



Scott Griffin Financial Management Solutions

Press Information Kit

2011



Company Background

[Scott Griffin Financial Management Solutions](#) (SGFMS) is a brokerage specializing in high-end residential mortgages, offering loans throughout California. The brokerage was founded by real estate veteran [Scott Griffin](#) and caters to high-net-worth individuals to offer 'A' Paper Jumbo Loans. Because it carefully matches clients to the appropriate lending product, SGFMS boasts a 100 percent pull-through rate on the loans it submits, never having had a loan declined or cancelled in its 13-year history.

In addition to traditional fixed- and adjustable-rate mortgages, SGFMS' signature product is the patented [All-in-One loan](#) which leverages idle cash to rapidly pay off mortgages with substantial savings in interest payments. Through a partnership with [CMG Mortgage](#) and [Ameriprise Financial](#), SGFMS is one of a select number of brokerages in the country certified to represent the All-in-One.

SGFMS has a unique focus on educating its clients on ways to achieve financial freedom through novel home loan products such as the All-in-One. The brokerage is approved by the [Certified Financial Planner Board](#) to offer continuing education to financial planners about ways to help clients build wealth by eliminating an individual's likely largest liability, a mortgage.

The brokerage offers clients personalized service which includes credit score optimization to correct erroneous information and provide counseling on each account included in a credit report. In addition, SGFMS understands how to interpret and underwrite complex and unique personal and business tax returns commonly generated by self-employed individuals or those with multiple, diverse investments.

Since 2003, the team at Scott Griffin Financial Management Solutions has funded more than \$900 million in home loans. The brokerage is based in Los Angeles, CA.

All-in-One Loan Overview

The All-in-One loan is unlike traditional home loans because it gives the borrower the ability to reduce debt more aggressively without losing access to money or impacting spending habits. The loan is a transactional mortgage that combines an individual's checking, home loan and home equity line accounts into one master account. The master account is a "loan sweep account" that automatically transfers all deposited cash against the loan balance each day in order to save mortgage interest.

The All-in-One loan puts all available funds to work immediately by making the largest mortgage payment possible through incoming deposits. So instead of idle funds in a checking account earning less than 1 percent, the money is immediately applied toward the loan principal and converted to equity. This instantly brings down the interest being charged toward the loan principal, saving substantial money on interest payments. There is no loss of liquidity because borrowers maintain full access to all funds in the account.

The account behaves like a traditional checking account where funds are available 24 hours per day through unlimited check writing, ATM/debit cards or online bill pay. Even as funds go toward paying loan principal, the money is still accessible because the account works through a line of credit that stays open during the entire 30 years of the loan.

The loan is a financial-management vehicle designed to allow highly-qualified, prudent homeowners to pay off their mortgages in significantly less time, while saving thousands in interest. It is a powerful loan instrument that allows borrowers to accelerate their equity position while saving thousands in interest payments. Borrowers must have a minimum [FICO](#) score of 720 and have accrued 25 percent equity in the home. Closing costs for the All-in-One loan are at or below market with a 1 percent origination fee along with escrow, title, lender and processing fees, plus the opportunity to buy down the margin.

The All-in-One loan performed well even during the recent default period in the U.S. Due to the financial strength of the borrowers approved and the terms offered, the loan has a less-than-.3-percent default record*, which makes it the strongest performing publicly offered loan on the market. The loan operates on an adjustable rate tied to the monthly London Interbank Offered Rate Index (LIBOR) interest rate plus margin with a protective ceiling of 6 percent from the start rate.

The All-in-One loan earned a U.S. patent in December 2009 and is backed by Ameriprise and CMG Mortgage. Although similar instruments have been in place in Australia, Canada and the United Kingdom, this is the first time this type of loan is available in the United States.

*Taken from more than \$3 billion funded through GMAC from 2005 - 2008. No loans have defaulted in Ameriprise's funding during the past 24 months.

Benefits of the All-in-One Loan

Mortgage interest typically consumes about half of an average American's net income for decades at a time. Among the many benefits of the All-in-One loan is the ability to pay less interest allowing borrowers to achieve a lower total cost of ownership of their homes. Borrowers may use the interest savings to pay off the home loan sooner or leverage the equity to reinvest in high-yielding investments.

