



## Fall/Winter 2022/23 Course Syllabus

### **MOS 4313A Section – 001**

### **Real Estate Investment Trusts and Mortgage-backed Securities**

Course Mode (In-Person)

Instructor: Diana Mok

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Office Hours: TBD (Zoom)

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#### **1. Course Information:**

##### **1.1 Class Location and Time:**

In-Person, Wednesdays 1:30–4:30pm, UC 3220

##### **1.2 Course Description:**

To introduce students to the principal concepts and theories in real estate investment trusts (REITs), publicly traded real estate, commercial mortgage-backed securities (CMBS) market and securitization. To apply these concepts to the real world and assess the empirical evidence.

Antirequisite(s): MOS 3311A/B and enrolment in 4th year of BMOS.

Prerequisite(s): NA

##### **1.3 Accessibility:**

DAN Department of Management & Organizational Studies strives at all times to provide accessibility to all faculty, staff, students and visitors in a way that respects the dignity and independence of people with disabilities.

Contact Academic Support & Engagement at <http://academicsupport.uwo.ca/> for information about Western's Accessible Education.

More information about "Accessibility at Western" is available at: <http://accessibility.uwo.ca>

##### **1.4 Land Acknowledgement:**

We acknowledge that Western University is located on the traditional lands of the Anishinaabek, Haudenosaunee, Lūnaapéewak and Attawandaron peoples, on lands connected with the London Township and Sombra Treaties of 1796 and the Dish with One Spoon Covenant Wampum.

With this, we respect the longstanding relationships that Indigenous Nations have to this land, as they are the original caretakers. We acknowledge historical and ongoing injustices that Indigenous Peoples (e.g. First

Nations, Métis and Inuit) endure in Canada, and we accept responsibility as a public institution to contribute toward revealing and correcting miseducation as well as renewing respectful relationships with Indigenous communities through our teaching, research and community service.

<https://indigenous.uwo.ca/initiatives/docs/indigenous-land-acknowledgment.pdf>

### 1.5 Senate Regulations

Senate Regulations state, “unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you will be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.”

This regulation is in regard to the PREREQUISITE COURSES required.

**Students not in BMOS are permitted to enroll in up to 1.0 MOS courses**, per the Academic Timetable. The requirement that states you must be in BMOS is lifted during registration on the priority lift dates as noted in the [Timetable](#).

## 2. Course Materials

The course does not have a required textbook. Required readings are posted on the course website ([rhino.dyndns.info/MOS4313](http://rhino.dyndns.info/MOS4313)).

## 3. Course Objectives and Format

The DAN Department of Management and Organizational Studies as a whole draws upon an evidence-based management approach. Evidence-based management is the systematic process of gathering evidence from multiple sources, critically appraising the evidence, and using that evidence in making and evaluating management decisions to improve organizational performance.

### 3.1 Course objectives

To introduce students to the theoretical underpinnings and quantitative skills in the mortgage market. Topics include:

1. Introduction to the MBS market
2. Bonds (review) and mortgage mechanics
3. Prepayments
4. Defaults
5. Structuring techniques
6. Valuation and interest rates

### 3.2 Course format

The course is scheduled as a series of lectures and class discussions/practical modelling sessions. Some class time will be set aside for presentations and course administration.

See the course website for the list of topics.

## 4. Learning Outcomes

Upon successful completion of this course students will be able to:

1. Identify the mechanics and simulate the cash-flows that underlie mortgage-backed securities and related financial derivatives such as collateralized debt obligations and credit default swap;

2. Assess and critique relevant pricing models by gathering, analyzing, and modelling with real-life evidence using Excel;
3. Demonstrate effective writing and presentation skills to recommend investment decisions.

## 5. Evaluation

The course has **3 (three)** graded components, all of which to be submitted/uploaded to Drop Box on OWL:

### 1. Group Assignments=40%

Assignment 1 (Due October 19, 2022 at 23:59) = 20%

Assignment 2 (Due November 23, 2022 at 23:59) = 20%

### 2. Group Term Project (Due: December 7, 2022 at 23:59) = 40%

Writeup = 25%

Presentation = 15%

### 3. Professionalism/Participation = 20%

Total = 100%

If a student misses any graded components of the course, it is the student's responsibility to notify the instructor **within one week of the scheduled due date**. Failure to do this would result in a component grade of **0 (zero) without prior notice**. Note that all submissions should be uploaded to Drop Box on OWL. Class attendance is required in order to be eligible for a passing grade.

