

MICHEL ANN MARONEY &  
RESIDENTIAL RESOURCE REAL ESTATE PRESENT

# Your Home Buyer's Guide

LET US BE YOUR RESOURCE TO HOME OWNERSHIP

- FINANCING
- HOME SEARCH
- NEGOTIATING
- MOVING TIME

**2025 - 2026 COLLECTION**

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# UNDERSTANDING HOMEOWNERSHIP

Homeownership is a significant milestone and a long-term commitment that comes with numerous responsibilities and financial obligations. Before setting off on your home-buying journey, it's essential to evaluate your readiness.

Consider factors like your financial stability, creditworthiness, job security, and lifestyle needs. Be clear on why you want to buy a house. Whether it's for investment, stability, freedom, or a sense of community, your motivations will guide your home buying process.

Also, assess your financial readiness. Do you have a steady income source? Have you saved enough for a down payment, closing costs, moving expenses, and possible renovations? Are you prepared to handle ongoing expenses such as property taxes, insurance, HOA fees, and maintenance costs?

Lastly, consider the non-financial aspects. Are you ready to settle in one place for an extended period?

Homeownership may limit your mobility compared to renting. Additionally, as a homeowner, you will be responsible for all home repairs and maintenance.

Understanding these aspects can help you decide if you're truly ready for homeownership.

# OPTIONS FOR HOME FINANCING

When it comes to financing your home, there are various mortgage options available, each with its own advantages, disadvantages, and unique terms. Some common types of home loans include:

- **Conventional Mortgages:** These are standard loans not insured by any government agency. They come in two types: conforming (meets the guidelines set by Fannie Mae and Freddie Mac) and non-conforming (jumbo loans).
- **FHA Loans:** Backed by the Federal Housing Administration, these loans often have lower down payment requirements and are more accessible to individuals with lower credit scores.
- **VA Loans:** These loans, backed by the Department of Veterans Affairs, are available to veterans, service members, and their families. They often require no down payment or mortgage insurance.
- **USDA Loans:** Backed by the U.S. Department of Agriculture, these loans are designed for rural homebuyers and often require no down payment.

Understanding the different loan options will help you choose one that fits your financial situation and long-term goals. It's advisable to consult with a mortgage broker or lender to help determine the best fit.

There are also some state specific loan programs that may be helpful for you, various lender specific programs and even “bank statement loans”! Let's get an experienced loan officer to answer your questions and help guide you on the pre-approval process!

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# IMPORTANCE OF CREDIT SCORES AND PRE-APPROVAL

Credit scores are a critical factor in determining your mortgage eligibility, interest rates, and terms. Lenders use credit scores to evaluate your creditworthiness, or how likely you are to repay your loan. A high credit score can lead to more favorable mortgage terms, while a low score can limit your options. Some of the lenders in my network have been amazing to work with over the years in assisting buyers in getting mortgage ready. Maybe you aren't quite ready today and you know your credit needs a little help. I'd be happy to introduce you to some loan officers who can look at your credit and advise what would be the best step to get you on your way to being ready to buy. Well intended friends and family often give good advise, but sometimes, it's not quite what is needed for a mortgage pre-approval.

Pre-approval is an essential step in the home buying process. It involves a lender assessing your financial situation and determining how much they're willing to lend you. This not only helps you understand your budget but also signals to sellers that you're a serious buyer.

To get pre-approved, you'll need to provide the lender with financial documents such as pay stubs, W-2s, tax returns, bank statements, and information about your debts. Let's talk about those documents in more detail.

# DIFFERENCE BETWEEN PRE-APPROVAL AND PRE-QUALIFICATION.

## **\*\*Navigating Mortgage Readiness: Pre-Approval vs. Pre-Qualification\*\***

When embarking on your journey to purchase a new home, understanding the distinctions between mortgage pre-approval and pre-qualification can be crucial in securing your dream property. Both are essential steps in the homebuying process, but they serve different purposes. Let's delve into what sets them apart:



## **\*\*Pre-Qualification: Exploring Possibilities\*\***

A mortgage pre-qualification provides an initial assessment of your **potential** purchasing power. During this stage, you'll provide basic financial information to a lender. This might include your income, debt, and estimated credit score. Based on this information, the lender can offer a rough estimate of the amount you might be able to borrow. Pre-qualification is a valuable starting point as it helps you understand what price range of homes you could consider, guiding your search from the outset.

