Copyright © 2025 by Accelerated Strategies, LLC.
DBA: Accelerated Banking.

All Rights Reserved. No part of this book may be reproduced or used in any manner without written permission of The Kwak Brothers except for the use of quotations in a book review.

Published by Novo Elite Inc. DBA: The Kwak Brothers
thekwakbrothers.com

Table of Contents

Disclaimer & Disclosure

The authors and the distributors of this book do not warrant, promise, and/or guarantee any specific results, outcomes, profit, earnings, and/or income. Readers are advised to always consult with licensed professionals before engaging in any financial strategies or business transactions. This book does not offer any investments nor does it offer any tax, legal, or financial advice. This book is written with an educational purpose only. Readers and those who have this book in their possession are solely responsible for the outcomes, results, or lack thereof when using the strategies, tactics, and ideas represented in this book.

Accelerated Banking is not for everyone. Therefore, you should never attempt to implement any parts or all of the concepts shared in this book before a full understanding of all dangers, risks, and consequences.

Any hypotheticals, financial models, examples, and case studies shall be regarded as an educational exercise to demonstrate how the Accelerated Banking concept works when given specific parameters. If you'd wish to read the full disclosure, please visit https://acceleratedbanking.com/disclosure

Manuscript Disclosure:

The following is a manuscript draft and may contain spelling and grammar errors. Please be advised that this book has not been edited for the final release copy. The author is making further edits and additions to this book.

You are receiving this manuscript as a promotional incentive. The author does not guarantee or warrant accuracy of the information contained in the book as information and facts may change from time to time.

Introduction

Congratulations! Why? Because you're part of a very small group of people who actually want to change your financial ecosystem. Instead of accepting the status quo or surrendering to the mediocre path, you have chosen to learn and improve your finances.

I applaud you for that! It takes a serious level of commitment to say, 'Enough is Enough!'

Chances are, you're searching for financial insights and wisdom for various reasons. Maybe one of those reason Is that you don't feel confident about your financial future. Maybe you feel like you're out of control and your finances aren't where you want it to be. You feel powerless. You feel you have no influence over your own money. You feel totally helpless with your financial situation.

Perhaps, you might be feeling like you're falling behind on your financial goals. You know that retirement is just around the corner. But, you simply don't see a path where you can be financially ready. You might be wondering, 'How on earth will I ever catch up?!'

Therefore, you feel terribly behind. You feel like you have a lot of work to do. But you have millions of other things in life that you need to be mindful of. You simply don't have the time, energy, and the support to be able to catch up to your ideal financial situation.

You have no plans.

You have no certainty.

You have no clarity.

Does this evoke fear? You might even find yourself with sleepless nights. If it isn't you, maybe it's your spouse or your partner.

All of this boils down to one thing: Lack of financial peace.

In this book, I won't promise that you'll become a billionaire. You grabbed the wrong book if that's your only goal. The ONLY reason why I wrote this book is because I feel your pain. I feel your hunger and thirst for hope and peace.

Financial peace looks different for everyone. It's not simply a number in your bank account. It's not even about the types of investment strategies or tactics you use. It's about empowering your spirit to say, "Yes… There is a future!" It's the confidence that you know you could do something about your finances rather than feeling like you're being controlled by it.

Unfortunately, millions of Americans suffer from the lack of financial peace. I believe this is why millions of households are driven to make bad financial decision. They make financial decisions out of fear that money will, one day, leave them. When ANY decision is made out of fear, there's a good chance it'll lead to a poor outcome. Trust me, I've been there myself.

Now, I'll take a complete "180 degree" perspective on why you decided to pick up this book. Maybe, your reason is complete technical. You do feel that you're in control over your finances. You feel totally peaceful about money. You have plans and you feel confident about them.

However, you just need more tools and resources that you can add to your arsenal to aid you in your journey. If that's the case – you'll find them here.

Again, my hope is that this book doesn't become a formulaic method for you to "succeed" with your finance. My hope is that this book will change your paradigm and your thinking. I want you to start thinking "generative" about your finances. Simply put, I want to "teach you how to fish" rather than spoon-feeding you with the "fish".

Most books about finances will teach you how to think like the author. I want to take a different approach. You might even find yourself disagreeing with me at the end of the book. That's totally fine. My challenge to you is that you can rationalize your view with facts and data.

But for now, you came to this book to learn ways that could “break you free” from your mortgage. I’m going to share a series of concepts and principles. You’ll learn how you could pay off your mortgage in as early as 5-7 years when applying the concepts shared in this book given specific parameters.

The principles that you’ll learn is definitely unique. It’s not your everyday “cliché” strategies like:

1. Sending in extra payments out of your own pocket to the existing mortgage.
2. Switching to bi-weekly payments
3. Refinance into another amortized 30-year mortgage
4. Modify your mortgage terms.
5. Drastically damaging your credit
6. Making more money (I’m not opposed to this!)
7. Or even winning a lottery.

So, what exactly then is the concept and the strategy? What does it entail? How does it work?

Well, never in the past have I ever enclosed so much details about this concept. Not even the YouTube videos I’ve published since 2015. I’m going to compile everything you need to know about the strategy in this book. I won’t hold back on sharing anything. I’ll even be transparent that I do have a financial services company. But allow me to earn your trust by giving you as much value as possible in such a short period of time that we'll have together in this book.

Another important point I will make is that if you do nothing after reading this book, nothing will change for you. Information alone doesn't transform. You must act and implement what this book will share that could lead you to see actual progress. Maybe you'll come to a conclusion that the concepts or principles shared in this book are not for you. That, too, is also empowering that it'll allow you to avoid bad decisions.

One of the concepts that I want to share right out of the bat is a concept known as the "4 Cs". This concept was developed by a gentleman named Dan Sullivan. It was through Dan's coaching, the "Strategic Coach" program where I discovered a powerful, yet simple, framework for change.

Whether you want to work towards a better health, better finances, or even a better relationship, the 4 C's is a universal truth.

Dan states that all transformation and change starts with commitment. Like I mentioned, you've taken the commitment to the idea of financial change by picking up this book.

The next "C" is courage. When implementing or taking an action on a new idea, it's going to take courage. You'll feel all kinds of resistance, challenge, and friction – both internal and external. You'll have doubts and uncertainty.

Maybe a friend or a family member may express their doubt about your new commitment. They'll say things like, "This will never work!" or "Just stick to what you've been doing". These are rarely encouraging and you might need a new family.

In these situations, I find that I get courage by having a mentor figure or a coach. If someone guided me through the challenges and resistance, I would feel more emboldened to push through the challenges. This is why I believe some of the highest performing athletes and professionals have coaches.

The third "C" is capability. As your commitment is followed through with courage, you'll begin to gain capabilities that you never had before. It could be a new skill, a new habit, or simply a new way of thinking. It allows you to do something that you previously found to be difficult.

The last "C", according to Dan Sullivan, is "Confidence". By breaking through your challenges and resistance, you've now earned the confidence to tackle the challenges. You are a new self as your old self couldn't accomplish what you now can.

The cycle of the 4 C's would continue as you discover new traits and feats within you. I believe this is how I've grown as well.

Looking back through many business and real estate deals, I’ve undergone dozens of 4 C’s and my confidence have increased each time. I give 100% of the credit to Dan Sullivan for being able to articulate this process even in my own life.

This book may very much engage you through the same process. You’re going to be feel challenged. But what comes out on the other end is a different “you”. You’ll feel more confident and acquire new abilities when it comes to take a better control over your finances – especially your mortgage.

Ch 1. What's So Bad about Your Mortgage?

At the time of writing this book, the 30-year mortgage interest rate has seen its historically low point in 2021. But we've seen the interest rates increase to high sevens and even eight percent. Plus, there's been talks of hyper-inflation which tends to make low interest loans favorable. In my near decade of teaching finance, I always encounter individuals who'd like to say:

"Why would you pay off your mortgage when interest rates are so stinkin' low?!"

Or a similar question would be:

"Why not invest any excess income in the markets like the S&P 500 or other indexed funds?"

I, of course, agree that the interests are still historically low when compared to the 1970s and even the 80s. You could probably get good returns through other opportunities. Sometimes even double digit returns. Maybe you have a special skill or an eye to spot opportunities that no one else can. You might even have a subscription to a newspaper that tells you what the markets will be like tomorrow. (That's a reference to a child-hood TV show, by the way)

But here's what most homeowners, even experts, don't talk about.

In the late 1970s and throughout the 1980s, the typical mortgage interest rates were around 12-16%. Some were higher. You would agree with this, right? You could have also deposited your money in a savings account and earned 10-12% -- sometimes even higher. What a crazy time in our financial history!

But what most people *don't* talk about is the fact that prior to the 1990s, a large amount of mortgages was on 5-, 10- or even 15-year amortization at most.

The whole idea of a 30-year mortgage is quite new. The share of borrowers with a 30 year mortgage has been increasing since the 90s largely due to government programs.

When the interest rates were really high, most people were on 5- to 15-year amortizations to offset the fact that they would pay a large amount of interest if they prolonged the pay-off*

But with the 30-year amortization being the norm these days, individuals don't realize that they're paying a considerable amount of interest throughout the 30-year period even with a lower interest rate.

Not to mention, with the introduction of government-backed programs such as Freddie Mac and Fannie Mae, the 30-year amortization mortgage has become the “normal”.

And what’s more interesting is that the lifestyle of the average person has changed.

Long gone are the days when you could settle for the same house with your same job for 20-40 years and expect a perfect retirement. Jobs were considered more stable and secure those days.*

Those days don’t exist anymore.

The economic and financial landscape has changed, and the average person moves quite often.

It is estimated that today the average American moves 11.7 times in their lifetime.(2) This could be due to new job opportunities, political changes, moving out of the state to avoid taxes, or even life-events such as downsizing.

So, let’s assume that most people live 80-100 years. That means that the average person moves every 7-10 years. I’ll explain why this fact is so important pretty soon.

Now, let’s talk about *WHY* you need to pay off your mortgage faster. Yes, the interest rates are historically low. And yes, you could be investing your dollars elsewhere. But here’s a reason you probably never heard before.

Above is an amortization chart. All mortgages, student loans, and even auto-loans are paid off on an amortized schedule.

A “schedule” is not your calendar – although there’s a conceptual connection. A schedule in the context of the amortization is simply a planned cadence on when and how payments are made to your mortgage. The schedule also depicts and clearly spells out what part of your payment is interest and which part is principal.

A little fun fact about the word “amortization” is that the prefix “a” is often used to describe something that is “-to”. The word “mort” comes from the French word that means “death”. So when you combine these two meanings together, you can say that it means “to die”. In other words, it could simply mean “to kill off”. When you say that you’re amortizing a balance, you’re saying that you're "killing off" the balance through a specific scheduled payments.

On the chart, the line that goes from left to right represents the amount of time you spend in paying down the mortgage. (The X axis) The line that is vertical (up and down) represents the monthly mortgage payment amount. (The Y Axis)

If you notice on the chart, the yellow highlighted area represents the amount of interest you pay in proportion to your monthly mortgage payment. You notice that the yellow highlighted area is at its biggest in the very beginning of the chart on the left. That means, the vast majority of the interest is paid upfront.

So if you just recently started on your mortgage payments or you refinanced, a large portion of your early payments are actually going to the interest and not to lowering the loan's balance.

