AD Mortgage

Non-QM Fuels Mortgage Industry in 2026

Brokers see rising demand, product usage, and lending activity

NMLS# 958660

Rising demand across borrower segments and expanding use cases point to an optimistic outlook for Non-QM in 2026, with the category increasingly embedded in everyday mortgage lending rather than remaining a niche execution path.

To get a clear picture of how mortgage professionals see the Non-QM market today, AD Mortgage surveyed **more than 250 brokers in June 2026**. This report explores the products they use most, the borrowers they serve, and the trends shaping Non-QM in 2026.

74.5%
report Non-QM volume growth

88.4%
expect continued growth

DSCR
most-used Non-QM product

Self-employed
dominate pipelines

Documentation
drives agency-to-Non-QM shifts

Investor-driven cases
the strongest growth vs. 2023–2026

6.4/10
Non-QM technology level

Flexibility
defines the category

Max Slyusarchuk, CEO at AD Mortgage:

“What stands out most is not just the growth of Non-QM, but the confidence behind it. Brokers increasingly view Non-QM as a core part of the lending landscape rather than a niche alternative”

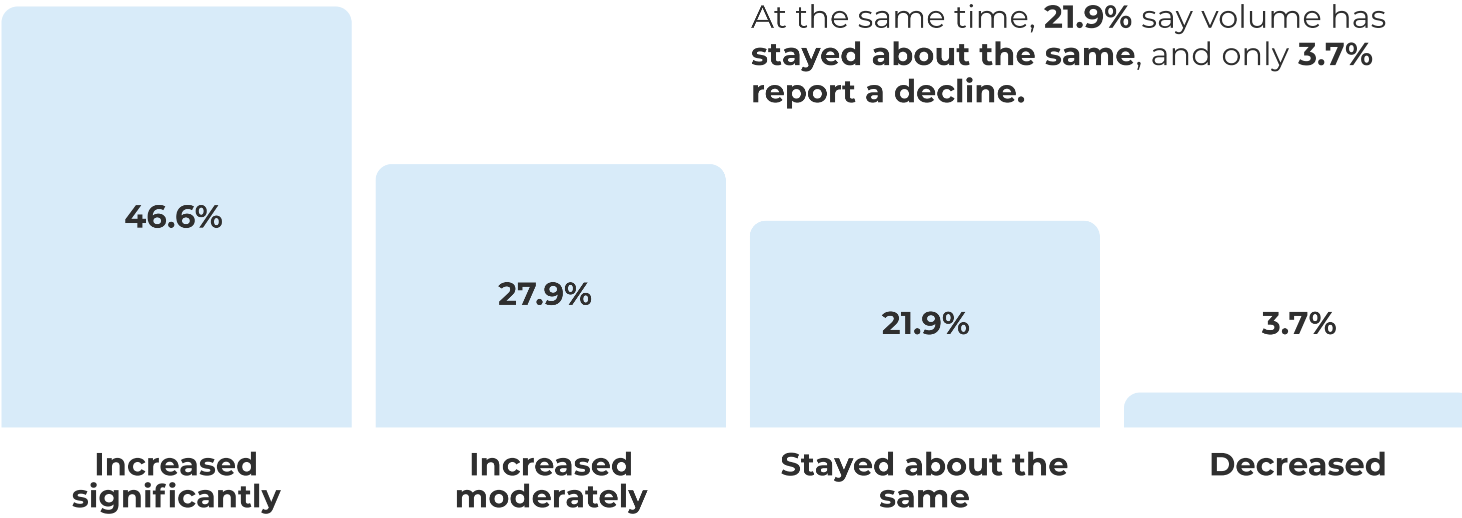
Market Momentum: Non-QM is Accelerating

How has Non-QM volume changed over the past 3 years?

Most brokers report that Non-QM volume has increased over the past three years, showing clear momentum across broker pipelines.

