BPS HAWK

bpshawk.com

BPS Hawk — Broker Tutorial

How to Set Up, Monitor, and Act for Your Clients

What's Inside

BPS Hawk -- Broker Tutorial

- What's Inside
- 1. Getting Started
- 2. CSV Import
- 3. The Client Dashboard
- 4. Break-Even Suggestion (Sensitivity Table)
- 5. The Rate Table
- 5a. Tax Rate and What's Deductible
- 6. Compare Rates
- 7. Notifications & Workflow
- 8. Purchase Clients
- 9. Communicating Value to Clients
- 10. Converting a Client
- Quick Reference

How to Set Up, Monitor, and Act for Your Clients

What's Inside

1. Getting Started -- setting your defaults
2. CSV Import -- loading your pipeline
3. The Client Dashboard -- what each section means
4. Break-Even Suggestion -- the sensitivity table
5. The Rate Table -- reading the numbers

5a. Tax Rate and What's Deductible

6. Compare Rates -- when and how to use it
7. Notifications & Workflow -- alerts and what to do
8. Purchase Clients -- enrolling at origination
9. Communicating Value to Clients -- the enrollment pitch
10. Converting a Client -- purchase to refinance and refinance to refinance

---

1. Getting Started

Before uploading clients, check your **Settings** page (click your profile in the bottom-left sidebar, then Settings). Here's what you can configure:

Loan Officer Defaults

- **Default LO Compensation** -- your comp percentage, used as the default for new clients you create. If left blank or 0, the system global default is used.
- **Break-Even Target** -- toggle between Auto (calculated automatically for each client based on their loan parameters) and Manual (you set a fixed target month count). We recommend leaving this on Auto.

Break-Even Alerts

Set when you want to be notified as a client's best break-even approaches their target:

- **First alert** -- default 10 months away. A heads-up that the client is getting close.
- **Second alert** -- default 5 months away. Time to review and consider reaching out.

Property Appreciation Rates

Annual appreciation rates by year (2021-2025) used to estimate current property values from the original purchase price. Only affects new clients. Purchases before 2021 receive no appreciation. Rates compound year-over-year from the purchase year.

Other defaults like Fixed Closing Costs, Attention Rate, Expected Ownership Time, and MI Rate are configured by your admin and apply automatically to new clients. You can always override them per client.

---

2. CSV Import

Go to the main client list and click **Upload CSV**. The wizard walks you through six steps:

Step 1: Upload CSV

Drag and drop your CSV file. BPS Hawk auto-detects your CRM format (Encompass, generic CRM, and others are supported). Pick the default state for any rows that are missing one.

Step 2: Map Columns

The system matches your CSV columns to its fields. Check the confidence badges (exact, alias, fuzzy) and fix any that look wrong. You can also choose a **nickname format** here (First Last, First Initial, Last First, or First Only).

Required fields: Original Balance, Origination Date, Loan Term, Purchase Price, Credit Score, Current Rate, Property Type, Occupancy, Loan Type, State.

Everything else has a default. The system calculates current balance automatically from the origination date and original balance.

Step 3: Review Assumptions

Review the defaults that will fill in missing data. LO Comp, Fixed Closing Costs, Attention Rate, Expected Ownership Time, and Appreciation Rate are shown here. Change them and they apply to every row. You can also override per-client in the next step.

Step 4: Preview & Validate

Scan the table. Each row shows a status: Ready, Error, or Excluded.

- **Error rows** have inline editable fields right in the table -- fix the value and the row re-validates automatically. Use the **"Show errors only"** checkbox to filter to just the rows that need attention.
- **Expand any row** (click the sliders icon) to override its assumptions individually, change the property type, occupancy, state, or loan type.

Step 5: Importing

The system inserts rows one at a time. A progress bar shows how many have been processed. Duplicates (matched by client ID) are automatically skipped.

Step 6: Import Results

Summary showing how many clients succeeded, failed, or were skipped.

Note: VA and Portfolio loans are saved but not actively priced against the admin grid yet. They'll be marked for custom rates.

---

3. The Client Dashboard

Every client has a dashboard with input sections above the rate table. The inputs drive the math. The rate table shows what's available.

