

If What You Always Thought to Be True,  
Turned Out Not to Be True,  
When Would You Want to Know About It?



## 19 Questions Smart Successful Homeowners Can Answer - Can You?

How the astute and prosperous build long-term financial success

**Thousands upon thousands of financially successful people all across the country can answer the home ownership questions that follow with confidence. The real question is -- can you?**

If not, don't be discouraged. Many of today's homeowners once struggled with them as well. In countless cases, however, revelations of new financial tools, strategies and tax law changes have helped turn previously languishing assets into high performing ones. What's the secret? The tools can be explained by a select few forward thinking financial professionals who understand the unique potential for financial success that has developed in just the last few years. This new environment is dramatically different than that experienced by our parents and grandparents in the last century.

These astute strategies were once reserved for only the very wealthy among us with thousands of dollars to spend on elite advisors. Today, because of tax law changes and the evolution of some dynamic new financial vehicles, just about every homeowner can benefit and grow their wealth to levels previously thought impossible.

## 1 How Can You Pay Off Your Mortgage Years Ahead Of Schedule Without Making Any Extra Payments?

You may find it hard to believe you could obtain the fabulous outcome of debt freedom without spending any more than your current monthly payments, but this little-known strategy is revealed in the book, *Stop Sitting on Your Assets*, by Marian Snow. The system combines the magic of leverage, maximized tax benefits, compound interest and time, leveraging the equity in your home into a cash machine. This transformation allows you to make huge strides toward accomplishing challenges that you may have thought impossible. Some mortgage holders reach payoff status in as little as 8 years! The more equity you have in your home, the faster you can reach this goal.

## 2 Does Your Mortgage Cost You Money?

Actually, not having a mortgage costs you much more than having one. Because the IRS bestows unique benefits upon home mortgage borrowing, holding a mortgage will actually make you wealthy over time. In your lifetime, there's a much larger chance you'll lose your job or become disabled than you'll lose your house. If you have a paid-off mortgage when that type of calamity occurs, where would you get the cash to support you through tough times? Because of the way home loans are approved, getting another mortgage to tap your locked-away cash becomes an unlikely, expensive or impossible proposition.

Why? Loan approvals are bestowed upon applicants who can evidence a monthly income sufficient to make the payments. In other words, you must document a history of gainful employment or an alternate stream of monthly passive income in order to get a new mortgage loan. You must prove you have a positive monthly cashflow in order to tap your own assets for a positive monthly cashflow.

Truthfully, your safety position is exponentially increased if you keep your precious cash in a safe side fund and stop paying off your mortgage.

## 3 Why Should You Identify and Separate Your Critical Cash from Your Play Money?

Critical cash is the lifeblood of your wealth. It's crucial to have the ability to identify it, protect it and get it working for you. The bulk of your critical cash is found in:

- Prior tax-free gains earned from the sale of a house
- Future appreciation gains of current house(s) not yet cashed-in.
- All retirement funds.
- Any assets earmarked for long-term wealth and family protection.

These are the largest portions of your wealth and should never be put at risk, always be accessible to see you through life's emergencies and be constantly working earning compounding gains.

## 4 How You Can Become Your Own Bank?

One of the most dramatic results you can accomplish with this revolutionary and safe plan is to achieve a coveted personal balance-sheet position allowing you the luxury and freedom to simply write a check on any given day to pay off your mortgage years ahead of schedule. This system actually taps non-functioning cash, applies the magic of compound interest and creates a leverage situation identical to financial arbitrage, which is the lifeblood of the banking industry.

The financially astute understand the supreme importance of transforming their personal finances into their own bank. They know how to utilize all assets at their disposal to capitalize on the magic of compounding over their lifetimes. This point of view allows them to see the big picture and forever maximize their financial potential.

Unemployed equity is massive opportunity lost. It's idle cash lying around doing nothing to increase your wealth. In fact, it's probably dropping in true value due to inflation.



## 5 What's the Most Expensive Type of Mortgage You Can Get?

A shorter term amortizing fixed-rate mortgage, like a 15-year or 10-year, is the costliest type of home financing available. Bet you thought it was the least expensive ... right?

Time is the greatest ally when it comes to accumulating our life's wealth. In fact, Albert Einstein said, "Compound interest is the eighth wonder of the world." So should you build your wealth or eliminate debt? Any choice you make with a dollar in your hand today can have a huge impact on your future. Many people see the concept of opportunity cost as one of the few profound "eternal truths of economics." Any road taken ... any decision made ... abandons many other choices not taken.

