Urgent News Alert

—WARNING—

BEWARE of the "Bad" Mortgage Acceleration plan

Mortgage Brokers, Banks, and Mortgage Associations need to beware of a new kind of mortgage acceleration plan that is sweeping its way across the nation.

If you have not been solicited to learn about, sell, and recruit a team to sell a quasi-multi-level platform (MLM) **$3,500** mortgage acceleration plan, just wait, they will find you eventually.

The proliferation of a **$3,500** "mortgage acceleration plan" is very troublesome to a mortgage industry struggling to recover from the latest mortgage crisis. Many blame an out of control mortgage industry for the turmoil in the mortgage markets. Brokers and lenders alike are being blamed for out of control lending practices which have had a profound affect on the public perception of those in the mortgage industry.

If that wasn't bad enough, now comes along a mortgage acceleration program pitched as a one-of-a-kind program based on magical software that is supposed to help clients pay off their mortgage 5-10-15+ years earlier with a plan that will help them use every available dollar every day to pay down mortgage debt while not changing their lifestyle.

Unfortunately, there is no magic software program that can help clients pay down their mortgage early. However, because of the lack of business in the mortgage industry and the number of brokers struggling to earn a living, many have latched onto the **$3,500** mortgage acceleration program in an effort to make a living. Many brokers mistakenly think it's easier to sell **$3,500** software packages to ignorant clients and to recruit a team of advisors in a quasi-MLM structure than it is to sell mortgages.

The trend in the industry to sell software that in and of itself **DOES NOT** help a client pay down their mortgage early is setting the industry up for another black eye. Already bloggers are mounting a charge to try and save the industry from itself by telling the truth about the **$3,500** mortgage acceleration program.

This **URGENT WARNING** was authored to put those who are using the **$3,500** program on notice that you are putting your reputation and that of the entire industry at risk.

Everyone in the industry is urged to read a summary of the problems with the **$3,500** program by reading the following 27-page summary. For those who have influence with Mortgage Broker Associations or lenders, you are urged to contact them immediately and have those in charge read this warning and accompanying attachment.

Chapter 5
"Bad" and "Ugly" Mortgage Acceleration Plans
To Stay Away From

If you've read my other mortgage industry standard book, **The Home Equity Management Guidebook: How to Achieve Maximum Wealth with Maximum Security** (which you can read about at www.MwealthMsecurity.com), you already know I pride myself in not only helping readers understand the "**right**" way to implement certain wealth-building concepts but also telling readers, with clarity, the "**wrong**" way to implement such plans.

If you have not yet read my other book, I need to help you understand why I go out of my way to make sure you also learn the "**wrong**" way to implement the plans discussed in my books (and others). Here are three reasons:

1) 99% of the books in the marketplace that tout themselves as "the" way to build wealth or pay off debt early are pitching you a specific strategy that the authors hope you will implement. Many authors are not trying to educate you on all sides of the topic or point out the pitfalls as well as the potential benefits of what they are discussing. I think it's fair to say that it is not in an author's best interest to tell you the downside to the topics they are discussing because doing so would hinder sales of their books and whatever the author is trying to sell you.

So, while you may learn some things from these books, you usually only receive half of the story. This can be devastating to you financially if you blindly follow the author's advice.

2) Most people who read wealth management books like my Home Equity Management Guidebook are either somewhat or totally unfamiliar with the topics discussed. Like most readers, you are probably reading the books in order to learn more. This, of course, leaves you vulnerable to misinformation. Because you are not completely familiar with the touted "**best**" ways to build wealth pitched in "get-rich-quick" books (or, in this case a "pay-off-your-debt-early" book), you do not yet have the baseline knowledge of the concepts discussed to be able to **question the**

author and the validity of his/her methods to build wealth or eliminate debt.

Again, this can be very dangerous to your wealth if you blindly follow the advice in these books, causing you unnecessary expenses or even great financial tragedy.

3) Without a complete education on the topics discussed in "get-rich-quick books" or "become-debt-free" books, you are susceptible to salespeople (the author as well as other advisors) who use the books to sell you on the concepts discussed.

So what? Who cares?

You should, as there is a cottage industry of financial planners, mortgage brokers, insurance agents, and other advisors who use for-public books to push the sales of life and annuity products and/or mortgages and, yes, become-debt-free programs in a manner that is **NOT** in your best interest. They do so because of the perceived credibility of a "published" author in hopes that the book will bolster their credibility and the sales concept they'd like to sell to readers to whom they give the book.

Consider the following scenario:

Assume your "trusted" financial planner, mortgage broker, CPA, etc., sent you a book in the mail that is supposed to show you how you can build a large, tax-favorable retirement nest egg. The book is supposed to reveal the "secrets" that only the "wealthy" know; and, if you read the book and implement the strategies discussed, you will be able to "become a millionaire" without work or risk (which, by the way, doesn't exist).

Assume you eagerly read the book as you certainly want to learn how to become a millionaire without work and without risk.

Assume that after you completed this easy-reading book, you determined that you, in fact, would like to implement some of the strategies discussed NOW so you could start your journey to become a millionaire.

Who are you going to call to help you on this journey? Of course, you are going to call the advisor who gave you the book, right? (Because obviously that advisor must know how to help you with the strategies discussed in the book) Bingo!