When compared to a standard 30-year fixed rate mortgage, All-in-One loans funded through Scott Griffin Financial Management Services have saved 73 percent in interest savings and cut time to payoff down to fewer than seven years on average. With a traditional amortization schedule for a \$500,000 loan at 5.25 percent fixed for 30 years, it will take 17 years until 50 percent of the monthly payment of \$2,761.02 is applied to the principal.

\$500,000 LOAN @5.25%, 30-YEAR, FIXED, \$2,761.02				
Months	Payments toward principal per month	Payment towards interest per month	Total interest paid	Outstanding balance
1	\$573.52	\$2,187.50	\$2,187.50	\$499,426.48
60	\$742.00	\$2,019.02	\$126,408.55	\$460,747.44
120	\$964.18	\$1,796.84	\$241,063.62	\$409,741.40
203	\$1,385.22	\$1,375.80	\$373,570.28	\$313,083.53
360	\$2,748.99	\$12.03	\$493,966.66	\$0

In a traditional mortgage once a payment is made, the money is gone. The All-in-One loan allows borrowers to pay the maximum possible against the loan without losing access to their money. The loan helps reduce debt more quickly by putting all personal income to better use immediately, rather than accruing it in a checking account, earning little to no interest.

- The lower balance saves interest
- The saved interest becomes extra principal payment
- This further lowers the balance, saving more interest
- This frees up even more money to reduce principal
- The cycle repeats itself each month, compounding interest savings and accelerating debt reduction

The All-in-One loan offers borrowers a built-in safety net not only for times of emergency when funds are needed but also when investment opportunities arise. As long as the All-in-One credit limit or equity accrued is higher than the loan balance, no payments are required during the first 10 years. The loan's structure offers borrowers the flexibility to accrue equity through deposits or borrow against the growing line as needed.

The All-in-One loan is changing the way financing real estate is traditionally viewed by decreasing the impact of the interest rate on the loan. The principal balance is continually decreased by an individual's direct deposits, which offsets the effect of higher rates because the borrower pays interest on a lower balance. The positive effect compounds as time goes on.

All-in-One Loan Performance

In stark contrast to traditional mortgages, the All-in-One loan dramatically reduces the amount borrowers pay in interest and time to pay-off.

When comparing a \$500,000 mortgage funded through the All-in-One with conservative assumptions and a 30-year fixed loan at 5 percent, the All-in-One performed 58 percent better in interest savings and cuts pay-off time by two-thirds.

The effective 30-year rate is the APR rate that a traditional 30-year fixed loan would have to have in order to produce the same savings in total cost of ownership the All-in-One offers. In this example, the effective 30-year rate is 2.30% APR.

THE ALL-IN-ONE LOAN	TRADITIONAL MORTGAGE
Features	Features
Hedge: Cash-flow determined	Hedge: Bank determined
Access: 2-way; ATM, checks, ACH	Access: 1-way restricted
Term: 30 year 1 st lien line of credit	Term: Amortized
Payment: Deposits, simple interest	Payment: Monthly
Rate: Variable: 1 month LIBOR + margin	Rate: Fixed
Assumptions	Assumptions
Balance: \$500,000	Balance: \$500,000
Deposits: \$11,000 per month	Term: 30 years
Expenses: \$8,800 per month	Rate: 5%
Rate: 3.5% currently fully indexed 7.2% avg. assuming hyper-inflation	Payment: \$2,684 per month
Performance	Performance
Pay-off: 10.9 years	Pay-off: 30 years
Total cost: \$192,455	Total cost: \$466,278
Cost per \$10: \$3.85 for each \$10 borrowed	P&I break*: 16.2 years
Effective 30- yr. rate: 2.30% APR	Cost per \$10: \$9.33 for each \$10 borrowed
5-year gain: \$183,067 equity only	5-year gain: \$40,849 equity only
Total: 58% savings in interest	

