STATE REAL ESTATE COMMISSION
POST OFFICE BOX 2649
HARRISBURG, PA 17105-2649
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BROKER COURSE INFORMATION

All real estate courses must qualify in accordance with Section 35.271 of the Rules and Regulations of the State Real Estate Commission in order to be applied toward the 16 credits, 240 hours of instruction, in professional real estate education required for the broker examination.

The Commission strongly recommends that educational institutions implement the Commission recommended uniform titles, minimal content outline and clock hours for courses in the areas of study listed in Section 35.271.(2).

Students submitting transcripts from educational institutions implementing this recommendation should experience no difficulties in the qualification of their credits for the broker examination requirements.

Students submitting transcripts from educational institutions who have not implemented this recommendation could experience difficulty in the qualifications of their credits for the broker examination requirements.

It is the responsibility of the administrator of a college, university or accredited institute of higher learning, or director of a real estate school to determine that the real estate courses offered by that educational institution qualify.

Whenever the responsible administrator of a college, university, or accredited institute of higher learning determines that a qualifying real estate course will be offered as part of the educational institution's curriculum, the responsible administrator should immediately submit to the Commission a COURSE APPROVAL APPLICATION (SPOA 2137.IL or 2137.DE).

Whenever the director of a real estate school determines that a qualifying real estate course will be offered as part of the school's curriculum, the director is required to immediately submit to the Commission a COURSE APPROVAL APPLICATION (SPOA 2137.IL or 2137.DE).

A real estate school is required to maintain at its administrative office all records relative to the qualifications of their courses including the course content outline. These records must be available for review by the Commission's representative when monitoring the real estate program of the school.

VALUATION OF INCOME PRODUCING PROPERTY (30 hours)

Minimum Content Outline

I. Introduction
   A. Overview of Income Producing Real Property and Its Relationship to the Valuation Process
   B. Market Value versus Investment Value

II. Real Estate Markets
   A. Types and Characteristics
   B. Methodology Applied in Market and Feasibility Studies
   C. Market Analysis of Specified Property Types

III. Impact of Money and Capital Markets

IV. Highest and Best Use Analysis
   A. Relevance of Highest and Best Use
   B. Relationship to Economic Theory
   C. Analysis of Vacant Sites
   D. Analysis of Improved Properties
   E. Mathematical Tests
   F. Interim versus Multiple Use

V. Overview of Income Capitalization
   A. Present and Future Benefits
   B. Rates of Return
   C. Risk Analysis
   D. Capitalization Methods

VI. Gross Income and Expenses Analysis
   A. Analysis of Lease Types
   B. Contract versus Market Rents
   C. Effective Gross Income
   D. Fixed and Variable Expenses
   E. Reserve for Replacements

VII. Direct Capitalization
   A. Derivation of Capitalization Rates
   B. Band of Investment Techniques
   C. Residual Techniques
   D. Gross Income Multipliers

VIII. Yield Capitalization
   A. Discounted Cash Flow Analysis
   B. Justification of Yield Rates
   C. Compounding versus Discounting Concepts
   D. Annuity Capitalization
   E. Reversionary Periods
   F. Valuation of Partial Interests

IX. Cost and Direct Sales Comparison Approaches
   A. Applications and Limitations
   B. Analysis of Apartment Buildings
   C. Analysis of Industrial Buildings

D. Analysis of Commercial Buildings
E. Analysis of Office Buildings

X. Internal Rates of Return and Measures of Investment Performance
a. Pay-back Periods
B. Net Present Value
C. Debt Coverage Ratios
D. Before and After Tax Considerations