#### **GROUP ASSIGNMENTS:**

Students are expected to form groups of no more than **5 (five)** students to work on two assignments/workbooks during the term. The group assignments (and the term project described below) are independent of each other; therefore, students are allowed to form different groups for different group works during the term. The two assignments are mini-modelling exercises, based on Excel, which are geared towards helping students develop analytical and financial modelling skills. See the assignment instructions for details.

The two assignments together form one graded component. Students are required to complete **BOTH** assignments in order to receive the component grade; failure to do this will lead to a component grade of **0 (zero)**.

#### **GROUP TERM PROJECT:**

Students are expected to form groups of no more than **5 (five)** students to work collaboratively on a term project. The term project requires students to pool and securitize residential mortgage loans into various types of mortgage-backed securities. Students need to design the products and price them; their analyses should be written and submitted as a professional report to Drop Box on OWL. Each group will present the project in class at the end of the term. See project instructions for details.

Students need to complete **BOTH** the project writeup **AND** the presentation in order to receive their project grade. Any students who miss the presentation will receive only the writeup portion of the project grade. Delegation to group members to present the project on behalf is not acceptable.

#### **PEER EVALUATION:**

Each student is required to submit a peer evaluation of his/her group members when submitting **ANY** group work of the course (the two group assignments and the term project). The evaluation will not be graded *per se*, but the

instructor reserves the right to use the peer evaluation as a reference for adjusting students' grades, if necessary. All students in the same group will, by default, receive the same grade for the group as a whole, unless otherwise adjusted based on peer evaluations.

If any student receiving three or more peers evaluating at 6/10 or below (or its equivalence, e.g., 3/5), the student would receive an adjusted project grade. The adjusted project grade is calculated by multiplying the group project grade into the average peer evaluation that the student has received.

#### **PROFESSIONALISM/PARTICIPATION:**

Students are expected to behave professionally in and outside of the classroom, especially when interacting with peers and the instructor, either face-to-face, via emails or any online media. All students are, by default, awarded with a grade of **7 (seven)** out of **20 (twenty)** at the beginning of the school term for their professionalism mark. To earn a grade higher than 7 (seven), students need to be an active member in class, contributing to class discussions and activities. Meanwhile, any conducts and behaviors that are considered as unprofessional will lead to a **1 (one)** point deduction from the component grade until **ALL 7 (seven)** initial points are wiped out. The class, together with the instructor, will define during the first class the terms of reference of what constitute professional conducts and behaviors.

The instructor reserves the right to use class attendance to form part of the basis for assessing the Professionalism/Participation grade.

Students are **REQUIRED TO COMPLETE ALL COMPONENTS** of this course. There are no exceptions to this. Extra assignments to improve grades **will NOT** be allowed.

**Grades will not be adjusted on the basis of need. It is important to monitor your performance in the course. Remember: You are responsible for your grades in this course.**

#### **STUDENTS' RESPONSIBILITIES:**

Students are responsible for material covered in the lectures as well as the assigned chapters/sections in the text.

Students are required to complete **ALL** components of this course. There are no exceptions to this. Extra assignments to improve grades will **NOT** be allowed.

#### **REGRADES:**

If a student wishes to dispute a grade and/or request that an assignment/exam be remarked, they must wait for at least two days after receiving the grade before requesting that the grade be reviewed. Students must also provide a written document that outlines a) the part of the assignment/exam the student wishes to have remarked, and b) a detailed discussion why the grade should be changed and/or the assignment/exam be remarked. This discussion should include course material that supports the student's reason why the grade should be changed and/or the assignment/exam be remarked. Requests to have grades changed and/or an assignment/exam remarked must be made within two weeks of receiving the grade. The instructor reserves the right to regrade the **entire** project/assignment/exam in addition to the question(s) in dispute. The instructor also reserves the right to adjust the grade **upward, the same, or downward** as a result of regrading.

**Grades will NOT be adjusted on the basis of need. It is important to monitor your performance in the course. Remember: You are responsible for your grades in this course.**

#### **LATE PENALTIES:**

Any late submissions will be deducted **10 (ten)%** out of the total component grade per day date, including weekends.

The DAN Department has a grade policy which states that for courses in the 3000-4000 range, the class average must fall between 70% and 77% for all sections of a course taught by the same instructor. In very exceptional circumstances only, class averages outside this range may be approved by the Undergraduate Chair or Chair. Class averages are not grounds for appeal.

## 6. Lecture and Examination Schedule

See the course website.