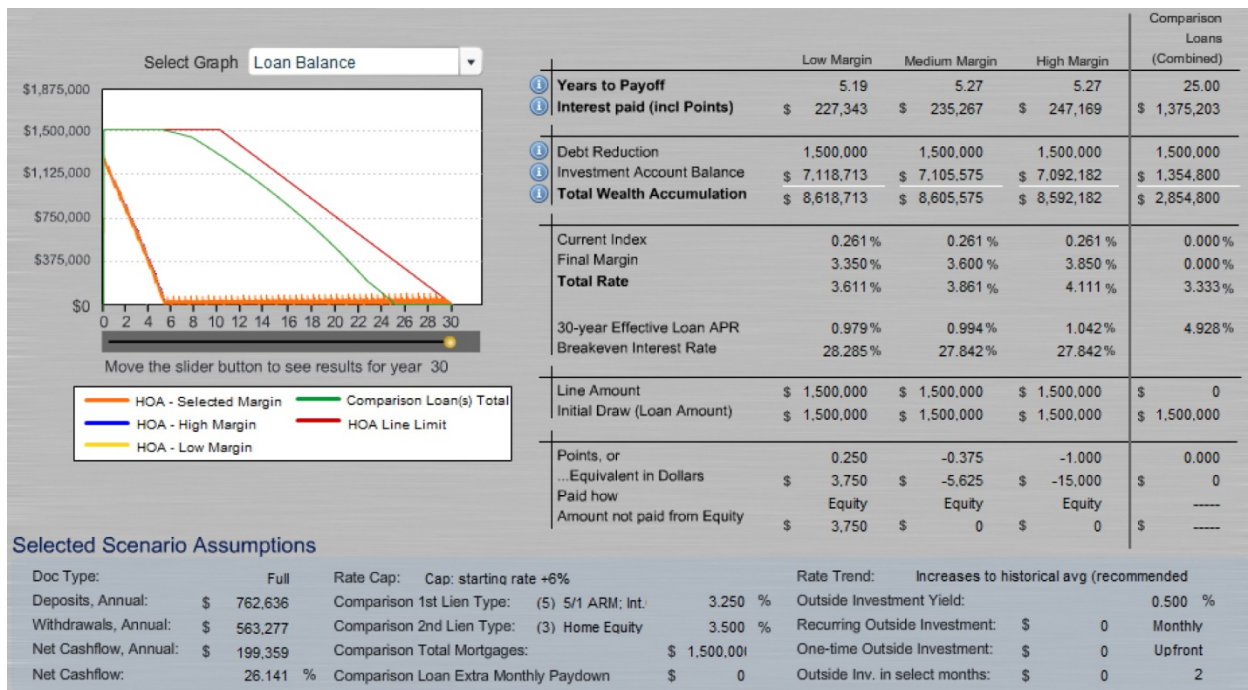
* The principal and interest break is the first point in time when monthly payments are equally split among principal and interest. In the traditional mortgage referenced above, the break takes place after more than 16 years.