Why do banks reward 15-year mortgages by offering slightly lower rates? Why do they promote bi-weekly payment plans and often offer to set them up automatically for free? You've got it. Banks want today's dollars, not tomorrow's dollars. Their position of strength grows faster as your loan balance shrinks. Also, if they receive your money back quicker, they can put it to use elsewhere, all over again. While the bank is growing stronger and receiving a slow and steady monthly cash infusion, you are doing away with your own opportunities to invest your valuable dollars elsewhere. Your personal wealth is not being enhanced in this process.

In addition to making you progressively less safe with the passage of time, monthly amortizing moves you away from accessibility to your cash and the leveraging of tax deductibility. The portion of your monthly payment going to non-productive equity progressively increases while your tax deduction becomes smaller and smaller.

## 6 Are You Getting a Zero Rate of Return on Your Largest Single Investment?

Real estate is clearly an excellent investment and the financially successful always include real property as a component of their portfolio. But you may be surprised to learn that the smartest money managers, those with plenty of ready cash available, buy their homes with as little of their own funds as possible. They understand that any money paid into real estate receives a zero return. Why?

Here's the reality ... once you acquire a piece of property, it will appreciate or depreciate based on its own merits, not on your cash investment. Money paid down on real estate is also cash forfeited that could have been redirected into other investments.

Once paid into equity, it's pretty much gone. It is really difficult and sometimes costly to retrieve that dollar back. Great care should be taken when determining whether cash in hand should ever be exiled to an idle life by being thrown into your house.

## 7 How Can You Use Your Home to Turbo-charge Your Wealth?

In just the last few years, there has been a significant shift in the way many financially successful people manage their assets to create wealth. Much of this shift has involved techniques of cash-flow management on the liability or debt side of their balance sheets producing financial leverage. Most of us don't tend to think we can use our debts to create more assets. There's a little-known insider financial planning method, used by the affluent for decades, which can literally add millions of dollars to your life's fortune. It can systematically grow your riches by maximizing your largest asset and transforming it into a wealth creation tool.

You can usually make this happen within your own finances by using just the monthly cash flow you already have. In the book, ***Stop Sitting on Your Assets***, this wealth-creating method of debt and asset management is called the *Home Equity Riches Optimizer*, or H.E.R.O. Solution™. If you are tuned into saving for your retirement, it could also be called the Home Equity Retirement Optimizer. Either can be a successful description for this revolutionary plan.

While it's most effective for long term wealth building, like planning for your retirement income, it also cranks out cash for college expenses and allows you to become your own bank by replacing traditional financing you might have used in the past. The magic these methods can produce will blow you away! We're talking serious wealth creation in your lifetime.

“

Compound interest is the eighth wonder of the world.

”

— Albert Einstein



## 8 Where Can You Get a Safe Return That Beats Your Cost of Borrowing?

This smart system of leverage works when the borrowing rate is the same as the earning rate. Believe it or not, it works even if the borrowing rate is slightly higher than the earning rate. Most often the safe earning rate can be arranged to be higher than the borrowing rate over the time you live in your home ... which is most of your life. Of course, where you place your separated funds is a personal decision. It is recommended that only secure vehicles are chosen in order to protect against loses of this critical cash portion of your life's wealth.

The specifics and details of how this can actually work are explained in detail in Chapter Five of ***Stop Sitting on Your Assets***.

## 9 What Are the Three Telling Tests of Real Wealth L.A.W.™?

Before a single dime of your critical cash is placed anywhere, the smartest homeowners know the vehicle they select must pass the three vital tests of Real Wealth L.A.W.™. The following should always be asked. If I place my money here, will my assets be:

- **Locked-In?** — In other words, is my cash safe and protected from risk of loss?  
Will I never lose principal?
- **Accessible?** — Are my funds easy to reach? Can I get to my money quickly and without penalty?
- **Working?** — Does this vehicle keep my assets employed and earning a respectable compounding return?

Any sound, sensible investment financial vehicle should receive YES answers and pass each of these tests. Positive tax treatment is a powerful plus and can make your choice a winner. Always ask these questions before making any investment decisions and you'll move closer to creating real wealth for yourself and your family.

## 10 How Can Your Retirement Account Almost Vanish Through Tax Confiscation – Even When You've Followed All the Rules?

What good is it to earn a great return for years if the IRS just takes most of it in the end? It's extremely disheartening to see money a parent or grandparent has sacrificed to save just wiped away by taxes. Imagine how your own children or grandchildren will feel if they experience this horror with your retirement accounts once you're gone.

