Concept," Robert W. Wilbur & James L. Short, _Real Estate Review_, Summer, 1983, pp. 41-46.	Mimeo
	E. "The Case for All-Cash Real Estate Investing," William Clark, _The Financial Planner_, Sept. 1982, Vol. 11, No. 9, pp. 1-5.	Mimeo
Sept. 10, Mon.	LEGAL FORMAT OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, _Real Estate Finance_, Brueggeman & Stone	Text
	B. Chapter 2, "Parties to the Transaction," _Financing Income Producing Real Estate_, Britton & Kerwood	Mimeo
	C. Chapters 4 & 5, _Real Estate Finance_, Brueggeman & Stone	Text
	D. Part One, Debt, pp. 1-32, _Guide to Real Estate Capital Markets_, Arnold & Oharenko (1-24 read)	Text
LAB	MATHEMATICS OF MORTGAGE·FINACE	
	A. Chapter 6 & 7, _Real Estate Finance_, Brueggeman & Stone (See Appendices A,B,C)	Text
	B. Assignment of Problem Set #1	

Bus. 551 - Fall 1984

Sept. 12, Wed. MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, Real Estate Finance, Brueggeman & Stone — Text

B. Chapter 846 Wis. Statutes, Foreclosure of Mortgages — Mimeo

C. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, Real Estate Review, Fall 1977, pp. 45-53. — Mimeo

Sept. 17, Mon. MORTGAGES AND THE BANKRUPTCY

A. "An Explanation of the Bankruptcy Reform Act of 1978," Dean L. Overman & Edward C. Meader, Shopping Center Report, 1979. — Mimeo

B. "Bankruptcy Reform Act Restores Protection to Real Estate Secured Lenders," William I. Cumberland & Christopher G. Griffith, The Mortgage Banker, Jan. 1979, pp. 34-39. — Mimeo

C. "Deeds in Lieu of Foreclosure," Paul E. Roberts, Real Estate Review, Winter 1979, Vol. 8, #4. — Mimeo

D. Chapter 39 and 40, "Bankruptcy" and Default and Workout," Modern Mortgage Law and Practice, Robert Kratovil and Raymond Werner, 1981, pp. 559-596. — Mimeo

LAB MATHEMATICS OF REAL ESTATE FINANCE (CONTINUED)

A. Problem Set #18

Chapter 9.

B. Chapter 10, "Valuation of Income Properties," & Appendix, Real Estate Finance — Text

Sept. 19, Wed. CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 & 14, Real Estate Finance. — Text

Did not read Appendix

Sept. 24, Mon. INCOME PROPERTY LOAN APPLICATION PROCESS

Continues for 7 hour Due

A. Chapter 11, Real Estate Finance. — Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," Financing Income Producing Real Estate, Britton & Kerwood. — Mimeo

typed & copied for 7 people

LAB INTRODUCTION TO IBM PC'S-RATES AND VALTEST (PROBLEM SET #1 DUE)

Sept. 26, Wed. UNDERWRITING AN INCOME PROPERTY LOAN

A. Chapter 8, "Financial State and Credit Analysis," Financing Income Producing Real Estate, Britton & Kerwood. — Mimeo

B. Chapter 12, Real Estate Finance, Brueggeman & Stone. — Text

C. "Preparation for Closing: A Sample Checklist," R. Dowd, Real Estate Finance, Vol. 1 No. 2 — Mimeo

Oct. 1, Mon. RISK MANAGEMENT OF THE LONG-TERM, LEVEL PAYMENT AMORTIZED LOAN

A. Financing the Lodging Industry: Players & Techniques of the 1980's, Laventhol & Horwath, pp. 5-39. — Mimeo

B. "How Inflation Erodes the Income of Fixed-Rate Lenders," Real Estate Review, Spring, 1981 Anthony Downs & S. Michael Giliberto — Mimeo

Oct. 3, Wed. CONSTRUCTION LENDING

A. Chapter 16, Real Estate Finance, Brueggeman & Stone, "The Buy-Sell Agreement" — Text

B. "Real Estate Financing", Charles C. Smith & Harold A. Lubell, Real Estate Review, Spring 1979. Buy/Sell Agreement — Mimeo

C. "A Sample Construction Loan Commitment," Richard Ridloff, Real Estate Review, Winter, 1981, Vol. 10, No. 4 — Mimeo

D. "Commercial Bank Financing of Hedged Construction Loans," Dunne & Garrigan Real Estate Review, Fall 1982, Vol.12, No.3 — Mimeo

LAB CONSTRUCTION LENDING (CONTINUED)

A. "How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, Real Estate Law Journal, Vol. 6, 1977, pp. 21-32 — Mimeo

B. "A Checklist for the Construction Lender's Attorney," Richard Ridloff, Real Estate Review, Winter, 1982. — Mimeo

Oct. 8, Mon. * * 6 WEEKS EXAM * *

Oct. 10, Wed. HEDGING INTEREST RATE RISKS

A. Interest rate hedging

B. "Financing Real Estate With Interest Rate Swaps," Sperantsas & Hellmers, Real Estate Review, Vol. 14, No. 1 — Mimeo

LAB — INTRODUCTION TO MR CAP

Oct. 15, Mon. — LEASE TERMS FOR LOAN SECURITY

A. Chapter 6, "Coping with the Risks of Commercial Development," The Wonderful World of Real Estate, Emanuel B. Halper. — Mimeo

B. Chapter 8, "What is a Net Net Net NET Lease," Wonderful World of Real Estate, Emanuel B. Halper. — Mimeo

C. "Consumer Price Index Escalation Clauses in Leases," John R. Lewis & Eldon J. Nosari, Real Estate Review, Fall 1980. — Mimeo

D. Chapter 9, "Lease Analysis: Some Practical Applications and Techniques, " Financing Income-Producing Real Estate, Britton & Kerwood. — Mimeo

LAB — MR CAP PROBLEM 2

A. Manske Manual

Oct. 17, Wed. — SHOPPING CENTER LEASE VARIATIONS

A. "How the Professinal Shopping Center Developer Obtains a Mortgage," Real Estate Review, Spring 1979. — Mimeo

B. "How to Mortgage Out - Financial Discipline in the Development Process for Small Center," Jack R. McNutt, Shopping Center Report. — Mimeo

C. "Shopping Center Loans," Coldwell Banker Co — Mimeo

D. "Property Report United States, Richard Ellis, April, 1983. — Mimeo

Case Study #3, "Neighborhood Shopping Center" DUE IN LAB AT THE BEGINNING OF CLASS. NO LATE PAPTERS ACCEPTED.

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LAB	PARTICIPATION LOANS AND LENDING STRATEGIES ON MR CAP		
Oct. 22, Mon. & Oct. 24, Wed.	PARTICIPATION LOANS AND LENDING STRATEGY		
	A.	"Debt/Equity," Part Two, pp. 53-59 Guide to Real Estate Capital Markets, Arnold & Oharenko.	Text
	B.	"Loan Participations Are Meaningful Commitments," Tockarshewsky, Real Estate Review, Winter, 1980.	Mimeo
	C.	"Federal Income Tax Characterizations of Mortgage Loans With Equity Elements," Anderson & Roche, Real Estate Finance, Summer'84.	Mimeo
Oct. 29, Mon.	GROUND LEASING		
	A.	"Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer & Eugene F. Dunham, Jr., Real Estate Review.	Mimeo
	B.	"A Lender's View of Unsubordinated Ground Leases," Milton Davis, Shopping Center Report No.27, International Council of Shopping Centers.	Mimeo
	C.	"People and Property: To Buy or Not to Buy," Emanual B. Halper, Real Estate Review, Summer 1983, pp. 78-87.	Mimeo
	D.	"Why Public Buildings Cost So Much," Michael Fasano, Real Estate Review, Spring 1981	Mimeo
LAB	MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3		
Oct. 31, Wed.	SALES AND LEASEBACKS: BUYBACKS, WRAP-AROUNDS & REFINANCING		
	A.	Chapters 14 & 15, "Sale and Leaseback Financing and Subordinated Ground Leases," Real Estate Finance, Brueggeman & Stone.	Text
	B.	Leasing or Owning Real Estate - Which Approach Will Maximize the Profits of Your Company, Coldwell Banker & Co., 1972.	Mimeo
	C.	"A Small Firm Makes A Buy/Lease Decision," Willis N. Cobb & James L. Doherty, Real Estate Review, Spring 1980.	Mimeo
	D.	"Simplifying the Calculation of Yield on New Money," Allen F. Thomas, Real Estate Review, Spring, 1979.	Mimeo

Bus. 551 - Fall 1984

Oct. 31, Wed. (Continued)

E. "Installment Sales Are Not Always Better," Robert H. Zerbst, Real Estate Review, Spring 1982 — Mimeo

F. "The Rollover Illusion, B. Jerremad, Real Estate Review, Spring 1978, pp. 43-45 — Mimeo

G. "A Secondary Market for Privately Held Purchase Money Mortgages?", John W. Ramzy, Real Estate Review, Spring, 1983, pp. 84-88. — Mimeo

H. "Hypothecation Loans Secured by Purchase Money Mortgages," Daniel A. Blumberg, Real Estate Review, Summer, 1983, pp. 12-13 — Mimeo

Nov. 5, Mon. LAND DEVELOPMENT LOANS

A. Review Chapter 16.

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, Real Estate Review, Summer 1979. — Mineo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Grubb, Real Estate Review, Winter 1979. — Mimeo

D. "Financing Interim Loans for Condominium Conversion Projects," Douglas W. Hall & Richard T. Garrigan, Real Estate Review, Spring 1980. — Mimeo

E. "Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, Real Estate Review, Winter 1980. — Mimeo

LAB — NO LAB

Nov. 7, Wed. * * TWELVE WEEKS EXAM * *

Nov.12, Mon. THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980

A. Chapter 18, Real Estate Finance. — Text

* 80 pages

B. The Changing Role of Depository Financial Institutions and the Availability of Funds to the Real Estate Industry, Donald R. Fraser, Aug. 1981, pp. 1-80. Texas Real Estate Research Center. — Monograph

* 2pg C. "America Cannot Afford Its Cost of Capital," (Business Brief), The Economist, April 30,1983. — Mimeo

D. How inflation Erodes.

Elaine — Curran - Intriguing Twists in RE

Bus. 551 - Fall 1984

LAB CASE STUDY #3 DUE

Nov. 14, Wed. S&L CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSION FUNDS

A. Chapters 19, 20, 21, and 22, Real Estate Finance. — Text

B. Urban Land Institute paper on "An MXD Financing Session: Sources & Cost of Money in Today's Capital Market," Nov. 1981. — Mimeo

+ 22pgs.