As time goes on, more and more of your monthly payment does go to the principal balance which is represented by the blue highlighted area in the chart. Principal is the actual balance of the mortgage. The more principal we pay down, the more equity we add to our personal balance sheet.

How is equity calculated? Equity is the difference between your home's market value and any liens (what you owe) on your home. Remember, the market value of your home is what a typical buyer is willing to pay for your home. You can get an estimated value of your home by simply comparing other similar homes that were sold in your area. For example, if you own a $500,000 home and you owe $300,000, your equity is $200,000.

In this hypothetical amortization graph, it would take 12 years to reach a cross-over point where more of your monthly payment consists of principal. Now, this is just an example figure. Your mortgage may have a faster or a slower crossing-over point. So please note that it's not always 12 years. It can be 8, 10, 12, or even 15 years depending on the interest rate and the original length of term.

Now here's where the BIG hurdle is.

It doesn't matter whether you have a low interest rate or that you have a lower payment than others. There are two major hurdles that most homeowners don't often consider.

The First BIG Hurdle With A 30 Year Mortgage

Remember how we mentioned the fact that the average American moves every 7-10 years? Here's how that data fits in.

Let's say you made it to the 7–10-year mark in paying down your mortgage. You've been a homeowner for nearly a decade. Great work!

But because of the census statistics, you're likely to move. You decide you have to sell your house, move to a new home, and get a brand new 30-year mortgage. The question is - do you get to continue your progress on your previous mortgage? Meaning, would you be able to continue with your amortization so that you can reach the "cross-over" point?

The answer is an obvious 'no'. The moment you get a brand new 30-year mortgage on your new home, you have to start all over again where the vast majority of your monthly mortgage payment goes straight to interest.

Sure, you also made a bit of a contribution to the mortgage paydown but it's not substantial.

Looking at the chart again, moving before the 12-year mark to start over would simply mean that you never had the opportunity to make a significant reduction on your principal balance.

Ouch…

Let alone, if the U.S. Census statistic is true, then you would expect to repeat that process once again in 7-10 years.

Now, you CAN get a shorter amortization on your brand new mortgage – say 20 years? Yes, you can! However, this could mean a higher mortgage payment. It also doesn’t negate the fact that majority of the interest on your new mortgage is accrued in the one-third of your mortgage.

It's rare that anyone takes a shorter amortization because they’re often persuaded to take a longer amortization for a smaller payment.

You may also make the case and say *“Well, I’m never going to move. I’m going to stick around in my current home for a very long time.”* But the problem is that none of us has a magical crystal ball to make that kind of a commitment when the world is changing so fast.

No one could have predicted the COVID-19 pandemic.

No one saw the economic collapse coming in 2008 except for a handful of observant people.

Therefore, you can’t guarantee that you’ll stick around.

So even with a lower interest rate, the 30-year amortization combined with the fact that most people move every 7-10 years, makes it vital that homeowners focus on paying off their mortgage faster, especially in ever-changing economic times.

You may currently have a really low fixed-rate mortgage. I've seen interest rates as low as 2.5%! How great is that, you might say. But is there any guarantee that you'd be able to keep the 2.5% in the next 5-10 years? If so – great, you lucked out big time! If not, then what we *CAN* control is our decisions today.

The Second Hurdle With Your Mortgage

Now, let's say this is a perfect world and you know for a fact that you won't move in the next 20-30 years.

That's great!

But here's the other problem.

Every now and then, you'll get an advertising piece in the mail, or you see a promotion on the internet of an extremely low interest rate. Occasionally, you may get a mortgage broker or a banker that may reach out to you with an offer to lower your mortgage payment.

Unfortunately, this is where people make misinformed decisions, sometimes.

Some homeowners hear that "lower monthly payment" offer as a way to save money. In many cases, it certainly can. But what mortgage brokers may offer is nothing different than most car sales reps. They focus on the monthly payment.

Car salesmen or women know that as long as you focus on the monthly payment and not the actual price of the car, they win. Why? Because they know that by offering you a lower monthly payment, they can prolong the interest amount they can earn and/or they can increase the price on the car which means more commission for them.

The same logic could apply to getting a mortgage. Mortgage brokers know that they can get you to focus on the monthly payment amount but not the actual interest you pay over time.

I'm not saying that all mortgage professionals and car sales reps are evil. Some of them don't even know that this is the case.

But it doesn't relieve you of the responsibility you have to protect your finances.

So, what mortgage brokers may do is convince you to refinance to a lower monthly payment. And by refinancing into another 30-year mortgage, you're essentially starting the amortization schedule over, where the vast majority of your monthly payment is going towards the interest.

Now, like I mentioned, there are some cases where refinancing does make sense. Especially for homeowners who financed their home using high-interest hard money loans or maybe even a bridge loans.

Imagine refinancing every 7-10 years into a brand new 30-year mortgage – never getting to any significant principal reduction. Technically, the bank could own more of the home than you do.

You might as well have been renting all those years, where you paid for repairs, renovations, and maintenance. But you're again facing 20-30 years to go on your mortgage whenever you refinance at any moment of your homeownership.

So, if you've been expecting to pay off your mortgage and earn a nice retirement – don't be surprised by the fact that you still have 20+ years to go.

Feeling upset yet?

But It's Not Your Fault…

So, here's the thing, it's not your fault that you didn't know about this. In fact, I believe it's purposely designed this way to keep all of us in the dark.

Our education system doesn't teach us about investing, managing our finances, how the tax system works, and how banking works.

Think about it… We spend our first 18 years of life learning everything else *but* money. Somehow, calculus has become more important than learning how to create value in the marketplace. I have nothing against learning the value of exponential math, by the way.

If more people understood how banking works and how our tax systems are set up, I believe more people would figure out how they could pay less interest and less taxes.

We believe that if more people became financially literate, it could certainly trickle down to solving all kinds of real-world problems like homelessness and poverty.

Heck! It might even solve marital issues as one of the top five reasons for divorce has to do with money[(1)].

But we also believe that once you've been made aware of this, it becomes up to you to pursue financial literacy and freedom. It is now your responsibility to take the information we're sharing and actually do something about it.

"But I just want to stick with the traditional method and wait 30 years to be done with my mortgage!"

Let's say you have a starting mortgage balance of $250,000 (a little above the national average) at 5% interest and 30-year amortization loan.

I'm going to calculate the interest for you using THIS calculator found online: https://www.amortization-calc.com/

If you steadily paid the mortgage down for the entire 30 years, you would have paid $233,139 in JUST interest alone.

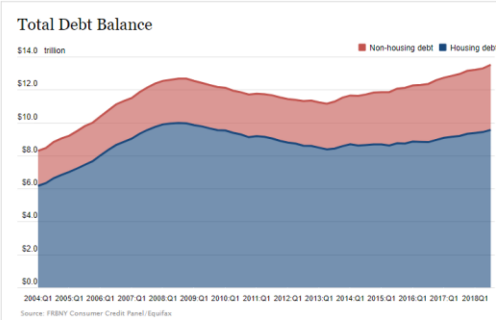
So, if you combine the actual loan balance of $250,000 with the interest you're paying, you are going to end up paying a grand total of $483,139! THAT'S MONEY OUT OF YOUR POCKET! WHAT?!

Some of you might be saying, "Well, but that's how things are…"

It doesn't have to be.

It wasn't always like this until the last 40 years when the banks began "normalizing" the 30-year amortization.

Just take a look at this… (United States)



Do you notice how we have MORE consumer debt now than ever? Mind you, the most recent data this graph shows is 2018. The trend for this graph is showing that we are on a rise to more debt.

This is NOT looking good.

Remember how we talked about the amount of interest you would be paying on a 30-year mortgage? Well look at all those people with ever more debt.

How could anyone have a real opportunity to grow their investments while majority of their cashflow is eroded away by interest cost? That's almost like driving a car with the emergency brakes on.

So why not do something that could allow you to keep as much money as possible and invest that into an income-producing asset, like real estate? Keep more of the money you make and take control of it. That's the name of the game!

You might be feeling hopeless about your financial future. Your 401(k) and other retirement accounts aren't growing as fast as you want. You're worried that you'll run out of money. You're afraid that you'd have to rely on friends, family, and the government.

You're not alone. Millions of American families are experiencing the same hopeless and financial despair. But, you don't have to fight the battle by yourself. Equally, there are millions are who ‘arming’ themselves with new insights and knowledge to have a fighting chance.

Sometimes, confidence and hope is all we need to spark the flames. Let’s do this together.

The Psychology of Good Money Decisions

The Accelerated Banking Strategy is all about cash flow management. I believe that the foundation of everyone’s financial future is and should be cash flow management.

Again, this is not taught in the schools or even in most college finance courses. Everything else then stacks or layers on top to be able to manage and invest the cash flow and cash assets to create new income streams and build wealth.

This is about interest-avoidance without the requirement of changing your lifestyle or sacrificing! To some readers, you may need to have a lifestyle change to make this work. That’s a step towards an optimal financial future. To some readers, you may need to master the basics of budgeting and financial decision making.

For instance, if you’re spending more money than you’re earning, this is an obvious problem. But what I found to be true is that this isn’t necessarily a financial problem. It’s a psychological and spiritual problem. I don’t mean to sound like a ‘woo-woo’ motivational speaker. But it’s simply true.

In many cases, I meet spenders who spend money as a coping mechanism for anxiety, depression, and past trauma. These types of spenders would say that shopping makes them forget about their psychological issues. Some may say that it soothes them from other troubles of life. This is very frequent and common in a society where there is a high level of stress.

Many financial experts point to the leading correlation to success in finance is not necessarily strategies and techniques. It comes down to one common denominator. That is, emotional regulation. In other words, self-control. If you’re able to regulate your impulses and emotions, you’re better able to make decisions in all areas of life.

Many years ago, there was a psychological experiment conducted on young children to see how emotional regulation can play a role in future success.* -----   A group of children were each given a small piece of a marshmallow. The marshmallow, a very tempting sight, was presented to the child on a table in front of them. Each child was given a choice. They could either eat the marshmallow or they could wait a few minutes for more. If the child ate the marshmallow, that discontinued any future opportunities to receive more.

Of course, some children quickly succumbed to the temptation and ate the marshmallow right away. But for those few children who waited patiently, successfully managed to regulate their emotions. Those that showed a high degree of emotional regulation later grew up to be successful adults. Some becoming lawyers, doctors, and other highly sought-after professions.

This experiment have been repeated by many research institutions and universities. Each experiment demonstrated a critical importance of emotional intelligence and how it play a role in future indication of success.

I, personally, find this experiment to be validating in other aspects of life. Someone who can exercise a great restraint and discipline to exercise and adopt a good diet could expect to live a healthier life. In order to do so, that person would have to exercise a great degree of self-control and discipline.

Discipline is not the enemy of freedom. In fact, discipline is the cost of freedom. If you want to experience any degree of freedom, you must act out of discipline. If you fail to discipline your decision of eating healthy but choose to eat sugary foods, you'll likely lose the freedom of your health. If you choose to neglect the discipline to make good choices with your finance, you'll likely enjoy less freedom with finances.

It could also be a spiritual issue. As someone who is deeply committed to faith and spiritual wellness, I stewardship very seriously. Personally, I believe that God looks upon those who are responsible and gives them more to be responsible. Simply put, those are responsible for little things can also be responsible for many things.

