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Методическая разработка
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Text 1

I. Read and translate the text.

THE REAL ESTATE INDUSTRY

Real estate covers more than buying and selling. Every land development, building, and project at some time requires the services of real estate specialists. They concentrate on investments, property management, land development, financing, counseling, appraising, and related tasks.

Real estate specialists are active in private industry, real estate trade associations, and government agencies. As real estate specialization grows, real estate personnel are found in both large and small offices offering professional service to the public.

Private Industry

Private industry includes many businesses ranging from firms that market real estate to companies that appraise, finance, and manage real estate. Some companies offer a full range of real estate services and other companies that specialize in single operations, such as developing residential property or shopping centers. Still other firms specialize in real estate management, appraising, and counseling; some firms form partnerships that make real estate investments. Note, also, that private real estate operations include certain other related activities, such as title and property insurance, real estate lawyers, surveyors, architects, and building contractors.

Corporations also use real estate specialists to select new locations, negotiate leases, and manage company – owned real estate. This list would include timber companies that own millions of acres, some of which are suitable for development, and oil, railroad, mining, and paper companies.

Before its recent reorganization, American Telephone & Telegraph Company managed more than 24,000 company buildings. Most of the company affiliates handled real estate through a department responsible for real estate matters. With the popularity of national business chains and franchise retailers, corporate real estate represents an expanding demand for real estate specialists.

Trade Associations

Real estate activities are characterized by highly organized trade associations. Trade associations perform a wide variety of member services –

most associations sponsor education programs, conduct research, and enforce a code of ethics.

The importance of real estate trade associations is very significant. For example, organizations that specialize in real estate management include the Building Owners and Managers Association and the Institute of Real Estate Management. Both organizations sponsor educational programs and issue designations for qualified members. The International Council of Shopping Centers and the National Apartment Association are examples of other organizations that provide research and information services.

Trade associations include members who specialize in various functions, such as appraising, development, construction, and marketing. The marketing associations are organized under the National Association of REALTORS® which administers various state, local, and national memberships. Other organizations in development – construction and investment – finance fields cover several associations with specialized members who provide highly technical real estate services.

Notes.

1. to range – помещать, варьироваться
2. surveyor – инспектор
3. local property tax – местный налог на имущество
4. low-income groups – категория граждан с низким доходом
5. to enforce – проводить в жизнь
6. to affiliate – присоединять, зд. быть дочерней компанией
7. timber companies – лесные хозяйства

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Real estate industry provides public with different services of real estate specialists.
2. Real estate covers only brokerage operations and property financing.
3. The importance of real estate is increased due to continuing demand for new real estate developments.

III. Answer the following questions.

1. Why is real estate more than buying and selling?
2. What does the real estate industry include?
3. What can be referred to the private industry?
4. Where do real estate specialists offer their services?
5. Why do corporations use real estate specialists?
6. Why are real estate trade associations so important?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line references.

1. Real estate specialists deal with investment, financing, and appraising.
2. Private organizations use the services of lawyers, surveyors.
3. The demand for real estate specialists is increasing.
4. Trade associations can provide with financing for researches.
5. Most of the American Telephone and Telegraph Company affiliates handled real estate through...
6. Trade associations perform a wide variety of member services.
7. This kind of business ranges from firms that market real estate ...
8. Such companies own millions of acres suitable for development, mining and paper companies.
9. The National Association of Realtors administers various memberships.
10. There are members who provide highly technical real estate services.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Land development, building and project do not require the services of real estate specialists.
2. Real estate personnel work in offices to make investment in any projects.
3. Private real estate companies specialize in the sphere of developing residential property.
4. Corporate real estate agents are of high demand.
5. Only corporation can enforce a Code of ethics.
6. The Building Owners and Managers Association provide financing for educational programs.
7. Real estate lawyers deal with property insurance.
8. Surveyors are the specialists offering the building services.
9. Franchising is not profitable for corporate real estate agents.
10. Some organizations provide research and information services.

VI. Insert the missing words and translate the sentences.

1. Real estate ... more than buying and selling.
2. As ... grows, real estate personnel are found in both large and small offices offering professional service to the public.
3. Companies in private industry ... full range of real estate services.
4. Some firms form ... that make real estate investments.

5. Corporations also use real estate specialists to ... new locations, ... leases and ... company.
6. Before its ..., American Telephone and Telegraph Company managed more than 24,000 company buildings.
7. ... of national business chains and franchise retailers, corporate real estate represents an expanding demand for real estate specialists.
8. ... are characterized by highly organized trade associations.
9. Both organizations ... educational programs and ... designations for qualified members.
10. Trade associations include members ...

VII. Refer back to the text and find synonyms.

1. building
2. contribution
3. a place to trade
4. union with membership
5. funding, financing

Now refer back to the text and find antonyms.

1. public
2. crisis, recession
3. to exclude
4. significance
5. unskilled

VIII. Translate the sentences from Russian into English.

1. При заключении сделок, связанных с приобретением/продажей земли или строения, требуются услуги риелторов.
2. Риелторы работают в частном секторе, риелторских ассоциациях и государственных учреждениях.
3. В связи с расширением риелторской специализации риелторов можно найти и в больших и в малых организациях, предлагающих свои профессиональные услуги общественности.
4. Одни компании предлагают полный спектр услуг по недвижимости, в то время как другие компании занимаются единичными операциями.
5. Страхование имущества является одной из операций при оформлении сделки с недвижимостью.
6. Высоко развитая структура профсоюзов определяется деловой активностью риелторов.

7. В профсоюзах работают специалисты в области оценки недвижимости, разработки стратегий, строительства и маркетинга.
8. В некоторых профсоюзах работают специалисты, предлагающие высокотехнические услуги по недвижимости.
9. Риелторы из частного сектора специализируются на разработках земель, строительстве, оценке, финансировании, консультации, слияниях, инвестициях.
10. Профсоюзы созданы для финансирования образования, исследований. Они строго следят за соблюдением этических норм среди своих членов.

IX. Retell the text.

Text 2

I. Read and translate the text.

REAL ESTATE SPECIALIZATION

Compared to other fields of knowledge, professional education in real estate subjects is relatively new. Real estate as an organized industry was encouraged by the enactment of state real estate license laws that regulate and qualify real estate brokers and salespersons and the formation of real estate trade associations. With the enactment of laws that required real estate agents to pass qualifying examinations to act as real estate brokers, standards and qualifications were raised considerably.

The first such licensing act, enacted by California, was upheld in 1919 by the state supreme court. It stated that an agent “should have in a particular degree the qualifications of honesty, truthfulness and good reputation”. Today the 50 states and the District of Columbia not only require a qualifying examination for real estate brokers and salespersons but, in many instances, also require specialized real estate courses.

Though practices among the states vary, the educational requirements prevailing in the state of Georgia indicate the national trend toward higher educational standards for the industry. The requirements for a Georgia real estate license include the following:

1. At least 18 years of age.
2. U.S. citizen.
3. High school graduate or holder of a certificate of equivalency.
4. Twenty – four class hours of a course of study approved by the Real Estate Commission or five credit hours in a real estate subject at an accredited university or college.
5. Successful completion of a written three – hour examination.

An applicant for a real estate broker’s license must serve three years as a licensed salesperson, complete 60 hours in a course approved by the Real Estate Commission, or substitute 15 credit hours in real estate subjects at an accredited university or college. Like some other states, Georgia also requires continuing postlicense education. Currently, a newly licensed salesperson must complete at least 80 in-class hours of approved study within two years of the licensing date.

To illustrate further, in the state of Indiana, a person may qualify as a real estate broker with (1) a bachelor of arts degree, concentrating in business administration, real estate, or economics, and (2) two years’ active experience as a licensed real estate salesperson. Colorado, on the other hand, requires two years of experience as an active licensed real estate salesperson (or equivalent experience) and a degree from an accredited degree – granting college or university with a major course of study in real estate. Completion of other commission – approved real estate courses may also be used to qualify as a real estate broker.

License requirements provide minimum standards. The individual who qualifies as a real estate salesperson or broker is not necessarily an expert in the field. To be successful in the industry, a person must know more than regulations governing real estate agents or the requirements of real estate forms, listing agreements, and real estate arithmetic. To gain expertise, some industry prospects take courses leading to a bachelor’s, master’s, or Ph.D. degree with real estate as the major course.

Notes.

1. to be encouraged – способствовать
2. relatively new – относительно новый
3. enactment of law – издание закона
4. to uphold – проводить
5. State Supreme court – верховный суд штата

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Only license guarantees the place of work for real estate agents.
2. Proficiency of real estate agent is of high importance.
3. The first licensing act, enacted by California, gave the way to the foundation of real estate education.

III. Answer the following questions.

1. How was the real estate encouraged as an organized industry?
2. What do real estate agents have to pass according to the enactment of laws?
3. What was stated in the first licensing act enacted by California?
4. Name the requirements of a Georgia real estate license.
5. Describe the process of studying to get a real estate broker's license in the State of Georgia.
6. What must a person know to be successful in the real estate industry?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line references.

1. Real estate subjects are newly introduced.
2. The enactment of state license laws promoted the foundation of the real estate industry.
3. Standards and qualifications required for real estate agents were raised considerably.
4. In the first licensing act in California adopted in 1919 it was stated about qualifications of an agent.
5. There are specialized courses in the USA.
6. To get a real estate license an applicant must be of 18 years old.
7. 60-hour-course for real estate agents was approved by the Real Estate Commission.
8. Many states require continuing postlicense education.
9. A newly licensed salesperson must continue his study within two years.
10. A real estate salesperson might not be an expert in the field.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Real estate specialization has been studied for long.
2. Real estate industry was founded after the formation of real estate trade association.
3. To act as a real estate broker an agent has to become a member of stock exchange.
4. The first licensing act, enacted by Georgia, was upheld in 1918.
5. The first licensing act stated about good reputation of an agent.
6. Many States require only specialized real estate courses.

7. One of the Georgia's requirements in getting real estate license is that an applicant must serve after courses at the trade association.
8. According to Georgia license an applicant must have a certificate of high school.
9. In the State of Indiana real estate broker must have 3 years of experience.
10. Real estate agent must be proficient in listing agreement.

VI. Insert the missing words and translate the sentences.

1. Compared to other fields of ..., professional education in real estate subjects is ...
2. Enactment of law required real estate agents to pass ...
3. The first licensing act, enacted by California, was upheld in 1919 by ...
4. The licensing act stated that an agent "should have in a particular degree..."
5. An applicant for a real estate broker's license must serve ... as a licensed salesperson.
6. ..., a newly licensed salesperson must complete ... of approved study.
7. Colorado requires ... as an active licensed real estate salesperson.
8. In the State of Indiana a person may qualify as a real estate broker with a bachelor of arts degree, concentrating in ...
9. The individual who qualifies as a real estate salesperson or broker is not necessarily ...
10. To be successful in the industry, a person must know more than ...

VII. Refer back to the text and find synonyms.

1. to control, to manage
2. foundation, creation
3. skills
4. conditions, terms
5. norms

Now refer back to the text and find antonyms.

