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Course Information

Course Title: Real Estate Accounting: A Practitioner's Guide #364021

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 11 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX 178025

Texas State Board of Accountancy: 009349

Course Description

The real estate professional needs to be aware of the accounting rules for real estate, in order to avoid adverse reporting outcomes. *Real Estate Accounting* covers the accounting rules for every type of real estate transaction, which can be used to structure real estate deals appropriately. The course covers the accounting for retail land sales, real estate sales, property exchanges, and the sale of time-share intervals. It also reveals the related financial statement presentations and accompanying disclosures. In addition, it describes the accounting related to the rental of property, and investments in real estate ventures. In short, this course is the go-to reference for discerning the proper accounting treatment for a real estate transaction.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None

Course Content

Publication/Revision date: 8/18/2020.

Author: Steven M. Bragg, CPA.

Final exam (online): Fifty-five questions (multiple-choice).

Instructions for taking this course

Note: Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

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Learning Objectives

- Recognize the underlying principles of accounting, the nature of the accounting cycle, and the types of organizations that can be used to engage in real estate transactions.
- Specify the types of project costs, as well as when and how to capitalize interest on a real estate project.
- Identify the steps involved in accounting for an acquired income-producing property, as well as the process flow for goodwill impairment testing. Also, recognize the alternative treatment of amortizing goodwill, and the circumstances under which it can be used.
- Specify the criteria for determining a buyer's commitment to pay, and the types of income recognition methods that can be used.
- Recognize the nature of a retail land sale, the manner in which income recognition methods can be applied to these sales, and the calculation of the net sales figure associated with a retail land sale.
- Identify the options available for valuing exchanged property, and the use of boot in calculating profits.
- Identify the characteristics of time-share arrangements, as well as the calculation of sale prices and the criteria for recognizing a time-share sale.
- Identify the main characteristics of lease accounting as it pertains to rental arrangements.
- Recognize the nature of contingent rent agreements, lease incentives, and leasehold improvements, and the accounting for them.

- Specify the criteria for recognizing asset retirement obligations, as well as the rules for calculating these obligations. Also, identify the criteria for recognizing environmental obligations.
- Identify the calculation requirements for the equity method of accounting, as well as the origin of the costs used in the cost method, and the treatment of investor loans to a venture.
- Recognize the types of entities that can be classified as common interest realty associations, as well as the accounting for special assessments.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

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Preface

There are many kinds of real estate transactions, each of which must be accounted for in its own unique way. These events include the sale of time-share intervals, the purchase of income-producing property, the construction of a new facility using debt financing, property swaps, and the sale of land. *Real Estate Accounting* shows how to properly account for each of these transactions and many more, as well as how to disclose them in one's financial statements.

The book is divided into two sections. In Chapters 1 through 6, we focus on the main real estate activities of building or buying property, followed by its sale to a third party. In Chapters 7 through 11, we deal with more specialized topics. These topics include time-sharing activities, rental transactions, asset retirement obligations, real estate ventures, and housing associations.

You can find the answers to many questions about real estate accounting in the following chapters, including:

- Which preacquisition costs can I capitalize?
- How do I capitalize the cost of interest into a real estate project?
- Do I recognize goodwill when buying an income-producing property?
- What are the criteria for using the different income recognition methods?
- How do I account for an exchange of property?
- How do I account for the sale of a time-share interval?
- What types of leases can be offered to a prospective tenant?
- How do I account for asset retirement obligations?
- How does an investor account for an interest in a real estate venture?

Real Estate Accounting is designed primarily for professionals, who can use it as a reference tool for determining the most appropriate accounting treatment of different real estate transactions.

Centennial, Colorado
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