46.6% report significant growth, while **27.9% report moderate growth,** bringing total **growth sentiment to 74.5%.**

At the same time, **21.9%** say volume has **stayed about the same**, and only **3.7% report a decline.**



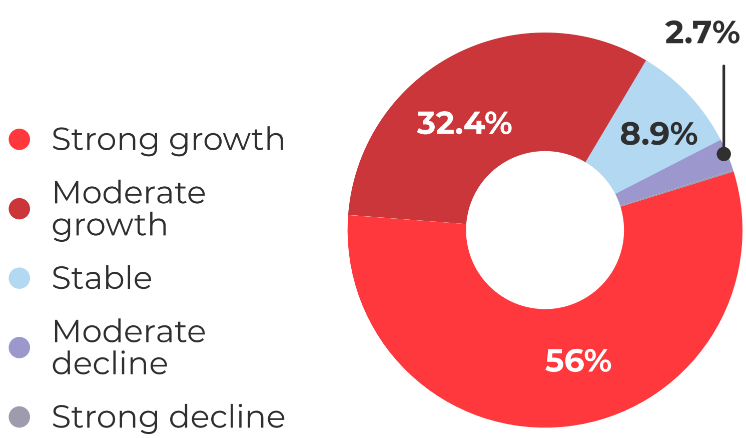
What do brokers expect next?

Forward-looking sentiment remains strongly positive. **88.4%** of brokers expect **Non-QM growth over the next 12–24 months**, including **56.0%** expecting **strong growth** and **32.4%** expecting **moderate growth**.

Outlook shows minimal downside sentiment:

- **Stability** – 8.9%
- **Moderate decline** – 2.7%
- **Strong decline** – 0%

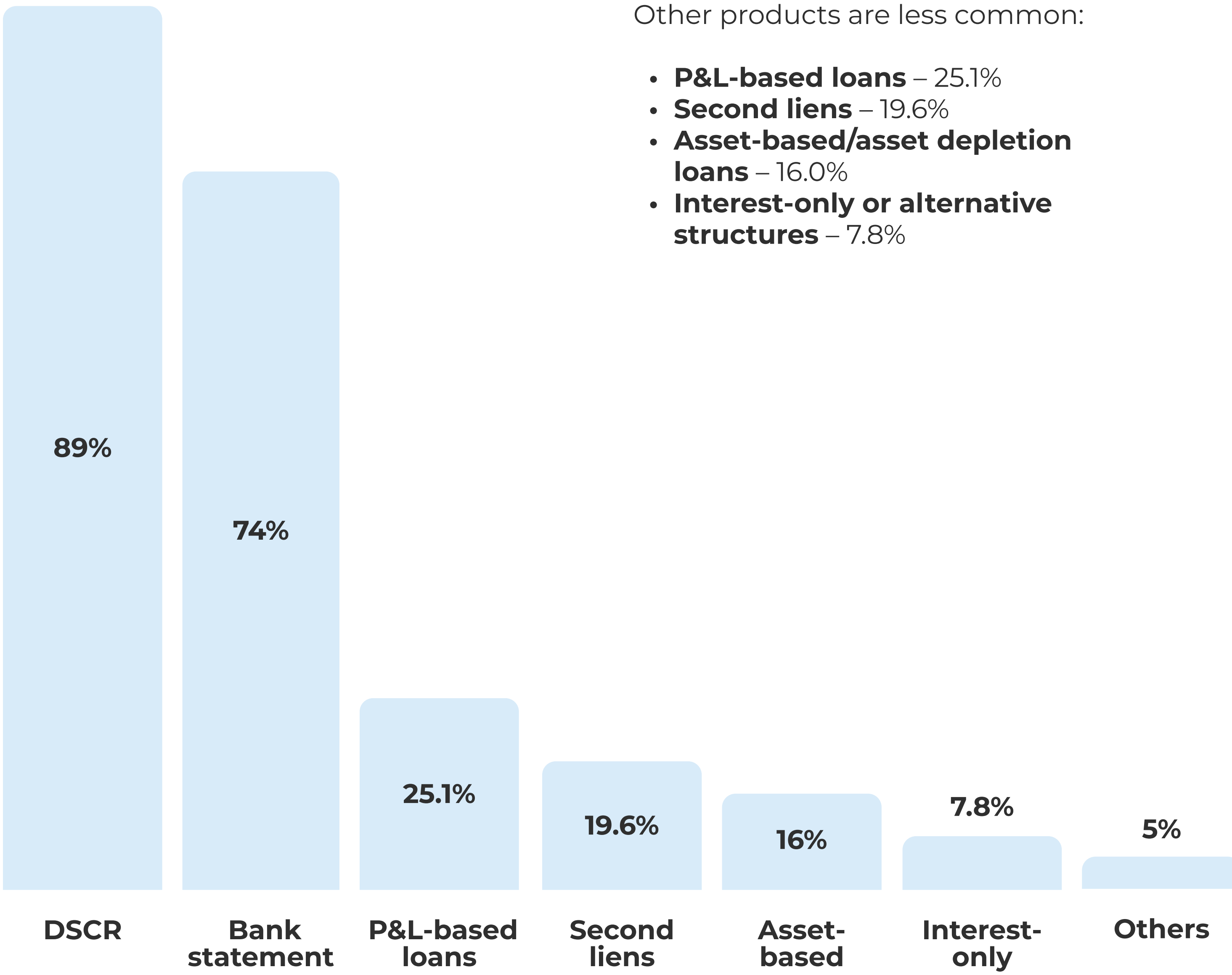
Takeaway: The outlook signals near-consensus growth expectations, with virtually no meaningful downside sentiment in the market.



