I. INTRODUCTION

A. A study of the central purposes and functions of an appraisal, social and economic determinant of value, appraisal case studies, cost, market data and income approaches to value estimates, final correlations, and reporting.

B. RELE 1303, Residential Real Estate Appraisal, satisfies the minimum requirements for a "core" real estate course as described in Section 7 (as amended) of the Texas Real Estate License Act. This course may be used as an elective in the Business Management and Marketing and Sales Management AAS Degree Programs.

C. This course is an explanation of the purposes and functions of appraisal; the social and economic determinants of value; appraisal case studies; cost; market data; income approaches to appraisal; final correlations; and reporting. The course also consists of discussions and case studies involving the nature of neighborhood analysis; land or site analysis and valuation; residential styles and utility; mortgage equity and discounted cash flow; and codes of ethics associated with the appraisal industry. Students will apply knowledge gained by preparing a complete appraisal of a residential property.

D. This course is occupationally related and serves as preparation for a career in real estate appraisal or real estate sales.

D. Prerequisites: None

E. Alphanumeric coding used throughout this syllabus denotes integration of the Secretary’s Commission on Achieving Necessary Skills (SCANS) occupational competencies (CA, C1, 2, B, etc.) and foundation skills (B, C1, 2, FA, etc.) for this course. The instructor will ensure the designated SCANS competencies and skills are addressed in the course. A detailed description of each competency/skill is contained in “A SCANS Report for America 2000,” Executive Summary, furnished
II. LEARNING OUTCOMES

Upon successful completion of this course, Residential Real Estate Appraisal, the student will be able to:

A. Identify the three approaches to the appraisal process.
B. Describe both social and economic determinant of value.
C. Write reports that illustrate final correlations.
D. Examine case studies as related to the appraisal process.
E. Explain the nature, importance, and purposes of residential real estate appraisal.
F. Describe the importance of economic analysis in appraisals.
G. Demonstrate a proficiency in the various considerations involved with site analysis.
H. Explain the basic construction methods used in the building industry today.
I. Demonstrate a proficiency in the cost approach to estimating value.
J. Demonstrate a proficiency in the income approach to estimating value.
K. Demonstrate a proficiency in the market data approach to estimating value.
L. Describe reconciliation and be able to reconcile the three approaches to value on a case study application.
M. Write a form appraisal report using all the three approaches to value, site analysis, economic analysis, and reconciliation.
N. The following SCANS competencies and foundation skills will be covered in this course:

1. Competencies
   a. Resources
      (1) Time (CA1)
   b. Information
      (1) Acquires/uses (CC1)
      (2) Organizes/maintains (CC2)
      (3) Interprets/communicates (CC3)

2. Foundation Skills
   a. Basic Skills
      (1) Reading (FA1)
      (2) Writing (FA2)
      (3) Listening (FA4)
      (4) Speaking (FA5)
   b. Personal Qualities
      (1) Responsibility (FC1)
      (2) Self-esteem (FC2)
III. INSTRUCTIONAL MATERIALS

The instructional materials identified for this course are viewable through www.ctcd.edu/books

IV. COURSE REQUIREMENTS

A. Reading Assignments: Read text assignments prior to class and be prepared to discuss the text material, answering instructor questions orally with well-organized thoughts and ideas. (CC1, 2 & 3, FA1, FA4)

B. Appraisal Project: Each student will complete a full appraisal of a property assigned by the instructor and will prepare the full URAR form. The appraisal must be written and will also be presented orally to the class. This project will count 30% of the final grade. (FA2)

C. Class Attendance: (FC1 & 4) (Refer to CTC Catalog, Page 54 for detailed policy). You are expected to attend each class period, be on time and stay the full class period or be counted absent. You are responsible for all course material missed due to absence. The instructor does not provide class notes for classes missed.

V. EXAMINATIONS (CC1, CC2, FC2)

A. There will be a minimum of three exams. The format, to be determined by the instructor, may include multiple-choice, fill-in-the-blank, and essay questions.