## 7. Student Responsibilities

Students should familiarize themselves with Western University Senate Regulations, please see:

[http://www.uwo.ca/univsec/academic\\_policies/index.html](http://www.uwo.ca/univsec/academic_policies/index.html).

Material covered in lectures will not always be the same as material covered in the textbook. These two sources should be viewed as complimentary and not redundant. As such, students who want to do well in this course are **strongly encouraged** to attend lectures on a regular basis. Please note that the instructor will not be providing copies of lectures notes or overheads. Therefore, if you miss a lecture, you should try to obtain this material from another student.

### 7.1 Respect

Please act respectfully towards the classroom, the Professor and your fellow students. Acting respectfully means arriving on time, turning off phones, avoiding private discussions during lectures, refraining from viewing non-course material on your laptops, and cleaning up after yourself. Acting respectfully provides a better learning experience for everyone.

Private in-class discussions are distracting to students and the Professor. If other students are distracting your attention from the material, you should ask them to be quiet. If you feel uncomfortable doing this (or the problem persists), please see the instructor.

Late arrivals are also distracting. Please try to arrive on time for classes.

### 7.2 No Recording of Classes

Students are not permitted to record any portion of a class, audio or video, without the prior written permission of the professor.

### 7.3 Copyright Notice

Lectures and course materials, including power point presentations, outlines, and similar materials, are protected by copyright. You may take notes and make copies of course materials for your own educational use. You may **not** record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, wiki material, and other course materials publicly and/or for commercial purposes without my written consent.

## 8. Exam Policies Have student identification ready.

- Nothing is to be on/at one's desk during an exam, except your computer and any approved materials
- To ensure fairness to all students, questions will not be answered during exams.
- No smart phones are allowed. Possession of electronic devices, including smart phones, and even if turned off, is considered as cheating and will result in a course grade of 0 for the test/exam.

## 9. E-mail Policies

The following policies apply to all emails between students and the Professor. Please respect the fact that the Professor receives hundreds of emails from students and must deal with those emails in a fair and organized manner. Unacceptable emails will receive a reply saying only "Please see Email Policies on the course outline".

### 9.1 UWO.CA Email Addresses Only

For privacy reasons, students must use their Western email accounts to contact the Professor. The Professor will not respond to emails from non-uwo.ca addresses (e.g. hotmail.com, gmail.com, etc.).

### 9.2 Subject Line Must Include Course and Section Number

The subject line of emails must contain the name or number of the course, and the section number in which the student is enrolled. The Professor teaches different courses and sections and cannot properly respond to questions if he does not know which course or section you are enrolled in.

### 9.3 Acceptable Emails

- questions about the course content or materials
- asking to set up an appointment to ask questions or review an exam
- notification of illness or other special circumstances
- providing constructive comments or feedback about the course

### 9.4 Unacceptable Emails

- questions that may be answered on OWL or on this course outline
- asking when grades will be posted
- asking what grade a student received
- asking where or when an exam is scheduled or the material covered on an exam
- requests for grade increases, extra assignments, or reweighting of course components

## 10. Attendance

It is expected that students will attend all classes. The professor does not provide access to lecture notes. Students are encouraged to obtain missed lecture notes from a fellow student.

### 10.1 Short Absences.

If you miss a class due to minor illness or other problems, check your course outlines for information regarding attendance requirements and make sure you are not missing a test or exam. Cover any readings and arrange to borrow the missed lectures notes from a classmate.

### 10.2 Extended Absences.

If you are absent more than approximately two weeks or if you get too far behind to catch up, you should consider reducing your workload by dropping one or more courses. The [Academic Counsellors](#) can help you to consider the alternatives. At your request, they can also keep your instructors informed about your difficulties.

## 11. Grade Fairness

Fairness requires that all students be treated equally and be evaluated using the criteria set out in this course outline. The evaluation criteria are based on actual achievement and not on how hard a student has tried.

Claims by students of an excellent academic history, good attendance record, need to obtain or maintain a scholarship, desire to be admitted to Ivey or graduate school, or other personal issues, cannot be used to justify a

higher grade in the course or a reweighting of course components. There is no extra work or assignments available for extra credit or to “make up” for a course component that was missed or performed poorly.

**You, the student, are responsible for the grades earned.**

## **12. Posting of Grades**

Midterm exam grades will be posted on OWL once the grades are available. Final exam grades and final course grades are not posted on OWL and are available once they have been posted by the Registrar under “Academic Summary” at the Student Centre website.