**In today's real estate market, simply having a pre-qualification letter is really not that valuable as a serious house hunter. When it comes time to write an offer on a home for you, we will want to be sure to have a Pre-Qualification letter, which we will discuss on the next page.**

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## **\*\*PRE-APPROVAL: A SOLID FOUNDATION\*\***

Pre-approval takes the mortgage process a step further. It involves a **thorough** review of your financial situation by the lender. You'll provide detailed documentation of your income, assets, debts, and employment history. The lender will also pull your credit report. With this comprehensive understanding, the lender can issue a pre-approval letter stating the exact loan amount you're eligible for.

**This letter holds significant weight in negotiations with sellers, as it demonstrates your financial readiness and commitment to the purchase.**

## **\*\*KEY DIFFERENCES: TIME AND CONFIDENCE\*\***

One of the primary differences between pre-qualification and pre-approval lies in their validity periods. A pre-qualification estimate can give you an initial sense of affordability, but it's not as concrete. On the other hand, a pre-approval is typically valid for 60 to 90 days, giving you ample time to explore the market and make an informed decision.

In essence, while pre-qualification provides a preliminary glimpse into your possibilities, pre-approval offers a stronger foundation for your homebuying journey. It showcases your financial credibility to sellers, making your offers more appealing and increasing your negotiation power.

In conclusion, both pre-qualification and pre-approval have their merits. Consider your stage of readiness and the level of certainty you desire when choosing which route to take. By aligning your approach with your goals, you'll be well-prepared to secure the home that aligns perfectly with your aspirations.

*(Ask me or your lender about being even ONE step further in the process before we write an offer on a home for you! I have found this one extra step quite helpful and some lenders do this step automatically.)*

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# **PRE-APPROVED**



# DOCUMENTS NEEDED WHEN APPLYING FOR A HOME LOAN

When applying for a home mortgage, lenders typically require a variety of documents to assess your financial stability and determine your eligibility for a loan.

**Here's a list of common documents a lender may request:**

## **Proof of Identity and Residence:**

- Driver's license or government-issued ID
- Proof of your current residence (utility bills, lease agreement, etc.)

## **Proof of Income:**

- Pay stubs for the past 2-3 months
- W-2 forms or tax returns for the past 2-3 years
- If self-employed, business tax returns and profit/loss statements

## **Employment Verification:**

- Contact information for your current employer
- Recent pay stubs or an employment verification letter

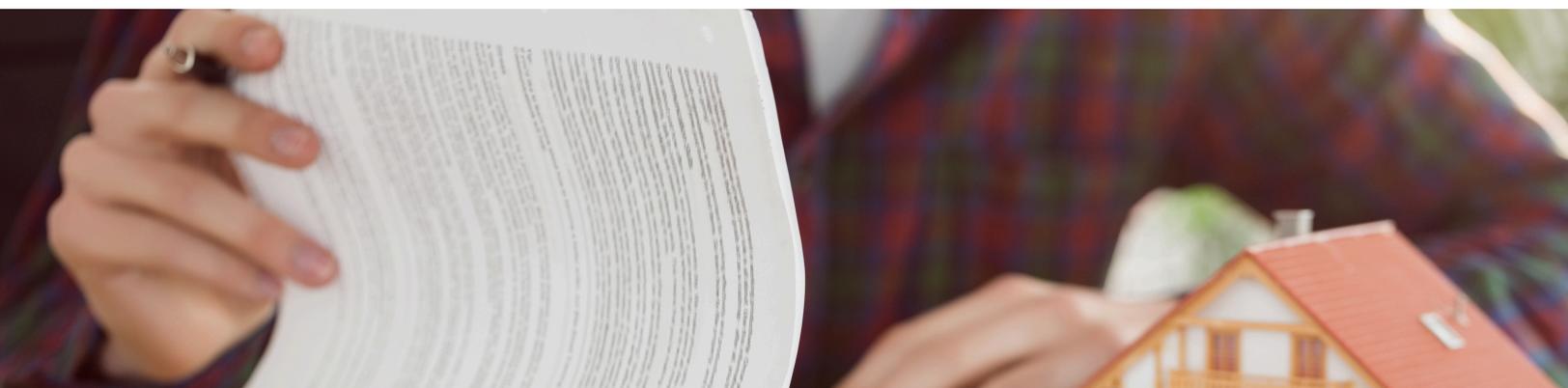
## **Credit Information:**

- Consent for the lender to pull your credit report

## **Assets:**

- Bank statements for the past 2-3 months to verify savings and checking accounts
- Documentation of any other assets, such as stocks, bonds, or retirement accounts

