FIN 3424 – R9DA: INTERMEDIATE FINANCIAL MANAGEMENT

Monday 14:00 to 16:45, CBC 252

GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Instructor: Chun-Hao Chang</th>
<th>Phone: (305) 348-2845</th>
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<tbody>
<tr>
<td>Office: RB 207A</td>
<td>Fax: (305) 348-4245</td>
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<tr>
<td>Office Hours: Wednesday 14:00 – 16:00</td>
<td>E-mail: <a href="mailto:changch@fiu.edu">changch@fiu.edu</a></td>
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<tr>
<td>Link to professor’s site:</td>
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<tr>
<td><a href="http://business2.fiu.edu/1248462/www">http://business2.fiu.edu/1248462/www</a></td>
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COURSE DESCRIPTION

The purpose of the course is to develop and use quantitative and actuarial methods to solve problems in financial decision making and to better prepare students for future applications in finance and possibly other areas. You will study and learn various financial models in financial decision making through lectures, Excel spreadsheet exercises, and individual Excel spreadsheet project. At the end of the course, you are expected to be proficient in applying Excel financial functions to model and solve financial problems.

COURSE LEARNING OBJECTIVES

The major objectives to be accomplished in this course are:

1. Understand the following topics:
   a. Time value of money with multiple cash flows and multiple interest compoundings per year
   b. Applications of time value of money in mortgage mathematics, commercial mathematics
   c. Time value of money & Capital Budgeting
   d. Excel financial functions and their applications
2. Be proficient in:
   a. Quantitative aspects of financial applications
   b. Use of financial calculator in solving financial problems
   c. Use Excel spreadsheet to solve financial problems
3. An Excel spreadsheet project – Financial/Statistical functions and amortization Table

MAJOR & CURRICULUM OBJECTIVES TARGETED

Students will be able to:

- Investigate advanced time value of money concepts and extend these concepts to mortgage mathematics, commercial mathematics, and capital budgeting.
- Use information technology, especially Excel, as a tool to perform financial problem solving.
- Facilitate individual critical thinking and analytical skills in financial decision making.

TEXTBOOK

Recommended text:


Other material will be uploaded to CE6.

A financial calculator is required for the second half of the course. I recommend you either get a Texas Instrument BAII Plus or a Hewlett Packard 10BII+, both cost around $30.

TEACHING METHODOLOGY/STRATEGIES TO ACHIEVE ASSURANCE OF LEARNING

Course delivery will focus on ensuring that students are able to:

- Present the data in a logical and concise manner.
- Interact with the instructor to demonstrate functional skills, knowledge and application of the theory in the classroom.
- Learn how to use Excel to solve various financial problems.

COURSE PREREQUISITES

FIN 3403: Financial Management
CGS 3300: Introduction to Information Systems

For more information about prerequisites, click here.

COMMUNICATING WITH THE INSTRUCTOR

Please contact me using e-mail at changch@fiu.edu

GRADING

<table>
<thead>
<tr>
<th>Course Requirements</th>
<th>Weights</th>
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<tbody>
<tr>
<td>Midterm exam (tentatively on site or online on 5/26)</td>
<td>45%</td>
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<tr>
<td>Excel spreadsheet project, due on 6/16</td>
<td>15%</td>
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<tr>
<td>Final exam (On site on 6/18)</td>
<td>40%</td>
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<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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<tr>
<td>A</td>
<td>93-100%</td>
<td>B-</td>
<td>75-79</td>
<td>D+</td>
<td>61-65</td>
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<td>A-</td>
<td>88-93</td>
<td>C+</td>
<td>72-75</td>
<td>D</td>
<td>58-61</td>
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<tr>
<td>B+</td>
<td>84-88</td>
<td>C</td>
<td>68-72</td>
<td>D-</td>
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<td>B</td>
<td>79-84</td>
<td>C-</td>
<td>65-68</td>
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QUIZZES

Examinations will be closed book and close notes. Formula sheet will be allowed.

ASSIGNMENTS

Problem sets will be assigned regularly and answers will be posted on my webpage. Although homework will not be collected and graded, I urge you to work out those problems carefully. The exam problems will be similar to those in the problem sets.
Mathematics Review. (Chapter 1 textbook)

- Arithmetic Series and Geometric Series.

The mathematics of Time Value of Money. (Chapter 2 textbook)

- Simple Interest Rates versus Compounded Interest Rates
- Interest Rates Conversion
- Future Value and Present Value of an Annuity
- FV and PV of a Continuous Annuity
- FV and PV of Cash Flows with Constant Growth
- Required Rate of Interest and Time Period

Capital Budgeting. (Chapter 5 textbook)

- Capital Budgeting Techniques
  - Payback Period
  - NPV
  - IRR
  - Equivalent Annuity
- Cost of Capital

Excel Functions

- Some Excel Hints
- Financial Functions: PV, FV, PMT, etc.
- Statistical Functions
- Doing Regressions with Excel
- Goal Seek and Solver

Mortgage Mathematics. (Chapter 3 textbook)

- Fixed-Rate-Level-Payment Mortgage
- Adjustable Rate Mortgage
- Variable Rate Mortgage
- Graduated Payment Mortgage
- Discount Points and APR

Commercial Mathematics. (Chapter 4 textbook)

- Add-On Interest Loan
- Bullet Loans
- Balloon Loans
- Level Principal and Interest on Balance Loan
DISABILITY NOTICE

If you have a disability and need assistance, please contact the Disability Resource Center (University Park: GC190; 305-348-3532) (North Campus: WUC139, 305-919-5345). Upon contact, the Disability Resource Center will review your request and contact your professors or other personnel to make arrangements for appropriate modification and/or assistance.