## **13. University Policy Regarding Illness, Absence and Accommodation**

### **13.1 Illness**

Students will need to provide a Student Medical Certificate if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty Academic Counselling office to obtain more information about the relevant documentation.

For privacy reasons, students should also note that individual instructors should not receive documentation directly from a student, whether in support of an application for consideration on medical grounds, or for other reasons. All documentation required for absences must be submitted to the Academic Counselling office of a student's Home Faculty.

For details on the Policy on Accommodation for Medical Illness, go to:

[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/accommodation\\_medical.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_medical.pdf)

Students can download the Student Medical Certificate (SMC) here:

[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf)

### **13.2 Accessible Education**

Students with disabilities work with Accessible Education (formerly SSD) which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here:

[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/Academic\\_Accommodation\\_disabilities.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/Academic_Accommodation_disabilities.pdf)

Students needing access to Accessible Education should register here:

[http://academicsupport.uwo.ca/accessible\\_education/index.html](http://academicsupport.uwo.ca/accessible_education/index.html)

### **13.3 Religious Accommodation**

Students should consult the University's list of recognized religious holidays, and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the Western Multicultural Calendar.

### **13.4 Make Up Examinations**

The student must write a make-up exam if the regularly scheduled exam is missed for reasons for which adequate documentation is received by the instructor (this documentation must be supplied by the Academic Counseling office).

The date and time of the make-up examination will be set by the instructor, who will communicate the date to the student.

If a student is unable to meet the scheduled make-up as agreed, then the student is responsible for obtaining new accommodations from Academic Counselling, and seeking a new make-up date with the instructor within a reasonable time frame.

## **14. University Policy on Cheating and Academic Misconduct**

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

[http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/scholastic\\_discipline\\_undergrad.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf)

Students are responsible for understanding the nature of and avoiding the occurrence of plagiarism and other academic offenses. Students are urged to read the section on Scholastic Offenses in the Academic Calendar.

Note that such offenses include plagiarism, cheating on an examination, submitting false or fraudulent assignments or credentials, impersonating a candidate, or submitting for credit in any course without the knowledge and approval of the instructor to whom it is submitted, any academic work for which credit has previously been obtained or is being sought in another course in the University or elsewhere. If you are in doubt about whether what you are doing is inappropriate, consult your instructor. A claim that "you didn't know it was wrong" will not be accepted as an excuse.

A copy of guidelines about how to avoid cheating can be obtained from the Office of the Ombudsperson, Room 3135 WSSB, (519) 661-3573, [ombuds@uwo.ca](mailto:ombuds@uwo.ca).

Cheating on exams will not be tolerated; students are referred to the university policy on scholastic offenses. Looking at the test of another student, allowing another student to view your exam, or obtaining information about a test in advance are all examples of cheating.

Students found cheating will receive a zero (0%) on that exam. A number of safeguards will be employed to discourage cheating. For example, examination supervisors (proctors) of the tests may ask students to move to another seat during the exam, cover their paper, avert their eyes from other students' papers, remove baseball caps, etc. This is not meant as a personal affront nor as an accusation of cheating, rather as vigilant attempts at proctoring.

The penalties for a student guilty of a scholastic offense include refusal of a passing grade in the assignment, refusal of a passing grade in the course, suspension from the University, and expulsion from the University.

## **15. Procedures For Appealing Academic Evaluations**

1. In the first instance, all appeals of a grade must be made to the course instructor (informal consultation).
2. If the student is not satisfied with the decision of the course instructor, a written appeal must be sent to the Undergraduate Chair: Student Affairs of the Department of Management and Organizational Studies.
3. If the response of the Undergraduate Chair is considered unsatisfactory to the student, he/she may then appeal to the Dean of the Faculty in which the course of program was taken.
4. Only after receiving a final decision from the Dean may a student appeal to the Senate Review Board Academic. A Guide to Appeals is available from the Office of the Ombudsperson.



## 16. Support Services

### 16.1 Support Services

The Registrar's office provides you with information on services, courses, student finances, resources, latest news, as well as Student Central's hours of operation at <http://www.registrar.uwo.ca>

Student Support Services (***including the services provided by the USC listed here***) can be reached at: <http://westernusc.ca/services/>

Academic Support & Engagement can be reached at: <http://academicsupport.uwo.ca>

Students who are in emotional/mental distress should refer to Health and Wellness: <http://www.uwo.ca/uwocom/mentalhealth/> for a complete list of options about how to obtain help.

### 16.2 Academic Concerns.

If you are in academic difficulty, it is strongly recommended that you see your academic counsellor.