

YOUR SANTA BARBARA  
**HOME BUYING**  
**GUIDE**



# ABOUT ME


Find Your  
Happy Home!



With over 24 years of experience in the industry, Ruth Ann has repeatedly been a top producer in the South Santa Barbara County region. She has been training and mentoring Realtors for many years and was an Instructor of Real Estate at Santa Barbara City College. Her patience, understanding of real estate, strong negotiating skills and passion for the business ensure her clients always come out as winners!

With the help of her strong team, Ruth Ann is on a mission to turn as many people into happy homeowners as humanly possible!

Check out more about the team (and tons of other info) at [www.SellingSB.com](http://www.SellingSB.com), or connect with us on your favorite social media. We love staying connected with you long after the transaction is over!

 **SantaBarbaraRealEstate**

 **@SBRealtor**

 **RuthAnnRealtor**

**Ruth Ann Bowe**  
**Broker Associate, SRS, ABR**  
**CA-DRE 01751940**  
**Village Properties**  
**1436 State Street**  
**Santa Barbara, CA 93101**  
**Cell: 805-698-1971**  
**Email: [RuthAnn@SellingSB.com](mailto:RuthAnn@SellingSB.com)**



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## WELCOME TO YOUR HOME BUYING JOURNEY!

Congratulations! You've taken the first step and decided to buy a home! Very exciting!

If you're like most people and this road seems long and complex, please know *you are not alone!* Use this guide along the way to keep track of your home buying search. There is a place for you to take notes about each stage, and the houses you see once the house hunt is underway!

There is truly something magical about getting the keys to your very own home (and your first toast as a new homeowner!)

*... Let's make this happen!*



# BUY NOW OR WAIT A YEAR?

*This is a question I get all the time...*

Life happens, circumstances and markets change. Buying can seem outright scary for so many reasons! Understandable!

The truth is that as interest rates and property values (or prices) rise, as they are expected to, your buying power decreases. Even if the day you actually buy is a ways out, making it happen ASAP makes great sense. And there's plenty you can do to prepare yourself for that day.

## ANALYZING THE COST

	Now	1/2 pt Increase	1 pt Increase	If 7% Price Increase
<b>Purchase Price</b>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,070,000
<b>Interest Rate</b>	6.875%	7.375%	7.875%	7.875%
<b>Monthly Payment</b>	\$5255.43	\$5525.40	\$5800.56	\$6,206.59
<b>Difference in Monthly Payment</b>		<b>\$269.97</b>	<b>\$545.13</b>	<b>\$951.16</b>
<b>Additional Cost of Interest Over 30 Years</b>		<b>\$97,189.20</b>	<b>\$196,246.80</b>	<b>\$342,417.60</b>

**Waiting Could Cost You A Lot!**



# THINGS TO CONSIDER

- 1) **TAX BENEFITS:** Speak with your accountant or tax person. They will be able to help you determine how the tax benefits of home ownership can enhance your net income (the amount you take home each paycheck), making home ownership more feasible than you might have thought.
- 2) **MORTGAGE LOAN:** Meet with a reputable, local mortgage lender ASAP! They will check your credit score, help figure out how much you can afford, and find ways to increase your credit score for a better interest rate. Also, they understand the needs of our local Santa Barbara market.
- 3) **CAUTION:** Don't make any large purchases and don't transfer money around. Car loans, appliances and other large purchases can lower your debt to income ratio, which can lower your buying power. The lender will recheck that just before they fund the loan, so wait until after you get the keys to your new home to buy anything more than a few hundred dollars. And if you have to move money from one account to another, make sure you have paperwork to document where the money came from, where it went, and when.
- 4) **DOWN PAYMENT:** Saving up for a down payment, or identifying where it will come from is an important step in the home buying process. You do NOT necessarily need a big down payment (see Down Payment Tips). Well before you actually buy, working with a lender to map out your down payment strategy sets you up to get exactly what you want when the time comes.
- 5) **REALTOR:** The other MVP on your "Home Buying Dream Team" from the earliest stages of buying a home and every single step that follows, is of course your Realtor! You need—and deserve—an agent who is dedicated to your needs and will help you understand exactly what type of home will fit your needs and your budget. They won't pressure you to buy something that isn't right for you. Once you've found a home, your Realtor will help you through the process so you understand exactly what you're buying. Using the Realtor who has the listing does not mean you will get a better price on the home - remember, they were representing the seller first, and it is their fiduciary responsibility to do their best for the seller. Who you work with matters!