That said, it's important that these basic financial disciplines are implemented in your life before you discover any new financial strategies.

So, What Is Accelerated Banking?

The Accelerated Banking strategy is about control of your cash flow by no longer giving free loans to the banks. It's your money and you, not the banks, deserve the daily benefit of your money.

To me, a bank is only useful when I need to borrow money to create new income. What I mean by this is there is good debt and bad debt. Debt equals interest-payments-are-due, so good interest and bad interest.

Bad debt equals paying interest for a place to live, to drive a car, to buy something on a credit card and pay interest for a dinner you ate last year or a vacation you took 3 years ago. So many people are paying bad interest each and every day. These are the dollars we have to stop wasting on interest by implementing advanced cash flow strategies.

Good interest is using the bank to finance a rental property or vacation home that creates a new income stream. Using an equity line to flip a home for profit, or to become the bank and use arbitrage to loan money at a higher rate than you are paying. For example, borrow at 4% and loan at 7% or more.

There are many opportunities for the income generated where borrowing exceeds the amount of interest due creating positive cash flow. The interest becomes a justifiable business expense because the income stream would not have been made possible without borrowing from the bank.

Again, we use the bank and the loan as our tools to increase our income and wealth, instead of the bank using the loan as a tool to extract wealth from us. It’s actually a win-win as we gain income streams and wealth, and the bank earns interest income. If it’s not a win-win we don’t do it. It’s that simple.

We all know that the banks are scared of a run on the bank where we want our money back because they’ve lent out more than we deposited. They can’t give it all back at once.

But they are equally terrified of an interruption of their cash flow. Without new daily deposits, their cash flow, they are doomed.

Imagine if people got together and decided the bank had lost their trust and quit depositing new funds or if payroll auto-deposits were stopped. The banks would panic. Cash flow is their power, and the average person doesn’t even realize it.

With our strategy, we don’t give the banks free loans by using their traditional checking and savings accounts. Instead, we use the tools they provide such as HELOCs (Home Equity Line of Credit), PLOCs (Personal Line of Credit) and BLOCs (Business Line of Credit) to manage our cash flow. We use the banks’ services and will pay them for that service, but not a penny more.

If we borrow money, we will pay the daily interest, but we know when we put our head on the pillow each night we know that we are paying the absolute least amount possible. No more free loans to the bank.

Where Does This Strategy Come From?

The Accelerated Banking concept is simply a way of using math and banking products to better control our finances. It’s not some magical gimmick or a trick. We’re simply harnessing the power of money and how it’s stored.

In fact, a similar strategy is becoming very popular in countries like Australia and New Zealand. In Australia, there’s a type of a loan called an “offset-mortgage”. Unfortunately, it does not exist here in the United States. An offset mortgage works by a combination of a savings account and a mortgage.

Supposed you have a mortgage with a $500,000 balance. By some stroke of luck, you found yourself with a $100,000 cash. Instead of depositing this money into a checking account, earning little to no interest, you would deposit this sum into a savings account. By doing so, the bank would compute a decrease on your mortgage balance for the interest calculation. Instead of an interest accrual on the full $500,000 balance, the bank would accrue interest as if you had a $400,000 balance. Your $100,000 deposit has "offset" the mortgage balance that is subject to interest.

However, you are still able to access the $100,000 you deposited at any time. Of course, making any withdrawals from your offset account would increase the balance that is subject to interest accrual.

I believe that this is a big innovation to the lending industry. It allows for interest avoidance and liquidity. The typical U.S. mortgage is very old fashioned, rigid, and outdated. There's a reason why. I'll explain in the later chapters.

Ch 2. Origin Story

For those that don't know who I am, my name is Sam Kwak. My brother, Daniel, and I have been investing in real estate since when we were 23 and 21 years old, respectively. No, we teach real estate investing, and we manage a private real estate fund, and provide various financial services through Accelerated Banking.

I know you came to this book to learn concepts and strategies – not about my life. I won’t share my entire life story with you. But I will share a significant moment in my life that had me discover the Accelerated Banking strategy myself. It’s a story that you might resonate with.

We began our journey into the financial and real estate business when we were still back in college.

To go back even further, my brother and I immigrated to the United States from South Korea with my parents in 1999 – or I should say that my parents immigrated here and we just happened to be part of that decision. Our father is a church pastor who was asked to take over a Korean-American church in Chicago.

Scared, afraid and alone, our family came to the United States with no more than $2000 in cash, speaking little-to-no English or comprehension, and little-to-no network to ask for help.

We moved into a small 1-bedroom apartment, about 800 square feet. We were a family of four crammed into a tiny apartment. I remember my parents had their bed set up in the dining area next to the kitchen. My brother and I slept on the floor in the bedroom.

I also remember one time our family couldn't even pay the bills in the middle of Chicago's January. If you've ever been to Chicago in January, the temperatures can easily drop below into the negatives. Without heat, our family had to sleep in our family van while the engine was running to keep us warm.

To make things even more "real", I remember our mom went out to our local park and picked dandelion leaves so she could make salad (which by the way, it's healthy for you!) That's how poor we were when we first came to America.

I also remember our family having to face near-deportation from the United States because our immigration attorney didn't properly follow the procedures of applying for a permanent residency status. Ultimately, our visa expired, and we were due for deportation.

We ended up going to court and through God's blessing and grace, the judge granted us a path to citizenship, and we ended up staying here in this country. This was 2008 when the economy was falling apart.

We grew up with this "poor" mentality that the only way to live in the U.S. was to get into debt, go get a job, and work for 40 years to retire on a fraction of the income that you were used to.

As we grew into our college years, we realized that we had to make a decision. We were at a fork in the road: choose the status quo (working for a job, getting in debt, retiring late) OR choose to challenge the status quo by doing what the 99% of the people aren't doing.

We came across a book called *Rich Dad Poor Dad* that changed EVERYTHING for us. We were introduced to this concept of real estate investing which also opened the door of financial literacy.

I remember feeling excited by this new "enlightenment" that I had. I just had this rush of wanting to take action and start buying income producing properties.

But we had a problem.

I had neither the money nor the credit to start buying houses.

I felt stuck, frustrated, and annoyed by the fact that things weren't moving fast enough for me.

We began exploring ways to invest in real estate. We took courses, attended seminars, listened to podcasts, and spent whatever money we had (very little) in learning as much as we could.

After a long journey of searching, we finally found a mentor who took us under his wing and taught us everything he knew, and in one particular year, my brother and I bought over 75 rental units!

As I've mentioned, my brother and I now invest primarily through our own private equity company. We also enjoy investing and buying businesses along the way.

In one of the seminars we attended in our early days, we came across this one little "secret" strategy. It's called the Accelerated Banking Strategy and this little book is dedicated to helping you understand this very strategy.

Before our real estate successes, I remember having a critical moment in my life. I was still back in college. I walked out of my apartment to check for mail. It was a normal day and nothing special was going on other than the smell of pizza that the other college kids ordered.

I opened my mailbox and stacks of envelopes had come. Curious, I started walking back to my apartment while examining the mail that I was holding.

I opened them. One by one. I can still remember the crisp sound of the envelopes being torn open.

As I opened the folded pieces of paper, I remember this sick feeling in my stomach that came as I read through the pieces of paper.

They were my credit card statements.

This sick feeling in my stomach became a silent panic. It was almost as if I was screaming in my head.

At that moment, I realized that my debt had spun out of control. I was only in college and yet I was getting buried in debt. Credit cards, student loans, and getting more credit cards. I was barely making money DJ-ing for weddings and birthday parties.

My minimum payments started to go up and I knew I couldn't handle them. I had to figure it out.

No more partying. No more hiding or pretending that the debt wasn't there. I had to take responsibility for my actions.

Thankfully, through hard work in real estate investing and building up my businesses, things became easier - especially when I started to implement the Accelerated Banking Strategy.

You see, I resonate and empathize with the feeling of disempowerment, hopelessness, and confusion. I, too, at many times have felt that I didn't have a plan. I felt like I didn't have much of a financial future. I didn't know what I was doing. Let alone, I felt no powers to change the situation.

What Accelerated Banking allowed me to experience is the power and hope to make better decisions for my finances. Not only that, the strategy had some significant mathematical advantage in helping my situation in a real way. This wasn't some woo-woo magic or hype that was packaged in a fancy jargon. The more I studied and understood the strategy, it became clear as to why it provided real mathematical advantage.

For me, when I implemented the strategy, my credit card debt started to wither away. One by one. One card after another. I don't want to mislead you by saying that this strategy will work in all situations. One of the benefits of the strategy was that it provided a framework for measuring my financial health. Thus, it greatly helped in my decision making.

I started to realize 'Wait, if this worked for me… How many people out there could benefit from this too?!'

Later, I created a YouTube video titled "How You Could Pay Off Your Mortgage in 5-7 Years" and decided to upload it. At the time, I was honestly wanting to share how cool this strategy was. I wasn't necessarily looking for subscribers or fame. I just wanted to share it with everyone.

Little did I know, this one video would change THOUSANDS of homeowners' lives.

My mission now is to help people grasp this concept and even more -- help them build an empire where they don't HAVE to work for the rest of their lives; instead, create a source of passive income so that they can spend more time with family, connect with more people, travel more, experience life and provide for those that they love!

Whether you have a large mortgage, auto loan, student loan or credit cards, this strategy is the PERFECT way to pay off your debt to live free!

Now that you know what's possible , let's get into how the strategy works. we know you have questions and concerns.

When we first found out about this strategy, we wondered 'How could this strategy work when the interest rate on the line of credit is HIGHER than the mortgage?!' OR 'The math just doesn't make sense. How does the strategy work?!'. Chances are, you have questions right now like we did when we first came across this strategy.

Ch 3. The Strategy…

In the first chapter, we walked through the two hurdles of a 30 year mortgage. By now, you should understand why your mortgage could cost you more in the long run.

That said, we need a new vehicle to start paying off your mortgage. Right now, your 30-year mortgage is like a horse. And this strategy is kind of like a brand-new Corvette.

Photo Courtesy of Pexels & Pixabay

Both a horse and a Corvette can help you get to your destination. But the Corvette is a lot faster (and fun too!).

But with a Corvette, there could be many ways you could get hurt. Accidents in a high-speed cars can be fatal. Just like an advanced piece of machinery, like a Corvette, you need to understand how to harness the power of an advanced financial tool while mitigating the risks.

So let's introduce the new financial tool for the Accelerated Banking strategy.

Introducing… Lines of credit.

A line of credit is a type of a loan that is open revolving. A line of credit has an established limit where you can draw up to a specific amount at any given point. Interest is only accrued up to the amount that you draw from the line of credit. If this sounds familiar, that's because your credit card is a form of a line of credit. However, a true line of credit allows you to convert the line into cash very quickly without any large fees.

Supposed you have a line of credit limit with a $10,000. You're able to borrow up to $10,000. As you repay the line, the principal is open again for you to draw. The word "draw" simply means that you're borrowing against the line of credit.

There are different types of lines of credit:

- Home Equity Line of Credit (HELOC): This line of credit uses your home equity as collateral. We'll explain how the line limit is established later in the book. A HELOC, often, has the lowest interest rate out of all the line of credit.
- Personal Line of Credit (PLOC): This is an unsecured line of credit. There is no collateral that you'd pledge. Often times, you can obtain a PLOC in matter of 3-5 days.
- Business Line of Credit (BLOC): A BLOC can be obtained for businesses. It can be used for business expenses, capital, and other business functions.