Refinance Decision Inputs

These values start as defaults and need to be verified. Everything outside of the Current Loan section (which is read-only) is editable and affects the math. Your workflow should be to verify these inputs for each client — the system shows the date each field was last changed, so you can see at a glance which ones have been reviewed and which are still using assumed defaults.

Once inputs are verified and the rate table is live, the system monitors automatically. You'll get a notification when the client's best break-even is within **10 months** of their target (first alert) and again at **5 months** (second alert). Both thresholds are configurable in your Settings page.

- **Current Mortgage Balance** -- auto-calculated from origination data. Edit if the client has made extra payments.
- **Fixed Closing Costs** -- the flat costs to close (title, escrow, fees). Default is 2% of balance. Edit if you know the actual number.
- **Appreciation Rate** -- estimated annual property value growth.
- **Current Monthly MI** -- the borrower's current monthly mortgage insurance payment.
- **Amt Bringing to Table** -- cash the client is paying out of pocket at closing instead of rolling into the loan. Default is $0, meaning all closing costs are financed. When set, the new loan balance is reduced by this amount, which lowers the new payment, increases monthly savings, and gives a more accurate break-even number. Both the B/E Suggestion table and the rate table Adj B/E update when this changes. In practice, leave this at $0 unless the borrower has told you they're bringing cash. Changing it shifts the suggestion and the per-row BE together, so it doesn't affect which rate meets your target. See the sales doc for the reasoning.

Pricing Inputs

These fields drive the rate table. Change them to model different scenarios -- the rate table recalculates instantly.

- **MI Rate** -- annual mortgage insurance rate. Default is 0%. Edit if MI applies to this client.
- **Loan Type** -- Conventional or FHA. FHA uses a separate pricing grid.
- **New Loan Term** -- the term for the proposed refinance (usually 30 years).
- **Property Value** -- used to calculate LTV.
- **Credit Score** -- one of the biggest factors in rate adjustments.

- **LO Compensation** -- your comp, added to every rate row.
- **State** -- per-state adjustments apply.
- **Property Type / Occupancy** -- affect pricing adjustments.
- **LLPA Waived** -- when checked, zeroes out all loan-level price adjustments (credit score/LTV, property type, occupancy, high balance, state) for this client. Your LO comp is never waived regardless of this setting. Use this for clients where the lender is not charging the standard risk adjustments -- for example, certain portfolio products or lender relationship programs. Note: this field is not collected during CSV import, so if any of your clients should have LLPA waived, you'll need to toggle it manually on their client page after the import.

Break-Even Target

The break-even target is shown in the **Available Rates** section header, labeled "B/E Suggestion." It controls which rows on the rate table turn green. It's the number of months the client is willing to wait to recoup closing costs.

Auto mode: When you haven't set a target manually, the system calculates one using research-backed models personalized to the client's loan. This suggested number appears as the default.

Manual mode: Type in a number to override. Use this when a client tells you they plan to sell in a specific timeframe, or any time the auto suggestion doesn't fit.

Current Loan

The Current Loan section stores the original loan details: loan type, term, purchase price, purchase date, property value, credit score, LO comp, state, property type, and occupancy. These fields are locked by default -- click "Edit Locked Fields" to modify them. They don't directly affect pricing calculations, but the loan type determines whether the client uses the pricing grid or custom rates (VA and Portfolio loans use custom rates). When you create a client manually, these fields auto-sync into Pricing Inputs as you type.

---

4. Break-Even Suggestion (Sensitivity Table)

The Break-Even Suggestion table sits above the rate table on the client detail page. It answers the question: *"how much do rates need to drop before my client should refinance?"*

What it does

The system uses research from two peer-reviewed studies to compute a personalized threshold for each client:

- **Agarwal, Driscoll & Laibson (2013)** -- "Optimal Mortgage Refinancing: A Closed-Form Solution" (*Journal of Money, Credit and Banking*). Computes the optimal rate reduction threshold accounting for the option value of waiting.

- **Berger, Milbradt, Tourre & Vavra (2025)** -- "Optimal Mortgage Refinancing with Inattention" (*AER: Insights*). Adjusts the threshold based on how often the borrower actually checks rates.