C. "Draft United States League Special Management Bulletin on Service Corporations," Barry D. Tate, United States League of Savings Association. — Mimeo

+ 30pgs

D. "New Regs Affect Service Corporation' Debt, Equity," United States League of Savings Associations Newsletter, Vol. 11, No. 2, March 1981. — Mimeo

* 12pgs

E. "Final Reg Broadens Service Corporation Powers," United States League of Savings Associations Newsletter, Vol. 11, No. 3, May 1981. — Mimeo

4pgs

Nov. 19, Mon. INTRODUCTION TO EQUITY FINANCE CONCEPTS AND GROUP INVESTMENTS

A. Chapter 17, Real Estate Finance. — Text

B. "Investment Success Through Ratio Preference Analysis," Victor Trapasso, Real Estate Review, Winter 1983. — Mimeo

* 6pgs

C. * "Strategies for Involvement," Stephen E. Roulac, Modern Real Estate Investment: An Institutional Approach. San Francisco, Property Press, 1976 pp. 169-199. — Mimeo

* 29pgs

D. Part Three, Equity, Guide to Real Estate Capital Markets, pp. 61-66. — Text

E. "A Pension Consultant's Perspective on Real Estate Programs for Tax-Exempt Funds," Questor Real Estate Investment Yearbook, Blake Eagle, 1982, pp 385-391. — Mimeo

* 6pgs.

F. "Applications of Portfolio Theory to Real Estate," Peter Hornick, Real Estate Review, Summer, 1983, pp. 88-92. — Mimeo

* 5pgs

Bus. 551 - Fall 1984

LAB — MEASURING INVESTMENT PERFORMANCE

Nov. 21, Wed. — PENSION FUND INVESTORS

A. "The Legal Problems of Investing Pension Fund Money in Real Estate," Natalie A. McKelvy, Real Estate Finance, Summer 1984. — Mimeo
* 7.95

B. "Public Pension Funds: A New, But Cautious Participant in Real Estate Finance," William L. Ramseyer, Real Estate Finance, Summer 1984. — Mimeo
* 5.95

Nov. 26, Mon. — LIMITED PARTNERSHIPS

A. "How to Understand a Subsidized - Housing Syndication," J. Miller Blew & H. H. Stevenson, Real Estate Review, Summer 1978, pp. 42-51. — Mimeo
* 9.95

B. "Changes in the Syndication Industry & Stressing Economics," Charles C. Wettever, Real Estate Finance, Summer 1984.
* 4.95

C. Real Estate Securities Letter, June 1981. — Mimeo
* 8.15

D. "Evaluating Real Estate Syndications," Richard Thielen, Real Estate Finance, Spring 1984. — Mimeo
* 6.95

E. "Syndication is Where Most Real Estate Action Is, Spurring Institutions, S&L's to Enter the Industry," Paula S. Stephens, National Real Estate Investor, August 1983, pp. 36-48. — Mimeo
* 7.95

LAB — ASSISTANCE ON CASE STUDY #4

Nov. 28, Wed. — SECURITIES LAWS IN REAL ESTATE FINANCE

A. "The Impact of Securities Regulations and Financial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. — Mimeo
* 27.95

B. "Impacts of Recent Securities Regulatory Developments on Real Estate Syndication," Questor Real Estate Investment Yearbook, 1981, John D. Alspach and Paul J. Derenthal, pp. 399-410. — Mimeo
* 10.95

Dec. 3, Mon. — GENERAL AND LIMITED PARTNERSHIPS COMPARED

A. "Partnership Allocations in Real Estate Joint Ventures," R. B. Peiser, Real Estate Review, Fall 1983. — Mimeo
* 13.95

B. "Negotiating the Real Estate Joint Venture," Robert Bell, Real Estate Review, Fall 1983. — Mimeo
* 20.95

Bus. 551 - Fall 1984

Dec. 3, Mon. (Continued)

C. "The Unique Tax Characteristics of Partnerships," Jerry S. Williford, Real Estate Review, Winter 1979. — Mimeo
* 6 pgs

D. "The Tax Consequences of a "Piece of the Action," Stephen Jarchow, Real Estate Review, Winter 1979. — Mimeo
* 4 pgs

LAB — ISSUES IN CASH FLOW MODELING

A. "Anticipated Growth and the Specification of Debt in Real Estate Value Models," Lusht & Fisher, AREUEA Journal, Spring 1984. — Mimeo
* 10 pgs.

Dec. 5, Wed. — CORPORATE STRUCTURES FOR REAL ESTATE FINANCE

A. "Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, Real Estate Review. — Mimeo
* 3 pgs

B. "Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School. — Mimeo
* 22 pgs

C. "Apple Hill, Natick, Massachusetts--A Case Study," Real Estate Finance, Spring 1984. — Some Missing — Mimeo

Dec. 10, Mon. — SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE

A. Federal Resources — Mimeo

B. Chapter 4, Analyzing the Economic Feasibility of a Development Project: A Guide for Planners, Roddewig & Shlaes. — Mimeo
* 6 pgs

C. "The Use of Urban Development Action Grants as a Component of Financing," Patrick Donnelly, Real Estate Finance, Spring, 1984. — Mimeo
* 4 pgs.

D. "A Developer's Guide to Urban Development Action Grants," Eric Stevenson, Real Estate Review, Winter 1981. — Mimeo
* 6 pgs

E. "The Use of Tax Exempt Bonds for Industrial Development Financing," Marquette Law Journal. — Mimeo
* 25 pgs.

LAB — REVIEW OF CASE STUDY #4 PAPERS

Dec. 12, Wed. — CASE STUDY OF PUBLIC PRIVATE FINANCE

* * FINAL EXAM - AS SCHEDULED IN TIME TABLE * *

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1985

Fall Semester 1985

Professor J. A. Graaskamp
Instructors - Guenther
Osgood

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of government agencies. Prereq: Bus. 550.

A. Format

1. Two lectures and one 75-minute quiz section per week. Quiz section will develop problems and cases.

B. Lectures will develop risks systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

II. Text Materials:

A. Required:

1. Brueggeman, William B. & Stone, Leo D., Real Estate Finance, 7th Ed., Homewood, IL: Richard D. Irwin, Inc., 1981. (Book Store).

2. Arnold, Alvin & Oharenko, John, Guide to Real Estate Capital Markets, (included in reading packet).

3. Manske Manual on MR CAP, UW Copy Center, 1981. (Room 118).

4. Mimeographed readings packet. Bob's Copy Shop, Randall Towers, 1314 W. Johnson Street.

III. Grading:

Problem Set #1	50	points
Problem Set #2	50	"
Problem Set #3 (Case Study)	50	"
Problem Set #4 (Case Study)	100	"
Six Weeks Exam	100	"
Twelve Weeks Exam	100	"
Final Exam	150	"
TOTAL	600	points

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
1985 Topic Schedule

Sept.	4, W	INTRODUCTION TO INCOME PROPERTY FINANCE AND MORTGAGE FORMAT
	LAB	NO LAB FIRST WEEK
	9, M	LEGAL WEB OF MULTIPLE-PARTY COMMERCIAL MORTGAGES
	LAB	MATHEMATICS OF MORTGAGE FINANCE & PROBLEMS FOR THE HAND CALCULATOR
	11, W	MORTGAGE DEFAULT
	16, M	MORTGAGES AND THE BANKRUPTCY ACT
	LAB	BACK-DOOR, FRONT-DOOR, FLOW CHARTS (PROBLEM SET #1 IS DUE)
	18, W	CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
	23, M	INCOME PROPERTY LOAN APPLICATION PROCESS
	LAB	INTRODUCTION TO PC'S-RATES AND VALTEST (PROBLEM SET #2 IS DUE)
	25, W	BASIC FORMAT FOR UNDERWRITING & LETTER OF COMMITMENT
	30, M	THE CLOSING PROCESS
	LAB	FINANCIAL TESTS OF CAPITAL STRUCTURE
Oct	2, W	ANALYSIS OF COMMERCIAL LEASES
	7, M	ANALYSIS OF COMMERCIAL LEASES (CONTINUED)
	LAB	INTRODUCTION TO MR CAP
	9, W	* * SIX WEEKS EXAM * *
	14, M	TITLE & PROPERTY INSURANCE
	16, W	CREDIT ENHANCEMENT
	LAB	MR CAP PROBLEM #2
	21, M	INTEREST RISK MANAGEMENT
	LAB	ARM'S, PARTICIPATION LOANS, AND LENDING STRATEGIES ON VALTEST
	23, W	PARTICIPATION LOANS
	28, M	ADJUSTABLE RATE FORMULAS
	30, W	GROUND LEASING

LAB	MR CAP RATIO ANALYSIS: YIELD ANALYSIS
Nov. 4, M	SALES AND LEASEBACKS: BUYBACKS, WRAPAROUNDS & REFINANCING
6, W	TAX FACTORS IN LEASEBACK FINANCING
LAB	REVIEW FOR 12 WEEKS EXAM
11, M	* * 12 WEEKS EXAM * *
LAB	CASE STUDY #3
13, W	CONSTRUCTION LENDING
18, M	DEPOSITORY INSTITUTIONS & DEREGULATION & MONETARY ACT OF 1980
LAB	CONSTRUCTION LOAN ADMINISTRATION
20, W	S&L CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, & PENSION FUNDS
25, M	LAND DEVELOPMENT & CONDOMINIUM CONVERSION FINANCE
LAB	ASSISTANCE ON CASE STUDY #4
27, W	INDUSTRIAL REVENUE BONDING
Dec. 2, M	SECURITIZATION OF COMMERCIAL MORTGAGE LENDING
LAB	GENERAL REVIEW
4, W	RATING COMMERCIAL MORTGAGE BONDS
9, M	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE
LAB	REVIEW OF CASE STUDY #4 SOLUTION
11, W	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE (CONTINUED)
	* * FINAL EXAM AS SCHEDULED IN CATALOG * *

