

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

VII. INDUSTRY EDUCATIONAL COURSES - LONG TERM

F. U.W. Extension And Executive Development

4. "Contemporary Real Estate Financial Analysis for Mortgage Loans and Equity Investments in Income Properties" March 16-19, 1977 and "Contemporary Real Estate Appraisal Methods" July 6-9, 1977, Jointly Sponsored by Dept. of Business and Management, U.W. Extension; and Real Estate Program, Graduate School of Business, U.W. Madison: Includes brochures, correspondence, and lecture outline

INSTRUCTORS:

Professor JAMES A. GRAASKAMP, SREA, CRE, Chairman-Department of Real Estate & Urban Land Economics, University of Wisconsin-Madison.

MICHAEL L. ROBBINS, Environmental and Systems Analyst, Ph.D. candidate, Civil and Environmental Engineering.

GENERAL INFORMATION:

Fee: \$275 includes program materials and refreshment breaks.

Location: University Bay Center for Continuing Education, 1950 Willow Dr., Madison, WI.

Lodging & Parking: Information will be sent with confirmation of registration.

Time: March 16-19, 1977, beginning on March 16 at 7:00 p.m., and closing at noon on March 19, 1977.

Veterans' Benefits: Eligible veterans can receive full reimbursement for fees and textbooks from the Wis. Dept. of Veterans' Affairs upon satisfactory completion of this course. See your County Veterans' Service Officer to ascertain eligibility and to make application for benefits.

CEU: In conformance with guidelines established by the National Task Force on the Continuing Education Unit, this course is authorized for 2.4 CEU.

Cancellation: You may cancel your reservation up to seven calendar days prior to program start without incurring a fee or cancellation charge. If you withdraw during the final seven days, a \$25 handling fee is charged. Enrollees who fail to attend without properly cancelling are liable for the total program fee. Registration is limited.

For further information: Contact the program administrator, Garfield R. Stock, Dept. of Business & Management, UW-Extension, 432 N. Lake Street, Madison, WI 53706; or call (608)262-9789.

CONTEMPORARY REAL ESTATE FINANCIAL ANALYSIS FOR
MORTGAGE LOANS AND EQUITY INVEST. IN INCOME PROPERTIES
March 16-19, 1977
UW-Extension provides equal opportunities in employment and programming.


UNIVERSITY OF WISCONSIN-EXTENSION
Department of Business and Management
432 North Lake Street
Madison, Wisconsin 53706

Contemporary Real Estate Financial Analysis for Mortgage Loans & Equity Investments in Income Properties

MARCH 16-19, 1977

TO BE HELD IN
MADISON, WISCONSIN

Jointly sponsored by:

Department of Business & Management
University of Wisconsin-Extension

and

Real Estate Program
Graduate School of Business
University of Wisconsin-Madison

CONTEMPORARY REAL ESTATE FINANCIAL
ANALYSIS FOR MORTGAGE LOANS AND EQUITY
INVESTMENTS IN INCOME PROPERTIES

This seminar is an intensive introduc-
tion to principles, concepts, and ap-
plications which are taught as the core
of the University of Wisconsin graduate
program in Appraisal & Investment Anal-
ysis. These ideas may contradict or
expand appraisal doctrine and techniques
advocated by the various professional
appraisal societies. **THUS THIS COURSE
IS NOT APPROVED OR SPONSORED BY ANY
PROFESSIONAL REAL ESTATE CERTIFICATION
GROUP. IT DOES NOT CARRY CREDIT TOWARD
ANY PROFESSIONAL DESIGNATION OR REQUIRE-
MENT.** Nevertheless, its techniques are
practical and tested in appraisal and
investment counseling and will expand
the professional's ability to serve the
needs of his client on matters requir-
ing systematic real estate analysis.