The Demand Engine: Products and Borrower Profiles

What products dominate the Non-QM market today?

Non-QM usage is concentrated around a few core products. **DSCR loans lead at 89.0%**, followed by **bank statement loans at 74.0%**.



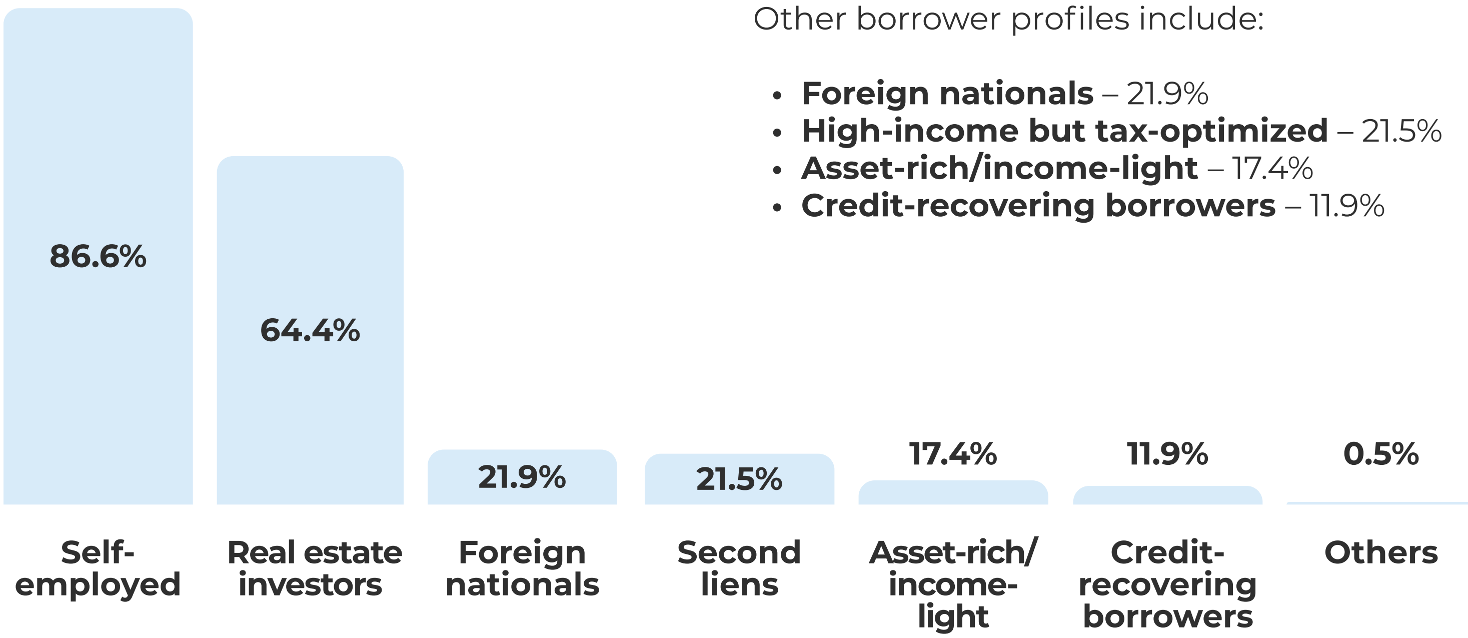
Other products are less common:

- **P&L-based loans** – 25.1%
- **Second liens** – 19.6%
- **Asset-based/asset depletion loans** – 16.0%
- **Interest-only or alternative structures** – 7.8%

DSCR and bank statement loans are the central products shaping the Non-QM market, with DSCR standing out as the strongest.

Who are the core Non-QM clients?

Self-employed borrowers (86.3%) and **real estate investors (64.4%)** are the most frequently cited borrower types in Non-QM activity.