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Topic Schedule

Fall Semester 1985

Professor J. A. Graaskamp
Instructors - Guenther
Osgood

Class Period	Readings	Source
Sept. 4, Wed.	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," Real Estate Issues, James A. Graaskamp.	Mimeo
	B. "Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gaylon E. Greer Real Estate Review, Winter, 1982.	Mimeo
	C. "The Triple Revolution in Real Estate Finance," Anthony Downs, Real Estate Review, Spring, 1983, pp. 18-27.	
	D. "The Desirability of Leverage: Expanding the Concept," Robert W. Wilbur & James L. Short, Real Estate Review, Summer, 1983, pp. 41-46	Mimeo
	E. "The Case for All-Cash Real Estate Investing," William Clark, The Financial Planner, Sept. 1982, Vol. 11, No. 9, pp. 1-5.	Mimeo
Sept. 9, Mon.	LEGAL WEB OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, Real Estate Finance, Bureggeman & Stone	Text
	B. Chapter 2, "Parties to the Transaction," Financing Income Producing Real Estate, Britton & Kerwood	Mimeo
	C. Chapters 4 & 5, Real Estate Finance, Brueggeman & Stone	Text
	D. Part One, Debt, pp. 1-32, Guide to Real Estate Capital Markets, Arnold & Oharenko	Text
LAB	MATHEMATICS OF MORTGAGE FINANCE, PROBLEMS FOR THE HAND CALCULATOR	
	A. Chapter 6 & 7, Real Estate Finance, Brueggeman & Stone (See Appendices A, B, C)	Text
	B. Assignment of Problem Set #1	

Bus. 551 Fall 1985

Sept. 11, Wed. MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, Real Estate Finance, Bureggeman & Stone — Text

B. Chapter 846 Wis. Statutes, Foreclosure of Mortgages — Mimeo

C. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, Real Estate Review, Fall 1977, pp. 45-53. — Mimeo

D. "Accounting for the Restructuring of Troubled Real Estate Debt," Roger Johnson, Real Estate Review, Winter 1985, pp. 90-94. — Mimeo

Sept. 16, Mon. MORTGAGES AND THE BANKRUPTCY

A. "Deeds in Lieu of Foreclosure," Paul E. Roberts Real Estate Review, Winter 1979, Vol. 8, #4. — Mimeo

B. Chapters 39 and 40, "Bankruptcy" and Default and Workout," Modern Mortgage Law and Practice, Robert Kratovil and Raymond Werner, 1981, pp. 559-596. — Mimeo

C. "Bankruptcy: The Creditor and Chapter 11," Jon Moss and Paul S. Berger, and "Winning the Bankruptcy War," Michael S. Polk, Mortgage Banking. — Mimeo

LAB BACK-DOOR, FRONT-DOOR-FLOW CHARTS (PROBLEM SET #1 IS DUE)

A. Chapter 10, "Valuation of Income Properties," & Appendix, Real Estate Finance — Text

B. PC Back Door Models

C. Wisconsin Model Input-Output

Sept. 18, Wed. CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 & 14, Real Estate Finance. — Text

B. "A Highly Leveraged Acquisition of Income Property," Ricardo Capretta, Real Estate Review, Spring 1985, pp. 50-54. — Mimeo

C. "A Revolutionary Structure for Ownership," Sam W. Galowitz, Real Estate Review, Summer 1985, pp. 70-73.

D. Real Estate Finance Data Bank, George Fantini, Boston Financial Technology Group — Mimeo

Bus. 551 - Fall 1985

Sept. 23, Mon. INCOME PROPERTY LOAN APPLICATION PROCESS

A. Chapter 11, Real Estate Finance. Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

LAB INTRODUCTION TO IBM PC'S-RATES AND VALTEST (PROBLEM SET #2 IS DUE)

Sept 25, Wed. BASIC FORMAT FOR UNDERWRITING & LETTER OF COMMITMENT

A. Chapter 8, "Financial State and Credit Analysis," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

B. Chapter 12, Real Estate Finance, Bureggeman & Stone. Text

C. Financing the Lodging Industry: Players & Techniques of the 1980's, Laventhol & Horwath, pp. 5-39. Mimeo

Sept. 30, Mon. THE CLOSING PROCESS

A. "Preparation for Closing: A Sample Checklist," R. Dowd, Real Estate Finance, Vol. 1 No. 2 Mimeo

B.

LAB FINANCIAL TESTS OF CAPITAL STRUCTURE

Oct. 2, Wed. ANALYSIS OF COMMERCIAL LEASES

A. Chapter 6, "Coping with the Risks of Commercial Development," The Wonderful World of Real Estate, Emanuel B. Halper. Mimeo

B. Chapter 8, "What is a Net Net Net NET Lease," Wonderful World of Real Estate, Emanuel B. Halper. Mimeo

C. "Consumer Price Index Escalation Clauses in Leases," John R. Lweis & Eldon J. Nosari, Real Estate Review, Fall 1980. Mimeo

D. "A Practical Guide to Reviewing A Commercial Lease," Real Property, Probate and Trust Journal, pp. 891-940. Mimeo

Bus. 551 - Fall 1985

Oct. 7, Mon. ANALYSIS OF COMMERCIAL LEASES (CONTINUED)

A. "Comparative Lease Aging and Lotus 1-2-3," Oakleigh THorne, Real Estate Review, Spring 1985, pp. 55-60. Mimeo

LAB INTRODUCTION TO MR CAP

Oct. 9, Wed. * * SIX WEEKS EXAM * *

Oct. 14, Mon. TITLE AND PROPERTY INSURANCE

A. "Financial Guarantees of Commercial Mortgages," Fixed Income Research First Boston. Mimeo

B.

LAB MR CAP PROBLEM #2

Oct. 16, Wed. CREDIT ENHANCEMENT

A.

B

C.

Oct. 21, Mon. INTEREST RISK MANAGEMENT

A. "Duration: A Powerful New Tool for Managing Interest Rate Risk," Charles Wurtzebach & Neil Waller, Real Estate Review, Summer '85. Mimeo

B. "A Way to Manage Interest Rate Risks," Commodities & Securities Division of the First National Bank of Chicago. Mimeo

C. "Interest Rate Protection for the Real Estate Developer, Michael Ochs, Real Estate Finance, Winter 1985, pp. 7-16. Mimeo

D. "Constructive Use of Fixed-Rate Mortgages," Michael Waldman, Salmon Brothers Inc. Mortgage Research, May 1985. Mimeo

Bus. 551 - Fall 1985

Oct. 21, Mon. (continued)	E.	"The Incredible World of Swaps," Euromoney, November 1983.	Mimeo
	F.	"Swaps for Floating-Rate Demand Notes, Choosing the Floating Swap Rate," "Using an Interest-Rate Swap to Hedge Floating-Rate Demand Notes," "Interest-Rate Swaps," Real Estate Financial Services, Citicorp.	Mimeo
Oct. 23, Mon.		PARTICIPATION LOANS AND LENDING STRATEGY	
	A.	Debt/Equity," Part Two, pp. 53-59, Guide to Real Estate Capital Markets, Arnold & Oharenko.	Text
	B.	"Loan Participations Are Meaningful Commitments," Tockarshewsky, Real Estate Review, Winter, 1980.	Mimeo
	C.	"Federal Income Tax Characterizations of Mortgage Loans With Equity Elements," Anderson & Roche, Real Estate Finance, Summer 1984.	Mimeo
	D.	"Floating-Rate Demand Notes," Real Estate Financial Services, Citicorp.	Mimeo
Oct. 28, Mon.		ADJUSTABLE RATE FORMULAS	
	B		
LAB		MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3	
	A.	"Anticipated Growth and the Specification of Debt in Real Estate Value Models," Lusht & Fisher, AREUEA Journal, Spring 1984.	Mimeo
Oct. 30, Wed.		GROUND LEASING	
	A.	"Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer & Eugene F. Dunham, Jr., Real Estate Review.	Mimeo
	B.	"A Lender's View of Unsubordinated Ground Leases," Milton Davis, Shopping Center Report No. 27, International Council of Shopping Ctrs.	Mimeo
	C.	"People and Property: To Buy or Not to Buy," Emanual B. Halper, Real Estate Review, Summer 1983, pp.78-87.	Mimeo

Bus. 551 - Fall 1985

Oct. 30, Wed. (continued)

D. "Why Public Buildings Cost So Much," Michael Fasano, Real Estate Review, Spring '81. Mimeo

Nov. 4. Mon.

SALES AND LEASEBACKS: BUYBACKS, WRAP-AROUNDS & REFINANCING

A. Chapters 14 & 15, "Sale and Leaseback Financing and Subordinated Ground Leases," Real Estate Finance, Bureggeman & Stone. Text

B. Leasing or Owning Real Estate - Which Approach Will Maximize the Profits of Your Company, Coldwell Banker & Co., 1972. Mimeo

C. "A Small Firm Makes A Buy/Lease Decision," Willis N. Cobb & James L. Doherty, Real Estate Review, Spring 1980. Mimeo

D. "Simplifying the Calculation of Yield on New Money," Allen F. Thomas, Real Estate Review, Spring, 1979. Mimeo

E. "Installment Sales Are Not Always Better," Robert H. Zerbst, Real Estate Review, Spring 1982. Mimeo

F. "The Rollover Illusion, B. Jerremad, Real Estate Review, Spring 1978, pp. 43-45. Mimeo

G. "A Secondary Market for Privately Held Purchase Money Mortgages?", John W. Ramzy, Real Estate Review, Spring, 1983, pp. 84-88. Mimeo

H. "Hypothecation Loans Secured by Purchase Money Mortgages," Daniel A. Blumberg, Real Estate Review, Summer, 1983, pp. 12-13. Mimeo

I. "Optimal Structuring of the Nonfinancial Sale-Leaseback," Michael J. Little, Real Estate Review, Summer 1985. Mimeo

J. "High Rates Trim Bullet Loan Amounts," George Fantini, Jr., Real Estate Financing Update. Mimeo

K. "Purchase Money Financing and the New Tax Law," The Mortgage & Real Estate Executives Report. Mimeo

L. Refinancing Existing Shopping Centers, S. Douglas Weil, Robert Dale, John D. Wadhams. Mimeo

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Nov. 6, Wed. TAX FACTORS IN LEASEBACK FINANCING

A. "Deferred Rent Transactions and Leveraged Sale-Leasebacks Under TRA 84," Menachem Rosenberg, Real Estate Review, Spring 1985 — Mimeo

B. "Sale-Leaseback of Office Building Owned by Financial Institution Through a Real Estate Syndicator," The Investment Group. — Mimeo