B. The instructor will include the exam schedule in the course outline furnished to the students on the first day of class.

VI. SEMESTER GRADE COMPUTATIONS

A. The final grade for the semester will be computed as follows:

1. Major examinations (scheduled) 90%
2. Classroom performance 10%
   a. Attendance
   b. Spot quizzes
   c. Preparation

Total: 100%
B. The Central Texas College grading system is as follows:

<table>
<thead>
<tr>
<th>Numerical Value</th>
<th>Grades</th>
<th>Quality Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-100</td>
<td>A = Superior</td>
<td>4</td>
</tr>
<tr>
<td>80- 89</td>
<td>B = Above Average</td>
<td>3</td>
</tr>
<tr>
<td>70- 79</td>
<td>C = Average</td>
<td>2</td>
</tr>
<tr>
<td>60- 69</td>
<td>D = Passing, but Unsatisfactory</td>
<td>1</td>
</tr>
<tr>
<td>Below 60</td>
<td>F = Failure</td>
<td>0</td>
</tr>
<tr>
<td>I = Incomplete</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>W= Withdrawal</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

1. Students who feel that there has been a computational error in grading must immediately contact the instructor for the course in question. Students must bring this matter to the attention of the instructor involved no later than ninety days after the end of the course in order for a grade change to be considered. Administrative personnel of Central Texas College are not authorized to change an instructor’s grade.

2. Students receiving a “D” grade in prerequisite courses are advised not to enroll in succeeding courses until they complete prerequisite course work with at least a “C” grade.

VII. NOTES AND ADDITIONAL INSTRUCTIONS FROM INSTRUCTOR

A. Course Withdrawal: It is the student's responsibility to officially drop a class if circumstances prevent attendance. Any student who desires to, or must, officially withdraw from a course after the first scheduled class meeting must file a Central Texas College Application for Withdrawal (CTC Form 59). The withdrawal form must be signed by the student.

CTC Form 59 will be accepted at any time prior to Friday of the 12th week of classes during the 16-week fall and spring semesters. The deadline for sessions of other lengths is as follows.

- 10-week session: Friday of the 8th week
- 8-week session: Friday of the 6th week
- 5-week session: Friday of the 4th week

The equivalent date (75% of the semester) will be used for sessions of other lengths. The specific last day to withdraw is published each semester in the Schedule Bulletin.

A student who officially withdraws will be awarded the grade of "W" provided the student's attendance and academic performance are satisfactory at the time of official withdrawal. Students must file a withdrawal application with the College before they may be considered for withdrawal.
A student may not withdraw from a class for which the instructor has previously issued the student a grade of "F" or "FN" for nonattendance.

B. Administrative Withdrawal: An administrative withdrawal may be administered by the instructor when the student fails to meet College attendance requirements. The instructor will assign the appropriate grade on CTC Form 59 for submission to the registrar.

C. Incomplete Grade: The College catalog states, “An incomplete grade may be given in those cases where the student has completed the majority of the course work, but because of personal illness, death in the immediate family, or military orders, the student is unable to complete all the requirements for a course.” Prior approval from the instructor is required before the grad of “I” for Incomplete is recorded. A student who merely fails to show for the final examination will receive a zero for the final and an “F” for the course.

C. Cellular Phones and Beepers: Cellular phones and beepers will be turned off while the student is in the classroom or laboratory

D. Americans With Disabilities Act (ADA): Disability Support Services provides services to students who have appropriate documentation of a disability. Students requiring accommodations for class are responsible for contacting the Office of Disability Support Services (DSS) located on the central campus. This service is available to all students, regardless of location. Review the website at www.ctcd.edu/disability-support for further information. Reasonable accommodations will be given in accordance with the federal and state laws through the DSS office.

E. Instructor Discretion: The instructor reserves the right of final decision in course requirements.

F. Civility: (FC3) Individuals are expected to be cognizant of what a constructive educational experience is and respectful of those participating in a learning environment. Failure to do so can result in disciplinary action up to and including expulsion.