- Share Stock Secured Line of Credit (SSLOC): This type of a line of credit requires you to have a stock portfolio as a collateral.
- Secured Line of Credit (SLOC): Similar to the SSLOC, you’re required to make a deposit as a collateral to borrow. Often times, the bank or the lending institution may require that you purchase a certificate of deposit in order for you to obtain this type of a line of credit.
- Cryptocurrency Line of Credit: This is a new type of a line of credit made popular by cryptocurrency. Similar to the SSLOC, you’re able to pledge your cryptocurrency holdings as a collateral to obtain the line of credit.
- Checking Line of Credit: A checking line of credit is a type of a LOC that is part of a checking account. When an individual overdraw on their checking account, the CLOC would cover the overdraft – avoiding any potential penalty or fees.

HELOC - Home Equity Line of Credit

This is the most popular method if you’re dealing with a mortgage. If all you have is your student loan or your auto loan, a HELOC will not work for you because it is a line of credit that uses your equity in your home as a collateral. It’s kind of like your home becoming a bank.

Once you get a HELOC, whatever money you have paid into paying off your mortgage can now be drawn back out as long as it fits inside the Loan-To-Value percentage.

The Loan-To-Value (LTV) is expressed in a percentage form and it has to do with how much you can borrow related to the amount of equity you have or the value of your home.

For example, let’s say you have a $100,000 house and you don’t owe anything on it. You go to the bank and they are offering you a 90% LTV loan which means they are willing to lend you $90,000. If you have an existing mortgage of say $60,000, the bank will only give you another $30,000. Does that make sense?

Most HELOCs are within the 80-90% LTV range. Some banks may require you to be at 65-75% LTV.

BLOC - Business Line of Credit

A BLOC is best if you are either self-employed or you have a business. Business owners don’t get paid as employees do, so sometimes it may be hard to prove your income. That’s where a BLOC comes in handy.

It is an unsecured line of credit meaning that there is no collateral attached to the line of credit. You may see a high interest rate since it’s unsecured but it’s not significantly higher.

Usually, most banks will offer a BLOC without any verification of income if you need less than a $100,000 limit. This is great for self-employed individuals.

There are issues with co-mingling funds but there are ways around it so that you’re doing things legally and ethically.

PLOC - Personal Line of Credit

A PLOC is better suited if you are paying off your student loans or auto loans. This is the next best thing to a HELOC. Typically, you’ll get a smaller limit with a PLOC. The highest I’ve personally seen is a $20,000 limit. That’s because most PLOCs are used for personal items and, unlike businesses, people usually spend on frivolous things.

The PLOC qualification process is similar to that of a BLOC minus the need for a business. You do need to have a certain credit score, and verification of income may be needed to prove that you can pay it back.

LOC vs. A Mortgage

So what *is* the difference between a line of credit and a mortgage? Sure, they're both instruments for debt. But they have stark differences.

First thing first, a mortgage is closed ended. That means that your monthly mortgage payment is used to pay down the mortgage but you can't ever take any money back out of the mortgage whenever you want.

Whereas with the line of credit, you can use, pay back, and re-use the money on it.

It's extremely liquid – meaning conversion to cash is fast and easy. In fact, it takes a couple of seconds in most cases. One quick tip, I suggest avoiding lines of credit that doesn't give you fast access to the line. When I say fast, the access to the line of credit should not exceed 24 hours.

Access to equity is vitally important. Would you buy a safe and put all your money in it and throw away the key? No, you want to be able to open the safe and get your money when you need it.

A line of credit is the safe that gives you access to your equity. Think of the line of credit as a parking lot. It's where you should park your savings instead of depositing it into a checking or savings account and letting it sit with a 0% yield.

You can "park" your savings in the line of credit until it is needed. This gives you the benefit of lowering your daily balance and changing the way interest is calculated down to the daily level. We'll talk more about this later.

A mortgage interest rate can be fixed or be variable. One of the big myths we often have to bust is that "all lines of credit interest rates are variable".

This is simply not true.

There are lines of credit that come with fixed interest rates. Depending on the type of a line of credit, you may even find interest rates that are comparable and competitive to a conventional mortgage. (And yes, even at a fixed rate!)

Another stark contrast is how the interest is calculated on a mortgage versus the line of credit using our strategy.

We will preface this by saying that both a mortgage and a line of credit is calculated using simple interest calculation. Many practitioners and advocates of the strategy often make a mistake of saying that the mortgage uses "amortized interest" whereas a line of credit uses simple interest. While many of the advocates of the strategy mean well, they are sharing inaccurate information. I, too, have taught the strategy in the same way and I've retracted this comparison.

To be clear, both a mortgage and the line of credit interest is calculated on a simple interest calculation. There is no such thing as an “amortized interest”. The term amortization simply describes how a loan is paid off in a set schedule.

However, there is one key difference with the interest calculation. By understanding this, you will finally get why the line of credit has a distinct advantage over the mortgage.

Most line of credit’s interest is calculated on a daily basis as opposed to mortgage’s interest calculation on monthly basis.

Let’s say your monthly income is $7500. In your effort to pay down the mortgage, let’s say you put the entire $7,500 of your monthly income towards your mortgage.

You might be saying, *“What?! Why would I do that?! How am I going to have the funds to pay for my other bills and expenses?!”* Because the moment you make a principal payment on your mortgage, you cannot reuse those funds.

But with the line of credit, however, you could take your entire income amount and make a principal payment against the line of credit balance.

And remember how you can withdraw funds out of the line of credit at any time? That line of credit will also give you the ability to pay for your expenses and bills later.

So let's talk about the "daily interest calculation" and why it matters.

It's REALLY important for you to understand how the interest is calculated because without it, you'll struggle to understand the "*why*" part of how this strategy works.

LOC Average Daily Interest Calculation

Average Daily Balance (ADB) and Average Daily Interest (ADI) is the math behind how loans are charged with interest.

Let's say you have a line of credit balance of $100,000 with a 6% interest rate. The math behind the average daily interest is the following:

- You take the annual interest rate divided by 365 days. In most cases, banks advertise the annual interest rate. By doing so, you'll get what's known as the daily rate.
- Take the daily rate and multiply the daily balance. The daily balance is simply the balance of the line of credit for a given day.
- If you want to follow along, you'll take 0.06 (which is 6% in a decimal form) and divide it by 365. That should give you an extremely small decimal number.
- You take that number, the daily rate, and multiply it by $100,000.

- Subsequently, you'll get $16.44 which is the daily interest.

But what if the balance changes the next day? What if the balance decreases to say $95,000? Would that affect the interest amount? It sure would!

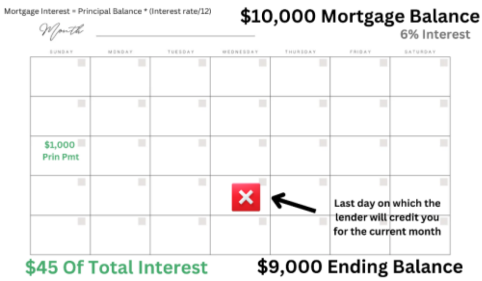
<u>So, here's the pinnacle question for you…</u>

What if we can take our entire income and pay the balance on our line of credit, thus keeping the interest amount low WHILE still being able to use the income to pay OUR expenses?

If you don't get it quite yet, don't worry. I'll provide some detailed visual illustrations.

Remember, this is simply an illustration. Illustrations should not and cannot be applied to all situations. We're simply demonstrating the power of the Accelerated Banking concept and the power of interest avoidance given specific parameters. If you'd like to see the illustration using your own financial numbers, I'll share how you can access our proprietary calculator for free later in this book. So keep reading!

In the following illustration, we're showing you an example month.



As you can see, it looks like a typical calendar. Here are the parameters. Let's say we start with a $10,000 mortgage balance. On the 15th day of the month, you make a principal payment of $1,000. Thus, the ending balance is $9,000.

I placed a red "X" on the last day of which a lender will credit any further payments as principal payment. If any extra payment is made prior to the red "X", the mortgage lender will apply the payment the calculation of the monthly interest. Any payments made after is applied to the following month's balance and its interest calculation.

It's important to note that the mortgage uses monthly interest calculation. The lenders won't care how often you make your payments within a given month. What matters at the end of the day is the ending balance.

To calculate the interest on this given month, you simply take the ending balance of $9,000 and multiply it by the monthly interest rate. In this illustration, we're using 6% as the annual interest rate. That would mean, we need to take 6% and divide it by 12 months to get our monthly rate. That would give us 0.5% for the monthly rate. We take 0.5% and multiply the ending balance which should give you $45 as the interest cost. This, of course, is paid in the following month.

This is typical for mortgage interest calculation. So yes, paying extra into the mortgage principal certainly saves you money in the long run. That's an obvious fact. So what's so special about using a line of credit?

Here's the illustration where you'll see the power of Accelerated Banking:

Right from the onset, you'll notice that the starting balance, annual interest rate, and ending balance are exactly the same. But the difference is what happens between the first and the last day of the month. At the end of the month, we have the same principal reduction as the previous illustration.

The immediate above illustration is using a line of credit rather than a mortgage.

The premise of our strategy is that we're going to apply our entire income and paycheck to reduce the balance of the line of credit. Since most American household are paid on the first and the fifteenth day of each month, we're going to simulate that in the illustration.

Let's say the monthly paycheck amount is $5,000. That would mean our bi-weekly paycheck is $2,500 each.

With a traditional mortgage, the principal balance remains mostly unchanged between payments, which means you're accruing interest daily on a higher balance. But with a line of credit, every time you apply your paycheck, you're immediately reducing the balance, lowering the daily interest calculation.

For instance, when you deposit $2,500 on the 1st and the 15th, your average daily balance for the month significantly drops, which saves you interest. And even when you make a draw (like $500 or $3,500), the impact on interest remains far less because the balance fluctuates down frequently.

This is the essence of the Accelerated Banking strategy: reducing daily interest accrual through frequent paydowns, allowing you to save thousands over time while maintaining access to the funds when needed. It's not about paying more or changing your income, but about controlling how your money works within your accounts—leading to faster debt payoff and increased financial wellness.

Now, you might be wondering – how in the world are we able to delay and consolidate all of our draws from the line of credit?

There's a method that we've discovered called the "Hybrid Method" which involves using a credit card. Now, we know some of you are not big fans of credit cards but hear me out.

Credit cards often give you 21-30 days of a grace period before the actual interest starts to accrue on purchases. So if you go buy groceries today with a credit card, you have until the next billing cycle where you pay zero interest on the purchase.

What if we can use our credit cards to pay for all of our living expenses and pay them off before the end of the billing cycle? Wouldn't that mean we can avoid paying any credit card interest – but delaying any draws on the line of credit?

What's even better is that if you have a credit card that gives you points or cash-back rewards, you now have earned some pretty neat perks! At the same time, you paid zero interest!

By keeping the line of credit balance low as long as possible, you're accruing less interest. At the end of the month, we're able to pay a total sum of $32.53. This is almost 30% less than the interest paid on the mortgage – even with the same ending balance at the end of the month.

You can't do this with a mortgage because you don't get to deposit your entire income into the mortgage and pay for your living expenses at the same time.