## *Did you know...*

Many times the buyer does not pay their Realtor's fee. That often comes from the listing agent or the seller, and only if and when we hand you the keys to your home!

# PROCESS OVERVIEW

**1) PRE-QUALIFICATION/PRE-APPROVAL:** After meeting with your Mortgage Lender, the Lender should be able to provide a pre-approval letter stating to what level you are able to purchase a home. This will help your Realtor focus in the right direction and allow you to write a strong purchase offer.



**2) HOME SHOPPING:** It's tempting to look at homes before the lending component is in place, but doing so can set you up for serious disappointment. You might fall for a home which isn't quite in your budget—or even worse— it is, but someone else who is ready to roll (AKA pre-approved) swoops it up. There's a lot to consider, and gaining clarity on your wants and needs can be quite the process. We'll tackle this in the *House Hunt* section.

**3) NEGOTIATING AN OFFER:** When you've found a home you'd like to purchase, your Realtor plays a crucial role in the negotiating and can substantially impact the value you receive. Your Realtor will be able to advise you on the best plan of action to help you get that home. Offer price, contingencies, down-payment, and many other options all come together to make an offer strong and acceptable to a seller. Your Realtor will present your offer and include research to emphasize the value of your offer to the seller and/or their agent. Counter-offers, often several, are part of the negotiation process which your Realtor will help you through. Once the offer has been agreed to the "Escrow Period" starts.

**4) ESCROW:** During this time, often 30 days or longer, inspections take place, and the negotiation process continues. We will go over this stage in depth in the *Escrow* section (let's not get ahead of ourselves, right?)



*Did you know...*

A strong negotiator can often net up to 20% savings for you on pricing, home repairs and other aspects of the purchase.

# GREAT LOCAL LENDERS

## GUY RIVERA

Direct Mortgage Funding  
NMLS 57662  
805-687-6282  
Rivera@dmfsb.com



## MARK JOHNSON

Guaranteed Rate  
NMLS 451091  
805-448-6094  
MARK.R.JOHNSON@RATE.COM



## JON MCCUSKEY

CMG Home Loans  
NMLS 357850  
805-456-5795  
JMCCUSKEY@CMGHOMELOANS.COM



Different lenders have different programs for different situations, so it never hurts to chat with a few.

## JUSTIN DEES

Neo Home Loans  
NMLS 448762  
805-886-8318  
Justin@DreamTeamSB.com



Be sure to keep it local. Your offer will be more easily accepted if the lender is known in town.

Here are several we've had great success with!

# LENDER CHECKLIST

## DOCUMENTS YOU WILL NEED:

- ◇ ID and Social Security number
- ◇ W-2/1099 forms from the past two years
- ◇ Pay stubs from the past 30 days
- ◇ Proof of other sources of income
- ◇ Federal tax returns from the past two years
- ◇ Bank statement from last two months



HEY THERE, BUYERS!

*You don't need  
20% down to  
purchase a home.  
That is a myth!*

**MAXIMUM PURCHASE AMOUNT**

\$ \_\_\_\_\_

**DOWN PAYMENT REQUIRED**

\$ \_\_\_\_\_

**MONTHLY PITI**

(PRINCIPLE, INTEREST, TAXES, INSURANCE)

\$ \_\_\_\_\_

***DON'T—just get pre-qualified for a mortgage, get pre-approved.***

# DOWN PAYMENT TIPS

When it comes to down payments, bigger is better, yet there are ways to get creative and make it happen! Here are some ways to help build up a healthy down payment!