1. slightly
2. to hide
3. inexperienced
4. to begin
5. issue

VIII. Translate the sentences from Russian into English.

1. Обучение предметам по недвижимости стало вводиться не так уж давно.
2. Государственная лицензия о недвижимости контролирует деятельность риелторов.
3. Издание законов о государственной лицензии о недвижимости вывело недвижимость в самостоятельную индустрию.
4. Агент должен иметь в значительной мере такие качества как: честность, доверие и хорошую репутацию.
5. По требованию округа Колумбии риелторы должны сдать квалификационные экзамены и специальные курсы по недвижимости.
6. Одним из требований для получения лицензии по недвижимости в Штате Джорджия является прохождение 4 часового письменного экзамена.
7. Кандидат для получения лицензии брокера должен проработать 3 года в качестве сертифицированного продавца.
8. Новоиспеченный агент должен пройти 80 часовой курс в течение двух лет со дня получения лицензии.
9. Чтобы быть успешным в области недвижимости, необходимо знать больше о требованиях по формам недвижимости, соглашениях и математических вычислениях.
10. По законам некоторых штатов агенты должны продолжить свое образование после получения лицензии.

IX. Retell the text.

Text 3

I. Read and translate the text.

Real Estate Ownership

Our system of landownership, referred to as the allodial system, consists of private ownership without the payment of money or services to other persons. Such payments or services were required under the feudal system of ownership. Among the 50 states, real estate laws tend to conform to colonial practices. Accordingly, most of our land titles conform to English law. However, in the southwestern states certain elements of Spanish law are still evident. Louisiana is the only state that bases landownership on Napoleonic law. For the most part, land titles in the United States may be traced to land grants from the king of the ruling country. For instance, a portion of Florida was granted by the King of Spain in 1817 by the following proclamation:

On November 12, 1816, the Grantees herein memorialized the King of Spain for a Grant of land in Florida, for colonization purposes about 36 miles West of the St. Johns River and about 52 miles West of St. Augustine, which said lands extended four leagues to the East Point of the compass in a rectilinear figure taking for the center a place called Alachua formerly inhabited by Seminole Indians ... provided, however, that the said land had been abandoned by the Indians and also provided that the same was settled within three years by two hundred families.

Even today certain estates in the Southwest may be traced to Mexican land grants or to grants from the Spanish crown. Although the land tenure system in the United States descended directly from the feudal tenures, the feudal land system was rejected in favor of a system of private ownership. In colonial times, it was believed that the acquisition, possession, and protection of property were an essential, natural, and inalienable right. Under the allodial land system, it is necessary to distinguish among five terms: real estate, real property, land, personal property, and fixtures.

Real Estate. In practice, the terms land, real estate, and realty are interchangeable. Real estate refers to the physical property, technically defined as land and its attachments. For example, a house permanently affixed to the land becomes part of the land and is conveyed with the land – the land and building are viewed as real estate. The distinction is important where the building may be constructed by a tenant on leased land. A default on the lease may mean that the tenant forfeits interest in the building, since the landowner acquires full use, possession, and rights to the land and its attachments in the event of a default by the tenant.

In other instances, property not attached to the land is not part of the real estate – for example, a mobile home trailer on wheels and not affixed to the land. If, however, the mobile home is permanently connected to sewer, water, gas, and electricity and is supported by a permanent foundation (even though the wheels are present), the mobile home is considered part of the land in most jurisdictions. Conveyance of the land would include the mobile home.

Legally, the term land refers to the surface, the subsurface, and the space above the land. A land parcel, which is described as a flat plane, creates certain rights of ownership, theoretically from the center of the earth to the point above the surface where public rights permit. It will be recognized that space above the land may reach a height where public rights prevail over private rights – for example, the right of the public to fly airplanes over the land. International rights begin at some point above the earth, allowing nations to launch satellites that travel high above the earth's surface.

Real Property. Real property refers to the legal rights associated with landownership. The term has been defined as “the interests, benefits, and

rights inherent in the ownership of the physical real estate.” Real property rights are highly divisible. Legally, the ownership of property rights consists of a bundle of rights like a bundle of sticks that may be conveyed individually or in groups, according to the owner’s wish. Thus, real property refers to interests held in land and its attachments. Absolute ownership – the full bundle of rights – gives the owner exclusive rights of possession, use, and enjoyment. In addition, absolute ownership includes the right to dispose of the property by sale, will, or gift. Some of the more common ways to divide property rights include the conveyance of:

Subsurface rights independent of surface rights.

The airspace above the surface.

Possession for a limited time (a lease).

Use rights for a limited purpose (a right-of-way easement).

A mortgage that pledges an interest in real estate as security for a loan.

Many other means of dividing property rights give real estate owners considerable flexibility in acquiring, financing, and disposing of property interests. In some instances, the conveyance of these partial interests may be combined to serve the special needs of parties to a real estate transaction.

Notes.

1. allodial system – аллодиальная система (владение имуществом по безусловному праву собственности)
2. tend to conform – подлежать соответствию
3. evident – очевидный
4. to trace – чертить, отслеживать
5. rectilinear – прямолинейный
6. to abandon – оставлять, покидать
7. tenure – владеть имуществом
8. to forfeit – конфисковать, лишиться
9. conveyance – передача собственности

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Landownership is an essential, natural and inalienable right.
2. Landownership held interests in land and its attachments.
3. Landownership refers to the real property.

III. Answer the following questions.

1. What have you known about the allodial system?
2. What is the difference between allodial and feudal systems of ownership?
3. Tell the history about granting lands from the King of Spain.

4. What is viewed as real estate?
5. What is the result of a default on the lease for tenant?
6. Where did international rights for land begin?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line references.

1. The allodial system consists of private ownership without any payment.
2. Some land titles conform to Spanish law.
3. Louisiana conforms to the law different from other states.
4. There are five terms to determine the property in the allodial system.
5. The feudal land system ended with the changing into allodial one.
6. Physical property in form of land and its attachments can be considered as real estate.
7. Due to default on lease a tenant loses interest in the building.
8. In some cases, property cannot be considered as a real estate.
9. Real property is the legal right for landownership.
10. The rights for real property can be disposed.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. The allodial system allows people to have ownership free of charge.
2. The feudal system of ownership was free of charge.
3. Most of the lands were granted from a king of the ruling country.
4. If Seminole Indians settled in Alachua place, it was considered to be free from other families.
5. The allodial system changed into the feudal system.
6. Realty is the physical property.
7. Non-permanent house not affixed to the land is not referred to the real estate.
8. The terms real property and real estate are interchangeable.
9. Real property includes interests in land.
10. Absolute ownership includes the right to make a real estate transaction.

VI. Insert the missing words and translate the sentences.

1. The allodial system consists of ... without ... to the other person.
2. Most of our land titles ... English law.
3. In colonial times, it was believed that ..., ... and ... of property were an essential, natural and inalienable ...
4. Under the allodial land system, it is necessary to distinguish among five terms: ...
5. Real estate refers to the physical property, technically defined as ...
6. A default on the lease may mean that the tenant ... interest in building.
7. Legal term land refers to ...
8. Real ... property refers to ... associated with landownership.
9. Absolute ownership gives the owner exclusive rights of ...
10. Absolute ownership includes the right to dispose of the property by ...

VII. Refer back to the text and find synonyms for the following words.

1. to leave
2. to settle
3. to give up
4. a rent
5. to dominate

Now refer back to the text and find antonyms.

1. to dispose
2. to raid
3. to purchase
4. to ban
5. in groups

VIII. Translate the sentences from Russian into English.

1. Чтобы иметь собственность при феодальном строе, нужно было платить за нее.
2. Большинство земель находится под юрисдикцией английского закона.
3. Некоторые земли были дарованы Испанским королем.
4. При феодальном строе считалось, что приобретение, владение и защита собственности были неотъемлемым правом.
5. Недвижимость – это физическая собственность, определяемая как земля, вместе с дополнением к ней.
6. В некоторых случаях, собственность, закрепленная к земле, не является частью недвижимости, например трейлер.
7. Юридически, под термином земля подразумевают поверхность на, над и под землей.

8. Воздушное пространство над частным владением является общественным пространством, например: для полета самолетов.
9. Собственность относят к юридическим правам на владение.
10. Право на владение собственностью может быть передано одному или нескольким лицам.

IX. Retell the text.

Text 4

I. Read and translate the text.

SEVEN NEW RULES FOR THE FIRST-TIME HOME BUYER BY RON LIEBER

Part I.

Too many people bought too much house for too many years.

Yes, the financial system almost collapsed because mortgage bankers and brokers told lies about loan terms and loosened standards in dangerous way, and investment bankers packaged those loans into bonds that were far more toxic than rating agencies predicted.

But the roots of the mortgage contagion lie with all of us and desire to own just a bit more house.

So as the one-year anniversary arrives of our near financial collapse, it's a good time to blow up a long-standing but underexamined maxim of real estate – which you should always stretch financially when buying your first home.

No one is quite sure who came up with this idea, though suspicions rest on real estate agents or kindly parents with best of intentions who never expected that the real estate prices could fall. Whatever its origin, the economists and financial planners I spoke with this week are almost unanimous in their rejection of it.

Here's how they dismantled the old saw – and a list of seven suggestions they offered up in its place.

1. Let's begin with some other standards, tried and true advice that served banks and borrowers well for years, until they forgot all about them in the race to write more loans and buy bigger houses. Put 20 percent down, so you have less of a chance of owing more than your home is worth if prices fall again. Get a fixed-rate mortgage, so the biggest part of your monthly housing bill remains stable.

If you're determined to be truly conservative, don't spend more than about 35 percent of your pretax income on mortgage, property tax and home

insurance payments. Bank of America, which adheres to the guidelines that Fannie Mae and Freddie Mac set, will let your total debt (including student and other loans) hit 45 percent of your pretax income, but no more.

That said if you end up with an adjustable-rate loan, banks may not be concerned with whether you'll be able to afford the maximum possible payment when the interest rate adjusts in five or seven years. But you should be worried about it.

2. The best case for stretching for a first house is that first-time home buyers in their 20's and 30's will probably see their incomes grow more quickly than older people buying their second or third time.

Harvey S. Rosen, a Princeton economics professor, finds in a forthcoming *Journal of Finance* article that he co-wrote with two Federal Reserve Bank economists, Kristopher Gerardi and Paul S. Willen that the size of a house that someone buys tends to be a good indicator of what their income will be later. "People can, on average, make reasonably good predictions of their future incomes and act on them in sensible ways by buying bigger houses", Mr. Rosen said.

Indeed, much of the mess in the mortgage market has been because of people borrowing money with loans that they didn't understand – or betting that the housing prices would continue to rise enough that they would be able to refinance their loans before the payments rose. Income overconfidence may have had something to do with it (and high unemployment worsened the problems), but it's probably not the primary cause.

3. This research is all well and good as long as you continue to work. But if you're buying your first home before you have children, you may feel quite differently about work once you become parent. And if you do, you may not want a mortgage boxing you into going back to the office three months after the baby is born.

Bobbie D. Munroe, a financial planner with Fraser Financial in Atlanta, encourages younger clients in this situation to model out their budget, including any proposed mortgage, three ways – with both spouses working full time, one working part time and one staying at home for a few years. He also suggested imagining or even practicing living on one income, to see if it's truly realistic.

"What people should do is ultimately their own decision," she said. "But they should do it with eyes wide open".

Even people who don't want to have children need to consider this. Besides the obvious possibility of sustained unemployment, what about the need to escape a dying industry or an early midlife crisis that necessitates career change to stave off depression? Even government employees and medical

residents who believe that their incomes are set for life ought to consider this possibility.

Notes.

