

## Fall/Winter 2022/23 Course Syllabus

### **MOS 4313B Section – 001** **Real Estate Investment Trusts & Mortgage Backed Securities** Course Mode: In-Person

**Instructor: Nicholas Kahnert**

Office: SSC 4424

Office Hours: Thursdays, 10am-2pm, or by appointment (may be conducted via Zoom)

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

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

Section 001: Wednesdays, 6:30pm-9:30pm, SSC 3010

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

This course aims 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; and to develop skills to apply these concepts to the real world and assess the empirical evidence.

##### **1.3 Prerequisite(s):** MOS 3311A/B and enrolment in 4th year of BMOS.

##### **1.4 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>

##### **1.5 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>

## 1.6 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. Suggested or required readings will be posted on the course website

## 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, class discussions, and practical modelling sessions. Some class time will be set aside for presentations and course administration. See the course website for the list of topics.

The course format is subject to change based on Covid-19 protocols or restrictions. Therefore, aspects of this course MAY be conducted in a hybrid format with asynchronous course material, and weekly synchronous discussion/tutorials. Any such tutorial sessions will be conducted via Zoom during regularly scheduled class time, and will be intended to be interactive.

**Any remote learning sessions for this course MAY be recorded from time to time.** The data captured during these recordings may include your image, voice recordings, chat logs and personal identifiers (name displayed on the screen). The recordings will be used for educational purposes related to this course, including evaluations. The recordings may be disclosed to other individuals under special circumstances. Please contact the instructor if you have any concerns related to session recordings.

Participants in this course are not permitted to record the sessions, except where the participant has the prior written permission of the instructor.

#### **Course delivery with respect to the COVID-19 pandemic:**

Although the intent is for this course to be delivered in-person, the changing COVID-19 landscape may necessitate some or all of the course to be delivered online, either synchronously (i.e., at the times indicated in the timetable) or asynchronously (e.g., posted on OWL for students to view at their convenience). The grading scheme will not change. Any assessments affected will be conducted online as determined by the course instructor.

When deemed necessary, tests and examinations in this course will be conducted using a remote proctoring service. By taking this course, you are consenting to the use of this software and acknowledge that you will be required to provide personal information (including some biometric data) and the session will be recorded. Completion of this course will require you to have a reliable internet connection and a device that meets the technical requirements for this service. More information about this remote proctoring service, including technical requirements, is available on Western's Remote Proctoring website at: <https://remoteproctoring.uwo.ca>.

## **4. Learning Outcomes**

Upon completion of the course, successful students should 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**

This course has 4 (four) graded components:

Exit Surveys & Class Activities	= 15%	[Refer to OWL for specific details]
Professionalism & Contribution	= 10%	[may include iClicker & other; Refer to OWL for specific details]
Group Assignments	= 40%	
Assignment 1 (20%)		[Tentatively due on February 16, 2023]
Assignment 2 (20%)		[Tentatively due on March 23, 2023]
Group Term Project	= 35%	[Tentatively due April 6, 2023]

**IMPORTANT: Students must achieve a minimum grade of 50% on each broad grade component in order to achieve an overall passing grade in the course.**

## **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 on OWL for details.

*NOTE: The two assignments (each worth 20% of the course grade) together form one graded component (worth a total of 40% of the course grade). Students are required to complete **BOTH** assignments in order to receive the component grade.*

## **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 hypothetical residential mortgage loans into various types of mortgage-backed securities. Students will need to design the products and price them; their analyses should be written and submitted as a professional report. Each group will present the project in class at the end of the term. See project instructions on OWL for details.

*NOTE: Students need to complete **BOTH** the project writeup **AND** the presentation in order to receive their project grade. Project presentation may not be delegated to other group members.*

## **ASSIGNMENT PEER EVALUATION:**

All group work will be associated with a peer evaluation component. Peer evaluation should reflect your assessment of your group members' efforts, teamwork, intellectual and technical contributions, and general effectiveness. Details of the mechanism for evaluation will be discussed in class and specified on the course OWL site. In general, peer evaluation will produce a scaling factor that may adjust each group member's assignment score up or down based on the evaluation of their peers.

