RICH:
The average borrower thinks is that, oh gosh, rates are a little bit high right now, so I should wait before I buy a home. And what we try to educate people on, and a lot of our customers try to do the same thing, is, well, let's talk about this for a second. So, rates are a little bit higher right now, but the housing market has calmed down a little bit, right? Which is a good thing. So, nothing's really overpriced now. Property values have stabilized, okay? So, what that means is, they're going to be able to go out and find a house, hopefully of their dreams.

CORWYN:
Good morning, good morning, great morning, guys. Welcome to another fabulous episode of Exit Strategies Radio Show. Hey, I, I, that's me, am your host, Corwyn J. Mellette, broker and owner of Exit Realty Low Country Group in beautiful, beautiful North Charleston, South Carolina. Hey, if this is your first time, yep, if you are fresh here, look, you're going to have a wonderful time because our mission here is very simple.

That is to empower our community through financial literacy and real estate education, guys. We're legacy building, that's what we do. Always got to give a shout out to those who listen to us faithfully. Here are local, those in the PD, Pastor Vanderbilt Evans Sr., and his wonderful wife, broad, Ms.

Sondra Evans, my mama out there in Mark's Corner, y'all folks in Hollywood, my folks in Mullins and Marion, thank y'all so much for tuning in. Now, today, guys, we're going to bring this back to the foundation. We're going to bring it, in theory, we're going to take it home. So, we're going to be talking about more of these mistakes that keep families from becoming homeowners and how you can avoid them. So, over the past few episodes, guys, we have been exploring one of the biggest challenges facing families today, which is affordability.

We've talked about innovative housing solution, practical pathways that can make owning a home more attainable, but finding an affordable home is only part of the journey. The next question is, how do you actually prepare to buy one? So, many families believe they're not ready because of misconceptions about credit scores, down payments, income, or even interest rates, right? Sometimes the biggest obstacle is not affordability, it's just the uncertainty, quote-unquote, of it all. So, today's conversation is about giving you, the consumer, the knowledge and confidence to navigate the mortgage process, understand what lenders are really looking for, and what practical steps you can take towards home ownership. Because affordable housing creates opportunity, but financial preparation turns that opportunity into reality. So, today we're discussing some common mortgage mistakes, preparing financially before speaking with a lender, navigating lending environment of today, and how informed decisions can help you and your family achieve successful, long-term home ownership.

So, our guest today is Mr. Rich Hoffman. He's the Senior Vice President. So, he's up in the food chain and National Sales Director at AD Mortgage. He has over 32 years of mortgage banking experience, and Rich has helped lending professionals and home buyers for over three decades navigate changing markets and make informed financial decisions.

He's also a strong advocate, and this is to our core for financial literacy, believing that well-informed buyers are better prepared to achieve successful long-term home ownership. So, Rich, I want to take a moment to welcome you to Exit Strategies Radio Show. How are you this morning?

RICH:
I'm doing great, thank you. I appreciate you having me, Corwyn.

CORWYN:
Awesomeness.

Now, this conversation, guys, matters because too many families delay buying a home because they believe they don't qualify and need a perfect credit score or must have an enormous child payment before speaking with the lender. And unfortunately, all we talk about these myths and misconceptions and misinformation, many of these beliefs simply are not true. So, this conversation is about giving you accurate information so that you can prepare wisely, avoid costly mistakes, and confidently pursue one of the most important wealth-building opportunities available, which is home ownership. Now, Rich, if you don't mind, tell our folks how level who you are and what it is that you do.

RICH:
Sure.

Well, my name obviously is Rich Hoffman and I've been in the mortgage business, as you've mentioned, for my 33rd year. So, I manage our sales force here at AD Mortgage. Our sales force covers all 50 states in the continental US and they go out and call on mortgage companies, whether they're mortgage brokers, whether they're correspondents, companies that are of all shapes and sizes, small mortgage companies, big mortgage companies, national companies, small banks, medium-sized banks, big banks. And what we do is essentially we're the end investor. So, we help the mortgage originator get the borrower's loan approved and help finance that loan so that at the end of the cycle, they end up making their payments to AD Mortgage in this particular instance.

But we help put the whole thing together and fund the loan for the originator.

CORWYN:
Awesome. Awesome. So, Rich, I want to jump right in, you know, setting the tone and stage for today's conversation. You know, why do many, and we see this often, qualified buyers assume that they can't purchase a home?

RICH:

Why do they?

