



TEXAS ACCREDITED COMMERCIAL SPECIALIST

Texas Accredited Commercial Specialist Outline
TACS 1 - INTRODUCTION TO COMMERCIAL REAL ESTATE
Day 1 - 8 hours or 400 minutes
Differences between Commercial Real Estate and Residential Real Estate
Defining the Differences
Residential – Living and Enjoyment
Commercial – Business and Commerce
Users
Investment Property
Liquidity
Commercial Agents
Working as a Commercial Real Estate Agent
Determining Highest and Best Use
Competency
Specialties
Sales
Leasing
Consulting
Property Management
Professional Ethics and Conduct
TREC Rules Chapter 531 Canons of Professional Ethics and Conduct
REALTOR® Code of Ethics
Communicating Effectively with Clients
Required Understanding
Effective Communication
Market Terminology
Client's Needs and Wants
Identifying Suitable Properties
Costs
Risks and Rewards
Key Physical and Financial Attributes of the Property
Communicating the Value Proposition
Existing and Potential Financing Structures
Broker Limitations
Be Prepared to Explain Required Legal Documents
Advancing Your Commercial REALTOR® Career
Certified Commercial Investment Member Designation (CCIM)
Continue to Advance your Career through CCIM Courses
Achieve Recognition as a Leading Industry Expert
Break
Key Players/Stakeholders
Types of Investors
Buyers
Domestic
Foreign
Institutional Owners
Acquisition Agents

Investment Committees
Portfolio Managers
Asset Managers
Sponsors
Tenants
Tenant Reps
Leasing Agents
Buy and Sell Broker/Agent
Property Managers
Facilities Managers
Property Consultants
Corporate Real Estate
Appraisers
Property Inspectors/Engineers
Attorneys and CPAs
Business Managers and Financial Advisors
Break
CRE Investment Considerations
Ownership Types and Structures
Individual, LLC, Corporations, S-Corp, C- Corp, Professional and Non-Profit
TIC
General Partnership
Limited Partnership
Limited Liability Partnership
Real Estate Limited Partnership
Joint Venture
Private Equity
Trusts
Living Trust
Grantor
REIT
DST
Break
Wealth Generator
Leverage
Advantages
Insufficient Capital
Interest Tax Deduction
Disadvantages
Positive Leverage
Negative Leverage
Neutral Leverage
Building Equity Using Property Revenues and Appreciation
Financial Performance Measures
Opportunity Cost of Capital
ROI
Quiz 1
Break

Understanding the Use of and Application of CRE Financial Analysis
Potential Gross Income (PGI) or Gross Scheduled Income (GSI)
Other Income Sources (OI)
Vacancy Rate (V)
Credit Loss (C)
Effective Gross Income (EGI)
Rent Abatements
Defining Operating Expenses
Property Related Operating Expenses
Categories of Property Related Operating Expenses
Fixed
Variable
CAM expenses
Internal Space
External Space
Replacement Reserves
Break
Capital Expenditures (CAPEX)
Net Operating Income (NOI)
Leasing Commissions
Day 2 - 8 hours or 400 minutes
Understanding the Use of and Application of CRE Financial Analysis - Day 2
Quiz 2
GRM/GIM
Cap Rate
Leverage Effects on ROI
Leveraged Returns
Unleveraged returns
Debt Service
Cash Flow Before Taxes (CFBT)
CFBT
Cash-on-Cash Return Before Taxes
Break
Investor Tax Considerations
Investor Tax Rate
Depreciation Allowance
Cash Flow After Taxes (CFAT)
Effects of Leverage on Cash Flow
Use of a Spreadsheet
Break
Identifying the Holding Period
Reversion Cash Flow
Time Value of Money
PV vs. FV
Discount Rate
Selecting a Discount Rate or Growth Rate