1. mortgage contagion lie – распространенная ложь об ипотеке
2. stretch financially – растягивать, зд. откладывать деньги, долго копить, рационально расходовать
3. rest on – полагаться на
4. Fannie Mae and Freddie Mac – названия агентств, занимающихся ипотекой
5. dismantle – разбирать на части
6. the old saw – старая пословица

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. It'd better buy house by borrowing money with loans, expecting the price fell down.
2. People should model out their budget before taking loans, consider their income and expenses.
3. Buying the first house is easier while you are younger.

III. Answer the following questions.

1. What did the financial system collapse bring to the real estate market?
2. Explain: "Stretch financially when buying your first home".
3. What advice served banks and borrowers well for years?
4. How much money can the Bank of America levy from your income?
5. Do people need to follow their income in their 20's?
6. How does the birth of a child influence buying home?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line references.

1. People always dream to have a house.
2. Bankers and brokers provided people with wrong information about best terms of mortgage, thus it led to financial collapse.
3. There are some standards to follow in buying a house.
4. Real estate agents believe that prices will never fall down.
5. People should take a mortgage only with a fixed rate.
6. One must keep half of his income for his family and business.
7. Buying the first home happens more often at younger age.
8. The size of a purchased house can determine the income of a buyer.

9. Buying the first home is different when people become parents.
10. People should expect and be ready for expenses in case of losing their job.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. The financial collapse happened due to incorrect measures taken while issuing mortgage.
2. A few people always desire to own a house.
3. While buying first home one need advice from either parents or real estate agents.
4. After the price falls, you've got 20 percent of benefit from your house.
5. If a person spends more than 50 percent of his income on mortgage, he will be a bankrupt.
6. Your house is an indicator of your income.
7. People can rely on their income in buying a house.
8. There is no difference in choice of your first house when you have children.
9. Bobbie D., a financial planner, advises younger clients to take more loans to refinance the old one.
10. Government employees are under protection of the government from unemployment.

VI. Insert the missing words and translate the sentences.

1. Too many people ... too much house for too many ...
2. The financial system almost collapsed because mortgage bankers and brokers ... about loan terms.
3. You should ... financially when buying your first home.
4. Real estate agents and parents never expect that ... can fall.
5. There is a list of seven rules... in buying your first home.
6. Get ... mortgage, so the biggest part of ... remains stable.
7. Don't spend more than ... of your pretax income on mortgage.
8. The size of a house that someone buys tends to be a good indicator of ...
9. Much of mess in the ... has been because of people borrowing money with loans that they didn't understand.
10. Bobbie D. encourages younger clients in buying first home to ...

VII. Refer back to the text and find synonyms for the following words.

1. to destroy
2. to expect
3. to wish
4. to waste
5. to consider

Now refer back to the text and find antonyms.

1. truth
2. the last
3. to rise
4. to give up
5. to decrease

VIII. Translate the sentences from Russian into English.

1. Приобретение дома насчитывает несколько веков.
2. Финансовый кризис разразился из-за нерегулируемых займов, выданных банками.
3. Ипотека удовлетворяет желание человека владеть собственным домом.
4. Существует старая поговорка при покупке нового дома: соблюдай 7 заповедей.
5. Чтобы дать реальную цену на дом, в случае падения цен на недвижимость, необходимо вычесть 20% от его первоначальной стоимости.
6. Необходимо учитывать все расходы, связанные с ипотекой, налогом на недвижимость и оплатой за страховой полис.
7. При выдаче займов, банк сможет удерживать не более 45% от вашего дохода.
8. Если люди покупают большие дома, то они рассчитывают на такой же доход в будущем.
9. Некоторые люди берут ипотеку в надежде покрыть ее, если цены на недвижимость возрастут.
10. Необходимо просчитать все свои доходы на случай, если кто-то из семьи потеряет работу.

IX. Make up a plan to the text.

X. Retell the text according to the plan.

Text 5

I. Read and translate the text.

SEVEN NEW RULES FOR THE FIRST-TIME HOME BUYER

BY RON LIEBER

Part II.

It stands to reason that anyone tempted to stretch for a house will be inclined to play down the expenses of maintaining it. These costs are anything but ancillary, though.

For many years, Dennis G. Stearns, a financial planner in Greensboro, N.C., has been alarmed enough by clients' unrealistic expectations that he's maintained a home cost spreadsheet that he shares with clients shopping for houses. He also updates it periodically with aggregate, real-world data based on their subsequent experiences.

Mr. Stearns estimates that owners of a newer home that do some work for themselves but contract major work out to others will pay 3.6 percent of the original purchase price annually for maintenance and 4.5 percent if it's an older home. So if you own a \$400,000 home, your cost will probably hit the five figures each year – and may rise with inflation. These expenses will be another 20 percent or so higher if you live in a severe weather area. He does note, however, that the tax benefit of home ownership can offset half or more of these costs in some areas of the country.

5. All these caveats have given rise to some unusual strategies. Michael Kalscheur, a financial planner with Castle Wealth Advisors in Indianapolis, suggests buying the dream house you covet (if you can afford it) or an inexpensive starter house but not anything in the middle.

“If people have their heart set on something, inevitably, if they can't afford what they really want, they buy the next best thing”, he said. “That's absolutely the worst thing you can do. Not only do you not get what you want, but it sucks you dry”.

Why? Well, if you buy that entry-level home instead of the silver-medal home, you can save a lot more money each month after making the house payment (as long as you're disciplined) than you would if you were paying a big mortgage toward that next best house. And all of your other housing costs will be lower, too. Then, several years later, you're in a much better position to buy what you actually want.

6. Better yet, keep in mind that you don't ever have to move from the first home – and incur all of the transaction costs associated with selling and buying and moving again.

J. Michael Collins, an assistant professor in the department of consumer science at University of Wisconsin's School of Human Ecology in Madison,

suggests paying less for a home that you can upgrade periodically when your income is stable and your savings or available credit make it possible.

In other words, stretching out your tenure in a home (and the physical boundaries of the home itself) make more sense than stretching for each successive mortgage in a series of two or more houses.

7. One rule about all of these rules is that it's unlikely that every one will apply to every circumstance. Individuals and their income streams are too varied, and real estate markets are themselves unique. When all else fails, however, you can always fall back on the eight-hour test. Whatever the size of your mortgage, you have to be able to sleep soundly at night. So if an impending loan has you stretching for the Ambien, it's a pretty good sign that the loan is a bit of a stretch as well.

Notes.

1. play down – сокращать
2. entry-level – не очень хороший
3. Ambien – название снотворного
4. caveat – предостережение, протест
5. covet – жаждать, домогаться
6. tenure – владение, срок владения
7. eight-hour test – 8-часовой сон
8. suck smb dry – измотать

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Never buy the first house if it is too cheap.
2. Buying a newer home will keep you from expenses for its maintenance.
3. Buying the cheaper house will let you stretch for the better house.

III. Answer the following questions.

1. What does Mr. Stearns, a financial planner in Greensboro, offer to his clients?
2. How much will the maintenance for a newer house cost?
3. What does Mr. Kalscheur, a financial planner in Indianapolis, suggest to his clients?
4. Why is it the worst thing to buy the house “in the middle”?
5. In what case you don't ever have to move from the first home?
6. What does the eight-hour rule say about?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line references.

1. If a person dreams about a house, he pays less attention to the expenses for maintenance of the house.
2. There is a list of expenses for home maintenance.
3. The expenses for maintenance are higher in severe climate regions.
4. The older the house is, the more payments for its maintenance are.
5. There are tax benefits for expenses on maintenance in some areas.
6. The first house should be either cheap or of your dream.
7. A cheap house will save your money to buy a better next house.
8. If you are determined to buy the house you like very much, buy it.
9. Some repair and restoring works can be done later when income is stable.
10. Real estate market depends upon individuals and their incomes.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Usually people try to exaggerate the costs for maintenance of the house when taking loans.
2. Mr. Stearns offers to buy a home costs spreadsheet free of charge.
3. Owners give contract work to others.
4. The expenses for maintenance in severe weather area are 10 percent of the original purchase price.
5. Mr. Kalscheur suggests buying inexpensive house.
6. Mr. Kalscheur is against best home.
7. If you buy a small house, the maintenance cost will be lower.
8. Selling, buying and moving again are unnecessary from the first house.
9. Enlarging the boundaries of your house will keep you from buying another house.
10. Real estate market responds to the behavior of individuals.

VI. Insert the missing words and translate the sentences.

1. It stands to reason that anyone tempted to stretch for a house will be inclined to ... the expenses of maintaining it.
2. Mr. Stearns estimates that ... of a newer home that do some work for themselves but contract major work out to others will pay ... percent of the original purchase price annually for maintenance and ... percent if it's an older home.

3. These expenses will be another ... or ... if you live in a severe weather area.
4. The tax benefits of home ownership can ... half or more of these costs in some areas of the country.
5. Michael Kalscheur, a financial planner with Castle Wealth Advisors in Indianapolis, suggests buying ... you covet (if you can afford it) or ...
6. "That's absolutely the worst thing you can do. Not only do you not get what you want, but it ..."
7. Keep in mind that you don't ever have to ... from the first home – and incur all of the transaction costs associated with ...
8. J. Michael Collins suggests ... less for a home that you can ... periodically...
9. Individuals and their income streams are too ..., and real estate markets are themselves....
10. Whatever the size of your ..., you have to be able to sleep ... at night.

VII. Refer back to the text and find synonyms for the following words.

1. to decrease
2. primary
3. ownership
4. case
5. to save

Now refer back to the text and find antonyms.

1. expenses
2. to increase
3. attempts
4. methods
5. mild weather

VIII. Translate the sentences from Russian into English.

1. Учитывайте все расходы, даже если они незначительные.
2. Расходы на содержание дома составят от 3 до 5 процентов от первоначальной стоимости дома.
3. В холодных климатических условиях расходы на содержание дома намного выше.
4. Лучше купить дешевый дом и подкопить деньги на приобретение дома вашей мечты в будущем.
5. Не покупайте дом, который вам не нравится, он вас измотает.
6. Можно провести ремонт вашего дома, если у вас есть сбережения.

7. Если расширить дом, не будет необходимости в приобретении еще одного дома.
8. Рынок недвижимости определяется поведением людей и их доходами.
9. Растягивание срока ипотеки, облегчит вам выплаты на содержание дома.
10. Если вам понравился дом, который вы не можете себе позволить купить, возьмите ипотеку.

IX. Write a summary.

X. Retell the text.

Text 6

I. Read and translate the text.

REAL ESTATE INSTRUMENTS

Enforceable real estate instruments must conform to requirements of a valid contract. Valid contracts refer to instruments that satisfy all legal requirements. Void contracts have no legal effect; voidable contracts may be enforced or rejected at the option of one of the parties, such as a minor who comes of age. Unenforceable contracts include contracts for an illegal purpose or oral contracts which are legally required to be in writing.

Real estate contracts can be implied as evidenced by acts of the respective parties. An express contract can be either a written or an oral contract which is not required to be in writing. The bilateral contract refers to a promise exchanged for another promise. Unilateral contracts are contracts in which a promise is exchanged for an act.

Under an installment land contract, the seller promises to deliver title when installment payments are completed. Here, the seller retains title as security and the buyer has possession while the contract is in force. Option contracts refer to agreements that give the buyer the right to purchase the property at a fixed price within a stated time. Usually, if the option is exercised, payment for the option applies against the purchase price.

