

## SYLLABUS: FIL 260

Department of Finance, Insurance, and Law  
College of Business, Illinois State University  
Fall 2024 – Section 1: *We meet as a face-to face course.*

### MEETING STUDENT EXPECTATIONS

Your academic program should help you develop solid critical thinking skills and build a strong foundation for your career. Therefore, we want this course to be the most valuable learning experience it can be. If you feel that we are not applying effective learning tools or using class time productively, or have other concerns about course administration, you have the right to raise those concerns with the instructor, and with the instructor's department chairperson or other ISU administrators.

### ACADEMIC INTEGRITY AND PROFESSIONAL BEHAVIOR

Students enrolled in Illinois State University College of Business classes are expected to maintain high standards of ethical conduct in the classroom and when completing assignments, projects, and/or exams. All students in this course are expected to be familiar with, and to adhere to, the College of Business Standards of Professional Behavior and Ethical Conduct. Plagiarism and other forms of **academic dishonesty such as cheating will not be tolerated**. Students are expected to provide appropriate citations for non-original writing even if the original work is paraphrased. Penalties for plagiarism and other forms of academic dishonesty may be severe. The intent of this policy is, of course, to assure all those in the majority who are committed to doing their own honest work that we have taken reasonable steps to keep the playing field level. We also want to help instill the sense of ethical behavior that Illinois State promotes in academics, and that the business world expects of its future leaders.

In FIL 260, we are concerned with cheating both on examinations and on the homework assignments. Cheating on an exam, which might occur through using unauthorized materials or devices, copying from another student's paper, or in any other form, is an act of *theft* and an insult to your fellow students, your instructor, and the University. We view copying another student's work on a graded homework assignment in a similar manner. As your instructor, I take reasonable steps to discourage cheating, and to catch it if it should occur. Any student caught cheating on an examination or other major graded course activity generally will be assigned a grade of "F" for the course, and be referred to University disciplinary authorities for further action. All aspects of the ISU Code of Student Conduct apply in this course; see [Code of Student Conduct Effective 8.14.2020.pdf \(illinoisstate.edu\)](#)

### TREATMENT OF OUR FANTASTIC STATE FARM HALL OF BUSINESS

To keep the building functioning as an attractive and extremely effective professional workplace, the College of Business prohibits the consumption of food or beverages in the classrooms. (Preventing damage to electronic equipment and carpets is a major concern, but keeping the facility looking good for students, staff, and visitors should be a goal we all share.) *Bottled water is the only consumable item you are welcome to have open during class. We will observe this rule without exception.*

### INTELLECTUAL PROPERTY AND COPYRIGHT/DISTRIBUTION POLICIES

You are reminded to make only proper use of Illinois State University resources. The University stipulates the following: "Inappropriate use of resources includes any use of ISU Information Technology Resources and Systems that violates state or federal law (such as sharing or selling intellectual property created by faculty members, *e.g.* notes, assignments, assessments, that are made available to them through enrollment in an online course), University policies or procedures, or interferes with the University mission."

The student may not distribute, to any other individual or group of individuals or organization, through any physical or electronic means, any of our course learning materials or information relating to graded course activities. The primary concerns are the videos with problem solutions, since the outlines and problem sets with written solutions are already on the instructor's web site (which anyone with Internet access can visit). More complete information on the use of intellectual property appears on the intellectual property section of the university policy and procedures web site: <http://policy.illinoisstate.edu/academic/4-1-10.shtml>

### COURSE AND INSTRUCTOR INFORMATION

Course Number & Title: FIL 260: Real Estate Principles, Sec. 1      Credit Hours: 3      Prerequisite: FIL 190 or 240

Time and Location: 3:35 – 4:50 PM Monday and Wednesday, 367 SFHB

Instructor: Joseph W. Trefzger

Office Location: 333 State Farm Hall of Business

Phone/e-mail/home page: 438-2966 (Office), 452-9557 (Home), trefzger@ilstu.edu (e-mail),

<https://about.illinoisstate.edu/jwtrefz> (Web home page, or can access from FIL Department home page)

Office Hours: 11:45 – 1:45 PM Monday and Wednesday. Other times by appointment (or stop in at your convenience; I am also around at other times and on other days, afternoons and early evenings more so than mornings). Please do not hesitate to ask for an appointment, or to telephone me at home, if you are unable to see me during regular office hours or to catch me when you stop by.