Going in CAP Rate
Terminal Cap Rate and PV
Break
Required Rate of Return
= Risk Free Rate + Risk Premium
Risk Free Rate
U.S. Treasuries
Risk Premium
10Y Corporate Investment Grade Bonds BBB
Hurdle Rate
Discounted Cash Flow Analysis (DCF) – Cash Flow Adjusted for Time Value of Money
Break
Net Present Value (NPV) – Current Value of all Future Cash Flows
Target or Required Rate of Return
Number of Time Periods
Annualized Cash Flow Inflows and Outflows
Day 3 - 8 hours or 400 minutes
IRRs Levered and Unlevered
Break
Exercise 1
Break
Asset/Property Market - Capital Markets
Public and Private
Equity Assets
Debt Assets
Availability of Capital and Credit
Commercial Banks/CMBS
REITs
Pensions, Insurance Companies
Private Equity
Break
Types of Financing, Underwriting and Structure
Standard Commercial Permanent Loan
Variable
Fixed
Balloon
Non-Recourse
Due-on-Sale Clause
Debt Service Coverage Ratio (DSCR)
Construction/Take-Out
SBA
Bridge
Capital Structure
Mezzanine Financing
Equity Participation
Waterfall IRR Model

Break
External Factors to Consider in CRE Markets
Market Efficiency
Substitution
Market Classifications
Gateway Cities
Market Segmentation
MSAs
CBDs
Market Cycles
Real Estate Cycles
Land Use, Compatibility, and Boundaries
Boundaries
Compatibility and Density
Space Market
Supply and Demand
Absorption Rates
Vacancy Rates
Months Supply
Land Scarcity
Break
Quiz 3
Day 4 - 8 hours or 400 minutes
Major Types of CRE Investments
Office
Office Classifications
Quality of Space
Class A
Class B
Class C
Classification by Types
Classification by Uses
Market Analysis
Property Analysis
Office Space Metrics
Office Space/Employee
Exercise 2: Case Study
WeWork – Effects on Square Foot per Employee
Break
Office, con't.
Building and Ceiling Heights
Gross Building Area
Rentable Area – Price per Square Foot
Rented Area
Load Factor
Floor Area Ratio

Efficiency Ratio
Parking Ratio
Floor Plate
CAM Fees
IREM
NAIOP
BOMA
Retail Types and Considerations
Types of Retail Properties
Free Standing
Strip Centers
Main Street
Neighborhood Centers
Community Shopping Centers
Outlet Centers
Lifestyle Centers
Power Centers
Regional Centers
Market Analysis
Location and Competition
Trade Area Circles
Property Analysis
Retail Space Metrics
Gross Floor Area (GFA)
Gross Leasable Area (GLA)
Gross Sales Area (GSA)
Parking Ratio
Parking Index
ICSC
Break
Industrial Properties
Design and layout
Light
Heavy
Manufacturing
Research and Development
Self-Storage
Warehouse
Flex Space
Cold Storage
Truck Terminals
Long-Term Storage
Distribution
Business Parks and Industrial Parks
Broker Due Diligence Special Considerations
Environmental Site Analysis
Phase 1, 2, 3
Brownfields

Asbestos
Environmental Regulations
Market Analysis
Location
Property Analysis
High Load Utility Requirements
Dock Heights and Number of Loading Docks
Logistics - Access to Highways, Shipping, Rail and Air Transportation
Labor Availability and Cost
Public Transportation
Industrial Space Metrics
Floor Area Ratio
Span
Height
Floor Load Capacity
Power Service
SIOR
Break
Multi-Family
Classification by Quality
Class A
Class B
Class C
Classification by Type and Size
Conversions/Condo
Co-Ops
Mixed Use
Revenue Sharing
CAM Assessments
Duplex
Triplex
Garden- Style Apartments
Low Rise
Mid Rise
High Rise
Market Analysis
Property Analysis
Multi-Family Space Metrics
Absorption Rate
Occupancy Rate
Turnover Rate
Economic Losses
Price per Unit
GRM
Cap Rate
Cash-on-Cash
NAA
NMHC