PROGRAM SCHEDULE:

WEDNESDAY, March 16, 1977

- 4:00-6:00 p.m.--Registration
7:00-9:00 p.m.--Introductory lecture
1. The concept of the real estate process
 2. The objectives of financial analysis
 3. The objectives of risk management analysis

THURSDAY, March 17, 1977

- 8:30 a.m.-12:00 noon
BASIC APPROACHES TO FINANCIAL ANALYSIS
1. Total cost approach to rents (front door approach)
 2. Market rent approach to total cost (back door approach)
 3. The critical financial links - default point and cash on cash

APPLICATIONS OF FRONT DOOR/BACK DOOR
APPROACHES

1. Justified mortgage amount
2. Justified building costs/remodeling costs/land costs
3. Required rental income structure
4. Sensitivity analysis of critical assumptions

1:00-4:45 p.m.

BASIC CASH FLOW COMPUTATION

1. Format for after cash tax flow analysis
 2. Making the computation
 3. Computing key financial ratios
- DEFINITION OF INVESTMENT YIELDS

1. Alternative measures of yield
2. Alternative measures of value
3. Making the computations

4:45-6:00 p.m.--Recreation

7:00-8:30 p.m.-Introduction to Mini-Mod

FRIDAY, March 18, 1977

8:30 a.m.-12:00 noon

INTRODUCTION TO MORTGAGE LOANS ON
INCOME PROPERTY

1. Basic concepts
2. Basic case study (including Mini-Mod output)

CASH FLOW ANALYSIS FOR MORTGAGE LENDER

1. Risk analysis and terms of loan
2. Lease terms and risk management
3. Cash flow and mortgage as a perfect straddle

1:00-4:45 p.m.

EQUITY ANALYSIS AND PROFIT CENTER VIEW-
POINT

1. Defining the point of view for cash analysis
2. Choosing yield ratios for the decision process
3. Applying cash flow alternatives for investment comparison
4. Assumptions for cash flow projection
5. Equity investment as a security

CASE STUDIES FOR THE INVESTOR

1. The small apartment building
 2. The small retail complex
 3. An older downtown building requiring remodeling
 4. New office building
- 7:00-9:00 p.m.-- Open discussion

SATURDAY, March 19, 1977

8:30 a.m.-12:00 noon

Group A -- CASH FLOW FORECASTING VERSUS
CASH FLOW CUSHIONS FOR FUTURE VARIANCE

1. Allocating risk of variance
2. Projections require explicit assumptions
3. Feasibility assumptions versus confirmation to fact

Group B -- HANDS-ON COMPUTER TERMINAL
TIME TO DEMONSTRATE AVAILABLE CASH
FLOW SERVICES

After coffee break: Group A and B will
Reverse Roles.

ENROLLMENT FORM

Please enroll me in CONTEMPORARY REAL
ESTATE FINANCIAL ANALYSIS FOR MORTGAGE
LOANS AND EQUITY INVESTMENTS IN INCOME
PROPERTIES, March 16-19, 1977. (\$275)

Name _____

Firm Name _____

Firm Address _____

Phone No. _____
 business home

Social Security No.* _____
*-Not required, used only to assure
accuracy of your educational records.
Make check payable to UW-Extension.
Mail check with enrollment form to:
Wisconsin Center Registration, 702
Langdon Street, Madison, WI 53706.

*This Summer In
Madison, Wisconsin...*

CONTEMPORARY REAL ESTATE APPRAISAL METHODS

July 6-9, 1977

Jointly sponsored by:
**Department of Business and Management
University of Wisconsin—Extension
and
Real Estate Program
Graduate School of Business
University of Wisconsin—Madison**

**Plan now to continue
your appraisal
education this summer...
Enroll today in this
valuable course**

**CONTEMPORARY
REAL ESTATE
APPRAISING
METHODS
July 6-9, 1977**



**UNIVERSITY OF WISCONSIN—EXTENSION
Department of Business and Management
432 North Lake Street
Madison, Wisconsin 53706**

CONTEMPORARY REAL ESTATE APPRAISAL METHODS

July 6-9, 1977

PROGRAM SCHEDULE:

Wednesday, July 6, 1977

p.m.