## COURSE DESCRIPTION

The objective of the course is to introduce the student to real estate as a financial, economic, and legal entity. We want to use concepts and examples from the real estate markets as the basis for critical thinking activity. What makes real estate fascinating, and merits its status as a subfield of finance to study, is that *real estate's fixed location means its value is affected by (and it affects the value of) the things that are near it*. And each parcel is unique, so you can not look up the value of a building the way you can look up today's value of Microsoft common stock, with countless thousands of identical shares trading each day at a price that reveals a wide consensus indication of value. Our focus is not on the selling of real estate, and the curriculum is not designed to prepare the student to pass the Illinois real estate broker's licensing examination. In fact, since year 2000, completion of the FIL 260 course has not met the state's classroom requirement for taking the exam to gain licensure for selling real estate in Illinois. The state changed the requirements for approved pre-license classes, requiring more material that we (along with the other state universities) did not see as sufficiently academic in nature, and we were not going to allow the regulatory tail to wag the academic dog. We try to acknowledge current issues affecting the real estate environment, but do not want to focus on short-term issues to the exclusion of concepts that build the basis for long-term understanding. *Working problems is essential for understanding our computational coverage.*

**Special Needs:** Any student needing to arrange a reasonable accommodation for a documented disability and/or physical/mental health condition should contact Student Access and Accommodation Services at 350 Fell Hall, (309) 438-5853, or visit [www.StudentAccess.IllinoisState.edu](http://www.StudentAccess.IllinoisState.edu).

## RESOURCES/MATERIALS

Our main learning materials are the Topic outlines and the assigned written and spreadsheet problems; all can be found on the course web site:

<https://about.illinoisstate.edu/jwtrefz/fil-260>

You might want to wait until a day or two before a Topic is scheduled to be covered to download the outline, in case there are changes. There also are readings that are more in-depth than the Outline coverage or that address subjects not covered in the Outlines. A few say "*please read,*" but most are not required, merely providing additional insights on topics you might find interesting. For those who like having a textbook, one we might suggest is *Real Estate Principles* by Floyd and Allen, Dearborn Financial Publishing. (The 12<sup>th</sup> edition from 2021 is the most recent, so it will be outdated on things that change frequently but solid on things that do not; an older edition of this book should follow that same pattern, and will be cheaper.) The authors do not try to "do it all," so the book covers the big picture basics fairly concisely, thereby letting instructors bring in other materials. Students also are encouraged to read articles in timely sources of business and financial news, although you are not required to subscribe to any such publication, and never are held responsible for any topic that is not specifically discussed in our learning tools. (Typically the *Wall Street Journal* has a *Mansion* section on housing in each Friday issue, and some articles relating to investment real estate on the *Property Report* pages in the second section of each Wednesday issue.) Finally, each student should have a *calculator* that can handle exponents and logarithms; financial models like the popular Texas Instruments BA II Plus (\$35-ish at stores with competitive pricing) are fine, but inexpensive scientific calculators like the TI 30-xa (\$12-ish at low-priced stores) also should meet our needs. ***During an exam you may not use a graphing calculator or smart phone calculator app or any device that could become an electronic "cheat sheet" by letting you enter and store formulas, definitions, steps to follow, or any other disallowed type of information and then access that information in letter, symbol, or numeric form.*** A violation of the calculator policy will be penalized with, at a minimum, the loss of a full letter grade for the semester. You also should not have direct access to any electronic devices other than permissible calculators during exams.

## LEARNING OBJECTIVES/COURSE COMPETENCIES

The student who completes this course with a meaningful degree of achievement should:

- Understand how real estate differs economically from other types of assets
- Be able to interpret legal descriptions of land
- Be able to explain various types of ownership and other interests in real estate, including tax and other liens
- Understand zoning, private restrictions, and other land use control issues
- Be familiar with deeds, and the concepts of transferring title and recording real estate documents
- Know basic real estate appraisal terminology and techniques
- Understand the major provisions of real estate contracts and the related legal principles
- Be aware of the activities that occur at a real estate closing
- Comprehend leases, landlords'/tenants' major rights and responsibilities, and basic property management issues
- Know general features of how the primary and secondary mortgage markets work
- Be able to compute payments for traditional, and selected non-traditional, mortgage loans
- Understand the role that brokers, and state agencies that regulate them, fill in facilitating the transfer of title
- Know the benefits our society affords to home ownership, especially under our federal income tax system
- Understand principal aspects of the land development process

Recognize basic issues of property insurance, and types of coverage generally available  
Comprehend the role of real estate as an investment instrument, in both stand-alone and portfolio contexts

Experience shows us that, especially when it comes to computational topics, the only way to learn material of the type we deal with in this course is to read the outlines and specifically assigned readings, *work any assigned problems*, and keep up with our coverage. It makes more sense to avoid falling behind than to have to try catching up.

