Finance 351 A01
Summer 2011 Syllabus

Professor Leonard Kiefer
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Course Information:

Course Website:  http://course.gmu.edu

Class:  Th 7:00-10pm Robinson Hall B220, S 9am-12:05pm Robinson Hall B220

Prerequisite:

FNAN301

Textbook:


Learning Goals for the finance program:

Upon completing our undergraduate finance program, our majors will be competent in each of the following areas:

1. Finance majors will be able to value complex projects, assets and securities.
2. Finance majors will be able to demonstrate, evaluate, and explain the risk return trade-offs in finance.
3. Finance majors will be able to conduct a financial analysis of a firm using financial statements.
4. Finance majors will be able to price and use derivatives.
5. Finance majors will recognize and understand how to address ethical issues in finance including agency problems.
6. Finance majors will be able to conduct research to support the analysis of a firm or financial project and effectively present their analysis.
7. Finance majors will understand the relationships among investors, firms, financial institutions, and regulatory entities in financial markets and systems.
8. Finance majors will understand how global financial markets and institutions affect firms and investors.

Course description and objectives:
This course provides a survey of the real estate sector of the US economy from the perspective of financial economics. The course will focus on the development of an understanding of the factors that influence values of real estate assets. This understanding can be applied to make decisions about developing, acquiring, financing, owning, leasing managing, and disposing of real estate assets. Given the significance of real estate assets to owners, lenders and users, these decisions have important consequences for individuals, firms, and the economy. The course will also examine the roles and effects of institutional features of real estate markets, including those related to property rights and other legal aspects, financing, and government policies. At the end of the course students should:

- Appreciate the significance of real estate resources in the economy;
- Be familiar with the principal features of real estate assets and markets;
- Understand the factors that influence property values;
- Explain important features of real estate contracts;
- Understand government policies that influence real estate markets;
- Be able to use appropriate techniques for estimating values of real estate assets and mortgages;
- Be able to analyze real estate investment and financing decisions;
- Be familiar with real estate management activities.

**Course Requirements:**

Grade assignments will consist of three tests, a final exam, and class assignments. Depending on the situation, the class assignments may be completed either during class or outside of class. In either case, the assignments are done on an individual basis.

For determining course grades, the requirements will be weighted as follows:

Each test 18%, 54% Total  
Final Exam 36%  
Class assignments 10%

In determining the course grade, a numerical average of all work will be computed. To convert the averages to letter grades, the starting point will be categories bracketed by 90, 80, etc. In assigning course grades, adjustments may occur based on actual class performances, and +/- grades may be awarded.

**Honor Code:**

Students are expected to observe fully the GMU Honor Code. Information is available at: [http://academicintegrity.gmu.edu/honorcode/](http://academicintegrity.gmu.edu/honorcode/).

**DRC Statement:**
If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 703-993-2474. All academic accommodations must be arranged through the ODS.

**Excused Absences from Exams:**

Excused absences from exams will be permitted only in rare cases of genuine emergencies. In these cases, the final average of all work will be computed on the basis of exams taken, with appropriate reweighting.

Requests for permission to reschedule a final exam will be handled according to the guidelines and procedures of the SOM Office of Academic and Career Services.

**Exam Scores**

Exam Scores (excluding the Final) will be calculated based on the average of the student’s best two performances, i.e. the lowest exam score can be replaced by the average of the other two exams. If a student misses an exam for any reason that is not an excused absence, they will automatically receive a zero for that exam.

**Key Dates:**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>First Exam</td>
<td>Thursday June 2, 2011</td>
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<tr>
<td>Second Exam</td>
<td>Thursday June 9, 2011</td>
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<tr>
<td>Third Exam</td>
<td>Thursday June 16, 2011</td>
</tr>
<tr>
<td>Final Exam</td>
<td>Thursday June 23, 2011</td>
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**Topics and reading assignments:**

*Note that topic numbers and chapter numbers are not the same.*

Dates for readings and lectures are provisional, but dates of exams will not change.

May 24, 2011
Lecture 1 Introduction
    Read: Ling and Archer, Chapter 1

May 26, 2011
Lecture 2 Fundamentals of valuation
    Ling and Archer, Chapter 14 (Study Questions 1-17)

May 28, 2011
Lecture 3 Basis of urban land economics 1
    Ling and Archer, Chapter 5
May 31, 2011
Lecture 4 Basis of urban land economics 2
   Ling and Archer, Chapter 6

June 2, 2011
   Exam1
   Lecture 5 Government Policy and Land Use
   Ling and Archer, Chapter 4

June 4, 2011
Lecture 6 Financing Real Estate-contractual features
   Ling and Archer, Chapter 9

June 7, 2011
Lecture 7 Valuation and analysis of mortgages
   Ling and Archer, Chapter 15 (Study Questions 1, 2, 4, 5, 9, 10)

June 9, 2011
   Exam 2
   Lecture 8 Valuation of Real Estate assets 1
   Ling and Archer, Chapters 7

June 11, 2011
Lecture 9 Valuation of Real Estate assets 1
   Ling and Archer, Chapters 8 (Study Questions 1-7)

June 14, 2011
Lecture 10 Valuation of Real Estate assets 2
   Ling and Archer, Chapters 18 (Study Questions 1-5)

June 16, 2011
   Mid-term exam 2
   Lecture 11 Valuation of Real Estate assets 2
   Ling and Archer, Chapters 19 (Study Questions 7-9)

June 18, 2011
Lecture 12 Financing residential real estate
   Ling and Archer, Chapter 10

June 21, 2011
Lecture 13 Course Review
June 23, 2011
Final Exam