C. "The Explosion in Leveraged Sale-Leasebacks," Chip Conley, Real Estate Review, Fall 1984. — Mimeo

LAB REVIEW FOR EXAM

Nov. 11, Mon. * * TWELVE WEEKS EXAM * *

Nov. 13, Wed. CONSTRUCTION LENDING

A. Chapter 16, Real Estate Finance, Brueggeman & Stone, — Text

B. "Real Estate Financing," Charles C. Smith & Harold A. Lubell, Real Estate Review, Spring 1979. — Mimeo

C. "A Sample Construction Loan Commitment," Richard Ridloff, Real Estate Review, Winter, 1981. — Mimeo

D. "Commercial Bank Financing of Hedged Construction Loans," Dunne & Garrigan Real Estate Review, Fall 1982. — Mimeo

E. "How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, Real Estate Law Journal, Vol. 6, 1977. — Mimeo

F. "A Checklist for the Construction Lender's Attorney," Richard Ridloff, Real Estate Review, Winter 1982. — Mimeo

LAB CONSTRUCTION AND LOAN ADMINISTRATION

Nov. 18, Mon. THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980

A. Chapter 18, Real Estate Finance. — Text

B. The Changing Role of Depository Financial Institutions and the Availability of Funds to the Real Estate Industry, Donald R. Fraser Aug. 1981, pp. 1-80. Texas Real Estate Research Center. — Monograph

Bus. 551 - Fall 1985

Nov. 18, Mon. (continued)

C. "America Cannot Afford Its Cost of Capital," (Business Brief), The Economist, April 30, '83. Mimeo

D. "Risk, Safety and Bank Deregulation," Dr. Alan Greenspan. Mimeo

E. "An Analysis of the Proposed Financial Institutions Equity Act of 1985," Report prepared by Sears, Roebuck & Co., June 20, '85. Mimeo

F. "Real Estate: Historical Returns and Risks," Robert H. Zerbst & Barbara R. Cambon, The Journal of Portfolio Management. Mimeo

G. "Do Deficits Matter?", Bank of Boston Economic Review. Mimeo

H. "The Real Estate Report," Randall C. Zisler, Real Estate Research, April 1985. Mimeo

LAB — CASE STUDY #3 IS DUE

Nov. 20, Wed. — S&L CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSION FUNDS

A. Chapters 19, 20, 21, and 22 Real Estate Finance. Text

B. "Final Reg Broadens Service Corporation Powers," United States League of Savings Associations Newsletter, Vol. 11, No. 3, May 1981. Mimeo

C. "Public Pension Funds: A New, But Cautious Participant in Real Estate Finance," William L. Ramseyer, Real Estate Finance, Summer 1984. Mimeo

D. "Highlights From Uli's Dollars and Percents of Development Finance, II," Cecil E. Sears, Urban Land, June 1985. Mimeo

E. "Real Estate Consequences of the New Credit Markets," Peter C. Aldrich and Richard Kopcke, Real Estate Review. Mimeo

F. "The Mortgage and Real Estate Executives Report," Alvin L. Arnold, October 15, 1983, Vol. 16, No. 16. Mimeo

Bus. 551 - Fall 1985

Nov. 25, Mon. LAND DEVELOPMENT & CONDOMINIUM CONVERSION FINANCE

A. Review Chapter 16

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, Real Estate Review, Summer 1979. — Mimeo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Grubb, Real Estate Review, Winter 1979. — Mimeo

D. "Financing Interim Loans for Condominium Conversion Projects," Douglas W. Hall & Richard T. Garrigan, Real Estate Review, Spring 1980. — Mimeo

E. "Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, Real Estate Review, Winter 1980. — Mimeo

LAB ASSISTANCE ON CASE STUDY #4

Nov. 27, Wed. INDUSTRIAL REVENUE BONDING

A. "Industrial Development Bond Financing: An Overview of Current Trends and Techniques," Robert S. Dorfman, Real Estate Finance, Fall 1984, Vol. 1, No. 3. — Mimeo

B. "Industrial Development Bonds: Overview in Light of the Tax Reform Act of 1984," Steven K. Weinberg and Ian J. Stock, Real Estate Finance Law Journal, Summer 1985, Vol. 1, No. 2 — Mimeo

Dec. 2, Mon. SECURITIZATION OF COMMERCIAL MORTGAGE LENDING

A. "Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, Real Estate Review. — Mimeo

B. "The Impact of Securities Regulations and Financial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. — Mimeo

C. "Impacts of Recent Securities Regulatory Developments on Real Estate Syndication," Questor Real Estate Investment Yearbook, 1981, John D. Alspach and Paul J. Derenthal, pp. 399-410. — Mimeo

Dec. 2, Mon. (continued)	D.	"Syndication Emerges to Transform the Real Estate Capital Market," Stephen E. Roulac, Real Estate Finance, Winter 1985, Vol. 1, No. 4.	Mimeo
	E.	"Negotiating the Real Estate Joint Venture," Robert Bell, Real Estate Review, Fall 1983.	Mimeo
LAB		GENERAL REVIEW	
Dec. 4, Wed.		RATING COMMERCIAL MORTGAGE BONDS	
	A.	"Credit-Rating Standards for Commercial Mortgage-Backed Bonds," Stan Ross and Carl Kane, Real Estate Finance, Spring 1985, Vol. 2, No. 1.	Mimeo
Dec. 9, Mon.		SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE	
	A.	"Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School.	Mimeo
	B.	"Apple Hill, Natick, Massachusetts--A Case Study," Real Estate Finance, Spring 1984.	Mimeo
	C.	"Impact of Reagan Tax Proposal Number 2 on Cash Flows and Required Rent."	Mimeo
LAB		REVIEW OF CASE STUDY #4 SOLUTION	
Dec. 11, Wed.		SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE (CONTINUED)	
	A.	Federal Resources	Mimeo
	B.	Chapter 4, Analyzing the Economic Feasibility of a Development Project: A Guide for Planners, Roddewig & Shlaes.	Mimeo
	C.	"The Use of Urban Development Action Grants as a Component of Financing," Patrick Donnelly, Real Estate Finance, Spring 1984.	Mimeo
	D.	"A Developer's Guide to Urban Development Action Grants," Eric Stevenson, Real Estate Review, Winter 1981.	Mimeo

Dec. 11, Wed. (continued)	E:	"Downtown Shopping Malls and The New Public-Private Strategy," Bernard J. Frieden and Lynne B. Sagalyn, August 20, 1984.	Mimeo

* * FINAL EXAM AS SCHEDULED IN CATALOG * *

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1986

Fall Semester 1986 — Professor J. A. Graaskamp

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of government agencies. Prereq: Bus. 550.

A. Format

1. Two lectures and one 75-minute quiz section per week. Quiz section will develop problems and cases.

B. Lectures will develop risks systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

II. Text Materials:

A. Required:

1. Brueggeman, William B. & Stone, Leo D., <u>Real Estate Finance</u>, 7th Ed., Homewood, IL: Richard D. Irwin, Inc., 1981. (Book Store).

2. Arnold, Alvin & Oharenko, John, <u>Guide to Real Estate Capital Markets</u>, (included in reading packet).

3. Mimeographed readings packet. Bob's Copy Shop, Randall Towers, 1314 W. Johnson Street.

III. Grading:

Problem Set #1	50 points
Problem Set #2	50 "
Problem Set #3 (Case Study)	50 "
Problem Set #4 (Case Study)	100 "
Six Weeks Exam	100 "
Twelve Weeks Exam	100 "
Final Exam	150 "
TOTAL	600 points

1986 Topic Schedule
REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551

Sept.	3, W	INTRODUCTION TO INCOME PROPERTY FINANCE AND MORTGAGE FORMAT
	LAB	NO LAB FIRST WEEK
	8, M	LEGAL WEB OF MULTIPLE-PARTY COMMERCIAL MORTGAGES
	LAB	MATHEMATICS OF MORTGAGE FINANCE & PROBLEMS FOR THE HAND CALCULATOR
	10, W	MORTGAGE DEFAULT
	15, M	MORTGAGES AND THE BANKRUPTCY ACT
	LAB	BACK-DOOR, FRONT-DOOR, FLOW CHARTS (PROBLEM SET #1 IS DUE)
	17, W	CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
	22, M	INCOME PROPERTY LOAN APPLICATION PROCESS
	LAB	INTRODUCTION TO PC'S-RATES AND VALTEST (PROBLEM SET #2 IS DUE)
	24, W	BASIC FORMAT FOR UNDERWRITING & LETTER OF COMMITMENT
	29, M	THE CLOSING PROCESS
	LAB	FINANCIAL TESTS OF CAPITAL STRUCTURE
Oct.	1, W	ANALYSIS OF COMMERCIAL LEASES
	6, M	ANALYSIS OF COMMERCIAL LEASES (CONTINUED)
	LAB	INTRODUCTION TO MR CAP
	8, W	* * SIX WEEKS EXAM * *
	13, M	TITLE & PROPERTY INSURANCE
	15, W	CREDIT ENHANCEMENT
	LAB	MR CAP PROBLEM #2
	20, M	INTEREST RISK MANAGEMENT
	LAB	ARM'S, PARTICIPATION LOANS, AND LENDING STRATEGIES ON VALTEST
	22-25	ULI - CHICAGO
	27, M	PARTICIPATION LOANS & OTHER ADJUSTABLE RATE FORMULAS
	29, W	GROUND LEASING

	LAB	MR CAP RATIO ANALYSIS: YIELD ANALYSIS
Nov.	3, M	SALES AND LEASEBACKS: BUYBACKS, WRAPAROUNDS & REFINANCING
	5, W	TAX FACTORS IN LEASEBACK FINANCING
	LAB	REVIEW FOR 12 WEEKS EXAM
	10, M	CONSTRUCTION LENDING
	LAB	CASE STUDY #3
	12, W	* * 12 WEEKS EXAM * *
	17, M	DEPOSITORY INSTITUTIONS & DEREGULATION & MONETARY ACT OF 1980
	LAB	CONSTRUCTION LOAN ADMINISTRATION
	19, W	S&L CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, & PENSION FUNDS
	24, M	LAND DEVELOPMENT & CONDOMINIUM CONVERSION FINANCE
	LAB	ASSISTANCE ON CASE STUDY #4
	26, W	INDUSTRIAL REVENUE BONDING
Dec.	1, M	SECURITIZATION OF COMMERCIAL MORTGAGE LENDING
	LAB	GENERAL REVIEW
	3, W	RATING COMMERCIAL MORTGAGE BONDS
	8, M	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE
	LAB	REVIEW OF CASE STUDY #4 SOLUTION
	10, W	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE (CONTINUED)

