



IREM Institute of Real Estate Management

COURSE LEARNING OBJECTIVES

Investment Real Estate Financing and Valuation – Part One (ASM603)

Lesson 1: Economics of Real Estate Investment

- Recognize the importance of understanding owners' goals and objectives
- Analyze business and real estate cycles
- Examine macroeconomic effects on real estate

Lesson 2: Sources of Financing

- Examine various sources of real estate financing
- Understand how lenders evaluate potential borrowers
- Interpret the components of a loan package
- Describe the process of receivership

Lesson 3: Loan Calculation

- Evaluate different types of loans
- Calculate debt service for various types of loans
- Determine effective interest rates

Lesson 4: Loan Analysis

- Identify the elements of a pro forma statement
- Calculate the loan-to-value ratio (LTV%)
- Calculate the debt coverage ratio (DCR)
- Determine leverage position
- Perform break-even analyses

Lesson 5: Property Valuation

- Describe property valuation and appraisal
- Examine the cost approach to appraisal
- Explain the comparable sales approach to appraisal
- Apply the income capitalization approach to appraisal

Lesson 6: Capitalization Rates

- Apply the comparable sales approach to derive the capitalization rate
- List sources for extrapolating market capitalization rates
- Perform a mortgage equity analysis
- Demonstrate the built-up method of deriving the capitalization rate
- Apply the equity residual model to determine investment value

Ready to register for this course? Visit www.irem.org and click “Course Schedules” to see the offerings in your area.

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