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**[Selling illegal immigrants the American dream](#)**- [Carolyn Said, Chronicle Staff Writer](#)

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Ramiro and Marisol looked on proudly as their 3-year-old son, Alexis, took out his toolbox and pretended to fix a closet in their new San Jose home. He was imitating the flurry of work his parents had put into the one-bedroom condominium over the past two weekends, installing new linoleum and carpets from Home Depot, painting and repairing.

With a shy giggle, Marisol, 27, pointed out where she plans to put the sofa and the TV in the tiny living room while Ramiro, 32, talked about being able to grill carne asada on the tree-shaded balcony.

They joked about how rarely they see each other. Ramiro works six days a week in a sheet-metal factory and attends night school to get his high school diploma. Marisol goes to business classes in the mornings and works afternoons as an office assistant while Alexis attends preschool.

It was a typical new-homeowner scene with one exception: Ramiro and Marisol, who asked that their last name not be used, are undocumented immigrants from Mexico. They've been in the country for four years. Marisol entered on a tourist visa. Ramiro hid in a car.

Their immigration status did not prevent them from buying a home. It is legal for undocumented people to purchase property in the United States.

The problem has been borrowing the money to pay for it. Ramiro and Marisol have stable jobs, but many undocumented people have spotty or nonexistent credit histories. Often, they've worked off the books. That's two big strikes against getting a mortgage.

Another issue used to be an absolute deal breaker when undocumented people applied for home loans: Until recently, people had to have a Social Security number to qualify for a mortgage.

Now, a handful of banks, including some major institutions, have begun offering home-mortgage loans to people who don't have Social Security accounts. Instead, borrowers can use individual taxpayer identification numbers, or ITINs, which are used to file income tax returns. These lending programs also allow borrowers to use unconventional ways to demonstrate their creditworthiness.

The Internal Revenue Service issues taxpayer IDs to both resident and nonresident aliens so they can pay taxes. A significant number of the 8.6 million holders of individual taxpayer IDs are illegal immigrants, according to the Government Accounting Office.

Even as a heated debate swirls around the 12 million unauthorized immigrants in the United States, they are increasingly participating in the country's financial system, from paying taxes to opening bank accounts. And, for many undocumented people, just as for many citizens, the ultimate financial goal is to be a homeowner.

"For those families who have the American dream, but don't have access to documentation, the (the taxpayer ID mortgage) is a way for them to be able to buy a home, lay down roots and build wealth for their family for the future," said Janis Bowdler, housing policy analyst at the National Council of La Raza, a Hispanic civil-rights organization in

Washington, D.C.

Opponents of illegal immigration deplore mortgages for undocumented people. Some say the banks making taxpayer ID loans are guilty of aiding and abetting criminals.

U.S. Rep. John Doolittle, a Republican from Roseville (Placer County), has introduced a bill that would ban issuing residential mortgages to illegal immigrants.

"The government should not be in the business of creating incentives to encourage illegal behavior. Nor should companies be permitted to reward those individuals in clear violation of our laws," Doolittle said in a statement when he introduced the bill in October.

The bill, which also would require expedited deportation of people caught entering the United States illegally, is pending in the Subcommittee on Immigration, Border Security and Claims.

It benefits the economy when immigrants move from "mattress money" into mainstream financial transactions, economists say. And illegal immigrants represent a huge potential market. Undocumented Latino immigrants could take out some \$44 billion in mortgage loans if they had the same access as legal residents, according to a 2004 study for the National Association of Hispanic Real Estate Professionals.

"People traditionally talk about the undocumented Latino population as furtive people in the shadows who are very marginalized," said the study's author, Rob Paral, a research fellow with the American Immigration Law Foundation in Washington, D.C. "What's really changed is that a lot of people who are undocumented have fairly decent incomes. They have spending patterns and social behaviors which include an interest in buying a home and an ability to do it."

Using Census data on income and age, he estimated that 216,000 currently undocumented households could buy homes -- admittedly ones at modest prices. About a quarter of those potential home buyers are in California. "This is a large, untapped population from a financial point of view," Paral said. "If it were not restrained, it could be pouring a lot more money into society."

Banks have gotten that message loud and clear. U.S. banks now routinely accept both taxpayer ID numbers and a Mexican ID called matricula consular to open new accounts. Many reach out to the Latino community with Spanish marketing materials and bilingual bank tellers.

The latest twist is the taxpayer ID mortgage. Pioneered by small community banks, mainly in the Midwest, the loans slowly have begun to spread. As of September 2004, one credit union and 18 banks were offering such mortgages, according to a report by independent researcher Mari Gallagher. In California, Wells Fargo and Citibank both offer taxpayer ID mortgage loans, albeit in small programs.

Citibank's version of the loans is made in conjunction with ACORN Housing, a nonprofit that promotes home ownership among low-income people. ACORN does initial screening of potential borrowers and refers those who can qualify to Citibank.

