

Announcing a Major Update to Non-Agency LDM

Non-Agency LoanDynamics Model (NaLDM) 4.0 updates AD&Co's behavioral modeling platform with updates for today's non-agency and non-QM mortgages. Our behavioral model helps you manage risk in non-agency loans by forecasting prepayment, delinquency, default and loss probabilities. NaLDM:

- Was estimated with non-agency performance data through 2025 including new non-QM origination
- Adds additional explanatory variables including DSCR, DTI and Documentation level
- Includes unemployment as an additional macroeconomic factor
- Includes granular delinquency forecast (30/60/90 days DQ)
- Detailed handling of the different types of prepayment penalties associated with DSCR loans
- Provides crucial insights into asset-liability management, particularly the impact on income which is highly sensitive to interest rate changes
- Supports various use cases: valuation of whole loans, non-agency REMICs, MBS and ABS; stress testing; mortgage servicing rights analysis; reserving (e.g. ALLL/CECL) and mortgage insurance (MI) needs

NaLDM extends AD&Co's flagship behavioral model for quantifying risk to today's non-Agency and non-QM market.

Covered Collateral Types

Prime Jumbo

This subtype has been part of NaLDM since inception and has been updated with data through 2025.

Non-QM

Our legacy ALT-A model had been tuned by vintage to cover non-QM. With the full re-estimation, a new functional form has been used with parameters reflecting the full history of post-crisis non-QM origination. Our API has been updated to allow a wide range of prepayment penalty structures to be input.

DSCR

Our API has also been updated to allow users to run DSCR loans – previously there was no way to specify a debt-service coverage ratio.