

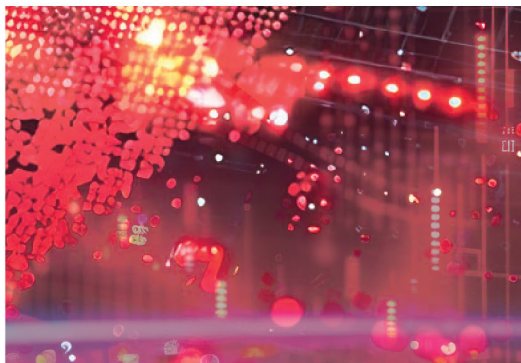
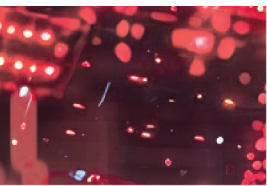
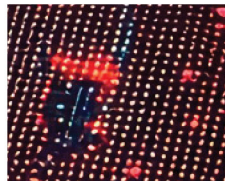


ZINE DOT AI

Monthly Dossier from Nexval.ai's Research Lab

Mortgage Performance Under Geopolitical Uncertainty

AI insights for navigating borrower behavior in volatile markets



March 16, 2026

Upcoming Edition: April 16, 2026

From the Editor's Desk

Economic shocks don't wait for the mortgage industry to catch its breath. A sudden rise in household costs, a swing in rates, or a dip in consumer confidence can shift borrower behavior almost overnight. What looks like strong interest in refinancing one week may turn into repayment stress the next.

In our last edition, we examined **Shadow AI** - how unapproved tools slip quietly into workflows and create risks that compliance never signed off on.

This edition takes a different angle: the gap between borrower intent and borrower capacity. We explore how AI can surface early warning signals inside servicing workflows, how technical calibration keeps models useful when conditions change, and how executives can act on those signals before they become liabilities.

You'll also see how other industries are applying AI to manage volatility. Airlines, for example, have used AI to stabilize fuel costs - a reminder that risk management through data isn't unique to finance. Whether it's fuel or mortgage payments, the challenge is the same: turning signals into decisions that protect both operations and customers.

Thank you for reading and for continuing to share your perspectives. The more openly we discuss these shifts, the better prepared we are to respond with clarity and accountability.



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Welcome to the Nexval.ai's Zine Dot AI

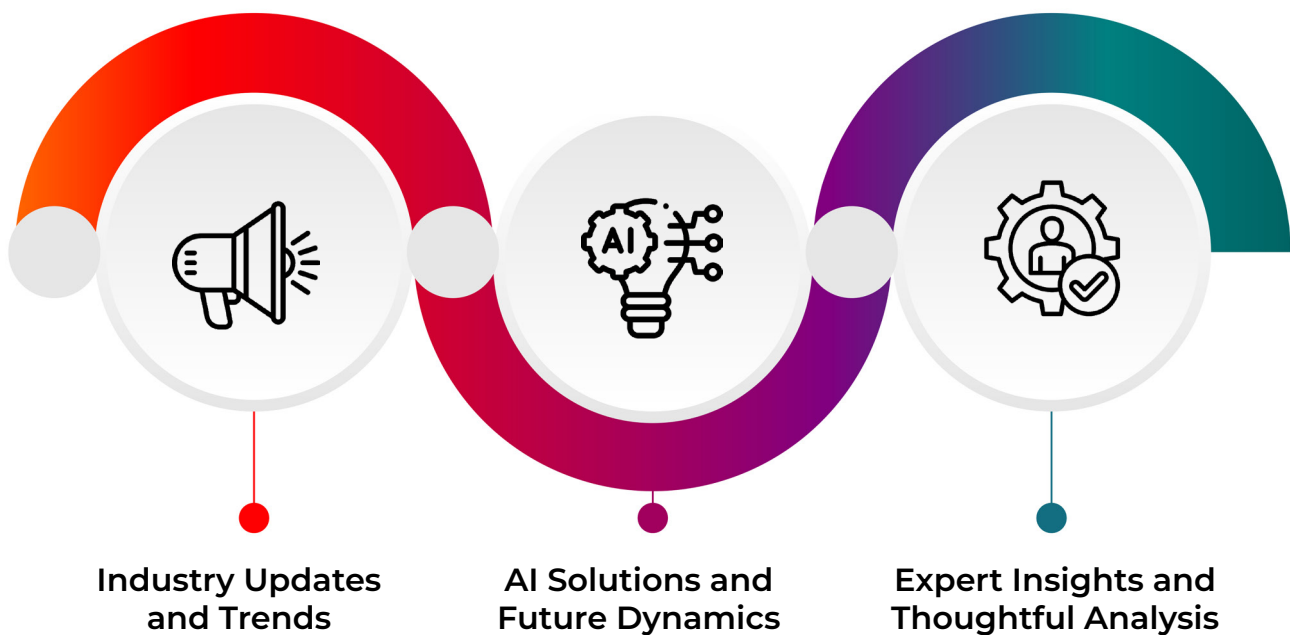
What is Zine Dot AI?

