



Credit Unions United to Serve the Underserved



A Toolkit for Credit Unions Serving Immigrants:

Best Practices for Providing Access, Lending and
Integration Through Partnerships to Underserved
Communities

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EXECUTIVE SUMMARY

Immigrants play a major role in the US economy. In 1960, 1 in 20 immigrants in the US was from Europe. Today, immigrants are younger, come predominately from Latin American and Asia and make up 1 out of 8 of the US population¹.

The benefits of a younger, working immigrant population are innumerable. But despite their economic contributions, many low-income immigrants are often excluded from critical services, including financial access². The credit union movement has historically had a mission of serving immigrants, and Community Development Credit Unions (CDCUs), stalwarts of economic justice, are poised to lead the effort to guide immigrants to a path of financial independence based on their history of serving low-income communities.

The National Federation of Community Development Credit Unions (Federation) has learned much about how best to serve immigrants during its 41-year history of serving underserved consumers. This toolkit is a culmination of a multi-year partnership between the Federation and Grantmakers Concerned with Immigrants and Refugees (GCIR), drawing on the lessons learned from the Northwest Area Immigrant Asset-Building Initiative (NAIABI), a pilot program aimed to increase financial access to immigrants. Special thanks to the Northwest Area Foundation for their generous support for this initiative and their leadership in connecting immigrant communities to asset building opportunities. This toolkit focuses on **access, appropriate lending products, and partnerships**, the pillars for a successful program. The toolkit provides a case study of how credit unions, through successful partnerships, have reached local immigrant communities to provide access to high-quality service while growing their business.

Findings from the Northwest Area Immigrant Asset-Building Initiative include:

- By providing financial access through ITINs and alternative IDs, credit unions can build trust among immigrants for financial institutions and counter a perception that immigrants might be unwelcome or unable to access mainstream banking services;
- By implementing critical financing programs in an affordable, transparent and convenient fashion, credit unions can gain new, loyal members;
- In partnering with reputable nonprofit organizations that serve immigrants, credit unions can establish a referral channel that can be leveraged to form additional partnerships with other stakeholders including government entities and businesses at scale.

¹ United States Census Bureau, "The Size, Place of Birth, and Geographic Distribution of the Foreign-Born Population in the United States: 1960 to 2010," <http://www.census.gov/population/foreign/files/WorkingPaper96.pdf>

² Voices of NY, "Financial Access Hard to Get for Immigrants," <http://voicesofny.org/2015/02/financial-access-hard-get-immigrants/>

BACKGROUND

Immigrants are a vibrant and dynamic part of the nation's social and economic fabric. In fact, more than 40 percent of Fortune 500 companies were founded by first-generation immigrants or their children³. America's foreign-born population has gone through drastic changes since the 1960s. Today, some 40 million foreign-born immigrants call the US their home, representing 13% of the total U.S. population, compared to 9.7 million in 1960⁴.

The issue of immigration has come to the forefront of policy circles. Without a clear path to naturalization, an estimated 11.3 million undocumented immigrants remain "in the shadows" out of fears that they will be deported⁵. Low-income immigrants represent a large part of the 10 million total US households that the FDIC estimates are currently unbanked (possessing no checking or saving account), compounding the need for bold action to promote financial inclusion. More than 40 percent of low-income Hispanics are underbanked, with 18.9% of foreign-born-non-citizen households unbanked, and a further 28.6% underbanked (heavily reliant on high-cost fringe providers).⁶

As larger policy questions continue to cycle through the national debate, Community Development Credit Unions (CDCUs) have the opportunity to help immigrants integrate into the financial mainstream. Credit unions have a history of serving immigrants, starting with the St. Mary's Bank Credit Union that was formed in New Hampshire in 1908 to serve French-speaking immigrants from Canada. For immigrants unable to join mainstream banks because of their immigration status, CDCUs today are well-positioned to serve them and continue their historic mission.

A key question is how best to connect immigrant communities to safe, reliable and affordable financial products and services. As immigrant populations remain on the sidelines of the US financial system, opportunities for building assets of individuals, families and communities are missed.