Other borrower profiles include:

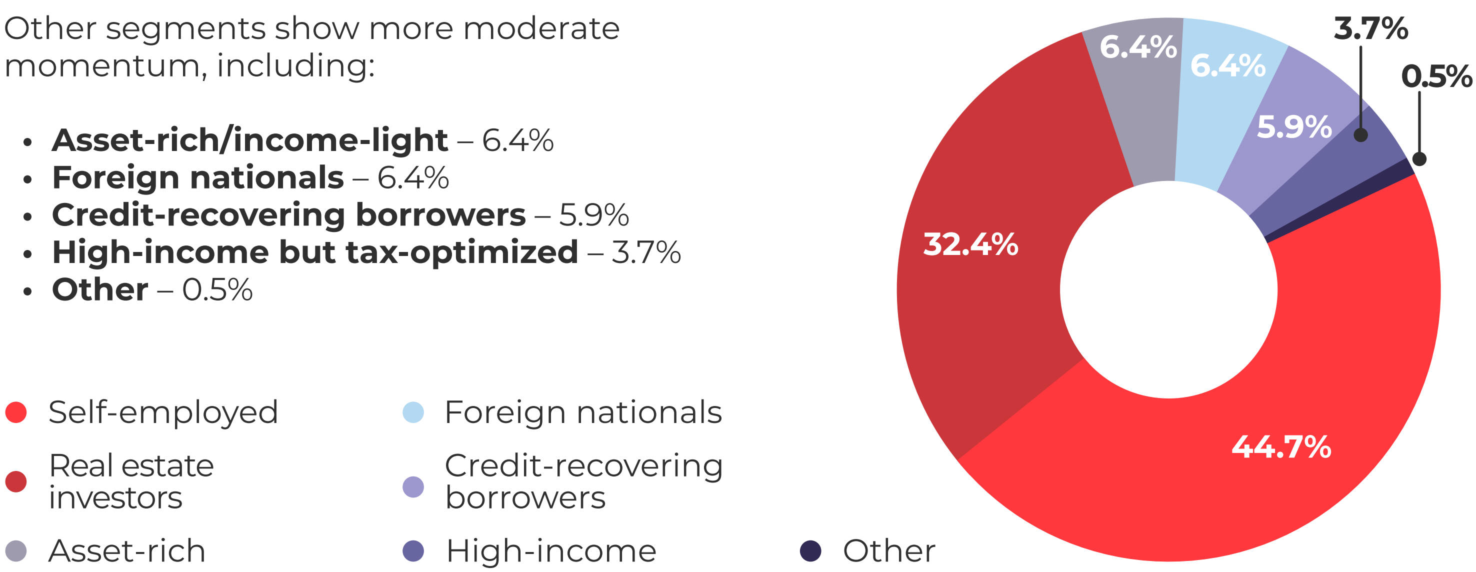
- **Foreign nationals** – 21.9%
- **High-income but tax-optimized** – 21.5%
- **Asset-rich/income-light** – 17.4%
- **Credit-recovering borrowers** – 11.9%

Where is Non-QM growth coming from?

The fastest-growing segments closely mirror the core of today's Non-QM market. **Self-employed** borrowers lead **growth at 44.7%**, followed by **real estate investors at 32.4%**.

Other segments show more moderate momentum, including:

- **Asset-rich/income-light** – 6.4%
- **Foreign nationals** – 6.4%
- **Credit-recovering borrowers** – 5.9%
- **High-income but tax-optimized** – 3.7%
- **Other** – 0.5%



What stands out in borrower segments?

High-income but tax-optimized borrowers, asset-rich / income-light, and foreign nationals remain broadly present in Non-QM activity, with brokers noting more moderate growth across these segments.

Why brokers choose Non-QM

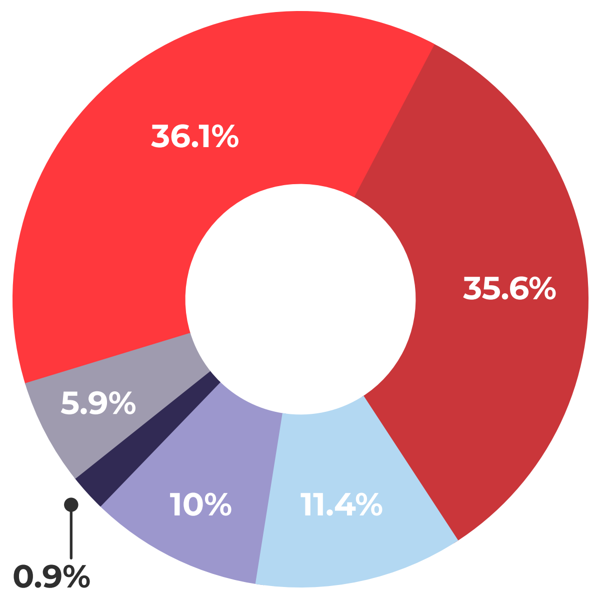
When is Non-QM the first solution?

