

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS
V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM
E. Realtor Associations
4. "Investment Analysis Seminar Outline",
presented to the Greater Madison Board of
Realtors, September 20, 1978

INVESTMENT ANALYSIS SEMINAR OUTLINE
September 20, 1978
Greater Madison Board of Realtors
Professor James A. Graaskamp, Instructor
University of Wisconsin

- I. Rent justified investment in income property
 - A. Flow chart of financial analysis procedure
 - B. Determination of maximum loan
 1. Concept of cash break even point
 2. Concept of debt cover ratio
 - C. Determination of net operating income
 - D. Determination of debt service constant
 - E. The concept of cash on cash yield
 - F. Determination of justified equity investment
 - G. Advantages and disadvantages of pricing income property from rents

- II. Rents required by a specific purchase price
 - A. Converting price paid to income required
 - B. Provision for expenses, real estate taxes, and reserves
 - C. Converting required cash income to gross rents
 - D. Allocating gross rents to various rental units

- III. Financial tests
 - A. Net income to purchase price ratio
 - B. Cash break even point (default ratio)
 - C. Pay back ratio
 - D. Maximum potential loss
 - E. Maximum probable loss ratio
 - F. Degree of leverage ratio

- IV. Basic elements of income tax law affecting real estate
 - A. Tax depreciation shelter
 - B. Preferential income penalties on excess depreciation and capital gains
 - C. The tax trap of excess depreciation
 - D. The tax trap of excess refinancing
 - E. Inflation, net income, and capital gains

Classroom outlines and problems to be furnished by Professor Graaskamp.
No other audio-visual materials required other than lavallere microphone.



May 1, 1978

Dear Prof. Grasskamp:

Enclosed is an application for the certification with the Real Estate Examining Board for the 2½ hour mini-course, for the subject you have agreed to present.

Investment Analysis
Sept. 20th 3:00 - 5:30

Each hour of the presentation is to be 50 minutes in length.

Also an Outline must be submitted for your proposed seminar with a list of all physical facilities and instructional materials in order to be used for credit.

It would be much appreciated if you could submit this to the Madison Board of Realtors on or before June 1st, since we have to submit it for approval in advance with the Real Estate Examining Board.

Thank you very much for your participation in this seminar.

Sincerely,



Nancy Williams
Education Chairman
Greater Madison Board of Realtors