This toolkit, intended for credit unions looking to serve immigrants, focuses on three pillars: **access**, **appropriate lending products**, and **partnerships** with immigrant-serving nonprofits, businesses, government agencies and others.

³ Partnership for New American Economy, <http://www.renewoureconomy.org/issues/entrepreneurship/>

⁴ Immigration Policy Center, "Strength in Diversity: the Economic and Political Clout of Immigrants, Latinos, and Asians in the United States," http://www.immigrationpolicy.org/sites/default/files/docs/usa_2013_0.pdf

⁵ Pew Research Center, "5 Facts About Illegal Immigration in the US," <http://www.pewresearch.org/fact-tank/2015/11/19/5-facts-about-illegal-immigration-in-the-u-s/>

⁶ Federal Deposit Insurance Corporation, "2011 FDIC National Survey of Unbanked and Underbanked Households," http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf

The most basic aspect of financial inclusion for immigrants starts with access to high-quality financial services. With multiple immigration categories available and many immigrant families themselves in mixed statuses, it is crucial that credit unions have as much clarity as possible on immigrant membership eligibility before launching marketing and outreach efforts to immigrants. This section provides an overview of the Customer Identification Program (CIP), as well as alternative IDs that can be accepted by credit unions.

A. REMOVING BARRIERS: ESTABLISHING AN INCLUSIVE CIP PROGRAM

The federal regulator for credit unions, the National Credit Union Administration (NCUA), issued guidance on CIP requirements for credit unions that are in line with other banking regulations and mandates that every credit union must obtain the full name, date of birth, address of residence or business, and taxpayer identification number (TIN) of any individual residing in the US in order to open an account (Letter 03-0964, 2003). It further stipulates that if the individual is a resident of another country, a passport number or alien identification card number can be used in place of the TIN to open accounts. However, only a TIN can be accepted for interest-bearing accounts and this information must be accompanied by a government-issued photo ID that establishes nationality and/or residence.

The three types of taxpayer identification numbers that are approved by the NCUA to open an account include:

- **Social Security number (SSN):** SSNs are generally given to US citizens and resident aliens that are legally eligible for residency and employment in the US;
- **Individual Taxpayer Identification Number (ITIN):** Individuals that cannot obtain a SSN can apply for an ITIN through the Internal Revenue Service (IRS). ITINs are issued by the IRS and enable immigrants to report earnings and file income taxes. While ITINs allow immigrants to file taxes, it should be noted that receiving an ITIN number does not represent an authorization to work in the US or access social security benefits;
- **Employer Identification Number (EIN) for businesses:** EINs are the corporate equivalent of ITINs, typically issued to businesses that file withholding taxes on employees.

ALTERNATIVE IDS

Other acceptable IDs for account opening purposes include consular IDs such as the Matricula Consular, Documento Personal de Identificación (DPI), Voter's ID and where available, municipal IDs. Following the legal opinion letter (03-0964) issued by the NCUA, these IDs *are* legal forms of IDs that can be accepted at credit unions. The Federation played a key role in advocating for the acceptance of Municipal IDs at New

York City credit unions and today 8 credit unions accept Municipal IDs for account opening purposes. While it is not mandated that credit unions accept them, it is crucial that credit unions looking to serve immigrants accept alternative IDs as part of their account opening procedures. In 2004, NCUA board chairman Debbie Matz stated "if you really want to make headway in the Hispanic community, you really need to accept alternative IDs⁷". Please see appendix i for samples of alternative IDs.

While regulations surrounding acceptable forms of identification for immigrants seem complex, the overview of acceptable forms of identification illustrate that in fact, financial access to credit unions is possible for immigrants, including those that are undocumented. Credit unions should nonetheless consult with their compliance team and the NCUA before embarking on programs that serves immigrants.

Account Opening
Acceptable alternate forms of IDs: <ul style="list-style-type: none">• Passports• Matricula Consular• Documento Personal de Identificación (DPI)• Voter IDs• Municipal IDs
Taxpayer IDs for interest-bearing accounts: <ul style="list-style-type: none">• SSN• EIN• ITINs

A sample of CIP-compliant account opening policy used by credit unions to establish member accounts for immigrants is included below.