With the line of credit, it allows you to deposit your entire income towards the balance, use your credit card for the zero interest, and withdraw the funds out of the line of credit at the end of the credit card billing cycle to completely pay it off.

By doing this, the line of credit had a significant reduction on its balance for 21-30 days since you have not had to withdraw any funds out of the line of credit.

So, let's put it all together…

Here's ONE way of using this strategy. There are different variations of this strategy and it depends on your situation.

2nd Lien Position HELOC

This is called the 2nd Lien Position Path – also known as the “chunking method”.

In this example, we have a $25,000 limit on a line of credit. That could be a Home Equity Line of Credit (HELOC), a Personal Line of Credit (PLOC), or a Business Line of Credit (BLOC). Let’s say your mortgage balance is $100,000.

Keep in mind, the $25,000 amount is something we can use up to. You don’t have to use the entire $25,000.

What we’re doing is taking that $25,000 line of credit and making a principal payment against the mortgage. Now, we have a balance of $25,000 on your line of credit. Your mortgage balance has been reduced to $75,000.

By doing this, you just saved THOUSANDS of dollars of interest on your mortgage which also means that you’ve saved time as well. What’s even better is that more of your mortgage payments are now being applied to the principal. You’ve accelerated the mortgage amortization schedule.

Next, we have to tackle the line of credit. Remember how taking your entire income and putting it in your HELOC lowers the average daily balance which lowers the interest amount? That’s what we’re doing here. But we still have to spend money on bills, groceries, and other life expenses, right?

You can still spend that money out of line of credit! Ideally, you want there to be some time between your income deposit into the line of credit and when you spend the money out of it so that you can keep the average daily balance on the line of credit low.

In a perfect world, it would be ideal if you could deposit your income into the HELOC on the 1st day of the month and withdraw the funds needed for expenses on the 30th day. But that's not realistic.

This is so that you have 30 days of a "gap" where your line of credit balance was significantly reduced. In those 30 days, you were subjected to a reduced interest amount since the line of credit uses a daily balance to calculate the interest. That's why the hybrid method is super effective.

Pretty clever, huh?

In other words, cash flow management allows you to change how interest is calculated down to the daily level. Small daily interest reductions grow exceptionally large over time. If we can reduce the balance today that means we won't be charged interest on that balance today, tomorrow, next week, next month, or next year.

Our goal is to get the balance as low as possible as fast as possible and keep the balance as low as possible as long as possible. This is how you avoid interest.

With the 2nd lien HELOC, yes – you still have a monthly mortgage payment. So, you might be wondering – “did we just create an additional payment with the 2nd lien HELOC?”. Technically, yes. But, the income deposit being paid to the 2nd lien HELOC counts as the payment itself. So it’s not necessarily an additional cost either on interest or cash flow. What you’ll find is that more of your mortgage payment is being applied to the principal. The interest you’re paying is now less thanks to the daily balance reduction.

1st Lien HELOC

Now, we’ve already mentioned these two different types of Home Equity Lines of Credit. But some of you may not be familiar with either or perhaps you don’t understand the differences of a 1st lien or a 2nd lien HELOC.

The traditional HELOC as many of you already know is the 2nd Lien HELOC. A 2nd lien HELOC is set up in a way where you keep your existing mortgage but you’re getting another loan on top of it.

So let’s say you own a $100,000 home at its current value. You still owe $50,000 on your primary mortgage. But because you have

$50,000 of equity, the bank can give you $30,000 of that as a 2nd lien HELOC (80% LTV: Loan to Value).

Ultimately, you now have the $50,000 mortgage and a $30,000 HELOC limit. Keep in mind that you don't have to use the entire $30,000 limit.

On the flip side, a 1st lien HELOC is different. Instead of getting a HELOC on top of the existing mortgage, you're completely replacing the mortgage with a HELOC. Technically, this is a refinance from a traditional mortgage to a HELOC.

So back to our earlier example of a $100,000 home. You currently owe $50,000 and therefore you have $50,000 worth of equity. Instead of getting a HELOC on top of the existing mortgage, the bank will give you a HELOC to completely replace the mortgage. Therefore, the mortgage doesn't exist anymore. All you have now is just a HELOC and that's the only debt that is collateralizing your home.

There are pros and cons to each of the lien positions and it ultimately depends on your goals, risk tolerance, preference, and what saves you more money at the end of the day.

Also, not all banks offer the 1st lien position HELOC. Most banks will offer the 2nd lien HELOC. This is why our clients come to seek our help to determine which lien position might be the best fit for them and where to even get the 1st lien HELOC.

Quick Note About Interest Rates

Let’s quickly talk about interest rates and why you’ve been misled all of your life. “TIP” is the most important number in real estate finance. T.I.P. stands for Total Interest Percentage. It’s the percentage you pay as a total compared to the amount you borrowed over the life of the loan.

You may have a $300,000 mortgage at 2.75% on a 30-year fixed amortized loan, but your TIP will still be 53%. This is disclosed in the small print in a mortgage loan but is not discussed as the banks want you to focus on the 2.75% because it’s the lowest number they can put in front of you. It’s a complete misdirection. The banks want you to focus on the interest rate, not the TIP.

Commented [1]: maybe "disclosed in the small print"

Most people know their interest rate but have no idea what their TIP is or even know what it means. We want to manage cash flow so we can significantly reduce our TIP. As an example, if you use a HELOC and borrow $300,000 at the same 2.75% rate with a .50% rate increase each year you can reduce your TIP from 53% down to 23%.

This assumes cash flow results in a 10-year payoff. This is even with the fact that the rate is adjustable and rising .50% each year. The simple interest of the HELOC and implementation of cash flow strategies has tremendous savings. The TIP is even lower if you pay off in less than 10 years.

Our goal is to help you lower the TIP so this saved interest can be reinvested. Interest is paid with a net dollar that has been taxed, you must fight for that net dollar. To avoid paying interest is a guaranteed return. Interest earned is taxable -- avoid interest first and earn interest second.

Interest rates are not the enemy in a HELOC! Balance and time are the enemy!

Therefore, the interest rates really don't matter in the context of this strategy. We can't believe how many people are so fixated on the interest rates but they fail to understand the bigger picture of the TIP.

Why Banks Might NOT Like HELOCs

What I'm about to explain to you might get controversial. Many lenders, mortgage brokers, and loan officers have been critical of me sharing this with you. That's more of the reason why I will share this with you. Full disclosure, what I'm explaining to you could change over time, but the principles will remain the same.

What you may experience in getting a HELOC might surprise you. You might find that many lenders and loan officers will discourage you from getting a HELOC. They may even try to talk you out of it. They may persuade you to get a cash-out refinance or a simple refinance. They may even tell you that doing the refinance will save you more money. They might be right.

But here's the truth. HELOCs don't make a lot of money for the banks and loan officers. In fact, many lenders may have little to no commissions on HELOCs. I'll try to keep this simple without using any industry jargon.

HELOCs are known as non-qualified mortgage (Non-QM). A qualified mortgage is a type of a mortgage that is insured and backed by the federal government. The federal government, through Fannie-Mae and Freddie-Mac, set specific standards and guidelines for how banks need to structure a mortgage program. If a lender complies with the government rules with their mortgage program offerings, the mortgage program is qualified to be insured by the government. This is especially important to banks and investment bankers because a qualified mortgage is considered safe. Of course, it's considered safe because the government will back the lender if the mortgage is ever to become default. It's a safety net for the lender.

What banks do with your mortgage is quite the scheme. Banks originate mortgages in masses and sell the mortgage to Wall Street-type banks.

When I say “sell”, here’s what I mean. The banks sell the rights to collect all future payments on your mortgage to another bank, an investment company, or a private company. This is a trillion-dollar industry.

This is called “selling the note”. Your mortgage is technically not the loan itself. The bank issues a promissory note. A promissory note is simply a contract between you and the lender with a promise to pay. A separate document is drafted the collateralize the home to the promissory note. Thus, securitizing the promissory note with your home. All that means is that if you fail to pay the loan, the bank has the right to seize and foreclose on your home. Does it make sense so far?

So when the banks lend you the money to buy your home, they are technically borrowing the money themselves either from other banks or directly from the Federal Reserve. This is why the Federal Reserve’ interest rate is so important. This interest rate is what the banks pay either to each other or to the Federal Reserves to borrow money. The banks add on their own interest rate on top of the Federal Reserves’ rate called the margin rate.

When thousands of banks around the country sell your mortgage to an investment company, the company would package the thousands of mortgages into an investment product. The investment product is called a mortgage-backed security (MBS). The mortgage-backed security is then sold by the investment company to individual or institutional investors. By selling the MBS to investors, the investment company earns money. A lot of money. It's a one big giant financial ecosystem.

In order for the investment companies to keep selling the MBS to investors, there have to be banks that create mortgages. The more investors want to buy MBS, the more demand from the investment company to create them. Therefore, investment companies are willing to pay more for the mortgages. Therefore, there's an incentive that is offered to the individual loan officers and brokers to create more mortgages. They do this by offering competitive rates, discounts on fees, and other promotional offers.

So can you see why mortgage brokers and lenders try to persuade you to get a refinance mortgage? Not only does it pay more for the banks, but it also keeps the entire ecosystem running for Wall Street.

With 2nd lien HELOCs, banks don't often sell the HELOC loans to other banks or investment companies. They keep the HELOC servicing within their own company. Meaning, they're responsible for collecting payments and keeping track of the draws. This is called a portfolio loan. It's called a portfolio loan is because the banks keep the loan within their own portfolio of assets.

They often see 2nd lien HELOCs as a customer retention tool. Banks are more likely to lend a 2nd lien HELOC if they can get your business in other ways. For example, if they can get you to open a savings or a checking account, they're more likely to lend you the 2nd lien HELOC. Of course, your financial and credit health is a factor.

Now, with the 1st lien HELOC, it can be different. 1st Lien HELOCs often do follow the same process as mortgages. Large hedge funds with billions of dollars also buy the 1st lien HELOCs because they're comparable to 30-year mortgages. But the 1st lien HELOCs are miniscule compared to the trillions of dollars that are traded in the mortgage-backed securities market.

I know that was a lot of any one to understand. All that said, there's a huge incentive for banks to offer a 30 year conventional mortgage. It's ultimately about what makes more profit. I don't blame them. This is the motivation for any business.

HE Loans vs. HELOCs

One of the mistakes that many Accelerated Banking users make is that they get a Home Equity Loan (HE Loan) rather than a Home Equity Line of Credit. They are two completely different types of loans. A HE Loan is just another amortized closed-ended mortgage. It's not a line of credit. So don't make the mistake of being steered or persuaded to get a HE Loan. Many bankers and lenders may try to explain that a HE Loan has a lower interest rate and you can secure a fixed rate.

Remember, Accelerated Banking is not all about interest rates. While having a lower rate can certainly help, it’s not the main focal point.

So Why Don’t the Banks Tell Us About This?

Well, why should they? After all, they have no legal obligation to. Other than what they *have* to disclose through the regulatory requirements, they don’t owe any help to you. I do suggest that you read the disclosures that they share – especially the Truth In Lending disclosure. There’s a lot you can learn about banking and lending just by reading it. All banks are require to give it to you as part of getting a mortgage.

Let me ask you this. If you were a business owner, would you want your customers paying you more or less for a product? Obviously, you want your customers to pay you more as long as it’s ethical, moral, and legal, right? As long as there’s no laws or rules being broken, you probably want to charge as much as the customer is willing to pay for it, right? The banks are doing just that.