Deeds are written instruments that convey an interest in real estate. Warranty deeds include five promises that protect title: (1) The covenant of seizing – the promise that the seller is seized or possessed of the real estate described with the right to transfer title; (2) the covenant of quiet enjoyment – a promise that the seller has the peaceful use of the property free of claims by others; (3) the covenant against encumbrances that protects buyers from unidentified liens or debts filed against the property; (4) the covenant of further

assurances – meaning the seller promises to obtain any further documents necessary for a clear title; and, (5) the covenant of warranty which provides that the seller will defend title. Special warranty deeds provide the same promises but the seller assumes liability for title defects occurring only after the seller acquired title.

Quitclaim deeds convey only an interest that the grantor holds in the real estate described. The bargain and sale deed implies no warranty of title.

Deeds must conform to requirements of an enforceable contract, and title does not pass until the deed is delivered and accepted by the buyer.

Deed recording protects the buyer from claims of third parties who act in ignorance of earlier unrecorded conveyances. That is, the act of recording in public records serves as constructive notice of the Seller's interest. Constructive notice substitutes for actual notice.

Leases convey the exclusive use and possession for a limited time in return for rent or other consideration. Leases may provide for fixed rent, rents graduated over the lease or rents based on changes in the consumer price index. Other leases adjust rent according to a revaluation over the lease term or base rents on a percent of gross sales. Net leases require payment of the base rent and a prorated share of any increase in operating expenses.

Some states authorize tenants to make repairs and deduct the cost from the rent. Other states prevent landlords from retaliating against tenants by increasing rent, decreasing services or threatening complaining tenants. In still other states, landlords must document claims for tenant damages and must hold security deposits in separate accounts.

In most states, real estate ownership is subject to mechanics' liens. These laws give construction workers and suppliers the right to attach liens against property for unpaid construction work.

Notes.

1. voidable contract – недействительный контракт
2. installment – взнос
3. option contract – контракт, дающий право купить недвижимость по заранее установленной цене в течение оговоренного срока
4. warranty deed – акт о гарантии
5. covenant of seizing – договор о введении во владение
6. covenant against encumbrance – договор, защищающий покупателя от долговых обязательств
7. quitclaim deed – договор об отказе от права

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. There are contracts for illegal purposes or oral contracts which are legally required to be written.
2. All real estate instruments must conform to requirements of a valid contract.
3. Types of enforceable real estate instruments.

III. Answer the following questions.

1. What is the difference between valid, void, voidable, and unenforceable contracts?
2. Explain and illustrate how an option contract is used.
3. There are fire covenants included in the warranty deed, aren't there? Describe them.
4. What is the main purpose of an installment land contract?
5. What buyers' risks are associated with installment land contracts?
6. How does the law protect construction workers and suppliers?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line reference.

1. Tenants can make repairs and deduct the cost from the rent.
2. There are bilateral and unilateral contracts.
3. Warranty deed includes five covenants.
4. Leases may provide for fixed rent, rents graduated over the lease or rents based on changes in the consumer index.
5. Landlords must document claims for tenant damages.
6. Deed recording serves as constructive notice of the saver's interest.
7. The bargain and sale deed implies no warranty of title.
8. Payment for the option is applied against the purchase price.
9. The law protects construction workers against unpaid construction work.
10. Real estate contract is implied as evidenced by acts of the respective parties.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Deeds are written instruments that convey an interest in real estate.
2. Deeds must not conform to the requirements of an enforceable contract.
3. Void contracts have no legal effect.

4. Option contract don't give the buyer to purchase the property at fixed price.
5. The state has an inherent right of regulation under the police power.
6. More than ten covenants are included in the warranty deed.
7. There is no difference between valid, voidable and void contracts.
8. There is difference between real estate and personal property.
9. Tenants have the right to make repairs and deduct the cost from the rent.
10. Some leases adjust rent according to a revaluation over the lease term.

VI. Insert missing words and translate the sentences.

1. refers to a promise exchanges for another promise.
2. If the ... is exercised, payment for the option is applied against the ... price.
3. The bargain and sale deed implies no ... of title.
4. substitutes for actual notice.
5. Real estate ... is subject to
6. The covenant ofthe promise that the seller is seized or possessed of the real estate.
7. The covenant of ... provides that the seller will defend titles.
8. ... contracts refer to instruments that satisfy all legal requirements.
9. ...must document claims for tenant damages.
10. Leases may provide for ... rent, rents...over the lease or rents based on changes in the

VII. Refer back to the text and find antonyms (i.e. words with an opposite meaning) for the following words.

1. illegal
2. to refuse, to decline
3. to deny the right
4. private
5. to add

Now refer back to the text and find synonyms (i.e. words with a similar meaning) for the following words.

1. to meet requirements
2. complaint
3. to reduce
4. to rise
5. spendings

VIII. Translate the sentences from Russian into English.

1. Существуют различные инструменты, регулирующие сделки, касающиеся недвижимости.
2. Продавец сохраняет права на недвижимость в качестве гарантии, пока покупатель не выплатит полностью всю сумму.
3. Акт – это письменный документ, который передает права на имущество.
4. Акты должны соответствовать юридическим контрактам и права на недвижимость не переходят к продавцу до тех пор, пока акт не подписан покупателем.
5. Аренда – это передача недвижимости в пользование на определенное время за определенную плату.
6. Аренда может быть произведена за установленную плату или за плату, основанную на изменениях с учетом инфляции.
7. Арендаторы могут производить ремонт и тем самым снизить стоимость арендной платы.
8. Закон в некоторых государствах предоставляет строителям право претендовать на часть недвижимости, если строительные работы не были оплачены.

IX. Make up a plan.

X. Write an annotation.

Text 7

I. Read and translate the text.

REAL ESTATE MORTGAGES

Real estate mortgages are written instruments that pledge real estate as security for a debt like other real estate instruments, enforceable real estate mortgages must follow written contract requirements. Some states treat mortgages as liens while others provide for mortgages that convey title as security for the debt.

Defaulting borrowers benefit from the right of equity of redemption – the right to recover the property before foreclosure upon payment of the remaining debt. In some states, the statutory right of redemption allows the borrower to redeem the property within a stated time after foreclosure.

Some mortgages allow the borrower to prepay without penalty. Upon default, the acceleration clause gives the lender the immediate right to recover the outstanding principal. Some mortgages provide for buyer who assumes an

existing mortgage. Due on sale clauses give lenders the right to declare the mortgage payable in the event of sale. All federally regulated lenders may enforce due on sale clauses. The present law encourages lenders to permit assumptions at a rate no higher than an average of the existing market rate.

Classified by the priority of liens, borrowers may secure first mortgages or second mortgages. The interest of the second mortgage holder is subordinate to the first mortgage. In event of default, the first mortgage loan must be satisfied before claims of the second mortgage holder are paid. Purchase money mortgages, which may be first or second liens, are usually made by sellers who accept the purchase money mortgage as a substitute for cash.

Wraparound mortgages, second mortgages which include an existing mortgage, give borrowers the benefit of lower interest rates on existing, assumable mortgages. Considering mortgages by their repayment plans, borrowers may negotiate for term mortgages, mortgages which are limited to relatively short periods (three to five years) and which usually require interest payments only.

Level repayment plans provide for constant monthly payments with part of the payment accruing to principal and interest. Variable payment amortization applies a fixed amount to principal resulting in declining interest payments. Under this plan, monthly payments are relatively large during the early years compared to the final years. Partially amortized mortgages, also called balloon require prepayment of only part of the loan with a lump sum payment at some future date.

Alternative mortgage instruments offset the effects of inflation and high interest rates. Variable rate mortgages permit the lender to adjust interest rates by six – month or one – year intervals by an index that is not under control of the lender. The initial interest rate for these mortgages is lower than the fixed interest rate mortgage. Graduated payment adjustable mortgage loans start with relatively low monthly payments. Monthly payments, however, increase by a stated percent each year for the first three or five years depending on the type of loan. At the end of the graduated period, the monthly payment converts to the market, indexed rate.

While initial payments in a graduated equity mortgage reflect below – market interest rates, monthly payments are later increased by up to 7.5 percent per year to the 10th year. The increase, which may start after the fourth year, for example, is applied to principal. This mortgage enables borrowers to accelerate payments and shorten the mortgage term.

Equity participation mortgages are granted by lenders in return for a percentage share in cash flow and capital appreciation. Shared appreciation mortgages give borrowers below –market interest rates with the lender sharing in capital appreciation. Savings associations operating under federal regulations

must refinance at the appraised value if the property is not sold within 10 years. At this time, borrowers must pay a lump sum or “contingent interest”. The cost of owner improvements may be deducted from the appreciated value.

Reverse annuity mortgages allow homeowners to receive annuities from the lender which produce a rising principal debt. The date of repayment is subject to negotiation. Renegotiable rate mortgages are long-term loans which may extend to 30 years but provide for renegotiation of interest at shorter intervals – typically, three to five years.

Other lenders offer price level adjusted mortgages which increase the outstanding mortgage balance by the rate of inflation. Payments increase because the outstanding mortgage balance increases according to the annual rate of inflation. The flexible loan insurance program reduces monthly mortgage payments over initial five or six years.

However, the borrower must make a savings deposit so that the lender can make monthly withdrawals to supplement mortgage payments.

With trust deed financing, the borrower or trustor executes a trust deed in favor of the lender as security for the loan. The trustee, a third party, holds the trust deed and, in the event of a default, the trustee forecloses for the beneficiary or lender.

Leasehold financing provides for the possession and exclusive use of real estate under terms of the lease. A tenant who holds the leasehold interest secures, in effect, a 100 percent loan equal to the value of the property leased. In this instance, lease payments substitute for mortgage payments.

If mortgages are not available, the buyer may finance with a real estate contract. Under these circumstances the buyer and seller negotiate the down payment and agree on the payment schedule. The seller holds title until the contract is satisfied. The seller conveys title under a deed when installments are completed.

Notes.

1. to pledge – закладывать
2. lien – залоговое право, право наложения ареста на имущество должника
3. to convey – передавать права
4. equity of redemption – право выкупа
5. wraparound – вторичный
6. under the circumstances – при сложившихся обстоятельствах
7. annuity – ежегодная рента, аннуитет
8. balloon mortgage – ипотека при которой последние платежи существенно превышают предыдущие
9. graduated payment adjustable mortgage – ипотека с плавающей ставкой

10. shared appreciation mortgage – ипотека по условиям которой заемщик должен поделиться прибылью с кредитором
11. Contingent interest – условное право

II. Which statement best expresses the main idea of the text?

Why did you eliminate the other choices?

1. There are different types of real estate mortgages.
2. Some mortgages allow the borrower to prepay without penalty.
3. Real estate mortgages are written instruments that pledge real estate as security for a debt and must follow written contracts requirements.

III. Answer the following questions.

1. There are different types of real estate mortgages, aren't there? Tell about them.
2. Why do vendors enforce due on sale clauses?
3. Explain different procedures in exercising the right of foreclosure.
4. What are the advantages of price level adjusted mortgages?
5. As a borrower, would you prefer a package mortgage? Why or why not?
6. Why do some lenders avoid making construction mortgages?
7. How does a trust deed differ from a mortgage?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line reference.