- 1) SAVE \$:** Strategies to save for a down payment can include temporary shifts in lifestyle. One great habit is transfer a fixed amount into a special savings account each month—and commit to use it only for your down payment. Other ideas include skipping getaways for a year, dine in rather than out and look at your expenses to see where you can lower them. Every time you skip that dinner or pricey coffee, add it to a big money jar and watch it grow! Deposit it into your special account weekly so you aren't tempted to use it!
- 2) GIFT:** Gifts are a common way to get down payment money. Be sure the lender knows how much, and who it came from. You'll need a gift letter or other verification. It does need to be a gift, because if you have to repay it, the lender will factor that into your mortgage approval amount, and you'll qualify for less than you might have wanted.
- 3) DOWN PAYMENT ASSISTANCE PROGRAMS:** There are a few options offered by different lenders at various times for down payment assistance. In some cases, the down payment assistance is a loan that you make payments on in addition to your regular payment. In other cases, it is an equity share – which means you don't make payments on it, however, when you sell the home, the amount is paid back and a percentage of the increase in value is given to the lender. Some programs require as little as 5% down from the buyer, while others require 10% – however half of that may be a gift from a family member. And the assistance can be up to \$500,000!

***What can you think of right now to help save \$\$?*** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



# THE HOUSE HUNT

**Home Shopping:** By understanding your goals, you'll be shown homes that work for you and your budget. As you look, you might find other wants and needs and you should keep us updated! Keep in mind, sometimes you have to see what you don't want in order to determine what you do want and often what buyers think is important initially, becomes less important moving forward. Keep an open mind as you are looking at places. You might find the right place for you is not what you expected!



WANTS & NEEDS				
	Must	Would Like	Perfect World!	Not a Factor
# of Bedrooms				
# of Bathrooms				
Type of Home				
Style of Home				
Single Level				
Garage				
Yard/Outdoor Space				
View				
Condition				
Schools				
Walkability				

***DO—Let your Realtor know when you're interested in seeing a home. We can get additional info or set up a showing (before the next open house!) We want to be there with you so we get a good feel for what you want.***

# HOUSE NOTES

## Address

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### Pros

### Cons

Pros	Cons

## Questions & Concerns


Did this home fit my needs?

## Address

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### Pros

### Cons

Pros	Cons

## Questions & Concerns


Did this home fit my needs?

## Address

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### Pros

### Cons

Pros	Cons

## Questions & Concerns


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Pros

Cons


## Questions & Concerns


Did this home fit my needs?

# ESCROW



During this time, often 30 days or longer, many important events take place which you may or may not be aware of.

Here's a standard timeline:

- 1) GOOD FAITH DEPOSIT:** Usually 3% of the purchase price (also known as earnest money) is deposited into an escrow account. This is part of your down payment. The escrow officer is a neutral third party who keeps your money safe until you remove contingencies (usually 17-21 days after escrow is opened). 3 Days
- 2) LENDER:** Once your offer has been accepted, your Lender will put your mortgage together. They will need updated information from you, such as bank statements, pay stubs, tax records. It is critical to respond quickly to your lender to keep the timeline running smoothly.
- 3) TITLE COMPANY:** The title company will make sure the home is free of liens and make you aware of any issues affecting the property. They will issue Title Insurance, which will protect you from claims against the property prior to your ownership.
- 4) DISCLOSURES:** The Seller and their Agent will provide disclosures and reports required to make you aware of the condition of the home within 7 days. Your Realtor will help you make sense of them and look out for red flags. 7 Days
- 5) INSPECTIONS:** During the inspection period (usually 17 days), your Realtor can advise you on what types of inspections should be done, as well as provide a list of inspectors, in order to have a full understanding of the condition of the home. Sewer, termite, roof, mold, and other inspections may or may not be part of the process. You, as the buyer, should participate in a home inspection with a qualified home inspector as well as other necessary due diligence.
- 6) REQUEST FOR REPAIRS:** Once you have completed investigations of the home, your Realtor will discuss the results with you. There may be items that were unexpected and would make sense to ask the seller to repair or credit you for. 17 Days