At Nexval.ai, we envisioned a future where mortgages were effortless. Inspired by our AI, we crafted a name that harmonized simplicity with innovative technology. Thus, Zine Dot AI was born - a pioneering platform that transforms the mortgage journey, harnessing the power of advanced AI to make the complex, simple.

How will Zine Dot AI make a difference for you?

This dossier is your roadmap to Mortgage industry leadership, providing expert insights and analysis to ensure you're always at the forefront of emerging trends and opportunities.

Each issue will deliver:



*Ready to make smarter decisions, stay ahead, and seize new opportunities?
Let's dive in together!*

AI Spotlight

Mortgage Performance Under Global Uncertainty

Executives in mortgage servicing are not new to AI. Most already use models for borrower scoring, document automation, or compliance checks. The question now is whether those systems are tuned to detect borrower behavior shifts that arise during periods of global uncertainty.

Executives in mortgage servicing are not new to AI. Most already use models for borrower scoring, document automation, or compliance checks. The question now is whether those systems are tuned to detect borrower behavior shifts that arise during periods of global uncertainty.

Recent data highlights the tension:

- **Mortgage applications increased 11% in March 2026 (MBA).** Borrower interest is strong, driven by rate movements.
- **Single-family mortgage delinquency stood at 1.78% at commercial banks in Q4 2025 (St. Louis Fed).** While historically low, regional stress pockets are emerging.
- **Foreclosure starts ticked up modestly in late 2025 (MBA).** Early repayment stress is visible despite headline growth in applications.

For executives, the contradiction is important. Application volume reflects intent, but delinquency data reflects capacity. AI systems already in place need calibration to separate temporary borrower hesitation from

early indicators of repayment risk.

Areas where AI should be sharpened:

- **Payment pattern analysis:** Detecting small but consistent stress signals before they escalate.
- **Affordability monitoring:** Linking regional cost pressures to borrower risk profiles.
- **Sentiment tracking:** Using borrower communication data to identify reluctance or hesitancy.
- **Workflow integration:** Feeding risk signals into servicing operations without adding compliance overhead.

Models trained on stable periods may under-detect stress in volatile conditions. Executives should ensure their AI systems are refreshed with current borrower data, regional affordability metrics, and delinquency trends.

Nexval.ai provides mortgage-specific AI modules that surface borrower stress indicators and embed them directly into servicing workflows. This helps executives reduce delinquency exposure while maintaining borrower trust, using data that is timely and operationally relevant.

AI in Action

Stress Detection in Daily Operations

Executives already have AI embedded in their servicing environments. The focus is on how those systems are being applied to detect borrower stress in real time and convert those signals into operational decisions. The data points are familiar; the difference lies in how they are interpreted and acted upon inside servicing workflows.

Operational scenarios where AI is proving useful:

- **Refinancing withdrawals tracked as measurable risk**

Borrowers who begin refinancing but exit mid process are not just lost opportunities. AI can quantify withdrawal rates against historical baselines. A rising percentage signals borrower hesitancy tied to economic uncertainty. This metric can be used to adjust pipeline forecasts and set expectations for secondary market activity.

- **Pre delinquency classification through payment irregularities**

Traditional systems wait for a 30 day delinquency flag. AI can classify accounts with partial or inconsistent payments as “pre delinquency.” Servicing teams can then prioritize outreach before regulatory thresholds are crossed. This reduces downstream costs associated with collections and loss mitigation.

- **Geographic affordability stress mapping**

Affordability challenges are not uniform. AI can overlay borrower payment data with regional affordability indices to identify

metros where stress is concentrated. Executives can use this to allocate staff, adjust call center capacity, or refine regional loss mitigation strategies.

- **Communication sentiment scoring**

Borrower reluctance often shows up in call notes, email tone, or digital interaction delays. AI can assign sentiment scores to these interactions, highlighting accounts where avoidance behavior correlates with repayment risk. This allows servicing teams to prioritize accounts that may otherwise appear stable in payment data.

