

**University of Maryland, College Park**  
School of Architecture, Planning and Preservation  
**Graduate Programs in Real Estate Development**

**Course Syllabus: RDEV 450/688Z**  
Introduction to Real Estate Finance  
**Fall 2017**

**COURSE DESCRIPTION:**

This course provides you with a critical introductory foundation in real estate finance. Mastering the basic and advanced concepts of real estate finance and development is essential to your understanding of other courses in the curriculum, and to your success in the real estate industry. Topics covered will include: the basics of the time value of money and discounted cash flow analysis, basic pro forma analysis, financial modeling, capitalization rates, and basic uses of debt and leverage, among others.

The primary text is Foundations of Real Estate Financial Modelling. Additional readings will supplement the book. Students will perform individual and group case study assignments, and guest speakers will complement traditional lectures.

**COURSE INFORMATION:**

Learning strategies include significant reading of financial information; some lecturing; much discussion; the analysis of multiple case studies.

**Class time:** Wednesday, 4:00 – 6:40 p.m.

**Location:** TBD

**Required Textbooks:** Foundations of Real Estate Financial Modelling,  
1<sup>st</sup> edition, Roger Staiger, 2015, Routledge;  
ISBN: 978-113802517  
HBS Case Study - Revere Street (9-800-147)  
*Financial Times* Newspaper (daily reading)

**Recommended Textbooks:** Real Estate Finance, 13<sup>th</sup> Edition, W.B. Brueggeman  
& Jeffrey D. Fisher, 2005, McGraw-Hill Irwin  
ISBN: 978-0-07-352471-9, around \$79.00  
Principles of Corporate Finance, Irwin McGraw-Hill,  
7<sup>th</sup> edition, 2003; ISBN: 0072467665, used ~\$14.00

**Calculator:** HP-12C Financial Calculator and Manual (Required to own physical calculator, i.e. NOT “app” for iphone)

**Instructor:** Roger Staiger

**Office:** Architecture Building, Faculty Suite

**Office Hours:** By appointment

**Contact Telephone:** 202-640-8912

**Email:** rstaiger@pgainllc.com

### **COURSE OBJECTIVES:**

This course is intended to help students develop the ability to:

1. Understand the basics of real estate finance.
2. Understand how to develop a basic financial model(s) to value single-asset real estate investments.
3. Develop skills in the analysis of basic financial structures utilized for real estate projects
4. Learn how a financier and developer must think and how to analyze a deal from the different perspectives of various stakeholders in a transaction.
5. Demonstrate how real estate professionals may most effectively utilize and understand finance.

### **COURSE POLICIES:**

1. Class Participation: This is an undergraduate/graduate seminar course. It is essential to the class, the professors, and other students that you are present for each scheduled session on time and remain for the entire time. Class participation by all students is key to the learning experience.
2. Excused Absences: Per University policy, an excused absence is an absence for which the student has the right to receive, and the instructor has the responsibility to provide, an academic accommodation. The University has standard course related policies regarding class participation, the University’s Excused Absence Policy, and other matters that you should review carefully. The course related policies can be found here: <http://www.ugst.umd.edu/courserelatedpolicies.html> and here: <http://apps.gradschool.umd.edu/Catalog/policy.php> . Documentation must be provided for all excused absences, and must be approved in advance, unless they meet the University criteria for an emergency.

Informing your instructor that you will miss class for an excused documented reason does not change the due date of assignments. For emergency excused absences where it was not possible to turn in the assignment prior to class, you must propose

an accommodation in writing and a schedule for turning in your work by Friday of the same week it is due. Exceptions to that would be very rare, but if necessary email or have a representative email Professor.

Traffic and work are not emergencies and do not qualify for an excused absence.

3. Inclement Weather: Official closings/delays are announced on the campus web site: [www.umd.edu](http://www.umd.edu) and through local radio and TV stations. Any loss of class time resulting from delays or closing will be rescheduled.
4. Course Communications: You are responsible for providing a working email address that will be incorporated in a group email file to be used by the instructor. You should be sure that this is also the email address that you use to receive University email (make any change in [www.testudo.umd.edu](http://www.testudo.umd.edu)) -- as this is where the University and Program sends graduation and other announcements; if your Testudo/University email is not the one you check regularly, you will not receive emails through the system.

ELMS will be used in this course, so you will need to check the website regularly.

5. Cell phones/laptops/other electronic devices: Please silence and put away all cell phones when you come to class. Unless otherwise permitted for a particular exercise in class, laptops are not necessary and are not permitted. Use pen/pencil to take notes. Research shows that the human brain better retains information if you use a writing instrument (pen or pencil) and take notes on paper. We highly recommend this method, and use it ourselves.