This marketing strategy worked exactly as the advisor had hoped; and in the process of helping you become a millionaire, the advisor himself/herself becomes a millionaire by making large commissions off of the products that were recommended in the book and sold to you, the unsuspecting reader.

Finally, I want you to assume that the plan didn't quite work out as you planned; and for reasons you don't understand (and were not discussed in the book), you don't seem to be on your way to becoming a millionaire.

Actually, after two to three years into your journey to become a millionaire, you are feeling a bit duped and start researching the Internet to see if you can find anyone else who has been sold a bill of goods based on the book you read that got you started on this journey.

After surfing the Internet for only a few minutes, you happened upon a website that was specifically created to point out the problems with the book you read, the sales pitch that goes along with the book, and the pitfalls that can befall readers who take the author's word at face value.

While reading this website, your face turns beet red. You come to the conclusion that you have been sold a plan that was not going to make you a millionaire as planned and could potentially cause you significant financial heartache.

IF the author would have been <u>intellectually honest</u> with readers and given the pitfalls of the concepts, many readers would never implement the concepts because they are not good candidates for the plan(s) in the first place. However, that doesn't sell books or help advisors push products. Unfortunately, in the marketplace today, there are many books and sales programs that DO NOT give the downside to the financial concepts they teach.

If you think the story above is one I just made up as fiction for this book, it isn't. There really are such books in the marketplace; and, if you want to learn about two books I recommend you stay away from, go to www.www-MissedFortune101.com and www.www-StopSittingOnYourAssets.com.

These addresses may look like they have a typo in them because there is a second set of www's in them, but that is exactly how you want to type the addresses into an Internet web browser. The second set of www's stands for **W**hat's **W**rong **W**ith. I think you'll find the websites entertaining as well as educational. They will drive home the reason that it is important in books like this one and my Home Equity Management Guidebook to tell both the pros and cons of the strategies discussed.

How does all of this apply to H.E.A.P™ and other mortgage acceleration plans in the marketplace?

Good question.

I hope I've done a good job in this book explaining H.E.A.P.™ and exactly why it can work to help you pay down your mortgage and other debt years sooner. I meant what I said in that H.E.A.P.™, if implemented and budgeted correctly, has no downside and no risk (which sounds contrary to my initial comments in this chapter which are that get-rich-quick plans and mortgage acceleration plans do have a downside that you need to know about).

This chapter isn't so much about what's wrong with H.E.A.P.™ if implemented correctly because I stand by my statements that there is no risk and downside when you properly set up H.E.A.P.™. This is a vital chapter to help you **stay away from** what I call the "Bad" and "Ugly" mortgage acceleration plans that you may run into in the marketplace.

"BAD" MORTGAGE ACCELERATION PLANS

What I'm about to say is going to make me sound like I'm talking in circles or talking out of both sides of my mouth, but hang in there with me. After a short explanation, you'll understand exactly where I'm going and why this could be the most important chapter of this book.

The "Bad" mortgage acceleration plans I'll be discussing work in a manner virtually identical to the way H.E.A.P.™ does to pay down mortgage debt.

Confused?

How can a mortgage acceleration plan that works virtually identical to H.E.A.P.™ be "Bad"?

Good question.

The fundamentals of H.E.A.P.™ are what they are. If you recall from the core chapter where I explained exactly how H.E.A.P.™ works, you'll see that in its basic form H.E.A.P.™ works by using a HELOC as your checking account.

You set up a HELOC, access it in an amount that makes sense for you ($5,000, $10,000, $15,000), and apply that money towards your primary mortgage. Then you use the HELOC as your primary checking account. This allows you to use **"<u>every available dollar every day</u>"** to pay down mortgage debt; and at the end of every month, your "surplus" will be applied to the HELOC, which over time will pay down to zero. When your HELOC reaches zero, you access it again in the appropriate amount, pay down your primary mortgage again, and continue to use the HELOC as your checking account.

While the plan is fairly simple on its face, I indicated that the best way to go about implementing H.E.A.P.™ is to **<u>work with a certified advisor</u>** who has the needed expertise and software to be able to put together a client-specific plan with proper budgeting.

Let's get back to the question, "How can a mortgage acceleration that works just like H.E.A.P.™ be "Bad"?"

The answer is simple, and I think you'll agree with me.

How much should you pay an advisor to help you with H.E.A.P.™?

Think about this for a minute. The advisor is going to spend time with you to understand your finances, use a sophisticated software program that specifically helps properly budget you to implement a plan correctly, and holds your hand to actually follow through with implementation. The typical advisor is going to spend 2-4 hours of his/her time to help you. What’s that worth to have a properly setup and budgeted plan?

My opinion is that while it's definitely valuable, you should be charged $500 or less.

That seems more than reasonable to me as H.E.A.P.™ will save many readers in excess of $100,000 in mortgage interest on a new mortgage. I’ll let you make the determination for yourself.

$3,500 MORTGAGE ACCELERATION PLANS

What if the advisor wanted to charge you **$3,500** to help you set up H.E.A.P.™?

