

## WELCOME TO SPRING 2024 FIL 260

Dear Spring 2024 FIL 260 Students,

I hope everyone is having an enjoyable and productive break. Am pleased that you will be taking FIL 260 in the coming semester, and wanted to provide some information. This note is long, but we need to provide clear insights so everyone knows what to expect. There is nothing you have to do before classes begin, but knowing what this real estate principles course involves and being able to confirm that it is right for you is important.

First, we plan to operate as a traditional face-to-face course (*regular attendance is expected*), not on-line, not hybrid, and we will follow that model unless unforeseen events cause ISU administration to tell us otherwise. Amid the Covid period's 2020 – 2021 involuntary remote learning experience most students I talked with said “we need to be face-to-face,” particularly for a course with considerable computational material like FIL 260, and I enthusiastically agree. But some students seem to have come, over time, to like at least some aspects of remote learning, so we did not want to leave any class members wondering what our road map looks like.

### **Instructor and Course Content**

For my first 28 years at ISU my primary job was instructing large lecture sections of FIL 240, our introductory finance coverage built largely around corporate or business finance examples (similar to FIL 190, which many finance majors now take). But foundational finance principles like risk and return, debt vs. equity financing, and the time value of money crop up everywhere under the finance umbrella, so 190 or 240 in some sense falls within every professor's area. But it turns out that my field of special interest within finance is *real estate* (think land, often with buildings attached). That is why I am so happy to be working with the 260 course!

A little about my background:

- After graduating from college in 1977, before your grandparents were born, I worked for two years – during a very interesting housing market boom period – as a real estate appraiser for a mortgage lending firm (did you talk about “savings and loans” in FIL 241?). My job was to make sure the institution did not lend \$162,000, only to have the borrower use our money (and a little of their own, a “down-payment” – debt and equity financing applies to home purchases, too) to pay \$180,000 if the house had an objectively measured value of only \$150,000.
- In my graduate school finance program I specialized in real estate (particularly property rights, like why the big bad gummint should not take your land away from you; did not devote my energies to heavy number-crunching like most people in finance graduate programs do – took elective courses in the law school rather than the math department).
- Most of what I have written in the “publish or perish” side of my academic career has been real estate related.
- For 14 years I was the associate editor of a University of Illinois publication called the *Illinois Real Estate Letter* (no longer in existence, unfortunately – but some of *IREL*'s articles provide such timeless insights that we will use a few as FIL 260 readings).
- For more than 25 years I was instructor for the FIL 360 course offered just about every spring (though not spring 2020 to 2024 😞), while Dr. Kang who retired in 2019 taught

260. FIL 360 is officially “Real Estate Investment and Financing.” That title is sort of broad, so it might not surprise you that I have covered it mostly as a “financing” and not “investment” course, since I can add more value for students on the financing side. Have worked directly in lending and observed the many changes in that arena as an informed outsider since that time, including during the 2006-2008 housing and lending crisis, but do not have the same direct experience on the investment side. Am too timid and inept (can’t fix things) to do hands-on real estate investing; I buy pieces of paper (we will talk about real estate investment trust or “REIT” shares), not bricks and mortar.

(I am also a fellow Redbird, 1981 Illinois State University MBA graduate.) So I hope to have credibility as your instructor, but don’t claim to know everything about the broad real estate field, not by a long shot, and do not have the brains or the experience to tell you how to get rich buying apartments or commercial buildings, or “flipping” houses. If goals of those types motivated you to sign up for FIL 260 we don’t want you to learn the reality after it is too late to sign up for a different course.

*But we hope no one will bolt;* the foundational principles we will cover are essential knowledge for functioning in any real estate activities. Appraisers need to understand legal descriptions, brokers need to understand title, developers have to deal with easements, home flippers have to work with purchase contracts, long-term investors have to know what adverse possession is. (Think of how medical school starts with Human Anatomy; a doctor needs to understand the entire body regardless of the ultimate specialty area chosen.) You can not put real estate in your pocket and carry it with you like you can small personal property items, so the value of real estate is affected more by the legal rights different parties have than by issues of simple physical occupation. *What makes real estate fascinating, and justifies its status as a separate subfield of finance to study, is that real estate’s fixed location means its value is affected by (and it affects the value of) other land that is near it.* And each parcel is unique, so you can not look up the value of a building like you can look up today’s value of Microsoft common stock, for which the trading of countless thousands of identical shares each day reveals a wide consensus view of value. Plus land and buildings tend to have value for long periods of time. Because of these points, and the high dollar amounts at which real estate usually sells, some laws and traditions apply to real estate that we do not tend to see with other assets.

