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# Overview

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## Course Description

Advanced Income Capitalization builds on topics covered in the *General Appraiser Income Approach/Part 1* and *General Appraiser Income Approach/Part 2* courses. It introduces additional topics that a seasoned general appraiser can expect to meet in everyday practice. The course features a limited review of material covered in the previous income courses to maximize the time available for advanced topics. Advanced topics are divided into six general areas:

- Operating income issues, including complex lease structures, reimbursements, and tenant improvement allowances
- Property valuation techniques, property taxes that are a function of market value, reversions, property model applications, and supporting the discount rate
- Complex mortgage instruments and the effects of leverage
- Equity valuation
- Investor motivations, including measures and types of risk, measures of return, and income tax consequences
- Case study applications of an office building, a subdivision, and a proposed development with values that are prospective and subject to hypothetical conditions

## Important Notes

- **Diagnostic Test Prerequisite.** To successfully complete courses in the advanced education curriculum, it is important that participants have basic spreadsheet skills. Therefore, before enrolling in an advanced education course, participants are required to take a diagnostic test in which the participant demonstrates his or her skill level in creating and working with spreadsheets. Participants may register for an advanced education course if they do not pass the diagnostic test, but it is not recommended.
- **Blended Learning.** Each course in the advanced curriculum incorporates both online and live classroom education learning. A two-hour Online Session begins the course. While the content for each course is different, these online sessions all incorporate discussion and examples, and require participants to complete various tasks. By completing the online session, participants will have a better understanding of what to expect in the live classroom sessions that will follow. If the tasks are difficult, participants will have time to review and prepare before the live portion of the course begins. Tasks will not be graded; however, they must be

completed to successfully pass the course. The online session, which goes live 28 days before the classroom session begins, must be completed **BEFORE** the classroom session begins. Upon completion of the online session, participants will have the option of downloading the accompanying Online Solutions Booklet.

- **Excel Templates.** This course incorporates a variety of interactive learning activities, including Excel spreadsheets. Participants are required to download the necessary Excel Templates while completing the online session so that they have them when they begin the live classroom session of the course.
- **Digging Deeper. Digging Deeper information goes beyond the scope of the course and is not intended to be covered in class. It is not tested on the course exam; however, appraisers preparing for the comprehensive exam should be familiar with it, as well as all other material contained in the Course Handbook, whether or not it is presented in class.**

## Learning Enhancements

The course was designed with a variety of elements to enhance your learning experience.

- **Blended Learning.** Blended learning provides an effective mix of face-to-face and computer-mediated instruction. The two-hour online session that precedes the live classroom sessions allows you flexibility to complete the readings and tasks on your schedule at your pace. The two-hour online session sets the stage for what is to come in the live sessions. You'll have self-study time to adequately review additional materials or correspond with your instructor if necessary to ensure you're prepared to complete the rest of the course successfully.
- **Preview.** To give you a taste of what is to come, the Preview page that begins each Part includes a brief overview of the content, learning objectives to consider as you move through the content, and learning tips that will assist you in understanding the material you're about to cover.
- **Learning Objectives.** Each learning objective covers information you need to fully understand the concepts in the course. Look them over before the Part begins so that you have a frame of reference as you move through the material. At the end of each Part, reread the objectives. Are you able to do what is stated? If not, this is the time to ask your instructor for help or review the concepts that you do not understand.
- **Excel Templates.** Many of the templates presented in the course for problem solving are provided in Excel (download). They may be used during the course as an aid in problem solving but also have real world applications outside the course. Many have embedded calculations; these are for simplicity but should not be used as a crutch. It is most important that participants understand the logical and mechanical operations associated with the spreadsheets and not just obtain the right answer.

- **Examples and Problems.** To supplement the discussions, we've included examples and problems to help you visualize and practice what you are learning.
- **Fill-in-the-Blanks.** It is a proven fact that when you write something down, you are more apt to remember it. The Course Handbook has "missing" content in the outline that you will need to add in the space provided in your handbook as the instructor goes over the content.
- **Review.** Each Part ends with a review that includes the learning objectives and key terms and concepts covered. Also provided are recommended readings from textbooks that will reinforce what you have learned in class.
- **Review Quizzes.** Short review quizzes are provided at the end of most Parts, and a Practice Test is included at the end of the course. The questions are similar to the types of questions you might find on the exam. By answering the multiple-choice questions, you will find out whether or not you know the information that was covered in that Part.

## Classroom Guidelines

To make the classroom environment a positive experience for everyone attending, we have some guidelines for your consideration:

- 100% attendance is required. No exceptions.
- Limit use of computers and wireless devices to classroom projects.
- Communicate with business associates during break time instead of class time.
- Put away reading materials such as newspapers and books that are not used in class.
- Silence cell phones.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

## General Information

- **Calculators.** A financial calculator is required. The accepted model used in the course is the HP-12C.  
  
**Important Note:** Laptops, cellular phones, tablets, iPads, wearable technology (smart watch, Apple Watch, Google Glass, etc.), and other devices that can store data or connect to the Internet are NOT permitted during the exam. In addition, all watches, wallets, bags, and purses must be removed and stored out of reach prior to taking the exam.
- **Laptop Computers.** A laptop computer is required.
- **Spreadsheet program: Excel.** A spreadsheet program is required (participants may use other spreadsheet programs, but those programs won't be supported in class; demonstrations will be done in Excel).
- **Breaks.** There will be two 10-minute breaks during the morning session and two 10-minute breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions.
- **Certificates of completion** may be downloaded after completion of the course, and attendance during the entire course is required.

## Recommended Texts

- *The Appraisal of Real Estate, 15<sup>th</sup> ed.*
- *Capitalization Theory & Techniques Study Guide, 3<sup>rd</sup> ed.*
- *The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed.*
- *Rates and Ratios Used in the Income Capitalization Approach*

## Prerequisites

- *Advanced Education Diagnostic Test*
- *Basic Appraisal Principles*
- *Basic Appraisal Procedures*
- *15-Hour National USPAP*

- *General Appraiser Income Approach/Part 1*
- *General Appraiser Income Approach/Part 2*

## **Exam**

- The regular exam has 32 multiple-choice questions with three hours of writing time.