

# REDUCING DEBT



One commonly overlooked form of "predatory lending" is when banks and mortgage companies repeatedly encourage people to take out larger mortgages and home equity loans for "debt consolidation" or to spend more by basically consuming your home equity. This often results in spreading car loans and credit card balances over 30 years with no real plan to help you become debt free. Unlike many traditional bankers and brokers, Certified Mortgage Planning Specialist professionals help you conserve your home equity, not consume it. This involves helping you implement financial strategies that will get your debt down to manageable levels and help you stay on track to become debt free.

There is no quick fix to debt reduction; this requires careful planning and implementation. CMPS professionals help you implement these three proven steps to help you achieve financial freedom and become debt-free:

- **Develop a Debt Reduction Plan of Action:**

- The best way to approach debt reduction is by re-examining your spending habits and the way your monthly cash flow works. This doesn't necessarily mean that you need to spend less or earn more. It just means that you need to spend your monthly cash flow differently. You see, most people who want to become debt-free, can become debt free if they just manage their cash flow differently.
- For example, instead of being forced to dip into your credit cards every time you have an unexpected bill, you should establish a financial reserve account specifically to prepare yourself for unexpected financial obligations. CMPS professionals help you establish a viable plan to re-allocate your monthly cash flow and change your spending habits. This cash flow plan will result in your being financially able to pay cash for everything such as home improvements, cars, furniture, vacations, children's education and other living expenses.

- **Implement the Plan of Action:**

- There is a reason that professional athletes have coaches. No matter how good the athlete is, the coach can help keep them accountable in identifying weak spots and improving their performance. You can also benefit by having a team of "financial coaches". CMPS professionals are able to "coach" you in implementing your debt reduction plan. CMPS professionals also work in a team environment with CPAs, CFPs, attorneys and other financial professionals in order to help you better achieve your goals in life.

- **Review and Modify the Plan of Action:**

- We all experience changes in our lives that involve our income, career, family, health, lifestyle, etc. CMPS professionals help you review and make modifications to your debt reduction plan as changes arise in your personal and financial situation. Additionally, there may be new types of mortgage planning products and services that could help you enhance your debt reduction plan. The plan review and modification is often referred to as an "Equity Management Review", or an "Annual Mortgage Review."



## *fast facts*

- **Develop a debt reduction plan of action**
- **Implement the plan of action**
- **Review and modify the plan of action**



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