Case Studies

Married Homeowners Consolidate Home Loans Achieving an Effective APR of 1.042%

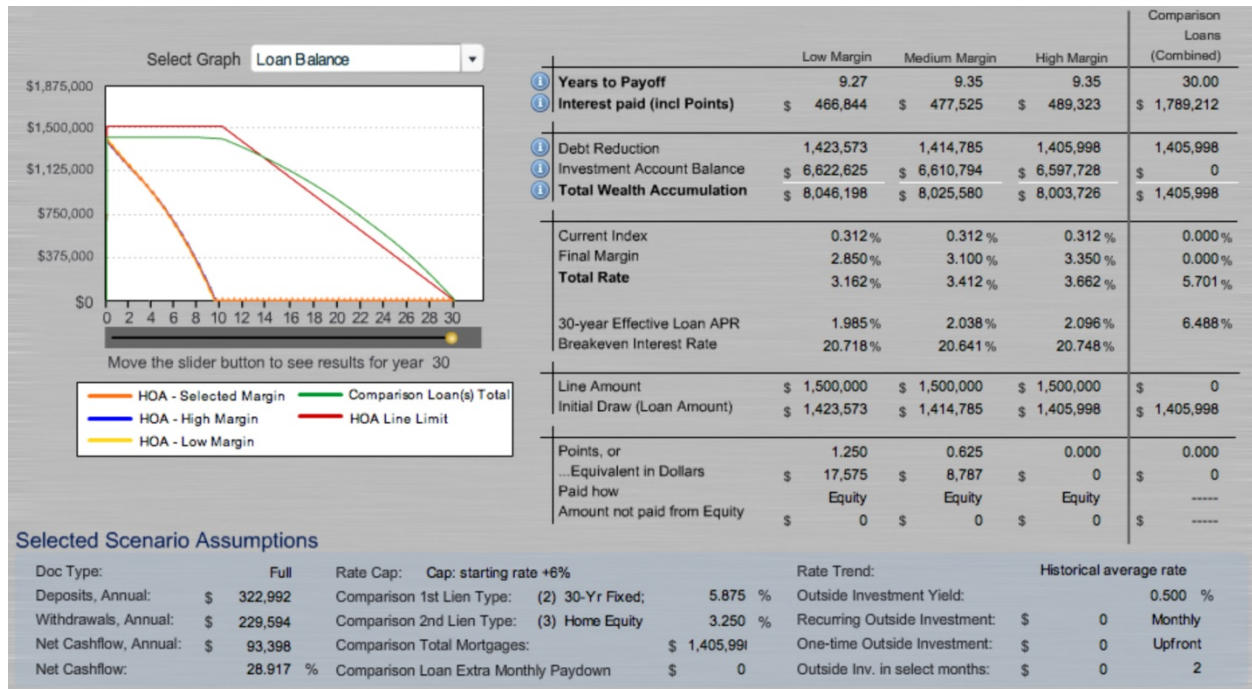
Married borrowers had several loans on their home including a 5-year fixed rate mortgage that was due for adjustment. The loans were interest-only so no money was going toward paying down the principal. In addition, the couple had an equity line of credit with an interest rate ceiling of more than 19 percent.

The All-in-One loan allowed them to incorporate \$200,000 they had invested in a low performing CD and income from a rental property to establish a payment schedule that would pay off the principal in less than six years with an effective APR of 1.042%. The effective APR is the rate they'd have to secure on a 30-year fixed in order to enjoy the same savings in interest payments over the course of the loan. In this instance, the couple saved hundreds of thousands of dollars in interest with a pay-off of just over five years.



Self-Employed, Multi-Business, Maddoff Victim Approved

Sometimes it is difficult to get business owners approved based on income tax returns because there are so many business expenses written off to reduce reported income. This keeps many credit-worthy, self-employed borrowers from qualifying for the loans with the best rates and terms. With the All-in-One loan, all files are manually underwritten with underwriters and banks that know and understand complex business returns. All-in-One lenders allow for exceptions in unique situations such as this borrower who was affected by a \$700,000 investment in the Bernie Maddoff Ponzi scheme fraud. The borrower was able to save more than 70% in interest with a pay-off of nine years.



Frequently Asked Questions

Why hasn't the All-in-One loan been available in the United States until now?

Banks have historically dominated the mortgage market and make money by paying small interest rates on deposits, then loaning that money back out in the form of mortgages, earning a profit on the "spread" between their loan rates and deposit rates. The All-in-One loan is not a profit center for traditional banks; hence, they have never offered it.

How do lenders make money on this loan?

Mortgage brokers and bankers make money on originating the loan and marketing the underlying financial asset to investors in the secondary market.

What is the credit line?

The credit line is the maximum amount an individual can borrow under the terms of the agreement. It is usually higher than the first draw amount, which is typically used to pay off an old mortgage (in a refinance) or complete a purchase transaction. The credit line remains the same throughout the 10-year, interest-only period, then declines by 1/240 per month throughout the subsequent 20-year repayment period, eventually reaching zero at the end of the 30-year term.

How are payments made?