1. Some borrowers benefit from the right of equity redemption.
2. Renegotiable rate mortgages are long-term loans which may extend to 30 years.
3. Some mortgages allow the borrower to prepay without penalty.
4. Lease payments substitute for mortgage payments.
5. The seller conveys title under a deed when installments are completed.
6. Variable rate mortgages permit the lender to adjust interest rates.
7. Borrowers may secure first mortgages or second mortgages.
8. Amortized mortgages are also called balloon mortgages.
9. The cost of owner improvements may be deducted from the appreciated value.
10. Some mortgages enable the borrowers to accelerate payments and shorten the mortgage term.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Real estate mortgages must follow written contract requirements.
2. Not all lenders may enforce due on sale clauses.
3. There are main classifications and physical characteristics of industrial land.
4. Balloon mortgages require complete payment of the loan.
5. Leasehold financing provides for the possession of the real estate under terms of the lease.
6. The seller conveys title under a deed before installments are completed.
7. Joint ventures are common methods of acquiring real estates.
8. The flexible loan insurance program raises monthly mortgage payments over ten years.
9. The initial interest rate for variable rate mortgages is lower.
10. Cash flow is highly sensitive to the depreciation allowance.

VI. Insert the missing words and translate the sentences.

1. gives the lender the right to recover the outstanding principle.
2.give the borrowers the benefit of lower interest rates on existing mortgages.
3. require prepayment of only part of the loan with a lump sum payment at some future date.
4. loans start with relatively low monthly payments.
5. are granted by lenders in return for a percentage share in cash flow and capital appreciation.
6. mortgages give borrowers below-market interest rates.
7. mortgages allow homeowners to receive annuities from the lender which produce a rising principal debt.
8. The borrower or trustor executes a in favor of the lender as security for the loan.
9. provides for the possession and exclusive use of real estate under terms of the lease.
10. The seller conveys under when installments are completed.

VII. Refer back to the text and find synonyms (i.e. words with a similar meaning) for the following words.

1. depreciated
2. a fine
3. to agree upon
4. to transfer
5. covenant

Now refer back to the text and find antonyms (i.e. words with an opposite meaning) for the following words.

1. to refuse
2. loss
3. eventual
4. beneficiary
5. trustor

VIII. Translate the sentences from Russian into English.

1. Закладная на имущество – это письменный документ, при помощи которого недвижимость оставляется в залог в качестве обеспечения долга.
2. В некоторых государствах законное право выкупа позволяет заемщику выкупить собственность в рамках определенного времени после лишения права выкупа.
3. Пункт о подлежащем к оплате долге после продажи дает право кредитору объявить ипотечный кредит оплаченным после продажи залогового имущества.
4. В соответствии с залоговым правом, заемщик может получить первичный и вторичный кредит.
5. Закладная, погашаемая регулярными взносами, требует предоплаты части ссуды с последующими частичными выплатами.
6. Ипотека с плавающей ставкой начинается с относительно низких ежемесячных взносов, однако размер взносов увеличивается с каждым годом.
7. Закладная арендной собственности передает во временное пользование недвижимость на условиях аренды.
8. Ипотека, согласующаяся с уровнем цен, предполагает, что непоплаченный остаток кредита будет увеличиваться согласно уровню инфляции.
9. Если ипотечный кредит не доступен, то продавец и покупатель могут заключить контракт и обговорить график оплаты. При этом продавец сохраняет права на недвижимость до тех пор, пока сумма не будет выплачена полностью.

IX. Grasp the main idea of the text.

X. Retell the text.

Text 8

I. Read and translate the text.

MANUFACTURED HOUSING

Condominium ownership provides for fee ownership of a designated portion of a building and an undivided interest in the common elements. Common elements include real property not included in a unit. Compared to an apartment, condominiums give purchasers certain advantages of a single-family dwelling; unit owners avoid the possibility of higher rents.

Condominiums provide amenities of multiple-family housing. Income tax deductions for mortgage interest and property taxes are granted to condominium owners. Because projects are usually fully occupied, per-unit costs of operation tend to be lower than apartments which have higher rates of turnover. Moreover, condominium owners have a voice in management and may arrange individual financing for unit purchases.

Condominium rights follow from the declaration, which is an instrument creating the condominium, recorded and placed on public record. Condominium bylaws govern the rights of the unit owners and establish the prorata interest in common elements. The bylaws also provide for a board of directors, for voting rights, and other operating regulations.

The condominium association and its board of directors normally operate under agreement with a management agent who operates the project under board direction.

Cooperatives also give occupants certain advantages of multiple-family projects. Purchasers acquire a share in the cooperative equal in value to an apartment unit in return for possession under a proprietary lease. Unlike the condominium owner, the cooperative owners remain individually liable for debts of the cooperative. Their liability is not limited to the prorata share interest of the condominium owner. Moreover, cooperative purchasers must pay their share of a single mortgage on the cooperative project. Cooperative owners may deduct mortgage interest and property taxes from taxable income.

Legal problems of prospective purchasers stem from continued sponsor control after purchasers acquire title. Sponsor control may affect the management, tenant charges, services, and related issues.

Condominium conversion, especially for middle- and low-income rental units, has been restricted in many metropolitan areas. Expectations of

rising rents and the relatively low cost of converted units compared to detached houses favor condominium conversion.

Manufactured housing, defined as site-delivered houses with major structural, electrical, and mechanical components factory-assembled, consists of mobile manufactured homes, modular homes, and panelized homes. Mobile homes may be purchased in one or more sections delivered to the site, connected to utilities, and installed on permanent foundations.

Modular homes are factory-constructed in sections with in-place plumbing, heating, and electrical systems. Panelized homes consist of packages of component parts ready for construction on-site.

Mobile manufactured homes are rated as minimum, average, or good quality. In the latter case, the probable life expectancy extends to 30 years. Units constructed after June 15, 1976, conform to the National Manufactured Housing Construction Safety Standards.

For the most part, manufactured mobile homes may be financed as site-built homes. Generally, they must have 10-inch roof overhangs, minimum interior ceiling heights, a minimum floor area of 700 square feet, a width of at least 12 feet, and covered on-site parking.

Units must have permanent foundations, water and sewage connections, and wheels, axles, and hitch removed.

Secondary mortgage market agencies purchase mortgages secured by mobile homes meeting these general qualifications. Mobile homes are approximately 50 percent less costly than site-built housing.

Modular homes are available for modest homes of less than 1,000 square feet to luxury homes approaching 3,000 feet. Their cost is reduced by building modular sections in the factory and assembling units on-site.

Panelized houses conserve on-site labor. Factory-produced parts, assembled on-site, reduce construction time by 30 to 50 percent. They are the most flexible type of housing that gives buyers numerous options in selecting housing features.

Notes.

1. amenity – удобство
2. turnover – оборот
3. prorata interest – соответствующий процент
4. proprietary lease – патентованная аренда
5. hitch – прицеп
6. modular home – модульный дом
7. condominium conversion – совместное управление собственностью (имеется в виду многоквартирный дом или кондоминиум)
8. bylaw – устав
9. common elements – право на совместное пользование

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Condominium ownership is preferred over conventional apartments rent.
2. Cooperative housing is preferable over condominium ownership.
3. Types of ownership.

III. Answer the following questions.

1. What is condominium as a legal entity?
2. There are several types of condominiums, aren't there? Describe them.
3. Why have some communities restricted conversions of rental projects to condominium ownership?
4. How do cooperatives arrange for the resale of cooperative apartment?
5. Discuss the advantages and disadvantages of modular homes.
6. Would you prefer modular homes to panelized homes? Give your reasons.

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line reference.

1. Mobile homes may be installed on permanent foundation.
2. Condominium gives certain advantages of a single family dwelling.
3. Condominium owners enjoy lower property taxes.
4. Panelized home consists of components ready for construction on-site.
5. The cooperative owners remain individually liable for debts of the cooperative.
6. Panelized houses conserve on-site labor.
7. Cooperative owners may deduct mortgage interest and property tax from taxable income.
8. The cost of modular homes is reduced by building modular sections in the factory.
9. Manufactured housing consists of mobile modular and panelized homes.
10. Panelized homes are the most flexible type of housing.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Condominiums provide amenities of housing.
2. Property management industry is highly organized.
3. Common elements consist of real property included in a unit.
4. Like the condominium owners, the cooperative owners are liable for debts of the cooperative.

5. Real estate refers to the physical property, defined as land and its attachments.
6. The condominium association operates under agreement with a management agent.
7. Mobile homes are the most flexible type of housing.
8. The cost of home ownership should be calculated after income taxes.
9. Mobile homes are 50 percent less costly than site-built housing.
10. Condominiums give owners possibility to avoid higher rents.

VI. Insert the missing words and translate the sentences.

1. ... give purchaser advantage of a single family dwelling.
2. Condominium rights follow from
3. ... govern the rights of the unit owners.
4. may deduct mortgage interest and property taxes from taxable income.
5. has been restricted in many metropolitan areas.
6. ... homes may be purchased in one or more sections delivered to site, connected to utilities.
7. ... homes consist of packages of components ready for construction on-site.
8. ... homes are available for modest homes of less than 1000 square feet to ... homes.
9. ... also give occupants certain advantages of multiple-family projects.

VII. Refer back to the text and find synonyms (i.e. words with a similar meaning) for the following words.

1. to be liable
2. urban area
3. buyer
4. living
5. flat

Now refer back to the text and find antonyms (i.e. words with an opposite meaning) for the following words.

1. to sell
2. advantage
3. rural area
4. cheap
5. to add

VIII. Translate the sentences from Russian into English.

1. Владельцы совместной собственностью принимают участие в управлении, и финансируют строительство отдельных единиц.
2. Ассоциации совместного владения собственностью имеют совет директоров и действуют в соответствии с соглашением.
3. Покупатели приобретают долю в кооперативе равную стоимости квартиры.
4. Владельцы кооператива несут полную ответственность за все долги кооператива.
5. Жилищное строительство включает производство мобильных, модульных и панельных домов.
6. Модульные дома – это произведенные на заводе отдельные составляющие дома, которые включают: канализацию, отопительную и электрическую системы.
7. Панельные дома состоят из частей готовых для установки на участке строительства.
8. Панельные дома, состоящие из отдельных, произведенных на заводе частей и собранных на месте, снижают время строительства на 30–50%. Это наиболее гибкий вид жилищного строительства.

IX. Discuss manufactured housing in the Kyrgyz Republic.

X. Make up a plan.

XI. Retell the text according to the plan.

Text 9

I. Read and translate the text.

THE MORTGAGE

Before the great depression of the 1930s, most real estate loans were straight loans. Borrowers paid the interest in a lump sum at the end of each year. The principal was due to at the end of the loan period, which could be as short as one to five years. It's no surprise that many people lost their homes and farms through foreclosure during these hard times. Real estate financing changed dramatically after the Depression. President Franklin Roosevelt and his administration brought about amortized loans, federal insurance for lenders, and established the secondary mortgage market.

Almost all real estate loans today are amortized loans, where the debt is repaid by means of a mortgage. The word "mortgage" is based on the Latin

root "mortuus", meaning death. This is an appropriate etymology, because mortgages allow the debt to be killed off gradually over time, usually a period of about 30 years, through a combination of principal and interest payments. The mortgagor is the borrower, who "kills" the debt. The mortgagee is the lender, whose loan is gradually "killed off".

Mortgages offer fairly liberal repayment terms compared to the pre-depression straight loans. At the beginning of the payment schedule the interest portion is large and the principal payments are small. Toward the end of the mortgage term it's the other way around – the borrower's payment includes mostly principal and very little interest. The payment formula is complicated, but can be easily computed using a hand-held financial calculator.

