

Schedule

SECTION 1. (Morning)

Sign In and Orientation

Sign in
Orientation (Classroom Rules and Procedures)

Part 1. Introduction and Motivation

A General Knowledge of Value-Impacting Factors Is Important to Professional Appraisers
Credit Conditions Have a Major Impact on Property Values
Investment Performance Is Significantly Affected by Financing Decisions
Certain Appraisal Models and Estimating Techniques Are “Finance Explicit”

Part 2. Financing, Value, and Investment Performance

Does Financing Affect Value: The “Macro” Question
Does Financing Affect Value: The “Micro” Question
If Using Debt Doesn’t Affect Value, What Does It Affect?
Morning Break
Back to Financing and Market Value
Debt and Performance: Breakeven Points
Necessary Occupancy or Rent to Achieve a “Target” R_E
Morning Break
The Debt Service Coverage Ratio (*DSCR*)
A Value Model Based on the *DSCR*
Adding a Complication: Different Interest Rates at Different Loan-to-Value Ratios
Lunch

SECTION 2. (Afternoon)

Part 3. Holding Period (DCF) Analysis

Review of Present Value Concepts
Use of Compound Interest to Calculate Future Value (*FV*)
Discounting Expected Future Cash Flows (or *FVs*) to
Calculate Their Present Value (*PV*)
Logic Is That *PV* Is a Function of How Much, When, and
How Certain
Net Present Value
Internal Rate of Return (*IRR*)
Holding Period Analysis of Leverage
Afternoon Break
Shaking Off the Rust: Mortgage Loan Calculations
Cash Equivalency: Measuring the Impact of Non-
Institutional Financing (Below-Market Interest Rates)
Afternoon Break

Part 4. Does Using Debt Create a Tax Shelter?

What Is a Tax Shelter?
Commonly Used Tax Shelter Descriptions
Use of Debt May Affect Taxes in a Variety of Ways
Does Interest Expense Create a Tax Shelter?
Relationship Between BTCF and Taxable Income,
Depreciation Expense, and Amortization
Can the Use of Debt Create a Tax Shelter by Increasing
Depreciation Expense?

Part 5. Summary of Key Points

Summary and Questions
Conclusion and Final Thoughts