If you are found to be using electronic devices for any purpose other than for assigned exercise, you will be asked to deposit the device at the front of the classroom for the entire class.

6. Computers: Ground Floor PC Computer Lab and upstairs lab on the South Side of the Mezzanine are open to you 24/7 for working with installed programs. Homework may be printed there prior to the start of class (although equipment and paperless situations arise; best to bring your homework preprinted). You need your UID card to access the labs.
7. Copyright Notice: Class lectures and other materials are copyrighted and may not be reproduced for anything other than personal use without written permission from the instructor.
8. Academic Integrity: The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. Along with certain rights, students have the responsibility to behave honorably in an academic environment. Academic dishonesty, including cheating, fabrication, facilitating academic dishonesty, and plagiarism, will not be tolerated.

Plagiarism for those of you who have been out of school a while includes the use of the words, or ideas, of another person, without attribution.

Academic dishonesty is a corrosive force in the academic life of a university. It jeopardizes the Apathy or acquiescence in the presence of academic dishonesty is not a neutral act. Histories of institutions demonstrate that a laissez-faire response will reinforce, perpetuate, and enlarge the scope of such misconduct. Institutional reputations for academic dishonesty are regrettable aspects of modern education. These reputations become self-fulfilling and grow, unless vigorously challenged by students and faculty alike.

All members of the University community-students, faculty, and staff-share the responsibility and authority to challenge and make known acts of apparent academic dishonesty.

Any of the following acts, when committed by a student, shall constitute academic dishonesty:

- **CHEATING:** intentionally using or attempting to use unauthorized materials, information, or study aids in any academic exercise.
- **FABRICATION:** intentional and unauthorized falsification or invention of any information or citation in an academic exercise.
- **FACILITATING ACADEMIC DISHONESTY:** intentionally or knowingly helping or attempting to help another to violate any provision of this Code.
- **PLAGIARISM:** intentionally or knowingly representing the words or ideas of another as one's own in any academic exercise.

The Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. You should review carefully the information on the Code of Academic Integrity or the Student Honor Council at <http://shc.umd.edu/SHC/Default.aspx>.

**Student Honor Pledge:** Each assignment and exam is assumed to include the following pledge: "I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination."

**WORKING WITH OTHERS** There are several ways to "work with others" on a project in this class. Some are acceptable, and one is NOT. Please pay close attention to what the options are below.

A. **CONSULTING (ACCEPTABLE)** Looking to find additional learning support for an assignment is acceptable. Before you give up (or move beyond acceptable consulting) or call your instructor, you are welcome to:

- Check self-teaching books or on-line for on-line tools that provide additional support in practicing the type of assignment prepared.
- Talk with a fellow student in the class. You should not impose on your fellow students if you have simply missed class, other than a brief did you take notes, or what is the 5 minute version of what you learned.
- Work with a Group of fellow students, where each person is doing their own work, but you can ask a colleague "how" to do something, but not "the answer."

B. **USING OTHER'S WORK (NEVER ACCEPTABLE)** – Taking a part or a whole of the work of another student, either a classmate or someone who has taken the course previously, is NEVER acceptable. (This is considered plagiarism and is prohibited by the University's rules. If it is discovered (and that is likely to happen), you will receive a 0 on the assignment and be referred to the Director. A second offense would result in dismissal from the class, or even the University. Don't do it. Besides you don't learn anything when you do this, wasting your money and leading to false credentials!!

**Failure to Abide:** If you are involved any obtaining unauthorized assistance, or plagiarism, or any other activity that violates the academic integrity of your work or the work of others you may earn a failing grade for the course, or be subject to dismissal from the Program.

9. **Students with Disabilities:** If you are a student that requires special accommodations during the semester, you should make an appointment to meet with the Professor as soon as possible if you to address any accommodations you may need. Students with disabilities can also register with the University Disability support services at [www.counseling.umd.edu/DSS/](http://www.counseling.umd.edu/DSS/).
10. **Course Evaluations:** You are responsible for submitting the formal University course evaluation for this course at CourseEvalUM in order to help faculty and administrators improve teaching and learning at Maryland. Please make a note now of the dates and the link at which you can access the submission system ([www.courseevalum.umd.edu](http://www.courseevalum.umd.edu)). If you submitted all of your evaluations in the fall or are a new student, you can also access all posted results from Fall 2007 forward via Testudo under CourseEvalUM Reporting. To retain this access, you must submit all of your evaluations each semester. More information is at:

<https://www.irpa.umd.edu/Assessment/CourseEval/CourseEval.html>.