In about half of the states, including California, a mortgage is called a deed of trust or trust deed. The mortgagor (borrower) is called the trustor and the mortgagee (lender) is called the trustee. A deed of trust makes it easier for the lender to foreclose than a regular mortgage. Deeds of trust include a power of sale clause which allows non-judicial foreclosure in the event the borrower defaults. In other words, the lender doesn't have to go to court to get the house back. The property can be sold at auction, called a trustee's sale. A deed of trust also includes something called a reconveyance clause, in which the lender conveys title to the borrower when the loan has been repaid.

The Lending Vocabulary

Real estate loans include a variety of the other legal concepts and a unique lending vocabulary. A promissory note is a promise to pay. It is negotiable, meaning it can be bought and sold. The promissory note includes a prepayment clause and an acceleration clause. The prepayment clause provides for payment of the loan before it's due to date. Sometimes a prepayment penalty is charged, usually a percentage of the loan amount. The acceleration clause provides for immediate repayment to the lender when the property is sold or demolished, or if the contract is breached in any way. In other words, it allows the lender to call the note.

A mortgage is the instrument which pledges the real estate as security (collateral) for the promissory note. In other words, if you don't make your payments, the lender gets the house. The mortgage and promissory note act together. You can have a promissory note without a mortgage, but a mortgage without a promissory note has no meaning.

Hypothecation is a legal concept which allows you to put your house up as security for a real estate loan without actually surrendering it. You enjoy all the rights of possession and use and even have the right to sell. That is why people can say they own their house, when in fact they are buying it on the installment plan. Under the title theory of hypothecation the lender holds the legal title and the borrower owns the equitable title. Under the lien theory

the borrower holds the legal title and the lender's mortgage is a lien on the title. The granting clause either conveys title to the lender or creates a lien on the title, depending on which theory is used.

The defeasance clause states the mortgage is null and void when paid in full. A real estate loan can include a number of other optional elements and clauses. It can include covenants (promises) to pay taxes and insurance, to keep the property in good repair, prevent removal (buildings, timber, etc.) and allow re-entry of the lender to the premises for inspection.

The alienation clause, also called the "due to sale" clause, allows the lender to call the note if the borrower sells the property. An alienation clause prohibits a buyer from assuming the mortgage of third party lenders from assuming the debt with a wraparound mortgage. A subordinate clause establishes who gets paid first in the event of foreclosure. The first mortgage, as the name implies is in first position. Second mortgages and home equity lines of credit are usually in second and third position.

Notes.

1. lump – часть
2. fore closure – лишение прав выкупа заложенного имущества
3. amortized loan – амортизованный заем
4. deed of trust – документ об учреждении доверительной собственности
5. reconveyance – обратная передача правового титула
6. promissory note – расписка

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Mortgages allow the debt to be killed off gradually.
2. A mortgage is a deed of trust.
3. A mortgage is the instrument which pledges the real estate as security for promissory note.

III. Answer the following questions.

1. What was the main disadvantage of the first loans?
2. How debt is repaid today?
3. Why is mortgage called a deed of trust?
4. Which clauses does a deed of trust include?
5. What is a promissory note?
6. What types of clauses are described in the text?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line reference.

1. The mortgagor "kills" debt.
2. People lost their homes and farms through foreclosure.
3. The mortgagee is called trustee.
4. A deed of trust includes a reconveyance clause.
5. Prepayment penalty is a percentage of the loan amount.
6. A mortgage without a promissory note has no meaning.
7. The mortgage is null and void when paid in full.
8. The mortgage and promissory note act together.
9. The lender doesn't have to go to court to get the house back.
10. The word mortgage means death.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. Almost all real estate loans today are amortized loans.
2. At the beginning of the payment schedule the interest portion is small.
3. Land and buildings are relatively long-lasting assets.
4. Real estate loans include a variety of the legal concepts.
5. The high value of land accounts for other market imperfections.
6. A mortgage can act without promissory note.
7. A loan doesn't include many clauses.
8. The mortgagee is the borrower.
9. Foreigners have the right to get the inhabited real estate practically without restrictions.
10. A deed of trust includes a reconveyance clause.

VI. Insert the missing words and translate the sentences.

1. Borrower paid the interest in ... sum at the end of each year.
2. Almost all real estate loans are
3. ... can be sold at auction, called a ... sale.
4. is a promise to pay.
5. A mortgage is the instrument which ... the real estate as ... for a real estate loan.
6. ... and act together.
7. ... is a legal concept which allows putting your house up as
8. makes it easier for the lender to ... than regular mortgages.

9. ... is a lender.
10. allows the lender to call the note.

VII. Refer back to the text and find synonyms (i.e. words with a similar meaning) for the following words.

1. property
2. to pay off
3. to comprise
4. fine
5. notion

Now refer back to the text and find antonyms (i.e. words with an opposite meaning) for the following words.

1. to prohibit
2. lender
3. purchase
4. judicial
5. trustor

VIII. Translate the sentences from Russian into English.

1. Заемщики выплачивали часть суммы в конце каждого года.
2. Не удивительно, что многие люди потеряли свои дома и фермы в те тяжелые времена.
3. Почти все ссуды под недвижимость сегодня выплачиваются постепенно за определенный период времени.
4. В начале графика выплат по ссуде доля процента высокая, а основная выплата невысокая.
5. К концу графика наоборот: выплаты включают в основном сумму долга с маленьким процентом.
6. Кредитор возвращает права на собственность заемщику, когда долг выплачен.
7. Долговая расписка – это обещание погасить долг, ее можно продать или купить.
8. Долг может быть погашен до установленного срока.
9. Ипотека позволяет пользоваться недвижимостью без передачи ее другому лицу.
10. Поэтому многие люди говорят, что они владеют домом, когда на самом деле они все еще выплачивают за него деньги.

IX. Make up a plan. Retell the text according to the plan.

Text 10

I. Read and translate the text.

HOME OWNERSHIP

Four prerequisites to home ownership are: selecting a suitable dwelling, judging energy efficiency, analyzing mortgage repayment plans, and estimating the after-tax cost of home ownership. Before making the final selection, prospects must consider the housing expense/income ratio. The ratio relates monthly income to housing expenses, which include mortgage payments, maintenance, property taxes, and insurance. Lenders would accept an expense ratio over 30 percent if the borrower's future prospects were quite favorable.

While checklists may be helpful in selecting suitable houses, prospects give special attention to energy conservation features. For existing houses, borrowers may benefit from a utility-conducted residential energy audit. Insulation of the walls, ceilings, and floors should conform to minimum recommendations. Solar domestic hot water and space heating systems may be passive or active. The passive system depends on direct rays of the sun to heat space. Active systems use solar-heated air or water with supplementary devices to store, distribute and provide heat during nonsunlight hours.

Fixed rate conventional mortgages cover both interest and principal payments. Principal payments accelerate with increasing rates over the mortgage term. Assuming that the dwelling will be sold at the original price, the borrower benefits from equity build – up – the accumulation of principal payments. Lower interest rates and shorter mortgage terms accelerate equity build – up.

Among the graduated mortgage payment plans, borrowers may select from many plans including (1) interest – only payments in the initial years with monthly graduation thereafter, (2) below-market monthly payments in the initial years with a balloon payment, and (3) below-market payments graduated over the early years with fixed-rate amortization thereafter. Each plan assumes that the borrower will have a rising income so that graduated payments will not be a future burden. At the same time, the graduated payment plans subsidize borrowers who can not afford conventional, fixed-rate mortgage payments.

Borrowers who have relatively high interest rate mortgages may refinance as mortgage interest rates decline. Here, the problem is to equate the monthly savings with the cost of refinancing, which would typically include origination fees and prepayment penalties. The refinancing must provide a rate of return on mortgage financing costs that would meet alternative yields in other investments.

The cost of home ownership should be calculated after income taxes. For instance, the effective mortgage interest rate is reduced by the marginal

income tax rate of the borrower. Further, assuming the owner later sells at the original price or above, owners benefit from mortgage equity build-up – a form of forced savings.

Monthly housing expenses include not only the monthly mortgage payment (principal and interest) but real estate taxes, property insurance, maintenance, and utilities. After allowing for income tax deductions of property taxes and mortgage interest, total monthly costs are reduced to the effective monthly cost.

Prospective home buyers consider also the impact of inflation. For example, assuming an annual price increase of 8 percent, compounded, a \$75,000 house will be worth \$110,198 in 5 years, and \$161,918 in 10 years. Property depreciation and neighborhood decline, however, may reduce the actual appreciation realized.

The net advantage of owning, therefore, must incorporate net sales proceeds. The final advantage of owning partly turns on the amount realized at sale less the remaining mortgage balance and less interest lost on foregone investments. By making these calculations, the monthly savings realized under ownership may be compared to the monthly expense of ownership.

Notes.

1. prerequisite – предпосылка
2. insulation – изоляция
3. equity build-up – накопление капитала
4. impact – влияние

II. Which statement best expresses the main idea of the text? Why did you eliminate the other choices?

1. Fixed rate conventional mortgages cover both interest and principal payment.
2. Borrower may select among the graduated mortgage plans.
3. The net advantage of owing.

III. Answer the following questions.

1. What are the most important factors to consider in selecting a dwelling? Give reasons.
2. How would you evaluate the energy efficiency of a dwelling?
3. How many plans are there in graduated payment mortgages?
4. What impact does price inflation have on decision to buy a home? Explain.
5. What elements are considered in calculation net sales proceeds?

IV. Locating information. Find the passage in the text where the following ideas are expressed. Give the line reference.

1. Housing expenses include mortgage payments, maintenance, property taxes and insurance.
2. Borrowers may benefit from a utility-conducted residential audit.
3. Principal payment accelerates with increasing rates over the mortgage term.
4. Borrowers may select from many plans.
5. Each plan assumes that the borrower will have a rising income.
6. Borrowers may refinance as mortgage interest rates decline.
7. Property depreciation may reduce the actual appreciation realized.
8. Monthly savings may be compared to the monthly expense of ownership.
9. The cost of home should be calculated after income taxes.
10. The graduated payment plans subsidize borrowers who cannot afford fixed-rate mortgage payments.

V. Understanding the passage.

Decide whether the following statements are true or false (T/F) or there is no information by referring to the text. Then make the necessary changes so that the false statements become true.

T F

1. There is difference between the right of eminent domain and the police power.
2. There is only one prerequisite to home ownership.
3. The cost of home ownership should be calculated before income taxes.
4. The property report tends to be fairly complete.
5. Total monthly costs are reduced to the effective monthly cost.
6. Lenders would accept an expense ratio over 30 percent if the borrower's future prospects were unfavorable.
7. Principal payments accelerate with increasing rates over the mortgage term.
8. Probably a few land areas are not adapted to some form of agriculture.
9. The gross advantage of owning must incorporate net sales proceeds.
10. Irrigation calls for relatively intensive production.

VI. Refer back to the text and find synonyms (i.e. words with a similar meaning) for the following words.

1. choice
2. revenue

3. straight
4. to speed up
5. to reduce

Now refer back to the text and find antonyms (i.e. words with an opposite meaning) for the following words.