The key insight: most financial advice uses a simple break-even rule (refinance when savings exceed costs). But that ignores the **option value of waiting** -- rates might drop further. These models account for that, which is why their recommended thresholds are more conservative than a naive break-even calculation.

The rows

Row	What It Means
x*	The optimal threshold if the borrower checked rates every day. The theoretical best case.
Your client's row (highlighted)	Labeled with your client's attention rate. The threshold adjusted for how often they actually check rates. This is the number the system monitors.
Standard rows (labeled as different attention rates)	Thresholds at different attention levels. Shows how checking less often lowers the threshold — the model says to act on smaller rate drops when you check infrequently, because you may not get another chance soon.
Custom	A threshold you enter manually in basis points. The system computes the break-even at that trigger rate.

Attention Rate

The attention rate is how often the borrower checks rates per year. The default is 365 (daily), because BPS Hawk monitors daily — so assuming daily attention is the correct assumption. At 365, the suggestion is essentially the ADL optimal threshold, the research-backed number under perfect attention.

A lower attention rate lowers the threshold — the model says act on smaller rate drops when you check infrequently, because you may not get another chance soon. You can lower the attention rate per client if you want a less conservative (lower) threshold for a specific situation. The suggestion recalculates instantly when you change it.

Setting the rule: use W·M as your guide

When deciding on a break-even target for a client, use the W·M column to evaluate your options. W·M is the dollar value of the refinancing option at origination — what the option is worth at the moment the loan is taken out — based on the rule that row represents. The higher the W·M, the more value the client is positioned to capture by following that rule.

You can play around with different attention rates and custom thresholds in the sensitivity table and see how W·M changes. In practice, W·M is similar across rows — the research shows different reasonable rules produce similar option values. So there is no dramatically wrong answer within a reasonable range.

A few things to keep in mind:

- **Don't sacrifice attention for the rule.** If you lower the attention rate to get a lower threshold, you're not making the monitoring better — you're just changing the model's assumption. The real-world attentiveness is what matters. BPS Hawk monitors daily regardless of what attention rate is set.
- **Use your judgment.** The suggestion is a research-backed starting point. If a client has a specific situation — plans to move soon, tight cash flow, strong preference — override it. The system lets you set a manual target per client at any time.
- The W·M number is also your enrollment pitch to the client (see Section 9).

---

5. The Rate Table

The rate table is the core of BPS Hawk. It's at the bottom of the client detail page. Each row is a rate from the current pricing grid, with costs and break-even numbers calculated for this specific client.

What Each Column Means

Column	What It Means
Rate	The interest rate for this row.
Base	The raw price from the pricing grid. Negative = lender credit. Positive = discount points (borrower pays). Zero = par.
LLPA	The sum of all adjustments for this client's profile -- credit score, LTV, property type, occupancy, state, and your LO comp.
Total Pts	Base + LLPA. The net points cost or credit.
Pts Cost	Total Pts in dollars (Total Pts x Balance).
Total Cost	Fixed Closing Costs + Pts Cost. The full out-of-pocket cost. Negative means lender credit exceeds closing costs.
Tax Adj	The tax deduction on discount points (negative = savings, shown in green). Zero when the client's tax rate is not set or when the client is receiving a

	lender credit instead of paying points. See Section 5a below.
Pmt Sav	How much the client saves per month compared to their current payment.
Spl B/E	Total Cost / Pmt Sav, rounded up. Months to break even, ignoring MI or tax adjustments.
MI Diff	The difference in mortgage insurance cost between the new loan and the existing loan.
Adj. Cost	Total Cost + Tax Adj + MI Diff. The true cost net of the tax benefit and MI.
Adj B/E	Break-even in months on the adjusted cost. This is the primary number used to pick the best rate.

The Adjustments in Plain English

The rate table starts with raw numbers (Total Cost, Spl B/E) and applies two adjustments to get to the real cost:

Tax Adj — if the client is paying points, part of that cost comes back as a tax deduction:

```
Tax Adj = -(Points Cost × Tax Rate)
```

Negative means savings. Zero if no tax rate is on file or if the client is receiving a lender credit instead of paying points. See Section 5a for full detail on who this applies to.