Break
Special Purpose Properties
Hospitality Properties
Capital Intensive with High Revenue Volatility
Hotel Types
Luxury Hotels
Full Service
Resort, Convention
Extended Stay
Economy Hotels
Bed and Breakfast
Market Analysis
Hospitality Space Metrics
Occupancy Rate
Average Daily Rate (ADR)
Revenue per Available Room (RevPar)
AHLA
Exercise 3: Airbnb Case Study - Effects on Traditional Lodging
Break
Senior Housing
Regulated by State and Federal Authorities
Types of Senior Housing
Independent Living
Assisted Living
Acute Nursing Facilities
Market Analysis
Senior Housing Metrics
Occupancy rate
Annual Rent Growth
Annual Absorption Rate
Annual Inventory Growth
Income and expenses are determined per resident per day (PRD).
CAP rate
The National Investment Center for Seniors Housing & Care (NIC)
American Seniors Housing Association (ASHA)
Commercial Land
Ownership
Privately Owned
Speculator
Development
Institutionally Owned
Stable Revenue
Leased
Types of Land Use
Agribusiness
Farm
Vineyard
Commercial Boarding Facilities

Equine Businesses
Tenant Horses
Livestock Farms
Dairy Farms
Hunting
Timberland
Recreational and Waterfront
Marina
Golf
Oil and Minerals
Land Metrics
Land Residual Value & Highest and Best Use
Break
QSR
Quiz 4
Final exam

TACS 2 - COMMERCIAL REAL ESTATE PROPERTY DEVELOPMENT
Leasing, Development, Valuation and Broker Fundamentals
Chapter 1 - 8 hours or 400 minutes - Leasing
Leasing, Property and Operations Management
TREC Licensing Requirements
Statute of Frauds
Real Estate Broker Commissions
Leasing Strategy
Lease Periods
Leasing Steps
Security Deposit
Lease Types
Gross lease
hybrid/modified gross lease
single net lease (N)
double net lease (NN)
triple net lease (NNN)
percentage rent
Break
Key Lease Provisions
Exclusive Use
Quiet Enjoyment
Expansion rights
Market Exclusivity rights
Security access cards

Parking and storage
Signage
Holdover
Escalation clause
Sublet
Cancellation clause
Other tenant expenses
Utilities
Waste disposal
Break
Lease concessions
Rent abatements
Tenant Improvements
Moving expenses
CAM fees
Leasable area
Leased area
Break
Market Rents
Market rent determination
Base Rental Expense
Effective rent part 1
Effective rent part 2
Other Operational and Financial Analysis Metrics
Pad or Outlot
Break
Real Estate Development
Developers
Land Owners
Development Risks
Certificate of Occupancy
Scenario Based Learning Exercise 1
Quiz 1
Chapter 2 - 8 hours or 400 minutes - Valuation of Property
Types of Interim Loans
Types of Loans
Acquisition and Development
Mini-Perm
Permanent

Break
Development Stages
First Stage - Site Location & Analysis
Land and Preparation Stages
Costs
Value Proposition
Developer Profits
Break
Feasibility Analysis
Break
<u>CMA Part 1</u>
Ownership Rights and Permitted Uses
General Market Characteristics
Population growth
Demographic information
Housing trends
Mean vs. Median
Break
<u>CMA Part 2</u>
Vacancy and Absorption Rates
Local Market Characteristics
Property Characteristics
Site Characteristics
Physical Characteristics of the Property
Financial Characteristics of the Property
Availability of Financing
Demand Analysis
Comparative Analysis
A Few Data Collection Sources for CMA
Scenario Based Learning Exercise 2
Quiz 2
Chapter 3 - 8 hours or 400 minutes - Due Diligence
<u>Agent Due Diligence</u>
Data Collection
Name of owner(s) and title
Legal description
Type of deed
Assignment of leases or other interests

Interests, rights and restrictions
Lease terms (if recorded)
Deeds of trust and other security interests
Other recorded interests
Plat and recorded easements
Flood Plain and Drainage
Break
<u>Agent Due Diligence, con't.</u>
Tax Records
Verify Current Use is in Compliance with Local Zoning
Review Current and Future Municipal/County Plans with Planning Office
Measuring methods
Solicit Information from the Property Owner and Survey the Property
Reason for selling
Staff, salaries and other compensation
Title insurance
Licenses, permits and C.O.s for each tenant and building
Notices of violations or pending violations - licenses, permits, fire, zoning
Current or pending litigation
Break
<u>Agent Due Diligence, con't.</u>
Zoning and deed restrictions
Pending municipal code changes
Soil reports
Building age
Break
Data Collection
Blue prints and surveys, plat, plot plan, floor plan, floor plate size
Building design and construction materials
ISO 1
ISO 2
ISO 3
ISO 4
ISO 5
ISO 6
Renovations or improvements
Break
Owner Information
Ceiling heights