(By the way, I can guarantee that will never happen with H.E.A.P.™ because if I hear of an advisor charging more than $500 for their time to help someone set up H.E.A.P.™, I will take their password away to the web-based H.E.A.P.™ software they need to help you set up a plan. I will also post their name and contact information on a special part of my H.E.A.P.™ web site where I tell visitors the “Bad” advisors I recommend they stay away from).

Getting back to the question, “Would you pay **$3,500** to learn how to pay off your mortgage 5-10-15+ years early with a plan that will save you $50,000-$100,000+ in mortgage expenses over the life of your loan?”

Your initial answer after reading this book should be an emphatic NO.

Why?

Because you know that H.E.A.P.™ exists with advisors who, by agreement, CANNOT charge you more than $500 to help you set up and implement a plan.

Let's assume you didn't know this book existed or that H.E.A.P.™ existed.

Be honest with yourself. If a trusted advisor of yours (CPA, financial planner, mortgage broker, etc.) came to you with a H.E.A.P.™-like plan where they illustrated that you could pay off your mortgage 10+ years early and save over $100,000 and indicated that the cost to set up the plan was **$3,500**, would you pay the money and implement the plan?

Because I've had calls and/or e-mails from hundreds of consumers who were pitched the **$3,500** program, I know that many readers said yes or were seriously considering spending **$3,500** to implement a H.E.A.P.™-type plan. (I say "were" because, after a person learns about H.E.A.P.™, they typically refuse to pay **$3,500** for what is essentially the same program).

If you said to yourself that you're not sure, would it help if I told you the company selling you the **$3,500** program would be happy to finance the **$3,500** fee? Would that help you make the decision? (How nice of them to add to your debt so you can pay their **$3,500** fee.)

"MAGIC" SOFTWARE

Let me change the sales pitch of the **$3,500** program. What if the sales pitch went something like this:

Advisor: Mr. Smith, I'm going to show you a life-altering plan that will help you get out of debt 5-10-15 years early and save you over $100,000 of mortgage interest on your home loan.

Mr. Smith: Really? That sounds great. I'm all ears.

Advisor: Ok, here's how the plan works. The first thing you need to do is buy the magic/unique/groundbreaking software package that has recently been created. This software is one of a kind, and it will guide you on a daily basis to pay off your mortgage early.

Mr. Smith: Wow! That must be some software program.

Let me stop here and point out the obvious difference between the sales pitch for the "Bad" **$3,500** mortgage acceleration program and H.E.A.P.™.

What is different about the sales pitch? A **$3,500** software package.

Hmm. Does that make much sense to you?

It should **NOT,** since you've just read this book where I've told you how H.E.A.P.™ works; and you didn't hear me say anything about needing "magic" software to make the program work.

I did say that it's important to work with a "trusted" advisor who had software to properly budget and help you set up H.E.A.P.™; but you have not heard me discuss the fact that you, as a consumer, actually need special or "magic" software to make H.E.A.P.™ work.

Now I'd like you to forget you've ever heard of H.E.A.P.™ or been educated on how these types of mortgage acceleration plans work. I know it's not easy to do, but play along with me; and the point I'm making about "Bad" mortgage acceleration plans will become crystal clear.

Let me ask you a few questions.

-Aren't we in an age where "technology" is doing things for the average consumer we never thought could be possible?

Sure.

Who ever thought we'd be able to have flat screen/plasma TVs, satellite radio, iPods, iPhones, Blackberry's, wireless Internet, and all of the wonderful technology in the medical fields which is truly mind blowing.

We are getting so used to new technology rolling out and making our lives easier and better that we don't even get surprised anymore when new technology hits the street in a reasonably economical and usable manner for the average consumer.

Therefore, when an advisor knocks on your door and says he/she has "magic" software that can help you pay down your mortgage years earlier and save you $100,000+ in mortgage interest, doesn't that sales pitch make sense?

I can guarantee you it does; because as I've already stated, many unsuspecting consumers have purchased the <u>**$3,500**</u> program with "magic" software.

We all know there is a price for technology, right? The more unique and sophisticated, the better it is; the more it makes our life easier or can save us money, the more it's going to cost, right? That's "supply and demand" in our country. If one company came out with "magic" software that could save a consumer $100,000+ on mortgage interest, could the company selling the software charge a pretty penny for this software? Sure.

Let's get back to our discussion/sales presentation with the advisor and Mr. Smith.

<u>Advisor</u>: Yes, Mr. Smith, this new software is really special and unique and a real bargain at <u>**$3,500**</u>.

<u>Mr. Smith</u>: A bargain? Well, I'm not sure it's a bargain; but I must say that I would very much like to pay off my mortgage early and save $100,000+ in mortgage interest in the process. Can you tell me more about this program?

<u>Advisor</u>: Mr. Smith, I happen to have an illustration with me based on our earlier discussion about your income and expenses; and, sure enough, if you use this "magic" software, you will pay off your mortgage in 8.5 years and save $133,000 in mortgage interest over the life of the plan.

Mr. Smith (with mouth wide open and eyes popping out of his head while looking at the illustration): WOW! What else can you tell me about this software and how this plan works?

Then the advisor explains to Mr. Smith exactly how the plan works, which sounds an awful lot like how H.E.A.P.™ works except it is based on the premise that the program works **because of the software**. Let's pick up the sales pitch after the advisor finishes explaining, in essence, how a H.E.A.P.™-type plan works to pay off a mortgage early (except with the tie in with the "magic" software).

