UNDERSTANDING HOW THE MORTGAGE ELIMINATOR WORKS

A Mortgage Eliminator is a specialized debt elimination program for those with only a mortgage and 0-3 other debts with good credit. It utilizes a specialized **H.E.L.O.C. (Home Equity Line Of Credit)**. All costs of the program are rolled into the H.E.L.O.C. so there is nothing out of pocket with total debt elimination in 6-12 years.

The Mortgage Eliminator consists of **Four Major Components:**

1. **Your 1st Mortgage.**
   The foundation for the Mortgage Eliminator (ME).

2. **H.E.L.O.C.**
   The ME Program uses an advanced equity line of credit as a vehicle or a tool to drive the program. The equity line of credit must have the capacity to operate similar to a primary checking account and be set up with an open-end interest calculation verses a closed-end interest calculation. There is no web-based system but a Financial Coach that performs important calculations to ensure optimal results.

3. **Online Tracking System and Program Support.**
   The key to a successful ME Program is spending less than you make each month. Our online tracking system and monthly coaching will ensure success.

4. **Personal Financial Coach**
   Probably the most critical part of making the Mortgage Eliminator program successful is the "after-sale" support. The ME program is somewhat tricky to setup and operate properly. Unique to the FFG Mortgage Eliminator program, a trained *Personal Financial Coach* is assigned to the ME client after the sale to make sure that all parts of the ME program are setup and implemented correctly and that the client is trained on the ME software. Additionally, the Personal Coach then helps monitor the ME program monthly and works with the client each month to make sure that it is managed and operated properly.

Component #1 – Your 1st Mortgage

Let's discuss how a 1st Mortgage is orchestrated and set up with regards to American Banking. A 1st Mortgage is a **Closed-End Loan** which means that the bank will *ONLY* apply monies once a month to this type of loan and will only apply a full payment to adjust the principle balance. A closed-end loan operates on what is called an amortization schedule. That amortization schedule is set up based on a per diem interest charge, which is applied to the month end balance.

The bank is in control of this type of loan. It wouldn't matter how much extra money we sent to this loan through the course of the month. The bank is only going to adjust the principle balance one time a month and therefore will only adjust the interest charges based on that one time month end adjustment.

The interest rate that we are charged, whether it be 5%, 6%, 7% or whatever will only affect the monthly payment. The real effective interest that we pay under this amortization schedule starts at around 94%. We do not actually pay the 5%, 6%, 7%, etc until we reach 29 years and 7 months into the loan contract.

Example of a Closed-End Loan:

$200,000	Principle Loan Amount
6%	Interest
$ 1,199	Monthly Payment
X 360	Months (30 year loan) every payment on time, no additional money applied to principle.
$431,677	
-200,000	Principle Loan Amount
$231,677	Total Interest Paid

Paying a loan this way is heavily weighted to the Banksters. We have been programmed by the lending institutions to accept this as normal. We do a loan this way because this is how our parents and grandparents did a loan and we do not see an escape from that "normal" practice of acquiring a primary mortgage. We just accept it as normal. This is NOT normal. This does not have to be accepted any longer. The ME Program is going to break all of the rules of conventional banking. The ME is going to put us in a position where we are now in control of our money. This is how to take control:

$200,000	Principle Loan Amount
$ 1,199	1st Monthly Payment
$ 5,000	Additional Principle Payment (most don't have this extra amount – we will show you how)
$ 6,199	Total 1st Payment

$195,000	New starting point from the $200,000 loan.
6%	Interest. This has not changed according to the mortgage contract.
$ 1,199	Monthly Payment. This has not changed according to the mortgage contract.
359	Months to pay off the contract have not changed.

$231,677	Original interest to be paid on the original mortgage contract.
$203,373	New total interest to be paid under new configuration of $195,000 instead of $200,000.
$ 28,304	Interest Savings
- 5,000	Additional principle payment contribution
$ 23,304	Actual Interest Savings

It is necessary to change your thinking. We can no longer accept the conventional realm of banking. We need to understand that there is ways that we can take greater power…greater control of our hard earned money and make it work more to our advantage. In other words…take $5,000 and place it in a holding or investment account at 0% risk and allow it to sit there for only 11.33 years with a one time contribution of only $5,000 and at the end of 11.33 years you have $23,304. You are investing in your own future. You are investing in the greatest potential asset that the American public has which is their home.

Conventional Banking says that there are only 2 possible ways that you can pay less interest and pay your mortgage off sooner. First is you can refinance to a lower interest rate which is a false premise. You will begin paying 94% all over again. The second is to apply additional money to principle. The dilemma is that the average homeowner does not have an extra $5,000.

Conventional Banking:

Refinance to lower interest rate.
Apply more money to the principle.

ME Program – Accelerate the payment on the 1st Mortgage

No refinancing necessary but may if need to
No alteration to current cash flow.