Total and leasable square feet
Common areas including stairways and corridors and lighting
Roof report
Mechanical systems and locations
Electric service
Plumbing
Scenario based exercise 2
Quiz 3
Day 4 - 8 hours or 400 minutes Valuation considerations
Building design and construction materials
Utilities
Internet
HVAC
Elevators and escalators
Parking garages
Break
Building Considerations
Signage
Safety and security plan
Safety and security equipment
Ingress, egress
Utility bills for past 2 years
Green energy designations
LEED
Energy Star®
Environmental concerns
ADA compliance
Trade fixtures and furnishings, equipment and supplies
Loan documents (if loan can be assumed)
Mixed use composition
Break
Legal considerations
Tenant mix
Copies of all leases and subleases
Leasing status report
Current and last 3 years - building financial statements
Current and historic vacancy rates
Options and first right of refusals
CAM assignment breakdown

Estoppel certificates
Reserve and replacement study
Maintenance and management and IoT
Break
Legal considerations, con't.
Copy of building master and tenant loss liability insurance policies
Security deposits
Tenant expenses and incentives, concessions
TI obligations
Tenant financial statements and credit reports
Existing LOIs
Walk the Property
Confidentiality
Break
Valuation/Appraisals
Value Components
Fee Simple vs. Leased Fee
Approaches to Value
Sales Comparison
Cost Approach
Income Capitalization Approach
Final Reconciliation
Scenario based learning exercise 3
Quiz 4
Final exam

TACS 3: COMMERCIAL REAL ESTATE, MARKETING & NEGOTIATION
Day 1 - 8 hours or 400 minutes
Negotiation
CAPSTONE Project Assignment
Property Pro-Forma
Equity Multiple
Break
Exercise 1
Break
Use of Data Aggregation Resources
CRE Management Software
ARGUS DCF – Industry Standard for Evaluating Cash Flows
Listing Services

Commercial Information Exchange and Commercial/Industrial MLS
CoStar
Real-time, Forward Looking
Property Listings and Data
Strength - Property Level Information
REIS
Real-Time, Forward looking
Property Listings and Data
Strength - Market/Sub-Market Trends
LoopNet
RCA
Looks Back
Institutional Level Private Market Property Sales Information
Strength - Non-Listed Private Transactional Sales Information and Global Economic Trends Analysis
Break
RPR Presentation
Comprehensive Market Data, Trends, Analysis and Performance Projections
Exercise 2 - Part 1
Break
Exercise 2 - Part 2
Negotiating the Deal
Strategy
Break
Exercise 3 - Part 1
Break
Exercise 3 - Part 2
Quiz 1
Total Time Day 1
Day 2 - 8 hours or 400 minutes
Commercial Brokerage basics
CRE Exit Strategies
1031 Exchange
Exchange Process
Break
Investment considerations
Alternative Tax-Free Investments

