

STATE OF NEW MEXICO REAL ESTATE COMMISSION
 5500 San Antonio Drive NE Suite B
 Albuquerque, NM 87109 (505) 222-9820

CONTINUING EDUCATION COURSE APPLICATION

Date _____

Title of Course:

INCOME PROPERTY ANALYSIS

CE Hours 10

Fee \$70 (Upon Approval)

Approved Education Course

Approved Training Course

Non-acceptable courses

Courses in:
Real estate law and practice; real estate financing including mortgages and other financing techniques; material specific to the regulatory, and ethical practice of real estate; and real estate related local, state and federal laws including but not limited to fair housing, the Americans with Disabilities Act (ADA), and lead-based paint disclosure.

Courses in:
Personal and property protection for the broker and clients; using the computer, the internet, business calculators and other technologies to enhance the broker's service to the public; concerning professional development, customer relations skills, sales promotion including salesmanship, negotiation, marketing techniques, servicing the client, or similar courses.

Courses in:
Mechanical office and business skills such as typing; speed reading; memory improvement; language report writing; offerings concerning physical wellbeing or personal development such as personal motivation; stress management; time management; dress-for-success; or similar courses.

ENCLOSED WITH THIS APPLICATION ARE ONE COPY OF:

student handouts (11 copies must be provided at ESC presentation)

COURSE TYPE

Live lecture

List major reference materials used in the development of this course: CCIM 101, 102, AND 103 manuals; 14 years as a commercial agent; 8 years as a commercial manager (45 sales people); 20 years of teaching this subject over 800 times, to over 17,000 students, in 30 different venues, in 7 different states.

This course will be taught at the following locations (attach additional sheet if necessary):

Date TBD Location ALBUQUERQUE

Date TBD Location SANTA FE

Date TBD Location LAS CRUCES

Date _____ Location _____

Date _____ Location _____

Describe the physical classroom facilities: Various depending upon location. Will be classroom style with tables and chairs facing screen for power point presentation

The instructor(s) for the course will be:

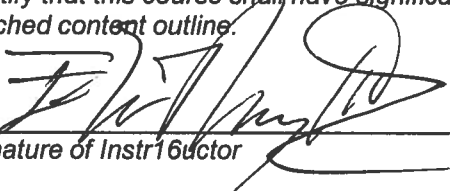
Frank W. Meyers III

Provide evidence of the instructor(s) New Mexico instructor certification, or attach instructor applications:

APPLICATION ATTACHED

How this course will serve to protect the public and increase the professional competence of the licensee: Knowledge of how to accurately analyze "the numbers" on an investment deal is critical to effectively serve the public's best interests. They will learn 7 different methods with which to analyze value and yield in investment real estate.

I certify that this course shall have significant intellectual and/or practical content and will be taught in accordance with the attached content outline.



Signature of Instructor

4-25-16

Date

Frank W. Meyers III

Instructor

4-25-16

Date

Course Title: **Insert**

Course Description: **Insert a few sentences which briefly describe your course.**

Learning Objectives (See attachment on Bloom's Taxonomy and Learning Levels)

Learning Level	Learning Objective
Insert Level (Words or Numbers)	Insert corresponding learning objective
See attached	

The following will be the means used in assessing whether the Learning Objectives have been met (Pre and post test, Q&A etc.)

Insert specific methods

Timed Outline: Describe in detail the components of the course by breaking it down into subject matter areas of no greater than 15 minutes. What will be the method of instruction or teaching technique used for each area (lecture, slides, group activities, videotape etc.)