⁷ Credit Union Times, "Matricula Consular Acceptable for Loans," <http://www.cutimes.com/2004/01/07/matricula-consular-acceptable-for-loans>

Sample of CIP-compliant Account Opening Policy

Verification of Identity:

- Name
- Date of birth
- Physical address at which the person resides and mailing address if different
- An unexpired, government issued photo ID

- For US persons, a taxpayer identification number such as social security number, individual taxpayer identification number or employer identification number for business accounts.

- For non-US persons, one or more of the following: a US taxpayer identification number, passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Verification Requirements:

- In order to verify the identity of the applicant, at least one document provided should be an unexpired government issued photo identification card (driver's license or military ID). Any other documentation gathered from the applicant to verify the required information is flexible and can include social security cards, certified birth certificates, utility bills, phone bills, pay stubs, etc.

Some applicants will not have an unexpired government issued photo ID card. In those instances:

- The applicant may provide another form of ID in conjunction with a government issued document showing the member's social security number or tax identification number. If the applicant is a non-U.S. person, passports, immigration documents, unexpired employment authorization documents are acceptable.

- If the applicant does not have any form of photo ID, he/she may present two forms of identification. One must be government issued (social security card, passport, immigration documents, etc).

If the applicant cannot provide the information required, the account will not be opened.

B. REMOVING THE PERCEPTION OF BARRIERS: MARKETING AND OUTREACH TO DIVERSE POPULATIONS

Marketing in the immigrant's language, through trusted avenues, is critical to a credit union's success in serving and growing membership among immigrants. The most successful credit unions that serve immigrants have multiple channels of interaction and relationships with the community. The ability to do business in languages spoken among immigrant communities is clearly essential, but taking the extra step to provide bilingual or multilingual signage and materials sends a clear signal to potential members that they are welcome at credit unions.

Many credit union staff members participate in informational events to talk about personal finance. These connections are useful to spread the word about the credit union's outreach to immigrants. The ability to share financial information with local ethnic media is a win-win, providing reliable content to their audiences while making sure the credit union is known among immigrant communities.

PRODUCTS

By accepting alternative IDs and ITINs, financial access can become a reality for many immigrants. Immigrants can build savings, transact more affordably, access small dollar loans, signature/personal loans, auto loans, credit builders, and ultimately business loans and mortgages. Savings products such as interest-bearing savings accounts, Individual Development Accounts (IDAs) or longer-term investments such as Share Certificates, can help build assets over time.

Key challenges that low-income immigrants face in managing their financial lives include:

- **Credit history:** immigrants may have non-traditional credit histories or no history;
- **Job instability:** immigrants, particularly undocumented immigrants, can encounter job instability due to lack of legal work status;
- **Spending/saving:** immigrants may have diverse sources of income and saving/spending patterns;
- **Remittances:** immigrants may send a significant portion of their earnings to family out of the country via remittances;
- **Debt from restricted services:** in select cases, immigrants may have incurred debt from services that are typically restricted to them (i.e. medical bills for those without medical insurance).

There is no one-size-fits-all solution to working with immigrant communities. Each credit union must do its own research in their local market to better understanding the opportunities and barriers faced in the communities they wish to serve. It is also important to realize that barriers may reflect untapped demand rather than challenges. One example is in ITIN lending where credit unions target specific loan products to those who have individual taxpayer ID numbers. The experience of ITIN mortgage lending programs suggests that immigrant lending performs no worse than traditional loans⁸. We will discuss why it is beneficial for credit unions to integrate immigrants with limited experience or no experience working with financial institutions in the coming sections, including how this may help the credit union's bottom line. Recommendations drawn from case studies around the country and the Northwest Area Immigrant Asset-Building Initiative illustrate how profitably serving immigrants can be achieved.