FIRPTA
Renovation, Rehab or Repurposing the Property
Sale with Depreciation Recapture and Capital Gains
Break
Commercial Forms
Non-Disclosure & Confidentiality Agreements (NDA)
TXR-1947 Commercial Request for Evaluation Materials and Confidentiality Agreement
Letter of Intent to Purchase & Lease (LOI)
Details of Intended Actions
Non-binding
TXR-1803 - Commercial Letter of Intent to Purchase
TXR-2122 - Commercial Letter of Intent to Lease
Break
<u>Contract Forms and Addendums</u>
Information About Brokerage Services notice IABS 1-0
Commercial Forms, con't.
Commercial Property Management Agreement TXR-2202
Commercial Amendment To Property Management Agreement TXR-2203
Commercial Property Condition Statement TXR-1408
Break
Commercial Real Estate Listing Agreement - Exclusive Right To Sell TXR-1301
Break
Commercial Real Estate Listing Agreement - Exclusive Right To Lease TXR-1302
Commercial Real Estate Listing Agreement - Exclusive Right To Sublease TXR-1303
Break
Commercial Buyer/Tenant Representation Agreement TXR-1502
Amendment To Buyer/Tenant Representation Agreement TXR-1505
Registration Agreement Between Brokers TXR-2402
Break
Commercial Registration Agreement Between Broker And Owner TXR-2403
Quiz 2
Group CAPSTONE Strategy meeting
Total Time Day 2
Day 3 - 8 hours or 400 minutes
Commercial Contract - Improved Property TXR-1801
Break
Commercial Contract - Unimproved Property TXR-1802
Non-Realty Items Addendum TREC NO. OP-M

Notice Of Information From Other Sources TXR-2502
Addendum For Reservation Of Oil, Gas, And Other Minerals TXR-1905
Addendum For Seller's Disclosure Of Information On Lead-Based Paint Hazards TXR-1906
Addendum For Coastal Area Property TREC No. 33-2
Break
Addendum For Property Located Seaward Of The Gulf Intracoastal Waterway TXR-1916
Commercial Contract Special Provisions Addendum TXR-1940
Commercial Contract Assignment of Buyer's Interest TXR-1943
Commercial Contract Condominium Addendum TXR-1930
Break
Commercial Contract Condominium Addendum (incomplete construction) TXR-1946
Commercial Contract Financing Addendum TXR-1931
Commercial Contract Amendment TXR-1932
Commercial Tenant Estoppel Certificate TXR-1938
Commercial Contract Critical Date List TXR-1942
Break
Commercial Contract Termination Notice TXR-1939
Commercial Lease Application TXR-2120
Commercial Lease TXR-2101 Part 1
Break
Commercial Lease TXR-2101 Part 2
Commercial Lease Amendment TXR-2114
Commercial Lease Addendum For Expense reimbursement TXR-2103
Break
Commercial Lease Addendum For Percentage Rent TXR-2106
Commercial Lease Addendum For Optional Space TXR-2110
Commercial Lease Guaranty TXR-2109
Commercial Landlord's Rules And Regulations TXR-2108
Commercial Lease addendum For Parking TXR-2107
Commercial Lease Addendum For Contingencies TXR-2119
Break
Commercial Lease Exhibit TXR-2115
Commercial Lease Acceptance Form TXR-2113
Quiz 3
Group CAPSTONE Strategy meeting
Total Time Day 3
Day 4 - 8 hours or 400 minutes
Assembling the transaction
Commercial Lease forms

Commercial Lease Construction addendum (Tenant To Complete Construction) TXR-2112
Commercial Lease Construction Addendum (Landlord To Complete Construction) TXR-2111
Break
Commercial Lease Addendum For Right Of First Refusal TXR-2105
Commercial Lease Addendum For Broker's Fee TXR-2102
Commercial Lease Addendum For extension Of Term TXR-2104
Break
Commercial Lease Inventory And Condition Form TXR-2121
Commercial Lease Special Provisions Addendum TXR-2125
Commercial Sublease TXR-2116
Commercial Sublease Addendum For Broker's Fee TXR-2118
Commercial Sublease Guaranty TXR-2124
Break
<u>Agent Development and Marketing</u>
Manage your Time Well
Productive Use
Non-Productive Use
CRE Networking
Social Media and Marketing
Break
Regulatory Oversight
TREC Rules on Advertising
CAN-SPAM Act
Business Plan
Executive summary
Business Description
Financial Plan
Marketing and Advertising
Positioning Yourself for Success
Review Period
SWOT Analysis
Break
Quiz 4
CCIM Presentation and Q&A regarding actual practices
Break
Exercise 4- GROUP PROJECT - CAPSTONE Group Final Preparation

CAPSTONE Presentation 1
Break
CAPSTONE Presentation 2
Course wrap-up
Final exam