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Topic Schedule

Fall Semester 1986 — Professor J. A. Graaskamp

Class Period	Readings	Source
Sept. 3, Wed.	INTRODUCTION TO INCOME PROPERTY FINANCE	
	A. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," <u>Real Estate Issues</u>, James A. Graaskamp.	Mimeo
	B. "Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gaylon E. Greer <u>Real Estate Review</u>, Winter, 1982.	Mimeo
	C. "The Triple Revolution in Real Estate Finance," Anthony Downs, <u>Real Estate Review</u>, Spring, 1983, pp. 18-27.	Mimeo
	D. "The Desirability of Leverage: Expanding the Concept," Robert W. Wilbur & James L. Short, <u>Real Estate Review</u>, Summer, 1983, pp. 41-46	Mimeo
	E. "The Case for All-Cash Real Estate Investing," William Clark, <u>The Financial Planner</u>, Sept. 1982, Vol. 11, No. 9, pp. 1-5.	Mimeo
Sept. 8, Mon.	LEGAL WEB OF MULTIPLE PARTY COMMERCIAL MORTGAGES	
	A. Chapters 1 and 2, <u>Real Estate Finance</u>, Brueggeman & Stone	Text
	B. "Financing Real Estate Developments," Robert Joyce, <u>The Colorado Lawyer</u>, August 1985.	Mimeo
	C. Chapters 4 & 5, <u>Real Estate Finance</u>, Brueggeman & Stone	Text
	D. Part One, Debt, pp. 1-32, <u>Guide to Real Estate Capital Markets</u>, Arnold & Oharenko	Mimeo
LAB	MATHEMATICS OF MORTGAGE FINANCE, PROBLEMS FOR THE HAND CALCULATOR	
	A. Chapter 6 & 7, <u>Real Estate Finance</u>, Brueggeman & Stone (See Appendices A, B, C)	Text
	B. Assignment of Problem Set #1	

Bus. 551 Fall 1986

Sept. 10, Wed. MORTGAGE DEFAULTS AND COMMERCIAL MORTGAGES

A. Chapter 3, Real Estate Finance, Bureggeman & Stone — Text

B. Chapter 846 Wis. Statutes, Foreclosure of Mortgages — Mimeo

C. "Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, Real Estate Review, Fall 1977, pp. 45-53. — Mimeo

D. "Accounting for the Restructuring of Troubled Real Estate Debt," Roger Johnson, Real Estate Review, Winter 1985, pp. 90-94. — Mimeo

Sept. 15, Mon. MORTGAGES AND THE BANKRUPTCY

A. "Deeds in Lieu of Foreclosure," Paul E. Roberts Real Estate Review, Winter 1979, Vol. 8, #4. — Mimeo

B. Chapters 39 and 40, "Bankruptcy" and Default and Workout," Modern Mortgage Law and Practice, Robert Kratovil and Raymond Werner, 1981, pp. 559-596. — Mimeo

C. "Bankruptcy: The Creditor and Chapter II," Jon Moss and Paul S. Berger, and "Winning the Bankruptcy War," Michael S. Polk, Mortgage Banking. — Mimeo

LAB BACK-DOOR, FRONT-DOOR-FLOW CHARTS (PROBLEM SET #1 IS DUE)

A. Chapter 10, "Valuation of Income Properties," & Appendix, Real Estate Finance — Text

B. PC Back Door Models

C. Wisconsin Model Input-Output

Sept. 17, Wed. CHOOSING A FINANCING STRATEGY FOR THE BORROWER

A. Chapter 13 & 14, Real Estate Finance. — Text

B. "A Highly Leveraged Acquisition of Income Property," Ricardo Capretta, Real Estate Review, Spring 1985, pp. 50-54. — Mimeo

C. "A Revolutionary Structure for Ownership," Sam W. Galowitz, Real Estate Review, Summer 1985, pp. 70-73. — Mimeo

D. Real Estate Finance Data Bank, George Fantini, Boston Financial Technology Group — Mimeo

Bus. 551 - Fall 1986

Sept. 22, Mon.	INCOME PROPERTY LOAN APPLICATION PROCESS		
	A.	Chapter 11, Real Estate Finance.	Text
	B.	Chapter 4, "Negotiating the Loan Application," Chapter 6, "Preparation & Presentation of a Loan Submission," Financing Income Producing Real Estate, Britton & Kerwood.	Mimeo
LAB	INTRODUCTION TO IBM PC'S-RATES AND VALTEST (PROBLEM SET #2 IS DUE)		
Sept 24, Wed.	BASIC FORMAT FOR UNDERWRITING & LETTER OF COMMITMENT		
	A.	Chapter 8, "Financial State and Credit Analysis," Financing Income Producing Real Estate, Britton & Kerwood.	Mimeo
	B.	Chapter 12, Real Estate Finance, Bureggeman & Stone.	Text
	C.	Financing the Lodging Industry: Players & Techniques of the 1980's, Laventhol & Horwath, pp. 5-39.	Mimeo
Sept. 29, Mon.	THE CLOSING PROCESS		
	A.	"Preparation for Closing: A Sample Checklist," R. Dowd, Real Estate Finance, Vol. 1 No. 2	Mimeo
	B.		
LAB	FINANCIAL TESTS OF CAPITAL STRUCTURE		
Oct. 1, Wed.	ANALYSIS OF COMMERCIAL LEASES		
	A.	Chapter 6, "Coping with the Risks of Commercial Development," The Wonderful World of Real Estate, Emanuel B. Halper.	Mimeo
	B.	Chapter 8, "What is a Net Net Net NET Lease," Wonderful World of Real Estate, Emanuel B. Halper.	Mimeo
	C.	"Consumer Price Index Escalation Clauses in Leases," John R. Lweis & Eldon J. Nosari, Real Estate Review, Fall 1980.	Mimeo
	D.	"A Practical Guide to Reviewing A Commercial Lease," Real Property, Probate and Trust Journal, pp. 891-940.	Mimeo

Bus. 551 - Fall 1986

Oct. 6, Mon. ANALYSIS OF COMMERCIAL LEASES (CONTINUED)

A. "Comparative Lease Aging and Lotus 1-2-3," Oakleigh THorne, Real Estate Review, Spring 1985, pp. 55-60. Mimeo

LAB INTRODUCTION TO MR CAP

Oct. 8, Wed. * * SIX WEEKS EXAM * *

Oct. 13, Mon. TITLE AND PROPERTY INSURANCE

A.

Mimeo

B.

LAB MR CAP PROBLEM #2

Oct. 15, Wed. CREDIT ENHANCEMENT

A. "The Development of Rated Nonrecourse Mortgage-Backed Bonds," J. Steven Manolis and Stuart Meistrich, Real Estate Finance, Summer, 1986, pp. 17-26. Mimeo

B. "Financial Guarantees of Commercial Mortgages," Fixed Income Research First Boston. Mimeo

Oct. 20, Mon. INTEREST RISK MANAGEMENT

A. "Duration: A Powerful New Tool for Managing Interest Rate Risk," Charles Wurtzebach & Neil Waller, Real Estate Review, Summer '85. Mimeo

B. "A Way to Manage Interest Rate Risks," Commodities & Securities Division of the First National Bank of Chicago. Mimeo

C. "Interest Rate Protection for the Real Estate Developer, Michael Ochs, Real Estate Finance, Winter 1985, pp. 7-16. Mimeo

D. "Constructive Use of Fixed-Rate Mortgages," Michael Waldman, Salmon Brothers Inc. Mortgage Research, May 1985. Mimeo

E. "Creating the Perfect Hedge," Michael Ochs, Real Estate Finance, Summer 1986, pp. 29-38 Mimeo

Bus. 551 - Fall 1986

Oct. 20, Mon. (continued)	E. "The Incredible World of Swaps," Euromoney, November 1983.	Mimeo
Oct. 22-25 - ULI - Chicago	F. "Swaps for Floating-Rate Demand Notes, Choosing the Floating Swap Rate," "Using an Interest-Rate Swap to Hedge Floating-Rate Demand Notes," "Interest-Rate Swaps," Real Estate Financial Services, Citicorp.	Mimeo
Oct. 27, Mon.	PARTICIPATION LOANS AND LENDING STRATEGY	
	A. Debt/Equity," Part Two, pp. 53-59, Guide to Real Estate Capital Markets, Arnold & Oharenko.	Mimeo
	B. "Loan Participations Are Meaningful Commitments," Tockarshewsky, Real Estate Review, Winter, 1980.	Mimeo
	C. "Federal Income Tax Characterizations of Mortgage Loans With Equity Elements," Anderson & Roche, Real Estate Finance, Summer 1984.	Mimeo
	D. "Floating-Rate Demand Notes," Real Estate Financial Services, Citicorp.	Mimeo
LAB	MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3	
	A. "Anticipated Growth and the Specification of Debt in Real Estate Value Models," Lusht & Fisher, AREUEA Journal, Spring 1984.	Mimeo
Oct. 29, Wed.	GROUND LEASING	
	A. "Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer & Eugene F. Dunham, Jr., Real Estate Review.	Mimeo
	B. "A Lender's View of Unsubordinated Ground Leases," Milton Davis, Shopping Center Report No. 27, International Council of Shopping Ctrs.	Mimeo
	C. "People and Property: To Buy or Not to Buy," Emanual B. Halper, Real Estate Review, Summer 1983, pp.78-87.	Mimeo

Bus. 551 - Fall 1986

Oct. 29, Wed. (Continued)

D. "Why Public Buildings Cost So Much," Michael Fasano, Real Estate Review Spring '81. — Mimeo

E. "People & Property, Introducing the Ground Lease," Emanuel B. Halper, Real Estate Review Fall '85, pp. 24-25. — Mimeo

F. "Mortgageability of Unsubordinated Ground Leases," Emanuel B. Halper, Real Estate Review Spring '86, pp. 48-54. — Mimeo

Nov. 3, Mon. SALES AND LEASEBACKS: BUYBACKS, WRAP-AROUNDS & REFINANCING

A. Chapters 14 & 15, "Sale and Leaseback Financing and Subordinated Ground Leases," Real Estate Finance, Bureggeman & Stone. — Text

B. Leasing or Owning Real Estate - Which Approach Will Maximize the Profits of Your Company, Coldwell Banker & Co., 1972. — Mimeo

