Mortgage Master

AGENT QUICK START GUIDE

Mortgage Strategy | Equity Access | Opportunity Planning

A practical guide for comparing a client's current mortgage position with a proposed refinance, measuring the mortgage-cost difference, identifying equity made available, and illustrating how some or all of that equity could be put to work.

Build the mortgage facts. Measure the economics. Test the opportunity.

Training use | Mortgage strategy | Equity access | Opportunity planning

Agent Quick Start Guide | Educational and planning use

How to Use This Manual

Use this guide in the same order you would use the application with a client: establish the facts, build the case, explain the result, validate the calculations when needed, and document the presentation.

Field / Feature	What it means / how to use it
1. Build the Current Position	Enter the property value, tax assumptions, current first mortgage and any second mortgage. Confirm the calculated payoff balances.
2. Design the Proposed Mortgage	Choose Fixed or Interest Only, set LTV, rate and term, review closing costs, and use Payoff Override only when a lender payoff differs from the calculated amount.
3. Read the Mortgage Differential	Separate the gross payment change from modeled tax effects. Focus on Net Annual Cost Differential, Equity at Refinance, and Mortgage Cost Hurdle Rate.
4. Test Equity Utilization	Choose how much available equity is modeled as invested, the assumed return, projection years and management fee; optionally apply the mortgage payment differential.
5. Document the Strategy	Save the completed case and create the Client Handout only after the mortgage facts, refinance economics and equity assumptions have been reviewed.

1. The 5-Minute Workflow

1

Load or create the case
Enter the client and case name. Use New Case for a blank case, Save/Save As to preserve work, and Load to reopen a saved case.

2

Build the current mortgage
Enter property value, tax assumptions, current 1st mortgage and—if applicable—current 2nd mortgage. Confirm each calculated payoff.

3

Design the proposed refinance
Choose Fixed or Interest Only, set LTV, rate and term, review closing cost, and use Payoff Override only when a lender payoff differs from the calculated payoff.

4

Read the Mortgage Differential
Separate the gross payment change from any modeled tax benefit. Focus on Net Annual Cost Differential, Equity at Refinance and Mortgage Cost Hurdle Rate.

5

Test equity utilization
Choose how much available equity is invested, the assumed return, years and management fee. Optionally apply the mortgage payment differential to the projection.

6

Create the client handout
Use Client Handout after the case is loaded. Review the report with the client; do not simply hand them the calculator output.

Agent discipline: Do not start with the investment projection. Establish the mortgage facts and the refinance economics first. The Equity Utilization section is downstream of those calculations.

2. Build the Mortgage Case

A. Property & Current Mortgage

Start with what exists today. The current side establishes the baseline used throughout the comparison.

FIELD	HOW TO USE IT
Property Description	Client-friendly identifier for the property.
Fair Market Value	Current estimated property value. It drives proposed loan amounts when LTV is used.
Federal / State Tax Rate	Used only when the “Include tax deduction effect” option is selected.
Current Mortgage Type	Fixed or Interest Only.
Original Loan Amount / Rate / Term / Start Date	Inputs used to reconstruct the current loan and calculate its current payoff.
Extra Monthly Payment / Start	Use when the client has been paying additional principal.
1st / 2nd Mortgage Payoff	Read-only calculated balances as of the As-of Date.

B. Proposed Refinance

Build the proposed mortgage only after the current side is correct. The tool supports a new 1st mortgage and, when needed, a new 2nd mortgage.

LTV: Loan amount is calculated from Fair Market Value × LTV.

Interest Only: Payment reflects interest only for the modeled term; principal does not amortize during that period.

Estimated Closing Cost: Entered as a percentage and included in the refinance economics.

Payoff Override: Leave blank unless you have a more accurate lender payoff. When used, the app clearly marks that an override is applied.

Total Current Mortgage Payoff: Combines the calculated 1st and 2nd mortgage payoffs.

Important: Taxes and insurance are intentionally excluded from the Mortgage Differential. The comparison is designed around mortgage financing costs.

3. Read the Mortgage Differ

This is the decision center of Mortgage Master. Read it from top to bottom; do not jump directly to the hurdle rate.

RESULT	WHAT IT MEANS
Current / Proposed Monthly Mortgage Payment	The principal-and-interest payment comparison.
Current / Proposed Annual Mortgage Interest	Annual mortgage interest under each modeled structure.
Increase / Decrease Interest	Change in annual interest expense.
Annual Tax Deduction Difference	Modeled difference from the entered federal and state tax rates.
Gross Annual Payment Difference	Proposed annual mortgage payment minus current annual mortgage payment.
Modeled Annual Tax Benefit	Shown separately so the agent can distinguish payment change from the tax assumption.
Net Annual Cost Differential	Gross payment difference after the modeled tax benefit, when that option is enabled.
Equity at Refinance	Net equity made available after payoff and estimated closing cost.
Mortgage Cost Hurdle Rate	Net annual cost differential divided by equity at refinance. This is the return hurdle created by the mortgage strategy.

How to explain a negative differential: A negative Net Annual Cost Differential means the proposed mortgage is modeled to cost less annually. In that situation there is no positive hurdle rate—the mortgage change itself is creating modeled annual savings.

How to explain a positive differential: A positive Net Annual Cost Differential means the proposed mortgage costs more annually. The equity strategy must overcome that added cost before it creates a positive economic spread.

