

# Course Schedule

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## **SECTION 1. (Day 1 Morning)**

### **Introduction**

Registration  
Course Description  
Classroom Rules & Procedures

### **Part 1. Introduction and Overview**

Diagnostic Quiz (Participants work the problems)  
Diagnostic Quiz (Instructor discusses the answers)  
Introduction to Discounted Cash Flow (DCF)  
Yield Capitalization Using DCF Analysis Procedure  
Uses of Market Analysis in DCF  
Review Quiz  
Break

### **Part 2. Components of Discounted Cash Flow Analysis**

Return *on* and Return *of* Capital (Introduction and Level Income)  
Return *on* and Return *of* Capital (Rising Income)  
Holding and Projection Period  
Yield and Discount Rates  
Review Quiz  
Break

### **Part 3. Forecasting Cash Flows**

First-Year Reconstructed Operating Statement  
Forecasting Gross Income  
Operating Expenses (Fixed)  
Operating Expenses (Variable)  
Operating Expenses (Replacement Allowances)  
Operating Expenses (Reimbursement Calculations)  
Net Operating Income  
Below-the-Line Expenses  
Estimating Reversions for DCF Analysis  
Practice Test—Section 1  
Lunch

## **SECTION 2. (Day 1 Afternoon)**

### **Part 4. Property Discounted Cash Flow Analysis Using Overall Yield Rate**

Yield Capitalization Principles  
Yield Rates  
General Discounted Cash Flow Formula  
Irregular Cash Flow Valuation (4.2 Example)  
DCF Analysis (Brooktown Office Building Case Study)  
Break

### **Part 5. Property Discounted Cash Flow Analysis Using Overall Yield Rate, cont.**

$CF_0$  and  $CF_j$  for Periodic Payments in Arrears  
 $PV$ ,  $NPV$ , and  $IRR$  (Introduction)  
 $PV$ ,  $NPV$ , and  $IRR$  (Solving for  $PV$ )  
 $PV$ ,  $NPV$ , and  $IRR$  (Solving for  $NPV$ )  
 $PV$ ,  $NPV$ , and  $IRR$  (Solving for  $IRR$ )  
Level-Equivalent Annuities  
Break

### **Part 6. Property Discounted Cash Flow Analysis Using Overall Yield Rate, cont.**

Split-Rate Discounting  
Income in Advance  
More Frequent Compounding Periods  
Common Errors in DCF Analysis (Participants work the problems)  
Common Errors in DCF Analysis (Instructor leads discussion of answers)  
Practice Test—Section 2

### **SECTION 3. (Day 2 Morning)**

<b>Part 7. Mortgages</b>	
	Q&A
	Solving for Payment
	Solving for Loan Balance
	Solving for Term
	Variable Rate Mortgages
	Break
<b>Part 8. Mortgages, cont.</b>	
	Cash Equivalence—Definition and Importance
	Cash Equivalence—Methods
	Cash Equivalence—Qualitative Analysis
	Measures of Lender Risk
	Break
<b>Part 9. Yield and Mortgage Review</b>	
	Yield and Mortgage Review
	Lunch

## **SECTION 4. (Day 2 Afternoon)**

### **Part 9. Yield and Mortgage Review, cont.**

Yield and Mortgage Review

### **Part 10. Equity Valuation**

Estimating the Value of Mortgage and Equity Interests

Equity Valuation Problem 1

Equity Valuation Problem 2

Equity Valuation Problem 3

Break

Equity Valuation Problem 4

Equity Valuation Problem 5

### **Part 11. Lease Analysis**

Review of Lease Terminology

Valuing Lease Interests

Single-Tenant Case Study Problem 1

Single-Tenant Case Study Problem 2

Single-Tenant Case Study Problems 3 and 4

Single-Tenant Case Study Problem 5

Break

Overstream Office Building Case Study

### **Part 12. Equity and Lease Analysis Review**

Practice Test—Section 4

## **SECTION 5. (Day 3 Morning)**

### **Part 13. Discounted Cash Flow Review**

Q&A from Days 1 and 2, including Section 4 Practice Test  
Types of Income Capitalization  
Review Quiz

### **Part 14. Income Patterns**

Introduction and Level Income Pattern  
Irregular Income Pattern  
Compound Rate of Change Income Pattern  
Review Quiz  
Break

### **Part 15. Introduction to Property Models: Solving for Value**

What Is a Property Model?  
Property Model Format  
How the Model Works (through 15.1 Problem, Market vs. Contract Reversion)  
How the Model Works (through 15.4 Thought Question)  
Two Property Model Premises  
Problem Recognition Quiz  
Road Map  
Break  
Practice Test—Section 5  
Lunch

## **SECTION 6. (Day 3 Afternoon)**

### **Part 16. Introduction to Property Models: Solving for Yield and Change in Value**

Solving for Y  
Solving for Value Change  
Review Quiz

### **Part 17. Property Model Applications**

Residual Techniques  
Break  
Four Case Study Problems  
Three Grouped Problems

### **Part 18. Supporting the Discount Rate**

Review: Advantages and Disadvantages of DCF Analysis  
Estimating the Discount Rate—testing with market data  
Break  
Estimating the Discount Rate—published surveys  
Estimating the Discount Rate—alternative investments  
Estimating the Discount Rate—other tests and primary data development  
Real vs. Nominal Discount Rates  
Review: Relationships Among Rates  
Conclusion  
Review Quiz  
Practice Test—Section 6

## **SECTION 7. (Day 4 Morning)**

### **Part 19. Capitalization Review**

Q&A from Days 1–3  
Direct vs. Yield Capitalization  
Break  
Advantages and Disadvantages of Direct and Yield Capitalization  
Capitalization Problem Recognition and Solution Tips

### **Part 20. Reconciliation and Consistency Across the Approaches**

Reconciliation Within the Income Capitalization Approach  
Interdependency of Approaches  
Consistency Across the Approaches  
Appraising the Appraisal  
Break

### **Part 21. Exam Preparation**

Review  
Preparing for the Exam  
Content Tested on Exam  
Exam and Calculator Tips  
Lunch

## **Day 4 Afternoon**

Question and Answer  
Course Evaluations  
Self-Study  
Break  
Exam Distribution  
Exam