C. "A Small Firm Makes A Buy/Lease Decision," Willis N. Cobb & James L. Doherty, Real Estate Review, Spring 1980. — Mimeo

D. "Simplifying the Calculation of Yield on New Money," Allen F. Thomas, Real Estate Review, Spring, 1979. — Mimeo

E. "Installment Sales Are Not Always Better," Robert H. Zerbst, Real Estate Review, Spring 1982. — Mimeo

F. "The Rollover Illusion, B. Jerremad, Real Estate Review, Spring 1978, pp. 43-45. — Mimeo

G. "A Secondary Market for Privately Held Purchase Money Mortgages?", John W. Ramzy, Real Estate Review, Spring, 1983, pp. 84-88. — Mimeo

H. "Hypothecation Loans Secured by Purchase Money Mortgages," Daniel A. Blumberg, Real Estate Review, Summer, 1983, pp. 12-13. — Mimeo

I. "Optimal Structuring of the Nonfinancial Sale-Leaseback," Michael J. Little, Real Estate Review, Summer 1985. — Mimeo

J. "High Rates Trim Bullet Loan Amounts," George Fantini, Jr., Real Estate Financing Update. — Mimeo

K. "Purchase Money Financing and the New Tax Law," The Mortgage & Real Estate Executives Report. — Mimeo

L. Refinancing Existing Shopping Centers, S. Douglas Weil, Robert Dale, John D. Wadhams. — Mimeo

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Nov. 5, Wed.	TAX FACTORS IN LEASEBACK FINACING		
	A.	"Deferred Rent Transactions and Leveraged Sale-Leasebacks Under TRA 84." Menachem Rosenberg, Real Estate Review, Spring 1985.	Mimeo
	B.	"Sale-Leaseback of Office Building Owned by Financial Institution Through a Real Estate Syndicator," The Investment Group.	Mimeo
	C.	"The Explosion in Leveraged Sale-Leasebacks," Chip Conley, Real Estate Review, Fall 1984.	Mimeo
	D.	"Equity Leases: Structuring Tenant-Developer Joint Ventures," Menachem Rosenberg, Real Estate Review, Winter '86, pp. 54-60.	Mimeo
Nov. 10, Mon.	* * TWELVE WEEKS EXAM * *		
Nov. 12, Wed.	CONSTRUCTION LENDING		
	A.	Chapter 16, Real Estate Finance, Brueggeman & Stone,	Text
	B.	"Real Estate Financing," Charles C. Smith & Harold A. Lubell, Real Estate Review, Spring 1979.	Mimeo
	C.	"A Sample Construction Loan Commitment," Richard Ridloff, Real Estate Review, Winter, 1981.	Mimeo
	D.	"Commercial Bank Financing of Hedged Construction Loans," Dunne & Garrigan Real Estate Review, Fall 1982.	Mimeo
	E.	"How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, Real Estate Law Journal, Vol. 6, 1977.	Mimeo
	F.	"A Checklist for the Construction Lender's Attorney," Richard Ridloff, Real Estate Review, Winter 1982.	Mimeo
LAB	CONSTRUCTION AND LOAN ADMINISTRATION		
Nov. 17, Mon.	THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980		
	A.	Chapter 18, Real Estate Finance.	Text
	B.	The Changing Role of Depository Financial Institutions and the Availability of Funds to the Real Estate Industry, Donald R. Fraser Aug. 1981, pp. 1-80. Texas Real Estate Research Center.	Mimeo

Bus. 551 - Fall 1986

Nov. 17, Mon. (continued)

C. "America Cannot Afford Its Cost of Capital," (Business Brief), The Economist, April 30, '83. Mimeo

D. "Risk, Safety and Bank Deregulation," Dr. Alan Greenspan. Mimeo

E. "An Analysis of the Proposed Financial Institutions Equity Act of 1985," Report prepared by Sears, Roebuck & Co., June 20, '85. Mimeo

F. "Real Estate: Historical Returns and Risks," Robert H. Zerbst & Barbara R. Cambon, The Journal of Portfolio Management. Mimeo

G. "Do Deficits Matter?", Bank of Boston Economic Review. Mimeo

H. "The Real Estate Report," Randall C. Zisler, Real Estate Research, April 1985. Mimeo

LAB — CASE STUDY #3 IS DUE

Nov. 19, Wed. — S&L CORPORATIONS, BANKS, LIFE INSURANCE COMPANIES, AND PENSION FUNDS

A. Chapters 19, 20, 21, and 22 Real Estate Finance. Text

B. "Final Reg Broadens Service Corporation Powers," United States League of Savings Associations Newsletter, Vol. 11, No. 3, May 1981. Mimeo

C. "Public Pension Funds: A New, But Cautious Participant in Real Estate Finance," William L. Ramseyer, Real Estate Finance, Summer 1984. Mimeo

D. "Highlights From Uli's Dollars and Percents of Development Finance, II," Cecil E. Sears, Urban Land, June 1985. Mimeo

E. "Real Estate Consequences of the New Credit Markets," Peter C. Aldrich and Richard Kopcke, Real Estate Review. Mimeo

F. "The Mortgage and Real Estate Executives Report," Alvin L. Arnold, October 15, 1983, Vol. 16, No. 16. Mimeo

Bus. 551 - Fall 1986

Nov. 24, Mon. LAND DEVELOPMENT & CONDOMINIUM CONVERSION FINANCE

A. Review Chapter 16

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, Real Estate Review, Summer 1979. Mimeo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Grubb, Real Estate Review, Winter 1979. Mimeo

D. "Financing Interim Loans for Condominium Conversion Projects," Douglas W. Hall & Richard T. Garrigan, Real Estate Review, Spring 1980. Mimeo

E. "Tax Aspects of Cooperative and Condominium Conversion," William J. Lippman, Real Estate Review, Winter 1980. Mimeo

LAB ASSISTANCE ON CASE STUDY #4

Nov. 26, Wed. INDUSTRIAL REVENUE BONDING

A. "Industrial Development Bond Financing: An Overview of Current Trends and Techniques," Robert S. Dorfman, Real Estate Finance, Fall 1984, Vol. 1, No. 3. Mimeo

B. "Industrial Development Bonds: Overview in Light of the Tax Reform Act of 1984," Steven K. Weinberg and Ian J. Stock, Real Estate Finance Law Journal, Summer 1985, Vol. 1, No. 2 Mimeo

Dec. 1, Mon. SECURITIZATION OF COMMERCIAL MORTGAGE LENDING

A. 'Why Set Up a Corporation to Own Real Estate?" David G. McGrady & William C. Weaver, Real Estate Review. Mimeo

B. "The Impact of Securities Regulations and Financial Reporting Responsibilities on Real Estate Investment," Stephen E. Roulac. Mimeo

C. "Impacts of Recent Securities Regulatory Developments on Real Estate Syndication," Questor Real Estate Investment Yearbook, 1981, John D. Alspach and Paul J. Derenthal, pp. 399-410. Mimeo

Dec. 1, Mon. (continued)	D. "Syndication Emerges to Transform the Real Estate Capital Market," Stephen E. Roulac, Real Estate Finance, Winter 1985, Vol. 1, No. 4.	Mimeo
	E. "Negotiating the Real Estate Joint Venture," Robert Bell, Real Estate Review, Fall 1983.	Mimeo
LAB	GENERAL REVIEW	
Dec. 3, Wed.	RATING COMMERCIAL MORTGAGE BONDS	
	A. "Credit-Rating Standards for Commercial Mortgage-Backed Bonds," Stan Ross and Carl Kane, Real Estate Finance, Spring 1985, Vol. 2, No. 1.	Mimeo
Dec. 8, Mon.	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE	
	A. "Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School.	Mimeo
	B. "Apple Hill, Natick, Massachusetts--A Case Study," Real Estate Finance, Spring 1984.	Mimeo
	C. "Impact of Reagan Tax Proposal Number 2 on Cash Flows and Required Rent."	Mimeo
LAB	REVIEW OF CASE STUDY #4 SOLUTION	
Dec. 10, Wed.	SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE (CONTINUED)	
	A. Federal Resources	Mimeo
	B. Chapter 4, Analyzing the Economic Feasibility of a Development Project: A Guide for Planners, Roddewig & Shlaes.	Mimeo
	C. "The Use of Urban Development Action Grants as a Component of Financing," Patrick Donnelly, Real Estate Finance, Spring 1984.	Mimeo
	D. "A Developer's Guide to Urban Development Action Grants," Eric Stevenson, Real Estate Review, Winter 1981.	Mimeo

Dec. 10, Wed. (continued)	E.	"Downtown Shopping Malls and The New Public-Private Strategy," Bernard J. Frieden and Lynne B. Sagalyn, August 20, 1984.	Mimeo

* * FINAL EXAM AS SCHEDULED IN CATALOG * *

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Syllabus - 1987

Fall Semester 1987 Professor J. A. Graaskamp

I. Course Description:

551 - Real Estate Finance. II; 3 cr. Mechanisms of real estate finance, sources of funds, loan contracts, principles of mortgage risk analysis, role of government agencies. Prereq: Bus. 550.

A. Format

1. Two lectures and one 75-minute quiz section per week. Quiz section will develop problems and cases.

B. Lectures will develop risk management systems and bargaining objectives which link borrowers to lenders, lenders to capital market, and both to government.