*MRED Program Evaluations:* You also will be asked to do a MRED Program evaluation for this course at one of the last sessions (See the syllabus schedule). As a new program, the MRED program and its unique approach to real estate education is greatly assisted by your comprehensive responses, and particularly the open ended questions at the end of the Evaluation Form.

11. Learning Assistance Service (LAS): If you are experiencing difficulties in keeping up with the academic demands of this course, contact the Learning Assistance Service, 1101 Shoemaker Building, 301-314-7693. Their educational counselors can help with time management, reading, math, writing skills, note-taking and exam preparation skills. Of particular interest to graduate students is the opportunity to work individually with academic specialists, as well as attend any LAS workshops. LAS also has a specialized structured writing group for international graduate students. There are new web based self- instruction tools that have been collated by the Graduate School that take you directly to sites that can help with grammar and basic writing skills if needed. All services are free to UMD students.

## **COURSE REQUIREMENTS:**

1. Grading System – The final grade will be based on the following four areas:

### **Grading:**

Risk/Histogram Assignment	5%
NPV/IRR	5%
Schester – Case Study	10%
Chestnut – Case Study	15%
Proposed Project – Case Study	15%
Midterm Examination	25%
Final Examination	25%

The case studies are designed for students to value real estate and provide an economically justifiable price to offer for the property. The solution must be presented in memorandum format and written intelligently.

The structure of the cases submitted must be submitted according to the Investment Template provided by the professor. The structure **MUST** adhere to the Investment Template structure. Any additional sections can only be captured in the appendix. Finally, risk must be quantified in ALL project write-ups! If risk is not quantified a grade of 0.00 will be earned.

Note that the analysis portion is the “meat” of the case. This **MUST** include a quantifiable justification for the recommendation. It also must include multiple

scenarios/what-ifs as sensitivities. It is not enough to submit a recommendation based on the return expected alone, risk must be quantified and analyzed and used within the context of recommendation support.

**Any collusion is disallowed.**

The Midterm and Final Examination will be in-class examination testing students on topics and skills covered in the lectures and the readings. Please see past examples for examinations as a reference for studying.

Student's final grade will be determined relative to their peers. Typical breakout for the class is A (top 30%), A- (next 25%), B+ (20%), B (20%), below at discretion of Professor based on relative performance. The Professor reserves the right to increase the grades at the higher end, i.e. A, however, the percentages will not be decreased.

**Dual Grading:**

A. Written Assignments (Dual Grading): Each assignment has two grades (dual grading): One for Business Writing (50% of total points) and one for Content (50% of total points). Papers will be reviewed in accordance with the following criteria.

a) Business Writing – (50%)

**Concise**

- Short sentences (avoid compound sentences). No repetition of words or points.

**Logical**

- Points are logically connected and support a main point. Use of data and details are used in an organized format.

**Standard English Grammar**

- Grammar & spelling.
- Correct punctuation & spacing.

**Business Formal**

- No vernacular or slang.
- Nothing flowery
- No contractions.
- Good use of vocabulary, varied word choice.
- Avoid passive voice.

**Business Style**

- 1-inch margins.
- 12-point font (Times New Roman – or as directed by your professor).
- Page numbers
- Documenting sources and citations correctly.

**Organized with Introduction or Summary**

- Section and subsection headers.

- Strong sentences (topic sentence, supporting details, closing sentence in each Well-paragraph).
- Well-written paragraphs (introductory paragraph, body paragraphs, concluding paragraph).

b) Course Content (50%)

- Depth of analysis (analytical/critical) (no simple summary).
- Synthesis of information.
- Connection between assumptions; persuasive argument.
- Demonstrates clear understanding of the material presented.
- Details support content delivered.

B. Oral Presentations to the Class and Power Point Dual Grading: Each presentation has two grades (dual grading): one for the oral presentation (50% of total points) and one for power point (50% of total points). Presentations will be reviewed in accordance with the following criteria

a) Structured Content

**Story Board** – (beginning, middle, and end).

- Summarize what I will present.
- Present information.
- Summarize what I presented.

**Simplicity**

The Rule of 3's and 5's.

- 3 key points with five supporting points each, or
- 5 key points with three supporting points each.

b) Visual Presentation

- PowerPoint 10/20/30 Rule.
  - 10 slides maximum (unless otherwise instructed by your professor).
  - 20 words (maximum per slide).
  - 30 points font (minimum).
- No sentences.
- Interesting images (not distracting).

**Personal Poise/Professional Delivery**

- Effective body language (postures, gestures, movement, etc.).
- No verbal litter (ex. um, ah, like, so, etc.)
- Deliberate, accessible voice (ex. Slow, slow, slow).

**Audience Engagement**

- Dynamic/Energetic presentation.
- Do not turn back to the audience.
- Do not read from notes.