Advisor: Mr. Smith, so do you understand how this "magic" software works to help you use every available dollar every day to pay off mortgage debt?

Mr. Smith: Well, I sort of understand that. Let me see if I have it correct: 1) I have to buy this software to make the program work; 2) I have to obtain a HELOC, access it, and take the borrowed funds and pay down my primary mortgage with that money; and 3) then I use the HELOC as my checking account. Is that about it?

Advisor: Yes, Mr. Smith, it seems as though you understand it pretty well. I'd like to tell you some other benefits to our "magic" software.

Mr. Smith: Do tell.

Advisor: Once you buy the **$3,500** software package, you get tech support from our team; and if you have any questions about how to run the software, you can call that team. Also, the software is transferable in that you can take it with you if you buy a new house and have a new mortgage. Also, because I know you are concerned about the **$3,500** fee, I wanted you to know that the company selling it will finance that $**3,500** so you don't have to come out of pocket to purchase the software and implement the plan.

Mr. Smith: That sounds good.

Advisor: Mr. Smith, what do you think? Are you ready to sign up and spend $3,500 on this one-of-a-kind "magic" software program/mortgage acceleration plan?

Mr. Smith: Can you let me sleep on it? I like the sound of your program and "magic" software, but I'm not sure about this **$3,500** fee……

What do you think of the sales pitch this advisor gave to Mr. Smith?

If you've read Chapter 4 of this book, I hope your opinion is that there is something **very wrong** with this sales pitch.

What's the main problem with the sales pitch I just went over?

YOU DO NOT NEED "MAGIC" OR OTHER SOFTWARE TO IMPLEMENT A H.E.A.P.™-TYPE MORTGAGE ACCELERATION PLAN.

I'd say that's a fairly significant problem, wouldn't you?

Let me elaborate on the "magic" software used in the **$3,500** mortgage acceleration plan.

First, I'd like to state that the "magic" software is really cool. I'll give this company their due. The software is what I call "dynamic" in that it is supposed to be a daily valuation software. What does that mean? Once you start using the software, IF you want to spend the time (and many won't) to input on a daily basis, your expenses paid and income deposited into your HELOC account, it's supposed give you a daily picture of how long it will take you to pay off your mortgage and how much interest you'll save.

That is neat, isn't it? Sure it is.

Is it "**$3,500** neat" for purchasers of this software to see every day or even every month how their income and expenses affect the ultimate payoff date of their loan and how much interest they will save?

Let me put that another way. If you could implement a plan like H.E.A.P.™ where you paid an advisor $500 to set up your mortgage acceleration plan with proper budgeting and the plan would pay off your mortgage in essentially the same amount of time as the plan where you had to spend **$3,500** for "magic" software, which one would you rather buy?

Keep in mind that, no matter what the software says today when telling you how much money you will save and how quickly you will pay off your mortgage, once your plan is set up, the software is **not** really helping you pay down your mortgage quicker. It's simply telling you how you are doing on a daily basis (and only after you spend the time to input all the numbers manually into the software).

If you didn't answer that you would rather use a H.E.A.P.™ -type plan because it works essentially the same way without allocating **$3,500** for neat software (but one that really has NO "magic,"), I must have done a terrible job explaining to you how H.E.A.P.™ works. If you didn't come to that conclusion, I strongly recommend you re-read Chapter 4 so you can see how simple H.E.A.P.™ is and why you do not need "magic" software to make the program work.

Keep in mind that H.E.A.P.™, once set up, **runs itself**. After you take out your HELOC to pay down your primary mortgage, you simply use the HELOC account as your checking account and live your life as you normally do. No "magic" software can help you spend less money or make you more money (both of which are the two ways you can further accelerate your mortgage payoff date).

What if you are curious to know if you are still on target to pay off your mortgage early through H.E.A.P.™? I have two simple answers for that:

1) Call your H.E.A.P.™ advisor and ask him/her to re-run your numbers based on your now lower mortgage debt, your HELOC debt, and your current income and expenses. Your information will be saved in the advisor's H.E.A.P.™ software, and it should take him/her a few minutes to re-run numbers for you.

If your advisor is hard to get ahold of or can't find the time to help you in timely manner, call me. I'll run the numbers for you myself (and then call the H.E.A.P.™-trained advisor to see why he/she is not giving you good service).

2) Spend **$3,500** on "magic" software that doesn't help you pay down your mortgage quicker than a program without "magic" software, but will give you a daily status of how you are doing with paying off your mortgage debt.

Hopefully 2) doesn't make you scratch your head too much. Am I actually advocating that you spend **$3,500** on the "magic" software that has no magic? Not really. I'm simply stating that, if it's important enough for you to know what your daily balances are on your mortgage acceleration plan even though the software doesn't help you pay down your mortgage any quicker than a plan that doesn't use "magic" software and you understand this fact, then I don't have a problem with you buying the software. I think it's a terrible financial decision, but we all have free will in this country.

MLM SALES PLATFORMS

I'm not sure if the term MLM means much to you or not. Some readers of this book will see the term MLM and chills will go up their spine. Why? Let me first tell you what MLM stands for if you don't already know. MLM stands for **Multi-Level-Marketing**.

