

Course Outline

COURSE: RE 164 **DIVISION:** 50 **ALSO LISTED AS:**

TERM EFFECTIVE: Fall 2016 **CURRICULUM APPROVAL DATE:** 02/22/2016

SHORT TITLE: REAL ESTATE APPRAIS

LONG TITLE: Real Estate Appraisal

<u>Units</u>	<u>Number of Weeks</u>	<u>Type</u>	<u>Contact Hours/Week</u>	<u>Total Contact Hours</u>
3	18	Lecture:	3	54
		Lab:	0	0
		Other:	0	0
		Total:	3	54

COURSE DESCRIPTION:

An introductory course covering the purpose of appraisals, the appraisal process, and the different approaches, methods and techniques used to estimate the value of various types of property, with a special emphasis on single-family residential properties. This course meets a requirement for the California Broker's License. This course has the option of a letter grade or pass/no pass. **ADVISORY:** Real Estate 160

PREREQUISITES:

COREQUISITES:

CREDIT STATUS: D - Credit - Degree Applicable

GRADING MODES

L - Standard Letter Grade

P - Pass/No Pass

REPEATABILITY: N - Course may not be repeated

SCHEDULE TYPES:

02 - Lecture and/or discussion

STUDENT LEARNING OUTCOMES:

1. List and explain the principles of value used in real estate.

Measure: written exam, homework, discussion

PLO:

ILO: 7,2,1

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

2. Describe the 8 steps in the appraisal process that guide the appraiser to a competent estimate of value.

Measure: written exam, homework

PLO:

ILO: 7,2

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

3. Examine the steps in the cost approach to estimating value.

Measure: written exam, homework, discussion

PLO:

ILO: 7,2,1

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

4. List the basic steps to the sales comparison approach/market comparison/market data approach to value.

Measure: written exam, homework, discussion

PLO:

ILO: 7,2,1

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

5. Describe the income approach to value.

Measure: written exam, homework, discussion

PLO:

ILO: 7,2,1

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

6. Identify various sections of the Uniform Residential Appraisal Report (URAR) and describe how an appraisal is conveyed on this form.

Measure: homework

PLO:

ILO: 7,2,3

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

CONTENT, STUDENT PERFORMANCE OBJECTIVES, OUT-OF-CLASS ASSIGNMENTS

Curriculum Approval Date: 02/22/2016

9 Hours

Content: Introduction - Definition, History, Purposes and Uses of Appraisals AND Understanding Value - Characteristics of Value, Economic Value, Types of Value, Forces Affecting Value AND The Appraisal Process - The Eight Steps of the Appraisal Process

Student Performance Objectives: Define the terms appraisal, real estate and real property. Describe the kinds of services that appraisers perform, and list some common uses of appraisals. Describe the various components of real estate, and explain how real estate is distinguished from personal property. List the major types of real property interests, and describe their characteristics. Describe the three powers of government that limit private property rights. Define value and identify its characteristics. Distinguish between value, price and cost. Define the most frequently used Standards of Value and their characteristics. Explain the ways in which social, economic, governmental and environmental factors influence real estate values. Identify and discuss each of the steps in the appraisal process.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes.

Homework Examples: Complete the Cases for each of the Principles of Appraisal (Economic Value) provided and come prepared to discuss them in class. Review the Uniform Residential Appraisal Report (URAR) form.

9 Hours

Content: Property Description and Appraisal Math - Property Description, Metes and Bounds, Rectangular Survey, Lot and Block System, Appraisal Math, Financial Calculations AND Data Collection and Analysis - Regional and Community Data, Neighborhood Data, Site Data, Building Data, Specific Market Data

Student Performance Objectives: Name the three major systems of land description used in the United States, and explain how land is described under each system. Calculate the area and volume of complex figures. Solve problems involving percentages, interest, capitalization rates and income multipliers. Use a financial calculator or table to solve problems involving discounting and annuities. Identify the types of forces that influence value on regional, community and neighborhood levels. Identify common sources of general appraisal data. Describe the way appraisers define neighborhoods. List neighborhood characteristics that are important to appraisers. Describe the data necessary for a site description and for a building description. Describe the data that is collected for comparable properties.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes.

Homework Examples: Complete the Cases provided for each of the three major systems of land description. Complete the provided math worksheet, for example: Estimate the square footage of your classroom assuming all walls are exterior walls and they are six inches thick. and Estimate the volume of your classroom in cubic yards. and If compound interest of 12% per year is paid on an account, how much interest will be earned after two years by an investment of \$100. Complete Page 1 (Property Description) of the URAR.

9 Hours

Content: Site Valuation - Highest and Best Use, Vacant and Improved Land, Methods of Site Valuation AND Residential Construction - Classification of Houses, Elements of House Design, Construction Methods and Materials

Student Performance Objectives: List the four characteristics of highest and best use. Distinguish between the highest and best use of land as if vacant and as improved and explain the significance of each. Explain the concepts of interim use, legal nonconforming use, excess land and plottage. Identify the six common methods for appraising land, and describe their basic procedures. Identify the critical data needed for each of the six land valuation methods. List the five basic types of houses and describe their characteristics. Describe the factors that influence proper siting of a house on its lot. List the three basic activity zones of a house and describe their relationships to each other. Identify the characteristics of various building components that can affect value. Recall the technical terminology used to describe residential construction.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes.

Study for Midterm. Homework Examples: Give and support local examples of property not being used at its highest and best use. Give examples of vacant sites in your area where you would use market comparable sales prices of the development method to estimate value. Complete the provided worksheet on floor plans and their effect on home value.