### COURSE REQUIREMENTS AND GRADING POLICIES

Semester letter grades will be assigned based on a curve of total points, with a reasonable number of As, Bs, Cs, etc. determined according to the instructor's judgment. There is no way to state in advance what proportion of total points will be needed for achieving a particular letter grade, but the student will be made aware of his or her standing in the class at the end of each unit, after the exams have been graded. (We likely will not use Canvas for reporting grades. Some students always have trouble uploading assignments and send them instead as e-mail attachments, so Canvas will not have correct point totals and I must keep my own grading sheet anyway. Students generally have been content with e-mailed individual grade reports that they say contain more information than their grade reports on Canvas have provided in some other courses.) Points contributing to the course letter grade are as follows:

Office Visit (or phone call; try to do during first few weeks)	5 Points
Exam 1	70 Points
Written Homework 1 (real estate appraisal)	8 Points
Exam 2	70 Points
Written Homework 2 (mortgage loan payments)	12 Points
Spreadsheet Problem 1 (mortgage loan payment templates)	16 Points
Spreadsheet Problem 2 (federal income taxes, pivot tables)	10 Points
Written Homework 3 (computing NPV, IRR, leverage)	5 Points
Spreadsheet Problem 3 (apartment building investment)	14 Points
Final Exam	<u>90 Points</u>
Semester Total	300 Points

There will be two midterm exams and a final, together worth about 78% of the semester grade. Graded homework (three written assignments/three spreadsheet problems) and a brief office call or visit contribute the remaining 22% to the point total. The final may have comprehensive elements if the instructor feels that ideas from prior units should be tested on again. Each exam will have a mix of question types: conceptual/definitional, objective and short essay, and, of course, computing.

Because tests will be administered during our regularly scheduled class periods, it is assumed that an individual will miss an exam only in the event of a medical or other emergency. Make-up exams will be more difficult, since students taking late exams have more time to prepare. The initial plan is for any needed make-up exams to be administered during the week immediately preceding finals week. Any student with a question on the score earned on a regular or make-up exam should talk with the instructor no later than one week after the score has been communicated.

***Please bring a current photo ID (ISU, or State of Illinois ID/driver's license) to every exam.***

The written assignments play an essential role in helping prepare you for the exams. Written problems submitted for credit should be *worked completely*, and written solutions should be reasonably *neat and legible*. In solving the written problems to submit you should show all important computational steps, and for problems involving time value of money applications should *show formulas, not calculator key sequences*. This instructor believes that getting up close and personal with the numbers is an essential step in building and reinforcing an understanding of basic financial concepts, and that the student should not attempt to make extensive use of computers, or even of financial calculator function keys, in finding solutions to financial problems until these basic computational steps have been mastered. (Imagine how little grasp of long division someone would have after being taught on a calculator in third grade, instead of actually working the problems out.) Videos of the instructor working through the assigned problems are on Canvas.

Spreadsheets submitted should be formatted neatly (including showing dollar amounts as currency) and with correct formulas in all cells, so that all output values change correctly when the grader changes input values. The instructor will be the sole judge of whether a written or spreadsheet homework submission is complete or loses some or all of the potential credit, and problems submitted with errors generally may not be resubmitted. There also generally will be a late penalty for homework turned in after the due date listed, and after considerable time has elapsed from the due date it may be too late to justify awarding any credit. (Assignments are briefly explained on Canvas, and should be submitted on Canvas if possible, while complete information needed for each assignment is on the course web site with the related Topic material.)

The instructor is not able to be sympathetic to end-of-semester pleas for “generosity” from those who “need” particular grades to graduate, stay off academic probation, *etc.* Deviating from the grade breakdown based on point totals is not fair to other students. No extra credit opportunities will be provided during the semester or at the end of the semester; such second chances can be unfair to those who have worked diligently all along. Anyone who must earn a specified letter grade to sustain his/her academic standing should so notify the instructor early in the semester, so the instructor can assign added work and monitor the student’s activities to help assure that the needed level of understanding is present.

### **CLASSROOM AND CLASS-RELATED BEHAVIOR**

Seniors/second-semester juniors in an elective course typically are polite and professional in their dealings with instructors and their student colleagues, but on occasion we find it necessary to provide a reminder. Bear in mind that each student is expected to be considerate of those you interact with in the course. Inconsiderate behavior is disrespectful to your fellow students and your instructor, because it makes their task of learning/teaching more difficult, and ultimately can affect classroom morale. Examples of inconsiderate classroom behavior include, but are not necessarily limited to:

- Using class time to e-mail, text-message, surf the web, play games (or other smart phone or laptop activities), do homework for other courses, listen to music, sleep, *etc.*
- Talking with other students during class
- Needlessly and repeatedly arriving at class late/leaving class early

Please do not disrupt the class or distract your neighbors with idle conversation, or engage in other types of unproductive behavior as suggested above. *The intent of these rules is to promote an environment conducive to learning, for those who really want to learn.* **You are encouraged to leave your phone and computer in your book bag if having access to them tempts you to use them for non-class activities that can distract you and those around you.** (“Multi-tasking” means not paying attention.) Your aging instructor is becoming quite impatient with individuals who must ask simple questions (on course administration matters, for example) outside of class because they were not paying attention in class. *I reserve the right to make new seating assignments, if necessary, to move/separate individuals who show too much inclination to converse together during class. If we have a seating chart, seats of those with frequent absences also may be reassigned.*

Also as stated earlier, any student caught cheating on a major graded activity will be assigned a grade of “F” for the course and will be referred to University disciplinary authorities for further action. I even consider it a form of cheating when students conspire to sign attendance sheets (sometimes used in smaller class sections) for absent classmates, since attendance can affect a student’s semester letter grade in a true borderline case. During exams students may not wear hats with brims (baseball caps may be turned around “catcher style”), may not listen to any type of audio device, and must place detachable calculator covers in their book bags. As noted, calculators that allow for alphabetical entries are not permitted during exams.