G. Honesty and Integrity: (FC5) All students are required and expected to maintain the highest standards of scholastic honesty in the preparation of all course work and during examinations. The following will be considered examples of scholastic dishonesty:

1. Plagiarism: The taking of passages from writing of others without giving proper credit to the sources.
2. Collusion: Using another’s work as one’s own; or working together with another person in the preparation of work, unless joint preparation is specifically approved in advance by the instructor.
3. Cheating: Giving or receiving information on examinations.
Students guilty of scholastic dishonesty will be administratively dropped from the course with a grade of “F” and will be subject to disciplinary action.

VIII. COURSE OUTLINE

A. **Unit One:** Introduction to Appraisal, the Real Estate Marketplace, and the Appraisal Process (Chapters 1-4)

1. **Learning Outcomes:** Upon successful completion of this unit, the student will be able to:

   a. List some of the qualifications of a skilled appraiser.
   b. Describe the types of appraisal assignments available.
   c. List some of the opportunities for appraisal employment.
   d. List some of the professional appraisal societies.
   e. Explain why FIRREA was created.
   f. Name the federal agency charged with the sale or liquidation of failed savings and loan institutions.
   g. Explain what is meant by a federally-related transaction.
   h. State the dollar limitations on transactions that can be handled by certified and licensed appraisers.
   i. State the dollar limitations on transactions that can be handled by unlicensed appraisers.
   j. Name the organization that established and continues to critique the USPAP.
   k. Discuss the effects of federal legislation on appraiser licensing and certification.
   l. Define what is meant by an appraisal.
   m. Define land and differentiate between land and site.
   n. Define fixture and enumerate the legal tests for a fixture.
   o. Specify the rights of ownership that accompany real property.
   p. List some of the restrictions on use of real property.
   q. Describe the difference between personal property and real property.
   r. Define some of the most common types of ownership interest in real property.
   s. Define the most common forms of property ownership.
   t. Define some of the most common types of deeds used to transfer title.
   u. List the major characteristics of real estate markets.
   v. Define and describe some of the forces that affect the real estate market.
   w. Define terms such as demography, segmentation, forecasts, feasibility study, and absorption analysis as they relate to a market.
x. Explain why and how the Federal Reserve Bank System regulates the flow of money and the cost of borrowing.
y. List and explain the sources of capital for real estate development.
z. Distinguish between mortgage and trust deed.
aa. Define the following types of mortgages: fully amortized fixed-rate, adjustable rate, graduated payment, growing equity, reverse annuity, and shared appreciation.
bb. List and describe the four elements of value.
cc. Give at least two definitions of market value.
dd. List the conditions that are present in an "arm's-length" transaction.
eе. List and describe the forces affecting value—physical and environmental, economic, governmental, legal, and social.
ff. List and describe 15 basic value principles that influence the value of real estate.
gg. Explain why the most important consideration in valuing real estate is the highest and best use of the property.
hh. Name the four factors of production.
ii. Define and give the formula for the sales comparison approach to value.
jj. Define and give the formula for the cost approach to value.
kk. Define and give the formula for the income capitalization approach to value.
ll. Explain the differences in use of the three approaches to value.
mm. Identify the three basic methods used to describe land in the United States.
nn. List the steps in the appraisal process.