⁸ National Mortgage News, "Setting the Record Straight on Mortgages for Undocumented Immigrants," <http://www.nationalmortgagenews.com/news/compliance-regulation/setting-the-record-straight-on-mortgages-for-undocumented-immigrants-1042907-1.html>

PRODUCTS

LOAN CHARACTERISTICS

Immigrants often have a skeptical view of financial institutions⁹. Addressing what immigrants look for in a financial institution is critical to the success of outreach and to alleviate concerns. Some of the elements to consider when lending to immigrants include:

1. **Affordability:** pricing, while reflecting accurate costs and risks, should be consistent with the rest of your product line up;
2. **Transparency:** account opening and loan policy procedures must be transparent to avoid misinformation and is critical to gain the trust of target market;
3. **Simplicity/convenience:** products and processes must be simple, easy to understand and use; they should also be accessible through use of online banking, community partnerships and micro/school branches;
4. **Service to all:** people, regardless of their immigration status, want to be treated equally with respect and dignity;
5. **Path to prosperity:** products should provide a pathway to financial inclusion regardless of the borrower's income or status.

As immigrants are generally more likely to face adverse conditions when trying to access credit, the above elements, especially affordability, are critical to differentiate CDCUs and alleviate concerns of trust. CDCUs are drivers of community development and their products and services should reflect this mission.

TARGETED LOANS

Some may worry that integrating immigrants into a credit union's membership may mean redesigning products and services, but this is not necessarily the case. Credit unions already have products and services that are suitable for immigrants. A few tweaks to existing products can go a long way to provide the products that immigrants are seeking. For credit unions looking to build experience in serving immigrants, offering small dollar loans may be an ideal entry point that can lead to deeper engagements in the future. Small dollar loans can be especially important to immigrants looking to change their immigration status which can be costly for families. For those that do wish to establish products tailored to immigrants and new Americans, below are some examples:

⁹ Rincón & Associates, "Qualitative Study of the Banking Experiences of Latino Immigrants in Texas," <https://www.texasappleseed.org/sites/default/files/105-FinancialServices-ImmigrantQualitativeStudy2004.pdf>

PRODUCTS

1. CITIZENSHIP/DEFERRED ACTION ON CHILDHOOD ARRIVALS (DACA) LOANS

Citizenship can enable immigrants to vote and access all the programs and services that are available to Americans. Citizenship can also boost the immigrant’s earning power and the nation’s GDP¹⁰. The citizenship application cost of \$680 per applicant, however, can pose a barrier for many families: for a family of three living at 2015 federal poverty levels, application costs can be equivalent of more than 10% of a family’s annual income¹¹.

With the Executive Order signed by President Obama, Deferred Action on Childhood Arrivals (DACA) became law in 2012. The policy allows some undocumented immigrants who entered the country before their 16th birthday and before June 2007 to receive a work permit and exemption from deportation. To apply for DACA, applicants must submit documents indicating eligibility along with a \$465 application fee that is subject to renewal every two years. DACA can make a big difference for immigrants previously unable to obtain legal work, and in some states, can provide access to additional benefits such as eligibility for in-state tuition at universities.

Many immigrants also need help from legal service providers to complete their applications, adding to the total cost. For this reason, the credit union should take legal costs into account when exploring loan parameters for citizenship and DACA. While credit unions should structure these small-dollar loans in the way that makes most sense to them, the Federation recommends the following guidelines for immigrant small-dollar lending to help offset the costs of citizenship or DACA applications.

Small-dollar loan guidelines for immigrants	
Amount Range:	\$500 - \$1,000
Term:	12 months
Rate:	12.5% - 15% APR
Application Fee:	\$20
Eligibility and Underwriting:	Available to all qualifying for membership; rapid turnaround and notification; no credit checks; flexible income verification; minimal financial checkup; no rollovers.

¹⁰ White House, “The Economic Benefits of Providing a Path to Earned Citizenship,” <https://www.whitehouse.gov/blog/2013/08/13/economic-benefits-providing-path-earned-citizenship>

¹¹ US Department of Health and Human Services 2015 Poverty Guidelines, <https://aspe.hhs.gov/2015-poverty-guidelines#guidelines>

PRODUCTS

As seen above, the small dollar loan guidelines for immigrants will not likely deviate much from the current loan terms offered by credit unions. However, as immigrants may lack credit history, a credit union may want to pull credit for information and evaluation purposes only. For this reason, and to achieve economies of scale, the Federation recommends a rate range of 12.5% to 15% to mitigate risk while allowing for maximum flexibility in underwriting.

