

**INVESTIT ACADEMY**  
**IN-HOUSE Commercial Training & Mentoring Program**  
**Moderators and Staff Guide**  
**July 24, 2019**

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**PURPOSE**

The Investit commercial online educational program makes it easy for real estate offices and organizations to run an in-house commercial real estate training and mentoring program.

Provides real estate offices with a recruiting program by offering a commercial evaluation test and an in-house commercial training and mentoring program.

**OBJECTIVES**

To conduct an in-house commercial training and mentoring program to:

1. Offer an in-house program to attract new agents
2. Provide commercial training for:
  - a) new recruits or residential realtors wishing to engage in commercial real estate
  - b) existing commercial agents who wish to branch into new areas of commercial real estate
  - c) training for administrative staff so that they have a better understanding of commercial real estate terminology

**IN-HOUSE PROGRAM**

The in-house program is based on the Investit 101 Course “How to Analyze and Value Income Properties” which covers the basic terms and calculations used in commercial real estate and covers rental apartment buildings, commercial buildings and leasing with an introduction the investment and land analysis. It provides the foundation for starting a career in commercial real estate.

Consists of three, three hour sessions consisting of:

1. Video (3-1/4 hour) and a workshop manual for guided note taking
2. Short “Question and Answer” sessions using the Investit Flash cards to reinforce learning
3. Teaching Exercises where each participant explains to a partner an important concept. As an example “Explain the Cap Rate to an investor new to commercial real estate investment”
4. Short Quiz at the end of the third session coupled with a solution handout

## MODERATOR

The role of the moderator is to:

1. Ensure that the sessions run smoothly
2. Distribute the participants package
3. Follow the Agenda Time Schedule ([See page 7](#))
4. Switch smoothly between the “Video” and “Flash Cards” ([See page 10](#)) by following the Agenda Time Table ([See page 7](#))  
Distribute the class handouts at the appropriate time

### Selecting the moderator.

The moderator does not have to have a background in commercial real estate. It can be:

1. An office administrator or staff member
2. One of the participants who is willing to act as the moderator supplemented by a staff member who prints the hand out materials, sends out emails, sets up the ‘Competency Test’ etc.
3. A manager or experienced commercial realtor responsible for recruiting, training and mentoring

## COMPETENCY TEST

The “Competency Test” evaluates the recruits understanding of the basic terms and calculations used in commercial real estate.

It is highly recommended that each recruit take the “Competency Test” before the sessions start and again after the sessions have been completed.

This provides a base line and quickly identifies how much they know about commercial real estate and what they need to learn motivating them to learn more.

After completing the program and taking the competency test again they can measure their progress.

This is a sample of the competency for a recruit who had no background in commercial real estate who had joined a commercial real estate office and participated in the Investit Academy In-house commercial training program.

After taking the competency test and starting the program the recruit made the comment “there is a lot to learn”

### Evaluation Test. Commercial Basics

Download table data as

Applicant	Summary Grade Report		
<a href="#">View Applicant</a>	<b>52%</b>	Date Attempted: May 21, 2019	Time Taken: 1 hour 6 mins
Analysis. Basic (5)	11%	Cap Rates (14)	61%
Finance (10)	80%	Income Multipliers (5)	80%
Investment Analysis (8)	55%	Leasing (6)	43%
Operating Expenses (4)	44%	Risk Analysis (8)	44%
TVM, IRR & NPV (6)	67%	Taxes (6)	40%

Setting up the Competency Tests see ([See page 11](#))

## PREPARATION

### Handouts

The handouts consist of:

1. Course 101 workshop manual
2. Formulas with Sample calculations

Participant's package consisting of:

3. Flash Cards Question sheet showing the questions with space provided for the answer
4. Teaching Exercise instructions
5. Quiz handout. Conducted at the end of session 3
6. Quiz Solution Guide. Handed out after the quiz has been completed

### Printing the course manual

101. How to Analyze & Value Income Properties Course manual. Available on the Investit Academy LMS

HOME PAGE


**THERE'S LOTS OF WAYS TO LEARN**


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Videos, Manuals, Quizzes and Flash Cards


↓


**101. How to Analyze and Value Income Properties**

 **Video (3-1/4 Hours)**

 **Micro Videos**

 **Practice Quiz**

 **Manual** PRINT

 **101. Flash Card Packs**

### Printing the Formula Handout

Formulas with Sample Calculations. PRINT.

