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CMG loan benefits consumers, not banks

East Bay Business Times - by [Katherine Conrad](#)

A home loan product that welds a mortgage to a checking account could revolutionize the way Americans pay for their homes if consumers can get past the notion that "it's too good to be true."

"This is revolutionary," said the exuberant Chris George, president of **CMG Financial Services** in San Ramon, who is launching the Home Ownership Accelerator this week.

Unlike a traditional 30-year, fixed-rate loan, in which monthly payments go to interest for 10 years unless a homeowner adds more to the payment and specifies that it must go toward the principal, the accelerator program works by substantially reducing the principal on a mortgage every time a paycheck is deposited into the mortgage/checking account. It can mean paying off the traditional 30-year mortgage much sooner, in half the time or less.

The principal decreases each time a paycheck is deposited - consequently, so does the interest charged because banks charge interest on the daily balance. Another way of looking at it is, the program converts earnings to home equity.

"It's applied mathematics," said Norm Bour, a mortgage strategist and co-host of a real estate and finance radio show broadcasting in Southern California. "Two plus two equals four. Math doesn't lie. As long as there is more income coming in than going out, it's a mathematical certainty that mortgage acceleration will take place."

There's the rub, though. The program is made for those who end each month with more in their checking accounts than they started with.

"It doesn't work for those operating in a deficit every month, nobody can help them," Bour said. "It doesn't work as well for those with a break-even cash flow either."

George has been mulling the program since 2002 when he first heard about it in Australia. Although he discussed the concept with the East Bay Business Times in 2003, he is just now ready to launch it.

Last year, he hired Doug Nesbit, formerly head of Internet marketing at World Savings, to build a calculator on CMG's Web site so consumers could test the product.

After George challenged him to "try to break it," Nesbit built an Excel spreadsheet 700 lines long to determine if the Accelerator really saved time and interest.

"Even in a headwind, this thing performs," Nesbit said.

He said his research indicated that consumers do not want to change their lives, nor do they want more accounts, so he and George designed the product to offer everything a checking account offers.

"The first product Chris had developed failed to meet all the consumers' needs," Nesbit explained. "This

product allows you live your life just the way you live today."

George, who is fond of saying, "The quickest way to establish true wealth is the reduction of debt," says it helps consumers gain financial freedom by ensuring that they, not the bank, use the money in their checking accounts.

Ted Grose, chief operating officer for **All Nationwide Funding Group** in Los Angeles, said he is considering signing up for the loan even though he has a 30-year fixed rate at 4.625 percent. He said that while he is not a "fan of the free-and-clear mortgage," he does want to use his money for other investments.

"I would like to free up the money and do it painlessly without changing spending habits," Grose said. "With this program, all you do is change the name of the repository and everything else is the same.

"This comes with the whole banana."

That includes unlimited checking, an ATM/Visa point-of-service card and electronic bill pay. It also offers consumers access to a home equity line of credit.

Grose predicted the program will become popular, even though it has an adjustable rate mortgage that may scare conservative borrowers.

"With people who have a moderate level of self-discipline, the light bulb will go on with this," he said.

George believes that the program is so good that if CMG didn't offer the program, another company would. He and Nesbit plan to launch the program in all 41 states in which CMG is licensed by the end of the year.

He knows he is up against suspicion and doubt from consumers who have always done it one way and are reluctant to change. He also fields the "What about my tax write-off?" question every time he discusses the program, which prompts another platitude to roll off his tongue: "It's not in your best interest to pay interest."

Although CMG is launching the program with much fanfare accompanied by a media and advertising blitz, George believes the program's popularity will spread by word of mouth as consumers find it, use it and pay off their mortgages in record time.

To ensure the program is explained accurately, CMG requires mortgage brokers to earn a certificate and not miss even one question on the test.

"The biggest problem is that it will hit the sounds-too-good-to-be-true wall," Bour said. "But if you take time and look at with an open mind, and look at it from a mathematical, logical standpoint, you'll see it makes sense."

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