Each time a borrower makes a direct deposit of payroll or adds funds from another account, they are in effect, making a payment. At the end of each monthly statement period, a charge for interest is added based on the daily principal balance. This charge is added to the principal balance. The borrower owes interest—only for the first 10 years. After the first 10 years, the borrower enters the "repayment period," during which the credit line starts to decrease regularly (1/240 per month) so that the loan can be paid off in 30 years.

Should all available cash be placed into the mortgage?

Borrowers should strive for diversification but if their cash is earning less than the loan's interest rate, it makes sense to move a portion of it into the account. Rather than earn 1 percent or less on deposits, borrowers can save 5 percent to 6 percent on interest costs. The borrower enjoys the same advantages banks have had in the traditional mortgage lending market.

How and when does the payment change?

The interest due on the loan may change monthly, based on the one-month London Interbank Offered Rate Index (LIBOR) interest rate index published by the *Wall Street Journal* at the end of every month.

What is the LIBOR Index Based on?

The LIBOR is an average of the interest rates that major international banks charge each other to borrow U.S. dollars in the London money market. It is one of the most common indexes on which to base mortgages.

Does a borrower have to pay off a loan early?

No. A borrower has a full 30 years to pay off the loan.

What happens when a loan is paid off early?

When a loan is paid off early, the borrower still has access to the accumulated equity, up to the credit line amount, until the 30-year term is complete. If the borrower continues to make deposits into the account, and the loan is paid in full, the deposits can be transferred into a money market account online, and the account would still remain open.

What happens if a home loses value?

Just like any mortgage, the borrower owes the amount they have borrowed, regardless of what happens to the value of the home. The All-in-One loan better protects borrowers against the risk of a devalued home where they owe more on the house than it is worth because the loan allows a faster pay-down of the principal. Borrowers stand a better chance to avoid being upside-down on the All-in-One loan, as compared to a traditional loan.

What happens if a payment is missed?

The All-in-One loan is ideal for individuals whose income can vary. During the first 10 years, the borrower only owes interest, which is automatically added to the principal balance monthly. There is no "payment" to make as long as the principal balance stays below the credit line amount. Payment is only necessary to stay below the credit line amount.

How can a borrower access the equity in the account for expenses?

The account operates the same as a traditional checking account. The borrower has online access to view the account balances and transactions, and can access funds via checks, ATM/POS debit card (with six surcharge—free visits per month), EFT, ACH and online bill-pay.

Is there a maximum amount that can be drawn from the account?

The credit line is the maximum amount that can be drawn from the account. The amount available at anytime is the difference between the principal balance and the credit line amount.

Can the All-in-One loan be used as a platform to make other outside investments?

Many sophisticated investors see the All-in-One loan as an opportunity to "borrow" money from their available equity and "reinvest" it in an outside investment at a higher rate of return, netting the difference between the two. Individuals would borrow against the home equity to make outside investments and should consult a financial advisor as to the risks associated with such investments.

What portion of the interest is tax-deductible?

According to IRS publication 936, interest paid on a mortgage loan used to purchase, construct or substantially improve a home is deductible to the extent that the "acquisition debt" does not exceed \$1 million. If tax law requirements are met (and where state law allows), interest on home equity indebtedness of up to \$100,000 may be deducted for income tax purposes. This means that interest on the amount of the initial draw (e.g., to purchase the property) and any substantial improvements would be completely deductible, plus up to \$100,000 over that amount, regardless of how the latter proceeds are used.

What if rates go up and why is the margin slightly higher than other loans?

With the All-in-One loan, the interest rate no longer holds substantial impact over the way the loan operates. The loan focuses on how many dollars of interest are paid on a lower principal balance. With the All-in-One loan, the principal balance is continually reduced by direct deposits, which can offset the effect of higher rates because a borrower is paying interest on a lower balance. This effect compounds as time goes on.

Team Bios

Scott Griffin **Founder/CEO**

Scott Griffin has a passion and talent for helping individuals become homeowners, rather than mortgage holders, and brings 25 years of expertise in real estate to bear for clients of the Scott Griffin Financial Management Solutions brokerage.

