

UNIT 1: A PLAN FOR BUYING

A. Before you read the text, answer the following question:

- What should a family do before starting to look for a new home?

Read the following text, containing some general ideas on what to do before starting a home search.

Make a Plan

Buying a home is a time of enormous possibilities and intense preparation. Doing some preliminary planning before you begin your home search will make the entire process more manageable and less complicated. As part of your initial plan, you should:

- Improve your credit rating;
- Explore mortgage pre-qualification and pre-approval;
- Become an informed buyer; and
- Make a prioritized wish list to find out what you need, what you want and what you don't want in a new home.

(http://www.appleton.biz/how_to_buy.htm)

1. Now, decide which definitions correspond to the following words and expressions:

mortgage, pre-approval, credit rating, pre-qualification

_____ : assessment (usually expressed within a scale) of how much money can be loaned to a person and how likely he/she is to fulfil credit obligations

_____ : previous study (made by a real estate broker or by a lending) of how much money a bank will lend you and the repayment schedule, with no commitment by either the bank or the prospective borrower

_____ : secured loan in which the property purchased is used as security

_____ : written commitment from a lending institution specifying the amount such institution will lend to a borrower, if certain conditions are met (credit rating, minimum appraisal, etc.)

2. Give the appropriate Spanish terms equivalent to the previous definitions.

3. Now, translate the following sentences into English.

Los compradores deberían informarse sobre la situación del mercado.

La calificación crediticia debe mejorarse antes de buscar vivienda o solicitar una hipoteca.

Cuando se compra una casa, hay cosas que son necesarias, mientras que otras no lo son, incluso si son atractivas.

B. Now, read the following text on the importance of each person's credit rating.

Check your credit rating

Even if you're sure you have excellent credit, it's wise to check at the beginning. Our REALTOR.COM website makes ordering a copy of your credit report easy. Eliminating any errors or disputed items now will avoid troublesome delays later on, when you're waiting for mortgage approval.

You may see disputed items, in addition to errors caused by a faulty social security (or identity card) number, a name similar to yours, or a court ordered judgment you paid off that hasn't been cleared from the public records. If such items appear, write a letter to the appropriate credit bureau. Credit bureaus are required to help you solve things in a reasonable time (usually 30 days).

TIP: Make sure that any outdated negative entries are deleted from your credit record. Adverse credit information is not supposed to be reported or included on your credit report after seven years (except bankruptcy information, which can be reported up to ten years).

TIP: Officially cancel inactive credit cards. If you have an inactive credit card with a \$5,000 limit, even though you owe nothing on it, some mortgage lenders will consider that a potential future debt. Too many inactive credit cards with significant credit limits could prevent you from obtaining a mortgage loan. Don't just cut up your extra cards; officially cancel them, and do it now so there will be time for the news to reach the credit bureaus.

TIP: Do not make any major credit card or car purchases while you're waiting to apply for a mortgage. Monthly payments you're obligated to pay will be counted against you, and reduce the amount of the mortgage loan you'll be offered. Even if you've been pre-approved for a mortgage, that approval is subject to last-minute evaluation of your financial situation, and a three-day spending session on appliances, furniture and other nice items intended for your new home may eliminate your chances for buying it.

(adapted from <http://www.myfloridahomestore.com/buyers-real-estate-tips.htm>)

1. Say whether the following statements are true (T) false (F) or the text does not provide such information (?).

- a) People with traditionally good credit rating need not check before applying for a mortgage.
- b) Credit reports can be ordered though the realtor.com website.
- c) A spelling mistake may eventually cause you to have a negative credit rating.
- d) Negative information concerning e.g. not paying a loan will be with you for the rest of your life.
- e) Credit cards may affect your credit rating even if you never use them.
- f) It is sufficient to cancel your unusual credit cards one week after you apply for a mortgage.
- g) Once mortgage pre-approval has been obtained, nothing may prevent you from getting the mortgage you have been promised.

2. Find words in the text which are synonymous with...

mistake _____
economic _____
removed _____

evaluation _____
request _____
important _____

3. Complete the following sentences with information from the text:

- a) It is a good idea to obtain a _____ of your _____ report, to check if there are any _____, so that you can get the credit bureau to _____ them.
- b) Any negative _____ information will not be _____ in your credit report after a number of years, even in cases of _____.
- c) Credit _____ are potentially dangerous, both when you do not use them (because _____ credit cards are considered a potential _____), and when you do use them (because people tend to make major _____ purchases a few days _____ before they are given the _____, and the lender may make a last-minute _____ of your finances).

4. Translate the following sentences into English.

Los últimos días antes de la oferta vinculante no son el mejor momento para mejorar su calificación crediticia.

Cuando se paga una deuda, es necesario asegurarse que esa deuda se ha eliminado de los registros.

En algunos países, la información sobre deudas impagadas (*unpaid*) no aparece en los informes después de algunos años.