II. Text Materials:

A. Required:

1. Maisel, Sherman J., Real Estate Finance, 1st Edition, Harcourt Brace Jovanovich, 1987 (Book Store)

2. Arnold, Alvin & Oharenko, John, Guide to Real Estate Capital Markets, (included in reading packet).

3. Mimeographed readings packet. Bob's Copy Shop, Randall Towers, 1314 W. Johnson Street.

III. Grading:

Problem Set #1	25 points
Problem Set #2	25 "
Case Study #1	50 "
Case Study #2	50 "
Case Study #3	100 "
Six Weeks Exam	100 "
Twelve Weeks Exam	100 "
Final Exam	150 "
TOTAL	600 points

1987 Topic Schedule

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551

Sept.	3,W	INTRODUCTION TO INCOME PROPERTY FINANCE AND MORTGAGE FORMAT
	LAB	NO LAB FIRST WEEK
	9,W	RISKS TO BE MANAGED BY LENDER AND BORROWER
	LAB	MATHEMATICS OF MORTGAGE FINANCE
	14,M	THE PITFALLS OF MORTGAGE DEFAULT AND FORECLOSURE
	16,W	THE PITFALLS OF THE BANKRUPTCY ACT
	LAB	FINANCIAL RATIOS OF MORTGAGE LENDING
	21,M	CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP
	23,W	INCOME PROPERTY LOAN APPLICATION PROCESS
	LAB	INTRODUCTION TO IBM-PC -- GIBSON MODELS
	28,M	UNDERWRITING AND LETTER OF COMMITMENT
	30,W	THE CLOSING PROCESS
	LAB	FIXED, VARIABLE, AND PARTICIPATION RATES FOR LEVERAGE
Oct.	5,M	ANALYSIS OF COMMERCIAL LEASES
	7,W	ANALYSIS OF COMMERCIAL LEASES
	LAB	REVIEW FOR SIX WEEKS EXAM
	12,M	SIX WEEKS EXAM
	14,W	TITLE AND PROPERTY INSURANCE ISSUES
	LAB	INTRODUCTION TO LEASE ROLL MODELS
	19,M	LIQUIDITY AND CREDIT ENHANCEMENT
	21,W	INTEREST RISK AND PARTICIPATION LOANS
	LAB	MISTER CAP RATIO ANALYSIS
	23,F	UW REAL ESTATE ALUMNI SEMINAR

	26,M	GROUND LEASE SALE AND LEASE-BACK, BUY-BACKS, AND WRAP-AROUNDS
	28,W	TAX FACTORS IN LEASE-BACK FINANCING
	LAB	ANALYSIS OF CASE STUDY NO. 1 SOLUTION
Nov.	2,M	CONSTRUCTION LENDING AND INTERIM FINANCING
	4,W	CONSTRUCTION LENDING CONTINUED
	LAB	CASE STUDY NO. 2 SOLUTION
	9,M	CAPITAL MARKETS, DEPOSITORY INSTITUTIONS AND DEREGULATION AND MONETARY ACTIVE 1980
	11,W	SHIFTING INSTITUTIONAL SOURCES OF COMMERCIAL PROPERTY CAPITAL
	LAB	CASH FLOW MODEL OF COMMERCIAL CMO
	16,M	IMPACT OF 1986 TAX LAWS ON LENDERS AND BORROWERS
	18,W	LAND DEVELOPMENT AND DEVELOPER FINANCING
	LAB	TWELVE WEEKS EXAM REVIEW
	23,M	TWELVE WEEKS EXAM
	25,W	INDUSTRIAL REVENUE BONDING
	LAB	ASSISTANCE ON CASE STUDY NO. 3
	30,M	SECURITIZATION OF COMMERCIAL MORTGAGE LENDING
Dec.	2,W	RATING COMMERCIAL MORTGAGES AND MORTGAGE BONDS
	LAB	YIELD/LIQUIDITY TRADE-OFFS FOR CMO INTERESTS
	7,M	REIT'S AND REMIC'S AS NEW SOURCES OF COMMERCIAL REAL ESTATE CAPITAL
	9.W	SOURCES AND FORMS OF PUBLIC FINANCING FOR COMMERCIAL REAL ESTATE
	LAB	REVIEW OF CASE STUDY NO. 3 SOLUTION
	14,M	NEW DEVELOPMENTS AND TRENDS IN COMMERCIAL REAL ESTATE FINANCING
		FINAL EXAM AS PER BULLETIN

REAL ESTATE INCOME PROPERTY FINANCE - BUSINESS 551
Income Property Finance Topic Schedule

Fall Semester 1987 Professor J. A. Graaskamp

Class Period		Readings	Source
Sept. 2, Wed.		INTRODUCTION TO INCOME PROPERTY FINANCE	
	A.	"An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," Real Estate Issue , James A. Graaskamp.	Mimeo
	B.	"Financial Leverage: A New Look at an Old Concept," Michael D. Farrell & Gaylon E. Greer, Real Estate Review, Winter 1982.	Mimeo
	C.	"The Triple Revolution in Real Estate Finance," Anthony Downs, Real Estate Review, Spring, 1983, pp. 18-27.	Mimeo
Sept. 9, Wed.		RISKS TO BE MANAGED BY LENDER AND BORROWER	
	A.	Chapters 1 and 2, Real Estate Finance, Maisel.	Text
	B.	"Financing Real Estate Developments," Robert Joyce, The Colorado Lawyer, August 1985.	Mimeo
	C.	"Parties to the Transaction," David C. Tolzmann, Mortgage Banking.	Mimeo
	D.	"Coping With the Risks of Commercial Development," Wonderful World of Real Estate, Emanuel Halper.	Mimeo
	E.	"Federal Income Tax Characterization of Mortgage Loans With Equity Elements," Diane M. Anderson and James M. Roche, Real Estate Finance, Summer, 1984.	Mimeo
	F.	"Why Set Up a Corporation to Own Real Estate?," David G. McGrady and William C. Weaver, Real Estate Review.	Mimeo
	G.	"R 41c: Adding a Detailed Explanation," Jack P. Friedman, Real Estate Finance, Winter, 1987.	Mimeo
	H.	Part One, " Debt," pp. 1-32, Guide to Real Estate Captial Markets, Arnold & Oharenko.	Mimeo

	I.	"Overview of Workouts," The Law of Distressed Real Estate, Baxter Dunaway, December 1986.	Mimeo
	J.	"Liability of Lender for Controlling Debtor and Other Acts," The Law of Distressed Real Estate, Baxter Dunaway, December 1986.	Mimeo
LAB	MATHEMATICS OF MORTGAGE FINANCE, PROBLEMS FOR THE HAND CALCULATOR		
	A.	Chapter 3 & 4, Real Estate Finance, Maisel, (See Appendices A, B, C)	Text
	B.	Assignment of Problem Set #1	
Sept. 14, Mon.	THE PITFALLS OF MORTGAGE DEFAULT AND FORECLOSURE		
	A.	"Default and Workout," Modern Mortgage Law and Practice, Kratovil and Werner.	Text
	B.	Chapter 846 Wis. Statutes, Foreclosure of Mortgages.	Mimeo
	C.	"Making the Hold/Sell Decision for Distressed Property," Robert C. Grubb, Real Estate Review, Fall 1977, pp. 45-53.	Mimeo
	D.	"Accounting For the Restructuring of Troubled Real Estate Debt," Roger Johnson, Real Estate Review, Winter 1985, pp. 90-94.	Mimeo
	E.	"Deeds in Lieu of Foreclosure," Paul E. Roberts, Real Estate Review.	Mimeo
Sept. 16, Wed.	THE PITFALLS OF THE BANKRUPTCY ACT		
	A.	Chapters 39 and 40, "Bankruptcy" and Default and Workout," Modern Mortgage Law and Practice, Robert Kratovil and Raymond Werner, 1981, pp. 559-596.	Mimeo
	B.	"Bankruptcy: The Creditor and Chapter II," Jon Moss and Paul S. Berger, and Winning the the Bankruptcy War," Michael S. Polk, Mortgage Banking.	Mimeo
	C.	"Appraisals and Nonperforming Loans: Restoring Quality to Commercial Loan Portfolios," John H. Earl, Jr. and Jonathon B. Wight, Real Estate Finance, Fall 1986.	

D. "Borrower Reorganization Under Chapter 11 of the Bankruptcy Code," The Law of Distressed Real Real Estate, Baxter Dunaway, December 1986. Mimeo

LAB FINANCIAL RATIOS OF MORTGAGE LENDING
(PROBLEM SET #1 IS DUE)

A. Chapter 10, "Valuation of Income Properties," & Appendix, Real Estate Finance. Mimeo

B. PC Back Door Models

C. Wisconsin Model Input-Output

Sept. 21, Mon. CHOOSING A FINANCING STRATEGY FOR THE BORROWER, DEFINING OBJECTIVES, PROTOCOL AND GAMESMANSHIP

A. Chapter 14 & 15, Real Estate Finance, Maisel. Text

B. Chapter 4, "Negotiating the Loan Application," Chapter 8, "Financial Statement and Credit Analysis," Financing Income Producing Real Estate, Britton & Kerwood. Mimeo

C. "Evaluating the True Cost of Mortgage Financing," Christopher Cheatham, Real Estate Finance, Spring 1987. Mimeo

D. Real Estate Finance Data Bank, George Fantini, Boston Financial Technology Group. Mimeo

Sept. 23, Wed. INCOME PROPERTY LOAN APPLICATION PROCESS

A. Chapter 11, Real Estate Finance. Text

LAB INTRODUCTION TO IBM PC'S-RATES AND VALTEST
(PROBLEM SET #2 IS DUE)

Sept. 28, Mon. BASIC FORMAT FOR UNDERWRITING & LETTER OF COMMITMENT

A. Chapter 17, Real Estate Finance, Maisel Text

B. "Transactional Analysis of the Real Estate Lending Process," Mimeo

C. "Lenders Beware: CERCLA and Mortgage Liability," William H. Chapman, Real Estate Finance, Fall '86. Mimeo

Sept. 30, Wed. THE CLOSING PROCESS

A. "Preparation for Closing: A Sample Checklist," R. Dowd, Real Estate Finance, Vol. 1 No. 2. — Mimeo

B. "Loan Closing Requirements," Rackemann, Sawyer, & Brewster, June 1987. — Mimeo

LAB — FIXED, VARIABLE, AND PARTICIPATION RATES FOR LEVERAGE

Oct. 5, Mon. ANALYSIS OF COMMERCIAL LEASES

A. Chapter 8, "What is a Net Net Net NET Lease," "Wonderful World of Real Estate," Emanuel Halper. — Mimeo

B. "Consumer Price Index Escalation Clauses in Leases," John R. Lewis & Eldon J. Nosari, Real Estate Review, Fall 1980. — Mimeo

C. "A Practical Guide to Reviewing a Commercial Lease," Real Property, Probate and Trust Journal pp. 891-940. — Mimeo

D. "Point West Place: Office Lease and Work Letter," Standard Forms, November 1985. — mimeo

E. "A Leasing Primer: From the Ground Up," F. Alison Dodds, The Journal of Real Estate Development. — Mimeo

Oct. 7, Wed. ANALYSIS OF COMMERCIAL LEASES (CONTINUED)

A.

LAB — REVIEW FOR SIX WEEKS EXAM

Oct. 12, Mon. * * SIX WEEKS EXAM * *

Oct. 14, Wed. TITLE AND PROPERTY INSURANCE ISSUES

A.

B.