In terms of content, FIL 260 is an upper-division academic course that examines real estate as a legal, economic, and financial creature. It is not about selling real estate, other than that we have a chapter on brokerage just like we have coverage of appraisal, lending, closings, renting, property management, insurance, investment, *etc.* The course does not even count toward requirements for taking the Illinois real estate broker’s license exam. There would be some overlapping content, but we get into many things that broker licensing courses would not, and those courses certainly spend time on things we do not – often practical matters involving how not to get sued or arrested by breaking laws that bind those in the profession of selling real estate (especially personal residences). Our coverage consists of:

### **UNIT 1: The Nature and Value of Real Estate**

Topic 1: Introduction to Real Estate Decision Making, Topic 2: Legal Description of Real Estate, Topic 3: Rights and Interests in Real Estate, Topic 4: Restrictions on Real Estate Rights, Topic 5: Deeds and Title Examination, Topic 6: Real Estate Appraisal

### **UNIT 2: The Real Estate Transaction Process**

Topic 7: Contracts in Real Estate Transactions, Topic 8: Closing the Real Estate Transaction,

Topic 9: Leases, Topic 10: Property Management, Topic 11: Financing Residential and Commercial Real Estate, Topic 12: Mortgage Loan Mechanics

### **UNIT 3: Real Estate as an Economic Asset**

Topic 13: Economics and Real Estate Markets, Topic 14: Real Estate Brokerage, Topic 15: Home Ownership, Topic 16: Residential, Commercial, & Industrial Land Use and Development, Topic 17: Principles of Real Property Insurance, Topic 18: Real Estate Investment

[The very standard Floyd & Allen textbook discussed below has chapter titles Why Study Real Estate, Property Rights and Legal Descriptions, Private Restrictions on Ownership, Public Restrictions on Ownership, Deeds & Title Examination, Contracts & Title Closings, RE Leases, RE Brokerage, RE Appraisal, Property and Asset Management, Residential Land Uses, Commercial & Industrial Land Uses, Understanding RE Market Dynamics, Urban & Regional Economics, Home Purchase Decisions, Residential and Commercial Property Financing, Risk/Return and the Time Value of Money, Mortgage Mechanics, and Analyzing Income-Producing Properties. I hope it is clear that the Topics we cover reflect what is expected and typical for university-level real estate principles courses, and not some set of odd preferences held by the instructor.]

We have a mix of conceptual and computational material, with each of the three units anchored by a Topic that involves computing: real estate appraisal for unit 1, mortgage loan mechanics for unit 2, and investment analysis for unit 3. Problems, with detailed solutions, are available to help you prepare, in fact carefully hand-worked solutions to those problems will be turned in for credit. (I am big on working with the formulas, not just hitting financial calculator function keys – yes, figures like loan payments are generated by computers in today’s workplace, but if you do not understand how they are computed, at a brain level and a gut level, you will have little value as an analyst. We want you to really learn, not just go through the motions and memorize steps.) We also will have a few spreadsheet exercises submitted for credit, but three exams will play the biggest role in the semester grade. I hope you now have a better general feel for what to expect, and can go into the class confident that it will be a good experience toward your degree.