# ESCROW

- 7) **INSURANCE:** You'll need to secure homeowner's insurance, and let your escrow officer know who it is.
- 8) **CONTINGENCY REMOVAL:** The usual deadline is 21 days after opening escrow (unless extenuating circumstances come up). Your Realtor will advise you on when and which contingencies should be removed, getting you one step closer to home-ownership!
- 9) **CLOSING DISCLOSURE:** The lender will send you a closing disclosure electronically that outlines all of the lender fees. You will need to sign it immediately, as you cannot sign loan documents for 3 days after signing the CD. Look at it thoroughly. If you see any errors, notify your Lender and your Realtor so they can work it out immediately. You may need to sign another CD and start the 3 day clock again.
- 10) **LOAN DOCUMENTS:** Loan documents will be sent from the lender to the escrow officer, who will contact you to obtain signatures. This must happen in person with a Notary Public, who will need to see valid identification from each buyer signing. You will also need to either wire or provide a cashier's check for the rest of the funds outside of the loan per the escrow officer's specific instructions. You may not provide a personal check for this. It must be a wire or cashier's check.
- 11) **FINAL REVIEW:** The escrow officer will complete the paperwork and return the loan documents to the lender. The lender does a final review and may have some "conditions" for funding the loan. These conditions are generally pretty simple and may require you to provide additional documentation, which will be needed immediately.
- 12) **FUNDING/CLOSING:** (Usually 30-45 days) Once all conditions are met, the lender will fund the loan to the escrow account and the next day, the escrow officer will record the transfer of ownership of the property to you and transfer the funds to the seller. **That's when it is official and you get your keys!**
- 13) **COPIES OF PAPERWORK:** Your Realtor will provide you with a thumb drive or copy of all of the documents pertaining to the purchase. This should be stored in a safe place for tax purposes and when you are ready to sell and upgrade!

21 Days

30-45 Days

**#HomeOwners!**



# WAYS OF HOLDING TITLE

Holding title refers to how your ownership of your property is recorded. You'll want to read through it as it can have a major impact on what happens with the property.