Mark Rodgers, a spokesman for the New York bank, said its loans do not specifically address immigration status.

"We look to provide financial services across the wide spectrum of consumers in the United States," he said. "This is a program for borrowers in low- to moderate-income households, and we do, as part of that program, accept (taxpayer IDs) in addition to Social Security numbers."

Marisol and Ramiro got their mortgage through the Citibank/ACORN Housing program, which offers interest rates a full percentage point below the published rate and \$3,000 toward closing costs or down payment. In addition, their Realtor, Rebecca Gallardo-Serrano of Protelo Group Realty in San Jose, gave them a rebate of \$2,500 to help pay their closing costs. At less than \$260,000, their small condo was the lowest-cost listing in Santa Clara County.

The program acknowledges the reality that many Latino immigrants do not have much traditional credit history.

"In the Latino community, we don't like to have debt," said Frances Martinez Myers, chairwoman of the National Association of Hispanic Real Estate Professionals. "We transact in cash, so there's no credit history."

Marisol and Ramirez, for example, "used very nonconventional credit," Gallardo-Serrano said. ACORN Housing verified that the couple had paid their bills on time for the past two years to PG&E, San Jose Water, their landlord and a health club. In addition, they showed two years of tax returns and employment history.

Lez Trujillo, field director with ACORN Housing Corp. in Chicago, said the program with Citibank, which is available in about seven states, has made 804 mortgages worth \$153 million since early 2005. Of those, 387 were in California, primarily Northern California. An additional 1,300 borrowers are now in the pipeline, either in contract or shopping for a house.

None of the mortgages has resulted in a foreclosure. In fact, among all the borrowers, there have only been two late payments, both quickly remedied, she said.

Aren't illegal immigrants worried that buying a home could make them more vulnerable to deportation?

"It's a risk people are willing to take," Trujillo said. "Many of them have established credit, have had a job for many, many years, have been paying taxes. They have families, they want a stable place, privacy -- the same reasons the rest of society buys a house. The mentality is that they are here to stay and want to buy houses."

Wells Fargo has offered taxpayer ID mortgages since December in a pilot program in Los Angeles and Orange counties. The bank declined to discuss the program, instead sending a short statement saying it will continue to evaluate it.

The biggest barrier to such loans is that they cannot easily be sold on the secondary mortgage market. Most banks sell the mortgages they originate to bring in more money to make more loans. Instead, banks must keep taxpayer-ID mortgages in their portfolios, tying up capital.

"If there was an investor, whether Freddie Mac, Fannie Mae or someone on Wall Street, who decided they would start buying (taxpayer ID mortgages), it would certainly make it a lot easier for lenders to make them," said Brad German, a spokesman for Freddie Mac, a government-sponsored entity that repackages mortgages for sale to investors. Freddie Mac is studying whether to buy taxpayer ID mortgages, German said.

Mortgage Guarantee Insurance Corp., the nation's largest mortgage insurer, provides insurance on taxpayer ID loans.

While Mortgage Guarantee does not release specific numbers, Katie Monfre, a spokeswoman for the Milwaukee company, said taxpayer ID loans account for less than a half-percent of its overall business. "I can tell you the loans we've had on this very young book of business have been performing well," she said. That means they've had a very low rate of delinquencies and defaults.

Gallagher, who specializes in research on undocumented Mexicans and the mortgage market, said that despite the shifting political winds, she thinks taxpayer ID mortgages will grow because the market pressure of so many immigrants who want to buy homes will be so strong.

"This is the match that could light the next fire in the mortgage industry," she said.

That kind of talk ignites wrath among anti-immigration partisans.

"It's simply wrong for foreign lawbreakers to be enabled to plant roots in this country by way of obtaining a mortgage," Roy Beck, executive director of NumbersUSA, a group that wants to curtail immigration growth, wrote in support of the Doolittle bill that would bar mortgages for undocumented aliens.

Ramiro and Marisol don't see themselves as lawbreakers. They hope to become citizens. And they hope that their condo will appreciate in value so they can trade up.

"After I finish school, I want to have another baby, a girl," Marisol said. "Then in three years or maybe two, we can buy a house."

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## Immigrants and finances

Immigrants participate less in mainstream financial institutions than native-born Americans and have a lower rate of home ownership. Immigrants in this study were a representative sample of the country, so about two thirds are legal residents and one third are undocumented.

Household	Checking account	Savings account	Own home	Own stock
Immigrants	63%	55%	55%	13%
Native-born Americans	76%	68%	75%	27%

Source: Federal Reserve Bank of Chicago

Locally, information on

taxpayer-ID mortgages is available from ACORN Housing, [www.acornhousing.org](http://www.acornhousing.org).

Oakland office: (510) 436-6532; San Jose office: (408) 297-3087

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