MI Diff — applies to refinance only when LTV > 80% on either loan. It's the difference in the **present value** of MI payments between the new loan and the existing loan — not just the current monthly payment difference. The system calculates how many months MI will be paid on each loan (until LTV hits 80% through amortization and appreciation), discounts those payments to today's dollars, adjusts for tax, and takes the net difference:

- **Positive** = the new loan carries more MI cost in PV terms. Adds to cost, lengthens break-even.
- **Negative** = the new loan carries less MI (e.g. LTV has improved or MI drops off sooner). Reduces cost, shortens break-even.
- **Zero** = MI doesn't apply to either loan, or the costs are equal.

For the full formula see the *Why Monitoring Matters* doc (appendix: Mortgage Insurance Logic).

Adj. Cost and Adj B/E put it all together:

For refinance:

```
Adj. Cost = Total Cost + Tax Adj + MI Diff
Adj B/E   = ceil(Adj. Cost / Pmt Sav)
```

For purchase:

```
Adj. Cost = Total Cost + Tax Adj
Adj B/E   = ceil(Adj. Cost / Pmt Sav)
```

No MI Diff on purchase — there is no existing loan to compare MI against.

Adj B/E is the number to use when comparing rate options. Spl B/E is just for reference — it ignores both adjustments.

How to explain this to a client:

> *"We take the closing costs, subtract the tax benefit you get from paying points, and add or subtract the difference in mortgage insurance between your current loan and the new one. That's the real cost. Divide by your monthly savings and that's how long it actually takes to break even."*

For the full formulas and MI logic, see the *Why Monitoring Matters* doc (appendix).

Rate Status Labels (ADL-Based)

Each row shows a status badge driven by the ADL/Berger model — this is separate from whether the row meets your break-even target:

- **GREAT** — The lender credit covers all costs AND the rate is below the client's current rate. The client saves money from day one with no waiting.
- **TRIGGERED** — The rate is at or below the ADL/Berger threshold for this client. The model says this rate drop is worth acting on.
- **NOT_GOOD** — The rate is above the threshold. Not yet worth acting on per the model.

Break-Even Target Status (Green Rows)

Separately, rows turn green when their Adj B/E is at or below the client's break-even target. These are the rows worth a conversation with the client:

- **GOOD** — The Adj B/E meets the break-even target. The client's costs are recovered within the target period.
- **GREAT** — Same as above but the Adj B/E is zero (immediate savings, no recovery period needed).

A row can be TRIGGERED (ADL threshold met) without yet being green (target in months not met), or vice versa. In practice, the green rows are your call list. TRIGGERED is additional context: the model agrees this rate drop makes sense even before the simple break-even is met.

What "Best" Means

The row marked **Best** has the lowest Adj B/E that meets the break-even target. If no row meets the target, Best is still assigned to the lowest Adj B/E.

Rates come from the admin pricing grid — but you can override them

By default, the rate table pulls from the admin-managed pricing grid. This grid is a close approximation of market rates, but it's not exact. If you want the rate table to reflect the exact rates

you're being offered by your lender, you can enter them yourself — either by typing them in manually or uploading a screenshot of the rate sheet. The system uses OCR to extract the rate/points pairs from the image. Review the results and fix any misreads before saving.

This works for **both refinance and purchase clients**. Once you've entered custom rates, the rate table uses those instead of the admin grid for that client. The break-even math, suggestion, and all columns update automatically. This is the recommended workflow when you have an actual rate sheet in hand and want the numbers to be exact.

5a. Tax Rate and What's Deductible

The **Tax Adj** column in the rate table reflects the tax benefit a borrower gets from paying discount points. When this is set correctly, the Adj B/E number becomes more accurate for borrowers who itemize deductions. For clients who don't itemize (or whose tax rate isn't known), leave it at zero — the column just stays blank.

Points deductibility

For purchase loans: Discount points paid at closing are fully deductible in Year 1. If the client pays $6,000 in points and is in the 22% bracket, they get $1,320 back from the IRS. The Tax Adj column shows this as -$1,320 (negative = savings).