Las entidades de crédito consideran las compras con tarjeta de crédito parte de las deudas de sus clientes.

C. Read the following text, which explains the differences between mortgage pre-qualification and mortgage pre-approval.

Pre-qualification and pre-approval on a Mortgage

In many countries, including the U.S., any good real estate broker will "pre-qualify" you for a mortgage before you start looking for a house. This process includes analyzing your income, assets and present debt to estimate what you may be able to afford on a house purchase. Mortgage brokers, or a lender's own mortgage advisors can also calculate the same sort of informal estimate for you.

Obtaining mortgage "pre-approval" is another thing entirely. It means that you have in hand a lender's written commitment to give you a loan (subject only to the particular house you want to buy passing the lender's appraisal).

Pre-approval makes you a strong buyer, welcomed by sellers. Most other purchasers are in a more difficult negotiating position, because they are not sure that they can obtain financing.

The negative side is that you must pay application fees to cover the lender's paperwork in verifying your employment, income, assets, debts and credit rating. If you later decide not to use that particular lender, you'd have to start all over again somewhere else – and you do not get your expenses back.

Pre-approval will also speed up the entire mortgage procedure once you've found the house you want, the only remaining question will be whether the house will "appraise" for enough to warrant the loan.

(adapted from http://art.rls2000.com/pages/buying-selling_tips/buying_content.asp?page=buyingahome)

1. Say whether the following statements are true (T) false (F) or the text does not provide such information (?).

- a) Mortgage pre-qualification can be carried out by both real estate agents and lending institutions.
- b) For mortgage pre-qualification borrowers must provide written evidence of their income.
- c) Unlike mortgage pre-qualification, mortgage pre-approval is related to one specific home.
- d) When it comes to bargaining with the seller, it does not really matter if you have mortgage pre-approval or not.

2. Find words in the text corresponding to the following definitions:

_____ : specific type of loan in which the debt is secured by the real property purchased.

_____ : individual or legal person who lends money at an interest.

_____ : money or other assets received from one's business, land, work, investments, etc.

_____ : formal declaration or promise that someone will do something in the future.

_____ : something that is owed (usually money).

3. Complete the following sentences with information from the text:

a) In order to pre-qualify you for a _____, any real estate _____ can analyze how _____ money you can spend; this is done by studying your _____, _____ and present _____ (if any).

b) Pre-approval is a _____ commitment, signed by the _____, in which he declares that he will give you a _____ for a specific amount, if the _____ you want to buy passes the lender's _____.

c) Although pre-approval is useful if you need to _____ with sellers, because you already have _____, the negative side is that it _____ money: you have to pay application _____, and if you decide to go to another _____, you will not get that money _____.

4. Translate the following sentences into English.

La simulación es un cálculo informal de las posibilidades del prestatario, mientras que la oferta vinculante cuesta dinero y sólo puede hacerla la entidad de crédito.

La parte positiva de la oferta vinculante es que el comprador está seguro de que tiene la financiación que necesita.

La única condición en la oferta vinculante es que la casa debe ser tasada por la entidad de crédito.

D. Now, read the following text, describing the final steps before you start searching for a home.

Become an Educated Buyer: Research Neighborhoods, Read Ads and Visit Open Houses

In the past, if you were changing cities, the standard advice used to be to subscribe to the local newspaper in the new town and start reading local news and classified ads to get a feeling for different neighborhoods. Although that's still a good idea, you can simplify the house-hunting process by using the Internet.

For local moves, you have the advantage of driving around neighborhoods that interest you and looking at lawn signs. Particularly on weekends, you will see "Open House" postings. Don't hesitate to walk in, even if you're not ready to buy yet. Visiting open houses is an excellent way to familiarize yourself with the market and judge various real estate agents you may meet, and it won't put you under obligation to anyone.

Your Wish List

In order to buy the right home, you should find out exactly what features you need, what you want and what you don't want in a home. Before starting your search, you should make a "wish list" to decide what is absolutely essential, which are nice "extras" if you find them, and what is completely undesirable.

The more specific you can be about what you're looking for from the beginning, the more effective your home search will be. Create your own personalized Wish List and when you're finished, print it, fill it out, and take it with you to your real estate agent.

(adapted from <http://www.wesellchatsworth.com/Guide/plan.asp>)

1. Say whether the following statements are true (T) false (F) or the text does not provide such information (?).

- a) If you are going to move to a different city, subscribing to a local newspaper is a good idea.
- b) The Internet makes finding a home easier.
- c) You should not visit open houses until you are ready to buy.
- d) When you buy a home, you must learn to distinguish the essential from the accessory.

2. Now, translate the following sentences into English.

Si tiene una lista impresa de lo que realmente necesita en su nuevo hogar, puede enseñársela al agente de la propiedad inmobiliaria.

Los carteles en las ventanas le darán una idea de qué barrios son más interesantes.