4:00- Registration

6:00

7:00- Introductory Lecture

- 9:00**
1. Relationship of appraisal to the decision process
 2. Relationship between feasibility and appraisal analysis
 3. Recent redefinition of highest and best use by appraisal professional groups

Thursday, July 7, 1977

a.m.

8:30- Contemporary Appraisal Theory

- 10:15**
1. Summary of Ratcliff position
 2. Summary of appraisal concepts of other recent critics of appraisal methods
 3. Concept of most probable sales price

10:15- Refreshment Break

10:30

10:30- A Contemporary Appraisal Approach and Report Format

- 12:00 noon**
1. General outline of report and logic
 2. Explanation of applications

p.m.

1:00- Property Analysis for Alternative Uses

- 3:00**
1. Site attribute analysis format
 2. Improvement analysis format
 3. Market area attribute analysis
 4. Identification of alternative marketable uses

3:00- Refreshment Break

3:15

3:15- Selection of Most Probable and Fitting Use

- 4:45**
1. Comparison matrix of alternatives with non-financial constraints
 2. Comparison of marketable, legal uses using back-door financial approach
 3. Selection of most fitting use
 4. Most fitting use, productivity, and investment product

7:00-

9:00

Concept of Most Probable Buyer Type/Most Probable Price

1. Investor motivation
2. Comparison with fair market value concept of buyer
3. Definition of transaction zone around most probable price
4. Primary reliance on inference from actual sales
5. Secondary reliance on simulation of buyer logic

Friday, July 8, 1977

a.m.

8:30-

10:15

Predicting Probable Price From Market Sales

1. Concept of averages
2. Concept of normal distribution
3. Concept of standard error
4. Concept of standard error, dispersion, and range

10:15-

10:30

10:30-

12:00

noon

Refreshment Break

Simple Linear Regression to Relate Different Market Sales

1. Explanation of point scoring for comparables to avoid individual dollar adjustments
2. Comparing total points to total price by means of linear regression
3. Single family home demonstration of market comparison scoring and linear regression
4. Commercial land appraisal demonstration of market comparison scoring and linear regression

p.m.

1:00-

3:00

Testing the Market Comparison Most Probable Price

1. Adjustments for recent changes in probable buyer demand
2. Adjustments for buyer-seller bargaining positions

3. Adjustments for changing terms of sale
4. Matching of grantee motivations to subject property attributes
5. Transaction zone compared to market comparable

3:00- Refreshment Break

3:15- Investment Purchase Simulation for Most Probable Buyer

1. Relationship of property attributes to investment characteristics
2. Profiling investment criteria of most probable buyer
3. Investing scenario and selection of investment valuation
4. Establishing assumptions for pattern of investment receipts and outlays
5. Estimating a normative budget
6. Projecting budgets to future periods

7:00- Selecting Method for Investment Valuation

- 8:30**
1. Market rents to justified investment value (back-door approach)
 2. Investment band approaches
 3. Investment market value approach

Saturday, July 9, 1977

a.m.

8:30- Case Demonstrations

- 10:15**
1. Vacant commercial land appraisal for courtroom presentation
 2. Obsolete downtown store to establish sales strategy
 3. Downtown office building to establish tax assessment valuation

Refreshment Break

10:15- Report Preparation Techniques

10:30- noon

ENROLLMENT FORM

Yes! Please enroll me in CONTEMPORARY REAL ESTATE APPRAISAL METHODS, July 6-9, 1977 in Madison, Wisconsin. (\$275)

Name _____

Firm Name _____

Firm Address _____

street

city

state

zip code

Phone No. _____

business

home

Social Security No.* _____

**Not mandatory—used only to ensure identification, accessibility, and accuracy of your educational records.*

Make check payable to **UW-Extension**. Mail check with enrollment form to:

Wisconsin Center Registration Office, 702 Langdon Street, Madison, WI 53706.

