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# Finance

In the College of Business Administration

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A member of AACSB International—The Association to Advance Collegiate Schools of Business.

The Personal Financial Planning Certificate is registered with the Certified Financial Planner Board of Standards, Inc.

## Faculty

Emeritus: Block, Bost, Cherin, Fisher, Gitman, Hippaka, Houston, Hungate, Hutchins, Nye, Reints, Sachdeva, Schmier, Short, Vandenberg, Warschauer, Wilbur

Chair: Varaiya

Professors: Badrinath, Do, Ely, Haddad, Omberg, Salehizadeh, Song, Sterk, Varaiya

Assistant Professors: Kim, Pukthuanthong, Zebedee

## Offered by the Department

Master of Science degree in business administration.

Master of Business Administration.

Major in finance with the B.S. degree in business administration.

Major in financial services with the B.S. degree in business administration.

Major in real estate with the B.S. degree in business administration.

Minor in finance.

Minor in real estate.

Certificate in personal financial planning.

## The Majors

The Finance department offers three majors: Finance, Financial Services, and Real Estate.

**Finance.** All forms of human endeavor involve finance to some degree. Within our economic system, finance is concerned with capital, which is money or property owned or used in business. Finance majors study both the sources and the uses of capital. The finance curriculum revolves around the valuation process in a free market system. Once an individual or company can value various alternatives, the allocation of resources and the decision process in business becomes much simpler.

Students who are interested in business should have a thorough understanding of the financial process. Upon graduation, students accept a wide variety of positions with business in general. The curriculum of the finance major is designed to give the student breadth in a variety of fields in addition to finance and business.

Employment prospects for graduates with finance majors are very good and forecasts remain encouraging. Graduates are typically found in six types of employment: large and small industrial firms (manufacturers of automobiles, steel, household appliances, and electronic equipment); service oriented firms (electric power, real estate and retail firms); financial institutions (banks, state and federally chartered savings and loan associations, and insurance companies); nonprofit enterprises (universities, labor unions, and foundations); and private businesses.

The diversity of entry level positions obtained by finance majors makes it difficult to describe a typical position. A major in finance does not limit career potential to banking or to any single area of business. A large number of individuals go to work for industrial companies in a variety of entry level positions that allow them to develop into top decision-making positions with those companies. A significant number of chief executive officers and other top officers of corporations have followed the "finance path" to the top.

**Financial Services.** Although the financial services major is based on many of the same analytical skills and theoretical foundations as the finance major, it is designed specifically to prepare students for careers in one of the segments of the financial services industry: securities, banking, insurance, real estate finance and personal financial planning. It is very common for single firms to own subsidiaries in each of these areas, so it is important for graduates entering these fields to be familiar with all aspects of these important financial sectors.

Graduates can look forward to analytical, managerial or sales careers in the financial services industry. Sales careers include insurance and securities sales. Analytical careers include loan and security analysis and personal financial planning. Managerial careers include management in each of the component industries.

**Real Estate.** The vision of the real estate program at SDSU is to create a ready-day-one educational program for students who aspire to become future leaders and professionals within the multifaceted real estate industry. The changing nature of today's real estate market requires that graduates from university real estate programs receive a complete and broad approach to this field. Graduates with a major in real estate should be capable of making a wide variety of management decisions concerning real estate and related land resources. This includes the ability to utilize new economic concepts, understand changing social concerns, and apply up-to-date analytical tools to the process of real estate decision making. SDSU's program in real estate provides students with analytical skills, technical competence to perform market analyses, and a better understanding of the tools necessary to perform in today's complex real estate and land markets. This is in addition to the conventional knowledge required for a license. It is the goal of the real estate program at SDSU to provide a high level of education, and thus prepare its graduates for job opportunities in a variety of organizations, large and small, public and private.

With more than two billion acres of land in the United States, important public and private decisions must be made every day about the use, management, and disposition of this vast real estate acreage. This means job opportunities for the real estate major are created in a variety of areas such as valuation, development, financing, brokerage, market analysis, and public regulation. Job opportunities in real estate may also exist even in times of economic uncertainty. For example, during recent times many enterprises, large and small, have turned their attention to maximizing returns generated by their often extensive real estate holdings. This has created a demand for a new real estate expert—one who can manage asset disposition, value existing properties, upgrade underutilized property, and negotiate lease terms and conditions. In addition, the changing nature of the financial environment in which real estate markets must operate has created a demand for people not only with basic real estate training, but also with good general business and financial skills. SDSU's real estate program recognizes this changing real estate environment and prepares majors for these diverse opportunities.