Students will only ever evaluate their peers, not themselves. The default per-student score for any peer evaluation will be 10 points. If all group members assign a score of 10 to each of their teammates, then there will be no scaling factor, and all group members will receive the same score. If a student provides a score of 6 or lower for any group member, such score must be accompanied by a brief written explanation.

## **PROFESSIONALISM & CONTRIBUTION:**

Students are expected to behave professionally in and out of the classroom, especially when interacting with peers and the instructor- either face-to-face, via emails, or using any online media. All students are, by default, awarded with a grade of **3 (three)** out of 10 (**ten**) at the beginning of the school term for their professionalism mark. To earn a grade higher than 3 (three), students need to be an active member in class, contributing to class discussions and activities. Meanwhile, any conduct or behavior that is considered unprofessional will lead to a **1 (one)** point or higher deduction from the component grade. The class, together with the instructor, will define the terms of reference of what constitute professional conduct and behavior during the first class. The instructor reserves the right to use class attendance to form part of the basis for assessing the Professionalism & Contribution grade.

## 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 argument for 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 or downward** due to regrading.

Students are responsible for all material covered during lectures or tutorials, as well as any assigned readings from elsewhere on the course website.

Students are **REQUIRED TO COMPLETE ALL COMPONENTS** of this course. Non-completion of components may result in a failing course grade. 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.**

The instructor reserves the right to adjust all grade components and final grades, up or down, by standardizing to a pre-determined common mean range. As such, students' grades will be partially determined based on their results relative the class average. Standardization of grades is designed to control for variations in assessment difficulty across different delivery methods, and to ensure fairness across sections.

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 Schedule

Please refer to OWL for a tentative course schedule. The professor reserves the right to change or update this outline, and any other course related materials. Students will be informed in a timely manner through the course website and/or announcements.

## 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

- Bring student identification to exams.
- Nothing is to be on/at one's desk during an exam except a pencil, an eraser, an approved calculator, and the individual's student card
- No smart watches, smart phones, other electronic devices are permitted at exams
- ***This course has other exam guidelines and expectations which are clearly outlined in a document on the course website. Students are expected to understand and adhere to these guidelines in order to avoid grade penalties.***

## 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

- 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
- questions about course content or materials (these should be directed to OWL Discussions)
- 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

IN-PERSON: 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%2015JUN.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_medical%2015JUN.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 Accommodation for missed exit surveys, iClicker, and other contribution

Universal accommodation is built-in to the grading policy for exit surveys, iClicker, and other contribution by automatic grade adjustments. Please refer to the course expectation documents for further information. In general, **there are no extensions, make-ups, or re-writes for any missed exit surveys, iClicker, or missed contribution opportunities during lectures.** Students who face extraordinary circumstances, which require multiple assessments to be missed, should seek advice and/or accommodation through the Academic Counselling office of their respective faculty. In such rare instances, grade re-weighting may be available on a case-by-case basis.

### 13.5 Accommodation for late group assignments

Group work is an integral part of the learning experience for you and your peers in this course. Just as in real life, deadlines need to be met and your colleagues will depend on you. Each assignment will be associated with an official deadline. Universal accommodation is provided for late assignments, whereby submission will be accepted up to 72 hours after the official deadline. Any groups who do not submit before the end of the grace period will receive a grade of 0, with no exception. Students who face extraordinary circumstances, which preclude them from contributing to their group assignment **during the normal assignment period prior to the official deadline**, should seek advice and/or accommodation through the Academic Counselling office of their respective faculty. In such rare instances, alternative assessment accommodations and grade re-weighting may be available on a case-by-case basis.



## 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](#).