FINA 468  
Spring 2016

Class Time: Monday 5:30–8:00PM

Location: BA 105

Text: The Appraisal of Real Estate, 14th Edition  
ISBN 978-1-935328-38-4  
Appraisal Institute, 2013  
*Note: previous editions are not acceptable*

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Office Hrs: I stay after each class and will schedule appointments to meet in the BA library if additional time is necessary.

Objectives: Upon successful completion of this course the student will have an understanding of basic concepts of real estate valuation. The subjects examined will allow students, upon entering the real estate industry, to better interact with appraisers and interpret appraisal reports. Students desiring to become appraisers will find that they are better prepared to attend pre-license courses.

Grading: Midterm and Final will each constitute 45% of final average. Final will concentrate on material presented after midterm exam. Unannounced quizzes and classroom participation may count as 10% final average. Students will be responsible for material included in textbook, lectures and handouts.

90-100 A / 88-89 B+ / 80-87 B / 78-79 C+ / 70-77 C

Attendance: Attendance within university guidelines is required.

University of South Carolina Honor Code

It is the responsibility of every student at the University of South Carolina Columbia to adhere steadfastly to truthfulness and to avoid dishonesty, fraud, or deceit of any type in connection with any academic program. Any student who violates this Honor Code or who knowingly assists another to violate this Honor Code shall be subject to discipline.
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January 11  Introduction
The student will be aware of the policies of the class and the class schedule and be able to organize their learning process to complete the requirements of the course material.

Chapter 1  Introduction to Appraisal
General concepts of the appraisal process and appraisal industry will be presented to student to allow him to understand the systems and processes in the appraisal profession.

Chapter 2  Ownership of Real Property
Students will be able to use the concepts of real property ownership throughout the course in valuation theory and practice.

January 25  Chapter 3  The Nature of Value
There are many principles of value that the student will be able to apply the valuation problems.

Chapter 4  The Valuation Process
Any type of analytical process must utilize a constant scheduled process to assure that result can be supported. The student will be able to use the proper process for the valuation of real property.

February 1  Chapter 5  Elements of the Assignment
Every appraisal assignment has different characteristics and is designed to solve a specific problem. The student will be able to identify these characteristics.

Chapter 6  Identifying the Type of Value and Its Definition
The student will know the different types of value and their definitions.

Chapter 7  Identifying the Rights to be Appraised
Ownership of real property includes a "bundle of rights" to the property. The student will know all of the possible rights and how the exclusion of any of these rights will
impact the utility and value of the property.

February 8  Chapter 8  Scope of Work
The Scope of Work is the most important determination in the appraisal process. Students will be know the elements of the Scope of Work and be able to use them to determine the level of inspection, research and analysis in each appraisal.

Chapter 9  Data Collection
The student will know the types of data available, the level of data necessary for each assignment and the methodology for confirming this data.

February 15  Chapter 10  Economic Trends in Real Estate Markets and Capital Markets
Real property values are affected by the interplay of social, economic, governmental and physical forces. The student will understand how these forces interact to impact values.

Chapter 11  Neighborhoods, Districts and Market Areas
The value of a specific real property is impacted by the land uses that surround and support the use. The student will understand these factors and be able to apply them to different valuation problems.

Chapter 12  Land and Site Descriptions
In order to value a parcel of real property on must know what is physically being valued. The student will know the methods for describing real property and be able to use them to determine the physical nature of site.

February 22  Chapter 13  Building Description
Many uses of land have buildings which enhance the utility of the land. The student will be able to utilize the methods of describing improvements in valuing the real property.

Chapter 14  Statistical Analysis in Appraisal
Most valuation methodology involves specific data comparisons. There are situations gathering large volumes of data to establish trends is necessary. The student will have Skills necessary to collect and analyze statistical data.

Chapter 15  Market Analysis
In order to value any product one must understand processes by which the product is sold in any market. The student will understand and be able to apply the principles of real estate markets.

February 29  Chapter 16  Highest and Best Use Analysis
Most parcels of real estate have multiple uses, but only one use that causes the to generate the most income or highest utility. The student will be able to utilize the proper techniques to determine a property’s highest and best use.

Midterm Review
The student will be aware of the important concepts in the first half of the course and Prepare properly for the Midterm Exam
IN THE FIRST HALF OF THE COURSE THE CONCEPTS RELATED TO REAL PROPERTY VALUATION WERE DISCUSSED. THE SECOND HALF OF THE CLASS IS DEVOTED TO VALUATION METHODOLOGY. THE THREE APPROACHES TO VALUE, SALES COMPARISON, INCOME AND COST ARE DISCUSSED IN SOME DETAIL AND THEN THESE APPROACHES ARE USED TO DEVELOP A FINAL OPINION OF VALUE.

March 21 Uniform Standards of Professional Practice (Handout will be provided)
USPAP sets forth the ethical and practical principals the real property appraisers must follow when providing and Opinion of Value, Opinion of Another Appraiser’s work or other report prepared by an appraisal professional. The student will understand the most important parts of this publication.
Chapters 31, 32, 33 and 35 are closely related to USPAP.

March 28 Chapter 17 Land and Site Valuation
The student will understand the principles of valuation of land without buildings.
Chapter 18 The Sales Comparison Approach
The Sales Comparison Approach is ALMOST always the best indication of value. The student will be able to use the principles of the approach to understand the principles in the succeeding chapters.

April 4 Chapter 19 Comparative Analysis
The Sales Comparison Approach is based on comparing comparable properties, that have sold, to the subject property. The student will understand the principles of Comparative Analysis in order to use this approach properly.
Chapter 20 Applications of the Sales Comparison Approach
The student will be able to apply the techniques of the Sales Comparison Approach to develop an opinion of value.
Chapter 21 The Income Capitalization Approach
Properties that have a highest and best use that generates income can be valued using the Income Approach. Students will understand the and be able to use the general principles of the Income Approach.

April 11 Chapter 22 Income and Expense Analysis
In order to derive an opinion of value based on the Income Approach, the appraiser must be able estimate the income and expenses generated by the real property to the net income derived from the property.
Chapter 23  Direct Capitalization
Once the appraiser has determined the income generated by the property he must be to convert this income to an opinion of value. The student will understand how to develop and opinion of value using he most common Income Approach, Direct capitalization.

April 18  Chapter 24  Yield Capitalization
The student will understand the principles of Yield Capitalization.

Chapter 25  Discounted Cash Flow Analysis and Investment Analysis
The student will understand the principles of Discounted Cash Flow and Investment analysis.

Chapter 27  The Cost Approach
The student will understand the basic principles of the Cost Approach.

April 25  Chapter 28  Building Cost Estimates
There are three steps in the Cost Approach. The first is to estimate the cost to Replace or Reproduce the property. The student will be able to apply the techniques for estimating costs.

Chapter 29  Depreciation Estimates
The second step in the Cost Approach is to estimate the various types of accrued depreciation. When depreciation is subtracted from the cost new the indicated value of the improvements is indicated. The third step in the Cost approach is add the value of the improvements to the land value which was discussed in Chapter 17.

Chapter 30  Reconciling Value Indications
The appraiser may have one two or more indications of value derived from the Approaches to value discussed in the prior chapters. The student will understand How the approaches to value are used to drive a final opinion of Market Value.

Review for Final Exam
The student will be aware of the important concepts in the second half of the course and prepare properly for the Final Exam

April 29  4:00PM  FINAL EXAM