CONTEMPORARY REAL ESTATE APPRAISAL METHODS

July 6-9, 1977

This seminar is an intensive introduction to principles, concepts, and applications which are taught as the core of the University of Wisconsin graduate program in appraisal and investment analysis. These ideas may contradict or expand appraisal doctrine and techniques advocated by the various professional appraisal societies. **THIS COURSE IS NOT APPROVED OR SPONSORED BY ANY PROFESSIONAL REAL ESTATE CERTIFICATION GROUP. IT DOES NOT CARRY CREDIT TOWARD ANY PROFESSIONAL DESIGNATION OR REQUIREMENT.** Nevertheless, its techniques are practical and tested in appraisal and investment counseling and expand the professional's ability to serve the needs of his client on matters requiring systematic real estate analysis.

INSTRUCTORS:

Professor James A. Graaskamp, SREA, CRE, chairman, Department of Real Estate and Urban Land Economics, University of Wisconsin—Madison.

Michael L. Robbins, Environmental and Systems Analyst, Ph.D. candidate, Civil and Environmental Engineering, University of Wisconsin—Madison.

WATCH FOR INFORMATION ON THESE UPCOMING PROGRAMS:

Management of Corporate Real Estate

Madison, September 13-15, 1977

Management Process for Real Estate Managers

October 26-27, 1977

SREA appraisal courses; call Professor Stock's office for further information.

GENERAL INFORMATION:

LOCATION: University Bay Center for Continuing Education, 1950 Willow Drive, Madison, WI. The Center is on the University of Wisconsin campus overlooking beautiful Lake Mendota.

FEE: \$275, includes cost of institute sessions, handout materials, notebook and refreshment breaks.

LODGING: Lodging is available at the University Bay Center, as is a meal package. Information about this will be sent to enrollees upon registration.

ENROLL NOW: You may cancel your reservation up to seven calendar days prior to program start without incurring a fee or cancellation charge. If you withdraw during the final seven days, a \$25 handling fee is charged. Enrollees who fail to attend without properly cancelling are liable for the total program fee.

VETERANS' BENEFITS: Eligible veterans can receive full reimbursement for fees and textbooks from the Wisconsin Department of Veterans Affairs upon satisfactory completion of this course. See your County Veterans' Service Officer to ascertain eligibility and to make application for benefits.

CONTINUING EDUCATION UNITS: In conformance with guidelines established by the National Task Force on the Continuing Education Unit, this program is authorized for 2.4 CEU.

FOR FURTHER INFORMATION ON THE PROGRAM: Contact program administrator, *Garfield R. Stock*, Department of Business and Management, University of Wisconsin—Extension, 305 Extension Building, 432 North Lake Street, Madison, WI 53706; or phone (608) 262-9789.

FOR REGISTRATION, complete enrollment form inside.

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University of Wisconsin  Madison

Mike Robbins

School of Business
1155 Observatory Drive
Madison, Wisconsin 53706

Graduate School of Business
December 23, 1976

Prof. Garfield Stock
Room 309, Extension Building
Business & Management Department
University of Wisconsin
432 N. Lake Street
Madison, Wisconsin 53706

Dear Gar:

Here are the proposals for the first two seminars to be co-sponsored by the School of Business Real Estate Department and your Extension Business Division.

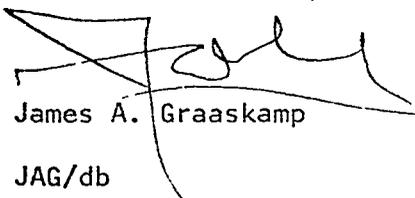
The faculty for these seminars would be Michael L. Robbins and myself with possible occasional help from teaching assistants as yet un-named. The billing rate for Robbins and myself would be \$500 a day which translates into \$1500 each for the seminar. Teaching assistants would not be more than 25 man hours at \$4 an hour for each seminar, almost entirely for some assistance with computer terminal demonstration.

