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Financial Industry Leaders Unveil Innovative Program to Deliver Fixed-Rate Mortgages to Responsible 'Thin-File' Borrowers

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Pilot Program in Washington, D.C. Involves \$200 Million Commitment To Creditworthy Borrowers

WASHINGTON, Oct. 4 /PRNewswire-USNewswire/ -- Beginning with a \$200 million commitment, leaders in the financial services industry today launched an innovative mortgage program designed to make 30-year fixed-rate mortgages available to eligible District of Columbia residents with little or no credit history.

CitiMortgage(R), Inc. (a division of Citi), The First American Corporation, Neighborhood Housing Services of America (NHS), Just Price Solutions (JPS) and State Farm(R) announced the R-Home mortgage program, an automated and streamlined way of evaluating and verifying borrowers' creditworthiness using alternative forms of payment history, such as rent, utilities and child care payments which will provide increased access to stable 30-year fixed-rate mortgages for consumers without traditional credit histories. Known as "thin-file" borrowers, these consumers are often unable to qualify for mortgage financing or are steered toward higher-priced mortgage options.

The R-Home mortgage program represents an innovative and unique alliance between the public, private and nonprofit sectors. New online tools and processes evaluate consumers with limited credit histories and provide ongoing borrower support to help maintain responsible financial performance.

Initially, the mortgages will be available to consumers in the District of Columbia as part of the program's pilot project. It is estimated that the program could serve 2,000 consumers in Washington, D.C. Nationwide, there are approximately 6.8 million non-homeowners with little or no credit history.

"R-Home mortgages will be a solution for borrowers who aren't bad credit risks but either don't have enough traditional credit history to get a mortgage or pay too much for alternative financing," said Mary Lee Widener, President and Chief Executive Officer of NHS. "R-Home is a lending program that focuses on the long-term success of the borrower -- a lending model that embraces the principles that are being advocated by consumer groups and policymakers. Enlisting CitiMortgage as the exclusive servicer of R-Home mortgage loans lays the foundation to take the R-Home lending program to scale for nontraditional credit borrowers."

R-Home is a unique collaboration between public, private and nonprofit organizations focused on providing consumers with access to affordable, fixed-rate mortgages.

CitiMortgage will furnish servicing for the R-Home mortgage program. State Farm(R) is providing \$100 million in investment, which can be doubled through sales of loans to Fannie Mae.

"Many low- to moderate-income consumers are a widely under-served population when it comes to buying a first home," said Jackson C. Cosey, Jr., Managing Director of Strategic Markets Business at Citi's Consumer Lending Group. "This is an important market that deserves the opportunity to have access to stable, fixed-rate mortgages. We understand that just because potential borrowers do not have FICO(R) scores, it does not mean they are not creditworthy. As with everything we do, this program will have very high standards and is intended for individuals with proven track records of payment for other types of obligations. That is why, not only are we proud to be a part of the R-Home alliance, we also believe it makes good, responsible business sense."

Using First American's ANTHEM credit-evaluation model, the program is able to validate a borrower's creditworthiness using nontraditional payment history such as rent, utilities and child care payments. R-Home's innovative, Web-based, automated underwriting processing technology, developed by Just Price Solutions, is seamlessly integrated to First American's ANTHEM and takes only minutes to evaluate an application and tell a lender whether a borrower is an appropriate fit for the loan. Final approval is generally available within days instead of the weeks it previously took.

"First American's ANTHEM provides the most efficient and reliable process of verifying nontraditional credit history. As a result, R-Home will ensure that all prospective mortgage applicants are offered the most comprehensive opportunity to qualify for an affordable 30-year fixed-rate loan," said Landon Taylor, President, Strategic Markets Division, First American Title Insurance Company. "We are very proud to be a part of a collaborative solution that responsibly brings safe and reliable capital back to under-served markets that have been widely impacted by the current mortgage crisis."

The R-Home program will alleviate a great deal of the worry that often plagues first-time homebuyers by providing a borrower support and counseling system throughout the life of the loan. The counseling will be provided by a network of U.S. Housing and Urban Development-certified and trained counselors. Borrowers will be educated up-front about their long-term obligations over the term of the loan, and ongoing financial counseling will be available to ensure that they can take on this important financial responsibility.

Congresswoman Lois Capps took pride in the fact that the Ventura County Community Development Corporation (VCCDC) collaborated with JPS to enhance its automated underwriting engines to accommodate multiple layers of financing and multiple borrowers on a single property. Bertha Garcia, Executive Director of VCCDC commented, "These customizations for community development lending were required to reach affordability in our high-cost markets of Santa Barbara and Ventura County, California." Congresswoman Lois Capps congratulated the District of Columbia on being the initial pilot for a roll-out of R-Home and stated that her office is looking forward to a roll-out in her district.