## Business Honors Program

The Business Honors Program offers excellent upper division business students the opportunity to explore issues in our local, regional, and global business environments focusing on the social and ethical responsibility that business has to the community and society. Honors students will enroll in a one unit business honors seminar each semester. During their enrollment they will participate in activities to promote their academic and personal growth, documenting their work in a written portfolio.

Generally, students should apply to this program at the time of application to upper division business. Applicants must submit an essay with their application. Applicants must have a 3.6 cumulative GPA or good standing in the University Honors Program. Students not meeting these requirements may petition for admission to the program. Successful completion of the Business Honors Program will be recognized at graduation. Contact Dr. Carol Venable, School of Accountancy, for more information about this program.

## Statement on Computers

Before enrolling in upper division courses in the College of Business Administration, students must be competent in the operation of personal computers, including word processing and spreadsheets. Business students are strongly encouraged to have their own computers capable of running word processing, spreadsheet, presentation, e-mail, and Internet applications such as those found in packages sold by major software publishers. Availability of on-campus computing resources can be limited due to increasing demand across the University.

## Retention Policy

The College of Business Administration expects that upper division students will make reasonable academic progress towards the degree. Students earning less than a 2.0 average in their classes for two or more semesters may be removed from the upper division major and required to declare a non-business major.

## Transfer Credit

**Lower Division:** Courses clearly equivalent in scope and content to San Diego State University courses required for minors or as preparation for all business majors will be accepted from regionally accredited United States institutions and from foreign institutions recognized by San Diego State University and the College of Business Administration.

**Upper Division:** It is the policy of the San Diego State University College of Business Administration to accept *upper division transfer credits* where (a) the course content, requirements, and level are equivalent to San Diego State University courses and (b) where the course was taught in an AACSB International—The Association to Advance Collegiate Schools of Business accredited program. Exceptions require thorough documentation evidencing the above standards.

## Impacted Program

The majors in the Department of Finance are impacted. Before enrolling in any upper division courses in business administration, students must advance to an upper division business major and obtain a business major code. To be admitted to an upper division business major (accounting, finance, financial services, real estate, information systems, management, or marketing), students must meet the following criteria:

- Complete with a grade of C or higher: Accountancy 220 and 230; Finance 240; Information and Decision Systems 180 and 290 (290 is not required for the accounting major); Economics 101 and 102; Mathematics 120 (or other approved calculus course); and either Statistics 119 or Economics 201. These courses cannot be taken for credit/no credit (Cr/NC);
- Complete a minimum of 60 transferable semester units;
- Have a cumulative GPA of 2.9;

Students who meet all requirements except the GPA may request to be placed on the waiting list. Students on the waiting list will be admitted on space-availability basis only. Contact the Business Advising Center (BA-448), 619-594-5828, for more information.

To complete the major, students must fulfill the degree requirements for the major described in the catalog in effect at the time they are accepted into the premajor at SDSU (assuming continuous enrollment).

## Finance Major

**With the B.S. Degree in Business Administration  
(Major Code: 05041)**

A minor is not required with this major.

**Preparation for the Major.** Finance 240; Accountancy 220, 230; Economics 101, 102; Information and Decision Systems 180, 290; Mathematics 120 (or other approved calculus course); and Economics 201 or Statistics 119. (27-29 units)

These prerequisite courses may not be taken Cr/NC; the minimum grade in each class is C. **Additional progress requirements must be met before a student is admitted to an upper division major.**

**Graduation Writing Assessment Requirement.** Completing one of the approved upper division writing courses (W) with a grade of C (2.0) or better or passing the Writing Proficiency Assessment with a score of 10 or above. See page 73 in "Graduation Requirements" section for a complete listing of requirements.

**Major.** Forty-four upper division units consisting of Finance 321, 323, 325, 327, 329, 423; Accountancy 325, 326; Information and Decision Systems 302; Management 350; Business Administration 404 or Management 405; Marketing 370; and six units selected from Finance 326, 328, 421, 425, 427. A "C" (2.0) average is required in the courses stipulated here for the major.

A minimum of 60 units of coursework applicable to the bachelor's degree must be completed outside the areas of business administration, economics, and statistics. A maximum of six lower division units in principles of accounting courses may be used to satisfy degree requirements.