1. profit
2. indirect
3. to increase
4. gross
5. to purchase

VII. Translate the sentences from Russian into English.

1. При выборе дома существуют 4 основные предпосылки: подходящие жилищные условия, энергоснабжение, анализ выплат по ипотечному плану и стоимость дома за вычетом налогов.
2. Так же заемщик должен уделить внимание особенностям сохранения энергии.
3. Солнечная отопительная система может быть пассивной и активной. Пассивная система зависит от прямых солнечных лучей.
4. Активная система использует нагретый воздух или воду, которые распределяются при помощи дополнительных устройств и обеспечивают тепло в темное время суток.
5. Существуют традиционные кредиты с фиксированной ставкой и кредиты с постепенным планом погашения.
6. Каждый план предполагает, что доход заемщика будет расти, поэтому постепенные выплаты будут необременительны.
7. Стоимость дома подсчитывается за вычетом налогов.
8. Потенциальные покупатели также рассматривают воздействия инфляции.
9. Ежемесячные накопления на недвижимость можно сравнить с ежемесячными расходами, связанными с недвижимостью.

VIII. Grasp the main idea.

SUPPLEMENTARY READING

Text 1

THE REAL ESTATE SPECIALISTS

The real estate industry includes specialists in private industry, trade associations, and government agencies. Private businesses may specialize in land development, construction, appraising, financing, counseling, syndications, and investments, among other functions. Related activities cover title insurance, property insurance, surveying, architecture, and real estate law. Trade associations are largely organized for education, research, and enforcement of ethical standards among members. Government agencies cover a broad range of federal, state, and local real estate operations.

The leading real estate organization is the National Association of REALTORS®. To be a member, an individual must join a local real estate board. Each local board member then belongs to (1) the state REALTORS® Association and (2) through the local board, the National Association of REALTORS®. Only members of the National Association of REALTORS® are allowed to use the copyrighted term REALTOR®. Members may also join the nine national affiliates, institutes, or councils. The affiliated organizations serve members who practice specialized real estate activities.

Membership in the National Association of REALTORS® requires observance of a 23-point Code of Ethics. The code governs member conduct in relations with the public and their member colleagues. Current surveys of real estate executives indicate that salaries in the real estate industry are highly competitive with other businesses: many executives earn annual salaries of more than \$100,000.

The relative importance of real estate is increased by population projections that provide a continuing demand for new real estate developments. Similarly, the number of households over the preceding 10 years, according to the 1980 census, has increased some 28.6 percent.

The importance of real estate may be judged according to the value of real estate as a proportion of national wealth: currently estimated at some 68.6 percent. By the same token the annual investment in real estate amounts to some 55.3 percent of gross private domestic investment. In terms of employment, real estate and closely related activities equal 11.3 percent of total nonagricultural employment. Judged according to personal consumption expenditures, it is found that housing expenditures (16.6 percent), household operations (7.3 percent), and furniture and household equipment (4.7 percent) total 28.6 percent of personal consumption expenditures. Total mortgage debt outstanding exceeds the federal debt by some 51.0 percent. Savings associations presently account for 27.4 percent of all mortgages.

Over the last 10 years the number of dwelling sales has varied considerably. New dwelling sales peaked in 1977 with 819,000 sales. In the following year, 1978, the number of existing dwellings sold reached a peak volume of 3,905,000. The volume of dwelling sales has fallen considerably in more recent years. In 1983, 638,000 new dwellings were sold, while the number of existing dwelling sales totalled 2,930,000 during the same year. While the volume of sales has shown variation, median prices of new dwellings increased every year from \$35,900 in 1974 to \$77,200 by 1983. The price of existing dwellings showed comparable increases.

Text 2

LAND MODIFICATION

While land is a relatively scarce resource, it may be modified considerably. In fact, such modification permits alternative uses of land as economic conditions change. Thus, a low-rise retail building gives way to a high-rise office building, land used for pasture assumes greater importance as a shopping center, or, more dramatically, as population expands, low-density residences are replaced by multiple-family structures. In the last illustration, although the land is relatively fixed, it is modified in such a way that the land space per dwelling unit decreases. While a single-family dwelling may support one residential unit per 10,000 square feet, succession to multiple-family use may change this ratio to one apartment unit per 1,000 square feet of land use.

Although the supply of land is fixed, land modification effectively increases the relative supply of land. The same principle holds true for a change in access. Land that was formerly suited only for agricultural use may succeed to dwelling use with the construction of a new limited-access highway. Such highways tend to increase the availability of space for urban purposes. Limited-access highways may decrease driving time to the point that outlying locations are demanded for residential use. Again, the modification of land, in this instance by improved access, effectively increases the supply of subdivision property.

High Capital Value

The high value of land accounts for other market imperfections. Buyers and sellers are not as free to enter and leave the real estate market as they are markets for other goods. The high cost of housing, which is probably the most expensive single purchase of the typical family, restricts the number of families entering the buyer's market. Though new housing may be urgently demanded, buyers in the market for real estate are highly dependent not only on the cost of credit but also on its availability. Consequently, real estate sales

vary with the cost of credit and the availability of mortgage money. In short, the marketability of real estate and its efficient use may be adversely affected by monetary conditions, since buyers are dependent on long – term credit.

PHYSICAL CHARACTERISTICS

The utility of land depends not only on economic characteristics but also on physical attributes. The question of the best land use may turn on the importance attached to physical characteristics versus economic characteristics. For example, certain types of land are ideally suited to the raising of specialized crops. Thus, the availability of irrigation water makes the desert sands near Indio, California, one of the few areas in the United States that has the combination of soil, water, and temperature required for commercial date production. Yet, some date groves have been converted to single – family dwellings. Economically, the area is suitable for residential subdivisions; physically, the land is especially well adapted to a particular crop.

Because of such conflicts, it is appropriate to review the physical characteristics of land in their relation to land use. For the present purpose, the physical characteristics may be classified according to the main land use types: (1) agricultural, (2) residential, (3) commercial, (4) industrial, and (5) recreational.

Agricultural Land

Probably few land areas are not adapted to some form of agriculture. The main determinants of agricultural use relate to the soil and its features, topography, temperature, rainfall and location. The physical characteristics of agricultural land vary by the type of crop production.

Irrigated Land. Irrigation calls for relatively intensive production. Besides the required physical characteristics of irrigated land, its location must be within economical transportation distance for the crops under production. Given this requirement, the physical characteristics relate primarily to the soil. A highly sandy soil is unsuitable for irrigation because of the loss of water. Sprinkler irrigation does not require the strictly level land necessary for ditch irrigation, but the topography must not be unusually steep. Moreover, the quality of the water used to irrigate land must not be toxic to commercial crop production. Because of the high cost of production, irrigated land is generally intensively developed for row crops, though pasture, rice and other crops are irrigated on a more extensive basis.

Dry-Land Farms. The vast corn, wheat, oats, and barley acreage of the Middle West is largely devoted to cereal grains. Such land is usually

equally adapted to grazing purposes. The more productive soils with favorable rainfall (and more accessibility) tend to succeed to dry-and farming as a more profitable endeavor. Like irrigated land, dry-land farms require suitable soil, drainage, temperature, and rainfall.

Text 3

THE INTERSTATE LAND SALES FULL DISCLOSURE ACT

The various states do not uniformly regulate sales of subdivided land. With the growing interest in purchasing lots in the Southwest and Southeast, many buyers purchase unseen land sites. To control the growing abuses in this area, Public Law 90-48, enacted August 1, 1968, prohibits fraud, misrepresentation, and deceit in the sale of subdivision lots over interstate boundaries. The act applies to subdivisions divided into 50 or more lots offered for sale or lease as part of a common promotional plan. Under the act, it is unlawful for a developer or agent to use any means of transportation or communication (such as the U.S. mail) in interstate commerce unless he or she conforms to the act.

Exclusions. Since the act is intended to control the interstate sale of subdivided lots to the public, certain exclusions are provided – sales to contractors for the purpose of constructing buildings, sales of mortgages or deeds of trust, real estate sold under court order, sales of real estate owned by the government, and sales of lots which are free of all encumbrances if the buyers have inspected the lots which they propose to purchase. In addition, lots of five acres or more are exempt from this legislation.

It is now illegal to sell lots subject to the act unless a Statement of Record has been registered with the Secretary of Housing and Urban Development and a copy of the Property Report has been given to the purchaser in advance of the contract agreement. The act defines circumstances in which fraud or deceit results from a lot sale.

Moreover, failure to issue the proper report to the purchaser voids the sales contract at the option of the buyer.

The Property Report. This report gives information that the Secretary believes important to the purchaser. The report may not be used for promotional purposes, nor may the seller represent that the Secretary approves or recommends the subdivision. The Secretary has the right to issue a permanent or temporary injunction or restraining order to enjoin acts or practices considered deceitful or a misrepresentation. To achieve this objective, the Secretary has the power to subpoena witnesses, books and papers. A violation of the act

is subject to a fine of not more than \$5,000 and imprisonment of up to five years, or both.

In practice, the property report tends to be fairly complete. Besides the minimum information listed, developers must cite unusual conditions relating to the subdivision location, for example, subdivision limitations, such as jet aircraft noise, air pollution from local plants, and the possibility of floods. The property report must provide information on the availability of water and other utilities.

The Secretary may add certain observations, such as “The future value of this land is very uncertain” or “Do not count on appreciation.” Other precautions are noted covering financial obligations that might endanger title.

These and other restrictions relate to full disclosure as a means of preventing fraud and misrepresentation. It is believed that if the buyer is given reasonable information, no fraud or misrepresentation will occur. It should be added that the federal government does not inspect, investigate, appraise, or endorse subdivision offerings. The federal agency relies only on information provided by the developers; federal officials do not check the authenticity of the developers’ statements.

PUBLIC RIGHTS OVER REAL PROPERTY

Public rights over real property cover four inherent rights – Police power, the right of eminent domain, the right of taxation, and the right of escheat.

Police power gives governments the right to regulate private property for the public interest, convenience, and necessity. The right of eminent domain refers to the public right to take property in the public interest upon payment of just compensation. The right of taxation gives government the right to tax private property according to constitutional and statutory law. The right of escheat gives the state the right to acquire title to property of a deceased person who dies without a will or legal heirs.

The right of police power leads to regulatory land use controls, such as zoning codes, housing codes, building codes, and subdivision controls. The right of eminent domain requires payment of just compensation or market value for private property taken for the public interest. In the exercise of the right of taxation, local taxing jurisdictions determine the tax base – the total value of property subject to tax. The tax levy is usually expressed in a mill (one tenth of one cent) and commonly expressed as dollars per one hundred or one thousand dollars of assessed value. Most offices require assessing jurisdictions to observe the rule of assessment uniformity within each class of property. Assessors are required to treat property uniformly between property owners.

Proposition 13, an initiative measure approved by California voters, places maximum limits on real property taxes. As enacted, this measure has distorted the allocation of taxes among property owners and caused local agencies to curtail services or to seek other sources of public funds.

The early zoning ordinances were based on comprehensive zoning concepts. This system divided the community into land use districts that were usually cumulative and that controlled building bulk and minimum building standards. Modern zoning practices include, performance zoning, contract zoning, concept plan review, and the purchase or transfer of development rights.

Performance zoning permits land uses based on performance not land use districts. Consequently, performance zoning permits a wide variety of uses within the same district but requires protection against encroachments by buffer zone requirements. Under performance zoning, zoning changes are needed less frequently, developers may respond to changing market conditions without undue delay and, it is argued, performance zoning leads to higher design standards. Finally, performance zoning balances competing interests.

Contract zoning refers to zoning reclassifications in which developers are subject to certain concessions not normally required for the requested zoning. Zoning changes may be approved provided additional contract terms, such as increased setback requirements, additional landscaping, or lower density standards, are observed.