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**Debt Information:**

- Information on outstanding debts, such as credit card balances, student loans, and car loans

**Down Payment and Closing Costs:**

- Proof of funds for the down payment and closing costs, such as bank statements or gift letters if applicable

**Additional Documentation (if applicable):**

- Divorce decrees or separation agreements
- Child support or alimony documentation
- Proof of additional income sources

*Once we are under contract...*

**Property Information (for Purchase):** *Your team at the MRE Group will send these!*

- Purchase agreement or contract for the property
- Property listing details

**Property Information (for Refinancing):**

- Current mortgage statement
- Property tax and insurance information

Remember that specific requirements can vary based on the lender's policies and the type of mortgage you're applying for. It's important to communicate with your lender to ensure you provide all the necessary documentation accurately and on time. This will help expedite the mortgage approval process and increase your chances of a successful application.

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# DETERMINING YOUR NEEDS

When you start your home search, it's crucial to have a clear idea of what you're looking for in a house. Consider factors like location, home size, number of bedrooms and bathrooms, yard size, proximity to schools and amenities, neighborhood safety, and potential for home appreciation.

Also, consider your lifestyle and future plans. If you plan to grow your family, you might want an extra bedroom. If you work from home, a home office might be essential. Keep in mind that your dream home should not only meet your current needs but also accommodate your future plans.



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Serving Buyers & Sellers since 2009

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# YOUR DREAM HOME

Write everything you dream about your future home having.  
We'll use this as a reference point during our house touring!

Cities You'd Like To Buy In: \_\_\_\_\_

Number of Bedrooms: \_\_\_\_\_

Number of Bathrooms: \_\_\_\_\_

Preferred Sqft: \_\_\_\_\_

Maximum Price: \_\_\_\_\_

School District: \_\_\_\_\_

When Do You Want To Purchase By: \_\_\_\_\_

Your Most Important Home Features:

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# THE ROLE OF YOUR REAL ESTATE AGENT

A real estate agent is more than just a middleman between buyers and sellers. They are professionals equipped with comprehensive market knowledge, negotiation skills, and the expertise to guide you through the complex journey of home buying. Let's break down their essential functions:

- 1. Market Insight:** Agents provide valuable insights into the local market, including pricing trends and neighborhood conditions, helping you make informed decisions about potential homes.
- 2. Property Search:** Through their access to extensive real estate databases, agents save you time by filtering out unsuitable properties and arranging viewings that align with your preferences.
- 3. Negotiation:** Perhaps one of the most valuable roles of an agent is their ability to negotiate the best price and terms on your behalf, taking the stress out of this critical step.
- 4. Paperwork and Closing:** Real estate transactions involve substantial paperwork and strict deadlines. Your agent manages this process, guiding you through each step towards a successful closing.
- 5. Continued Support:** A good agent doesn't end their service at closing. They remain a valuable resource.

**In choosing a real estate agent, look for someone who understands your needs, communicates effectively, and has experience. Your agent should not just help you buy a house, but assist you in finding a home that truly suits your lifestyle and long-term goals, while educating and advising you along the way.**



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# SEARCHING FOR PROPERTIES

Once you have a clear understanding of what you're looking for in a home and the amount you can afford, you can start searching for properties. Online platforms are excellent resources, offering a variety of filters such as price, location, size, and features that allow you to narrow down your choices.

However, online search is only the first step. Nothing replaces the value of an in-person visit. Schedule viewings with your real estate agent, and take the opportunity to explore the neighborhood, check the condition of the house, and visualize living in the space.

During these visits, take notes of things you like and dislike, any repairs needed, the quality of natural light, the functionality of the layout, and the noise levels in the neighborhood. These observations will help you compare different properties and make an informed decision.

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# MAKING AN OFFER

Once you've found a home you're interested in, the next step is to make an offer. The offering process involves several steps that may look something like this:

**Congratulations, you've found a house that feels like home!** Now it's time to put pen to paper and write an offer that expresses your intent to purchase. **It is time to write an offer** ~ often referred to as a Purchase and Sale Agreement. It is not referred to as a contract until all parties have agreed and it becomes bound with all signatures. This process involves several key steps:

**Consultation with Your Agent & Determine Your Offer Price:** Based on your agent's guidance and market research, decide on the offer price. Consider factors like comparable sales, the home's condition, and your budget.