## Financial Services Major

**With the B.S. Degree in Business Administration  
(Major Code: 05043)**

A minor is not required with this major.

**Preparation for the Major.** Finance 240; Accountancy 220, 230; Economics 101, 102; Information and Decision Systems 180, 290; Mathematics 120 (or other approved calculus course); and Economics 201 or Statistics 119. (27-29 units)

These prerequisite courses may not be taken Cr/NC; the minimum grade in each class is C. **Additional progress requirements must be met before a student is admitted to an upper division major.**

**Graduation Writing Assessment Requirement.** Completing one of the approved upper division writing courses (W) with a grade of C (2.0) or better or passing the Writing Proficiency Assessment with a score of 10 or above. See page 73 in "Graduation Requirements" section for a complete listing of requirements.

**Major.** Thirty-nine to 40 upper division units consisting of Finance 323, 326, 327, 331, 522, 589; Accountancy 503; Information and Decision Systems 302; Management 350; Business Administration 404 or Management 405; Marketing 370; six to seven units selected from Finance 421, 425, 427, 431, 435\*, 445, 523; Accountancy 326; Economics 320 or 422, 490; and Marketing 377. A "C" (2.0) average is required in the courses stipulated here for the major.

A minimum of 60 units of coursework applicable to the bachelor's degree must be completed outside the areas of business administration, economics, and statistics. This means that at least two units of electives (upper or lower division) must be completed in areas other than business administration, economics, and statistics. A maximum of six lower division units in principles of accounting courses may be used to satisfy degree requirements.

\* Prerequisite waived for this course.

### Real Estate Major

**With the B.S. Degree in Business Administration  
(Major Code: 05111)**

A minor is not required with this major.

**Preparation for the Major.** Finance 240; Accountancy 220, 230; Economics 101, 102; Information and Decision Systems 180, 290; Mathematics 120 (or other approved calculus course); and Economics 201 or Statistics 119. (27-29 units)

These prerequisite courses may not be taken Cr/NC; the minimum grade in each class is C. **Additional progress requirements must be met before a student is admitted to an upper division major.**

**Graduation Writing Assessment Requirement.** Completing one of the approved upper division writing courses (W) with a grade of C (2.0) or better or passing the Writing Proficiency Assessment with a score of 10 or above. See page 73 in "Graduation Requirements" section for a complete listing of requirements.

**Major.** Thirty-nine to 40 upper division units consisting of Finance 323, 331, 335, 431 or 433, 435; Information and Decision Systems 302; Management 350; Business Administration 404 or Management 405; Marketing 370; Public Administration 320; and 9 to 10 additional units selected from Accountancy 503; Finance 333, 431 or 433; Marketing 373; Economics 422, 490; Geography 354, 559. A "C" (2.0) average is required in the courses stipulated here for the major.

A minimum of 60 units of coursework applicable to the bachelor's degree must be completed outside the areas of business administration, economics, and statistics. A maximum of six lower division units in principles of accounting courses may be used to satisfy degree requirements.

### Finance Minor

The minor in finance consists of a minimum of 21 units to include Accountancy 230; Finance 321, 323, 326, 327, and 329; Statistics 119.

Courses in the minor may not be counted toward the major, but may be used to satisfy preparation for the major and general education requirements, if applicable. A minimum of six upper division units must be completed in residence at San Diego State University. Students with a major in the College of Business Administration, Hospitality and Tourism Management, or International Business may not complete a minor in the College of Business Administration.

Students must officially declare the minor before taking any upper division business courses. **Students must meet the prerequisites for the minor in effect at the time that they declare the minor.** The current prerequisites for admission to the finance minor include completion of the following courses with a grade of C or better: Economics 101, 102, and a three unit course in statistics (Statistics 119 is recommended); completion of the General Education requirements in Communication and Critical Thinking; completion of an additional nine units in the department of the student's major, including at least six units of upper division courses. Students must also meet the GPA requirement in effect at the time that they declare the minor. Contact the Business Advising Center (BA-448) for admissions criteria and procedures.

### Real Estate Minor

The minor in real estate consists of a minimum of 18 units to include Economics 102; Finance 240, 331, 335; and six units selected from Finance 333, 431, 433, and 435.

Courses in the minor may not be counted toward the major, but may be used to satisfy preparation for the major and general education requirements, if applicable. A minimum of six upper division units must be completed in residence at San Diego State University. Students with a major in the College of Business Administration, Hospitality and Tourism Management, or International Business may not complete a minor in the College of Business Administration.