RELIGIOUS HOLIDAYS

The University's policy on religious holy days as stated in the University Catalog and Student Handbook will be followed in this class. Any student may request to be excused from class to observe a religious holy day of his or her faith.

RULES, POLICIES, and ACADEMIC MISCONDUCT

Assignments from the text and other resources are listed below for each class session. Students are expected to be pace their learning according to the posted course assignments.

It is expected that interactive learning and teaching will enrich the learning experience of all students, and that each student will work in partnership with the professor to create a positive learning experience for all. Student engagement is a necessary condition for an effective learning experience, and includes contributions to debate and discussion (if any), positive interactive learning with others, and an enthusiastic attitude towards inquiry. Everyone is expected to be a positive contributor to the class learning community, and students are expected to share the responsibility of teaching each other.

Statement of Understanding between Professor and Student

Every student must respect the right of all to have an equitable opportunity to learn and honestly demonstrate the quality of their learning. Therefore, all students must adhere to a standard of academic conduct, demonstrating respect for themselves, their fellow students, and the educational mission of the University. As a student in the College of Business taking this class:

- I will not represent someone else's work as my own
- I will not cheat, nor will I aid in another's cheating
- I will be honest in my academic endeavors
- I understand that if I am found responsible for academic misconduct, I will be subject to the academic misconduct procedures and sanctions as outlined in the Student Handbook

Failure to adhere to the guidelines stated above may result in one of the following: Expulsion: Permanent separation of the student from the University, preventing readmission to the institution. This sanction shall be recorded on the student's transcript.
Suspension: Temporary separation of the student from the University for a specific period of time.

Additionally the following two documents should be used by every student in business classes that require individual or group written assignments:

- Certification of Authorship Assignment Cover Page (Individual)
- Certification of Authorship Assignment Cover Page (Groups)

For details on the policy and procedure go to ACADEMIC MISCONDUCT. (Section 2.44)

NOTE: Intensive Auditing of the course will be conducted to prevent academic misconduct.

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<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>5/5 (on Site)</td>
<td>Introduction and Time Value of Money Basics</td>
<td>HW1</td>
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<tr>
<td>5/7 (Online)</td>
<td>Self Study: Chapters 1-4, Time Value of Money Basics, Simple Interest.</td>
<td>HW1</td>
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<tr>
<td>5/12 (On Site)</td>
<td>TVM of Annuities</td>
<td>HW2</td>
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<tr>
<td>5/14 (Online)</td>
<td>Self Study: Chapters 5-8</td>
<td>HW2</td>
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<td>5/19 (On site)</td>
<td>TVM of Cash Flows with Constant Growth</td>
<td>HW3</td>
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<td>Date</td>
<td>Activity</td>
<td>Assignment</td>
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<tr>
<td>5/21 (Online)</td>
<td>Self Study: Chapter 9</td>
<td>HW3</td>
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<td>5/26 (On Site)</td>
<td>In Class Midterm Exam</td>
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<td>5/28 (Online)</td>
<td>Self Study: Chapter 19, Capital Budgeting Techniques.</td>
<td>HW4</td>
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<td>6/2 (On Site)</td>
<td>Excel Financial Functions and What If Functions</td>
<td>Holden’s Spreadsheets &amp; Excel Project</td>
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<td>6/4 (Online)</td>
<td>Self Study: Chapter 12 Fixed Rate Mortgage</td>
<td>HW5, #1-#3</td>
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<td>6/9 (On Site)</td>
<td>Mortgages (FRM, ARM, VRM)</td>
<td>HW5 #1-#6</td>
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<td>6/11 (Online)</td>
<td>Self Study: Chapters 15-16, Mortgage Math</td>
<td>HW5</td>
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<tr>
<td>6/16 (On Site)</td>
<td>GPM, Mortgage Discount Points and APR Analysis</td>
<td>HW6, Excel Project Due</td>
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6/18 (On Site)  Final Exam

ADDITIONAL INFORMATION

- Absolutely no makeup exams will be given unless a medical or personal EMERGENCY precludes the completion of the exam. Students who are eligible for makeup need to finish the makeup within 72 hours of the scheduled time. Otherwise, missing an exam on the scheduled date will automatically earn a zero score. Also, NO late project will be accepted.
- No incomplete will be given except in case of acute medical or catastrophic reasons substantiated with proper evidence.