### **Learning Materials and Course Format**

Most of our learning materials can be found on the course web site:

<http://www.about.illinoisstate.edu/jwtrefz/fil-260>

For each of our Topics there is a narrative outline, in a format something like this:

#### **Topic 4: Restrictions on Real Estate Rights** (Copyright © 2023 Joseph W. Trefzger)

- I. Restrictions on Real Estate Ownership: General Discussion  
You can not do anything you wish on or to real estate, just because you happen to own it.
- A. Public restrictions – imposed by law
  1. **Eminent domain** – a term first used in 1625 by Dutch political philosopher Hugo Grotius in *On the Law of War and Peace*; Grotius stated that citizens’ property is “under the eminent domain of the state,” which can acquire or destroy private holdings for reasons ranging from extreme necessity to public utility, but it must “make good” any losses the dispossessed private owners suffer. Under U.S. law today it is the power of **government** (federal and state, and state delegates to local jurisdictions and sometimes to private entities like utilities and railroads that need real estate in serving the public interest) to **condemn land and take it from private owners** if the government wants it, and a negotiated settlement can not be reached. Because the U.S. Constitution’s Fifth Amendment assures that “no person shall ... be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public *use*, without just compensation” (and the Fourteenth Amendment applies Fifth Amendment provisions to state government actions), **two conditions** must be met:
    - a. **Just compensation: market value of the property taken, also moving expenses if the acquirer is the federal government** (per the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970) **or some states, including Illinois** (since 2007 changes to the Illinois Eminent Domain Act). In some cases, legal expenses are reimbursed, as well. But under a concept called the “scope of the project” rule, an owner who loses land to eminent domain should not be compensated for value increases that occurred only because the

(passages highlighted in yellow are more important to focus on than those not highlighted).

I tend to make small revisions to the materials from time to time, so do not print anything out, if you like printing things out, until we get to the week when the particular materials apply. (Some students like to bring printed copies of the outlines to class, others follow the discussions on their laptops – but **laptops and other devices are to be used during class only for our course purposes, so we do not create distractions.**)

And, as noted, for some Topics there are written or spreadsheet homework problems to submit. The written homework, for which detailed solutions are provided, is designed to help you prepare for similar kinds of exam questions, so work them before the related exams (written homework submissions will be due the day before the related exam to help assure that everyone is ready for computational matters tested on); a snippet from the big Topic 12 assignment is:

must be paid, in addition to the \$11,000 in interest owed for the year. The year-by-year breakdown of payments is as follows:

Year	(A) Principal Owed at Start of Year	(B) 4.0% Interest on That Principal	(C) Total Owed by End of Year (A + B)	(D) End of Year Payment	(E) Principal Portion of Payment (D - B)	(F) Principal Owed at End of Year (C - D = A - E)
1	\$275,000.00	\$11,000.00	\$286,000.00	\$11,000.00	\$0.00	\$275,000.00
2	\$275,000.00	\$11,000.00	\$286,000.00	\$11,000.00	\$0.00	\$275,000.00
3	\$275,000.00	\$11,000.00	\$286,000.00	\$11,000.00	\$0.00	\$275,000.00
4	\$275,000.00	\$11,000.00	\$286,000.00	\$11,000.00	\$0.00	\$275,000.00
5	\$275,000.00	\$11,000.00	\$286,000.00	\$11,000.00	\$0.00	\$275,000.00
6	\$275,000.00	\$11,000.00	\$286,000.00	\$286,000.00	\$275,000.00	\$0.00

[The amortization schedule for a loan with yearly payments and a one-year maturity would look just like the final year of the amortization for an interest-only loan with a multiple-year maturity:]

Year	(A) Principal Owed at Start of Year	(B) 4.0% Interest on That Principal	(C) Total Owed by End of Year (A + B)	(D) End of Year Payment	(E) Principal Portion of Payment (D - B)	(F) Principal Owed at End of Year (C - D = A - E)
1	\$275,000.00	\$11,000.00	\$286,000.00	\$286,000.00	\$275,000.00	\$0.00

Then for the fully-amortizing six-year fixed-payment FRM loan, we compute the **annual payment** as

$$PMT \times FAC = TOT$$

$$PMT \left( \frac{1 - \left( \frac{1}{1.04} \right)^6}{.04} \right) = \$275,000$$

$$PMT \times 5.242137 = \$275,000$$

$$\text{So } PMT = \$275,000 \div 5.242137 = \$52,459.52 \text{ OR}$$

$$PMT = \$275,000 \times .190762 = \$52,459.52$$

For each spreadsheet problem you are given the specific formulas needed in all cells; without the formulas some students would struggle, although with formulas given the spreadsheet problems could degenerate into typing exercises if you did not ask yourself what is being accomplished in each cell – our spreadsheet problems are, like everything we do, about critical thinking. Below is a section from our real estate investing spreadsheet assignment in Topic 18:

