Prefix & Number: RDEV 7536  
Initial Term: SUMMER 2009

Select One:
New x  
Delete  
Course Modification

Type of modification:
_____ Title  
_____ Description  
_____ Credit hours  
_____ Prerequisites  
_____ Grade Type  
_____ Number:  
Old  
New  

Title: FINANCIAL AND REAL ESTATE SECURITIZATION

College/School: COLLEGE OF BUSINESS / CADC  
Dept: FINANCE

| Abbreviated Title: FI & REAL ESTATE SECURITIZATION (32 spaces total) |
|---|---|

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| Levels: (select all that apply)  
____ None (Blank)  
____ Undergraduate (U)  
x Graduate (G)  
____ Professional (P)  | Grading Rule:  
____ Undergraduate (U)  
x Graduate (G)  
| Grading Type: (select one)  
x Normal grading (Blank)  
____ Pass/Fail only (SU)  
____ Thesis/Dissertation (TD)  | Term Offered: (select one)  
x Not Specified (Blank)  
| Minimum: 3  | Minimum: 3  
| Maximum Repeat: 3  | Maximum Repeat: 3  |
| (Total number of credit hours; not total number of times)  | (Total number of credit hours; not total number of times)  
| Session Duplicate:  
yes  | no x  


**Prerequisites**  PROGRAM APPROVAL

**Corequisites**  NONE

**Description for Bulletin**  This class will provide an in-depth look at the fundamental principles and practices as applied to the financing of residential and commercial real estate. Topics to be discussed include, borrowing, lending, real estate investment decision making, and financial market theory as it relates to the financing of real estate. Additional emphasis will be placed on the secondary market for real estate securities as well as study of the use of leverage to increase equity investment return.

Credit will not be given for both ___________________ and ___________________.

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**Justification (Indicate reason for change)**

This is a course for the Master of Real Estate Development, which is a proposed degree track that will be offered jointly by the College of Architecture, Design and Construction and the College of Business.

Additional resources or resource shifting required. If none, please explain.

RDEV 7536 will become a required class in the Master of Real Estate Development (RDEV) Curriculum.

Resources from the College of Architecture, Design and Construction and from the College of Business will be utilized.

Resources will be generated by program revenue.

Attach a copy of new syllabus to add course or to modify course except for changes in prerequisites that involve letter grade or GPA.
Also, attach a copy of current syllabus for all changes except changes in prerequisites that involve letter grade or GPA.
No attachment required to delete course.

**Contact Person**  Rebecca O'Neal Dagg, Associate Dean for Academic Affairs and Research, CADC

**Email**  onealrg@auburn.edu  **Phone #**  4-4367

*Revised 2/8/05*
## Approvals

### Undergraduate Requests

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### Graduate Requests

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COURSE SYLLABUS

Course Number: RDEV 7536
Course Title: Financial and Real Estate Securitization
Faculty: Finance Department, COB
Credit Hours: 3
Prerequisites: Program Approval

I. Course Objectives/Content:

1. Course Objectives

This class will provide an in-depth look at the fundamental principles and practices as applied to the financing of residential and commercial real estate. Topics to be discussed include, borrowing, lending, real estate investment decision making, and financial market theory as it relates to the financing of real estate. Additional emphasis will be placed on the secondary market for real estate securities as well as study of the use of leverage to increase equity investment return.

2. Tentative Schedule and Outline of Course Content:

Week 1 Real Estate Finance Overview  
Week 2 Review of Fixed Income Mathematics  
Week 3 Money, Credit and Interest Rates  
Week 4 Fixed Rate Mortgage Finance  
Week 5 Alternative Mortgage Instruments  
Week 6 Refinancing Decisions/ Cash Equivalency  
Week 7 Incremental Costs and Junior Mortgages  
Week 8 Exam Prep/ Mid-term Exam  
Week 9 Funding Sources for Commercial Real Estate  
Week 10 Underwriting Real Estate Development Loans  
Week 11 Structuring the Development Loan Package  
Week 12 Mortgage Backed Securities  
Week 13 Mortgage Pass Through Securities  
Week 14 Collateralized Mortgage Obligations  
Week 15 Mezzanine Financing  
Week 16 Exam Prep/ Final Exam

3. Textbook or Assigned Readings


Current texts available in Real Estate Finance as well as supplementary timely reading material will be assigned.

II. Grading and Evaluation Procedures

1. Course requirements: class participation and communication; assigned problem sets, and mid-term and final exam.

2. Course Evaluations
   Class Contributions and Participation 20%
   Assigned Problem Sets 30%
   Mid-Term Exam 20%
   FINAL Exam 30%

3. Grading Evaluations Procedures
   Final Course evaluations will be given in whole letter grades (A, B, C, D, & F) with the following grading scale:

   A  90 – 100%
   B  80 – 89%
   C  70 – 79%
   D  60 - 69%
   F  Below 60%

   A student entered into either the RDEV Program, provisionally, must get a “B” for each course to be able to continue in the program. The following standards will be used in assessing your progress:

   A  Exemplary work that evidences a significant understanding of the course, shows mastery and integration of the required skills, and indicates a significant dedication to integrating the knowledge gained into other courses in the curriculum. Exemplary Work is attended by an attitude of exploration, open-mindedness, and a willingness to learn from other members of the class.

   B  Exemplary work shows a conceptual understanding of the course, a competence and mastery of the skills required of the course, and is attended with an open and inquisitive attitude.