Length in Time (15 min. increments)	Teaching Technique	Subject Matter Segment and Description
See attached		

INCOME PROPERTY ANALYSIS

Currently or previously:

**Approved for 9 hours elective MCE credit in Texas
11 hours of elective CE credit in Florida
6 hours of elective CE in Illinois
14 hours of CE in Pennsylvania
12 hours of elective CE in Utah
6 hours of core and 6 hours of elective CE in Missouri
4 hours Core and 10 hours elective in Oklahoma
8 hours elective CE in Louisiana**

This course uses a unique approach to evaluating the viability of the various conventional measurements of value, yield, and return in investment real estate. First, “16 contributing elements to value” are identified. These consist of all of the possible inputs that an investor would want to consider in investigating the value of a potential investment property. Then the following methods of evaluation are defined and discussed relative to: how many of the 16 contributing elements are considered in the calculation of that particular method; their relative merits and pitfalls; their practical application and usage in the market place; and what types of properties and investors with which they are most effectively used.

- * PRICE PER SQUARE FOOT / UNIT**
- * GROSS RENT MULTIPLIER**
- * CAPITALIZATION RATE**
- * CASH ON CASH**
- * EQUITY RATE OF RETURN**
- * INTERNAL RATE OF RETURN**
- * FINANCIAL MANAGEMENT RATE OF RETURN**

There are also sections on compounding and discounting, net present value, discounted cash flow analysis, and risk / market analysis. Each chapter has excellent examples, and all but a couple have case studies, which the students do together in small groups. The entire class is conducted via a power point/ LCD projector/ laptop type presentation, with over 100 different slides, many of which have movement and sound. There is also a 105 page manual/workbook.

For those who have never been exposed to this material, this course will prove to be an excellent introduction, and would be one of the best preparations for the CCIM CI-101 course that one could possibly take. For those who have been exposed to, and have used some of the material contained in this course, this will serve as an excellent refresher, especially in many areas, which may not have been used for a while.

I have had hundreds of CCIM's, SIOR's, commercial company owners and managers, CPA'S, and appraisers in my classes all professing to have derived significant benefit from the course. Many of these students have taken this class 2, 3, 4, and even 5 times over the last 20 years. As a matter of fact the alumni of this course constitute a "Who's Who" of Texas Commercial/Investment Real Estate." Appraisers will find this a very in depth analysis of the "income approach" to appraising, and they will learn a lot of the "street smart" broker inputs to value, that might not necessarily be contained "only in the numbers."

This course has also been very well received by the property management community. It has greatly helped them to understand the dramatic impact on value and yield that their day to day management activities have, and to more thoroughly understand the motivation behind some of their owners' dictates.

At the end of this course, the student will have a much better understanding of the pre tax analysis of investment real estate, and more importantly which methods to use with the various types of clients they will encounter in their day to day business. In addition, the knowledge gained in pursuing one's own personal investment portfolio, will be invaluable, and this again applies to commercial / investment agents as well as residential agents and principals. As a matter of fact, historically about 50-60% of my 17,000+ past students have been residential agents who were either interested in a commercial career themselves, pursuing their own real estate investment activity, or just looking for something new and refreshing for their MCE requirements.

While a financial calculator is highly recommended, it is not absolutely necessary to participate effectively in this course. I teach concepts, not key strokes!!!

INCOME PROPERTY ANALYSIS

TIME LINE AND LEARNING OBJECTIVES

HOOR 1- Instructor background; value; yield; rate of return; 16 contributing elements to value

Learning objectives: The first 15 minutes of this hour is devoted to the instructor's background with the goal of having the student feel that the instructor's background qualifies him to teach this subject, and that he has credibility. The rest of the hour is spent delineating the 16 contributing elements to value and yield, and defining value and yield. Approximately 5 of the 16 contributing elements will be covered in each of the remaining 15 minute periods. At the end of this period the students will know 16 different elements to consider in analyzing any piece of investment real estate, and why. Plus they will have been apprised of the fact that different clients have totally different definitions of Value and Yield, and, more importantly, how to discern what their definitions are. Teaching techniques for this hour will be lecture, power point presentation, and Q and A.

