

# *MPSAX Primer*

Candidate's Lunch

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- Past Chapter 16 President
- IREM Instructor
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- Financial Course Rewrite Chair
- Candidate Tutor
- IREM FANATIC!



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**Today...**

- **MPSAX**
  - What to expect Day 1
  - What to expect Day 2
  - What to expect Day 3
  - What to expect Day 4
- **Computer Based MPSA Exam**



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**MPSAX – What to expect**

- Day 1 & 2
- Review of all skills required to complete the MPSA Exam
- Coursework covered:
  - Marketing Strategies (MKL400 Series)
  - Asset Management (ASM Series)
- Perform an As-Is Analysis (Midstream)
- Perform an Analysis of Alternatives



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***MPSAX – What to expect***

- You can bring your IREM workbooks
- Everything you need is included in the MPSAX workbook – so you do not have to bring any materials if you so choose
- You need a HP10BII
- A laptop is recommended!!!
- Class starts on-time and lasts 9 hours each day



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***MPSAX – Being Present***

- Class starts on-time and lasts 9 hours each day
- MPSAX require your attention and focus
- If you can't go away to take the Capstone series, make provisions in advance for home and work issues to be handled by others



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***MPSAX Days 1&2 – How to prepare***

- MKL Series:
  - Analyzing the Subject property
  - Selecting Comparables
  - Analyzing the Comparable properties
  - Performing an Adjusted Rents Calculation
  - How results influence proforma
  - **Practice the activities in the workbook until they are entirely comfortable**



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**MPSAX Days 1&2 – How to prepare**

- ASM Series:
  - Proforma
  - Midstream analysis
  - Four Measures of Investment Return:
    - \$/\$
    - Value Enhancement
    - NPV
    - IRR
  - Analysis of Alternatives



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**MPSAX Days 1&2 – How to prepare**

- ASM Series:
  - Practice the activities in the ASM603 & ASM604 workbooks until they are entirely comfortable
  - Practice the case studies in the ASM605 until they are entirely comfortable
  - Practice additional case studies
  - Practice with the IREM spreadsheet



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**MPSAX Days 1&2 – The Process**

- Evaluate a property in **AS-IS** condition
  - Narrative description
  - Define issues and concerns
  - Perform Adjusted Rents Calculations
  - Develop a proforma
  - Perform a Midstream Analysis
  - Calculate 4 measures of investment return



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**MPSAX Days 1&2 – The Process**

- Based upon the issues and concerns identified during the As-Is evaluation and the Owner objectives provided:
  - Select improvements that would help to best achieve the Owner’s objectives
  - Narrative description of changes and why
  - Perform Adjusted Rents Calculations
  - Develop a proforma
  - Perform a Midstream Analysis
  - Calculate 4 measures of investment return
  - **Make a recommendation**



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**MPSAX Test – What to expect**

- 2 Day test
- Coursework covered:
  - Marketing Strategies (MKL400 Series)
  - Asset Management (ASM Series)
- Perform an As-Is Analysis (Midstream)
- Perform an Analysis of Alternatives
- **Make a recommendation!!**



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**MPSAX Test – What to expect Day 3**

- Morning:
  - Answer 10 questions related to the concept of management plans and investment analysis worth 150 of the total 1000 points



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**MPSAX Test – What to expect Day 3**

- Mid Morning until Day 3
  - **Work Alone!**
  - You are provided a scenario (Case Study)
  - Complete the As-Is Analysis: Narrative, Adjusted Rents, Midstream, 4 Measures
  - **Class ends at 9 hours**
  - Work stops – no all nighters!



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**MPSAX Test – What to expect Day 4**

- You work alone
- You are provided additional material as follows:
  - Owner objectives
  - Capital Improvements and related costs
  - New comparable properties
- Based upon the issues and concerns identified during the As-Is evaluation *and* the new materials, select changes that would help to best achieve the Owner objectives



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**MPSAX Test – What to expect Day 4**

- Narrative description of changes (*Hint: Think on Paper! Tell grader why, where, what and how*)
- Perform Adjusted Rents Calculation
- Develop a proforma
- Perform a Midstream Analysis
- Calculate 4 measures of investment return
- **Make a Recommendation!**



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**Frequently Asked Questions**

- Can I still take a traditional paper-based exam?
  - Yes, paper-based exams are available



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**More Thoughts.....**

- ASM in classroom
- Timing of Comprehensive Exam



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**Resources....**

- The Chapter
- Region 3 Education Committee
- Me....
  - LFrenkil@wpmlc.com
  - 443.796.7411



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***Good Luck!***



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# **MPSA – What to Expect!**

## Day 3 Morning

### **Essay**

- a. Fifteen questions 10 [150 PTS] *MKL400 Series, FIN402, ASM603,604,605*

## Day 3 Mid-Morning to 5pm

### **Property Description**

- a. Property Description **[25 PTS]** *MKL400*
- b. Managerial Description **[25 PTS]** *MKL400*
- c. Financial Analysis (historical as-is) **[100 PTS]** *MKL400*
- d. Summary & Conclusions **[50 PTS]**

### **Market Analysis**

- a. Regional & Neighborhood Analysis
  - Regional Description **[50 PTS]** *MKL400*
  - Neighborhood Description **[50 PTS]** *MKL400*
- b. Comp Survey/Adjusted Rents – establish Market Rent **[100 PTS]** *MKL400*
- c. Summary & Conclusions **[50 PTS]**

### **Analysis of Alternatives**

- a. Issues and Concerns **[50 PTS]** *ASM603,604,605*
- b. As-Is Analysis **[25 PTS]** *ASM603,604,605*
  - Pro Forma/Forecast Income **[25 PTS]** *ASM603,604,605*
  - Cash Flow Analysis **[25 PTS]** *ASM603,604,605*
  - Four Tests **[25 PTS]** *ASM603,604,605*

## Day 4 Morning to 5pm

### **Analysis of Alternatives (Cont)**

- c. Alternative 2
  - Define Alternative **[25 PTS]**
  - Comp Survey/Adjusted Rents – establish new Market Rent **[25 PTS]** *MKL400*
  - Pro Forma/Forecast Income **[25 PTS]** *ASM603,604,605*
  - Cash Flow Analysis **[25 PTS]** *ASM603,604,605*
  - Four Tests **[25 PTS]** *ASM603,604,605*
- d. Four Tests Matrix Summary **[25 PTS]** *ASM605*

### **Recommended Course of Action**

- a. Make a Recommendation **[100 PTS]** *ASM605*

**Total Points Possible: 1,000**  
**Required to Pass: 700**