22	Net Present Value (as computed below)	=H76	=IF(B22=0,"Investment is acceptable since NPV is \$0 or greater","Investment is unacceptable since NPV is less than \$0")				
23	Internal Rate of Return (as computed below)	=H74	=IF(B23>=B17,"Investment is acceptable since IRR is equal to or greater than required annual return","Investment is unacceptable since IRR is less than required annual return")				
24							
25	Loan to Value Ratio (L/V)	=B7/B4		Initial Year's Debt Coverage Ratio (DCR)		=C55/F31	
26							
27	LOAN AMORTIZATION INFORMATION						
28			Ending	Initial		Ending	Year's
29		Year	Principal	Principal		Principal	Total
30			Owed	Owed		Owed	Payment
31		0					
32		=B30+1	=C30+12	=E30	=B7	=SH\$19*((1-(1+SH\$18)^-(SH\$17-C31))/SH\$18)	=SH\$20
33		=B31+1	=C31+12	=E31		=SH\$19*((1-(1+SH\$18)^-(SH\$17-C32))/SH\$18)	=SH\$20
34		=B32+1	=C32+12	=E32		=SH\$19*((1-(1+SH\$18)^-(SH\$17-C33))/SH\$18)	=SH\$20
35		=B33+1	=C33+12	=E33		=SH\$19*((1-(1+SH\$18)^-(SH\$17-C34))/SH\$18)	=SH\$20
36		=B34+1	=C34+12	=E34		=SH\$19*((1-(1+SH\$18)^-(SH\$17-C35))/SH\$18)	=SH\$20
37	CAPITAL GAIN TAX			AFTER-TAX EQUITY REVERSION			
38	Gross Selling Price	=B15		Gross Selling Price			=B15
39	Minus Selling Expense	=B16*B38		Minus Selling Expense			=B16*G38
40	Equals Net Selling Price	=B38-B39		Equals Net Selling Price			=G38-G39
41	Minus Remaining Book Value	=H13		Minus Loan Payoff (see above)			=E35
42	Equals Capital Gain	=B40-B41		Equals Before-Tax Equity Reversion			=G40-G41
43	Minus Section 1250 Depreciation Recapture	=G12		Minus Capital Gain Tax			=B48
44	Ordinary Capital Gain	=B42-B43		Equals After-Tax Equity Reversion			=G42-G43
45							
46	Tax on Section 1250 Depreciation Recapture	=B43*B20					
47	Tax on Ordinary Capital Gain	=B44*B19					
48	Total Tax on Capital Gain	=B46+B47					
49							

Points toward the semester grade are organized as follows:

<b><i>Brief office visit/call with instructor</i></b>	5 Points
Three Exams (70 + 70 + 90)	230 Points
Written Homework	25 Points
Spreadsheet Problems	<u>40 Points</u>
Semester Total	300 Points

All of our written materials are on the web site; I hope you will find the Outlines interesting and useful. **We will make very limited use of Canvas**, an approach that worked well in some past semesters when issues arose with the Reggie Net system – and **we likely will not use Canvas for reporting grades**. (And our Canvas course site probably will not be published until about the time the semester starts.) Some class members have difficulty uploading assignments and must send as e-mail attachments, so Canvas will not have accurate point totals anyway. And students have generally said that the e-mailed grade reports I send after each unit (exam and related homework) provide more detail than what they usually see with Canvas in other courses. Aside from being the location for uploading homework, Canvas will be used primarily for video materials designed to help you with the homework; most are just my raspy voice talking through the written and spreadsheet problems. Take a quick look at some of the files on the web site, and videos on the Canvas *Resources* tab once the site is published.