**Contingencies and Terms:** Decide on any contingencies you want to include in your offer. Common contingencies include a home inspection, financing, and appraisal. Clearly outline the terms you're comfortable with, such as the closing date and any personal property you'd like to include in the sale such as the refrigerator. *(Keep in mind, your mortgage department will not want to see a lot of personal property in the purchase and sale agreement. If a seller has a lot of items to sell that you are interested in, we will discuss another manner in which to address that for you.)*

**Earnest Money Deposit:** Include the amount of the earnest money deposit with your offer. Also referred to as trust money, this deposit demonstrates your commitment to the purchase and is held in an escrow account until the sale is finalized. This money is your money, and applies toward your closing costs or down payment the day of closing. We will discuss during our buyers consultation where it is written into the contract how and when this money is forfeited or returned to you if a contract is terminated. *How much is an earnest money deposit typically? One percent of the purchase price is becoming more common these days. We will discuss the appropriate amount based on each situation.*

**Pre-Approval Letter:** Attach your pre-approval letter from your lender to your offer. This letter indicates that you have undergone a preliminary credit check and are financially capable of completing the purchase.

**Draft the Offer:** Your agent will help you draft the formal offer. This letter includes the purchase price, contingencies, terms, and other relevant details. It also serves as a personal touchpoint to connect with the seller.

*Continued...*

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**Review and Sign:** Carefully review the offer letter with your agent to ensure all details are accurate. Once you're satisfied, sign the letter to make it legally binding.

**Submission:** Your agent will submit the offer to the seller's agent. The seller will then review the offer and respond with an acceptance, rejection, or a counteroffer.

**Negotiations:** If the seller counters your offer, be prepared for negotiations. Your agent will guide you through this process, helping you reach an agreement that satisfies both parties.

**Acceptance and Escrow:** When your offer is accepted, you'll enter escrow. This is the period during which various tasks, such as inspections and finalizing financing, are completed. We will talk in detail about inspections when we meet for your buyer's consultation.

**Closing:** Once all contingencies are satisfied, the transaction moves towards closing. This involves signing the necessary paperwork, transferring funds, and officially taking ownership of the property.

Navigating the process of writing an offer can be complex, but with the expertise of the MRE Group and a clear understanding of each step, you'll be well-equipped to secure the home of your dreams. Remember, communication and collaboration are key throughout the entire process.

**Happy home buying!**

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# HOME INSPECTIONS AND APPRAISALS

After your offer is accepted, you'll move forward to two critical procedures - home inspection and appraisal. These steps reveal essential details about the condition and the value of the home you're about to purchase.

## **Home Inspection:**

A home inspection is a comprehensive evaluation carried out by a professional home inspector. This process is critical as it uncovers any potential issues hidden beneath the home's surface, such as structural problems, faulty wiring, plumbing issues, or a worn-out roof.

The inspector will provide you with a detailed report outlining any existing or potential issues, enabling you to understand the home's current condition. If major problems are discovered, you may choose to renegotiate the deal, request the seller to carry out repairs, or in extreme cases, rescind your offer.

## **Home Appraisal:**

A home appraisal, on the other hand, is a professional estimate of the home's market value. This process is typically required by the lender to ensure the amount of money they're lending aligns with the home's true value. The buyer pays for the appraisal, and the lender orders the appraisal to take place.

If the appraisal value comes in lower than the sale price, we may need to renegotiate the terms with the seller, or potentially pay the difference out of pocket to secure your mortgage. In contrast, if the appraisal is higher than the sale price, you've gained instant equity in your new home.

Both home inspections and appraisals play crucial roles in the home buying process, safeguarding your investment and ensuring you're making a sound financial decision.

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# HOME INSPECTIONS YOU MAY WISH TO CONSIDER

**Comprehensive Home Inspection:** A comprehensive home inspection is a thorough assessment of the property's overall condition. A certified inspector will examine the structural components, electrical systems, plumbing, HVAC, roof, and other major systems. This inspection helps identify any potential issues that might affect the property's safety, functionality, and value.

**Pest and Termite Inspection:** A pest and termite inspection checks for the presence of pests, termites, and other wood-destroying organisms. Infestations can lead to structural damage, so it's crucial to ensure the property is free from these issues.