Most people who know what MLM means do not think too kindly of items being marketed with the platform.

Let's try to look at this from a little different angle. Have you ever heard of a pyramid scheme?

Most people have. A pure pyramid scheme is illegal. Why? It's a scam.

I actually ran into one in college once. I had a suite-mate in the dorm come over to my room and tell me he ran into a get-rich-quick scheme. Being a poor college student, I was all ears. He said he was in a pyramid plan where he was going to make X thousands of dollars. I was very curious and asked him how the plan worked.

He said that he bought into the plan by spending $500. I said that was a bit steep, and he said it was nothing compared to what he was going to make. I said, "Do tell." He said that his chore was to find five other people who would pay $500 to buy into the pyramid, and he wanted me to be one of them. I said that I didn't follow him. He said that, when you recruit people and they find people to pay the fee, I would make X amount of money when each one of the recruits paid the fee.

But it was better than that. When the people that I recruited recruited others who recruited others, I would make a commission (to use a crude term) on each person in my "down line."

<u>For example</u>: If I recruit five of my own people to spend $500, I will earn, let's say, $200 from each one. Three-hundred dollars of the $500 each of my recruits would pay would go "up line." So my suite-mate would make, let's say, $200 on my $500 fee and $150 on each of my recruits.

Then when my five recruits found their five people to pay $500 to get into the pyramid, I would make $150 on each of their recruits (that number being 25 x $150 because I had five recruits who recruited five of their own recruits). Also, my suite-mate would make $100 on my recruits' recruits (25 x $100).

So, after one level of the pyramid, I make my $1,000 (five recruits paying $500 of which I kept $200 for a total of $1,000). Therefore, after one level, I'm making money.

When my recruits find five of their own recruits to pay $500, I would make $150 x 25 = $3,750.

When those 25 recruits recruited 25 people, let's say I would make $100 on each one of them (25 x 25 = 625 x $100 = $6,250)

My total revenue after three levels of the pyramid would be $11,000 for my initial $500 investment.

To many, including my dad, Roccy, Sr., it sounded crazy (and is illegal). Therefore, after much thought and counsel from Sr., I took a pass on the MLM/pyramid scheme that was pitched to me back in college (and, by the way, some pure pyramid schemes work and people can make a lot of money—even though they are illegal).

Let's get back to the **$3,500** H.E.A.P.™ -type mortgage acceleration program. There is a **$3,500** H.E.A.P.™-"type" mortgage acceleration plan in the marketplace with "magic" software that has a quasi-MLM income model for advisors who get involved to sell it.

How would such a plan work? It's fairly simple. Someone starts this "magic" software company and then goes to recruit agents in the field to sell it. From the **$3,500** fee, the agents make X amount of "commission" when they make a sale to the consumer, and the rest goes to the company issuing the software.

Then, if the first level of agents "recruit" a team of their own advisors to sell this same **$3,500** program, the agent will earn an override-type fee when sales are ultimately made to the consumer.

I want you to know that in the real world the **$3,500** quasi-MLM "magic" software mortgage acceleration plans exist. The recruiting that is going on is unlike any I've ever seen. The plan is being pitched to mortgage brokers, life insurance agents, financial planners, real estate agents, property and casualty insurance agents, and even to the most trusted advisor, the CPA.

Many of the above-mentioned advisors are also going out and recruiting non-financial and non-mortgage professionals to sell the plan. This is a bit laughable because I can guarantee you that the vast majority of "professional" advisors do not understand what they are selling so the chances that a non-professional understands what they are selling is slim to none.

How can that be?

H.E.A.P.™ and H.E.A.P.™-"type" plans are simple, right? You just learned the basics by reading this book and know that you can work with a H.E.A.P.™ advisor who cannot by agreement charge more than $500 to properly budget and implement your plan.

INTENTIONAL OR UNINTENTIAL MISLEADING

Since I created H.E.A.P.™, I’ve been contacted by literally thousands of advisors. I have three types of advisors who contact me to learn more about H.E.A.P.™:

1) Advisors who learn of H.E.A.P.™ from my e-newsletters, other books, or from articles I have published in trade journals.

These types of advisors are interested in learning about H.E.A.P.™ for themselves and to help their clients. They are not aware of “other” acceleration programs in the marketplace.

2) Advisors who have seen other mortgage acceleration plans (including the “Ugly” one I’ll be discussing shortly) and happened across H.E.A.P.™ in their research.

These types of advisors sort of understand why H.E.A.P.™ and other similar plans work and seem genuinely interested in seeking out the best plan for themselves and their clients.

3) Advisors who have already signed up to sell the “Bad” plan (and maybe, unfortunately, sold a few) or are seriously considering selling the “Bad” plan.

I have 1-10+ conversations a week with an advisor who has signed up to sell a “Bad” **$3,500** mortgage acceleration plan. The conversation goes something like this:

Advisor: Roccy, I came across your H.E.A.P.™ plan, and I want to know how it differs from the **$3,500** mortgage acceleration plan. I signed up (or I’m thinking of signing up) to sell this plan, and the **$3,500** fee is rubbing me the wrong way.

Roccy: You don’t say? I’d be happy to tell you why H.E.A.P.™ is different and why I consider it the ONLY client-first/client-friendly program in the marketplace.