Students must officially declare the minor before taking any upper division business courses. **Students must meet the prerequisites for the minor in effect at the time that they declare the minor.** The current prerequisites for admission to the real estate minor include completion of the following courses with a grade of C or better: Economics 101, 102, and a three unit course in statistics (Statistics 119 is recommended); completion of the General Education requirements in Communication and Critical Thinking; completion of an additional nine units in the department of the student's major, including at least six units of upper division courses. Students must also meet the GPA requirement in effect at the time that they declare the minor. Contact the Business Advising Center (BA-448) for admissions criteria and procedures.

### Personal Financial Planning Certificate

The purpose of this program is to provide a strong educational basis for persons desiring careers in the field of personal financial planning. Two categories of students are admitted: Matriculated students who have been admitted to an upper division College of Business Administration major and nonmatriculated students who work in the financial services industry, who may take the courses on a space-available basis.

This certificate is a program registered with the Certified Financial Planner Board of Standards, Inc.

Prerequisites to the program include Finance 240; Accountancy 230; Economics 101, 102; and Statistics 119. (15 units.)

The certificate requires 23 units to include Accountancy 503, Finance 323, 327, 421, 445, 522, 523, and 589. In order to qualify for this certificate a "B-" (2.7) average in the upper division certificate courses is required.

The adviser for the certificate is Dr. Thomas M.D. Warschauer, Department of Finance. All course units may be used for business majors where applicable. Courses in the certificate may not be counted toward the minor.

### Courses (FIN)

*Refer to Courses and Curricula and University Policies sections of this catalog for explanation of the course numbering system, unit or credit hour, prerequisites, and related information.*

#### LOWER DIVISION COURSE

##### FIN 240. Legal Environment of Business (3) I, II

Business legal system, sources of law, social and ethical influences, judicial and administrative systems, contracts, torts, bankruptcy, agency, business organizations, securities regulation, regulation of property, and protection of intellectual property interests. (Formerly numbered Finance 140.)

#### UPPER DIVISION COURSES (Intended for Undergraduates)

##### FIN 300. Personal Finance (3)

Prerequisite: Upper division standing.

Understanding and awareness of financial decisions students will make during their lives, and services and products available to them in implementing these decisions. This course is open to non-business majors.

##### FIN 321. Managerial Economics (3) I, II

Prerequisite: Approved upper division business major, business minor, or another major approved by the College of Business Administration.

Role of economic analysis in management decisions. Study of demand, cost, supply theories from a business viewpoint. Emphasis on managerial decision making.

**FIN 323. Fundamentals of Finance (3) I, II**

Prerequisite: Approved upper division business major, business minor, or another major approved by the College of Business Administration. **Proof of completion of prerequisite required:** Change of major form or other evidence of acceptable major code.

Objectives of financial management. Financing the business enterprise. Internal financial management. Introduction to the cost of capital, valuation, dividend policy, leverage, international finance, and the techniques of present value and its applications. Sources of capital.

**FIN 325. Intermediate Finance (4) I, II**

Prerequisite: Finance 323 with minimum grade of C.

Capital expenditure decision process. Measuring and evaluating benefits and costs. Cost of capital and the evaluation process. Capital rationing problems. Risk and uncertainty in decision process. Agency theory, option pricing, and arbitrage pricing in decision process.

**FIN 326. Financial Institutions Management (3) I, II**

Prerequisite: Finance 323 with minimum grade of C.

Management of financial institutions including savings and loan associations, mutual savings banks, credit unions, private pension plans, brokerage houses, investment companies, consumer credit institutions, federal credit agencies, and commercial banks. Emphasis on internal financial management of these institutions.

**FIN 327. Investments (3) I, II**

Prerequisite: Finance 323.

Measures of risk and return. Methods of security analysis, valuation, and capital asset pricing model. Portfolio theory and management; stocks, bonds, options, and futures; hedging; mutual funds and partnerships; and investment taxation.

**FIN 328. Entrepreneurial Finance (3) I, II**

Prerequisite: Finance 323.

Financial management tools and techniques over the stages of life cycle of a venture: development, start up, rapid growth and maturity. Linkages between market opportunity, competitive position, composition, and sources of financing of the ventures.

**FIN 329. International Business Finance (3) I, II**

Prerequisite: Finance 323.

Foreign exchange markets and instruments; international financial institutions; trade and balance of payments; exchange rate behavior and currency-risk hedging; cross-border investment; applications to management of international business.