8 Hours

Content: Midterm. Cost Approach to Value - Cost Estimating Techniques, Types of Depreciation, Methods of Estimating Depreciation AND Sales Comparison Approach to Value - Steps in the Sales Comparison Approach, Adjustment Process and Techniques

Student Performance Objectives: Describe the relationship between cost, value and depreciation. List the steps in the cost approach to estimating value. Describe the types of costs that are included in an improvement cost estimate. Identify the sources of data for construction unit costs. Define the term depreciation, list the five major categories of depreciation and state the kinds of items included in each category. Calculate depreciation using a variety of appraisal methods. List the basic steps in the sales comparison approach to value. List the elements of comparison that are commonly used to analyze comparable sales in residential appraisals. Describe how adjustments are made to the prices of comparable sales. Apply the techniques of paired data analysis and relative comparison analysis to obtain adjustment values for any differences in the elements of comparison.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes.

Homework Examples: Complete the Cases provided using a variety of Cost Estimating Techniques and the Cases provided for Estimating Depreciation. Complete the following worksheet and come prepared to discuss your answers in class: Pick a local subdivision. Assume you could not find other comparable sales in that subdivision. What other area subdivisions would be comparable? If adjustments are to be made, what would they be and why? Review the Cost Approach Section and the Improvements Section of the URAR form.

6 Hours

Content: Income Approach to Value - Income Capitalization, Discounting AND Reconciliation and Final Value Opinion - The Reconciliation Process

Student Performance Objectives: Describe the factors that determine the rate of return required by an investor. List the four types of income that are used to calculate value by direct capitalization, and describe how each type of income is estimated. Describe four common methods for deriving an overall capitalization rate. Explain the difference between a capitalization rate and an income multiplier, and their uses in appraisal practice. Define the term reconciliation and describe the kinds of situations in which it is used in an appraisal. Identify the factors that affect the reliability of a value indicator. Name the two main types of final value estimates, and list their advantages and disadvantages.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes.

Homework Examples: Complete the following math worksheet, for example: Using an overall capitalization rate of 8%, what is the indicated value of a property with net operating income of \$35,000 per year? and If the monthly effective gross rent multiplier is 55.56, what is the indicated value of the property (rounded to the nearest \$100)? Complete the Cases provided using the Reconciliation Process. Review the Income Approach to Value and the Reconciliation Section of the URAR form.

6 Hours

Content: The Appraisal Report - Reporting Requirements, Uniform Residential Appraisal Report (URAR) AND Appraising Special Interests - Partial Interests in Real Estate, Appraising Partial Interests, Other Forms of Ownership

Student Performance Objectives: Distinguish between various types of appraisal reports, and explain their uses. List the essential elements that must be included in every professional appraisal report, and explain the significance of each element. Describe the ways of dividing property ownership between two or more individuals or entities. Identify the appraisal techniques and considerations that are applicable to appraisals involving leaseholds, leased fees, easements, liens and fractional interests in real estate. Describe the characteristics of other forms of ownership, and identify the appraisal techniques that are used when appraising these types of interests.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes.

Study for final. Homework Examples: Investigate various types of appraisal forms that are available and come ready to discuss them in class. Complete the following worksheet and come prepared to discuss your answers in class: Give examples of easements in your area that have a significant effect on value. and Identify manufactured housing in your area. How does the value compare with conventional housing? and Are there any time shares in your area? How do resale values compare to original sale prices?

5 Hours

Content: The Appraisal Profession - Associations, Uniform Standards AND Financial Institutions and Regulations - FIRREA, Secondary Market Appraisal Regulations, Reporting Requirements AND Review for Final

Student Performance Objectives: Identify the major professional appraisal associations. Describe the licensing and certification requirements of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989. Identify the different types of depository financial institutions. Describe the basic features of the FIRREA of 1989. Identify the five federal financial institutions regulatory agencies.

Out-of-Class Assignments: Read related chapters in the textbook and complete review questions quizzes. Study for final. Homework Examples: Visit a local real estate office and identify which appraisal services they utilize. If possible interview an appraiser. Come prepared to discuss your experience with the class.

2 Hours

FINAL EXAM.

METHODS OF INSTRUCTION:

lecture, discussion, audio-visual, guest presentation

METHODS OF EVALUATION:

Category 1 - The types of writing assignments required:

Percent range of total grade: 20 % to 30 %

Written Homework

Category 2 - The problem-solving assignments required:

Percent range of total grade: 20 % to 30 %

Homework Problems

Category 3 – The types of skill demonstrations required:

Percent range of total grade: 0 % to %

Category 4 - The types of objective examinations used in the course:

Percent range of total grade: 40 % to 60 %

Multiple Choice

True/False

Matching Item

REPRESENTATIVE TEXTBOOKS:

Required:

Huber, Walt; Messick, Levin P.; Pivar, William. Real Estate Appraisal, Principles and Procedures (4th Edition). Covina, CA: Educational Textbook Company, Inc., 2012. Or other appropriate college level text.

Reading level of text, Grade: 12th Verified by: MS Word

ARTICULATION and CERTIFICATE INFORMATION

Associate Degree:

CSU GE:

IGETC:

CSU TRANSFER:

Transferable CSU, effective 200730

UC TRANSFER:

Not Transferable

SUPPLEMENTAL DATA:

Basic Skills: N

Classification: Y

Noncredit Category: Y

Cooperative Education:

Program Status: 1 Program Applicable

Special Class Status: N

CAN:

CAN Sequence:

CSU Crosswalk Course Department: RE

CSU Crosswalk Course Number: 164

Prior to College Level: Y

Non Credit Enhanced Funding: N

Funding Agency Code: Y

In-Service: N

Occupational Course: B

Maximum Hours:

Minimum Hours:

Course Control Number: CCC000032811

Sports/Physical Education Course: N

Taxonomy of Program: 051100