LAB INTRODUCTION TO LEASE ROLL MODELS

A. "A Comparative Lease Aging and Lotus 1-2-3, Oakleigh Thorne, Real Estate Review, Spring 1985, pp. 55-60. Mimeo

Oct. 19, Mon. CREDIT ENHANCEMENT AND LIQUIDITY

A. "Financial Guarantees of Commercial Mortgages," Fixed Income Research First Boston. Mimeo

Oct. 21, Wed. INTEREST RISK MANAGEMENT AND PARTICIPATION LOANS

A. "Duration: A Powerful New Tool for Managing Interest Rate Risk," Charles Wurtzebach & Neil Waller, Real Estate Review, Summer 1985. Mimeo

B. "A Way to Manage Interest Rate Risks," Commodities & Securities Division of the First National Bank of Chicago. Mimeo

C. "Interest Rate Protection for the Real Estate Developer," Michael Ochs, Real Estate Finance, Winter 1985, pp. 7-16. Mimeo

D. "Creating the Perfect Hedge," Michael Ochs, Real Estate Finance, Summer 1986, pp. 29-38. Mimeo

E. "The Incredible World of Swaps," Euromoney, November 1983. Mimeo

F. "Swaps for Floating-Rate Demand Notes, Choosing the Floating Swap Rate," "Using an Interest-Rate Swap to Hedge Floating-Rate Demand Notes," "Interest-Rate Swaps," Real Estate Financial Services, Citicorp. Mimeo

G. "Debt/Equity," Part Two, pp. 53-59, Guide to Real Estate Capital Markets, Arnold & Oharenko. Mimeo

H. "Loan Participations Are Meaningful Commitments," Tockarshewsky, Real Estate Review, Winter 1980. Mimeo

I. "Federal Income Tax Characterizations of Mortgage Loans With Equity Elements," Anderson & Roche, Real Estate Finance, Summer 1984. Mimeo

LAB	MR CAP RATIO ANALYSIS: YIELD ANALYSIS DISCUSSION OF CASE STUDY #3		
Oct. 23, Fri.	UW REAL ESTATE ALUMNI SEMINAR		
Oct. 26, Mon.	GROUND LEASE AND LEASE-BACKS		
	A.	"Measuring the Risks of Land Lease Financing," Steven D. Kapplin, Richard L. Meyer & Eugene F. Dunham, Jr., Real Estate Review.	Mimeo
	B.	"Lender's View of Unsubordinated Ground Leases," Milton Davis, Shopping Center Report No. 27, International Council of Shopping Centers.	Mimeo
	C.	"People and Property: To Buy or Not to Buy," Emanual B. Halper, Real Estate Review, Summer 1983, pp. 78-87.	Mimeo
	D.	"People & Property, Introducing the Ground Lease," Emanuel B. Halper, Real Estate Review, Fall 1985, pp. 24-25.	Mimeo
	E.	"Mortgageability of Unsubordinated Ground Leases," Emanuel B. Halper, Real Estate Review, Spring 1986, pp. 48-54.	Mimeo
	F.	"Leasing or Owning Real Estate - Which Approach Will Maximize the Profits of Your Company," Coldwell Banker & Company, 1972.	Mimeo
	G.	"A Small Firm Makes A Buy/Lease Decision," Willis N. Cobb & James L. Doherty, Real Estate Review, Spring 1980.	Mimeo
Oct. 28, Wed.	TAX FACTORS IN LEASEBACK FINANCING		
	A.	"Deferred Rent Transactions and Leveraged Sale-Leasebacks Under TRA 84." Menachem Rosenberg, Real Estate Review, Spring 1985.	Mimeo
	B.	"Sale-Leaseback of Office Building Owned by Financial Institution through a Real Estate Sydicator," The Investment Group.	Mimeo
	C.	"The Latest Challenge to Tax-Exempt Financing H.R. 3838, Mary W. Sullivan, Real Estate Finance, Spring 1986.	
LAB	ANALYSIS OF CASE STUDY NO 1 SOLUTION		

Nov. 2, Mon. CONSTRUCTION LENDING

A. Chapter 18, Real Estate Finance, Maisel. Mimeo

B. "A Sample Construction Loan Commitment," Richard Ridloff, Real Estate Review, Winter, 1981. Mimeo

C. "Commercial Bank Financing of Hedged Construction Loans," Dunne & Garrigan, Real Estate Review, Fall 1982. Mimeo

D. "How to Build Lender Protection Into Construction Loan Agreements," Cary Hall, Real Estate Law Journal, Vol. 6, 1977. Mimeo

E. "A Checklist for the Construction Lender's Attorney," Richard Ridloff, Real Estate Review, Winter 1982. Mimeo

Nov. 5, Mon. CONSTRUCTION LENDING - CONTINUED

A. "Current Business Approaches - Commercial Construction Lending, Colin C. Livingston, Real Property, Probate & Trust Journal. Mimeo

B. "Real Estate Development: Investment Risks and Rewards," Joseph W. Connor, Copley Real Estate Advisors, April 1985. Mimeo

LAB CASE STUDY NO 2 SOLUTION

Nov. 9, Mon. THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY ACT OF 1980

A. Chapters 5, 6 & 9, Real Estate Finance, Maisel Mimeo

B. The Changing Role of Depository Financial Institutions and the Availability of Funds to the Real Estate Industry, Donald R. Fraser, Aug. 1981, pp. 1-80. Texas Real Estate Research Center. Mimeo

Nov. 11, Wed. SOURCES OF COMMERCIAL PROPERTY CAPITAL

A. "Structuring Participation in Real Estate Loans," Daniel J. Driscoll & Joseph P. Forte, Real Estate Finance, Spring 1987. Mimeo

B. "Loan Participations are Meaningful Commitments," Joseph B. Tockarshewsky, Real Estate Review. Mimeo

C. "The U.S. Real Estate Captial Market," John McMahan. Mimeo

D. "Joint Venture Financing: A Case Study," Thomas E. Meador, Richard Garrigan, Real Estate Finance, Winter 1986. Mimeo

LAB CASH FLOW MODEL OF COMMERCIAL CMO

Nov. 16, Mon. IMPACT OF 1986 TAX LAWS ON LENDERS AND BORROWERS

A. Chapter 16, Real Estate Finance, Maisel. Mimeo

Nov. 18, Wed. LAND DEVELOPMENT AND DEVELOPER FINANCING

A. "Building and Financing at the Edge of the Interest Rate Curve," Builder, August 1987. Mimeo

B. "Rolling Options for Residential Building Lots," Andrew L. Isaacson & Earl L. Segal, Real Estate Review, Summer 1979. Mimeo

C. "Release Provisions in Office and Industrial Park Development Loans," Robert C. Grubb, Real Estate Review, Winter 1979. Mimeo

D. "The Structuring of Joint Ventures Between a Developer and a Financial Institution," Kenneth Pinsky, The Journal of Real Estate Development. Mimeo

LAB TWELVE WEEKS EXAM REVIEW

Nov. 23, Mon. TWELVE WEEKS EXAM

Nov. 25, Wed. INDUSTRIAL REVENUE BONDING

A. To be assigned.

LAB ASSISTANCE ON CASE STUDY NO. 3

Nov. 30, Mon. SECURITIZATION OF COMMERCIAL MORTGAGE LENDING

A. "Commercial Mortgage-Backed Securities: An Investor's Primer," David J. Hartzell, Andrea Lepcio, Julia E. Fernald, Susan Jordan, Salomon Brothers, Inc. Bond Market Research - Real Estate, May 1987. Mimeo

B. "Mortgage-Related Securities, Review and Comment: Special Report," Fixed Income Research, First Boston, February 1985. Mimeo

C. "Promissory Notes: Are They Securities?," Gary A. Lieberman, Michael E. Katzenstein, Real Estate Finance, Winter 1987. Mimeo

LAB GENERAL REVIEW

Dec. 2, Wed. RATING COMMERCIAL MORTGAGE BONDS

A. "Credit-Rating Standards for Commercial Mortgage-Backed Bonds," Stan Ross and Carl Kane, Real Estate Finance, Spring 1985, Vol. 2, No. 1. Mimeo

B. "The Development of Rated Nonrecourse Mortgage-Backed Bonds," J. Steven Manolis, Stuart H. Meistrich, Real Estate Finance, Summer 1986. Mimeo

C. "Commercial Mortgage Ratings, Credit Review," Credit Week, Standard and Poor, November 1986. Mimeo

D. "Ratings, the Stumbling Block to Commercial Securitization," Leon Shilton, Jean Trebor Co. Mimeo

LAB YIELD/LIQUIDITY TRADE-OFFS FOR CMO INTERESTS

Dec. 7, Mon. REIT'S AND REMIC'S AS NEW SOURCES OF COMMERCIAL REAL ESTATE CAPITAL

A. "The Real Estate Mortgage Investment Conduit (REMIC)," Linda Stoller, Real Estate Finance, Winter 1987. Mimeo

B. To be assigned.

Dec. 9, Wed. SOURCES AND FORMS OF PUBLIC FINANCING OF COMMERCIAL REAL ESTATE (CONTINUED)

A. "Tax Incremental Financing in Wisconsin: A History and Analysis," Randy Paul, UW Law School. Mimeo

B. Federal Resources.

C. "The Use of Urban Development Action Grants as a Component of Financing," Patrick Donnelly, Real Estate Finance, Spring 1984. Mimeo

D. "A Developer's Guide to Urban Development Action Grants," Eric Stevenson, Real Estate Review, Winter 1981. Mimeo

E. "Downtown Shopping Malls and The New Public-Private Strategy," Bernard J. Frieden and Lynne B. Sagalyn, August 20, 1984. Mimeo

F. "Trends in Public Participation of Construction Financing," July 1985. Mimeo

LAB REVIEW OF CASE STUDY NO. 3 SOLUTION

Dec. 14, Mon. NEW DEVELOPMENTS AND TRENDS IN COMMERCIAL REAL ESTATE FINANCING

A. "Real Estate: Historical Returns and Risks," Robert H. Zerbst and Barbara Cambon, The Journal of Portfolio Management. Mimeo

B. "Capital from Japan: Japanese Investment in U.S. Real Estate," Hideki Mitani, Real Estate Finance, Spring 1987. Mimeo

C. "Negotiating the Real Estate Joint Venture," Robert Bell, Real Estate Review. Mimeo

D. "Real Estate Financing Update," Paul H. Saylor, July 1987. Mimeo

E. Chapter 19, Real Estate Finance, Maisel. Mimeo

* * FINAL EXAM AS PER TIMETABLE