They don’t have to tell you the rules of the game. They don’t have to tell you how their business works. And they sure don’t have to tell you how to make them less profitable.

You might be saying, "But Sam, wouldn't it be nice if the banks actually cared and took care of its customers by sharing all of this?"

Well, I'm sure there are well-meaning banks and credit unions out there that absolutely want to take care of their customers. They also probably have a world-class transparency policy. They probably have a really good customer service programs.

However, I'm afraid there's just as much, if not more, banks out there that don't care about their customers. What they *do* care about is making sure their quarterly earnings report look great for their investors and shareholders. As long as they can report record-breaking profit numbers, they know they're getting their bonuses.

I don't mean to paint the entire banking industry with such a broad stroke. Like I said, not all banks are evil and crooked. Some have willingly participated in fraud and deceptive practices. I won't name any names, but there's a bank that was caught creating fake bank accounts many years ago just to inflate their reports.

So with such banks in business, why would they exactly share all of their secrets with the customer?

Trust me, I have friends that are banking executives. They're really good people. They would also say the same thing. There are both good and bad people in all industries. It’s unfortunate that the banks have not earned the trust of the millions of consumers around the world.

So, back to the original question. Why doesn’t the banks share the things I’m sharing with you? Could it be conflict of interest? Maybe it’s bad for business? Or perhaps, a well-educated customer makes a bad customer? I think you could decide for yourself.

Ch 4. What If?

So at this point, you’re either thinking, “Wow. This is a genius strategy!” or, “Wow. What a dumb idea!” Maybe somewhere in between. But if you’re asking questions, that’s good. Asking questions means that you’re actually thinking.

I’m not here to defend or protect the Accelerated Banking strategy. Like I mentioned earlier in the book, this strategy could be something that changes your life for good. Or, you may come to decide that this strategy is not for you.

My job is simply to be a messenger. I want to present all of the facts, numbers, the rationale. You get to decide whether it makes sense to you or not. I will never suggest anyone to make a decision or to act on something until they fully understand it. I also suggest that you take the time to really understand the risks and dangers of any financial strategy before implementing it.

So, let's tackle the questions that you may have about the Accelerated Banking strategy.

"WHY CAN'T I JUST PUT EXTRA PAYMENTS INTO THE MORTGAGE?!"

Ah, we get this one all the time! It's probably the most obvious question, right? You're thinking, "Why do we have to go through this HELOC thing?! Why can't we stick to the traditional method of paying extra directly into the mortgage?"

And you're not alone in asking that question!

Here's the simplest way to put it. Accelerated Banking *IS* making extra payment into the mortgage. There are no other ways of reducing or paying off your mortgage sooner. That is true. But it's about *how* we're making the extra payment. You ever hear, "work smart, not hard?". Well, I like to think that Accelerated Banking is working smart and working hard.

Here's an analogy. Imagine you and I are tasked to cut down an old dead tree. We were never specified on how. We were simply asked to cut it down and get rid of it. I, being a really hard worker, choose to pick up an axe. (I like the oldschool way). While you, being the smart one, decide to pick up a chain saw.

Technically, both of us are cutting the tree down. At the end of the day, the dead tree will be down. But who would get it done faster? Obviously, you will. But suppose you thought the chain saw was only used for cutting down other types of trees. No one explained to you that a chain saw can be applied to more than just one type of a tree. You see where I am going here?

The tool is only as good as the person who knows how to use it. If you don't understand and know how to use a line of credit for paying off a mortgage, you won't see a useful tool. You're just seeing another debt or a loan.

But, there are other reasons as to why the line of credit could be more advantageous. For one, the line of credit offers flexibility and liquidity that aren't available with just paying extra into the existing mortgage. You see, any extra principal payment you make to a mortgage is now "locked" as part of the home equity. If you are ever in a dire situation of needing that money back out, you'd have to do a cash-out refinance.

You might argue that you have 6 months of savings that you can fall back on. Realistically, not many American household have up to 6 months of savings. But let's say you do have 6 months of savings set aside in a savings account.

What is your savings account earning you? Very often, if not at all times, the savings account interest rate is lower than your mortgage interest rate.

So let's say for the sake of this conversation, the interest rate on a savings account is 2%. If you've set aside $10,000 in your savings account, you're earning $200 that year. (Assuming you never made a single draw from it.)

My question to you is, why not have that $10,000 be "deposited" into a line of credit to reduce the daily balance? At the time of writing this book, the interest rate on a HELOC is around 5-6%. So theoretically, you could be *saving* $500 to $600 on interest cost while still giving you the same liquidity and flexibility as a savings account. That $500 to $600 can also be used to further drive down the principal cost.

Even better, you're increasing your equity. A bank cannot take away your equity. On the flipside, banks are only insured up to $250,000 if there's ever a bank failure. That's $250,000 per deposit account.

When you compare the features of the HELOC and your savings account, there are no real differences as far as being able to draw money out.

With a HELOC, you can often login to your banking app and transfer funds into your checking account in a matter of seconds.

So let me ask you one more time.

Why are you still using a checking or a savings account?

Is it because that's the right thing to do?

And who said it was the right thing? Tradition? The banks?

If you start to question your financial thinking and why you do the things that you do, you'll start to understand that everything is designed to benefit the banks.

So it's time to start thinking differently about banking.

And lastly, remember how you can take your entire income and deposit it against the HELOC balance? Instead of making small extra payments, why not let your entire income do the work for you?

The same income that is affecting the average daily balance on the line of credit can also be used to pay for your expenses.

It's kind of like being able to use your income twice!

“But what if the banks shut down my HELOC? Like they did in 2008-2012?”

This is another question we get quite often. Many of you have witnessed or experienced the nightmares of our great recession that occurred between 2008-2012.

Our opinion is that the recession actually started in 2005 – 2007. The reason why we believe this is that the banks were creating false systems and checks that loosened the lending standards. It became apparent to many economists and investors that the borrowers were getting extremely risky loans but the banks didn’t care. They needed to feed the Wall Street Systems with more loans so that the banks could make more money.

One of the big contributors to the HELOCs getting shut down was over-leveraging. In order for banks to create more loans, they needed to create more demand and allow homebuyers to get access to money.

What the banks did was to create mortgages at 80% LTV (Loan-To-Value). For example, if a house was worth $100,000 then the banks were willing to lend at 80% LTV. What the banks were really saying is that they were willing to lend 80% of the $100,000 value of the home which is $80,000. The borrowers were expected to come up with the remaining down payment of $20,000.

However, what the banks did were to offer another loan for the down payment so that homebuyers didn't have to come up with money. Banks were trying to create $0 down situations to borrowers that didn't have the best finances and credit scores.

Oftentimes, these loans to cover the down payments were in the forms of a HELOC or a 2nd mortgage.

When the economy began to crumble around March of 2008, home values started to fall like a rock. The same $100,000 home was now worth $70,000 as the artificial demand dried up. All of a sudden, these homeowners found themselves with a higher interest rate and no income.

As you can imagine, the banks started shutting down HELOCs left and right. These HELOCs had no assets and equity to collateralize.

The bottom line was that homeowners who lost their HELOCs had too much debt. They had been using these HELOCs to go on vacations, purchase cars, and use it as a down payment for another property. It was basically a house of cards on the cusp of collapse.

In our strategy, our focus is to pay down the debt. It's not to incur or create more debt. It's to go from being a risky borrower to a less risky borrower.

In fact, out of the thousands of clients we have currently, we've yet to see a single person lose their HELOC. None of our clients had their

HELOCs frozen, shutdown, or curtailed even through the COVID-19 pandemic.

Of course, there are other reasons as to why the banks will shut down a HELOC. For instance, if the homeowner engages in an illegal activity on their property, the bank has every right to shut down the HELOC and call it due right away.

Here's an interesting fact. Your 30 mortgage technically can be called due, too. Did you know that? If you’ve used your home to engage in an illegal activity, like opening up a certain lab in your garage, then yes – the bank has every right to call your mortgage due. In other words, they can demand that you pay off the entire mortgage balance.

So if you’re a chemistry teacher who needs extra money on the side, don’t think about cooking up drugs if you don’t want to pay the entire mortgage. (That’s a reference, by the way.)

“So, what happens if there’s a recession then?”

This is related to the last question about HELOCs getting frozen or shut down. What if there’s a repeat of the 2008 recession? Or at very least, another COVID-19 Pandemic?

Fortunately, the Accelerated Banking Strategy could also act as a “safety net” in those situations.

We sincerely hope that none of you reading this will lose your jobs or income. But it can happen to any of us.

Let’s say our economy goes back to a recession again. If your income goes down, you lose your job, or your business suffers – here’s how the Accelerated Banking Strategy could help you stay afloat!

Remember how you can withdraw money from the HELOC at any time? In a situation where you lose your income or it goes down, you still need to cover your expenses, right? What you can do is take money out of the HELOC to not only cover for your everyday expenses, but you can use the same funds to also cover the minimum payment on the HELOC itself.

This is called “floating” the debt. You’re essentially using the debt to pay for its own minimum payments.

Now, is this meant to be a permanent solution?

No.

But, is it meant for you to use the HELOC to stay afloat for 6-9 months until you can get back on your feet? Yes.

Using the HELOC will increase your debt balance temporarily but what are the alternatives? Not pay your bills? In the worst-case scenario, the alternative can lead you to a foreclosure situation or having late payments reported on your credit report.

Both of those hypothetical situations have long-term repercussions and consequences.

Having a HELOC at least allows you to avoid that.

You see, the strategy can act as a “lifeboat” for a couple of months until you can recover.

In fact, we had a client who unfortunately lost her job for 2-3 months during the COVID-19 pandemic. Initially, she panicked but then she remembered this very explanation we had given to her. She was already using the strategy at the time so she had a HELOC ready to go.

She was able to cover all her expenses and bills during the 2-3 months when she was furloughed. She survived the pandemic unscathed. Yes, her HELOC balance did increase but it only set her back a few more months in terms of her savings. Nevertheless, she was able to stay on track to beat the traditional timeframe of paying off her mortgage.

For some, having this benefit could mean a world of difference in dire situation.

“But, I don’t have enough equity to get a HELOC!”

Now, some of you reading this might have this problem. Maybe you bought your home with an

FHA loan or a VA (Veterans Affair) loan with little to no down payment.

Fortunately, you won't need to have much equity to get started. Many years ago, we had an amazing client named Rick. Rick was a Navy doctor who recently retired and he wanted to use our strategy to pay down his mortgage. But he was hesitant to jump in because he believed that it was impossible to get a HELOC since he had no equity.

When he bought his home, his VA loan program allowed him to do zero money down. Therefore, he had no equity on his property.

Fortunately, there was an alternative vehicle for Rick. Instead of using a HELOC where it would typically require at least 10% equity, Rick chose to get a PLOC (Personal Line of Credit) based on our suggestions.

A PLOC works just like a HELOC. The only difference is that a PLOC doesn't use your home equity as a collateral. It's an unsecured non-recourse line of credit. Some of you familiar with this strategy already may think that Rick could have just used a credit card.

The problem with using a credit card as a vehicle is that credit cards are not as liquid as a true line of credit. In other words, it's often expensive to get cash out of a credit card. There are cash advance fees or sometimes transactional fees of up to 2.9% every time. Therefore, we're not big fans of using a credit card for the Accelerated Banking Strategy.