CORWYN:
Yes, a tremendous amount of people we run into, and let's say it that way, that are qualified.

They just assume they can't purchase a home. So, why do you believe that is?

RICH:
Well, I think there's a few misconceptions out there. One of them is there's an assumption out there that, and you already mentioned it, that you have to have perfect credit and that's not necessarily the case. There are a wide variety of mortgage programs out there to help homebuyers get into their perfect home and get qualified for a home regardless of whether they have a blemish or two in their credit. So, that's one thing.

I think the second thing is there's an assumption out there that's been for as long as I've been in the business that you have to have 20% down to buy a house and that is certainly not the case either. There are many conventional programs FHA, VA, and others that allow for significantly less in down payment to buy a home. So, that would be the second thing that I would say. The third thing is I think a lot of people, especially right now in this environment, they're trying to time everything perfectly, right? They're waiting for the perfect environment in terms of price point for the home. What's the housing market like? Are homes inflated in value? Are they, have they come down in value? What are interest rates? Are they too high? Are they too low? And a lot of times people are looking for that perfect combination and we can talk a little bit more about this because this to me is probably the biggest misconception that keeps people from getting into a home sooner is trying to time the market perfectly and that's just, we're not able to do that.

It's just not, you might do it by happenstance, right? But if you do that, you're going to miss out on the opportunity to start building your wealth sooner rather than later.

CORWYN:
So, you know, you, funny you should mention that, you know, I've always told people, look, the perfect timing, if you will, is typically hindsight. You don't realize it was a better market or a worse market until there's been a shift and you can discern the shift. So, when you hit bottom, you don't know you're at bottom unless it's just dumb luck. That's right.

You don't know it's the bottom until it starts going back up and you realize it's going back up and subsequently you don't know you're at the peak until it's already going down. And not saying that, you know, people just always try to, they just think they're going to be at the time and it's like double dutch, man. If you don't get that thing right, you're going to trip yourself all up. That's well said. Exactly.

So, another thing as an opportunity to get people in that mindset of preparation. Obviously, there's misconceptions and when someone gets themselves past that, what should they be doing? What should a buyer or what should people be doing to get themselves ready before they even talk with you or before they talk to you? What should they be doing?

RICH:
Yeah, great question. The first thing is that I would say is be aware of what your credit situation is. You know, a lot of folks, they don't check or monitor their credit until they're at the point in which they're ready to buy a house, right? So, to the extent in which you can kind of make sure that you're aware of what your credit situation is, what your credit score is, making sure that you're paying your bills on time, right? Because you don't want any lates if you can avoid them. And the other thing is reducing your credit card balances, making sure that those are as low as you can possibly help them to be.

And the other thing is it relates to credit, the credit piece of it, which is so important is try to avoid opening new balances, any unnecessary new accounts. If you know you're in the market for homeownership, whether it's three months from now, six months from now, in the upcoming year, it's never too early to start. The second thing I would say is try to prepare by building more than just a down payment. Most homebuyers are so focused on just the down payment piece that sometimes they get tripped up because there's a lot of costs outside of the down payment piece that they're going to have to be prepared for. So the sooner you can start to plan and prepare for those things, the better off you'll be.

You know, you have closing costs, okay? So you need to kind of be aware of that depending on what state you're in, you know, you need to be aware of what your closing costs are. You're going to have moving expenses, obviously. And in a lot of cases, you may buy a house, there may be some things that you want to repair or fix or upgrade that kind of thing. So you need to be aware of those to save for and then you want to have, make sure you have some reserves after closing. So like anything else, like owning a car, if you own a house, there's always going to be something that you want to, either needs to be fixed or needs to be taken care of, whether it's a new hot water heater, a new AC, whatever the case may be.

The third thing I would say is reduce your monthly debt. We kind of mentioned this, but you know, any credit cards, auto loans, personal loans, student loans, try to get those down as low as you possibly can before you go through the mortgage process. Those will help you significantly because the more debt you have, what it ends up doing is reduces your purchasing power in totality. The last thing I would say is probably make sure that, and we see this all the time, make sure that you're maintaining stable employment and income. Avoid unnecessary job changes.

If you know you're getting ready to buy a house, don't necessarily change jobs to change jobs. In a lot of cases, it can't be helped, but don't go from being a salaried employee to starting your own business and becoming self-employed, for example, or don't go from whatever your current role is or employment is to becoming a commissioned employee because your income is going to be looked at completely differently and you don't necessarily have that history. So try to avoid making those changes. Those are some of the most common ones that I see.