**Radon Inspection:** Radon is an odorless, colorless, naturally occurring gas that can seep into homes from the ground. Radon inspections measure the levels of this gas and determine whether mitigation is needed to reduce health risks.

**Mold Inspection:** Mold inspections assess the presence of mold, which can lead to health problems and compromise indoor air quality. If mold is found, remediation may be necessary

**Well and Septic Inspection:** For properties with well water and septic systems, inspections are essential. These assessments ensure the systems are functioning properly and that the water quality is safe for consumption.

**Pool and Spa Inspection:** If the property has a pool or spa, consider getting an inspection to evaluate their condition, equipment functionality, and compliance with safety standards.

Remember, the goal of these inspections is to provide you with a comprehensive understanding of the property's condition. While some inspections may be standard, others may be recommended based on the property's age, location, and features. Your MRE Group Real Estate Agent can provide guidance on which inspections are most relevant to the property you're considering, helping you make an informed decision about your purchase.

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# CLOSING THE DEAL

***Closing is the final step in the home buying process.***

It involves signing a lot of legal documents / loan paperwork, paying closing costs, and receiving the keys to your new home. Closing costs typically range from 2% to 5% of the loan amount and include fees for mortgage origination, appraisal, title search, title insurance, surveys, taxes, and recording fees, etc.

After the closing, the home is officially yours. But keep in mind, your responsibility doesn't end here. You'll need to plan your move, set up your utilities, change your address, and maintain your new home and in AL - don't forget to file homestead exemption if your home is your primary residence, as that can save you a decent amount of money in property taxes!

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# MOVE IN DAY

Congratulations, you're now a homeowner! As you settle in, take the time to understand the details of your mortgage payments, set aside a budget for ongoing home maintenance, and familiarize yourself with your property.

Take the time to celebrate this achievement, but remember that homeownership is an ongoing journey. Whether it's planning home improvements, staying on top of maintenance, or keeping an eye on your home's value, you're now in the driver's seat.

Remember to engage professionals when needed, stay informed about your local real estate market, and most importantly, enjoy your new home!

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# MOVING DAY

When your move in date is near, you'll want to make sure to collect the proper information for the home to make your transition as smooth as possible.

- Property Address: \_\_\_\_\_
- Electricity Company: \_\_\_\_\_
- Trash Company: \_\_\_\_\_
- Trash Pick-Up Dates: \_\_\_\_\_
- Water Company: \_\_\_\_\_
- Sewage Company: \_\_\_\_\_
- Gas Company: \_\_\_\_\_
- Elementary School: \_\_\_\_\_
- Middle School: \_\_\_\_\_
- High School: \_\_\_\_\_
- Alarm System: \_\_\_\_\_
- Extra Notes:

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As the Managing Broker at Residential Resource Real Estate here in Alabama, I proudly serve buyers and sellers from Middle Tennessee through North Alabama, holding dual licenses in both states. (My Tennessee license is with Red Door Real Estate.)

**My focus is simple:** stress-free transactions, modern technology, and vintage values. That's the heart of how I work – Real Estate with Heart. Customer care will always be my top priority.

After spending 15 years in Middle Tennessee, my husband and I relocated to his home state of Alabama to follow his career – and we couldn't be happier to call North Alabama home. I'm honored to serve clients in both regions with the same dedication, integrity, and care I'd want for my own family.

As a second-generation REALTOR®, real estate truly runs in my blood. My mother became licensed in 1976, and I was her constant shadow – never needing a babysitter because I was right there learning the ropes. I took my first real estate office job at age 17 and knew this was the life for me. In 2009, that lifelong dream officially became a career when I earned my license in Rutherford County, Tennessee.

For me, real estate isn't just about houses – it's about helping people find home. And at Residential Resource that's called **Making Home Possible!**

# ABOUT YOUR REALTOR®

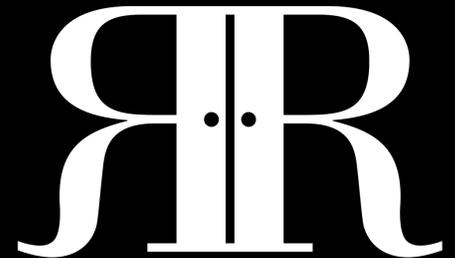


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**RESIDENTIAL**



**RESOURCE**

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