So if you're in a similar situation to Rick, there is a way!

"What if I have a 15-year mortgage" or "Why don't I just get a 15-year mortgage?!"

Even with a 15-year mortgage, you can still use our strategy. The difference that you may see is less savings. That's because you are already saving a large sums of interest cost due to a shorter amortization. But could you save even more money and time? Absolutely.

Accelerated Banking has helped individuals with 15 year mortgages save even more money and time.

Again, every financial situation is little bit different. You might not benefit at all from using the Accelerated Banking strategy if you have a 15 year amortized mortgage.

"But I live paycheck to paycheck… Can this strategy still work?"

Ideally, you'll want to have a positive cash flow situation. In other words, your expenses must be less than your income amount. It's reported that

63% of the average Americans live paycheck-to-paycheck (3).* -------

However, it's one thing if you're actually living paycheck-to-paycheck but it's another thing to simply spend whatever money you have in the bank. There's a clear difference.

The first type of "paycheck-to-paycheck" is you spending every dollar to necessary limits. Perhaps you're already budgeting. And because you're budgeting, you know for a fact that you're actually paycheck-to-paycheck. You have no excess savings.

The second type is you spending without actually tracking anything. You don't know whether you're actually living paycheck-to-paycheck because you never took the time to measure and track.

In some cases, people who begin to track their spending and intentionally stick to a plan find themselves with a positive cash flow after all. They stopped spending every dollar in their bank account without a plan.

Fortunately, if you're in the paycheck-to-paycheck mode, there are ways out of it.

If having too much debt is the primary reason, one way to mitigate this is to consolidate the debt as much as possible.

One time, we had a situation where a client had over 15 credit cards. Each individual card did not have that big of a balance. It was a couple of hundred dollars due here and there.

What we suggested was to roll all the card balances into a single credit card where it'd be more manageable and also decrease the monthly payment obligation! Just like that, they weren't living paycheck-to-paycheck anymore. This is one of many concepts that could help you take better control over your finances.

From there, this client was able to use our strategy to ultimately pay off the credit cards and focus on paying off their mortgage.

For some of you, this may not work. You may need to work with a financial counselor or a debt counselor to come up with a plan that may involve other methods and tactics.

"But I have inconsistent income! How does this strategy work for me?"

If you own a business or you get paid commissions, your income might be inconsistent. We have many real estate agents as clients and this is the number one question we get from them!

Fortunately, this strategy can also work well even if you have an inconsistent income.

Meet Martha!

Martha and her husband own a highly successful construction company. Most construction companies have seasons. During winter months, it slows down. During summer months, it gets busy!

Martha had the same concern before getting started in our strategy. But after explaining how this strategy works even with the inconsistency, she went to work.

So how does this strategy work with inconsistent income? It's actually quite simple.

You first have to track a consistent expense budget every month. You get to know your number. Let's say your monthly living expenses come up to be $5,000.

Let's say in one particular month, you've earned $10,000. Just like what the strategy suggests, you'd deposit the entire $10,000 directly into the HELOC balance. (You can always use the hybrid method to put most of your expenses on the credit card. This allows for the most optimal savings.)

You'll then use the HELOC to cover the credit card balance and any other obligations – which should total $5000.

The remaining $5,000 of savings will stay in the HELOC to lower the average daily balance.

But let's say in the following month, you came short and only earned $3500. In this case, you can always tap into the HELOC to cover the $5,000 living expenses consistently.

While you may have a loss of $1,500, the average of the two months still allows you to experience a lowered average daily balance. Get it?

So, if you have a sudden increase of income or a bonus, leave that in your HELOC until you're ready to use it. While the money stays dormant, you can have it save you money on interest.

We also encourage you to set aside some funds for vacations and other fun activities. After all, vacations and travel are part of what makes us human! We do not advocate anyone to live on "rice and beans" unless it's a necessary step for the better.

"But I haven't bought a home yet! How can I get started?"

So you're not a homeowner yet. That's okay! You actually have a head start on this strategy. If you're planning to buy a home in the next 3-6 months, look into getting a 1st Lien Purchase HELOC instead of the traditional mortgage.

That is, instead of applying for a traditional 30-year mortgage, you can actually get pre-qualified for a purchase HELOC that can be used to finance the purchase of a home. This way, you don't have to get a mortgage first and then a HELOC. You can go straight into getting a HELOC.

The process is actually similar to the traditional method.

You'll contact one of the few banks that offer a 1st lien purchase HELOC and go through a pre-approval process. They'll check your credit and your income. The bank will then determine your pre-approved amount.

Using that pre-approved amount, you now have an idea of how much the bank is willing to fund your purchase. Most real estate agents we talk to prefer to work with home buyers that have a pre-approval letter anyway. So this is a necessary step before you go searching for your next home.

"But this sounds too good to be true!"

Ahh, the good ole "too good to be true" statement. Isn't anything new "too good to be true"?! We know this strategy is different, weird, or it may not make sense to you just yet.

Can you imagine how Galileo felt as he shared his discovery of the Earth's true shape?. Most people at his time thought that the Earth was flat. Some people, to this day, believe that it is!

When Galileo first told people about this newfound truth, the authorities at the time rejected it. It was weird, different, and didn't make sense to a lot of people.

Yet today, almost everyone knows that the Earth is actually a sphere.

To many of you, this strategy might rattle your traditional thinking and it may take some time for you to really understand it. And that's okay!

Many of our clients felt the same before they started using our strategy. But after going through the process, our clients are amazed at the results.

Yes, we're an accredited business with the Better Business Bureau. At the time of this writing, we are rated "Excellent" on Trustpilot with flawless 5-star reviews on Google. We definitely intend to keep it that way with more happy clients.

If this strategy didn't work, we certainly wouldn't have garnered the attention of the media. We certainly wouldn't have received 5-star reviews on our independent rating platforms.

Ch.5 What Comes After The Strategy

So, we talked about paying off your mortgage using the Accelerated Banking Strategy. Awesome! But… we don't want to stop there. Now that we stopped your financial "bleeding", we want to start growing your financial "muscle".

If you are not interested in making more money, working less, and retiring early -- you can skip this chapter.

For the rest of you, the first thing you can do after the strategy is investing in real estate.

We know some of you have zero interest in this but hear this out. Once you are mortgage-free and you're armed with a line of credit, you now have some "EXPLOSIVE" tools in hand to start creating passive income.

Passive income is income that you don't have to actively work for. Just imagine as you sit back and relax. On the 1st of every month, you open your mailbox and you see envelopes filled with rent checks and they are written out to you!

Since we live in a digital age, all you have to do is login to your online banking site and see all the online payments that came in. While you're on a vacation, enjoying your freedom and the time with your family, your tenants are busy at work.

They are fighting traffic, dealing with the work politics, and putting in 50-70 hours a week just so that they can write the most important check: their rent payment!

It’s kind of like being the queen bee. You’ve got your worker bees that fly out there to collect nectar from flowers. Then they fly back to your nest so that they can make you honey.

So, let’s say that you’ve paid off your mortgage completely. And let’s also say that you have a 1st Lien Home Equity Line of Credit that’s also free and clear. In this scenario, you have a $300,000 line of credit that you can access for pretty much anything!

One of the things that we teach is the ability to buy houses and apartment buildings using owner financing.

Owner financing is a concept where you negotiate an arrangement with a seller of a property to make monthly financing payments to the seller as if they are the bank.

So instead of going to the bank to get a loan for a house, you can arrange a banking relationship with your seller.

If you can find the right property and the numbers support the fact that it has some great cash flow potential, you can buy the property with owner financing, and use your line of credit to make the down payment and cover the cost for repairs.

Many times, you can negotiate for extremely low-down payments. we'll share an example through a case study later.

The assumption here is that the rent you're collecting also covers taxes, insurance, management fees, ongoing maintenance, and improvements on the property.

Now that we're armed with this knowledge of Accelerated Banking Strategy, we can start paying off the line of credit like we did with the original mortgage we started off with.

Not only that, but you can also use the strategy on the owner financing arrangement so you can pay off the seller early.

Imagine repeating this process over and over to where you have 10 fully paid-off houses that generate $1,000 of cash flow to you each month? That's $10,000 a month of cash flow you're generating because you've been able to pay off your mortgages the same way we talked about earlier in this book!

Also, is it possible that we can buy multiple properties at once instead of waiting for the one house to be paid off?

Absolutely!

So, depending on your situation and your circumstances, your journey may look different.

Again, it’s not about how you start but it’s about how you finish!

If you can generate an additional $10,000 a month in cash flow, will that make a difference in your life?

Some of you may choose to retire early.

Maybe it can supplement your current income or your job.

Maybe you can take more frequent vacations and explore around the world.

Or maybe you can help your parents retire.

Whatever it means to you, it can make a world of difference in helping you have security and freedom.

You may be saying, *“But don’t I have to manage the houses and the tenants? What if the toilets break or something goes wrong?!”*

We won’t lie to you by saying that everything will be perfect with unicorns and rainbows. Sometimes bad things can happen.

One time we had to spend $3,000 to fix up a house because the tenants had left it completely trashed and destroyed. However, if you set aside a reserve for maintenance expenses, you'll be covered.

What you also want to have is **a professional property manager** to handle the daily operations. Instead of YOU taking all the phone calls and emails, you can have a dedicated professional deal with the problems instead.

The bottom line is this. Get educated and know what you're doing.

If you asked Sam to fly an airplane, it's like asking him to partake on a suicide mission because he doesn't know how to fly an airplane. It would not only put him at risk but put others in the plane at risk.

But if he goes through classes and learns how, he may just well be able to fly the plane.

It's all about knowledge. In anything, you reduce your risk of facing bad things if you have the knowledge to prevent bad things from happening. And when the bad things do happen, you'll have the knowledge to respond quickly without costing you a whole lot.

It's like driving. At first, you were a huge risk driving on the road because you didn't know what you were doing. But after a series of lessons and supervised training, you got the hang of it. Soon, you were driving and texting at the same time as a pro! (Just kidding, don’t do this… It’s dangerous!)

In all seriousness, anything can be mastered. You just have to practice, learn, and hone in on the new skills of becoming a real estate investor.

Sam’s Deal Case Study - $2500 Down for a $100 Monthly Cashflow

Let me share a perfect case study of a real life deal I did in 2017. It all began with emailing an attorney that represented an owner of a property in my area. I found this attorney through a software database called Propstream. By the way, you can get a free 7-day trial of Propstream here: http://reisoftware.thekwakbrothers.com

With Propstream, I was able to pull up a list of all the landlords in a specific area. What I did was look for specific landlords that had an LLC (Limited Liability Company) in which they held their rental properties. I did this very strategically as I knew landlords with an LLC were probably serious and they most likely have multiple properties. The chance of them selling a property is pretty high.

Commented [2]: had to change order of sententace soo that it didn't end with "in", a preposition

I probably sent out close to 25 emails to different attorneys and landlords at the time, asking if they would be interested in selling any of their properties. One replied back saying that he would be interested in selling a single-family home. Bingo!

The seller and I met at the property and conducted a thorough walk through to make sure that the property didn't have massive problems. Massive problems can be a nightmare.

The seller was asking for $90,000 for the single-family home. The rent rate at the time was $1200 a month. With a little bit of quick math, I knew this could be a deal to be made.