For refinance loans: Points are deductible too, but they must be amortized over the life of the loan rather than all in Year 1. On a 30-year loan, that's 1/30th of the deduction per year. The system applies the simplified full-deduction calculation rather than the amortized version — it's a slight overstatement of the immediate benefit for refi clients. Confirm with a CPA for exact treatment.

Lender credits: When a borrower is receiving a lender credit instead of paying points, there's nothing to deduct. The Tax Adj column shows zero automatically.

Mortgage insurance (MI) deductibility

MI premiums are **not deductible for the 2025 tax year**. Under the One Big Beautiful Bill Act (signed July 4, 2025), MI deductibility becomes permanent starting with the **2026 tax year**. The system already accounts for after-tax MI cost in the MI Diff column (the PV of MI is reduced by tau). If a client has MI on the current loan or the new loan, this deductibility will be built into the calculation when a tax rate is on file.

Note: MI deductibility has changed several times in recent years — confirm the current status with the client's CPA, particularly for higher-income borrowers where phase-out rules may apply.

Who should have a tax rate on file

Enter the client's combined federal + state marginal tax rate if they itemize deductions and will be paying discount points. Leave it at zero if they take the standard deduction, are receiving a lender credit, or you're not sure. The break-even numbers are fully accurate either way — zero just means no tax adjustment is applied.

Always confirm with a CPA

Tax deductibility rules change, and individual situations vary. The Tax Adj calculation is an estimate to help with rate comparison — it is not tax advice. For any client where the tax adjustment meaningfully changes the decision, recommend they confirm with their CPA before proceeding.

---

6. Compare Rates

Compare Rates mode lets you compare two rate options against each other, rather than against the client's current rate.

How to use it

1. Check the **Compare rates** checkbox in the Available Rates section.
2. Click any rate row's BE cell to set it as the **base rate**.
3. Payment Savings and break-even numbers now show the difference relative to that base rate, not the client's current rate.
4. Look at the Adj B/E column for the comparison rows. If a lower rate's Adj B/E is under the client's target, that lower rate is the better deal despite costing more upfront. If the Adj B/E is above the target, the base rate is better.

Picking the best rate: refinance clients

For refinance, you don't need Compare mode for the basic decision. Just look down the Adj B/E column and find the lowest number that meets the target — that's the best rate. If multiple rows meet the target, go with the lowest Adj B/E among them. Done.

The one exception: if any row has a **negative Total Cost** (lender credit exceeds all costs), that row distorts the main break-even column. In that case, switch to Compare Rates, set the highest rate with a non-negative Total Cost as the base, and compare down from there. Same rule: lowest Adj B/E that meets the target wins. If nothing beats the target, the base rate is the answer.

Picking the best rate: purchase clients

For purchase, the main question is whether to buy points — and Compare Rates is how you answer it. The LO enters the rates from the lender's rate sheet (by typing or screenshot), then:

1. **Set the highest rate as the base.** Fewest points, lowest upfront cost.
2. **Look at the Adj B/E for every lower rate.** Each row answers: is it worth paying points to get this rate?
3. **Go with the lowest Adj B/E that meets the B/E suggestion target.** That's the right buydown.
4. **If no row meets the target, don't buy points.** The base rate is the answer.

The bigger purpose of entering rates for a purchase client is not just the points decision. It's to show the client the option value (W·M) built into their new mortgage, set the break-even target together,

and establish the rule before they need it. When rates eventually drop and you convert them to a refinance client, the monitoring takes over from there.

Example

Say you have a rate at 6.75% with negative Total Cost (lender credit) and another at 6.375% where the Adj B/E is 36 months. If the client's target is 33 months, then 36 > 33, so the 6.75% rate with the lender credit is actually the better option. The client gets paid to close and doesn't have to wait 36 months to break even on the lower rate.

---

7. Notifications & Workflow

BPS Hawk monitors every client's rate table automatically. When something changes, you'll see it in the notification bell (top of the sidebar, next to the logo).

Alert Thresholds

By default, you get two alerts per client as their best rate approaches the break-even target:

- **First alert** at **10 months** away -- a heads-up that the client is getting close.
- **Second alert** at **5 months** away -- time to review and consider reaching out.

You can customize these thresholds in **Settings** (scroll to the Break-Even Alerts section).