Concept plan review follows a 10-step process in which the developer gains from informal review sessions. Zoning approval is gained only after public hearings.

The sale or transfer of development rights restricts the conversion of agricultural land to urban use. Such laws allow the purchase of the right to convert agricultural to urban use. In some cases, development rights may be transferred to unrestricted land in designated districts. Development rights are valued according to the difference between the market value of land at its highest and best use and its value as farmland.

New legal concepts governing zoning ordinances cover exclusionary zoning that excluded certain groups. Generally, zoning ordinances that discriminate against minorities are unconstitutional. However, exclusionary zoning laws have been ruled constitutional that (1) restrict housing to one family per dwelling, (2) preserve the appearance of historic buildings, or (3) preserve open space through large lot zoning.

Inclusionary zoning provides housing for low – and moderate – income families requiring developers to agree to provide a set percentage of new housing units which must be sold at below market value. Inverse condemnation refers to regulations enacted under the police power which may

give rise to monetary compensation. The rationale is that oppressive land use controls constitute defacto takings which require payments to the landowner.

Land use planning turns on a study of physical characteristics of a community, the economic base, and the social survey. Subdivision regulations insure that subdivisions conform to local regulations. Housing codes establish minimum housing standards. Most states provide for state subdivision regulations that minimize fraud, and misrepresentation in subdivision sales. The Interstate Land Sales Full Disclosure Act provides for information to prospective buyers in interstate sales; it minimizes opportunities for fraud and misrepresentation.

Text 4

PROPERTY MANAGERS

Property managers are real estate experts who manage real estate for a fee to maximize the benefits of ownership. The benefits may be directed to maximizing tax shelters or to securing the highest capital appreciation. More commonly, managers deal in rental property to maximize net income. While maximizing benefits, the manager works to preserve the property utility. This means the professional manager recommends necessary repairs and maintenance so net income is not earned at the sacrifice of property value.

In practice, managers specialize in apartment dwellings, shopping centers, office buildings, industrial parks or buildings, hotels, and resort properties. The larger firms have diversified management portfolios that include virtually all property types.

Property management business is labor intensive. Salaries alone are the largest single expense, totalling 48.5 percent of gross income. Meetings, travel, and auto expense are the next largest expenditures.

Professional development of property managers has led to formal recognition of qualified property managers. For example, the Institute of Real Estate Management issues three designations to qualified members: the Certified Property Manager (CPM), the Accredited Resident Manager (ARM), and the Accredited Management Organization (AMO).

PROFESSIONAL, MANAGEMENT, DESIGNATIONS

The Institute of Real Estate Management, one of the affiliates of the National Association of REALTORS[®], which awards professional designations, was formed in 1934 from an informal group which met to enforce certain ethical standards of real estate managers. Beginning in 1938, the bylaws were changed to provide for the Certified Property Manager.

The Certified Property Manager (CPM)

To qualify for the designation, a CPM applicant must (1) be a candidate for membership in the Institute of Real Estate Management, which requires a high school education, legal age, and one full year of management experience; (2) be recommended for membership by the admissions committee; (3) have not less than three years' experience as a real estate manager and a college degree in business administration (without a college degree, five years of management experience are required); (4) hold some form of membership in a member board of the National Association of Realtors[®] or an individual membership in the association, and, (5) pass at least three examinations given by the institute as prescribed by regulations.

The Accredited Resident Manager (ARM)

The resident manager is the on-site manager who serves as the communication link between the executive manager (for example, a Certified Property Manager) and tenants. The resident manager is expected to report on neighborhood changes, trends in tenancy preferences, and the condition of the rental property. The resident manager is responsible for implementing management policies. Persons who have taken the resident manager's course and successfully passed the final examination are awarded the ARM designation.

Text 5

THE PROPERTY MANAGEMENT INDUSTRY

The property management industry is highly organized. Firms that specialize in property management are led by executives who supervise property managers responsible for individual projects. The on – site resident managers enforce management policies.

Property managers follow an established plan for preparing and analyzing the 12-month budget. The budget is recommended after establishing goals for the ensuing year. The preliminary budget calls for monthly projections of rent, for expenses estimated from similar projects, and for an analysis of accounting statements of the current year.

The maintenance program covers both preventive and responsive maintenance. Preventive maintenance, which follows a set schedule, reduces the cost of responsive maintenance. On the other hand, tenant requests must be reviewed for possible weaknesses in the preventive maintenance program.

Tenant selection for residential projects assumes a fairly formal procedure: tenants are judged according to whether they will be permanent occupants. For shopping centers, managers concentrate on selecting appropriate key major tenants. Tenants are then placed to take advantage of pedestrian traffic generated by key tenants. Enforcing uniform store hours and lease terms that make the shopping center attractive lead other responsibilities.

In negotiating rental terms, managers negotiate minimum rents, percentage rents, additional rent to cover rising expenses, and tenant charges to maintain public areas. The merchant's association, which is jointly financed by management and tenants, promotes the shopping center.

Office building managers study the demand and supply of office space. The demand is divided between existing tenants, newly relocated tenants, new businesses, and tenants who upgrade existing space or abandon space. The supply of vacant space includes a normal vacancy rate and estimates for new office construction and space vacated by tenants who go out of business, reduce office space, or relocate to other cities.

Office building managers review the competitive rental market by canvassing prospective tenants. Office leases are analyzed according to agreements on maintenance, the allocation of expenses, and the restoration of the premises on lease termination.

Increasingly, managers operate as asset managers: an analysis of the various financial alternatives considering the highest and best use and after-tax returns. Pension funds, foreign investors, and other institutions investing in real estate for long-term growth turn to asset managers for advice. The

wider scope of asset management is shown by the responsibilities of corporate real estate directors that optimize returns from investor-owned real estate.

Text 6

THE DEMAND FOR U.S. REAL ESTATE

Foreign investors from more than 30 nations are believed to invest \$4 billion annually in U.S. real estate. Because of high labor costs, rent controls, and taxes, Canadians head the list in foreign purchases of U.S. real estate. British, Dutch, Middle Eastern, Japanese, and West German interests are the next most prominent foreign investors buying U.S. real estate.

Several factors explain the demand for U.S. real estate by foreigners: (1) improved communications reduce the risk of completing foreign purchases; (2) the stability of our government relative to other nations makes our real estate attractive; (3) nonresident aliens benefit from favorable tax treatment – special tax treaties provide even more incentives for investment in U.S. real estate (for investment income, nonresident aliens are subject to a flat rate tax of 30 percent on gross income with no deductions); (4) compared to other nations, financing terms in the United States are more liberal; (5) in comparison with real estate in Europe, Japan, and other developed countries, United States real estate is relatively inexpensive; and, (6) certain institutional advantages favor foreign real estate investment: namely, competent real estate professionals and few restrictions on property ownership and its transfer.

Federal law requires disclosure of foreign interests in real estate as provided by the International Investment Survey Act of 1976 and the Agricultural Investment Disclosure Act of 1978. The Foreign Investment and Real Property Tax Act of 1980 requires foreigners to file annual information on foreign-owned real estate.

While 21 states impose no restrictions on land ownership by nonresident aliens, other states show a wide variety of restrictions. Some restrictions are fairly ineffective, some state laws are not enforced and nine states generally prohibit foreign land ownership. Oklahoma has prohibited ownership of land by nonresident aliens since 1907. In this state, foreign corporations that are “domesticated” to do business in Oklahoma may purchase land.

Foreign holdings of U.S. agricultural land total more than 12 million acres. States showing the largest number of acres held by foreign owners include Maine, Georgia, and California. With the exception of Maine, state foreign holdings represent less than 3 percent of total privately owned agricultural land. Because the proportion of foreign ownership is relatively small, it is unlikely to have any significant impact.

Real estate professionals active in foreign real estate operations prepare property briefs that describe the real estate and the community and provide sufficient legal and tax background for a foreign purchaser. The property brief includes financial information and the recommended type of ownership. Most foreign clients are gained from trust departments of banks that serve foreign clients. The ownership interest may take the form of a share in a land company, the purchase of shares in financial institutions, or direct purchase. Joint ventures are common methods of acquiring United States real estate.

GLOSSARY

A

1. abuse – злоупотреблять
2. acquire – приобретать
3. adversely – неблагоприятно
4. alien – подданный другого государства
5. applicant – кандидат
6. appreciation – оценка
7. approve – одобрять
8. assessment uniformity – единая оценка
9. assessors – оценщик
10. attached – прикрепленный
11. attractive – приемлемый
12. authenticity – подлинность
13. availability – годность, полезность, пригодность

В

14. barley – ячмень

С

15. call for – требовать

16. canvassing – агитация

17. circumstances – обстоятельства

18. combination – соединение, сочетание, комбинация

19. comparable – заслуживающий сравнения

20. compensation – компенсация, возмещение, восполнение

21. concession – уступка

22. crops – зерновые (*о культурах*)

23. cumulative – накопительный

24. to curtail – сокращать, укорачивать

Д

25. data groves – объем данных

26. deceased – умерший

27. deceit – обман

28. deduction – отчисление

29. designations – обозначение

30. developer – застройщик

31. disclosure – разоблачение, раскрытие

32. distort – исказить

33. “domesticated” – «одомашненный»

Е

34. eminent domain – право государства отчуждать частную собственность

35. encroachment – агрессия, вторжение

36. encumbrance – затруднение, помеха

37. endeavor – попытка, старание

38. enforcement – давление, нажим, принуждение

39. escheat – становиться выморочным (*об имуществе*)

40. estimated – предполагаемый, ожидаемый

41. exempt – освобождать

42. expenditure – расход

F

43. features – свойства, особенности

44. fee – вознаграждение, гонорар

45. fine – штраф

46. fraud – обман

G

47. gross – валовый

H

48. heirs – наследники

49. household – домашнее хозяйство, домохозяйство

I

50. impact – влияние, удар

51. impose – навязывать

52. inherent – обязательно присущий, неотъемлемый

53. injunction – судебный запрет, запретительная норма

54. intend – намереваться

55. irrigation – полив; ирригация, орошение

J

56. just – справедливый

L

57. landscape – ландшафт, пейзаж

58. levy – налагать

59. loss – потеря, нехватка

M

60. marketability – товарность, пригодность для продажи; реализуемость, ликвидность

N

61. namely – именно
62. negotiate – обсуждать, торговаться

O

63. oats – овес
64. ordinance – указ, декрет

P

65. pasture – пастбище
66. pedestrian – пешеход
67. personnel – штат
68. precautions – меры предосторожности
69. premises – помещение
70. prescribed – предписанный
71. preventive – предупредительный
72. prohibit –запрещать
73. projection – выступающая часть
74. prominent – выдающийся
75. provided – при условии

R

76. recognition – признание
77. rent – рента
78. responsive – отзывчивый
79. restriction – ограничение
80. return – прибыль

S

81. sacrifice – жертва
82. scope – масштаб
83. shelter – убежище
84. stability – стабильность
85. statutory law – установленный, предписанный законный акт
86. steep – крутой, чрезмерный
87. subdivided land – территориально разделенная земля
88. subject to – подвергаться, подлежать
89. subpoena – вызов в суд, повестка о явке в суд
90. survey – опрос, анкетирование
91. to secure – обеспечивать

T

92. tenant – арендатор
93. termination – прекращение
94. title – право, звание
95. topography – топография

U

96. unless – если не

V

97. vacate – освобождать
98. violation – нарушение
99. void – делать недействительным, уничтожать, аннулировать

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