Available in the "Helpful Resources" section of the Investit LMS

HOME PAGE

**HELPFUL RESOURCES**

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Informative articles, check lists & Videos


↓

Resources

Articles PRINT


 **Formulas and Sample Calculations**

 Valuation of Income Properties

 About Cap Rates

Videos

 **Buy vs Lease Analysis (14 minutes)**

 **Hold vs Sell Analysis (15 minutes)**

 **Lease Analysis Land Lord (20)**

### Participant's package

Each participant receives a package consisting of:

1. Flash Cards Question sheet showing the questions with space provided for the answer
2. Teaching Exercise instructions
3. Quiz

### Getting started

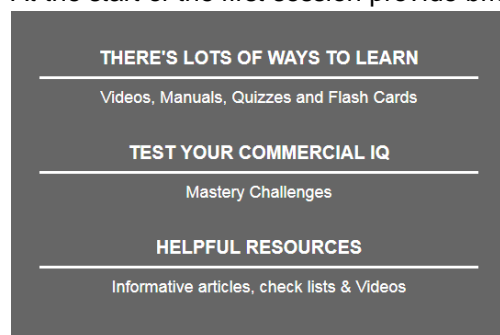
Send out a welcome notice to each participant which includes:

1. Session dates and start time
2. To bring a calculator to each session. Any calculator will do. A financial calculator is not needed
3. Conduct the competency test for each participant if appropriate

## RUNNING A SESSION

### Overview of the Investit Online Commercial Education

At the start of the first session provide brief overview showing each the learning activities:



Each session consists of:

1. Playing the video until reaching a specific point as specified in the “Agenda Time Table” below
2. Playing a Flash Card Set. The question is displayed, participants write their answer in the Flash Card handout  
After sufficient time to write the answer down the flip side of the Flash Card is displayed
3. Process is repeated until the end of the 3 hour session
4. Teaching Exercise. There are two teaching exercises per three hour session. See the Agenda Time Table for the timing ([See page7](#)).

## AGENDA TIME TABLE

The moderator follows the following agenda which involve switching between the video segments, the 101 Flash cards and the teaching exercises.

SESSION No 1. THREE HOURS		
	Time Minutes	Cumulative
Welcome	10	10
Overview Investit LMS	15	25
<b>Start the Course 101 Video</b>		
Objectives	8	33
Resources	2	35
Financial Measures	1	36
Gross Income Multiplier	6	42
<b>Play Flash Cards. Gross Income Multipliers. Questions &amp; Answers</b>	10	0.87
<b>Continue playing the video</b>		
Cap Rates	4	0.93
<b>Play Flash Cards. Calculating Cap Rates. Questions &amp; Answers</b>	10	1.10
<b>Continue playing the video</b>		
Net Operating Income	2	1.13
Operating Costs	1	1.15
<b>COFFEE BREAK</b>	15	1.40
Finding Cap Rates	6	1.50
Capitalization assumptions	2	1.53
Don't trust the Cap Rate	2	1.57
<b>Teaching Exercise No. 1</b>	15	1.40
<b>Continue playing the video</b>		
Income & Expense Statements exclude...	3	1.62
Review	1	1.63
Understanding Cap Rates	4	1.70
Cap Rates & Risk	1	1.72
Cap Rates & Capital Appreciation	1	1.73
Cap Rates & Equity requirements	1	1.75
House Prices & Cap Rates	1	1.77
Cap Rates. Examples	1	1.78
Cap Rates & Vacancy risk	2	1.82
Locations with low Cap Rates	8	1.95
Influences on Cap Rates	2	1.98
Cap Rates. Large versus small cities	3	2.03
Cap Rates & the Economy	2	2.07
<b>Play Flash Cards. Understanding Cap Rates</b>	10	2.23
<b>Teaching Exercise No. 2</b>	15	2.48
<b>Continue playing the Video</b>		
Sensitivity analysis	6	2.58
Return on Equity or Cash on Cash	6	2.68
Cap Rates. Review	1	2.70
Return on Equity or Cash on Cash	6	2.80
PART ONE. REVIEW	2	
<b>END of Session No. 1</b>		