Below are some examples of citizenship loans and DACA loans offered by CDCUs:

Citizenship	DACA
<p>Term: up to 24 Months</p> <p>Amount: up to \$1,500 per member seeking individual naturalization assistance and up to \$3,000 per family</p> <p>Fee: \$25 loan origination fee per loan</p> <p>Rate: As low as 9.99% APR</p> <p>Required documents:</p> <ol style="list-style-type: none"> 1. Proof of state residency 2. Identification, including alternative IDs 3. Proof of citizenship application ready to be submitted 	<p>Term: up to 12 months</p> <p>Amount: \$470</p> <p>Rate: 15% APR</p> <p>Required documents:</p> <ol style="list-style-type: none"> 1. Proof of state residency 2. Identification, including alternative IDs 3. Proof of income (Paystub, tax return, W2, etc.) 4. Contact information for 2 references

PATHWAYS TO SCALE EQUITY

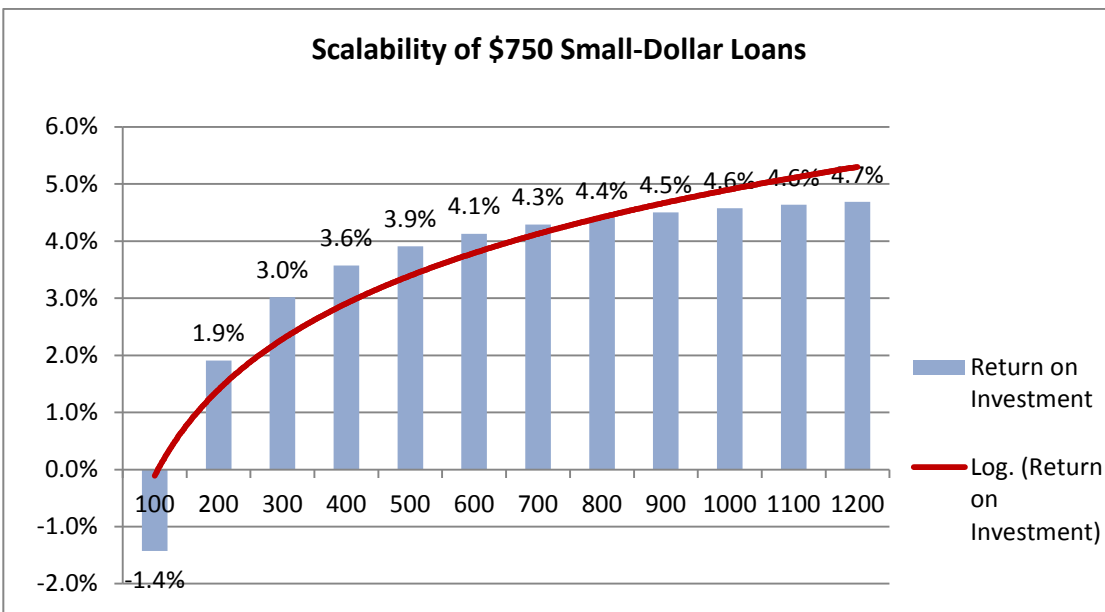
To determine scalability for a small dollar loan, we put the small dollar loan guidelines mentioned above to the test. To understand the scale required for a positive return on investment (ROI), we make certain assumptions about the cost of the loan product, as well as the costs associated with administering the program and loan terms based on previous research. We have found that many credit unions are using 15% APR for their immigrant citizenship loans. On the loan revenue side, we tested for scalability for a 12-month, \$750 amortizing small-dollar loan with a \$20 application fee.