Then I explain to the advisor basically what you’ve already read in this chapter.

-There is no such thing as “magic” software to help you pay down a home mortgage.

-That the **$3,500** "magic" software mortgage acceleration plan, as I've been told by dozens of advisors who are contracted to sell it, is the most misleading sale in the financial services/mortgage industry today.

-That advisors selling the **$3,500** program are either ignorant or are intentionally and purposely misleading their clients in order to make the sale.

-That H.E.A.P.™ works essentially the same way to help clients pay down their mortgage; but the maximum fee an advisor is allowed to charge for his/her advice is $500 (although advisors are permitted to give clients a discount at their discretion).

Then the discussion usually goes as follows:

Advisor: Are you saying that if I sell the **$3,500** plan I am misleading my clients?

Roccy: Essentially, yes! Answer the following questions for me: Does the software itself help the client pay down their mortgage quicker than the mortgage acceleration plans that do not use this "magic" software?

Advisor: Not really.

Roccy: Do you disclose to the client that the software **DOES NOT** really help them pay down the mortgage quicker?

Advisor: No.

Roccy: Then you have confirmed to me that the sale is absolutely misleading. An honest sales pitch will tell the client that, with proper budgeting, they can receive what effectively is the same result with H.E.A.P.™ or even other mortgage acceleration plans that do not use "magic" software.

Advisor: I've been told that, if the client does not pay something significant for their Mortgage Acceleration Plan, they will not use it.

Roccy: This is total nonsense. Similar mortgage acceleration plans have been around for nearly 20 years and have worked just fine without software. H.E.A.P.™ does not charge the client for "magic" software, and it works just fine.

Advisor: O.K., but if a client doesn't input their daily expenses into the plan, they won't know when their HELOC needs to be re-accessed and won't "utilize" the program correctly.

Roccy: Again, total nonsense. What you are giving me sounds like talking points from a sales presentation which helps advisors lie to themselves and justify the **$3,500** fee so they can give the same sales pitch to their clients.

What you should know is that I've had several calls from advisors who've sold a **$3,500** program to clients and they have told me that the clients figure out in about three to four months that the "magic" software doesn't do anything. Then clients get upset with the advisor for selling it to them and stop using it. While clients stop using the "magic" software, they continue using their HELOC to pay down their mortgage (as they would have if they used H.E.A.P.™ from the start). What you need to understand about H.E.A.P.™ is that, once it is properly budgeted and setup, the plan runs itself without any "magic" software.

Basically, clients finally figure out what they purchased was a **$3,500** alarm clock that will tell them when their HELOC balance is getting near zero and that it needs to be re-accessed so the primary mortgage can be paid down again.

Anyone who can read their monthly HELOC statement can tell for himself that the HELOC needs to be re-accessed because it is nearing zero (and some banks have HELOC balances online).

My guess is you now fully understand why I'm so upset with the sale of "magic" software for **$3,500**.

My point to advisors is that, if you always do what's right for your clients, you'll be in the industry a long time and will make a good living on your normal services.

Don't try to make a living selling **$3,500** "magic" software that has no magic and will harm your reputation locally.

Unfortunately, many advisors selling “magic” **$3,500** software packages are doing so to supplement their normal income because they are not doing well with how they currently make a living.

Actually, I’ve heard from many of the advisors who have contacted me that this is part of the sales pitch. I’ve been told that advisors are told that the sale of the software is so powerful and they can make so much money selling it that they should consider making it their primary income instead of their current way of making a living (mortgages, financial services, insurance, etc.).

In my opinion, this is a recipe for disaster, as eventually the entire country will know that the **$3,500** software package has no “magic”, and this will ruin the reputation of advisors selling it.

SUMMARY ON THE “BAD” MORTGAGE ACCELERATION PLANS

I suppose I can sum this up in a few words: If you are being pitched a **$3,500** “magic” mortgage acceleration plan, run for the hills. Tell the advisor you are very familiar with it (more so probably than the advisor selling it), and then tell the advisor to do some research and find a mortgage acceleration plan they can sell that is “client-first” vs. “advisor-first” (and point them to www.HEAPlan.com if you want).

H.E.A.P.™ will get you to the same place as any of the other mortgage acceleration plans in the marketplace. And when you work with a H.E.A.P.™ advisor, you will know that you are working with one who has your best interest as his main objective rather than churning clients to purchase expensive software they don’t need.

HOW DOES THE “UGLY” MORTGAGE ACCELERATION PLAN WORK?

At this point, you should be a quasi-mortgage acceleration plan expert. While you may not have the H.E.A.P.™ software to properly budget yourself, you should fully understand how H.E.A.P.™ and other similar plans work to pay down a mortgage. (And so far you know that it’s not because of **$3,500** “magic” software).

If you are waiting for me to explain how the "Ugly" acceleration plan works differently than the **$3,500** "Bad" plan or H.E.A.P.™, you can stop waiting because the "Ugly" plan works off the same principles, with one difference.

Let me just go through the sales pitch of the "Ugly" acceleration plan, and I think you'll understand why I call it "Ugly."