What to do when an alert fires

1. Open the client's dashboard.
2. **Verify the inputs** under Refinance Decision Inputs and Pricing Inputs. Are the balance, rate, credit score, and property value still accurate?
3. Check the rate table. Are any rows green?
4. If the numbers look right and there's an opportunity, call the client.

Other alert types

- **Opportunity** -- fires when a client's status moves to "good" (break-even meets target) or "great" (zero break-even and lower rate).
- **Custom reminder** -- set a date-based follow-up on any client. Click the **Reminder** button on a client's page, pick a date, write a note, and the system reminds you when it arrives.

Your workflow is yours

BPS Hawk doesn't prescribe a rigid process. Some LOs check daily, others weekly. Some call at the first alert, others wait for the second. The system gives you the data -- you decide how to act on it.

---

8. Purchase Clients

Every purchase client is a monitoring client from Day 1. When you close a purchase, enroll them immediately. The system starts computing their refinancing option value right away and will alert you when rates hit their threshold.

Adding a Purchase Client

Click **+ New Client** and select **Purchase**. The fields are self-explanatory. The key difference from refinance: there's no existing loan to compare against, so the rate table and break-even table work differently.

Important note on Fixed Closing Costs for purchase: This is not what the borrower paid to close the purchase. It is an estimate of what it will cost to refinance in the future. The system uses this number to compute the break-even on the rate table and the B/E Suggestion table. Default is 2% of the loan balance — update it if you have a better estimate of future refi costs.

Inputs That Drive the Break-Even Table for Purchase

These are the fields the system uses to compute the B/E Suggestion and rate table for purchase clients:

Field	What It Does
Loan Amount	The mortgage balance — base for all calculations
Fixed Closing Costs	Estimated future refi costs — used as F in the break-even math
Marginal Tax Rate	Drives the Tax Adj column — points are fully deductible Year 1 for purchase
Expected Ownership Time	How long the borrower expects to own — affects the ADL threshold
Attention Rate	How often the borrower checks rates per year — adjusts the Berger threshold
Loan Term	Term of the new loan — used for payment calculations
Property Value	Used to calculate LTV
Discount Rate	Read-only. Set by admin. Time value of money in the ADL model.
Inflation Rate	Read-only. Set by admin. Used in the ADL threshold calculation.

Entering Rates and Buying Points

For purchase clients, rates are always entered manually — there's no admin grid to pull from. You can type them in directly from the lender's rate sheet, or upload a screenshot of the rate sheet and the system will extract the rates automatically using OCR. Review the results before saving either way.

Each row is a **rate/points pair**. Points represent what the borrower pays (or receives) to get a specific rate:

- **Positive points** (e.g. 0.5) = the borrower is "buying down" the rate. They pay 0.5% of the loan balance upfront to get a lower rate. This only makes sense if they plan to keep the mortgage long enough for the monthly savings to exceed what they paid.
- **Zero points** = par rate. No upfront cost, no credit.
- **Negative points** (e.g. -0.25) = lender credit. The borrower gets money back at closing in exchange for accepting a higher rate.

The rate table computes break-even for each rate/points pair, so you can see exactly how long it takes for buying points to pay off -- and whether the client should take the lender credit instead.

Purchase Rate Table Columns

Column	What It Means
Rate	The interest rate option
Points	Points the borrower pays (positive) or receives (negative/lender credit)
Pts Cost	Points in dollars (Points × Loan Amount)
Total Cost	Fixed Closing Costs + Pts Cost
Tax Adj	Tax deduction on discount points, shown as a negative (savings). Points on a purchase are fully deductible in Year 1. Zero if the borrower is receiving a lender credit or has no tax rate set.
Adj. Cost	Total Cost + Tax Adj. The net cost accounting for the tax benefit.
Spl B/E	Total Cost ÷ Monthly Savings, rounded up. Simple break-even ignoring tax.
Adj B/E	Adj. Cost ÷ Monthly Savings, rounded up. Break-even after the tax benefit — the primary number for comparing options.