PRODUCTS

Revenue:	Costs:
Loan Capital	Loan Processing
Interest Rate	Other Associated Costs (i.e. Marketing, collections)
Application Fee	Overheads
	Defaults
	Cost of Funds

Using the assumptions noted above, a volume of between 125-150 loans is typically required to break even. Each credit union will need to establish their own pricing and underwriting, but this is a recommended range based on Federation members' experience. Our goal is to provide credit unions a sense of the pipeline and volume they should establish as a benchmark. Forging partnerships with immigrant-serving nonprofits that have a sufficient volume of clients seeking financing can boost the credit union's ability to achieve economies of scale.

The graph below illustrates the ROI rate for loans ranging from 100 to 1,200 in volume:



The graph shows that small-dollar loans can be scalable, especially if paired with clients from trustworthy sources of referrals. For an illustration of partnerships on the ground and pilot results, please see *Case Study: Northwest Area Immigrant Asset-Building Initiative Results* on page 18.

PRODUCTS

2. EMERGENCY LOANS: BORROW & SAVE™

For credit unions seeking to further mitigate risk, another approach that may be appropriate for serving immigrants includes a small dollar loan with a built-in savings component. Borrow and Save™, the Federation's small dollar loan program with a dedicated savings component, reduces risk to credit unions while offering an opportunity to build assets for borrowers. A dedicated savings can offer even stronger incentives for immigrant borrowers to repay, forge links with credit unions and take up opportunities for asset-building. Through a pilot with the Filene Research Institute sponsored by the Ford Foundation, the Borrow and Save™ program has deployed more than 3100 loans between May 2014 – July 2015 that have resulted in more than a \$1MM in savings for members. The following chart outlines the guidelines for a scalable Borrow & Save™ loan product:

Small-dollar Loan Structure for Borrow & Save™	
Amount range:	\$300 - \$1,000
Loan Term:	3-12 months
Interest Rate:	No more than 28% APR
Application Fee:	\$20
Accumulated Savings	25% - 50% of principal (frozen until loan fully paid off):
Eligibility and Underwriting:	ID and proof of income or rent and utility payments with current address required; credit check (soft pull); one loan out at a time, no more than 3 rollovers per year

3. CREDIT BUILDER LOANS

Credit builder loans may be another way to engage immigrants, particularly new immigrants, that have not yet established a credit score in the US or for immigrants with damaged credit. A credit builder loan is typically secured by establishing savings that the consumer can borrow against to access a lump sum which becomes available immediately. The loan proceeds can be used for filing immigration status applications or other needs while building credit as the loan is paid back. The dual effects of accessing a loan while building credit can be positive for low-income immigrants and can provide a path for accessing other larger loan products in the future.

4. ITIN MORTGAGES

Homeownership is a critical pathway for building assets. For immigrants, the lack of home ownership can be a source of instability and insecurity. Immigrants with a SSN qualify for traditional mortgages, but immigrants without a SSN must use an ITIN to access mortgages. While there is a market for ITIN mortgages, it remains a niche market product due to misinformation and a lack of understanding in this area. ITIN mortgages also tend to be more expensive than traditional mortgages because there is no secondary market for it. To alleviate these concerns, the Federation's Mortgage Center is committed to helping credit unions offer ITIN mortgages along with their other home mortgage product offerings. The Mortgage Center will purchase qualifying ITIN mortgages at origination from member CDCUs using commonly used underwriting and centralized servicing at fair rates to serve a virtually untouched market. For more information, please visit: <http://www.cdcu.coop/investing/investment-offerings-for-credit-unions/cdcu-mortgage-center/>.

