



# INCOME PRODUCING PROPERTIES (Real Estate 101)



## Target Audience:

Professionals with limited experience in commercial real estate lending.

## Prerequisites:

An understanding of basic accounting principles acquired through formal or on-the-job training. In addition, participants should have a minimum of three months experience in a commercial real estate analysis environment.

## Training Outcomes:

- Form, structure and objective of the appraisal report with emphasis on the source and reliability of information contained in the appraisal and the implications for risk in the event of invalid information used to determine the value.
- Risks to an income-producing property that are, and are not, addressed specifically in the appraisal report.
- Benefits and limitations of the sales comparison and income capitalization approaches in establishing market value for an income-producing property.
- Cap rate, its derivation and common pitfalls in establishing its value for application in the market valuation process. Emphasis is placed on their relevance of the cap rate and its role in signaling investor motivation
- Use of break-even analysis in assessing the ability of an income-producing property's net operating income to withstand adverse market pressures that impact vacancy levels, rental rates and applicable interest rates.
- Application of loan-to-value and debt service coverage underwriting standards in making a credit decision.
- Importance and value of properly assessing the likely financial strength of a guarantee.
- Value of estimating an equity investor's likely rate of return from the subject property's cash flow stream in the process of understanding the reasons behind the investment decision. Emphasis is placed on identifying investor motivation as a critical consideration in the lending decision process.
- Documents necessary to assure the lender's access to the income-producing property and its stream of revenue in the event of default, with an emphasis on the integration of analytics and documentation in providing a framework for assessing performance and documentation risk.

## Time Commitment:

Approximately four weeks from start to completion. Depending upon participant's knowledge and experience, the average weekly time commitment is 6-8 hours of work (including preparation).

- A one-day classroom session
- Two online courses & two webinars.

**Certification:** WIB Certificate of Completion

**Mentor:** Recommended

*See [wib.org](http://wib.org) for more information on dates, pricing & registration.*