Important: For purchase clients, all costs (points + fixed closing costs) are assumed paid out of pocket at closing. The loan balance stays at the loan amount M -- nothing is financed in. This means the monthly payment comparison is a pure rate-vs-rate comparison. The break-even tells you: "At

this lower rate, how many months of payment savings does it take to recover what the client paid upfront for points?"

Rate Sheet Upload

You can type rates in manually or upload a rate sheet image. The system uses OCR to extract rate/points pairs. Review the results and fix any misreads before saving. This is the same feature available on any client's page — see Section 5 for the full details.

The Sensitivity Table for Purchase Clients

For a purchase client, the sensitivity table uses the par rate from the rates you entered as the baseline, and uses the full loan term (since it's a brand new loan). Everything else works the same way -- it computes the threshold and the dollar value of the refinancing option built into this mortgage.

That option value number is your enrollment pitch (see Section 9).

---

9. Communicating Value to Clients

This section is about how to explain the value of rate monitoring to your clients -- especially purchase clients at closing.

The core message

Every mortgage has a built-in refinancing option worth real money. Research across 1.8 million mortgages shows that option is worth approximately **4-4.6% of the loan balance**:

Mortgage Size	Approximate Option Value
$250,000	~$9,900
$400,000	~$15,000-$18,000
$500,000	~$22,000
$1,000,000	~$47,500

Source: Agarwal, Driscoll & Laibson (2013), Tables 5-6.

The problem is that most borrowers lose a significant portion of this value because they don't monitor rates closely enough. Research shows the average borrower only seriously evaluates refinancing about **once every 4 years** (Berger et al., 2025). By then, the window may have closed.

You also have a concrete monthly savings number to give them. When a client's rate table shows a TRIGGERED row, look at the **Pmt Sav** column on that row — that's how much they'd save per month if rates hit their threshold today. Use both numbers in the conversation: the option value sets the stakes, the monthly savings makes it tangible.

> *"Your mortgage has about $15,000 in refinancing option value. And when rates hit your threshold, you'd be saving approximately $280 a month. That's the window we're watching for."*

What the option value number means in plain English

Before you can pitch the number, you need to be able to explain what it is. Here's how to say it simply:

> *"That $15,000 is the present value of the savings you'd get if you refinance at exactly the right moment. Think of it like an insurance policy built into your mortgage -- you got it for free at closing. If you act at the right time, you cash it in. If nobody's watching, it expires unused."*

A few things to know when explaining it:

- The W·M number in the sensitivity table is calculated assuming rates are monitored daily. That's exactly what BPS Hawk does — it checks every day. So this number represents what the client is positioned to capture with you watching for them.
- W·M is the option value **at origination** — before any rate movement. As rates actually drop toward the threshold, the value of the option increases significantly above this number. The closer rates get to the threshold, the higher the probability of capturing the full savings, which means the real value at that point is much greater than what W·M shows at origination. W·M is the floor, not the ceiling.
- It's a **present value** figure -- it already accounts for the time value of money. It's not just adding up monthly savings; it's what those future savings are worth in today's dollars.
- The number varies by which rule (break-even target) you use. You can show the client different scenarios right in the sensitivity table and they can see the option value next to each one.

Selling the client on a specific break-even

This is the most important step. The goal is to get the client to commit to a specific number -- their break-even target -- before they ever need to use it. Once it's agreed on, the decision is already made. When rates hit the threshold, there's no hesitation.

How to use the sensitivity table in the conversation:

Pull up the client's sensitivity table. The rows show different break-even targets and the option value each one implies. You can also enter a custom break-even in the last row -- type in a number in basis points (at par, meaning the par rate from the rate sheet) and the system will compute the break-even and option value for that exact rule.

Walk them through a few scenarios:

> *"If you say 'I'll refinance whenever rates drop enough that I break even in 24 months,' here's the option value that implies. If you're more conservative and say 36 months, here's what changes. The difference between these isn't huge -- research shows that different*

> *reasonable rules produce similar option values. What matters far more than which rule you pick is that you actually follow it."*

The system suggests a target automatically based on the research-backed models. That's a good starting point. But if the client has a specific plan -- they know they're moving in four years, or they're very rate-sensitive -- you can adjust it. The point is to land on a number together and write it down.

