

## Taxation of Real Estate Investments FALL, 2021

RE360.1 (#04104)  
ACC378.5 (#02739)  
ACC380K.27 (#02909)  
LAW396W (#29764)

**Schedule:** Tue and Thu, 11:00am-12:15pm  
**Classroom:** GSB 3.128  
**Office:** CBA 6.304G  
**Office Hours:** ONLINE ONLY: 1:00-1:45pm, Tue and Thur, and by appointment.  
**Instructor:** Stuart R. Singer  
**Email:** [stuart.singer@mcombs.utexas.edu](mailto:stuart.singer@mcombs.utexas.edu).

### Purpose of Course:

The purpose of the class is to develop your ability to understand how U.S. tax law analyzes transactions involving investment in real estate assets and securities. The class is divided into five parts: (1) An introduction to the federal income tax; (2) a review of taxation of real estate acquisitions, operations and dispositions; (3) a study of the legal entities through which most real estate investments are made; (4) examination of the principal real estate investment securities (REITs and REMICs); and (5) a review of other significant real estate tax issues (including investments by foreigners, Qualified Opportunity Zones, tenancies-in-common and like-kind exchanges).

### Covid-19 Guidance

The university provides excellent resources for testing for Covid and free vaccination against the virus. However, in accordance with university guidelines, students are not required to show proof of vaccinated status in order to participate in the classroom. Nor will anyone be required to wear a mask in the classroom. Nevertheless, every student is expected to use some common sense in maintaining our common healthy environment. For example, I may ask everyone to keep socially distant in the room and to sanitize your hands upon entering.

### Class Schedule

It is my custom to hold one **Hat Day** each semester, on which each student must wear a hat to class. Hat Day will be **Thursday, October 7**. They are optional for other days.

Part of the class on **Tuesday, September 28** will be devoted to a session on preparing the Practice Memorandum assigned on **Monday, September 27**. This practice memo will be due on **Thursday, September 30**.

### Course Materials

The course materials will include of readings in Rosenfeld, Principles of Real Estate Accounting and Taxation. There will be other materials, all available in the course packet available at the McCombs COPY CENTER on the Third Floor in GSB.

## **Evaluation and Grades**

I will determine your final grade on the basis of your class participation and the two memorandum assignments, each to be weighted equally. There will be no exams.

## **Reading Assignments**

The tax issues involved in real estate transactions are sometimes difficult and complex, even in a summary course such as this one. Moreover, the knowledge in classes 1, 2 and 3 will form the base for understanding the material in classes 4, 5, and 6, and so on. You cannot fall behind in these assignments

## **Written Assignments**

There will be two written assignments in the form which you, as professionals, would prepare for clients or employers. **The memorandum assignments will be given to you on Monday, October 25 and Tuesday, November 30, respectively, and you will have 3 days to turn them in.**

## **Class Participation**

Since every professional must be able to communicate any thoughts and analysis, I expect every student to participate regularly in our class discussion. **There will be no exceptions; you cannot succeed in this course unless you are prepared every day to recite in class.** It is far more important for each student to make efforts than to get the “right” answer. As professionals, all of the knowledge in the world will accomplish nothing unless it is coupled with the ability to express it clearly and to discuss it with your peers. I will grade each student each day on participation.

## **Missed Assignments and Attendance**

You will be excused from turning in work timely if you are deceased or if you become a parent during the semester. I am willing to entertain other excuses, but don't get your hopes up. A similar policy applies to taking an “incomplete” for the course.

**Scholastic Dishonesty--Departmental Policy on Scholastic Dishonesty.** The Department of Accounting has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the department's Policy Statement on Scholastic Dishonesty. By teaching this course, I have agreed to observe all the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

## **Sharing of Course Materials is Prohibited:**

No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University's Student Honor Code and an act of

academic dishonesty. I am well aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course.

### FERPA and Class Recordings

Class recordings are reserved only for students in this class for educational purposes and are protected under the Family Educational Rights and Privacy Act (FERPA). The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.

**Professional Conduct.** The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas experience hinges on this.

**Students with Disabilities:** The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, you may call the Office of the Dean of Students at 471-6259, 471-4641 TTY.

**THE FOLLOWING SCHEDULE MAY BE AMENDED DURING THE SEMESTER IN ORDER TO ACCOMMODATE GUEST SPEAKERS.**

#	DATE	TOPIC	TEXT READING
		<b>PART ONE: INTRODUCTION TO FEDERAL INCOME TAX</b>	
1	8-26	Introduction to Course.	
2	8-31	Federal Taxation- Basics	Introduction to Federal Tax (Bittker & Lokken excerpt)
		<b>PART TWO: TAXATION OF REAL ESTATE</b>	
3	9-2 & 9-7	Acquisition of Real Estate	Rosenfeld, Chapters 3 and 5
4	9-9 & 9-14	Operation of Real Estate	Rosenfeld, Chapters 6 and 7
5	9-16 & 9-21	Disposition of Real Estate	Rosenfeld, Chapter 4
		<b>PART THREE: ANALYSIS OF INVESTMENT VEHICLES</b>	<b>NOTE: Assignment for Practice Memorandum, Monday, September 27</b>
6	9-23 & 9-28	Types of Investment Vehicles	Rosenfeld, Chapter 1
7	9-30, 10-5 & 10-7	Taxation of C Corporations and S Corporations	Excerpt from the Mulcahy case
	<b>10-7</b>	<b>HAT DAY</b>	
8	10-12, 10-14 & 10-19	Taxation of Partnerships and LLCs	Excerpt from McKee et al., <i>Federal Taxation of Partnership and Partners</i> . <b>CLASS READING: Parklands and Mid-Atlantic PPMs</b>
		<b>PART FOUR: TAXATION OF REAL ESTATE SECURITIES</b>	<b>NOTE: Assignment for First Memorandum, Monday, October 25</b>
9	10-21, 10-26 & 10-28	Real Estate Investment Trusts	Kim et al., "Decade of the REIT". <b>CLASS READING: Forest City S-4</b>

10	11-2 & 11-4	Real Estate Mortgage Investment Conduits	Wunder, "REMICs --- the Newest Investment Medium"
		<b>PART FIVE: TAXATION OF OTHER REAL ESTATE TRANSACTIONS</b>	
11	11-9 & 11-11	Like-Kind Exchanges	Foster, "A Checklist for Real Estate Like-Kind Exchanges"
12	11-16 & 11-18	Tenancies in Common	Lipton, "Like-Kind Exchanges of Undivided Fractional Interests in Real Estate" <b>CLASS READING: <a href="#">ExchangeRight DST</a></b>
	<b>11-22 through 11-26</b>	<b>THANKSGIVING BREAK</b>	
			<b>NOTE: Assignment for Second Memorandum, Tuesday, November 30.</b>
13	11-30	Qualified Opportunity Zones	<b>CLASS READING: <a href="#">Gravitas QPZ Fund I, LLC</a></b>
14	12-2	Taxation of Real Estate Investments by Foreign Persons	None