2. Learning Activities:
a. Classroom lecture/discussion (FA4, FC3)
b. Reading assignment (FC1, CC1)
c. Homework and other assignments designated by the instructor (FA1, CA1)

3. Lesson Outline: Follow the sequence of unit Learning Objectives.

B. Unit Two: Data Collection, Residential Construction, Market Data Collection, and Comparable Role Analysis (Chapters 5-8)

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

a. Use the Data Bank (Appendix A) to identify and locate the kinds and sources of data required to make an appraisal.
b. Use the Neighborhood Data Form to record information concerning
the subject property's neighborhood.
c. Identify the life cycle of a neighborhood.
d. Use the Site Data Form to record information concerning the subject site.
e. Understand the importance of a thorough and accurate property description.
f. Use the Building Data Form to record information concerning the subject improvements.
g. Identify the property features that should be noted in the data collection process.
h. Describe some of the regulations that govern residential construction.
i. Explain how to calculate gross living area, gross building area, and gross leasable area.
j. Identify common house styles and types.
k. Gauge the effectiveness of the orientation of a house on its site.
l. Identify the major elements of a good floor plan.
m. Identify the exterior and interior finishing techniques used in most wood frame houses.
n. Define basic construction terms.
o. Explain the basic principles of passive and active solar heating.
p. Define and give the formula for the sales comparison approach.
q. Identify the basic principle behind the sales comparison approach.
r. Explain the difference between market value and sales price.
s. List both the data needed to carry out an appraisal using the sales comparison approach, as well as the sources of that data.
t. Gather and accurately record both general and specific data concerning the subject property.
u. Identify properties that may be considered comparable to a subject property.
v. Use the cash equivalency technique to analyze the effect of financing on sales price.
w. Verify the data collected.
x. Use a Comparable Sales Comparison Chart to summarize subject and comparable property characteristics.
y. Determine the value of an adjustment using matched pairs analysis.
z. Make adjustments in proper sequence.
aa. Use a Sales Price Adjustment Chart to compute adjusted sales prices of comparable properties.
bb. Reconcile data for final value estimates.
c. Explain the advantages and limitations of the sales comparison approach.

2. Learning Activities:

a. Classroom lecture/discussion (FA4, FC3)
b. Reading assignment (FC1, CC1)
c. Homework and other assignments designated by the instructor (FA1, CA1)

3. Lesson Outline: Follow the sequence of unit learning objectives.

C. Unit Three: Site Valuation, Reproduction/Replacement Cost, Depreciation, and (Chapters 9 - 11).

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

   a. Explain how the terms site and land differ.
   b. State the formula for the cost approach.
   c. Explain why a separate site valuation may be required.
   d. List and explain the four tests to determine highest and best use.
   e. List the requirements of a thorough site description.
   f. Explain what is meant by nonconforming use, interim use, and conditional use permits.
   g. Explain the application of the sales comparison method in valuing a site.
   h. Describe the allocation, abstraction, and ground rent capitalization methods of valuing a site.
   i. Apply the subdivision development method of site valuation to a sample problem.
   j. Define and give the formula for the cost approach.
   k. Identify the basic principle behind the cost approach.
   l. Explain the uses of the cost approach and its drawbacks.
   m. Explain the difference between reproduction cost and replacement cost.
   n. Describe four methods for finding reproduction/replacement cost.
   o. Explain what cost manuals and cost reporting or indexing services are, and how they may be used.
   p. Distinguish between direct and indirect construction costs.
   q. Estimate reproduction cost using the square-foot method.
   r. Estimate reproduction cost using the unit-in-place method.
   s. Give the formula for the index method of finding reproduction cost.
   t. Define depreciation and accrued depreciation.
   u. List and describe the three categories of depreciation and give examples of each.
   v. Explain what is meant by the terms useful life, economic life, physical life, and effective age.
   w. Explain the process by which loss in value due to depreciation is applied to reproduction or replacement cost.
   x. Describe the economic age-life, observed condition, capitalized value, and sales comparison methods of computing depreciation.
y. Use the observed condition method of computing depreciation in estimating the value of a sample property using the cost approach.

2. **Learning Activities:**

a. Classroom lecture/discussion (FA4, FC3)

b. Reading assignment (FC1, CC1)

c. Homework and other assignments designated by the instructor (FA1, CA1)

3. **Lesson Outline:** Follow the sequence of unit learning objectives.