SESSION No 2. THREE HOURS			
	Time Minutes		Cumulative
<b>Start the Course 101 Video</b>			
<b>Play Flash Card.</b>			
<b>Return on Equity &amp; Cash on Cash</b>	7		7
<b>Continue playing the video</b>			
PART TWO Analysis and case studies	2		9
Financing Ratios. DSCR & LTV	2		11
<b>Play Flash Card.</b>			
<b>Financing Ratios Calculations</b>	15		26
<b>Continue playing the video</b>			
Operating Expense Ratio & Op. Costs.	8		34
<b>Play Flash Card. How to examine Operating Expenses</b>	10		44
<b>Continue playing the video</b>			
Default Ratio (Breakeven Point)	2		46
<b>Play Flash Card.</b>			
<b>Default Ratio. Calculating &amp; using the Default Ratio</b>	12		58.00
<b>Continue playing the video</b>			
Other Financial Measures	2		58.05
Which measure should you use?	3		58.1
<b>Play Flash Card.</b>			
<b>How to examine operating expenses</b>	10		58.27
<b>Teaching Exercise No. 3</b>	15		58.52
<b>Continue playing the video</b>			
How to analyze an Apartment Building	5		58.60
Tips for analyzing income and expenses	1		58.62
<b>COFFEE BREAK</b>	15		1.23
<b>Play Flash Card. Tips for analyzing Income &amp; Expense Statements. Rental Apartment buildings</b>	5		1.31
<b>Continue playing the video</b>			
Analyzing an Apartment Building.	15		1.56
Adjusting the value for major repairs	1		1.58
Impact of future capital expenditures	2		1.61
Professional engineering inspections	1		1.63
Concrete rot & cancer	2		1.66
Failure of post tensioned floor slabs	3		1.71
Failure of thin wall copper pipe	1		1.73
<b>Play Flash Card. Impact of Future capital expenditures on Value</b>	15		1.98
<b>Play Flash Card. Why professional engineering inspections are so important</b>	10		2.14
<b>Teaching Exercise No. 4</b>	15		2.39
<b>Continue playing the video</b>			
Commercial real estate	3		2.44
Types of Leases	1		2.46
Triple Net Lease (NNN)	1		2.48
Types of Rent. Base rent	1		2.49
Additional Rent	2		2.53
Free Rent	1		2.54
Percent Rent	1		2.56
Rentable Areas	1		2.58
Rentable & Usable area. Office buildings	2		2.61
Quoting rent as a rate. Issues	1		2.63
Measuring space	1		2.64
Tips for reading a lease	3		2.69
Lease term, rent bumps & renewals	4		2.76
<b>Play Flash Card. Types of Leases Questions &amp; Answers</b>	7		2.88
<b>End of Session No. 2</b>			