4. Future Value & Equity Uti

Future Value

Use Projection Years and Annual Property Appreciation to show a forward view of the property. The section reports Future Property Value, Future Mortgage Balance and Future Available Equity.

Keep the property appreciation assumption reasonable and clearly identify it as an assumption, not a forecast.

Equity Utilization

Available Equity from Refinance: Automatically carries forward from the Mortgage Differential.

Equity Invested: The portion of available equity being modeled as invested.

Assumed Annual Return: Illustrative gross annual return assumption.

Investment Years: Projection length.

Annual Management Fee: Annual drag applied to the investment projection.

Use Available Equity: Copies all available refinance equity into Equity Invested.

Apply mortgage payment differential: When ON, a higher proposed mortgage payment is deducted from the investment each year; a lower proposed payment is added as annual savings.

Return Spread: Net assumed investment return minus the mortgage cost hurdle rate.

Projected Investment Value / Gain: Hypothetical ending value and gain based on the entered assumptions.

Mortgage / Investment Crossover

The highlighted crossover year is the first projected year in which the investment account reaches or exceeds the outstanding proposed mortgage balance. Use it as a planning milestone—not as a guarantee or a recommendation to liquidate the investment.

5. Case Management & Clie

Case Management

CONTROL	USE
Save	Updates the active saved case.
Save As	Creates a separate saved version—useful for Strategy A vs. Strategy B.
Load	Loads the selected saved case.
New Case	Starts a blank case.
Reset Case	Returns the calculator to its built-in sample/default case.
Delete Saved Case	Deletes the selected saved case.
Export / Import	Moves case data between copies/versions of the HTML app.
Client Handout	Creates the simplified client-facing Mortgage Strategy Analysis from the loaded case.

A Simple Client Conversation

1. Establish today *"Here is what you owe today, what you are paying, and how much equity is currently tied up in the property."*

2. Show the proposed structure *"Here is the mortgage structure we are testing. This is an illustration of the financing strategy, not a lender commitment."*

3. Separate payment from economics *"The payment changes by this amount. After the assumptions we selected, the modeled annual cost changes by this amount."*

4. Identify released equity *"After paying off the existing mortgage and estimated closing costs, this is the equity the strategy makes available."*

5. Test productive use *"Now we can test what happens if some or all of that equity is put to work under an assumed return."*

6. Point out crossover *"This is the first modeled year when the investment account reaches or exceeds the outstanding mortgage balance."*

6. Agent Checklist Before Yo

- ☐ Property value is current and reasonable.
- ☐ Current 1st mortgage type, original amount, rate, term and start date are correct.
- ☐ Current 2nd mortgage is entered when applicable.
- ☐ Calculated 1st and 2nd mortgage payoffs look reasonable.
- ☐ Payoff Override is blank unless you intentionally need it.
- ☐ Proposed LTV, loan amount, rate, term and mortgage type match the strategy being discussed.
- ☐ Estimated closing cost is appropriate for the illustration.
- ☐ Tax deduction effect is ON only when you intend to model it and the client understands it is an assumption.
- ☐ Gross Annual Payment Difference and Net Annual Cost Differential have been explained separately.
- ☐ Equity at Refinance is understood before moving to the investment illustration.
- ☐ Investment return and management fee are clearly identified as assumptions.
- ☐ You have intentionally chosen whether to apply the mortgage payment differential to the investment projection.
- ☐ The crossover year is explained as a modeled milestone, not a guarantee.
- ☐ The case is saved before creating the Client Handout.

Guardrails

- Mortgage Master does not determine whether a client qualifies for a loan.
- Rates, terms, LTV limits, interest-only availability and closing costs must be confirmed with a lender.
- Tax results depend on the client’s circumstances; the calculator’s tax fields are modeling assumptions.
- Investment values are hypothetical and do not represent a specific product unless a separate product illustration is provided.
- Do not present assumed returns as guaranteed results.
- Use the Client Handout as a conversation summary, not as a substitute for lender, tax, legal or investment documentation.

7. Example: Reading a Com

The current John Doe test case demonstrates the intended presentation sequence. The client handout shows:

ITEM	ILLUSTRATED RESULT
Current monthly mortgage payment	$3,802.13
Proposed monthly mortgage payment	$3,500.00
Net annual cost differential	-$3,625.56
Equity made available	$421,506.94
Mortgage cost hurdle rate	-0.86%
Equity invested	$421,506.94
Assumed annual return	7.00%
Projected investment value	$3,208,618.33 over 30 years
Mortgage / investment crossover	Year 6: investment $632,568.26 vs. mortgage $600,000.00

The story: In this illustration, the proposed mortgage lowers modeled annual mortgage cost while releasing equity. Because the annual cost differential is negative, there is no positive mortgage-cost hurdle. The investment illustration then shows how the released equity could compound under the selected assumptions.

What not to say: Do not tell the client that the investment “pays off the mortgage in Year 6.” The crossover only means the projected investment account first equals or exceeds the modeled outstanding mortgage balance.

Bottom Line

Mortgage Master is most effective when the agent uses it to organize a conversation about liquidity, mortgage cost and productive use of equity—not merely to compare interest rates. Build the current position accurately, make the proposed strategy transparent, separate gross payment changes from modeled tax effects, and only then evaluate what the released equity could do.