

# Real Estate Investment

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8 Hour Course Outline

## COURSE DESCRIPTION:

This course covers the general concept of investments in general and real estate investments in greater detail as to opportunities, measurements of value, time value of money concepts and use of various CCIM forms for data collection, analysis, and interpretation. This course provides attendees, regardless of degree of experience, with basic tools and understanding of tax implications, use of the HP10B financial calculator (or app).

## TEACHING TECHNIQUES:

L=Lecture, PP=PowerPoint slides, V=Video clips and GE=group exercises.

## LL LEARNING OBJECTIVES

- 1 Attendees will describe investment opportunity alternatives
- 1 Attendees will be made aware of basic investment market variables
- 1 Attendees will demonstrate basic skills with the HP10b financial calculator
- 2 Attendees will explain the importance of various federal tax laws impacting real estate
- 1 Attendees will demonstrate ability to collect data and fill in the CCIM APOD form
- 2 Attendees will learn how institutional investors measure risk and value
- 2 Attendees will learn three basic skills in measuring market or value for real estate investment
- 1 Attendees will demonstrate the use of the CCIM APOD sheet for taking listings, marketing, and preparation of offers to purchase for an informed real estate investor

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General Introduction: Instructor, attendees and course objectives	10 minutes
I. Introduction	60 minutes
II. Time Value of Money Concepts and Application	90 minutes
III. Various Measures of Real Estate Investment Cash Flows	60 minutes
IV. Basic Investment Variables	60 minutes
V. Investment Financing Options	60 minutes
VI. The Real Estate Investment Marketplace: Local, Regional, etc.	60 minutes
VII. Class Problems Using APOD for Data Collection and Analysis	80 minutes

General Introduction: Instructor, attendees and course objectives	10 minutes
I. Introduction	60 minutes
Some Market Basics	
Market Data Points	
Institutional and Seller Financing Alternatives	
Business Cycles	
Market Trends	
Investment Choices: Wall Street, Real Estate, etc.	
Some Major Benefits from Real Estate Ownership	
Federal Tax Liabilities/ Benefits for Real Estate Investment such as: depreciation, capital gain deduction, recapture, stepped up basis, passive loss rules, installment sales reporting, tax-deferred exchanges, etc	
II. Time Value of Money Concepts and Application	90 minutes
Limited Value of “Guesswork” in Problem Solving	
A dollar today is worth more than a dollar tomorrow	
Six Basic “Time Value of Money” Questions	
Illustration of Use of a “T-Bar” for investments over time	
Instruction if use of HP10b for basic solutions: mortgage payment, balloon payment, amortization, discounting, appreciation, etc.	
III. Various Measures of Real Estate Investment Cash Flows	60 minutes
Discounting from Price	
Gross Rent Multiplier (Market)	
Cap Rate (Value)	
Return on Investment (Investment)	
IV. Basic Investment Variables	60 minutes
Safety	
Risk	
Yield	
Liquidity	
Growth	
Leverage ---high and low---positive and negative	
Investor Goals and Objectives	
Investor Sophistication and Tolerance for Risk	
Appropriate Brokerage Relationship and Expected Negotiation Services	
V. Investment Financing Options	60 minutes
Institutional Financing: LTV; Loan Constant; Debt Coverage Ratio;	
Seller Financing: New Mexico Real Estate Contract Benefits/Risk	

Seller Financing: New Mexico Deed of Trust Benefits/Risk  
Seller Financing: New Mexico Private Mortgage Benefits/Risk

- VI. The Real Estate Investment Marketplace: Local, Regional, etc. 60 minutes
- Market Trends and Wild Cards
  - Seven Good Reasons to Invest in Real Estate
  - Land Investment Stages of Development
  - §1031 Tax-Deferred Exchange Recapitulation Sheet Example
  - Ownership Risks: Title Commitment; Surveys; CC& Rs, etc.
  - Environmental Risks: Phase I assessments; Disclaimers/Disclosures; etc.
- VII. Class Problems 80 minutes
- Owner's Statement APOD
  - Listing Broker's Reconstruction (for accuracy)
  - Buyer Broker's Projection (for next 12 months)