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Medill News Service

🕒 Apr 21, 2006 10:19 am US/Central

Hispanic Realtors Concerned About Immigration Bill

By Makiko Kitamura

Medill News Service

(Medill News Service) CHICAGO Hispanic real estate professionals from the Chicago area met with legislators in Washington, D.C. this week in an effort to counter a provision of the proposed immigration legislation that would hinder undocumented immigrants from purchasing homes, which realtors say is occurring more frequently in Illinois, and they're encouraging it.

During the 2006 legislative conference of the National Association of Hispanic Real Estate Professionals, realtors voiced concerns to members of the Congressional Hispanic Caucus about the potential impact of a particular section of the House version of the immigration bill.

That section, which is not in the Senate version, would make it a crime to assist undocumented immigrants in the purchase of a home or engage in financial education of immigrants or consultation with them regarding homeownership, according to Timothy Sandos, legislative chair of NAHREP. This, he said, would discourage the real estate and mortgage industries from doing business with undocumented persons.

"We would prefer that this language be eliminated altogether," said Sandos in an interview.

"I think immigrants should have a right to buy a home just like anybody else," said Basel Tarabein, a real estate broker and owner of RE/MAX At Home in Rolling Meadows, part of RE/MAX International Inc. "We are all immigrants, we just came a little later than everybody else."

Tarabein immigrated from Syria in 1990 and became an agency owner just a year after entering the real estate business in 2000.

Currently, undocumented and legal immigrants can apply at certain banks for mortgages to purchase homes if they have filed tax returns for two years using Individual Tax Identification Numbers (ITINs) issued by the Internal Revenue Service, along with a second form of valid identification such as a passport or matricula consular card, which is a photo ID issued by the Consulate General of Mexico.

An important part of the mortgage approval process is a credit check, using an individual's credit history and credit score. Since many immigrants are unable to build up a credit history, the Federal Deposit Insurance Corporation (FDIC) and the Mexican Consulate of Chicago spearheaded a pilot initiative in 2003 to encourage banks to consider alternative credit information, such as references from landlords, utility bills and pay stubs.

The pilot included 40 participating banks in Illinois, Wisconsin, Kentucky and Indiana.

The program has been so successful that it has been expanded to eight other cities: Atlanta, Austin, Boston, Des Moines, Kansas City, Mo., Los Angeles, New York and Charlotte/Raleigh.

According to the FDIC, in the Midwest 86 banks accept alternative forms of identification, 44 of which are in Chicago. Twenty-three of the 40 banks in the program offer these "alternative" mortgages, and 800 mortgage loans totaling \$100 million have been made by those 23 banks since the start of the program.

Recently, more banks in Illinois have been encouraged to issue ITIN mortgages by the Illinois Housing Development Authority, which started a program last December spanning about 3,000 participating bank branches in the state. IHDA's Opportunity I-Loan encourages mortgage lenders to accept alternative forms of credit and identification. Under the program, IHDA buys these loans from the mortgage lenders.

This program was developed to discourage borrowers who don't have a credit history from falling prey to predatory lending practices. As such, the product targets African Americans who have Social Security numbers as well as ITIN holders.

"This is as much an African-American issue as it is an immigrant issue," said Bryan Zises, a spokesman for IHDA.

ITINs are nine-digit numbers, just like Social Security numbers.

"When the Opportunity I-Loans come to us, we don't differentiate those with Social Security numbers from those with ITINs," Zises said

In order for a bank to issue an Opportunity I-Loan, its loan personnel must undergo training from IHDA to correctly institute expanded guidelines for issuing the loans. They must also receive training from a nationally recognized mortgage insurance company, as all IHDA loans must be insured by AA-rated companies, according to Zises.

Though the Wisconsin Housing and Economic Development Authority offered a similar program starting in April 2004 called the Immigrant Lending Program, it was discontinued in December of last year due to recently passed state legislation which prohibits ITIN lending.

Zises said Illinois is currently the only state offering an alternative lending product.

In the Chicago area, mortgage lenders such as San Juan, Puerto Rico-based Banco Popular Inc., Roselle-based Charter Mortgage Services Inc. and Second Federal Savings and Loan Association of Chicago issue ITIN loans. Second Federal has been doing so since 1998, and has issued 158 ITIN loans since then.

However, some banks have begun to take a wait and see approach, given the growing tensions over the pending legislation. Bank Calumet National Association, which started extending ITIN loans last August, was recently halted from continuing the program by the bank's new owner, Itasca-based First Midwest Bancorp.

Other banks are standing behind their ITIN products.

"We follow every federal, state and local law," said Juan Carlos Cruz, a spokesman for Banco Popular. "Until a bill is passed that prohibits us from issuing ITIN loans, we will continue to offer it."

Cruz said that ITIN loans are currently offered in Banco Popular branches in Texas and Illinois.

Before IHDA's loan-purchase program was initiated, Second Federal used its own in-house funds to support ITIN loans, according to Joan Batcha, chief lending officer of Second Federal.

"Right now, our portfolio is full, so we're not including ITINs in there, but as long as IHDA continues to buy ITIN loans, we will continue to offer this product," Batcha said. "We do believe in this product."

"Will I continue to offer it? Yes," said Rita Dominguez, loan officer at Charter Mortgage Services.

"We would stop only if the banks that fund this [ITIN] program stopped funding it," she said. Dominguez declined to name the funder banks due to the difficulty in securing them. "We don't want other lenders to steal them from us."

Tarabein, of RE/MAX, said that not many of his clients know about ITIN loans.

"Most find out through word of mouth," he said. Over the past year, he has sold homes to about 20 or 25 families who purchased using an ITIN mortgage, and refers clients to Charter Mortgage Services.

Both Tarabein and Zises of IHDA said default rates on ITIN loans are extremely low and pose no risk to lenders.

"I never see people fall behind on payments," Tarabein said. "These loans allow hard-working immigrants to make the switch from renters to homeowners."

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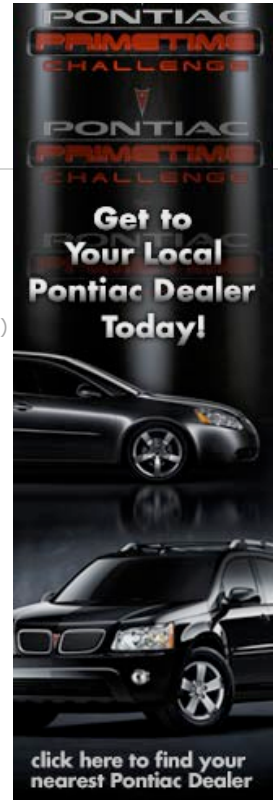


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