<b>SESSION No 3. THREE HOURS</b>			
	<b>Time Minutes</b>		<b>Cumulative</b>
<b>Play Flash Card. Types of Rent Questions &amp; Answers</b>	7		7.0
<b>Play Flash Card. How to define and measure space</b>	7		14.0
<b>Play Flash Card. Tips on reading leases</b>	7		21.0
<b>Continue playing the video</b>			21.0
Screening investments. Case Study	3		24
Long term investment analysis	1		25
Long term analysis versus Cap Rate	1		26
Discounted cash flow analysis	1		27
Internal Rate of Return (IRR) & NPV	1		28
Net Cash Flow Report	3		31
DCF. Applications	1		32
Apparent versus the True Cap Rate	2		34
Factors that distort the Cap Rate	1		35
Lease renewals. Impact on value	4		0.65
<b>Teaching Exercise No. 4</b>	12		0.85
<b>Continue playing the video</b>			
Cash Flow Analysis	5		0.93
Building Blocks of Investment Analysis	4		1.00
<b>COFFEE BREAK</b>	15		1.25
<b>Play Flash Card. Long term real estate investment analysis</b>	7		1.37
<b>Play Flash Card. Discounted cash flow analysis</b>	7		1.48
<b>Play Flash Card. Using Cap Rates. Issues</b>	7		1.60
<b>Continue playing the video</b>			
Case Study. Impact of financial leverage	7		1.72
<b>Play Flash Card. The impact of financial leverage</b>	7		1.83
<b>Play Flash Card. Discounted cash flow analysis</b>	7		1.95
<b>Continue playing the video</b>			
Land Residual or Back Door Approach	1		1.97
Identifying assembly potential	3		2.00
<b>Play Flash Card. Analyzing income properties with development potential</b>	6		2.07
<b>Continue playing the video to the end</b>			
Appendices & Resources	3		2.40
<b>Administer Quiz</b>	20		2.73
<b>Play Flash Card. 101 Quiz No. 1 Provides the answers to the Quiz No. 1</b>	6		2.83
Wrap up and questions. Next steps	5		2.92

## ALTERNATING BETWEEN PLAYING THE VIDEO AND FLASH CARDS

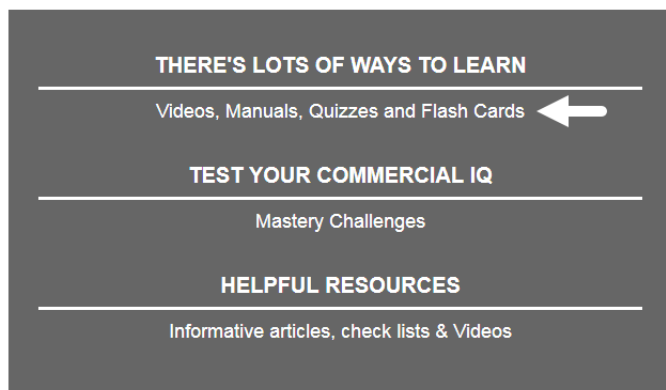
During the session there is a need to shift backwards and forwards effortlessly between the 101 video and the flash cards based on the Agenda Time table above.

Before starting a session set up the following....

On the Home Page select “Videos, Manuals, Quizzes and Flash Cards

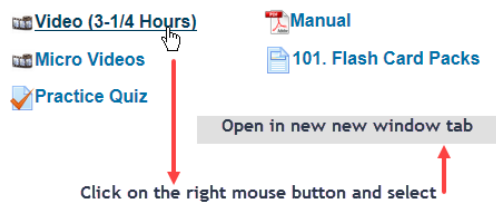
### RAISING YOUR COMMERCIAL IQ

There's a lot to learn



Hover the mouse over the video, click on the right mouse button and select “Open in New Window Tab”

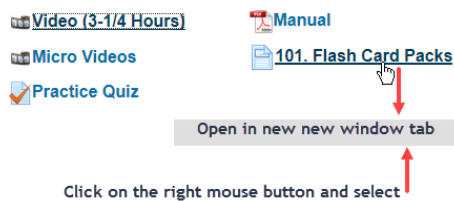
#### 101. How to Analyze and Value Income Properties



The window tab  will show

Repeat for “101. Flash Cards Pack”

