



El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	RE
Course Number:	41
Descriptive Title:	Advanced Real Estate Appraisal
Division:	Business
Department:	Real Estate
Course Disciplines:	Real Estate
Catalog Description:	<p>This course provides instruction in advanced concepts of the income approach to value process for real property, analyzing operating expenses, capitalization, and depreciation. Students develop proficiency in utilizing residential income and commercial and industrial property appraisal guidelines to create a standard appraisal form. Emphasis is placed on the advanced cost approach valuation, in addition to the Uniform Standards of Professional Appraisal Practice (USPAP) ethics.</p> <p>Note: The California Department of Real Estate (DRE) has approved this course as one of the elective courses for the real estate broker and salesperson license. This course is also approved by the California Bureau of Real Estate Appraisers (BREA) for credit hours towards the appraisal license.</p>
Prerequisite:	Real Estate 40 with a minimum grade of C or California Bureau of Real Estate Appraisers (BREA) license or California Department of Real Estate (DRE) broker license
Co-requisite:	
Recommended Preparation:	
Enrollment Limitation:	
Hours Lecture (per week):	3
Hours Laboratory (per week):	0
Outside Study Hours:	6
Total Course Hours:	54
Course Units:	3
Grading Method:	Letter Grade only
Credit Status:	Credit, degree applicable
Transfer CSU:	Yes
Effective Date:	Prior to July 1992
Transfer UC:	No
Effective Date:	

General Education: ECC	
Term:	
Other:	
CSU GE:	
Term:	
Other:	
IGETC:	
Term:	
Other:	
Student Learning Outcomes:	<p>SLO #1 Build Vocabulary</p> <p>Students will define, describe and differentiate between various real estate standard terminology showing comprehension and knowledge of real estate vocabulary used in the workplace to assist and prepare each student from the diverse student body to gain confidence in their ability to effectively communicate and collaborate in a real estate sales, property management, appraisal, loan or investment to work with both licensees and a diverse public in a typical real estate transaction.</p> <p>SLO #2 Industry Forms and Documents</p> <p>Students show the ability to prepare and complete standard real estate industry forms and documents as found in diverse real estate sales, rental, finance, appraisal or investment business transactions.</p> <p>SLO #3 Methods of Holding Title</p> <p>Students will identify, distinguish and differentiate the differences between the various methods of holding title to real property, showing the ability to analyze, concisely write and/or verbally communicate and apply the appropriate vesting available in a typical real estate business transaction.</p> <p>SLO #4 Ethics and Agency</p> <p>Students will differentiate between various parts of the real estate code of ethics and the standards of professional appraisal practices to explain how agency relationships are created and the duties and liabilities of agents and principals.</p>
Course Objectives:	<ol style="list-style-type: none"> 1. Evaluate the terms used to describe capitalization, capitalization rate, rate-of-return, and investment for income, commercial and industrial property. 2. Analyze investment criteria and principles that underline the income approach to capitalization. 3. Compose an income property appraisal form using a standard industry form. 4. Prepare a written, industry-standard narrative appraisal report for a non-residential commercial or industrial property. 5. Compare capitalization rates to analyze income property value. 6. Collect comparable sales data to determine what closed transactions are not to be included in subject property appraisal based upon total percentage deviation of adjustments using regression analysis. 7. Differentiate real property from personal property as upheld by the courts and legal decisions. 8. Compare historic, contract and economic rents.

9. Select the weighted appraisal approach that is most applicable to the valuation of the subject property.
10. Estimate the loss of property value using the cost approach and differing depreciation methods such as straight-line, age-life, cost-to-cure, obsolescence, comparable and capitalization.
11. Categorize the methods of appraisal valuation including comparative unit, unit-in-place, index, and quantity survey.
12. Analyze the cost approach to value direct and indirect costs.
13. Compose a commercial or industrial property appraisal form using a standard industry form.
14. Prepare pro-forma and operating expense analysis to appraise property value using the income approach.
15. Appraise the interests created when vesting and title is held by partial interests ownership.
16. Assess current statutes, regulations and rules for changes to the Uniform Standards of Professional Appraisal Practice (USPAP) ethics.

Major Topics: I. Review of Real Estate Appraisal basic concepts (3 hours, lecture)

- A. Residential market analysis
- B. Highest and Best Use
- C. Zoning Issues

II. Appraisal site valuation (3 hours, lecture)

- A. Residential sales comparison approach
- B. Land residual technique
- C. Distribution method
- D. Development method
- E. Income approach
- F. Cost approach

III. Real property rights (3 hours, lecture)

- A. Legal description
- B. Tax assessor identification of real property
- C. The Bundle of Rights

IV. Real estate as an investment (3 hours, lecture)

- A. Economics of rent
 1. Historic rent
 2. Contract rent
 3. Economic rent
- B. Investment yield analysis

V. Common rental factors (3 hours, lecture)

- A. Key terms
- B. Terms of tenancy
- C. Landlord Duties

VI. Processing net income (3 hours, lecture)

- A. Scheduled gross income
- B. Expense categories and expense ratios
- C. Reconciliation of financial data

VII. Capitalization process and rates (3 hours, lecture)

- A. Income real property
- B. Commercial real property
- C. Industrial real property