In the district pilot project, HomeFree-USA and Manna Mortgage, Washington D.C.'s only nonprofit mortgage company, will act as counseling organizations for all R-Home loans that originate within the District of Columbia.

"We find that well-informed borrowers who understand every aspect of the loans they are about to take on have a significantly lower rate of default or foreclosure. Our goal is to keep borrowers in their homes and help maintain their long-term financial health," said Marcia Griffin, President of HomeFree-USA.

"Manna Mortgage applauds Neighborhood Housing Services of America and First American for their development of automated support for expanding mortgage lending to credit worthy low- and moderate-income homebuyers," said Frank Demarais, Vice President and Manager of Manna Mortgage.

"The District of Columbia is home to thousands of hard working families who live simply, pay their bills and support their families without using credit cards and loans that provide the traditional credit references required by mortgage lending programs.

"NHTSA and CitiMortgage have long supported Manna Mortgage in documenting sufficient alternative credit histories, and this support has been enhanced through the new automated process developed by First American."

Currently, approved nonprofit counseling networks include members of NeighborWorks(R), HomeFree-USA, Opportunity Finance and Operation HOPE.

In Washington, D.C., the counseling organizations will be HomeFree-USA and Manna Mortgage.

About the R-Home Alliance

R-Home is the first collaboration of its kind between private, public, and nonprofit organizations. Each organization provides an important piece of the puzzle:

-- Homeownership counseling - A network of HUD-certified and trained counselors; -- Alternative credit evaluation - The First American Corporation's ANTHEM alternative credit-evaluation model; -- Technology platform - NHTSA and JPS ; -- Loan servicing - CitiMortgage -- Investors - State Farm(R) and Fannie Mae; -- Loan aggregation and special servicing platform - NHTSA; and -- Mortgage insurance - Mortgage Guaranty Insurance Corporation and PMI Mortgage Insurance Company.

Statements from Key Supporters

Many key industry leaders have already come out in support of the R-Home program:

Kenneth Wade, CEO of NeighborWorks(R)

"The R-Home mortgage is an important new product that puts the American Dream of homeownership within reach for families who are currently under-served by the mortgage process," said Ken Wade CEO of NeighborWorks America. "NeighborWorks' organizations are excited about the opportunity to begin working with the R-Home mortgage and to begin helping more families achieve sustainable and affordable homeownership."

Robert Gnaizda, Policy Director and General Counsel, Greenlining Institute

"In the present mortgage environment, R-Home may be the only effective mechanism for closing the minority homeownership gap."

Gary Acosta, Co-Founder, National Association of Hispanic Real Estate Professionals

"Immigrants and minorities with thin credit files will fuel growth in the housing sector for many years to come. However, very few affordable mortgage products are available to these borrowers. The development of automated, mortgage products such as R-HOME is the single most important innovation towards increasing sustainable homeownership for minorities and other under-served Americans."

John Hope Bryant, Founder, Chair and CEO, Operation HOPE

"In my view, the R-Home mortgage could easily have been named Dignity Mortgage. Every day we see more news about increasing economic problems caused by lending practices that will lead to pain for borrowers and their communities. R-Home recognizes that not all good borrowers fit traditional credit patterns and assists them through alternative credit evaluation processes responsively, responsibly, and respectfully, eliminating the need for inappropriate loans as their only avenue to home ownership. Operation HOPE is proud to be a supporter of this innovative program and plans to be directly involved in putting R-Home to work at restoring dignity to many of the underserved communities currently suffering in the aftermath of the sub-prime meltdown."

Jim Park, President and CEO, Asian Real Estate Association of America

"AREAA is pleased to see new lending innovations such as R-Home introduced in the marketplace to better serve Asian Americans and other communities who face special challenges because of the lack of traditional credit history. It is through these types of efforts that Asian Americans and families with limited credit history can achieve the American Dream of homeownership in a fair and cost-effective way. I appreciate Citimortgage, First American, NHSA and other immigrant-based nonprofits for their role in demonstrating that people with alternative credit history should not be viewed as synonymous with bad credit quality. We encourage the entire lending industry to pursue similar efforts to expand homeownership opportunities for underserved communities who

lack the traditional credit history and make credit available to more immigrant communities."

SOURCE R-HOME Alliance

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