**POOR ATTENDANCE.** An increasingly prevalent form of unproductive class-related behavior is frequent absence from class. I am becoming extremely troubled by the inconveniences that arise through many students’ failure to attend class regularly (along with the lost learning opportunity for those students). Every semester we see silly administrative problems involving students who are chronic non-attenders. Regular attendance is expected in face-to-face courses under student conduct standards adopted by Illinois State University; the College of Business; and the Department of Finance, Insurance & Law. Regular attendance means no, or very rare, absences (does an employee who shows up for work  $\frac{3}{4}$  of the time receive praise?). Poor attendance, like other inconsiderate behavior, will not be rewarded (for example, see the following section regarding office hours). *In fact, those who do not plan to attend class regularly, and to comply with our other classroom and class-related behavior guidelines, should drop the course now.* Each student is responsible for knowing all material covered in class, even if it is not presented in the instructor outlines, or readings or textbook, and is responsible for knowing any subject-related or administrative information discussed in class, even if absent from class on the day of the announcement or presentation. The instructor becomes quite unhappy with flimsy justifications for being absent (“I’m doing all right grade-wise;” “I keep up by talking to students who were there”). Our meeting times are publicized months in advance; your work schedule or other outside activities should not interfere with your ability to arrive on time and remain until our session ends.

We will monitor attendance (and attentiveness) each day. Please arrive on time and leave only after class has been dismissed. Anyone not in his or her seat when attendance is initially taken generally is deemed to be absent for official attendance purposes, as is anyone spotted web surfing, text messaging, game playing, sleeping, or otherwise behaving inappropriately. Those who seem to be gaming the system, for example by leaving right after attendance is taken, are likely to be marked absent after the fact. Most days we will try to keep track of attendance throughout the class period.

I am not on a “power trip,” as one student thoughtfully suggested. The University requires instructors to keep attendance records for purposes of twice-per-semester academic progress reports; for those who are struggling academically we are asked to state the number of classes missed. *Keeping attendance records also helps preserve the instructor’s sanity;* it makes little sense to engage in pointless discussions about how hard a non-attender is trying. There is no direct credit for attending class, but attendance can be the determining factor for semester letter grades in true borderline cases; in fact, we sometimes

can justify dropping the end-of-semester A, B, or C cutoff a bit to include someone who has contributed to our educational efforts by attending regularly and being a good role model for others. (Poor attendance leaves the student with the lower grade in a borderline case.) The really good news is that regular attendance correlates with better class performance; students who earn As for the semester almost always are individuals with good attendance. (Admittedly, in the typical semester a few unfortunate students with strong attendance do not do especially well grade-wise. But such individuals often concede that they have treated the course too much like a “spectator sport,” trying to use viewing class lectures as a replacement for reading and working problems on their own – you have to do both!) FIL 260 is an elective in the Finance major, so all those enrolled are expected to have an interest in the material and facility with basic financial computations.

If you are dealing with a very difficult personal situation, including illness or a loved one’s severe illness or recent death, please let the instructor know, just as you would inform your supervisor at work. You also may wish to contact the Office of Student Affairs, which in some cases can provide help or support to those dealing with serious personal/family difficulties.

### **THE PURPOSE OF OFFICE HOURS**

Office hours provide an opportunity for those whose questions were not answered in class to obtain further clarification, or to discuss other matters of interest to the student. We may end up talking about the course, your major and career plans, our home towns, and favored sports teams; *I enjoy having you come to the office.* However, this period is *not* a private tutoring session for those who can not be bothered with attending class. I like being accessible to those with questions, but because every instructor works with many students we all have to do our part, and for the student the first step is attending class. And as noted, it is difficult to remain patient with those who must ask questions on simple administrative points that have been addressed repeatedly in class. In fact, a student who asks a question regarding an administrative matter that has been addressed repeatedly in class will be directed to consult his or her class notes.

### **PROBABLE SCHEDULE OF ACTIVITIES AND READING ASSIGNMENTS**

Though we may deviate slightly from the following schedule, the dates and topics listed below should present a reasonable outline of the semester's activities. We would be very unlikely to change test dates, however, even if we have not covered all of the expected Topics prior to the specified date. For each Topic shown below you will want to carefully read the instructor’s outline from the course web site before we discuss that material in class. Corresponding chapters, called “units,” from the Floyd and Allen textbook are indicated for those who are using that book as a supplementary learning tool.

