

Free Preview

Preface

Working as a Real Estate Agent and Loan Officer in Southern California, I met a lot of people who wanted to buy a house or refinance their home. Unfortunately, many people were unable to qualify for a loan to purchase their own home due to their credit.

Looking at my clients' financial situations, I realized that most people lacked even the most essential financial knowledge. Things that I thought were so basic and necessary to qualify for a good loan, like having a good credit score, paying bills on time or not carrying a lot of credit card debt relative to your income to most people were revelations.

I will never forget a couple that came into my office looking to refinance their house.

Tom and Maria needed to lower their mortgage payment. Although they had two jobs each, they had a hard time coming up with the monthly payment. Tom even told me that he was considering looking for a third job that he could do for a few hours a week but he couldn't find one that could fit his already tight schedule. They had 4 kids and a ton of credit card debt.

Due to their low FICO (credit) score I could not find them a program that would fit their financial situation. After looking at their finances, I knew I had to help them somehow. It broke my heart to see the way they were living. They didn't see their kids much, relying on relatives to take care of them while they were working, sometimes for over 12 hours a day. I found myself teaching them how to pay off their debt. I showed them which credit cards they should be paying off first, I explained to them what compound interest is and how it was being used against them, and wrote down a detailed debt repayment plan.

When they left my office, they were hopeful and relieved, since now they had a plan to get out of their financial challenge. I did not create this plan I teach today; I learned it, mastered it and taught countless people how to apply it successfully in order to change their financial situation.

Another couple wanted to buy a \$400,000 house. They had a combined income of \$56,000 a year. They were both driving brand new cars, (they had paid \$60,000 for those cars only a few months earlier) and their monthly car payments were just under \$1200. On top of that, they also had \$29,000 in credit card debt. Their mortgage monthly payment would have been \$3,450. Incredibly, they couldn't understand why they were not approved for a loan.

A lady who came to me for advice admitted that the previous month she had been so upset with her husband for buying himself a new truck that she went to the dealership and bought herself a brand new car. Now they are having trouble paying for both cars.

These and many similar situations made me realize that most people were not taking credit seriously. And the main reason was that they did not know exactly how credit works. But that's only one part of the equation. The other part is that we live in such a consumerist society that no matter what you do or

where you go, you are constantly exposed to advertisements. Whether you are watching TV, browsing the web, reading the paper or just driving around town, you are being bombarded with ads. And most importantly, many of those ads are targeting kids, so they grow up constantly thinking about spending money. And how many ads do you see about saving money? None.

The reason we don't know how credit works is because nobody ever explained it to us. Banks, credit card companies and mortgage companies would prefer that you never found out because it is in their best interest to keep you in debt. They only make money when you are in debt.

Once you read Part 1, you will never look at credit the same way again. Once you understand exactly how compound interest is being used against you, you will be shocked.

We need to take action now. We cannot rely on anybody to take care of us; we need to take care of ourselves. We cannot blame anybody for our situation. We need to take responsibility for what we have, what we don't have and where we are in life.

There are many books and resources out there that can teach you how to get out of debt, but this book is different, and that difference is a crucial one. Half of this book (parts 1 and 2) explains what credit is and how to get out of debt; the second half (parts 3 and 4) will show you how to change your mindset about money and how to change your limiting beliefs.

In my quest to understand why most people fail and only few succeed, I realized that making money is easy, the problem is all the emotional garbage that we have around money. I am a firm believer that if people don't change their mindset about money, if they don't solve their issues about money, they will always have financial problems. Even if they win the lottery, if they don't know how to deal with money, sooner or later they will lose it all. We have seen this happen in countless examples of overnight millionaires.

So my goal here is to provide you with a simple, step-by-step plan that will help you get out of debt, and also to provide you with the tools and motivation to change your mindset and your beliefs about money. This is, in my opinion, the best way to get out of debt, stay out of debt forever, and start accumulating the wealth that you and your family so deserve. 5

Where to start

Depending on your particular situation, there are different approaches to getting out of debt. Let's review them now so you can decide which approach will work better for you, based on where you are financially right now.

If you have been paying your bills on time and have a good credit record (and want to keep it in good standing), and you are working or have a monthly income, then you can follow the plan outlined in Part 2. Credit Counseling or Debt Settlement will not be a good choice for you.

If your accounts are past due and you cannot make the payments, then Credit Counseling (also commonly known as Debt Management or Debt Consolidation) or Debt Settlement might be a good choice for you. You can go to Part 3 for more information on these services.

It's important to note that there is no magic bullet that will work for every debt situation. But keep in mind that in many cases, money problems are NOT the result of financial issues but rather a result of how we think.

This may sound esoteric to some people, but when you think about it you will realize that it is true. For example, take any self-made millionaire, somebody that went from poverty to millionaire by himself or herself. If you were to take all their money away, do you think they can make it back? You bet! The reason is that they have a different set of beliefs about what is possible in life, they think differently than most people.

And when you consider that most people that won the lottery lost it all within just a couple of years, then you can see that how we think and what we believe is possible for us makes all the difference in the world.

I don't believe in luck. I don't believe that we are like a leaf in the wind that goes where the wind blows, with no control whatsoever over what is possible. I used to think that way, but not anymore. I believe that we are all in charge of our lives and in charge of our destinies. And I invite you to try this approach in your life, and discover that in reality, you truly are in charge of your destiny. Anything is possible for you, no matter how the economy is doing or what is going on around you.

This is the reason I included the section about how to change your limiting beliefs in this book. Even if you manage to get out of debt without changing your beliefs about what is possible for you, then there is a very high chance that you may get back in debt in the near future. And I sincerely want you to live a successful, happy life that I believe is your birthright.

There is so much abundance around us all the time, yet we fail to appreciate it. Instead, we are taught from an early age that all supplies are limited. Limited jobs, limited opportunities, limited money, limited everything! Then no wonder when we analyze our belief systems -see Part 4- all kinds of limiting beliefs start popping up that we never knew we had, but have been guiding everything we did in our lives since we were little kids.

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