Here's the best part: I was able to negotiate with the seller to agree on owner financing. They were willing to take monthly payments from me in exchange for the ownership rights of the property. Of course, the seller was also asking for a down payment. I offered $5,000 for the down payment. At the time, I had this money so I was prepared to close whenever.

With the help of my attorney, we got a contract drafted and we were ready to sign. But here's another best part: I also negotiated for one month's rent and the security deposit as a closing credit against my down payment. The total amount for the credit ended up being $2500.

So that $2,500 closing credit was subtracted from my down payment which cut my down payment in half. I only had to bring $2,500 cash to the closing table to get this closed.

This property cashflows around $100 a month and I've built over $50,000 of equity in just 2 years. This was a MAJOR win for me. When I combine my equity gain through appreciation and my cashflow, my return on investment was 1,400%. Talk about a great deal.

So imagine having a HELOC or a line of credit to do this over and over again!

Keep in mind, by using owner financing, I didn't have to get a bank loan which meant that I didn't have to use my credit. Since the owner financing payments don't appear on my credit report, it doesn't affect my debt-to-income ratio. This means that I could go get a bank loan if I really needed to get a deal done.

My brother and I got so good at doing this that we developed a system called the FORCE strategy. It stands for:

1. Find the Deal.
2. Owner Finance It
3. Raise the Capital.
4. Cashflow It
5. Expand Your Empire!

It was the perfect system for massive growth within a very short amount of time.

Don't get me wrong. It takes time and patience through getting educated to pull off something like this. It didn't happen to us overnight. We spent nearly three years perfecting our craft before we got to this point.

But here's the best part, if you leverage the success of other people and get them to help you, the success can come quicker than figuring things out on your own.

Becoming Your Own Bank

We've had many of our clients also transition into becoming their own bank. After 2-3 months of using our strategy, they start to see all kinds of possibilities – not just real estate investing.

About three years ago, we discovered a concept and a strategy that allows an individual to become their own bank. Sounds interesting, right?

It's called the Infinite Banking Concept, or IBC for short. This concept has been around for almost 150 years and is used by some of the wealthiest families. (It's been said that the Rockefeller family uses this method to retain their wealth and pass down their generational wealth.)

So if you combine the Accelerated Banking Strategy together with IBC, it allows you to completely break free from the mainstream banking system.

Here's how it works.

The Infinite Banking Concept relies on using a whole life insurance policy that allows you to overfund your cash value.

There's a lot of misinformation out there about using other forms of life insurance policies. But after a long search for the truth, we've discovered that it has to be a whole life policy. And not just any whole life policy, it has to be a very specific policy where you can borrow against your cash value as a non-direct recognition loan. We'll talk more about this later.

Once you acquired this specific whole life insurance policy, you'll begin to make your premium payments to start building up your cash value.

Let's say over time, you built a cash value of $100,000. The cool part about the $100,000 cash value is that the insurance company is paying you dividends on it. So, if the insurance company is paying you a 5% dividend yield each year, that means, your cash value is growing by 5% each year.

Here's the better part. You can take out a loan against the $100,000 as a collateral to buy real estate, fund your child's education, or buy a business. You get to decide how much interest you pay on the loan and when to pay it off. This is possible because the insurance company has a private contract with you.

So let's say you borrow $50,000 against the $100,000 cash value. With the right whole life policy, you can still earn the 5% dividend yield on the entire $100,000 cash value even though you just borrowed $50,000.

One of our good friends often borrows from his cash value to fund his next real estate deal. In his situation, he gets to profit three times. The first from his real estate deal, the second from the interest he's paying himself directly into the cash value, and the third is coming from the cash value dividends.

Holy smokes! Talk about triple growth opportunities. Can you see how using this strategy paired with accelerated banking and real estate investing, you can have rocket growth?!

Now it's really important that you have a whole life policy where it allows for a non-direct recognition loan because this allows you to earn a dividend on the entire cash value even if you borrowed all of it.

As a contrast, if you use a direct recognition loan, borrowing against the cash value means that your cash value is earning less dividend since they subtract the loan amount from the cash value as the amount subject to dividends.

There's a lot more to this infinite banking strategy and you can find an entire book on this concept. I just want to paint the possibility as to how Accelerated Banking Strategy fits into all this.

The possibility we want to help you create is a personal ecosystem. We want you to build a financial ecosystem where everything you do is growing your wealth.

Imagine taking a vacation by borrowing from your cash value and paying yourself the interest. All while your cash value is still growing.

Imagine buying a car and financing it out of your cash value instead of feeding the interest to the banks. You can now put more cash into your own pocket – not the banks.

Think of it like this. The Accelerated Banking Strategy is like planting the seed in the soil. Real estate investing is like the fertilizer to help the plant grow. And the Infinite Banking Concept is like taking seeds that the fruit produces to go plant more seeds.

Can you see how powerful the three strategies can become when you combine them?

Ch 6. How To Get Started

Okay, so here it is! Let’s talk about how to actually start using this strategy to save money. But the #1 question we get all the time about getting started is: *“This strategy sounds like it’s too hard or it takes too much discipline!”*

We totally get that. In fact, the team has dedicated our last five years to turning this strategy into an automated system. We’re never done perfecting it but we’ve built a system where any qualified homeowner can easily use our strategy.

We’ve learned in the early days of this business that no matter how awesome something is, no one is going to use it if it’s too complicated.

With the help of industry professionals and experts, we turned our Accelerated Banking System into an automated process where all you have to do is virtually “flip a switch” and you’re using the strategy.

Best of all, we also developed a relationship with banks that will run everything in the background for you so that you don’t have to worry about the steps.

Now of course, many of you might also say, *"I can figure this out on my own! I can just Google all the answers and the steps on how to do it!"*

It's true. You can probably spend the time figuring this out on your own. And yes, there are free resources out there that you can probably tap into. But consider this: If there's free information out there on YouTube and Google on how to become a millionaire, why isn't everyone a millionaire? How come even with the free resources on the internet, we still have people struggling financially.

Early in our entrepreneurial career, we had a huge epiphany. If you're not surrounded by people who are actively using the Accelerated Banking Strategy, then you won't. Well, what do We mean by that?

It's called the law of association. If five of your closest friends are drug addicts with no vision, no goals, and no financial stability, it's likely that you'll also become a drug addict with no vision, no goals, and no financial stability.

On the flip side, if the five of your closest friends are building investments with visions, goals, and a purpose, it's also likely that you'll catch on to building investments as well.

So, it's all about who is in your nearest influence. We always believe that if we can surround ourselves with people who are experts and are a lot smarter than we are, then we will be motivated to become experts as well.

Another way to look at this is that if you want something done, rather than trying to figure it out, you can pay an expert to help you do it. Then your focus is doing what you are great at and keep on improving it.

For instance, say you're not the best at repairing a roof. So instead of "trying to save a few bucks" by doing it on your own, you let the experts do it. Not only will the job get done correctly, but you can also keep your focus on your business and investments where you know you can make more money.

It's all about proper allocation of time and priority.

So, here's the deal.

You can choose to do this on your own, spend all your time and energy figuring this out. But, we must warn you, we've had countless individuals who chose this route and ultimately ended up coming back to the team for help. In fact, they were in a worse situation than they were in before they got started.

The most common mistakes we see are that people get the wrong kind of a HELOC, or they do the steps incorrectly, or they get burned by the wrong mortgage broker and get a home equity LOAN instead. There are all kinds of mistakes that we see people make when trying to do this on their own.

Sometimes, they have to spend money to get out of the hole they dug themselves into. What a waste!

The alternative option (the smart plan) is to let experts like our team set everything up for you. Not only will you potentially save more money, but it also saves the emotional stress and headaches.

Our team has over 70+ years of experience in banking, finance, credit, and the mortgage industry to understand the process.

It’s kind of like using a GPS in your own neighborhood. When you first move to a new town or a city, you’ll probably use a navigation app to help you get around, right? But after a while, you don’t need the navigation or the GPS anymore because you begin to rely on your memory and habits.

Well, our team has seen thousands of different situations across the country to know how this strategy works and doesn't work. This strategy is like our neighborhood and we've been here for a while.

But for someone new like you, you may need a GPS or a navigation app to help you get around. In this analogy, we are the "GPS" where we can give you the turn-by-turn direction.

Sometimes, you may make the wrong turn and we'll have to "re-calculate" you to a different route.

So here's the next step.

If you want our expert help, all you have to do is schedule a FREE 45 Minute call with our team to discuss the next steps. In this free call, we're going to discuss four main things:

1. Should you and can you do this strategy?
2. How much money and time can you potentially save? (We'll even get you an estimated pay-off date.)
3. Answer any personal questions you may have about your situation.
4. How our process works in terms of becoming a client.

To schedule a call, use this link: https://acceleratedbanking.com/consulting

Now, we know what your next question is.

"How much is it to work with you and your team?"

Can't you tell that Sam is secretly a mind reader? Just kidding!

Here's the cool part. If you don't end up saving money and time with our help, you don't pay anything. That's right. If you apply what we teach you to do and if you don't see your mortgage balance decrease faster than the traditional method, then you don't pay anything. There's zero cost!

And here's the next cool part. If you apply for a line of credit and get denied three times, you also don't pay anything.

Now, those are rare situations because our team is great at making sure you're a good fit or not. So let's say you save a ton of money and time, you're extremely happy, and we're able to help you get closer to your goal. All we're asking is for a tiny fraction of what you'll save as the initial investment to get started. That's it!

So wait, where's the cost then? There is no cost. You'll only save money because what you'll save through this strategy will overshadow any monetary investments you'll make to get the most optimized result.

How cool is that?

To schedule a call, use this link: https://acceleratedbanking.com/consulting

Not only will we be part of your Accelerated Banking journey, but we also want to help you transition into real estate investing and also Infinite Banking which is something we talked about in the last chapter.

Schedule your FREE 30 Minute Discovery Call Today!

To schedule a call, use this link:
https://acceleratedbanking.com/consulting

- Find Out how much Time & Money You can potentially save using our method.
- Get answers to your unique questions about your unique situations
- Find out how you can work with the Accelerated Banking team virtually increase your success

Notes

(1) Slaughter, Patrick, October 3rd 2021. "5 Common Reasons Couples Divorce". https://www.jameslafevor.com/5-common-reasons-couples-divorce/

(2) U.S. Census Bureau, July 18th, 2020. https://www.census.gov/topics/population/migration/guidance/calculating-migration-expectancy.html

   a. Long, Larry H. Migration and Residential Mobility in the United States. New York: Russell Sage Foundation, 1988, pp. 295-310.

   b. Long, Larry H., and Celia G. Boertlein. The Geographical Mobility of Americans: An International Comparison. Washington, DC: U.S. Government Printing Office, 1976. Current Population Reports P23-64, pp 12-19.

(3) Leonhardt, Megan. December 11th 2020. "63% of Americans have been living paycheck to paycheck since Covid Hit" https://www.cnbc.com/2020/12/11/majority-of-americans-are-living-paycheck-to-paycheck-since-covid-hit.html

About The Author

Sam Kwak is a serial entrepreneur, real estate investor, and a Certified Financial Educator Instructor. He has founded and launched multiple six and seven figure companies. He has a special talent in marketing, business development, finance, and technology. He and his brother, Daniel, currently manage a fund company that invests in real estate.