Brokers most often recommend Non-QM in scenarios where structure matters more than standard agency fit. **Investor / DSCR cases** lead at **36.1%**, closely followed by loans that **do not meet agency requirements at 35.6%**.

Other drivers are structuring **flexibility (11.4%), documentation complexity (10.0%)**, and **faster or more predictable closings (5.9%)**.

This points to a broader pattern:
Non-QM is increasingly defined by how well it fits deal structure, rather than by its position as an alternative to agency lending.

- Investor/DSCR scenario
- Doesn't meet agency requirements
- Documentation complexity
- Structuring flexibility
- Faster/more predictable closing
- Other



Max Slyusarchuk, CEO at AD Mortgage:

"We are seeing Non-QM be used as the starting point rather than the exception, particularly in cases where structure drives the decision."

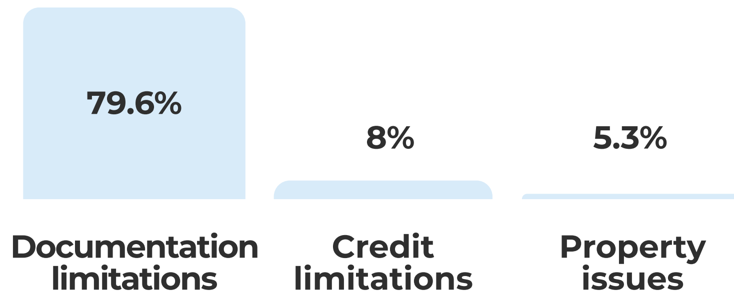
What causes loans to move from agency to Non-QM?

The shift from agency to Non-QM is driven overwhelmingly by documentation and qualification structure, reinforcing its role as a solution for how a loan is structured rather than how a borrower performs on credit.

The strongest trigger for moving a loan from agency execution to Non - QM is **documentation limitations, cited by 79.6%** of brokers.

Other factors play a much smaller role:

- **Credit limitations** (8.0%)
- **Property-related issues** (5.3%)



A separate share of responses (7.1%) reflects brokers who do not work with agency loans, indicating that Non-QM is, for some, not a conversion path but a primary execution channel

How brokers describe Non-QM in one line

We asked brokers to select a one-line slogan that best defines Non-QM today. Notably, while structuring flexibility accounts for a relatively smaller share of stated recommendation drivers,

"flexibility beyond guidelines" emerges as the most common one-line definition

highlighting a gap between how Non-QM is used in practice and how it is positioned in perception.

- Flexibility beyond guidelines – 36.0%
- Income beyond tax returns – 23.6%
- Built for investors – 19.1%
- No longer niche, part of everyday structuring – 10.2%
- Designed for complex borrowers – 9.8%
- Built for certainty of closing – 1.3%

The Operational Picture: Documentation and Technology

What does the borrower documentation experience look like?

Borrower documentation remains a central part of the Non-QM process, with experiences varying across files.

33.8% of brokers describe documentation as **clear and well-organized**, while **26.7%** report **incomplete or missing documents**. **21.8%** note that files **often require heavy assistance or guidance**, and **17.8%** describe them as **inconsistent but ultimately complete**.

Overall, the data reflects a mixed operational reality, where structured and complex files coexist within the same pipeline.

How is technology performing in the Non-QM process?

Brokers rate the technology-driven nature of the Non-QM process at **6.4 out of 10**. In comparison, the broader mortgage industry was previously rated at 7.2 in the **Technology in the Mortgage Industry: 2026 Broker Survey.** This suggests that Non-QM workflows still operate slightly below overall industry technology standards.

6.4/10
Non-QM tech level

7.2/10
Industry tech level

This gap highlights a more manual and variable execution environment within Non-QM, leaving room for further standardization and digital alignment.

Max Slyusarchuk, CEO at AD Mortgage:

"As a Non-QM leader, we improve execution by developing new products that solve real challenges in the market. Non-QM AUS is one of the key breakthroughs in this area, and we continue to advance technology that supports brokers in their daily workflow."