With residential real estate currently growing at unprecedented rates, you may find the combination of your home's value and your other assets actually creating huge unexpected tax problems for your heirs. A large taxpayer retirement account, in combination with extreme house values in many areas, highly increases the chance your estate will be cut down by the federal estate tax on top of the federal income tax.

The astute know how to steer around the pitfalls associated with most IRS qualified plans. They wish to protect the bulk of their wealth and pass it on to their heirs. With this in mind, they always maximize their participation in any 401(k) employer-sponsored plans available to receive the matching provided. Having someone else pay your taxes is the same as not incurring taxes. This is a no-brainer for wealth success. But, that's where they stop with the qualified plan path.

A Roth IRA is a second possibility for those who qualify, but those plans also have strings attached. The caps and limits in the rules eliminate the Roth IRA choice for many people. Besides, these IRAs are for those who only have a few thousand to put away each year. If you really wanted to sock away a large sum and watch it grow with tax-favored glee, you would have to go via a different vehicle. So, what is the alternative? A properly structured non-qualified plan will remove deposit caps, ignore income ceilings and utilize the newest financial vehicles to allow for tax-favored growth, tax-favored access and tax-favored transfer to heirs. It's the perfect solution!



## 11 What Three Events Have Converged in This New Millennium to Create a Never Before Seen Opportunity for Homeowners?

In this third millennium, three unrelated occurrences have come together that make this insider's method of wealth creation an idea whose time has come. These evolutions emerged at the end of the last century and, taken individually, were each quite revolutionary in their own arenas. But when combined, a synergy has been created producing real wealth magic. Lets look at each component, individually:

### Opportunity # 1 — New Tax-Free Source of Big Bucks

Do you know how HUGE it is to get tax-free income? Think about it. Just about every dollar you make in your life comes to you with a big chunk of it sliced off for the government's cut. Each paycheck arrives as 60–65% money, because it must be shared with the federal, state and, sometimes, city governments. Wouldn't it be great to get a whole dollar for once?

Most of us don't even know we have a readily available source of absolutely tax-free cash right under our noses. If we could get our hands on 100% dollars and put them to work earning compounded yields, just think of the results.

### Opportunity # 2 —A Type Of Mortgage That Puts You In Control Of Your Cash Flow, Lowers Your Payments and Gives You Bigger Tax Deductions

There's a type of loan program that can provide all these magical benefits: control of your cash flow, lower payments and bigger tax deductions. What if this loan could also let you borrow more when you purchase or refinance? What if it could even allow you to buy a more expensive house than you could get with a standard amortized loan?

So, what kind of loan can do this? Collectively, these are referred to as "interest-only" mortgages, which have rates fixed for definite periods of time. These pure-genius loans are even available in 30-year Fixed versions offered by Excalibur Mortgage Corporation. With an *InterestFirst* loan you can pay interest-only for the entire first 15 years! Then, your loan keeps the same interest rate for the entire 30-year period.

There are many new and various types of interest-only mortgages to fit just about any homeowner's need for comfort, security and choice.

### Opportunity # 3 —A Vehicle That Locks-In Stock Market Gains In Good Years And Avoids Losses In Bad Years

Sound like a fantasy? How can a financial vehicle give you the gains of the market when it's up and never let you lose when it's down?

Not only does this vehicle lock-in stock market gains and avoid losses but it allows your cash to accumulate these gains in a tax-deferred environment. That's right, you get:

- Tax-favored growth
- No loss of principal
- Participation in stock market gains

Many of the specifics are discussed in detail in Chapter Seven of ***Stop Sitting on Your Assets***. These are wonderful discoveries that can nurture and explode your life's wealth.

## 12 If You Have the Funds, Is It Wise To Pay Cash For Your Home?

The answer? No. The wealthy among us don't operate using the outdated conventional wisdom everybody else uses. What secrets do they know that 99% of us don't? The wealthy get big mortgages and don't pay them down or pay them off.

Most have the assets to simply purchase the real estate they buy with a personal check, yet they don't. They detest idle cash and have better uses for their money than to bury it away, sentenced to a life of non-productivity. They also know mortgage money is the cheapest form of borrowing and has the potential for tax benefits that could make it an even more inexpensive source of capital. The wealthy have come to recognize that accumulating large amounts of equity in real estate is simply a losing proposition.



...the traditional fixed-rate mortgage may be an expensive method of financing a home.