**FIN 331. Real Estate Essentials (3) I, II**

Prerequisite: Completion of lower division course requirements in business major or minor.

Fundamental operations of the real estate market; principles of real property valuation, financing, law, investment, brokerage, management, and development.

**FIN 333. Law of Real Property (3) II**

Prerequisite: Finance 331.

Legal theory and practice of estates in land; landlord and tenant relationships; land transactions; mortgages and trust deeds; easements; land use; ownership rights in land; environmental law.

**FIN 335. Land Markets and Real Estate Analysis (3) I, II**

Prerequisite: Finance 331.

Theory and analysis of land utilization. Location analysis and determinants of land use patterns. Real estate market behavior and economic growth. Basic real estate investment analysis. Public controls and policies affecting land markets.

**FIN 421. Portfolio Management and Security Analysis (3)**

Prerequisite: Finance 327.

Market efficiency. Risk and utility analysis. Portfolio theory. Security analysis under modern investment theory. Advanced debt management and options techniques. Financial options and futures. Asset allocation and performance evaluation. Limited partnership investment analysis.

**FIN 423. Financial Analysis and Management (4) I, II**

Prerequisites: Finance 321 and 325. Strongly recommended: Accountancy 326.

Integration of various aspects of finance, application of financial theory. Financial decision making in the firm. Case study.

**FIN 425. Business Forecasting (3)**

Prerequisite: Finance 323.

Business fluctuations; forecasting, and related problems confronting the business firm; forecasting techniques; specific forecasts. The use of forecasts in the firm.

**FIN 427. Derivatives and Financial Risk Management (3)**

Prerequisite: Finance 323.

Introduce derivative instruments such as futures, options and swaps, nature of their markets and pricing methods. Applications of those instruments for hedging risks in equities, commodities, and exchange rates.

**FIN 431. Real Estate Finance (3) I**

Prerequisite: Finance 331.

Methods of financing real estate; sources of funds; governmental financial agencies; feasibility analysis for various types of properties.

**FIN 433. Theory of Real Property Value (3) II**

Prerequisite: Finance 331.

Introduction to theories of real property value. Techniques of value determination. Data analysis techniques.

**FIN 435. Real Estate Investment Analysis (3) I, II**

Prerequisites: Finance 335 and Finance 431 or 433.

Theories and methods of investment analysis applied to real estate. Integration of various aspects of real estate from the investors perspective. Use of computer models for investment decision making.

**FIN 445. Estate Planning (3)**

Prerequisite: Finance 323.

Fundamentals of estate planning, social and family implications of federal/state taxation of transfers of wealth by gift or at death. Study of trusts, conservatorships, guardianship and postmortem planning. How planning is affected by business assets, employee benefits, and insurance.

**FIN 496. Selected Topics in Finance (1-4)**

Prerequisite: Consent of department chair.

Selected areas of concern in finance. See *Class Schedule* for specific content. May be repeated with new content with consent of department chair. Limit of nine units of any combination of 296, 496, 596 courses applicable to a bachelor's degree. Maximum credit six units.

**FIN 498. Investigation and Report (1-3) I, II**

Prerequisites: Senior standing and consent of instructor.

A comprehensive and original study of a problem connected with finance under the direction of one or more members of the finance staff. May be repeated with new content. Maximum credit six units.

**FIN 499. Special Study (1-3)**

Prerequisite: Consent of instructor.

Individual study. Maximum credit six units.

### UPPER DIVISION COURSES (Also Acceptable for Advanced Degrees)

**FIN 522. Individual Insurance Management (3) II**

Prerequisites: Undergraduate: Completion of lower division requirements for the major. Graduate: Completion of prerequisite core.

Economic, legal, social, and ethical considerations of individual, business and group insurance including life, health, property, and liability insurance. Risk exposure and policy analysis.

**FIN 523. Employee Benefit Planning (2) I**

Prerequisites: Undergraduate: Completion of lower division requirements for the major. Graduate: Completion of prerequisite core.

Employee benefit and pension planning, including regulation and taxation issues.

**FIN 589. Personal Financial Planning (3) I**

Prerequisite: Finance 323.

Financial planning process including data gathering, cash flow and debt considerations, goal programming (including retirement and education funding), integration, plan formulation, and implementation. Practice management considerations including establishment of ethical and legal, client and professional relationships.

**GRADUATE COURSES**  
**Refer to *Bulletin of the Graduate Division.***

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