2. Assignments: Assignments will be made at least two weeks in advance, and will always be posted on the ELMS site for RDEV630. You should check ELMS frequently for announcements of any changes in class, changes in the syllabus, and new readings posted. Before you start to do any reading or homework, check ELMS for the latest syllabus (Do not rely on a printed syllabus!!)

All written assignments must be **typed, proofread and formatted in a businesslike manner**, or the format required. Your answers should progress logically from one thought or step to the next. They should be presented in the format required. Follow the directions; show all your work; details matter.

3. Class Participation and Business Conduct – Class participation provides opportunity for you to demonstrate your understanding of the theories, concepts, and practices that the course addresses. More importantly, it allows you to further develop your persuasive communication skills, which are exceptionally important in real estate law. Success in this course depends on the preparedness and active engagement of all students. The readings and assignments listed on this syllabus should be accomplished prior to class.

Business like conduct is expected at all times. If you expect to be (or are in fact are) LATE, do NOT enter the classroom in front of a guest lecturer or the Professor. Making it to class on time (Plan to arrive by 6:45) is a business value and respectful of your professor and other classmates. Repeated late arrival will not be accepted and admission to the classroom will be limited. *Coming late to class is not only disruptive to the other members of the class, but is not a good representation of yourself, or the MRED program, to potential employers.* NEVER enter the class and walk across in front of a speaker!

**YOU ARE REQUIRED TO BRING YOUR NAME TENT AND USE IN EVERY CLASS PERIOD**

4. Make-up Examinations/Late Submissions: None. The remainder of the course will be proportionally reweighted for remaining submissions/examinations.
5. Group Work—Many students learn finance best in study groups, and group work is generally encouraged. However, students must complete all written assignments solely on their own. Moreover, students must complete the case studies solely on their own, without group work, with only contact with the instructor permitted.
6. Incompletes: Incompletes are given only in the most extraordinary circumstances and with appropriate documentation.

## COURSE SCHEDULE:

(Assignments and dates are subject to change)

<u>#</u>	<u>Date</u>	<u>Topic</u>
1	30 August 17'	Syllabus Discussion Background Review Chapter 1: Introduction to Real Estate <b>Risk Assignment Discussed</b>
2	6 September 17'	<b>Risk Assignment Due</b> <b>Single Family Residential Case Discussion</b> Lecture: Valuation using NPV and IRR Lecture: Residential Pro Forma Development
3	13 September 17'	Valuation Problems/Examples Risk Problems/Examples Risk Quantification: P(Loss)
4	20 September 17'	Interest Factor in Financing HP-12c: Discussion on use
5	27 September 17'	Amortization – Fixed and Variable Debt Amortization Table Construction
6	4 October 17'	Review for Mid-term Examination
7	11 October 17'	<b>Mid-term Examination</b>
8	18 October 17'	Single-Family One-Page model discussed and constructed

- 9      25 October 17'      **SChester – Case Study Due**  
N-Unit Construction of Pro Forma  
**Revere Street Case Discussion**
- 10      1 November 17'      **Chestnut – Case Study Due**  
Analysis + Discussion

### **ABOUT Roger Staiger**

Roger Staiger is an investor, author, and philanthropist. He is the owner of P(Gain), LLC, an international real estate investment and advisory firm that develops, owns and manages real estate and operating businesses in the Washington DC metropolitan area and the Caribbean. On a limited basis, P(Gain) advises clients in areas of global portfolio management, real estate financial modelling, and asset repositioning.

The P(Gain) Foundation provides University scholarships for Nevisian graduating seniors. Further, through the Roger P. Staiger Faculty Development Fund, Mr. Staiger personally provides grants for academic research studies.

Mr. Staiger has worked in a number of industries at senior levels. He was Managing Director for a Fortune 500 Energy Company's commodity division, CFO for America's Best Mid-Sized Builder 2006, and a Senior Portfolio Manager for a large commingled pension fund in New York.

Mr. Staiger has earned multiple degrees including BS Electrical Engineering, MBA Investments, MA International Transactions and a MS Finance. He holds or has held university faculty positions in the real estate departments at Georgetown University (Outstanding Faculty Award, 2011), Johns Hopkins University, and University of Maryland in the United States. Mr. Staiger also holds a faculty position in the MS Finance Programme and Finance Department at The George Washington University.

Mr. Staiger provides numerous capital markets and economic presentations to organizations internationally. He also appears regularly on television and is often quoted in national periodicals. Mr. Staiger is recognized globally as an expert in Financial Modelling having authored the leading textbook in the field *Foundations of Real Estate Financial Modelling*, Routledge, 2015.

Mr. Staiger resides in the Washington DC area and Nevis.