The School of Business will front end the preparation of materials and the workbook and charge Extension \$25 per student attending for the workbook and \$15 per student for administration of instructors and workbook production. Maximum enrollment per course is controlled by the facility at University Bay Center and probably should be set at a maximum of 80 persons per seminar.

The Real Estate Department has already made reservations at the University Bay Center for Wednesday evening, March 16, 1977 until 12:00 noon, March 19, and for Wednesday evening, July 6 through Saturday noon, July 9, 1977, and copies of these reservation slips are attached.

A program outline for each course is enclosed and we should finalize our arrangements and prepare advertising mailers immediately. Enclosed is a brochure from a previous six-day seminar that may provide some copy ideas. See marked paragraphs. I will return to Madison on January 11 and will contact you then to put this program into operation.

Best of the season,


James A. Graaskamp
JAG/db

CONTEMPORARY REAL ESTATE FINANCIAL ANALYSIS
FOR
MORTGAGE LOANS AND EQUITY INVESTMENTS
IN INCOME PROPERTIES

March 16-19, 1977

Jointly Sponsored by University of Wisconsin
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WEDNESDAY

4:00-6:00 P.M. Registration

6:00-7:00 Dinner

7:00-9:00 Introductory Lecture

1. The concept of the real estate process
2. The objectives of financial analysis
3. The objectives of risk management analysis

THURSDAY

8:30-10:15 A.M. Basic Approaches to Financial Analysis

1. Total cost approach to rents (front door approach)
2. Market rent approach to total cost (back door approach)
3. The critical financial links - default point and cash on cash

10:15-10:30 Coffee Break

10:30-12:00 Applications of Front Door/Back Door Approaches

1. Justified mortgage amount
2. Justified building costs/remodeling costs/land costs
3. Required rental income structure
4. Sensitivity analysis of critical assumptions

12:00-1:00 Lunch

1:00-3:00 Basic Cash Flow Computation

1. Format for after cash tax flow analysis
2. Making the computation
3. Computing key financial ratios

3:00-3:15 Coke Break

3:15-4:45 Definition of Investment Yields

1. Alternative measures of yield
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4:45-6:00 Recreation

6:00-7:00 Dinner

7:00-8:30 Introduction to Mini-Mod

FRIDAY

- 8:30-10:15 A.M. Introduction to Mortgage Loans on Income Property
1. Basic concepts
 2. Basic case study (including Mini-Mod output)
- 10:15-10:30 Coffee Break
- 10:30-12:00 Cash Flow Analysis for Mortgage Lender
1. Risk analysis and terms of loan
 2. Lease terms and risk management
 3. Cash flow and mortgage as a perfect straddle
- 12:00-1:00 P.M. Lunch
- 1:00-3:00 Equity Analysis and Profit Center Viewpoint
1. Defining the point of view for cash analysis
 2. Choosing yield ratios for the decision process
 3. Applying cash flow alternatives for investment comparison
 4. Assumptions for cash flow projection
 5. Equity investment as a security
- 3:00-3:15 Coke Break
- 3:15-4:45 Case Studies for the Investor
1. The small apartment building
 2. The small retail complex
 3. An older downtown building requiring remodeling
 4. New office building
- 6:00-7:00 Dinner
- 7:00-9:00 Open Discussion

SATURDAY

- 8:30-10:15 A.M. (Group A)
Cash Flow Forecasting Versus Cash Flow Cushions for Future Variance
1. Allocating risk of variance
 2. Projections require explicit assumptions
 3. Feasibility assumptions versus confirmation to fact
- (Group B)
Hands-On Computer Terminal Time to Demonstrate Available Cash Flow Services
- 10:15-10:30 Coffee Break
- 10:30-12:00 Group A and B Will Reverse Roles

CONTEMPORARY REAL ESTATE APPRAISAL METHODS

July 6-9, 1977

Jointly Sponsored by University of Wisconsin
School of Business & Extension Business Department

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- 7:00-9:00 Introductory Lecture
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