#### **Unit 1: The Nature and Value of Real Estate**

Mon. Aug. 19 Topic 1: Introduction to Real Estate Decision Making (Text reading: Unit 1)  
Wed. Aug. 21 Topic 3: Rights and Interests in Real Estate (Text reading: Unit 2, p. 19 – 36)

*Also in week 1: read Topic 2 outline on Legal Description of Real Estate, and watch the accompanying video on Canvas. We need to work efficiently with the introductory material with week 3 being shortened by the Labor Day holiday, and Topic 2 is reasonably well suited to covering independently. Text reading: Unit 2, p. 36 – 50.*

Mon. Aug. 26 **WRITTEN HOMEWORK ASSIGNMENT 1 AVAILABLE TO VIEW ON CANVAS**

Mon. Aug. 26 Continue Topic 3

Wed. Aug. 28 Topic 4: Restrictions on Real Estate Rights (Text reading: Units 3 and 4)

Mon. Sept. 02 Labor Day Holiday

Wed. Sept. 04 Continue Topic 4

Mon. Sept. 09 Topic 5: Deeds and Title Examination (Text reading: Unit 5)

Wed. Sept. 11 Continue Topic 5

Mon. Sept. 16 Topic 6: Real Estate Appraisal [And related homework] (Text reading Unit 9)

Wed. Sept. 18 Continue Topic 6

Mon. Sept. 23 Continue Topic 6

Tue. Sept. 24 **WRITTEN HOMEWORK 1 DUE, please upload to Canvas by 11:59 PM**

Wed. Sept. 25 **EXAM I**

#### **Unit 2: The Real Estate Transaction Process**

Mon. Sept. 30 **WRITTEN HMWK 2 & SP’SHEET HMWK 1 ASSIGNMENTS AVAILABLE TO VIEW ON CANVAS**

Mon. Sept. 30 Topic 7: Contracts in Real Estate Transactions (Text reading Unit 6)

Wed. Oct. 02 Continue Topic 7; Begin Topic 8: Closing the Real Estate Transaction (Text reading Unit 6)

Mon. Oct. 07 Continue Topic 8

Wed. Oct. 09 Topic 9: Leases (Text reading: Unit 7)

Mon. Oct. 14 **SPREADSHEET HOMEWORK ASSIGNMENT 2 AVAILABLE TO VIEW ON CANVAS**

Mon. Oct. 14 Topic 10: Property Management (Text reading Unit 10)

Wed. Oct. 16 Topic 11: Financing Residential and Commercial Real Estate (Text reading Unit 16)

Mon. Oct. 21 Continue Topic 11

Wed. Oct. 23 Topic 12: Mortgage Loan Mechanics [And related homework] (Text reading Units 17, 18)

Mon. Oct. 28 Continue Topic 12  
Tue. Oct. 29 WRITTEN HOMEWORK 2 DUE, please upload to Canvas by 11:59 PM  
Wed. Oct. 30 EXAM II  
Sat. Nov. 02 SPREADSHEET PROBLEM 1 DUE, please upload to Canvas by 11:59 PM

### **Unit 3: Real Estate as an Economic Asset**

Mon. Nov. 04 WRITTEN AND SP'SHEET HOMEWORK ASSIGNMENTS 3 AVAILABLE TO VIEW ON CANVAS  
Mon. Nov. 04 Topic 13: Economic Aspects of Real Estate Markets (Text reading Units 13, 14)  
Wed. Nov. 06 Topic 14: Real Estate Brokerage (Text reading Unit 8)  
Fri. Nov. 08 LAST DAY TO DROP A COURSE  
Mon. Nov. 11 Topic 15: Home Ownership (Text reading Unit 15)  
Wed. Nov. 13 Continue Topic 15  
Sat. Nov. 16 SPREADSHEET PROBLEM 2 DUE, please upload to Canvas by 11:59 PM  
Mon. Nov. 18 Topic 16: Residential, Commercial, & Industrial Land Use & Development (Text reading Units 11, 12)  
Wed. Nov. 20 Topic 17: Principles of Real Property Insurance (No textbook reading; our outline only)  
Mon. Dec. 02 Topic 18: Real Estate Investment [And related homework] (Text reading Unit 19)  
Wed. Dec. 04 Continue Topic 18  
Fri. Dec. 06 WRITTEN HOMEWORK 3 DUE, please upload to Canvas by 11:59 PM  
Sat. Dec. 07 SPREADSHEET PROBLEM 3 DUE, please upload to Canvas by 11:59 PM

**FINAL EXAM** Check with Campus Solutions mid-semester

### **EPILOG: A STATEMENT OF TEACHING PHILOSOPHY**

A widely cited classic study on teaching (Chickering and Gamson, "Seven Principles for Good Practice in Undergraduate Education," *The Wingspread Journal*, 1987) describes educational practices that have withstood the test of time in their proven effectiveness. Some of the ways I try to incorporate the seven principles are addressed indirectly in the paragraphs above. A more direct discussion of ways in which I approach the seven recommendations follows.