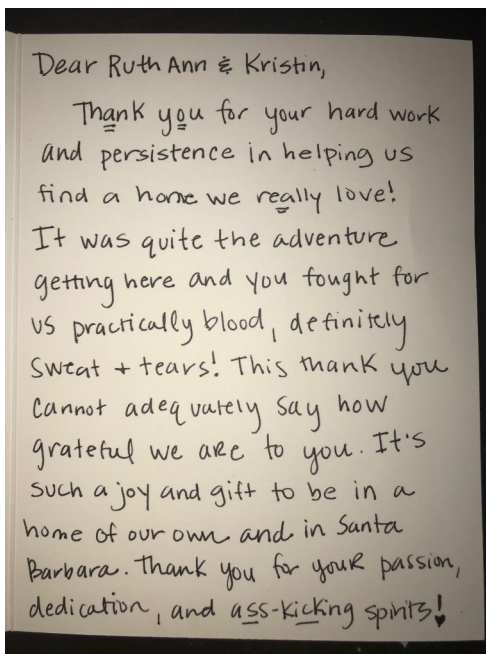
	TENANCY IN COMMON	JOINT TENANCY	COMMUNITY PROPERTY	COMMUNITY PROPERTY with Right of Survivorship
Parties	Two or more persons <sup>1</sup>	Two or more natural persons	Spouses or domestic partners <sup>2</sup>	Spouses or domestic partners <sup>2</sup>
Division	Ownership can be divided into any number of interests, equal or unequal	Ownership interests must be equal	Ownership interests must be equal	Ownership interests must be equal
Creation	One or more conveyances (law presumes interests are equal if not otherwise specified)	Single conveyances (creating identical interests); vesting must specify joint tenancy	Presumption from marriage or domestic partnership or can be designated in deed	Single conveyance and spouses or domestic partners must indicate consent which can be on deed
Possession and control	Equal	Equal	Equal	Equal
Transferability	Each co-owner may transfer or mortgage their interest separately	Each co-owner may transfer his/her interest separately but tenancy in common results	Both spouses or domestic partners must consent to transfer or mortgage	Both spouses or domestic partners must consent to transfer or mortgage
Liens against one owner	Unless married or domestic partners, co-owner's interest not subject to liens of other debtor/owner but forced sale can occur	Co-owner's interest not subject to liens of other debtor/owner but forced sale can occur if prior to co-owner's/debtor's death	Entire property may be subject to forced sale to satisfy debt of either spouse or domestic partner	Entire property subject to forced sale to satisfy debt of either spouse or domestic partner
Death of co-owner	Decedent's interest passes to his/her devisees or heirs by will or intestacy	Decedent's interest automatically passes to surviving joint tenant ("Right of Survivorship")	Decedent's 1/2 interest passes to surviving spouse or domestic partner unless otherwise devised by will	Decedent's 1/2 interest automatically passes to surviving spouse or domestic partner due to right of survivorship
Possible advantages/disadvantages	Co-owners interests may be separately transferable <sup>3</sup>	Right of Survivorship (avoids probate); may have tax disadvantages for spouses	Qualified survivorship rights; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage <sup>2</sup>	Right of survivorship; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage

<sup>1</sup> Persons includes a natural person as well as validly formed cooperation, limited partnership, limited liability company or general partnership. Trust property is vested in the trustee (usually a natural person or corporation).  
<sup>2</sup> Transfers by spouses/domestic partners may require a quitclaim deed from the other spouse/partner for title insurance purposes.  
<sup>3</sup> If co-Owners are spouses/domestic partners, property may be subject to legal presumption of "community property" requiring consent of both spouses/partners to convey or encumber title notwithstanding vesting as "joint tenancy"

# REVIEWS

Ruth Ann is great! She is tenacious, well connected, and practices with integrity. She'll get the job done for you - we closed on our property less than 3 months after moving back to Santa Barbara. Ruth Ann is also very knowledgeable in this business and will make sure that you are informed as you move through the process of buying. Thanks Ruth Ann!

**-Noah M.**



**-Travis & Lauren**

Ruth Ann helped us buy our first condo in Santa Barbara — it was a great experience. Seven years later, she checked in with me about a house that wasn't on the market that she thought would be a fit for us, and today we are living in that very house. Ruth Ann and her team are knowledgeable, thoughtful, caring, hard-working, and also just all around great folks. I recommend her real estate services very highly.

**-Elizabeth M.**



## Homes We Have Sold

This list is FAR from all the happy homes we have helped our buyers find. We look forward to adding your future address to this list!

2942 Apache Way.....	\$ 650,000
1035 Miramonte Dr #3...	\$ 820,000
4117 Sunset Ln.....	\$2,096,505
1513 Portesuello.....	\$2,800,000
1411 Chino St.....	\$760,000 / \$1,390,000
5066 San Julio Ave.....	\$830,000
951 Isleta Ave.....	\$905,000
482 Vaquero Ln.....	\$950,000
2620 Clinton Terr.....	\$1,135,000
788 El Rodeo Rd.....	\$1,195,000
1760 Overlook Ln.....	\$1,291,000
2521 Anacapa St.....	\$1,525,000
855 Miramonte Dr.....	\$1,699,000
1737 Loma St.....	\$1,900,000
1718 Garden Ave.....	\$2,550,000
1533 Shoreline Dr.....	\$2,975,000
656 Via Miguel.....	\$2,245,000
7634 Hollister 252.....	\$749,000
And many, many more!	