

# AFT™ Prepayment and Credit Model

The ICE AFT Prepayment and Credit Model combines default, prepayment, loss and valuation into a single, comprehensive, holistic view of mortgage performance. Leveraging advanced modeling techniques, as well as our unique data advantage, the AFT Prepayment and Credit Model delivers consistently reliable results.

## One solution to evaluate complex, interrelated risks

In today's environment, risk comes in many forms, including interest rates, changing home prices, new regulations, and different types of mortgage products and features. The AFT Prepayment and Credit Model evaluates multiple risk factors and forecasts expected mortgage outcomes for all product types and mortgage features in any economic scenario.

Driving forces modeled by ICE include interest rates, house prices, collateral-type spreads and burnout. Dynamic loan characteristics include current loan-to-value, payment status, payment changes over time, loan age, seasonality and borrower equity. Loan-level attributes that have explanatory power for borrower behavior can include:

- Original loan amount
- Geographic location
- Loan purpose
- Occupancy
- Original loan to value
- Loan type
- Property type
- Borrower credit score

The ICE model is used in front-, middle-, and back-office environments, including trading, risk and valuation. Billions of dollars of mortgage-backed securities, whole loans and MSRs are priced and traded using our predictive model.

## Unique data advantage delivers superior results

As a leading technology provider in the mortgage and financial services industry, ICE has compiled an extensive servicer-contributed loan-level database of mortgage assets on the market. This proprietary information, which includes the full product spectrum of pre- and post-financial crisis data, provides higher-quality model inputs, so we can deliver more reliable results.

Our mortgage performance data includes:

- More than 225 million first mortgage loans gathered over 35 years
- Large representations of all credit grades and product types
- Over 100 data points including property details and loan collateral risk attributes and status for each loan
- Data on agency securities, non-agency securities and CRT transactions

Additionally, the AFT Prepayment and Credit Model leverages our vast, industry-leading public records data – covering the majority of U.S. households – to fuel its home price index (HPI), and provide loan-to-value ratios that reflect current market conditions.

## Key benefits

- Models voluntary and involuntary prepayments/defaults
- Leverages the largest, richest data sets in the industry for modeling and back-testing
- Includes micro-level HPI data for more precise and current LTV, critical to assessing the starting point for credit risk
- Provides the option to use as a stand-alone DLL or integration with other vendor platforms

## Proven methodology

The AFT Prepayment and Credit Model is designed to support interagency guidance provided by regulators. The model is well-documented, and we provide historical tracking of its accuracy. Ongoing model validation is a key facet of each new AFT version release, ensuring that back-testing occurs and that the model provides the best fit for today's mortgage market.

## Delivery options

We offer a Windows-based dynamically linked library (DLL) or Unix equivalent that is ready to use "out of the box." Additionally, the AFT Prepayment and Credit model allows users to tune the model to address the nuances of a particular specialized portfolio or reflect unique market conditions.

## Seamless integration with existing systems

The AFT Prepayment and Credit Model provides complete and seamless integration with analytic systems used by brokers, dealers, banks, mortgage servicers and investors. In addition, the model is integrated with the leading providers of cash flow waterfall libraries, ALM systems, and other mortgage analytics platforms and consultancies.

## MBS/CMO/CRT cash-flow model integrations

- Intex Solutions
- Moody's Analytics, Inc.

## Risk analytics / ALM platform partners

- Compass Analytics
- FIS BancWare
- MIAC
- Quantitative Risk Management
- ZM Financial Systems

## Value and assess the risk of any mortgage or mortgage-backed security

Products covered by our model include:

- Agency and non-agency MBS
- HECMs
- HELOCs
- GSE credit risk transactions (CRT)
- NPLs
- Private-label MBS
- RPLs
- Whole loans



For more information: [icemortgagetechnology.com](https://icemortgagetechnology.com)