VIII. Depreciation (3 hours, lecture)

- A. Direct depreciation
- B. Straight line depreciation
- C. Age-life depreciation
- D. Cost-to-cure depreciation
- E. Economic obsolescence
- F. Functional obsolescence

IX. Capitalization rates (3 hours, lecture)

- A. Equity capitalization rate of return on investment
- B. Recapture rate of return of investment
- C. Overall rate of return on investment
- D. Income approach to capitalization

X. Capitalization methods (3 hours, lecture)

- A. Building residual technique
- B. Land residual technique
- C. Property residual technique

XI. Annuity capitalization theories using tables (3 hours, lecture)

- A. Realty Bluebook tables
- B. Elwood tables
- C. Estimation tables

XII. Economic agents of production (3 hours, lecture)

- A. Income property
- B. Commercial property
- C. Industrial real property

XIII. Partial interest (3 hours, lecture)

- A. Association valuation
- B. Ownership interest valuation
- C. Leasehold interest

	<p>XIV. Cost approach to valuation (3 hours, lecture)</p> <ul style="list-style-type: none"> A. Summation method B. Reproduction cost C. Replacement cost D. Estimate methods <ul style="list-style-type: none"> 1. Square foot method 2. Unit-in-place method 3. Quantity survey method <p>XV. Non-residential appraisal forms (3 hours, lecture)</p> <ul style="list-style-type: none"> A. Commercial B. Industrial C. Land <p>XVI. Final estimate of value (3 hours, lecture)</p> <ul style="list-style-type: none"> A. Reconciliation B. Justification C. Explanation <p>XVII. Report writing (3 hours, lecture)</p> <ul style="list-style-type: none"> A. Narrative report <ul style="list-style-type: none"> 1. Residential 2. Non-residential B. Case studies <p>XVIII. The Uniform Standards of Professional Appraisal Practice (USPAP) (3 hours, lecture)</p> <ul style="list-style-type: none"> A. Appraisal standards B. Ethics
Total Lecture Hours:	54
Total Laboratory Hours:	0
Total Hours:	54
Primary Method of Evaluation:	1) Substantial writing assignments
Typical Assignment Using Primary Method of Evaluation:	Given an income-producing property case study, determine (by the cost approach) the replacement cost, using the unit-in-place, comparative unit, and quantity survey methods. Prepare a one- to two-page report stating your findings and your opinion.
Critical Thinking Assignment 1:	Given an income-producing property case study and using the appropriate standard business appraisal report format, prepare a written, narrative appraisal report in which you present, explain, defend, and give justification for the final estimate reconciliation of the property.

Critical Thinking Assignment 2:	Forecast cash flows to extract cap rates, income, and expenses for either a commercial or industrial real property using the three approaches to value. Give valuation on the weighted approach for the specific type of property being appraised using the case study provided. Present your findings and opinions in a two- to three-page report.
Other Evaluation Methods:	Homework Problems, Multiple Choice, Other Exams, Quizzes, True/False, Written Homework
Instructional Methods:	Discussion, Lecture
If other:	This course is taught using the case-study/project format to develop narrative report writing skills.
Work Outside of Class:	Answer questions, Problem solving activity, Required reading, Skill practice, Study, Written work (such as essay/composition/report/analysis/research)
If Other:	
Up-To-Date Representative Textbooks:	Huber, Messick, Pivar. <u>Real Estate Appraisal, Principles & Procedures</u> . 5th ed. Educational Textbook Company, 2019.
Alternative Textbooks:	
Required Supplementary Readings:	
Other Required Materials:	
Requisite:	Prerequisite
Category:	sequential
Requisite course(s): List both prerequisites and corequisites in this box.	Real Estate-40
Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).	<p>Define appraisal and real estate terminology, property descriptions, and cite the three approaches to value.</p> <p>RE 40 -Differentiate between real and personal property for real property appraisal valuation.</p> <p>RE 40 -Calculate the three approaches to value: cost approach, income approach and sales comparison approach.</p> <p>Demonstrate the ability to complete a residential condominium and house (URAR) appraisal report.</p> <p>RE 40 -Prepare a Uniform Residential Appraisal Report (URAR) residential appraisal Federal National Mortgage Association (FNMA 1005) for a condominium.</p> <p>RE 40 -Prepare a Uniform Residential Appraisal Report (URAR) residential appraisal Federal National Mortgage Association (FNMA 1005) for a single family residence.</p> <p>Determine highest and best use analysis in compiling a value conclusion on real property utilizing reconciliation of the values.</p>

	<p>RE 40 -Differentiate between real and personal property for real property appraisal valuation.</p> <p>RE 40 -Estimate the value of partial interests in real property based upon both the title ownership vesting of the parties, and the homeowner association contribution to unit value.</p>
Requisite Skill:	California Bureau of Real Estate Appraisers (BREAs) license or California Department of Real Estate (DRE) broker license
Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable	
Requisite course:	
Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).	
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Enrollment Limitations and Category:	
Enrollment Limitations Impact:	
Course Created by:	Donald Hill
Date:	03/01/1973
Original Board Approval Date:	
Last Reviewed and/or Revised by:	John Yeressian
Date:	09/14/2020
Last Board Approval Date:	12/19/2022