PARTNERSHIPS

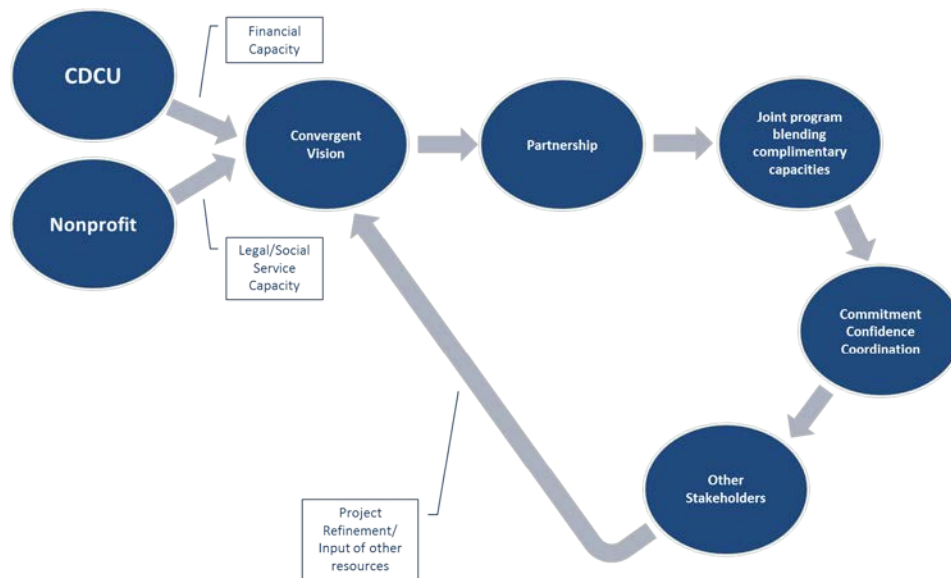
For credit unions getting started with immigrant financial inclusion, partnering with an established, reputable nonprofit organization is crucial and will likely be the main source of immigrant referrals. Nonprofits can act as a liaison between the credit union and the immigrant client. Well-established partnerships require a degree of planning to learn about each other's work, identifying the specialties each partner brings to the table. These partnerships also require coordination to ensure that the referral channel operates smoothly.

The Federation's study *Pathways to Financial Capability - Diagnostic Frameworks for Financial Institutions and Partners*¹² provides five key ingredients for a successful partnership:

- **Convergent vision:** identifying a common goal that furthers each partner's respective mission
- **Complementary capacities:** bringing capacity that the potential partner desires but cannot obtain on its own
- **Commitment:** ability to improvise on the fly as needed, applying lessons learned quickly, with continuous tweaking to get it right
- **Coordination:** accountable to each other and frequent check-ins, keeping up to date in all aspects of the partnership
- **Confidence:** competence and trust in each other to complete the scope of partnership

¹² National Federation of Community Development Credit Unions and Center for Financial Services Innovation, "*Pathways to Financial Capability: Diagnostic Frameworks for Financial Institutions and Partners*," <http://www.cdcu.coop/partnerships-for-financial-capability/>

PARTNERSHIPS



An example of a partnership flow and refinement

In the NAIABI pilot, both partners saw that effective collaborations take time and training: cross-training is often essential but time-consuming. For partners that have not worked with each other in the past, there is also additional time needed to develop trust and to determine the best way to structure the program. This requires frequent communications, coordination and the ability to make small tweaks or larger changes quickly to reflect the lessons learned as the partnership evolves. As the chart above shows, projects can be refined as new resources, information and stakeholders are added. Collaborators must be open to restructuring the scope of partnership to reflect the realities on the ground.

CONCLUSION AND NEXT STEPS

There is often a misconception in the financial services industry that serving immigrants is risky or challenging. The experience of the Northwest Area Asset-Building Initiative has demonstrated that expanding products and services to immigrants is important to credit union relevance and success.

Many CDCUs already have the necessary elements in place to lead and succeed in the financial integration of immigrants. By accepting alternative forms of ID and ITINs, financial access for immigrants is possible. In fact, as a result of these early successes, the Federation was asked to expand Juntos Avanzamos, a regional program developed in Texas by the Cornerstone CU League, to a national program. Juntos Avanzamos is a designation for credit unions committed to serving and empowering Hispanic consumers. The Cornerstone CU League established a certification process that assesses the extent to which a credit union is oriented toward serving Hispanic consumers (through bilingual and bicultural staff and leadership, products and service, access and partnerships, etc.). Once certified as a Juntos Avanzamos credit union, the Federation, with state league support, can assist Juntos Avanzamos designated credit unions in marketing and outreach to the Hispanic community. The Federation has partnered nationally with the National Council of La Raza, Catholic Charities, and Cities for Citizenship as well as consultants and technology vendors to provide a wide range of tools and partnership opportunities for credit unions interested in serving immigrants. The Federation is actively working to scale up Juntos Avanzamos. Since launching the national expansion in September 2015, the Federation has added 7 new Juntos Avanzamos designated credit unions for a total of 38 credit unions in total. The Federation looks forward to expanding that number by 50 in 2016.