These applications move AI from being a reporting tool to being an operational decision aid. The distinction between borrower intent and borrower capacity is critical, and executives need systems that surface those differences in ways that can be acted on immediately. Dashboards alone are not enough; the signals must be integrated into servicing workflows where decisions are made.

Nexval.ai provides mortgage specific AI modules that classify borrower hesitancy, detect pre delinquency behavior, and feed those signals directly into servicing operations. This enables executives to act on risk indicators early, reducing delinquency exposure while maintaining borrower trust.

Data Drill Down: Separating Borrower Intent From Borrower

Borrower activity often reflects interest in new loans or refinancing, but repayment behavior tells a different story. Executives need to distinguish between intent and capacity, especially when external market shocks ripple through household budgets and sentiment.

Signals of borrower intent

- Spikes in refinancing applications when rates dip, even briefly
- Increased inquiries through call centers or digital channels
- Borrowers initiating applications but not completing them
- Higher engagement with marketing campaigns compared to closing ratios

Signals of borrower capacity

- Payment irregularities such as partial or delayed schedules
- Rising household costs, including energy and transportation expenses, reducing disposable income
- Regional affordability pressures that vary across metros
- Communication sentiment, where avoidance or delayed responses correlate with repayment risk

Recent volatility in mortgage rates and energy prices has created mismatches between borrower interest and repayment ability. Equity market swings add another layer of uncertainty, weakening consumer confidence and influencing decisions about refinancing or new debt.

Practical applications for mortgage execs

- Compare withdrawal rates against irregular payment behavior to identify borrower segments under stress
- Use regional overlays to separate markets with strong intent but weaker repayment capacity
- Apply sentiment scoring to borrower interactions to highlight accounts where intent is high but engagement is low
- Integrate these signals into servicing workflows so intervention happens before delinquency thresholds are crossed



By drilling down into both intent and capacity, executives can move beyond headline metrics and focus on operational signals that matter. This approach ensures AI systems are not just reporting activity but diagnosing risk in ways that can be acted upon.

Nexval.ai provides mortgage-specific AI modules that quantify the gap between borrower intent and borrower capacity, embedding those insights directly into servicing operations. This helps executives act on risk signals with precision while maintaining borrower trust.

Checklist: Early Indicators of Pre Delinquency

AI systems can surface borrower stress before accounts cross regulatory delinquency thresholds. Executives should ensure their teams are monitoring the following signals inside servicing workflows.

Operational payment signals

- ✓ Partial payments that do not match scheduled amounts
- ✓ Irregular payment timing compared to historical borrower behavior
- ✓ Repeated shortfalls covered by temporary arrangements

Application and pipeline signals

- ✓ Borrowers initiating refinancing but withdrawing mid-process
- ✓ Higher inquiry volumes without corresponding closings
- ✓ Abandoned applications that stall after initial documentation

Affordability and household cost signals

- ✓ Rising energy and transportation expenses reducing disposable income
- ✓ Regional affordability pressures concentrated in specific metros
- ✓ Borrowers citing cost-of-living concerns during servicing interactions



Communication and sentiment signals

- ✓ Delayed responses to outreach or missed callbacks
- ✓ Avoidance behavior in digital channels or call notes
- ✓ Negative sentiment detected in borrower communications

Technical integration checks

- ✓ Confirm thresholds for classification are aligned with operational tolerance
- ✓ Avoidance behavior in digital channels or call notes
- ✓ Verify that outputs feed directly into servicing queues, not just dashboards

By monitoring these indicators, executives can act before delinquency rates rise. The checklist provides a framework for integrating AI outputs into daily servicing operations with measurable impact

Tech Brief

Model Calibration and Operational Integration

AI systems in mortgage servicing are only as effective as the data and calibration methods behind them. Executives who already use AI for borrower scoring or compliance need to ensure that models are tuned for current market conditions, not just historical patterns.

Key technical considerations

• Model calibration

- Models trained on stable periods often under-detect stress during volatility.
- Calibration requires updating training sets with recent borrower payment data, regional affordability metrics, and sentiment indicators.
- Executives should confirm whether their vendors apply rolling retraining or rely on static datasets.

• Feature engineering

- Payment irregularities, application withdrawals, and communication sentiment must be treated as structured features.
- Feature weighting should be adjusted to reflect current affordability pressures, ensuring that signals are not diluted by outdated variables.
- Regional segmentation should be included as a categorical feature to capture geographic stress differences.

• Risk classification thresholds

- Traditional delinquency flags at 30 or 60 days are insufficient
- AI models can assign probability scores to accounts showing early stress, but thresholds must be set carefully to avoid false positives.