Because homework accounts for 22% of the total points toward the semester grade, we have to take the homework seriously. But detailed solutions are provided for the written assignments and all cell formulas are provided for the spreadsheet problems, so there is no reason for anyone to be missing points. In grading homework the instructor will take points off for errors, corner cutting on the written problems, and sloppy formatting on the spreadsheets. Exam questions will be a mix of conceptual and computational. The computational questions will be very similar to the written practice problems, so there should be few surprises with respect to those examples on the exams – but every semester there are students who leave blanks on questions they should have known they would see. Ours is a serious course in which we want you to learn; you need to study, *including a careful working of the assigned problems*.

You may also want to have access to a textbook. A suggested text is the book Dr. Kang and I both long used with FIL 260 sections over many years, a book that does not try to overwhelm you, so it works well as a support tool when we have our own outlines and some readings. (*Real Estate Principles*, 12<sup>th</sup> edition is the most recent, primary author Charles Floyd is a prominent real estate academic who co-wrote a real estate law textbook for business students that was great, but they never did an update after the 1980s. 😞 I like to spend meaningful time on matters of real estate law/property rights.) It has a 2021 publishing date so I hope you can get a used copy cheap, but last time I looked on Amazon it definitely was not cheap. (“Text reading” comments with Topics on the web site refer to the Floyd & Allen book, but because real estate principles books tend to cover the same general material it should be easy to identify appropriate chapters in other books.) Access to a college level real estate principles textbook might enhance your learning experience, like not just hearing my sometimes-unusual way of looking at the world. But you are not required to have a book, since we work primarily from the outlines and have our own problem/solution sets. Earlier editions of Floyd & Allen might be cheap, and even the most recent edition will be outdated on some issues that change frequently, while an older book’s coverage of ideas that tend not to change much over time should still be largely correct – so getting an older edition for a few dollars might be a decent tradeoff if you feel that you would like having a textbook to which you can refer, in addition to our outlines.

There also are readings associated with many Topics; the readings currently on the web site are, for the most part, the ones that will remain, but there could be some changes as the semester progresses. Some of the readings will be things I have written; if you become a college professor you are basically committing to writing term papers for the rest of your life, but then no one wants to read them, so you force your students to. 😊 Actually, students are not required or even expected to do most of the readings, since many are there just to offer timely examples or broader perspectives for those with special interests. We typically do not even discuss them in class, and ordinarily would not take test questions from the readings – but the possibility is there, so do not totally ignore the readings, particularly the few designated “please read!!”

### **Topic 6: Real Estate Appraisal (Text reading: Ch. 9)**

[260 Topic 6 Instructor's Outline](#) [Download](#)

[260 Topic 6 Reading: Letter Explaining Real Estate Appraisal \(please read!!\)](#) [Download](#)

[260 Topic 6 Reading: Return On and Of Investment \(please read!!\)](#) [Download](#)

[260 Topic 6 Supplement: Uniform Residential Appraisal Report Form](#) [Download](#)

[260 Topic 6 Reading: Appraisals Go High Tech](#) [Download](#)

I have also asked some grads and friends of the program to record brief videos about their careers in the real estate world, but can't yet know how successful that initiative will be; only three have been received to date.

Finally, you will need a calculator that can handle exponents and logarithms. The popular TI BA II Plus financial calculator that many of you already have (tends to cost about \$32 if competitively priced) is great, but inexpensive scientific calculators like the TI 30-xa (in the \$10 range at low-priced stores) also should meet our needs. During exams you may not use a graphing calculator or smart phone calculator app or any device that could become an electronic “cheat sheet” by letting you enter and store formulas, definitions, steps to follow, or any other disallowed type of information and then access that information in letter, symbol, or numeric form. So make sure you have a legal calculator as soon as the semester starts, so that you can work practice problems with the device you will be able to use on exam days.

### **Comments from Prior Semester Students**

It is at least somewhat encouraging that in recent past semesters some of the students in FIL 260 had taken my 240 course, and thus must not have been horrified at the prospect of working with me a second time. But not everyone loves how I do things, and we want to be transparent about that. Bullet points in red below summarize written comments from negative responders (one negative response was quite lengthy) in recent end-of-semester course evaluations.