Component #2 – H.E.L.O.C. (has to have a very specific line of structure)

Open-End Loan – the bank will apply money to this type of loan when received and adjust the principle balance multiple times per month. Upon receiving this money, the bank would be forced to credit extra payments each time it is received instead of just once per month. This will lower the interest paid multiple times during the month. We can take control of this kind of account. With this type of loan interest is calculated daily.

Optimal Performance of H.E.L.O.C.

Deposit maximum amount of money into the line of credit per month
Allow to sit in there as long as possible without being spent.

H.E.L.O.C. Functionality

Functions as a primary checking account with all the administrative services offered by the bank.
Deposit all of your income into the H.E.L.O.C.
Ability to pay all of your bills using the H.E.L.O.C.

$ 5,000	Monthly Income
-$ 4,000	Living Expense (mortgage, car payment, food, utilities, etc.)
$ 1,000	Spending Plan Surplus

ME Plan – Month 1

$50,000	Line of Credit Available. (The $ amount is completely arbitrary. It will pay off the mortgage in the exact same amount of time. The line of credit is the vehicle or tool necessary to drive the MMA product)
-$ 4,500	FFG One Time Fee (includes monthly Financial Coaching and Financial Fitness Course)
-$ 1,500	Closing Costs to set up Mortgage Eliminator H.E.L.O.C.
-$ 4,000	Living Expenses
-$10,000	Balance Owed
+$5,000	Paycheck
-$ 5,000	New Balance Owed

The bank can only charge interest on the $5,00 balance instead of the $10,00 borrowed. Advantages:

You have never made a scheduled monthly payment.
Your income represented your monthly payment.
Let's say the bank charges 10% interest as a finance charge, which is $41.66. You deposited your paycheck of $5,000 into your H.E.L.O.C. account. You never made a scheduled payment because your entire paycheck represented the payment. If the bank is looking for $41.66 and you just deposited $5,000 as payment, the interest would be drastically reduced during the outset of the term.

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-$10,000 Money borrowed from H.E.L.O.C.
-$ 5,000 Balance Bank charges interest on. You paid no interest on the $4,000 you used to pay your living expenses. You floated $4,000 of the banks money to help facilitate the payoff of your living expenses. Your H.E.L.O.C. becomes an Interest Cancellation Account. The bank will send you a statement at the end of the year as to how much interest you paid on your H.E.L.O.C. account. You can write this amount off on your taxes.

Advantages

Eliminate interest on your closed-end loan.
Control your money so your money doesn't control you.
Get your money working for you instead of it working for the bank!
Your income forces adjustment to the H.E.L.O.C. principle balance.
It becomes an Interest Cancellation Account solely by the method that we use it and we change its very nature so that it is no longer just a simple equity line of credit. The Interest Cancellation Account will be the vehicle or tool to drive the ME program.

Component #3 – Online Tracking System and ME Program Support.
On Line Tracking System

Spending plan Set Up
Online Account Register
Maximizes Monthly Performance
Makes tracking easy and effective

Understanding a H.E.L.O.C.

This is not a savings account – money cannot accumulate.
This is the vehicle that drives the ME Program
You cannot drop below a $0 balance.

ME Program - Month 2
-$ 5,000 Balance Owed
-$ 5,000 Pay Down 1st Mortgage by borrowing from H.E.L.O.C. (Coach lets you know what the optimal transfer amount is to 1st Mortgage once the H.E.L.O.C. is paid down to $0 balance).
-$ 4,000 Living Expenses (Coach assists you on a monthly basis to ensure that you keep your living expenses in check)
-$14,000 New Balance Owed

Interest Cancellation
-$14,000 Balance Owed
+$ 5,000 Deposit Paycheck
-$ 9,000 New Balance Owed

The bank can only charge interest on the $9,000.

-$ 5,000 Start Balance
-$14,000 New Balance
-$ 9,000 End Balance

You have never made a scheduled monthly payment. Your income deposited represented your monthly payment. 10% interest on $9,000 is $74.98. When sending $5,000 to your 1st Mortgage, it drastically alters the amount of interest that you would pay on that loan. You borrowed $14,000 of the banks money. (H.E.L.O.C.) The Financial Coach told you to pay $5,000 on the principle of the 1st mortgage. $4,000 was used for living expenses. You added your paycheck to reduce the amount owed to $9,000. This is the balance the bank charged interest on. You paid no interest on the $5000 you borrowed to buy down the principle balance on your 1st mortgage. You traded $23,304 of closed-end interest charges for the open-end finance charge on $9,000. How many would trade $74.98 to save $23,304 of closed-end interest charges? Payoff time for the mortgage is 11.33 years instead of 30.

Component #4 – Financial Coach

FFG's Mortgage Eliminator Debt Elimination Program is the only one with a Financial Coach that will guide you through the process month after month and help you with your financial strategies and goals.

That is the Mathematical Magic of the Mortgage Eliminator Program. The American Consumer has been a slave to debt for as long as we can imagine. This is an answer to prayer. This is literally the most revolutionary concept that has been brought forth on the market place today.

Bill Critchfield
Chairman of the Board