HOOR 2- CALCULATING CASH FLOW AND PRICE PER SQUARE FOOT

Learning objectives: The first 15 minutes of this hour is spent teaching how to do a one year cash flow analysis. At the end of this period, the students will know how to do a one year cash flow analysis on a piece of investment real estate. The second 15 minutes of this hour is spent in discussing the first of 7 methods of analyzing property- price per square foot. The third 15 minute period continues on with Price per Square foot. At the end of this part of Hour 2 the student will know how to calculate price Per square foot, and how cursory a method it really is. The last 15 minutes of this hour is spent in showing the effect price per square foot has on market cycles relative to construction costs and in defining the 4 common elements to all investments, and the student will know what those are at the conclusion of this period. Instruction techniques for this section are lecture and power point presentation, and Q and A.

A.

HOOR 3- GROSS RENT MULTIPLIER

Learning objectives: The first 15 minutes of this hour is spent in defining Gross Rent Multiplier, and how little information is really imparted by this method. The second 15 minutes of Hour 3 is spent in doing examples of GRM and pointing out the shortcomings of this method. The third 15 minutes of Hour 3 is a case study in which the students are broken up into groups of 3-6 to work together as a group in doing a case study in calculating GRM and one on Price per Square Foot. The last 15 minutes is spent in going over the case studies. At the end of Hour 3 the student will be able to define gross rent multiplier, and see how cursory a method this also is. They will know how many of the contributing elements are used in this method. They will have done examples and a case study and will know how to calculate gross rent multiplier. They will know many of the shortcomings of gross rent multiplier, what kinds of properties to use it on, and what kinds of clients to use it with. Teaching techniques for this hour are lecture, power point, Q and A, working examples together with instructor, and agents doing a case study in small groups.

HOOR 4-CAPITALIZATION RATE

Learning objectives: The first 15 minutes of this hour is spent in defining Cap Rate and how many of the 16 contributing elements are considered in the method. The second 15 minutes of Hour 4 is spent in doing examples together on the power point showing the shortcomings of Cap Rate. The third 15 minutes is another group case study where the students work together in calculating Cap Rate. The last 15 minutes is spent in going over the case study. At the end of Hour 4 the students will be able to define cap rate, and see how it is a better method than GRM, but is still pretty basic. They will know how many of the 16 contributing elements are used in this method. They will have done examples and a great case study, and will know how to calculate cap rate. They will know its shortcomings, what kinds of properties to use it on, and what types of clientele to use it with. They will know that it only represents a partial true yield when the investor pays all cash. When leverage is used the return

can be all over the map. Instructional techniques used are lecture, power point, Q and A, examples done on power point, small group case studies.

HOUR 5- CASH ON CASH

Learning objectives: The first 15 minutes of this hour is spent in defining Cash on Cash, and how many of the 16 contributing elements are considered in the method. The second 15 minutes of Hour 5 is spent doing examples with the instructor's power point presentation, showing the short comings of Cash on Cash. The third 15 minutes is another group case study where the students work together in calculating the Cash on Cash return on a sample piece of investment real estate. The remainder of Hour 5 is spent in going over the case study and other shortcomings of Cash on Cash. At the end of Hour 5 the student will be able to define and calculate Cash on Cash. They will know that any one property can have a multitude of Cash on Cash returns depending upon leverage, interest rate, and amortization. They will know the dramatic effect that interest rate, leverage, and amortization have on the ultimate Cash on Cash return. They will have completed an example and a case study, and will know the short comings and positives of this method. Teaching techniques used in this hour are lecture, power point, Q and A, group examples on power point, and small group case study.