CORWYN:
You know, essentially, you should even mention that people change jobs often now.

You know, I ran into one that in approximately a year or so period, there was over two dozen jobs. That makes it challenging. And oftentimes people change, you know, they're not set or whatever and they, I don't like this, but now you want to buy a home. How does that impact a lender in trying to do those verifications?

RICH:
Yeah, so we can easily verify that you're employed if you've changed jobs. But as I was mentioning, the more difficult portion is depending on what type of loan you're qualifying for, there are certain guidelines that have to be met to make sure that loan is saleable to say Fannie Mae or Freddie Mac or to qualify as an FHA loan, for example.

And it has to do with your length of time depending on how you're employed. So if you're a salaried employee, right, it's you're typically looking at your two years, right? And with any employee typically in terms of your income stream and how you're paid and that kind of thing. You can also, you need to know that if you're a self-employed employee, right, and you're new and self-employed, you typically almost always need to see two years, right?

So that we can historically see that your business is doing well and you're profitable and you're able to make the income that you need to qualify for the home. If we don't have that history to go by, it makes it more difficult to grant an approval in that situation. So that's probably the biggest challenge when people change jobs is if they're changing the way in which they get paid or how they earn their money. That's the biggest thing to look for. NICOLAS So Rich, let's talk about the market.

CORWYN:
We're in a climate and what we were a few years ago, a different climate before, even before then, I mean, markets ebb and flow. So let's talk about that. How should people view this? I mean, obviously within the profession, within the industry, the view, the outlook differs oftentimes than what the consumer believes or and or the misinformation that is being, that's running rampant.

So let's talk about that.

RICH:
RICHARD Sure. Certainly in a different environment and it's constantly changing, right, as you know. Certainly a lot different now than it was during, say, the COVID years in 2020, 2021. I think it goes back to one of the misconceptions we talked about.

The most important thing as it relates to the market and what's going on is, right now we're in a little bit of a slower environment, right? You know, rates are a little bit higher. They're in your kind of low to mid sixes, give or take, or six to six and a half, depending on what program you're qualifying for. But that's a far cry from the two to 3% we saw five years ago. So the average borrower thinks is that, oh gosh, rates are a little bit high right now. So I should wait before I buy a home.

And what we try to educate people on and a lot of our customers try to do the same thing is, well, let's talk about this for a second. So rates are a little bit higher right now, but the housing market has calmed down a little bit, right? Which is a good thing. So nothing's really overpriced now. Property values have stabilized, okay? So what that means is they're going to be able to go out and find the house, hopefully of their dreams, the house that they want to live in for a long period of time, raise a family, whatever the case may be. And they're going to be able to find that house at an affordable price, at a price that's reasonable.

Sure, they may be paying a little bit more interest-wise, right? In terms of the rate, because rates may be a little bit higher right now. But the old adage always, and you've heard this a million times, I'm sure, but I believe in it wholeheartedly is, you marry the house, you date the rate. So it's more important to find the house you like at the right price. Make sure you can afford the house that you like. And you can always refinance your loan your mortgage at a later point in time.

Maybe it's midpoint next year, maybe it's a year from now, whatever the case is. What that does is, that gets you in the house sooner at the right price. And it allows you to start building wealth sooner. One of the key foundations to building wealth in this country and in many parts of the world is through real estate. And there isn't an asset that any of us will buy that's larger for the majority of us than a home.

And there aren't many assets that appreciate at the level that a home does. So if you buy the house now, instead of waiting for a perfect point in time when rates are lower, you're going to start building that wealth sooner. And then the other thing that I always remind people of, what's going to happen if rates come down next year, right? Let's say the rates drop to the low fives. Okay, I'm making this up. What do you think is going to happen to housing prices? Is more people flock to go buy homes? So people are going to end up paying more for that same house.

So I have to have perspective on the whole thing and what's going on right now is there's a lot of people that are struggling with that, with that mindset, because all they're being fed is, well, gosh, rates a little bit higher, rates a little bit higher. Right now is a great time to go out and buy a house. It is a really good time. Inventory has gotten to a point to where it's stabilized for a significant period of time in 2024, 2025. There was a lack of inventory altogether.

And so in a lot of markets and a lot of MSAs across the country, there weren't a lot of houses to buy and people were forced to buy houses they really didn't even like or they were overpaying for a house that they really didn't even like. And so right now that's not the case. Things have stabilized and so it's a great time to go out and look for a home.