- Executives should review how thresholds are defined and whether they align with operational tolerance for intervention.

• Integration into servicing workflows

- Risk signals must feed directly into case management systems, not remain in dashboards.
- APIs should be configured to push probability scores into servicing queues, allowing staff to act on accounts flagged as pre-delinquency.
- Audit logs are essential to track how AI recommendations are applied in borrower interactions.

• Governance and monitoring

- Continuous monitoring of model drift is required to ensure predictions remain accurate.
- Executives should demand transparency on retraining schedules, validation methods, and error rates.
- Governance frameworks should include clear escalation paths when AI outputs conflict with servicing staff judgment.

Without calibration, feature engineering, and workflow integration, models risk becoming reporting tools rather than operational aids. Executives should treat AI systems as dynamic components that require ongoing technical oversight.

Nexval.ai provides mortgage-specific AI modules with calibrated features, probability scoring, and workflow integration designed for servicing operations. This ensures executives can act on borrower stress signals with technical confidence and operational clarity.

Industry Report Digest



- U.S. mortgage rates have climbed back to an average of 6% for the week ending March 5, 2026, abruptly ending a brief period where they dipped below that key psychological threshold. This reversal was triggered by a surge in the 10-year Treasury yield following military strikes in Iran, as the bond market reacted to the resulting oil shock and geopolitical instability. While the increase is relatively small compared to the 7% highs seen early last year, the sudden shift has disrupted hopes for a sustained recovery in the “frozen” housing market. Despite these headwinds, economists note that overall buyer purchasing power is still up by roughly \$30,000 compared to this time last year. However, actual market activity remains sluggish, **with home sales falling 8.4%** in January even as median prices continued their 31-month streak of consecutive growth.
- MISMO has announced that the new data mapping for **VA Form 26-1820** (Report and Certification of Loan Disbursement) has reached **“Candidate Recommendation” status**, signaling it is ready for industry-wide implementation. This initiative translates the traditional VA form into a standardized XML dataset, aiming to eliminate manual data entry and improve interoperability between lenders, LOS vendors, and the Department of Veterans Affairs. Led by the VA Documents to Data Workgroup, the project is a centerpiece of the VA Loan Guaranty Program’s broader modernization strategy. The effort is currently in a three-phase rollout, with mapping for supplemental forms (26-1880, 26-1817, and 26-1805) either under review or in final preparation. By moving toward a machine-readable format, MISMO and the VA expect to significantly enhance data integrity and streamline the reporting process for loans at closing.
- Recent shifts in U.S. mortgage rates are being increasingly influenced by a new era of **“economic statecraft”** as the Treasury Department employs “maximum pressure” campaigns to manage international policy goals. By strategically limiting foreign exchange access in the Middle East, these actions have triggered energy shocks and oil price spikes that feed directly into domestic inflation expectations. This dynamic has effectively established a “geopolitical risk premium,” preventing the 10-year Treasury yield from sustaining a move below 4% and pushing mortgage rates back to the 6% threshold. For mortgage executives, this means that borrowing costs are now highly sensitive to global financial maneuvers that prioritize inflation-control over traditional “safe-haven” bond behavior. Consequently, navigating the 2026 spring season requires an understanding that the current rate floor is dictated by global supply chain stability and the Treasury’s strategic influence on the international monetary system.
- Lloyd Blankfein, the former CEO of Goldman Sachs, is warning that the **current private credit market carries “smells” of the 2008 financial crisis** due to hidden leverage and undisciplined lending. Experts are increasingly concerned that this sector, which has grown to the size of the 2008 subprime mortgage market, poses a major contagion risk to the broader economy if these opaque assets begin to fail. The alarm comes at a critical time as the industry and the Trump administration push to allow private equity into 401(k) plans, potentially exposing everyday retirees to illiquid and complex financial risks. Recent volatility in the tech sector, driven by AI disruption, has already pressured valuations and led to a “race for the doors” with firms like Blackstone and Blue Owl facing significant withdrawal requests. While industry leaders argue the underlying portfolios are robust, veterans like Blankfein and Jamie Dimon warn that the long period of market prosperity may have masked a dangerous loss of credit discipline.

AI Across Industries

How Southwest Airlines Used AI to Manage Fuel Cost Volatility



Fuel costs are one of the largest operating expenses for airlines, and sudden price swings can disrupt profitability and scheduling. According to a study by **McKinsey & Company**, **data-driven flight planning** can reduce fuel costs by up to 5%. **Southwest Airlines**, long recognized for its fuel hedging program, has incorporated AI-driven analytics to strengthen its ability to manage volatility and protect margins.