Why you have to commit upfront:

> *"The reason we set this now is that when rates actually drop, the news is going to be full of noise. Everyone is going to have an opinion. Half the headlines will say rates are going lower and you should wait; the other half will say this is as good as it gets. Nobody actually knows. The research on this is very clear: no one can reliably predict where rates are going. What works is setting a rule ahead of time and following it -- because by the time rates hit your number, the math already says it's the right move. You don't have to guess."*

This is the core reason a rule matters: it removes the decision from a moment of high uncertainty and replaces it with a commitment made during a calm conversation. The client stops watching the news because they don't need to. You're watching for them, and they already know what they're going to do when you call.

What you give clients: near-perfect attentiveness

With BPS Hawk, you're giving clients something they can't get on their own -- **near-perfect attentiveness**. The system watches rates every day, runs the math for each client individually, and alerts you the moment their threshold is hit. The client doesn't have to think about it.

The enrollment pitch

Use this at the closing table or in follow-up conversations. Pull up the sensitivity table before the meeting and use the actual W·M number for that client's mortgage.

> *"Your new $400,000 mortgage has about $15,000 in refinancing option value built into it. That's the present value of what you save if you refinance at exactly the right moment -- it's built into the loan, and it's yours to capture. The problem is, most people miss that window because they're not watching rates every day -- and when rates do drop, the news makes everything feel uncertain. I'm enrolling you in our monitoring system right now. We're setting your break-even target at [X months] together, and when rates hit that number, I'll call you. No guessing, no watching the news. The decision is already made."*

The last sentence is the close. The client should leave knowing exactly what the rule is and that you're watching it.

Why this matters for your business

- **Client retention:** Purchase clients might leave and refinance with someone else. Setting up monitoring keeps them with you.

- **Competitive advantage:** You appear more sophisticated and provide a higher-value service than LOs who don't offer this.
- **Year-round value:** Even when there are no immediate refinance opportunities, you're building future value by enrolling clients and monitoring their thresholds.

---

10. Converting a Client

When a purchase client actually refinances, or when a refinance client refinances again, you convert them. The conversion creates a snapshot of everything before and after.

Purchase to Refinance

From the purchase client's dashboard, click **Mark as Financed**. The modal walks you through:

1. **Congrats** -- confirmation that the client has been financed.
2. **Snapshot** -- the system captures all current details as a permanent record.
3. You're redirected to the conversion form with fields pre-filled from the purchase data. Enter the **new rate**, verify the balance and term, and submit.

After conversion, the client becomes a refinance client. A "Financed" badge appears on their profile. Their monitoring continues on the new loan.

Fields that carry over: Property Value, Credit Score, State, Property Type, Occupancy, High Balance, LO Comp, Loan Features, LLPA Waived, Attention Rate.

Fields that reset: MI Rate and Current Monthly MI use your admin defaults for refinance clients. Alert tracking starts fresh.

Refinance to Refinance

From a refinance client's dashboard, click **Mark as Refinanced**. Same process, but within the modal itself (no redirect). You enter the new rate (in 0.125% increments matching the pricing grid), balance, term, and loan type. The system warns you if the new rate is equal to or higher than the current rate. A "Planned Refinance using BpsHawk" toggle lets you mark whether this was a system-triggered conversion.

After conversion:

- Conversion count increments (badge shows "Refinanced 1x", "2x", etc.)
- Original balance and term update to the new loan
- MI and alert tracking reset
- Full before/after snapshot is saved

Quick Reference

Daily Workflow

1. Check the notification bell (top of sidebar). Any new alerts?
2. For each alert: open the client, verify inputs, check the rate table.
3. If rows are green and the numbers look right -- call the client.
4. Log notes and dismiss alerts as you go.

Key Numbers Per Client

Number	Where to Find It
Break-Even Target	In the Available Rates section header. Auto-calculated or manual. Controls green rows.
Best Rate's Adj B/E	The row marked Best in the rate table. Compare to the target.
Threshold (BPS)	The highlighted row in the Break-Even Suggestion table. The rate drop being monitored.
Option Value (W·M)	W·M column in the Break-Even Suggestion table. The enrollment pitch dollar figure.
Total Cost	Rate table column. Negative = zero break-even territory.