   C  Adequate work meets the requirements of the course; shows a basic understanding of the course goals and objectives; indicates a minimum basic competency in the skills presented; and demonstrates fluency with the concepts introduced.

   D  Work that, although complete, does not show an understanding of the course content and demonstrates deficiencies in the mastery of skills and concepts presented.

   F  Failing or incomplete work does not significantly meet the requirements of the course. Work shows a serious deficiency in skill development and raises significant questions with respect to future success in the program.
More than one excused absence will result in the lowering of your grade by one full letter grade.

Distance education students are expected to complete examinations under the same circumstances as campus-based students. Each student must locate an approved proctor who agrees to personally oversee the examination. Suggestions for approved proctors are: School Superintendent; Principal of a Senior high school; Dean or Department Head of a College; Administrator of an Independent Learning program at another college; Education Officer of a military installation (for military personnel). Generally, someone experienced in and respectful of the academic process and who has no vested interest in the student's performance is an allowable proctor. Librarians and Counselors are fine in many cases. If you have difficulty finding one of these approved proctors contact the Auburn University Distance Learning Office for assistance in securing an appropriate examination proctor.

Each assignment is graded by an Auburn University faculty member who provides commentary as needed to guide you through the course. Assignments must always be of acceptable quality. Otherwise, the instructor may require resubmission of assignments for grading and return before additional assignments can be accepted. Assignments can be hand delivered, mailed, faxed (if not excessively lengthy), or sent via E-mail.

You are required to perform most of your work asynchronously (distance learning). Good work and active engagement in both on-site learning and distance learning are the two greatest gifts a student can give their colleagues and their faculty. Encourage and assist your colleagues to do their very best work. Share your ideas and opinions freely and openly discussion board sessions. Ask questions on the course website and participate in white board interactive classrooms.

We suggest that you pace your assignments, especially early in your course, so that you can receive instructor's comments before you mail in subsequent assignments, thereby profiting by the feedback on your efforts.

Unless sent by fax or E-mail, a minimum of two weeks is usually needed for an assignment to be received by the instructor, graded, recorded and placed in the return mail. If you are meeting a deadline, let your instructor know at the outset of the course and pace yourself to complete the final examination well in advance of your deadline.

Students will have the opportunity to earn a maximum of 4 points per class. The total number of points is equal to ½ percent of your grade with a maximum of 20% of your overall grade.

III. Policies on Unannounced Quizzes and Class Attendance and Participation

Classes will start promptly on the scheduled date and time. The “class contributions” assignment is meant to encourage and reward on-line class discussion of class topics. Contributions should be posted to “Course: Leadership Discussion” in EmBaNet. Periodically, faculty may post some discussion questions as thought starters. Students can and should also start discussion streams. Streams of discussion on a topic are not limited to
the initial week started, but may progress as long as fruitful. Discussion of other course-related topics is acceptable. Examples of contributions you might make include: 1) comments regarding the applicability or a provocative question or thoughts about something from the assigned reading, 2) a review of a recent book germane to the subject matter the class may be interested in, 3) discussion of a journal article that might interest the class, 4) a review of a Website you have found useful or interesting, 5) reflection on the application of material discussed in the residency week, 6) discussion of a current song, movie, or book that highlights something about course content, 7) describing and soliciting feedback about an issue you face at work, and 8) a response to any of the previous. Of course, the discussion must revolve around the course topics. Even given these other discussion opportunities, the bulk of the discussion should be built around the assigned reading and their application as demonstration that you have read them and are considering their implications. Each contribution you make will be graded on a scale from 0 to 3. You have the opportunity to collect as many as 20 points for course. Each point equals 1% of your final grade. To encourage sustained involvement in discussions, you can earn no more than 3 points during any one day, and no more than 5 points in any one week (Weeks are defined as the period from Monday 12:01 am to Sunday 12:00 midnight). Most comments adding to the discussion will be worth 1 point. Comments that are particularly pithy or that make a definitive statement regarding a discussion or that are deemed particularly useful to the class will earn 2 – 3 points. 3 point scores are reserved for the cream of the crop contributions or contributions that require a good deal of time. Comments judged as simple “filler” or off-subject will be worth 0.

There will be no unannounced quizzes.

IV. Special Accommodation for Students with Disabilities

Students who require such considerations should make an appointment with the Professor by the end of the first full week of classes. A memorandum is requested from the Program for Students with Disabilities (PSD). The professional staff at PSD can be reached in 1232 Haley Center and at 844-2096.

V. Academic Honesty
ALL PORTIONS OF THE AUBURN UNIVERSITY HONESTY CODE (TITLE XII) FOUND IN THE TIGER CUB WILL APPLY IN THIS CASE.

VI. Justification for Offering Course for Graduate Studies
This course offering is essential to the student’s understanding of real estate finance at the level of the individual development/property as well as the general structure of the secondary mortgage market for commercial property. Content of the course will provide an in-depth view of the decision making process for structuring complex secured debt transactions. Considerable attention will be afforded the structure of the secondary market in securitized debt. Additionally, the advantages of mezzanine leverage will be explored to understand the advantages of leverage as it applies to equity returns. The requirements of the course will be set as to provide the necessary rigor expected of graduate level coursework. This course should be viewed as critical training in the knowledge base of any advanced real estate practitioner. This course will be taught in an accelerated format covering in greater depth the typical content presented in an undergraduate course in real estate finance.