Advisor: Client, it's your lucky day. I'm going to show you how to pay off your mortgage 5-10-15+ years early with a mortgage acceleration plan that can be implemented without changing your lifestyle. I'm going to show you how to use "**every available dollar every day**" to pay down mortgage debt. The program probably will save you over $100,000 in mortgage interest over the life of the loan.

Mr. Smith: That sounds great. I'm all ears.

Then the advisor explains to Mr. Smith exactly how the plan works which sounds an awful lot like how H.E.A.P.™ works except it is based off the premise that the client must use a **"special" type of mortgage** to make it work.

The main difference with the "Ugly" acceleration plan is that the client does NOT need to obtain a $5,000-$10,000 HELOC that in H.E.A.P.™ is accessed and used to pay down the primary mortgage. Why, and if not, then how can the plan work?

The "Ugly" acceleration plan IS a HELOC. There is no need to obtain another HELOC as the client's **entire mortgage is moved to a 1st position HELOC,** which is then used as the client's primary checking account.

From a pay-down-your-mortgage-quicker standpoint, it works the same as H.E.A.P.™. Clients will deposit their paychecks into the HELOC account, which will allow them to use "**every available dollar every day**" to pay down mortgage debt. If clients have a surplus in what would have been a checking account at the end of any given month, that amount will be applied automatically to pay down the mortgage principal.

So far it should sound a lot like H.E.A.P.™, and it might even sound simpler due to the fact that that you do not need to go through the step of accessing a separate HELOC every time you want to make a payment towards the primary mortgage.

Let's pick up the sales pitch after the advisor finishes explaining, in essence, how a H.E.A.P.™-type plan works to pay off a mortgage early (except with the tie in of a "special" mortgage program).

Advisor: Ok, now that you understand the basics of how this mortgage acceleration plan works, what do you think of the illustration I just gave you where you will pay off your mortgage 20 years early and save $135,000 in mortgage interest?

Mr. Smith: It's very powerful. I like it. What do I need to do to implement this program?

Advisor: It's really quite simple. I need you to refinance your current mortgage into the unique 1st position HELOC mortgage, and you'll be all set and ready to go.

Mr. Smith: That's it? What's the catch?

Advisor: Catch? Oh, did I tell you that the mortgage interest rate floats monthly?

Mr. Smith: Floats? What do you mean? It's not a 30-year fixed mortgage?

Advisor: No. The interest rate is tied to LIBOR + typically a 2.5% margin and literally can change up or down monthly. The loan is, however, "amortized" over 30 years.

Mr. Smith: Isn't that risky? And what's a margin?

Advisor: No, that's not risky. Look at how LIBOR has been so low over the last several years. As for a margin, that is the additional interest that is added to the one month LIBOR rate. So if LIBOR is 5.5% this month, your rate would be 8%.

Also, I wanted to let you know that you can "buy down" the rate.

Mr. Smith: What do you mean "buy down" the rate?

Advisor: For 1-2% of the total amount of the mortgage (due at closing), you can literally buy down the rate by 1-2% points. Therefore, in my example, if your fully indexed rate is 8%, you could buy it down to, let's say, 6%.

Mr. Smith, let's get back to that illustration I ran for you. Let's keep our eyes on the ball. This unique program is going to save you $100,000+ in mortgage interest. If that's the case, it surely can't be too expensive or risky.

Mr. Smith: I suppose. So what you are saying is that I "**have to**" refinance in order to take advantage of a mortgage acceleration program?

Advisor: **Yes**.

Before I tell you what's wrong with the "Ugly" mortgage acceleration plan, let me point out why this sales pitch can be categorized as dishonest (intentionally or not).

It was that last question Mr. Smith asked. He asked if he "had to" refinance his entire mortgage into a 1st position HELOC in order to take advantage of a mortgage acceleration plan. The answer was yes which is absolutely **FALSE**. You now know that since you know how H.E.A.P.™ works.

Now let's illustrate the main problem (besides the misleading sales pitch) with the "Ugly" mortgage acceleration plan. It's really quite simple if you have not already figured it out.

H.E.A.P.™ or a H.E.A.P.™-type mortgage acceleration plan only requires that you be able to recycle typically a $5,000-$15,000 HELOC.

There is NO need and NO requirement that you refinance your ENTIRE mortgage into a 1st position HELOC to make the program work.

If the "Ugly" plan is so bad, then why does it still illustrate where a person can pay off his or her mortgage 5-10-15+ years early, thereby saving the average person $100,000 worth of mortgage interest?

Fundamentally, the "Ugly" plan is the same as H.E.A.P.™. It works the same exact way EXCEPT it requires the client to trade in their current mortgage (which, for most, is a fairly low 30-year fixed rate) for a very expensive monthly floating interest rate, which during most lending environments will have a significantly higher interest rate.

Buying down the interest rate is nonsense as that can be done with any mortgage; and, therefore, there is no advantage with doing so with the "Ugly" acceleration plan.

Because the "Ugly" plan works for the exact same reasons as H.E.A.P.™ works, it will illustrate very powerfully for a potential buyer of the plan. It's still using "**every available dollar every day**" to pay down mortgage debt. It's still applying the surplus at the end of a month to pay down mortgage debt.

However, if you compared a H.E.A.P.™ illustration to an "Ugly" illustration, H.E.A.P.™ will help a client pay down the mortgage quicker because the primary mortgage rate a client has in most lending environments will be less.

