

## **Pilot Extends Prime Rates to Subprime Buyers**

Mortgage applicants with little or no credit histories will be eligible for rock-bottom interest rates under a pilot program announced at the Mortgage Bankers Association Convention in Chicago. Combining alternative methods of credit reporting and scoring with extensive counseling before and after the closing, the program will enable Neighborhood Housing Services of America and its mortgage-lender partners to extend prime loans to buyers who otherwise would have been relegated to subprime rates, if they could have qualified at all. The effort is being underwritten by State Farm, which is creating a \$100 million pool that will help some 5,000 homebuyers secure loans at competitive rates. Under the new "Prime-Grade Mortgage Program," NHSA will create a secondary market for loans underwritten with First American's "Anthem" alternative credit reporting and scoring products, which combine supplemental information such as utility bill payments and rental receipts with credit bureau data to build a more complete picture of an applicant's creditworthiness. "By demonstrating these consumers are not higher risk, and by providing lenders with a secondary market to sell loans post-close, our Prime-Grade Mortgage Program directly addresses the challenge faced by an estimated 50 million consumers currently locked out of appropriate mortgage financing by traditional lending standards," said Mary Lee Widener, president of NHSA.

*National Mortgage News*