- Having the professor talk and read off a piece of paper did not help me learn and made it difficult to stay engaged.
- Articles listed on the website were often pieces he had written decades ago, and even then they were discussed in class sparingly.
- Homework assignments were confusing, time consuming, did not provide much value, and were graded harshly. The homework did not help me learn the content. Reviewing these assignments in class would be very beneficial. Homework should be an exercise that allows us to practice the concepts before the exam, and find areas we need to improve. The current

structure of the homework makes me focus more on trying to receive a good grade rather than learn and practice.

- We should not spend class time on things that won't be on the exam.
- There is no way to know how to prepare for the exams, because having 80 pages of outlines to reference is a terrible tool to study. I wish I never took this class.
- The grading system was unforgiving and seemed like it was set up in a way for the professor to display how difficult the class was. The class is heavily weighted towards exams that seem to be made purposely confusing and difficult.
- The class did not prepare me for the exams. A class period dedicated to reviewing and going over example problems would have been very beneficial. The extent of in-class review was the professor quickly listing the topics to study. The study guide should be sent out rather than talked about in class.
- Way too old style. This has been a known issue with this instructor, but he still refuses to update his coursework/teaching style to a more modern day style.
- Really bad instructor, teaches in prehistoric ways, needs to retire.

I don't want to dismiss the negative responders' sentiments, but will offer some clarification. First, our class discussions are indeed based on the Topic outlines, and I put abbreviated versions on the screen to keep us on task, which in some sense may be like reading from a piece of paper:

#### Topic 6: Real Estate Appraisal

##### I. What is appraisal?

*Appraisal* is simply opinion or estimate of value. *Real estate appraisal* is est. of value of specified rights or interests in RE. While these general definitions simple, defining type of value to be estimated (e.g., market, investment, insurable value) likely to be more complex.

RE appraiser might be asked to estimate value of any type of interest: fee simple, life estate, remainder, easement, leased fee, leasehold. Usually, however, right that is to be valued is fee simple ownership.

##### II. Who utilizes the services of RE appraisers?

- A. Lenders –value of collateral for mortgage loan
- B. Investors – buying, selling, or exchanging

But everyone is encouraged to read the outline before class so when we go over the material in class together you will be seeing it for a second time, which is when deeper understanding often sets in. Student questions and comments are encouraged; I think we have nice class discussions. An exam has questions on a sample of ideas covered in class; we can't test on everything. And both the syllabus and statements in class make clear that the readings are primarily for those with special interest to see some extra related material; there is a limit to what we can go over in class.

Second, taking points off when homework is not done carefully is fair, not harsh, and it is hard to see how “work these problems, here are detailed solutions to guide you” or “set up this spreadsheet, here are the formulas that should go in each cell” is confusing. Plus having the videos of going over the homework seems more helpful and flexible than going over it in class, especially for someone who has not yet had the chance to work through it, or who must be absent that day – and the very point of the written problems is to work them before the exam, to be prepared. And the outlines that we do go over in class contain computational examples exactly like those in the problem sets, so yes we actually do go over the computations together.

Third, the exams probably do seem hard for those who do not pay attention in class; essentially every exam question and every incorrect multiple choice answer relates to something we have stressed in class discussions. (One class member wrote notes on two of the exams complaining that all the exams were far too difficult – this from a student who missed more than 30% of class periods, and was almost always playing on his phone throughout class when present despite directly being asked repeatedly not to.) And sending a study guide rather than presenting it in class would hardly help encourage attendance. It is interesting that every semester there are complaints that the course is too hard, while at the same time on the evaluation question asking how much time the respondent devoted to the course the most typical response always seems to be “less than average.”

Finally, I am admittedly low-tech, but technology keeps changing, while knowing the foundational ideas has remained important for success in the financial realm as the technology changed from long division on paper to hand-held calculators to spreadsheets to supercomputers to AI. Am not sure what old style and prehistoric methods are, but: “read the material, we’ll talk about it in class, work the assigned problems, and we will give guidance on what to expect on the exams” does not seem out of line with what my colleagues say they do in their classes. An important goal in FIL 260 is to get everyone to buckle down and learn; the good news is that with better performance on the final exam and end-of-semester homework we have had more letter grades of A in recent semesters than there were coming into the last unit. Late in the semester some class members start feeling more motivated, and by the last unit they are more aware of the importance of preparing for exams and watching details on the homework.