AD:
So, guys, today's discussion reminds us that successful home ownership begins with preparation, not perfection. But if you are looking to purchase it first or planning your next investment property, having experienced guidance can make all the difference. That's why we're proud to partner with Mellifund Capital, helping investors to make informed real estate decisions. Long-term financial success and legacy building. Guys, we'll be right back. You found a perfect property. You got the vision. Now you need the capital. At Mellifund Capital, we specialize in funding real estate deals for investors who want to build, blip, or hold and don't have the time to chase after banks. Whether it's new construction, a fix and flip, or long-term rental, we offer simple terms, fast approvals, and access to private capital. We even work with manufactured housing projects because we know what it takes to build value from the ground up. Simple.

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CORWYN:
So, Rich, we've had a wonderful conversation here so far. So, I want to flip the script. You know, financial literacy, that is your jam. That is mine as well. So, when the record comes on, I get to dance in too.

So, why is financial literacy so important for people that are looking to purchase a home?

RICH:
Yeah, extremely important. So, a couple of things. Number one, you have to know what you can afford, right? That's the most important thing. And too often what happens is people go out and the first thing they do is they go out and they start looking for a home, all right? But they're not really sure exactly how much they can afford. Or maybe they don't know overall what's included in buying a home in terms of all the different things, right? So, you've got your principle and interest, which is the obvious thing, but you also have your property taxes and you have homeowner's insurance and you have, maybe you're in a place that, or a neighborhood that has a homeowner's association.

What are those dues costs on a regular basis? You may need mortgage insurance, right? Depending on what your loan to value is. So, all those things add up. So, financial literacy is so important because it helps get you down the right path early on and arms you with knowledge so that you know exactly what is entailed in your search for homeownership. What the costs entail, what is included, what is not included in your monthly payment, what additional costs might you incur so that you can start developing a game plan and you can start attacking that game plan. And then you can sit back with your partner or your spouse or if you're solo, whatever the case may be and say, okay, I get it now.

I know exactly how much I have today. I know how much I need. I know what I'm striving towards saving for. I know when I get to this point, I'm going to be in really good shape to not just be able to afford that house, but while I have a little bit of cushion, a little bit of reserves. And when you do that along the way and you start paying attention to your credit as we talked about and you make sure that when you're looking at your credit report, make sure there's no mistakes on there.

Make sure something didn't get reported in error because it happens all the time. There might've been an issue that you thought you took care of two years ago, but it's still showing up. Those things can come back to trip you up as you mentioned earlier down the road. So when you talk about financial literacy, all those things are important so that when you are ready and armed to go in and buy that house, you have all the knowledge, you're prepared. And then all of a sudden, if you do those things, when you make your offer on that house, you are in as good a shape as you possibly can be as a buyer.

It's a strong offer. You're comfortable, you're confident in terms of your financial situation and where you stand. And that I think is so important, right? Because there's a lot of people that go into homeownership and they don't quite understand those things and they may find themselves in a situation that isn't very comfortable, right? Because if you get in a situation where you're having an affordability issue, you didn't realize all the costs that could potentially come up, that certainly doesn't make for a quality of life that most of us want to be in.

CORWYN:
Very, very, very, very true. So you kind of touched on something in that response, Rich, which is afterwards.

Getting, quote unquote, crossed the line and oftentimes we look at it as a finish line. I hear it very often at homeownership, achieving it is the destination, not the realization of, which is further down the road. What do you talk to people about as far as the habits that they should either develop or continue to develop or otherwise maintain to remain financially successful after closing?

RICH:
Yeah, great point and great question because we want to keep that house, right? We want to keep that house and we want to make sure that we're continuing to build wealth and continuing on with our financial goals long after we're in the home. So we talked about knowing your numbers, right? And I think when people buy a home for the first time or maybe it's even the second time, there is a different awareness, right? They're more dialed in because they had to go through it and certainly they're living it, right? They understand what the costs are and everything else. But I find that typically people are more on top of what I would say is know your numbers, right? They know what their monthly income is.

They know they're more in tune with what their total debt obligations are on a regular basis. They know what their available savings are and how they're putting away for their long-term financial plans. And what inevitably happens is typically when somebody gets in a home and especially when they're there for a period of time, it's human nature to start thinking about, gosh, well, one day, I love this house and this is great, but one day I'd like to get a little bit bigger house because we're going to start that family. We might want to have two or three bedrooms or two bedrooms more than we currently have, whatever the case may be. We might want to be in a different neighborhood.