#### *1. Encourage student-faculty contact*

I view the university educator's primary task as helping students prepare to succeed in a difficult, competitive world, and to prepare for their roles as leaders in the organizations that will employ them and in the communities where they will live. In approaching this task, I do my best to:

- generate interest in the subject material, and in the learning process
- stress basic concepts and the interrelationships among disciplines, so that students will be prepared to learn new applications in a changing environment
- make difficult material as accessible as possible by providing effective learning tools
- instill a sense of ethics
- serve as a role model

In large lecture classes (which have become an economic necessity for state universities), more so than in smaller sections, I often must assume the role of disciplinarian in the classroom, so that the various attendant distractions do not interfere with the learning process for serious students. At the same time, I try to remain as accessible as possible to those enrolled, be it in a small or large (or even on-line) section, and to offer special encouragement to visit my office. While web sites and course management systems can be useful tools for making information available, technology should not displace the personal contact through which students connect with their studies and the university.

#### *2. Encourage cooperation among students*

I view students as role models for each other, and encourage regular class attendance as one aspect of mutual encouragement (why attend class if others, especially those who are doing well, see no reason to?). Those who attend faithfully are welcome to participate in pre-exam review sessions (sometimes held for large class sections), where cooperation continues as students benefit from hearing each others' questions. Despite the need to distinguish levels of performance and often "curve" results, I do not want students to harbor undue thoughts of competing against each other for grades. If they work together appropriately to help each other learn, and the scores on graded activities provide strong evidence that learning has occurred, my grading approach does not preclude high marks for all who demonstrate high achievement.

Of course, while grades are not the sole motivation for learning, it is important to recognize higher demonstrated achievement through the grading system, the only "paper" reward scale we have. Those who earn the highest scores are deemed to have attained the greatest mastery of the material, and are rewarded with the best grades. Still, grading is part science, part art, and part gut-level experience. The art and experience aspects come into play when the grader must ponder how fair it is,

for example, to call a given point total a *C* when someone with a much higher total missed a *B* by just one point; thus most semesters, even in Honors sections, end with a range of *A* through *D* or even *F* results. But over the years I have had some classes with no *D* or *F* semester grades, one in which all grades were *A* (a small, exceptional group of graduate students who were unusually motivated and cooperated strongly), and one with no *A* grades (a graduating group with mass senioritis and little mutual support). You should strive to excel, and to help others excel also.

### *3. Encourage active learning*

While we can not ignore the changing external environment, faculty and students must work together toward building basic, traditional skills as essential tools for dealing with changes that will occur in the future, and that we have no ability to foresee. We must avoid the trap of devoting more attention to faddish developments than to instilling fundamental understanding. In many cases, it can be said that the student who truly and thoroughly understood a well-written introductory textbook would have more complete knowledge than the typical graduate who has finished several fact-intensive advanced courses. A favorite quote of mine is Einstein's observation that "Education is what remains after the facts have been forgotten."

The only method I know for mastering basic financial concepts is to work relevant numerical examples. I have devoted tremendous time to creating a set of problems and detailed solutions (available on the FIL 240 and 260 class web sites) for students to use in learning introductory and some more advanced finance material. Students have provided considerable positive feedback on the quality and quantity of these tools, and on their applicability to our coverage.

### *4. Communicate high expectations*

I view the study of financial markets and transactions as an exercise in critical thinking. Most of what transpires in the financial world is based on logic and common sense. For example, parties that invest money will not accept higher risk unless they perceive a chance to earn higher financial returns – and indeed expect to earn those higher returns over the long term. (Occasionally the connection to logic seems to be missing; in such instances institutional factors – a long-held tradition, or a law that reflects political compromise more than logic – tend to provide some explanation as to why.)

Because critical thinking is so essential to our coverage, I try to avoid pure memorization and the reliance on formula sheets, tables, or programmed calculator functions in favor of a reasoning process. While I ask students to remember many key ideas and relationships, they achieve the greatest success by moving quickly to supplant rote memorization, which sometimes is a necessary first step, with a reasoning approach ("tell yourself a story" about the material). Memory can fail you during an exam, or even in the "real world," but your reasoning powers will not. I believe in students' ability to think critically and use their analytical skills, and enjoy seeing their satisfaction at strengthening these skills and gaining new knowledge.

### *5. Emphasize time on task*

The critical thinking that accompanies introductory finance includes managing scarce time resources effectively. One facet is keeping up with the topics covered; I stress that our material tends to require "sink-in" time, and can not be learned effectively in pre-test cram sessions. Another facet is being able to work efficiently; our FIL 240 and 260 exams are, part by necessity and part by design, time management challenges as well as intellectual challenges. I explain that those who need inordinate amounts of time to demonstrate understanding are likely to lack an effective command of the material.

### *6. Provide prompt feedback*

Whether exams are computer scored (as they typically must be in large FIL 240 class sections) or hand-graded, I make every effort to provide feedback by the subsequent class meeting or, at the latest, within a week. Students naturally are anxious to see their results, and providing timely information helps reward their diligent efforts in preparing. Prompt feedback also is more effective, in that it comes to students while the related activities and materials are still fresh in their minds.