HOUR 6- EQUITY RATE OF RETURN

Learning objectives: The first 15 minutes of this hour is spent in defining Equity Rate of Return and how many of the 16 contributing elements are considered in this method. The second 15 minutes of Hour 6 is spent in discussing a method to help investors to decide whether they should continue to own property or to sell it. The students will learn the 5 options open to an investor regarding improving his position. The third 15 minutes is spent in doing examples with the instructor's power point presentation, showing the positives and negatives of ERR. The last 15 minutes of Hour 6 is spent with the students doing another group case study calculating ERR on a sample problem. At the end of Hour 6 the students will be able to define and calculate ERR. They will see that this is the first method

discussed in the class which makes assumptions into the future. They will learn that ERR does not represent a true yield- that it is strictly to be used on a comparative basis to assist in the buying decision. They will learn that this method is not the best to use with institutional investors, but is more properly used with newer, lesser sophisticated investors. Instructional techniques used are lecture, power point, Q and A, examples on power point, small group case study.

HOOR 7- COMPOUNDING/ DISCOUNTING/DISCOUNTED CASH FLOW

Learning objectives: This is the calculator part of the course. I have found that lack of knowledge of the financial calculator is probably one of the weakest areas of all (commercial and residential) agents. I do this part of the course conceptionally- not a formula/key stroke approach. Agents will forget formulas and key strokes, but they will not forget a concept. The first 15 minutes of this hour is spent in describing the financial function keys, and how they are the same on all financial calculators. The second 15 minutes is spent in doing compounding and discounting problems. The third 15 minutes is spent in showing how knowledge of compounding and discounting applies to not only real estate applications, but how it can be used in planning retirement and other personal items. Even though this short part doesn't directly apply to real estate, I have found that this piques students' interest to the point that they will make the effort to learn how to use this tool. The last 15 minutes is showing how knowledge of the calculator can expand one's horizons into things like discounted notes, etc. At the end of this hour they will know what the financial function keys are and what information they input into the calculator. They will understand compounding, discounting, and discounted cash flow. They will not only learn how to apply this to their real estate activities, but also to their personal life. Instructional techniques used are lecture, power point, and Q and A. I have been told by many students that this section changed their careers.

HOOR 8- INTERNAL RATE OF RETURN

Learning objectives: This is the most difficult part of the class. The first 15 minutes of this period is

spent in defining IRR, and how many of the 16 contributing elements are considered in this method. The second 15 minutes and the third 15 minutes are spent in doing an example via the instructor's power point program. The last 15 minutes is spent in looking at key strokes for the financial calculator in calculating IRR, and the 4 most common mistakes in calculator entry. At the end of Hour 8 the student will know what the definition of IRR is. They will have worked through an example, and see how it works. They will know what types of clientele with whom to use it, and not use it. They will understand why it does not represent a true yield either, and they will understand the 4 most common mistakes in calculator entry. Instructional techniques used in this hour are lecture, power point, Q and A, examples worked together on power point

HOUR 9- CASE STUDY INTERNAL RATE OF RETURN

The first three 15 minute periods during this hour are spent with the students doing a case study on IRR. The last 15 minute period is spent with instructor reviewing the case study. At the end of this hour the students will have developed confidence in their having a cursory understanding of Internal Rate of Return. This subject requires multiple exposures before a good working knowledge of the subject can be obtained. I have however, taken brand new people, and in 2 hours, had them feeling very comfortable with the subject. Instructional techniques are lecture, power point, small group case study, Q and A.

HOUR 10- FINANCIAL MANAGEMENT RATE OF RETURN

Learning objectives: The first 15 minutes of this hour is spent in defining FMRR, and how many of the 16 contributing elements are considered in this method. The second 15 minutes is spent in doing an example of FMRR via the instructor's power point program. The third 15 minutes is spent in doing an FMRR case study, and seeing the differences between IRR and FMRR. The last 15 minutes is a general catch all Q and A about the whole day. At the end of Hour 9 the students will know the definition of, how to calculate, the positives and negatives of, and the people with whom to use FMRR. They will see that this is the pinnacle method, how easy it is compared to IRR, and that it

considers about everything that can possibly be considered in analyzing investment real estate. They will know with whom to use FMRR and with whom to use IRR. Instructional techniques used are lecture, power point, Q and A, examples together on power point, small group case study.