D. **Unit Four:** Estimating Income, Direct Capitalization, Yield Capitalization, Partial Interests, Reconciliation and the Appraisal Report, Appraisal Math and Statistics (Chapters 12 - 17)

1. **Learning Outcomes:** Upon successful completion of this unit, the student will be able to:

   a. List the advantages and disadvantages of the income capitalization approach

   b. Define potential gross income and enumerate its primary sources.

   c. Define the terms rent, market rent, scheduled rent, and historical rent.

   d. Identify some of the outside economic factors that influence market rent.

   e. Formulate and use gross income multipliers.

   f. Explain what is meant by effective gross income.

   g. Describe how net operating income is found.

   h. List the types of expenses that determine net operating income.

   i. List some typical variable expenses, fixed expenses, and items requiring reserves for replacement.

   j. Distinguish between expenses for accounting purposes and expenses for appraisal purposes.

   k. Reconstruct an operating statement for a sample problem.

   l. State and use the formula for finding the operating expense ratio, the net income ratio, and the break-even ratio.

   m. Describe what is meant by direct capitalization and yield capitalization.

   n. Give the formula for direct capitalization.

   o. State and use the formula for finding a capitalization rate and its two corollaries.

   p. Describe what is meant by capital recapture and provide the formula for the straight-line method of recapture.
q. Identify the two major methods of developing an interest or risk rate.

r. Describe the relationship of risk, capitalization rate, and value.

s. Define and use the building residual, land residual, and property residual capitalization techniques.

t. Define annuity.

u. Use an annuity factors table in applying the building residual technique.

v. Use annuity and reversion factors tables in applying the property residual technique.

w. Summarize the assumptions and effects of the annuity and straight-line recapture methods on income, interest, and recapture.

x. Discuss the differences in condominium, planned unit development, and time-share forms of ownership.

y. Define a time-share estate and a time-share use.

z. Explain the importance of mobile homes in the United States.

aa. Define a leased fee, leasehold estate and sandwich lease.

bb. Explain what is meant by gross lease, triple net lease, percentage lease, escalator clause, renewal option, tenant improvements, tax-stop clause, and expense-stop clause.

c. Describe how lease interests may be valued.

d. Define the process of reconciliation.

e. Explain why all three approaches to value may not have the same degree of validity for a subject property.

ff. Formulate a checklist for review of the sales comparison approach.

gg. Formulate a checklist for review of the cost approach.

hh. Formulate a checklist for review of the income capitalization approach.

ii. Understand that a final estimate of value is the result of a reasoning process and not merely averaging the values reached by each of the appraisal approaches.

jj. Describe the three types of appraisal reports.


ll. List and describe the parts of a narrative appraisal report.

mm. Convert percent to decimals.

nn. Convert decimals to percent.

oo. Work percentage problems.

pp. Solve word problems using a problem-solving strategy.

qq. Find the area of simple and complex closed figures using the formulas for the area of rectangle and triangle.

rr. Convert numbers given in inches, feet, and/or yards to units of like measure.

ss. Convert numbers given in square inches, feet, and/or yards to square units of like measure.

tt. Calculate the living area of a house.

uu. Compute the volume of simple shapes.
vv. Convert numbers given in cubic inches, feet, and/or yards to cubic units of like measure.
ww. Define the terms simple interest and compound interest.
xx. Use tables to determine what is necessary to achieve a stated financial goal.
yy. Define statistics and statistical terms such as variate, population, sample, array, frequency distribution, parameter, aggregate, measures of central tendency, measures of dispersion, mean, median, mode, range, average deviation, standard deviation, and regression analysis.
z. Given appropriate information, compute the mean, median, mode, range, average deviation, or standard deviation.
aaa. Know that statistics can be applied to interpret data and to support a conclusion of property value.

2. Learning Activities:
   
a. Classroom lecture/discussion (FA4, FC3)
b. Reading assignment (FC1, CC1)
c. Homework and other assignments designated by the instructor (FA1, CC1)

3. Lesson Outline: Follow the sequence of unit learning objectives.