### *7. Respect diverse talents and ways of learning*

The introductory finance course draws enrollments from across campus, all students majoring or minoring in business fields. Those who are used to reading-focused course work can find it difficult to switch to a computational setting. One reason for devoting so much time to creating my own learning materials was to allow those who need more time, more explanation, or merely more examples to proceed at their own pace. Sometimes teaching takes place "in the trenches:" seeking creative approaches to helping one individual student who needs assistance, or simply repeating variations on the standard examples until the light of understanding finally shines through. Little is more gratifying than seeing someone who initially says "I can't do this" emerge with success and a newfound sense of confidence. ✍

## BRIEF SYLLABUS: FIL 260, Fall 2024

Department of Finance, Insurance, and Law, College of Business, Illinois State University

*We meet as a face-to-face course. Please read the more complete syllabus, downloadable from the web site. By remaining enrolled in the course you signify your agreement that you will comply with the policies stated in the syllabus.*

### MEETING STUDENT EXPECTATIONS

Your academic program should help you develop solid critical thinking skills and build a strong foundation for your career. Therefore, we want this course to be the most valuable learning experience it can be. If you feel that we are not applying effective learning tools or using class time productively, or have other concerns about course administration, you have the right to raise those concerns with the instructor, and with the instructor's department chairperson or other ISU administrators.

### ACADEMIC INTEGRITY AND PROFESSIONAL BEHAVIOR

Students enrolled in College of Business classes are expected to maintain high standards of ethical conduct in the classroom and when completing assignments, projects, and/or exams. All students in this course are expected to be familiar with, and to adhere to, the College of Business Standards of Professional Behavior and Ethical Conduct and the ISU Code of Student Conduct. **Cheating and other forms of academic dishonesty will not be tolerated.** In FIL 260, we are concerned with cheating both on examinations and on the homework assignments. Cheating on an exam, which might occur through using unauthorized materials or devices, copying from another student's paper, or in any other form, is an act of *theft* and an insult to your fellow students, your instructor, and the University. We view copying another student's work on a graded homework assignment in a similar manner. As your instructor, I take reasonable steps to discourage cheating, and to catch it if it should occur. Any student caught cheating on an examination or other major graded course activity generally will be assigned a grade of *F* for the course, and will be referred to University disciplinary authorities for further action.

### TREATMENT OF OUR FANTASTIC STATE FARM HALL OF BUSINESS

To keep the building functioning as an attractive and extremely effective professional workplace, the College of Business prohibits the consumption of food or beverages in the classrooms. (Preventing damage to electronic equipment and carpets is a major concern, but keeping the facility looking good for students, staff, and visitors should be a goal we all share.) *Bottled water is the only consumable item you are welcome to have open during class. We will observe this rule without exception.*

### COURSE AND INSTRUCTOR INFORMATION

Course Number & Title: FIL 260: Real Estate Principles, Sec. 1 Credit Hours: 3 Prerequisite: FIL 190 or 240

Time and Location: 3:35 – 4:50 PM Monday and Wednesday, 367 SFHB

Instructor: Joseph W. Trefzger Office Location: 333 State Farm Hall of Business

Phone/e-mail/home page: 438-2966 (Office), 452-9557 (Home), trefzger@ilstu.edu (e-mail),

<https://about.illinoisstate.edu/jwtrefz> (Web home page, or can access from FIL Department home page)

Office Hours: 11:45 – 1:45 PM Monday and Wednesday. Other times by appointment (or stop in at your convenience; I am also around at other times and on other days, afternoons and early evenings more so than mornings). Please do not hesitate to ask for an appointment, or to telephone me at home, if you are unable to see me during regular office hours or to catch me when you stop by.

### RESOURCES/MATERIALS

Our main learning materials are the Topic outlines on the course web site, and the assigned written and spreadsheet problems. The course web site is

<https://about.illinoisstate.edu/jwtrefz/fil-260>

There also are readings that are more in-depth than the Outline coverage or that address subjects not covered in the Outlines. A few say "please read," but most are not required, merely providing added insights on topics you might find interesting. For those who like having a textbook, one we suggest is *Real Estate Principles* by Floyd and Allen, Dearborn Financial Publishing. (12<sup>th</sup> edition from 2021 is the most recent, so it will be outdated on things that change frequently but solid on things that do not; an older edition of this book should follow that same pattern, and will be cheaper.) The authors do not try to "do it all," so the book covers the big picture basics fairly concisely, letting instructors bring in other materials. The spreadsheet problems are on the web site, as are problems and detailed solutions for the written homework assignments. Homework is to be submitted on Canvas, and Canvas also has videos of the instructor working through the written problems. Finally, each student should have a *calculator* that can handle exponents and logarithms; financial calculators like the popular TI BA II Plus (\$35-ish at stores with good pricing) are fine, but an inexpensive scientific model like the TI 30-xa (\$12 or so at low-priced stores) also should meet our needs. *During exams you may not use a graphing calculator/smart phone app or any device that could become an electronic "cheat sheet" by letting you enter and store formulas, definitions, steps to follow, or any other disallowed type of information and then access it in letter, symbol, or numeric form. Violating calculator policy will be penalized with, at a minimum, the loss of a full letter grade for the semester. You should not have direct access to any electronic devices other than permissible calculators during exams.*