It's just that simple.

In addition, H.E.A.P.™ is a **safe program** because you are allowed to keep your current secure and low interest rate loan for a majority of the debt on your home.

WHY DO CONSUMERS BUY INTO AND USE THE "UGLY" MORTGAGE ACCELERATION PLAN?

Again, the answer is simple. If a person is pitched the "Ugly" plan and has no other plan to compare it to, it's going to illustrate very powerfully; and the consumer is going to be counseled that they MUST refinance in order to take advantage of the program.

Most consumers (no matter how smart) are going to see the power of the plan; and, because they do not know the questions to ask to poke holes in the sales pitch and are unaware of other alternatives, they will be motivated to move forward with this risky and unnecessary mortgage acceleration plan.

HOW DOES AN ADVISOR MAKE MONEY WITH THE "UGLY" MORTGAGE ACCELERATION PLAN?

Think about it for a second. You were counseled to move your current mortgage (which could be $100,000-$500,000+) into a new, very expensive mortgage in order to take advantage of the plan.

The advisor is making significant money on the mortgage sale (much more than **$3,500** in most cases) which is why many greedy mortgage brokers sell this mortgage program over the "Bad" plan and certainly over H.E.A.P.™.

I imagine many of you are wondering why an advisor, from a selfish standpoint, would want to help clients with H.E.A.P.™. The maximum an advisor can charge for advice to budget and set up a plan is $500. They can't make any money doing that, can they? That hardly covers the time spent helping the client.

Believe it or not, and contrary to the impression I may have given you in this book, there are many "client-first" advisors in this country–not nearly as many as there should be, but they are out there, and they are gravitating towards H.E.A.P.™.

Advisors using H.E.A.P.™ to help clients are not non-profit advisors. They are using H.E.A.P.™ as a reason to start a dialogue to give potential new clients a reason to sit down and talk with them.

They are using H.E.A.P.™ as a value-added service for existing clients.

Generally speaking, advisors using H.E.A.P.™ are confident enough in the services they normally provide and their professionalism that they believe that once clients have interaction with them on H.E.A.P.™ they will want to learn more about the normal or usual services these advisors have to offer.

That sort of sounds like a bait and switch. Get someone in the door on one topic and pitch them another.

Not at all.

A classic bait and switch is where someone is pitching something that sounds like it has a value and then turns out not to and was used to get someone in the door so other products/concepts could be sold.

H.E.A.P.™ can benefit any client who has a primary mortgage, and that benefit can be in excess of $100,000 of mortgage interest savings. So there is no bait and switch going on with H.E.A.P.™ .

In my opinion (which I suppose is tainted since I created H.E.A.P.™ and regulate who can use it), if you are working with an advisor for the first time and that happens to be because of H.E.A.P.™, you are lucky that you found one of the few "client-first" advisors out there. I suggest and hope you learn about the other services that the advisor has to offer so they can help you.

You know what's funny about mortgage acceleration plans?

Think of the following:

-If you talk with an advisor pitching the "magic" software "Bad" **<u>$3,500</u>** mortgage acceleration plan, you'll be told that you MUST use their software in order to make the plan work.

-If you talk with an advisor pitching the "Ugly" mortgage acceleration plan, you'll be told that you MUST refinance your entire mortgage into a 1st position HELOC in order to make a mortgage acceleration plan work.

You now know that the sales pitch by both types of advisors is NOT accurate.

You now know that the advisors pitching these plans are either totally ignorant of the proper way to help a client pay down their mortgage quicker with a "mortgage acceleration plan", or they do know and have chosen to intentionally mislead clients with either the "Bad" or "Ugly" plans in the marketplace (which make the advisors significantly more money on the sale of the programs).

So which do you prefer? An advisor who is incompetent or unethical?

With a H.E.A.P.™ advisor, you should avoid both.

SUMMARY ON THE "BAD" AND "UGLY" MORTGAGE ACCELERATION PLANS

Because I've made this chapter longer than I anticipated, let me keep the summary short and to the point.

There is NO need to use what I call the "Bad" and "Ugly" mortgage acceleration plans.

When being pitched these plans, you are either dealing with an undereducated advisor or an advisor who is fully educated and has chosen to bring you a plan that is in their best interest instead of yours. If that is the case, I recommend telling the advisor to move on to peddle their plans on other, more unsuspecting clients/pigeons.

With H.E.A.P.™, you can work with a "client-first" advisor who will help you set up the only "client-friendly" mortgage acceleration plan in the marketplace.

Actually, once you have found a knowledgeable advisor who understands all of the proper "Home Equity Mortgage" techniques, don't be surprised if you are told that paying off debt on your home is not the best way to accomplish your financial and estate planning goals.

For more information on the other side of the Home Equity Acceleration Plan and to learn more about how to build "Maximum Wealth with Maximum Security," you can purchase my book, **The Home Equity Management Guidebook** (http://www.MwealthMsecurity.com).

Virtually all advisors who are familiar with H.E.A.P.™ will also be familiar with what's in my **Home Equity Management Guidebook** and can properly counsel you on how to implement H.E.A.P.™ or how to leverage your home's value to grow the maximum amount of tax-favorable wealth.