— Allan Greenspan



## 13 How Can a S.A.F.E.T.Y. Fund™ Be Your Personal Fort Knox on Steroids?

Of course, the choice of where you choose to grow the wealth you liberate from your locked-away assets is completely up to you. This should be based on your personal tolerance for risk. For the vast majority of people, it is recommended that this critical cash be placed somewhere completely safe and secure while it does its magic. S.A.F.E.T.Y. in the term S.A.F.E.T.Y. Fund™ stands for a side account faithfully earning tax-favored yields and, as the name implies, requires a tax-favored environment in order to function at top performance over time. It should provide tax-favored access when you need it for emergencies or for monthly income after retirement. The critical components of your life's wealth should be placed in your personal S.A.F.E.T.Y. Fund™. These include the following:

- Extracted equity
- Non-qualified retirement funds
- Major money you wish to grow and protect for long-term wealth

## 14 How Are You Unknowingly Painting A Big Bull's Eye On Your House?

As you go through your life trying to do the right thing for yourself and your family, have you thought about personal exposure or lawsuit liability? Did you know that mortgages are public record? Anyone, including an attorney hired by someone who wants to sue you, can just visit the courthouse, or even look at the county's website, and see the size of your mortgage. If they did a search on you today, would they find a juicy target or would they come up short? In other words, if you have no mortgage recorded or only a small one showing in the public record, your vulnerability is high. You appear to be a plump source of cash, ready for the taking.

On the other hand, if a big mortgage lien is showing against your property, the attorney will be discouraged and advise his client the suit could be fruitless ... not a big enough target to pursue. If you have separated your cash, established a S.A.F.E.T.Y. Fund correctly and securely placed the assets, many attorneys would be unable to discover it and would often be blocked from attaching it. If you were sued tomorrow, could a predator easily take your largest asset? If you have followed traditional advice, you may be a sitting-target right now.

## 15 How Can You Create Multi-Million Dollar Riches Using \$50,000 of Your Home's Worth?

Property values in many areas of the country have been soaring the last few years. Yes, these values may pull back just a little in the short term to level off the growth, but over time the changes we've seen in the majority of the country has been extremely constant. In the last 25 years, the nationwide House Price Index (HPI) grew an average of 5% per year. Leaving this bulging idle equity just languishing inside your house would be a real shame, especially when just a few steps taken every few years could yield quite amazing personal wealth creation. If you applied strategic management to the equity in your home just once and received wonderful arbitrage for your personal bank, why would you only do it once? Once is good, but more could be better. Right?

What if it were possible to "leapfrog" your way to wealth in a fashion you might only have dreamed about before. What if these results weren't just a little better; but a lot better? Example: A homeowner successfully separates \$100,000 of idle equity, leverages it by paying 7.5% and also earns 7.5%. This plan would produce \$1, 422,962 by doing it only once. But wait ... if that same homeowner re-visits his plan every five years and applies a laddering or stair-stepping to the system, his result is more than doubled to \$3,500,532!

Equity grows year over year. Smart homeowners use these opportunities to create stair-steps to greater wealth. Your assets remain accessible and working for you even in the years your house temporarily stops appreciating. Liquidity offers choices. Liquidity offers options. Liquidity offers peace of mind.

“

Many people engaged in financial planning are Victims of Conventional Wisdom.

”

— Chairman of Forbes



## 16 Is Building Equity In Your Home an Astute Financial Move?

Americans typically believe home equity is an extremely safe investment. To evidence this, a recent study revealed that most homeowners have a full two-thirds (66.6%) more of their net worth tied up in their home equity than in ALL their other investments combined! If you were to ask any traditional financial planner if having 2/3 of your holdings in one vehicle was a wise strategy, they would advise you to immediately diversify to reduce your risk to increase the safety of your assets. Idle home equity is the largest unemployment crisis imaginable! According to the Federal Reserve Board, Americans have more than 9 trillion dollars in non-producing capital tied up in the equity in our homes<sup>1</sup>, yet we have entire generations approaching retirement with little or no savings.

Why do we do it? We're giving ourselves a false sense of security by keeping such a huge portion of our assets inside our walls. When illness, disability, unemployment or other such events strike us, most people are left unable to get a loan to access their cash. Most banks and mortgage companies require evidence of a monthly income in order to obtain a loan. If we're left with no income, even temporarily, getting a loan becomes extremely difficult, expensive or even impossible for many of us. Do you see how this puts a wall, so to speak, between us and our cash?

We are left exposed. In that vulnerable position, the possibility of losing our home through foreclosure or sale becomes very real. Adding to the liquidity risks and lack of safety, vast fortunes have been lost and will continue to vanish because of missed opportunity costs. The cash buried in home equity could instead be working to earn a compounded return, dramatically changing our lives.

Millions of Americans live under the poverty line yet have homes that are paid off. What relief, assistance and comfort those assets could provide if home equity was only managed more effectively. The majority of homeowners and even much of the financial planning community falsely believe borrowing money and then investing it at the same or even a lower rate holds no potential for improvement of your personal wealth.