In blue below are summaries of encouraging comments from course evaluations and/or from successful students who provided separate feedback at my request (long after grades were turned in, so there would be little motivation to “kiss up”):

- Course was great, I learned a lot and hope to apply some class concepts in my career.
- I liked how the course was structured, there were no surprises on the exams because in class you made clear what we needed to know about each concept.
- The written homework was not like what I have done in other classes, we had to use more critical thinking and work toward understanding, which helped my learning. The written problems were my favorite part of the class.
- The spreadsheet homework helped both my financial math and Excel skills. But you do have to think about what you are doing, or the spreadsheets could just amount to typing.
- The homework videos were definitely beneficial in learning how to do the problems.
- I liked having outlines from the instructor. Many courses require you to buy an expensive textbook, and then sometimes the textbook doesn’t even get used much.
- The outlines and homework assignments are really well designed for learning the material and being prepared for the exams.
- The exams were extremely reasonable, especially considering you narrowed down the topics we would be tested on.
- At the start of the semester I used my laptop, but it was more effective to print the outlines on paper so I could write brief notes on them during class discussions.
- If you are in class for each lecture and take the proper amount of time to study outside of class, the test and rest of the class should not be difficult at all.
- Attending class really helps, I don’t know why so many people miss all the time.

And all of the students who replied to my request for insights stated that a 100% face-to-face format is far better than hybrid would be. I get the feeling that some of those who have been unhappy with our activities are more interested in convenience/checking off boxes on their graduation plan than they are in learning. And there is no way to make everyone happy; one student who earned a high grade said the written homework was great but the spreadsheet assignments were essentially going through the motions – while another said just the opposite.

### **Advice and Encouragement**

You want to stay engaged, and are paying me to help you do that. Don't be the student who wants to know: what is the least I need to do to get a C (or D!)? A troublingly large group of class members in the past few semesters have rarely attended class, a situation that seems increasingly common to teaching colleagues nationwide. Good grief, let's get whatever has been spurring all of that behind us! (Happily, even in the post-Covid environment we have had many with perfect attendance and solid study habits, generally with high semester grades that reflect their dedication.) I personally spent far too much time in college decades ago doing short-term memorizing rather than actual learning (ended up angry with myself and embarrassed in the working world that I did not understand some key ideas), and we want to take reasonable steps to help you avoid that costly mistake. Would rather have you unhappy now because I am hard-core about some things and have you look back later and say the class was valuable, rather than to have you think I'm nice for being laid-back now but then look back later and say FIL 260 was a joke. We may all learn a little differently, but the experience of high achievers from recent past semesters indicates that you should

- Attend class faithfully
- Read a topic outline before we cover that material together in class
- Stay attentive in class; use laptops only for direct course purposes (some strong performers take their own notes rather than following the outline during class; they say it keeps them alert and focused, and they can always refer to the outline later)
- Review applicable outline material before the related exam
- Work written problems carefully before the related exam
- Complete written and spreadsheet assignments thoroughly for full point credit
- Ask the instructor questions when you have them

I hope this introduction is helpful as you anticipate the coming semester. Please get in touch if you have questions. Let's put in the effort to have a great experience; I look forward to working with you once classes officially start. Remember to stop by or call during the early part of the Spring term (or before classes start if you can catch me in; an office visit or phone chat, preferably early in the semester, is worth 5 points!). Office phone number, and office hours for once classes start, are shown on the syllabus (and office phone is shown below), and once the semester is under way I generally send e-mails on non-class days telling when I will be in. Let's get off to a good start. Stay safe and enjoy the rest of your time away from the routine.

Sincerely,  
Joe Trefzger, Professor of Finance, ISU  
Your Old Elderly Senior Citizen FIL 260 Instructor  
ISU office phone 309-438-2966