## COURSE DESCRIPTION

Objective is to introduce student to real estate as a financial and economic entity. We use concepts and examples from the real estate markets as a basis for critical thinking activity. *We study real estate (essentially land) because its fixed location causes it to affect, and be affected by, land that is near it.* Focus is not on selling real estate, and curriculum is not designed to prepare student to pass IL real estate broker's license exam. Class discussions cover text and outline material, also include readings and other supplementary material for illustrative purposes. *Regular attendance is expected;* we follow traditional classroom format and not an on-line or hybrid model. Student is responsible for knowing all material covered in class, even if not covered in instructor outlines, or readings or textbook. Student is responsible for knowing any information discussed in class, be it subject-related or administrative, even if absent from class on the day of the announcement or presentation.

## LEARNING OBJECTIVES/COURSE COMPETENCIES

The student who completes this course with a meaningful degree of achievement should:

- Understand how real estate differs economically from other types of assets
- Be able to interpret legal descriptions of land
- Be able to explain various types of ownership and other interests in real estate, including tax and other liens
- Understand zoning, private restrictions, and other land use control issues
- Be familiar with deeds, and the concepts of transferring title and recording real estate documents
- Know basic real estate appraisal terminology and techniques
- Understand the major provisions of real estate contracts and the related legal principles
- Be aware of the activities that occur at a real estate closing
- Comprehend leases, landlords' and tenants' major rights and responsibilities, and basic property management issues
- Know general features of how the primary and secondary mortgage markets work
- Be able to compute payments for traditional, and selected non-traditional, mortgage loans
- Understand the role that brokers, and state agencies that regulate them, fill in facilitating the transfer of title
- Know the benefits afforded to home ownership under our federal income tax system
- Understand principal aspects of the land development process
- Recognize basic issues of property insurance, and types of coverage generally available
- Comprehend the role of real estate as an investment instrument, in both stand-alone and portfolio contexts

Experience shows us that, especially when it comes to computational topics, the only way to learn material of the type we deal with in this course is to read the outline and key readings, *work any assigned problems*, and keep up with our coverage. It makes more sense to avoid falling behind than to have to try to catch up.

## COURSE REQUIREMENTS/GRADING

Two midterm exams and a final, together worth about 78% of semester grade. Remaining 22% of grade comes from brief office visit and six graded homework assignments: three written (on Topic 6: Real Estate Appraisal, Topic 12: Mortgage Loan Mechanics, Topic 18: RE Investment) and three spreadsheet (on Topic 6, Topic 15: Home Ownership, Topic 18).

## CLASSROOM AND CLASS-RELATED BEHAVIOR

Seniors in an elective course typically are polite and professional in their dealings with instructors and their student colleagues, but on occasion we find it necessary to provide a reminder. Please refrain from unproductive behavior:

- Using class time to e-mail, text-message, surf the web, play games (or other smart phone or laptop activities), do homework for other courses, listen to music, sleep, *etc.*
- Talking with other students during class
- Needlessly and repeatedly arriving at class late/leaving class early

**Do attend regularly.** Attendance and attentiveness will be monitored. The instructor becomes quite impatient with individuals who must ask simple questions (on course administration matters, for example) outside of class because they were not paying attention in class. ***Those who do not plan to attend regularly and comply with class-related behavior guidelines should drop the course now.***

If you are dealing with a very difficult personal situation, such as serious illness, a loved one's severe illness or recent death, or a work-related crisis, please let the instructor know, just as you would inform your supervisor at your workplace.

## THE PURPOSE OF OFFICE HOURS

Office hours provide opportunity to address questions not answered in class or discuss other matters of interest. Instructor enjoys having students visit the office and is happy to assist those who support our learning goals by attending class regularly. But office hours are *not* a private tutoring session for those who can not be bothered attending class.

**IMPORTANT DATES** (please see more complete syllabus on the course web site for complete tentative schedule)

Exam 1: Wed. Sept. 25  
Written HW 1 Due: Tue Sept. 24  
Spreadsheet 1 Due: Sat. Nov. 02  
Last Drop Date: Fri. Nov. 08

Exam 2: Wed. Oct. 30  
Written HW 2 Due: Tue. Oct. 29  
Spreadsheet 2 Due: Sat. Nov. 16

Exam 3 (Final): Check *iCampus*  
Written HW 3 Due: Fri. Dec. 06  
Spreadsheet 3 Due: Sat. Dec. 07