#### 101. How to Analyze and Value Income Properties



The windows tabs will show

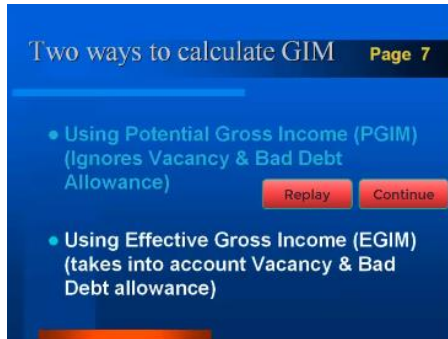


You can now shift quickly between the “Video” and the “Flash Cards”

### Video segments

The video is broken down into distinct segments or topics. At the end of each segment the video stops and offers two option buttons:

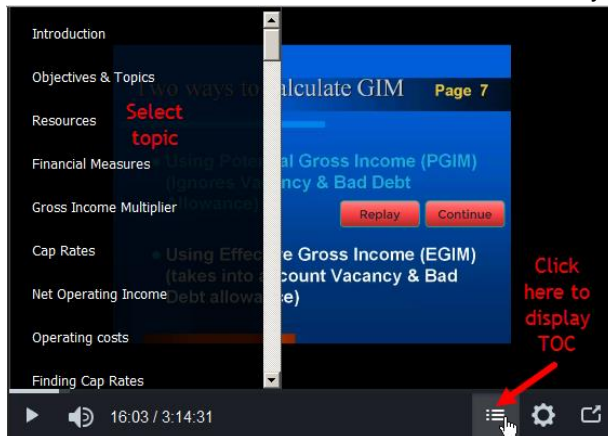
1. Continue
2. Replay



3. The “Continue” button is pressed until the point is reached where you shift to the “Flash Cards”
4. After the Flash Card Question and Answer period is completed continue the video

### The Handy Table of Contents

From time to time it may be necessary to start the video mid-stream on a topic such as the start of the second and third session. To do the use the handy Table of Contents:



## HOW TO SET UP A COMPETENCY TEST

Login as a manager or as a Proctor and select "Candidates & Exams".

From the Candidates and Exams screen, find the appropriate candidate by searching for them specifically or by clicking Show all Candidates and picking the Candidate from the list. Click on the Candidates First or Last name.

**Candidates**

To administer an exam or change the Candidate's profile  
Click on first or last name

Search by  Username  First Name  Last Name  Phone Number  E-Mail

First Name	Last Name	User Name	Email	Office	Telephone	Edit
Donald	Duck	donaldduck_investitlms	donaldduck_investitlms@demo.com	Investit Academy LMS Office 1	9999888800	

Click on Competency Test from the Candidate menu.

**Candidate**

**Donald Duck**

Exam Name

Select the test from the drop-down menu and click Submit.

**Please select the Test for candidate**

Test

The chosen test will be displayed

**Candidate**

**Donald Duck**

[Competency Test](#)
[Administer Exam](#)
[Edit Profile](#)
[Email Login Information](#)

You have successfully assigned "Evaluation Test. Commercial Basics" to "Donald Duck"

Exam Name		
Exam: 101. How to Analyze and Value Income Properties	<a href="#">Start the Test</a>	<a href="#">Delete</a>

Test Name		
Evaluation Test. Commercial Basics	<a href="#">Start the Test</a>	<a href="#">Delete</a>

[Back](#)

### Starting a Test

There are two ways for a candidate to start a competency test.

The candidate can login to the Investit LMS using their Username and Password

The Proctor or Manager can click on Start the Test in Candidate menu next to the appropriate Exam.

**Candidate**

**Donald Duck**

[Competency Test](#)
[Administer Exam](#)
[Edit Profile](#)
[Email Login Information](#)

You have successfully assigned "Evaluation Test. Commercial Basics" to "Donald Duck"

Exam Name		
Exam: 101. How to Analyze and Value Income Properties	<a href="#">Start the Test</a>	<a href="#">Delete</a>

Test Name		
Evaluation Test. Commercial Basics	<a href="#">Start the Test</a>	<a href="#">Delete</a>

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