Response Measures

- **AI-Enhanced Hedging Models**

Southwest deployed machine learning systems to simulate multiple fuel price scenarios. These models evaluated swaps, options, and futures contracts daily, allowing the finance team to adjust hedging positions with greater precision.

- **Dynamic Forecasting** AI integrated real-time oil market data with operational metrics such as route demand and fleet utilization. This improved forecasting of fuel consumption and aligned hedging volumes with actual operational needs.

- **Operational Adjustments** Scheduling algorithms incorporated fuel cost projections, optimizing routes to minimize non-essential mileage and reduce exposure to high-cost periods.

- **Governance Framework** Policies defined how AI outputs could influence procurement and scheduling decisions. Escalation procedures

ensured human oversight remained central when AI recommendations conflicted with market intuition.

Operational Impact

- Reduced volatility in operating costs by aligning procurement with AI-driven forecasts
- Improved transparency for executives by embedding AI outputs into existing dashboards
- Strengthened resilience against sudden fuel price shocks, ensuring more predictable margin



Key Takeaway

Southwest's layered approach shows how AI can be used as a risk containment tool under volatility. Just as airlines face unpredictable fuel costs, mortgage servicers face unpredictable borrower behavior and rate movements. The lesson is clear: AI must be embedded not only in reporting but in operational decision-making frameworks that balance automation with human oversight.

Upcoming Events to Add to Your Calendar!

Keystone Mortgage Expo

March 31, 2026 | Holiday Inn Lansdale | Kulpville, PA

Pennsylvania's top gathering for mortgage professionals, **Keystone Mortgage Expo**, brings together leading voices in origination and brokerage. As the industry shifts, this event focuses on the products, marketing strategies, and operational tools needed to keep pipelines strong and businesses profitable. Designed specifically for mortgage origination pros, the conference emphasizes practical direction and peer learning to help attendees sharpen their approach and stay effective.

Why Attend:

- **Product Insights:** Learn about new offerings to strengthen your pipeline.
- **Marketing Strategies:** Gain practical approaches to reach and retain borrowers.
- **Operational Tools:** Discover methods to improve efficiency and profitability.
- **Professional Growth:** Sessions designed to make you a stronger originator or broker.

MBA's National Advocacy Conference

April 14–15, 2026 | The Westin DC Downtown | Washington, DC

MBANAC26 is the industry's largest advocacy event, giving members the chance to represent their state at the national level. By sharing experiences directly with elected officials, attendees help shape meaningful change for the real estate finance industry and the communities it serves. MBA equips participants with the tools, training, and talking points to confidently share their voice and make an impact

Why Attend:

- **Direct Advocacy:** Meet with elected officials and influence policy decisions.
- **Industry Representation:** Amplify the collective voice of mortgage professionals nationwide.
- **Practical Support:** Receive training and resources to communicate effectively.
- **Historic Moment:** Join hundreds of advocates as the country celebrates its 250th birthday in 2026



Chicago Mortgage Originators Expo

April 14, 2026 | William Tell Hotel | Countryside, IL

The Originator Connect Network's **Chicago Mortgage Originators Expo** is a premier event curated specifically for the entrepreneurial professionals of the Chicago mortgage industry. The expo features a lineup of educational sessions, business opportunities, and networking events designed to strengthen origination strategies and profitability. Workshops will cover today's reverse mortgage opportunities, producing profits with private lenders, and much more.

Why Attend:

- **Educational Sessions:** Practical workshops on reverse mortgages, private lending, and origination strategies.
- **Business Opportunities:** Connect with lenders, partners, and service providers.
- **Networking:** Build relationships with peers across the Chicago mortgage community.
- **Entrepreneurial Focus:** Tailored content for originators and brokers driving growth in a competitive market.



The Big Picture

At Nexval.ai, we leverage AI to deliver customized solutions tailored to your industry's unique needs.

We're not just about technology - **we're about partnership.** We collaborate with your team to understand your processes and goals, ensuring a seamless transition and ongoing optimization.

Partner with us as **Affiliates** to bring AI-driven automation and cloud solutions to servicers-reducing costs, improving compliance, enhancing borrower experiences, and creating new revenue opportunities for your business.

Our expertise spans mortgage and financial services, with a focus on automation, IT, BPO, customer service, risk management, and AI-driven process optimization.

Let's transform your business with intelligent automation and data-driven strategies.



Innovation meets insight: Curated mortgage intelligence for an industry in constant motion.

Let's mortgage-better with AI.

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