**They don't know what they don't know.**

“ A banker is a fellow who lends you his umbrella when the sun is shining and wants it back the minute it begins to rain. ”

— Mark Twain, 1853–1910

## 17 How Can You Not Just Postpone Income Taxes on Your Retirement Savings, But Eliminate Them Altogether — Legally?

There are ways to systematically take money out of your tax-deferred retirement accounts to get them repositioned into your S.A.F.E.T.Y. Fund™, a *side account faithfully earning tax-free yields*. Then they can begin churning out tax-favored returns that never have to be taxed in the future. This will produce retirement income for you that can be as much as 50% more than if you left your money in your deferred qualified accounts such as IRAs or 401(k)s.

It's possible the largest portion of the cash you securely set aside into your S.A.F.E.T.Y. Fund™ will come from your H.E.R.O. Solution™ plan and will be cash you received as 100% dollars. Taxes never paid — taxes never owed. These are powerful dollars!

If structured properly, your S.A.F.E.T.Y. Fund™ (a term introduced in the book **Stop Sitting on Your Assets**) will function much like a Roth IRA without the restrictions. But it's actually better than a Roth because it allows funding without IRS income limitations or annual dollar caps on contributions. This powerful combination works because it offers:

- No caps on your deposits.
- No limits on income.
- You pay simple interest.
- You earn compound interest.
- Level or decreasing borrowed funds.
- Create profitable arbitrage.
- Principal is safe and locked-in.



## 18 How Can the C.O.F.F.E.E. Crisis™ Affect Your Life's Wealth?

Every dollar you pay down on your home represents an opportunity not taken. Every dollar departs your hand with a cost ... an opportunity lost. Probably the largest opportunity cost you'll face in your life. Marian Snow, in the book ***Stop Sitting on Your Assets***, calls it C.O.F.F.E.E.™ which is the *cost of forfeiting future equity earnings*. In fact, each of the following represents practices many of us make regarding the equity in our home without considering the possible opportunity costs we're giving up.

- Excessive down payments
- Principal component of amortized payments
- Extra principal payments
- Bi-weekly mortgage payments
- Untapped equity from real estate appreciation

Are you really saving anything by acquiring a smaller mortgage? Aren't you forfeiting the opportunity to deduct more interest that year? What about the future earnings on the cash from that tax refund check you just tore into little pieces? Those dollars you refuse represent great mounds of potential wealth for your future, greater security for your family and increased choices in your golden years. Opportunities lost. Earnings forfeited.

Since your home is probably the largest purchase you'll likely make, think, for a moment, of this gigantic transaction in a different light. Most of us don't realize there are loads of choices to be made when we buy a home. We all know the basic decisions. You find your house. You put down as much cash as you can scrape together. You acquire a mortgage at the lowest rate you can negotiate on the smallest mortgage amount possible. You walk through these decisions robotically.

Why? Why do we automatically do this? It's because these steps are ingrained in our minds. Everyone else does it. We're all told to do it this way. Nobody ever stops to say, "Wait a minute! Maybe there's a better use for the money I'm about to plop onto the closing table when I sign the papers and get the keys?"

Because so many of us feel negatively about mortgages and what we mistakenly think they are costing us, we very often make large down payments on our homes in order to reduce the mortgage we need to acquire. In an attempt to improve our situation, we are actually condemning ourselves to tremendous financial losses over time.

Many people put off planning or saving for the future, thinking, "Someday I'll start." If we could truly understand how time has the potential to heap value upon our money, we would begin to look at the money we are dumping into our home's equity in a whole new way.

## 19 What Source of Money is the Deal of the Century?

Mortgage money is the cheapest borrowing you can get today. Because the quasi-government agencies standardize the huge pools of mortgages on the market, mortgage-backed securities (MBS) become attractive investment vehicles for institutional money. This means pension funds, insurance companies and banks make billions of dollars available for mortgages. The agencies, Fannie Mae and Freddie Mac, carry an implied guarantee of safety through their pseudo-government sponsorship connection. The liquidity created by this massive source of money along with a competitive marketplace make this type of borrowing extremely cheap compared to any other kind of financing you could ever acquire. With cheap money so easy to get, the consumer is the winner. It's sad that so many of us don't recognize this powerful opportunity when it's dropped right in our lap. And let's not forget ... the tax deductibility of the interest paid is simply icing on the cake.

For more information call:

**The Missed Fortune Team**  
**Terry Fitch**  
**866-603-4800**