So they already start thinking about because they've been through it, what do I need to plan to get there? And so they start going through that whole thing in their mind again, but they're more prepared for it. So they start targeting a budget per se early on, which is great. We talked about reducing debt and protecting credit and all these things, but I find that after somebody's gone through it, they're much more prepared to do that long-term versus just doing it for a one-time purchase. And that hopefully sets your average standard home buyer up for what we'd call your next step, right? Your next home and your financial future. Because ultimately, as I mentioned, that is how you build wealth.

You'll use, your average homeowner will use the equity that they've built up in that first home they've bought, right? That they've made over time and they paid that principal mortgage down and then their home becomes worth more and they'll take that equity and they'll use it to buy an even nicer home or a bigger home or a more expensive home, whatever the case may be. And that equity that they've built up is going to help them be able to afford that. And that's how you continue to start to build wealth as you move on after that first home purchase.

CORWYN:
So Rich, somebody comes to you and says, hey, Rich, I'm going to buy a house next year. What are you going to say to them? What do you tell them? How do you tell them to get prepared?

RICH:
Well, the first thing is go meet with a lender and get pre-qualified.

Your average homeowner has that a little bit backwards, right? The average homeowner goes out and the first thing they do is say, I want to go buy a house, so I'm going to go start looking for houses. No, go meet with a lender first. This way, you know exactly what you qualify for, okay? You know exactly what's included. You know exactly how much you're going to need for a down payment. You know what your credit looks like.

You get a pre-approval from that lender, which you have in paper, okay? So you can take that and then go out, start looking for a home. So when you find the home you like, you can present your offer with a pre-approval, which is a stronger offer because the seller now knows that you are approved for that mortgage to buy that house, which is a huge deal. So get pre-approved early. That's the biggest thing. The other thing I would tell him in this case is I would think long-term, right? We talked about the timing, but it's the most successful homeowners typically don't wait for, as I mentioned, the perfect rate, the perfect market conditions, or even in a lot of cases, the perfect home, right? Instead, they focus on becoming financially prepared and making a sound long-term decision.

That's the most important thing. So those are the two main things that I would say. And then the other thing is make sure that you have your ducks in a row, right? Make sure you understand that you have access to all your documents. Make sure you have access to your W-2s, to your tax returns, to all the documents that you're going to get asked for when you go ahead and go through the home buying process. And that's why it's important to meet with that investor, or excuse me, that lender up front so that they can help prepare you for that.

And then you can start working on those things while you go out and look for that home.

CORWYN:
So Rich, this is a perfect place here. We've quickly gotten towards the end of today's show. Want to make sure that people have your information. So how can people reach out to you, get in contact with you guys over at AD Mortgage?

RICH:
Sure, absolutely. They can just email, well, I'll give you mortgage.com or they can email me directly at rich.hoffman, two F's and two N's in my last name at admortgage.com. (rich.hoffman@admortgage.com) And what we can do is, Corwyn, is we can help if anybody has any questions about home ownership or they want to get pre-qualified for a loan, we can help put them in touch with one of our long-term customers and originators that will take very good care of them and walk them through every step in the process.

CORWYN:
Awesome, awesome. So Rich, I want to thank you for taking time out today to be on the show. You brought a wealth of information and you packaged it up real nicely and delivered it to our listeners. So I want to say thank you for doing that and taking time out of your busy schedule today.

RICH:
Oh, I appreciate it.

Thank you for having me, Corwyn. All the best. I'll talk to you soon, I hope. Thank you for having me.

CORWYN:
You're welcome.

So our listeners, guys, hey, this is for you. One thing I hope you got as a takeaway from our conversation today is that home ownership isn't about being perfect. It's about being prepared. Too many people, families miss opportunities because they believe the myths, they believe the hype, they believe all this stuff on socials and all this stuff that is not rooted in what is actually happening. It's just meant to get your attention so you'll click and somebody can make some money.

So the mortgage processes and all these things that people make assumptions about that they won't qualify for before they even speak with a professional. Guys, we got to do it differently. The more you understand your finances, the more confident you'll be in making one of the most important investments of your life. Building wealth through home ownership doesn't begin on closing day. It begins with education, preparation and the courage to take that first step because every lasting legacy starts with one informed financial decision.

Guys, y'all know how I feel. Y'all know what I say. You know, I always deliver it to you and I give it to you this way. Which is this is where I tell you that I love you. I love you.

I love you. And guys, we're going to see you out here and go streets.