Scott began his career in 1986 as a residential property specialist concentrated in leasing and managing large luxury apartment communities for real estate investment management firms such as Kennedy Wilson, Heitman and JMB Properties. Soon after, Scott moved on to become a mortgage loan agent and was quickly promoted to branch management of Peachtree Financial.

In 2003 Scott opened his namesake brokerage, eventually expanding with offices in San Diego and Palm Springs and a specialty in 'A' Paper Jumbo Loans for clients either self-employed or in the entertainment industry. Scott has funded more than \$831 million in purchase and refinance home loans during the past eight years.

Scott is one of a few selected brokers who are licensed to represent the All-in-One loan after having undergone a rigorous approval process with CMG Mortgage. He is a licensed Real Estate Broker in California and holds Nationwide Mortgage Licensing System and Registry (NMLS), Federal Housing Administration (FHA) and Certified Mortgage Planning Specialist (CMPS) certifications. He is recognized as an industry leader by SBMC Mortgage Bank, having won Top Producer nationally in 2005 and 2006.

Mona Elhalwagy, J.D. **Private Lending Specialist, Certified All-in-One Loan Agent**

A member of the Department of Real Estate and the California Bar Association, Mona Elhalwagy graduated from Loyola Law School and obtained her real estate license in 1997 to begin working in retail and wholesale mortgage lending.

For more than eight years Mona worked with the nation's largest mortgage lenders, representing products to mortgage brokers and funding more than \$250 million in loans. During that time she supervised, trained and empowered some of the leading loan brokers in the Los Angeles area with the tools and products to educate and explain various loan programs to their borrowers in purchase and refinance transactions. She has worked with more than 300 brokers, loan officers and processors during her career.

Mona is licensed in Series 6 and 63 Securities which allows her to better understand retirement solutions for individuals and businesses. Given her background in financial planning, Mona is enthusiastic about the prospect to build wealth with the All-in-One loan and discusses investment opportunities with clients who benefit from the lower cost of home ownership.



Cynthia Hsiung

Private Lending Specialist, Certified All-in-One Loan Agent

Cynthia Hsiung began her career in real estate financing more than 20 years ago after having been a licensed real estate agent in the New York area and later holding executive positions in Los Angeles' entertainment industry. She earned her California Real Estate License in 2003 and worked in retail mortgage lending for Scott Griffin Financial Management Solutions, becoming the highest originator under Scott Griffin.

Cynthia recruits and trains loan agents on how to present to and qualify clients on various purchase and refinance mortgage programs. She helps clients with loan origination and processing from application through to closing. Cynthia has managed several investment properties in three states since 1994 and is a member of the Department of Real Estate.

Lola Doolin-Cross

Private Lending Specialist, Certified All-in-One Loan Agent

As a licensed California Real Estate Mortgage Sales professional, Lola brings 20 years of experience with leading high-end real estate investment companies including Trammell Crow Residential, JMB Properties, Heitman Properties, Kennedy Wilson, JPI Residential, Monarch Group and Hunt Pacific Management Corporation.

Lola has received numerous "Property of the Year" and "Manager of the Year" awards from the San Diego County Apartment Association and has a track record in revitalizing under-performing properties. Lola's experience spans managing and marketing newly-developed communities from the early construction phase through to full lease-up.

Lola helps clients at Scott Griffin Financial Management Services with loan origination and processing from application through to closing. She holds Nationwide Mortgage Licensing System and Registry (NMLS) certification and is a Dept. of Real Estate licensed salesperson.

Fact Sheet

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Cynthia Hsiung, Private Lending Specialist, Certified All-in-One Loan Agent

Lola Doolin-Cross, Private Lending Specialist, Certified All-in-One Loan Agent

Founded in:

2003

Average amount of funded home loans through the All-in-One:

\$1,625,000

Average pull-through rate:

100 percent

Amount of total funding to date:

\$914,200,000

Average decrease in pay-off time of All-in-One funded by SGFMS over traditional mortgages:

23.02 years or pay-off averages of 6.98 years

Average savings in interest payments of All-in-One funded by SGFMS over traditional mortgages:

73.4 percent

Average default rate of the All-in-One Loan:

.3 percent

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