In reviewing the needs of immigrants, financial assistance with immigration-related costs and other everyday expenses were identified as an entryway to establishing a long-term relationship between immigrants and credit unions. Citizenship-related lending can be scaled if the characteristics of immigrant borrowers are correctly identified and if partnerships with reputable nonprofit organizations that advocate for immigrants are formed. The NAIABI pilot shows that not only are immigrants excellent borrowers that pay back on time, but that they can also be loyal credit union members that access multiple products and services.

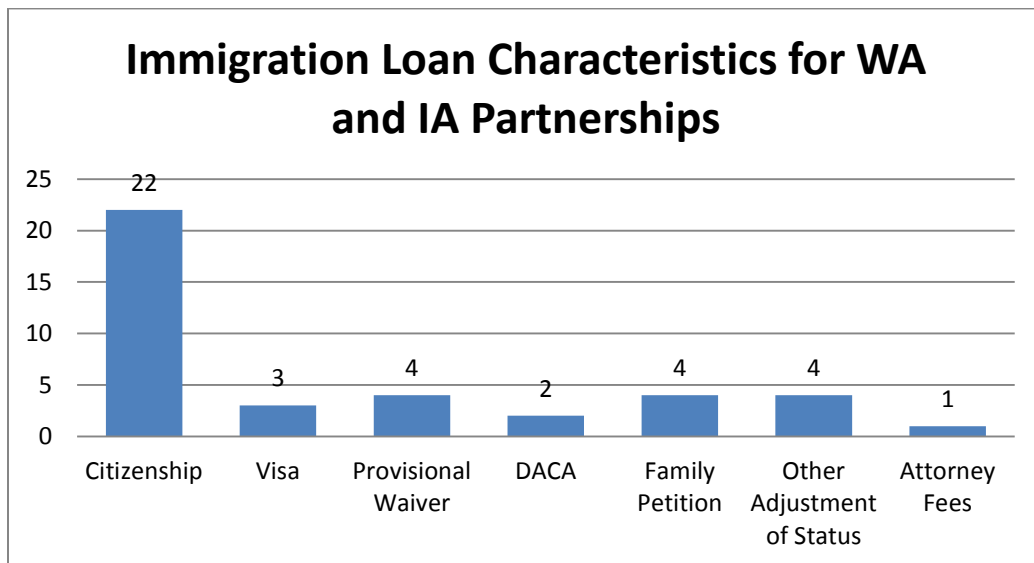
Partnership is critical for success. Reputable nonprofits can act as a liaison to the credit union. For the credit union, the legal knowledge and service capacity of nonprofits that advocate for immigrants can be immensely useful and bring complementary capacities together, strengthening the effort to integrate immigrants in the US economy. A clear delineation of roles and responsibilities, as well as commitment, leadership and refinement are critical ingredients to the success of these and any partnership.

Today and in the future, immigrants do and will play a big role in communities and cities across the United States. They are often the subject of criticism and discrimination. They continue to work and live in hopes of a better financial future. Credit unions with a commitment to serving the underserved can revive the leadership they played at the turn of 20th century to provide vital financial services to immigrants. The Federation is encouraged by the efforts of many to help immigrants find the path to financial independence and will be actively engaged in the years ahead to provide comprehensive solutions and to provide bridges between CDCUs and others.

CASE STUDY: NORTHWEST AREA IMMIGRANT ASSET-BUILDING INITIATIVE RESULTS

Through a grant from the Northwest Area Foundation, two partnerships between credit unions and immigrant-serving nonprofits were formed in 2014 to pair nonprofit legal service consultations with financing options: Lower Valley Credit Union partnered with OneAmerica in Washington State and Ascentra Credit Union partnered with the Diversity Service Center of Iowa.

To date, the Northwest Area Immigrant Asset-Building Initiative (NAIABI) has been able to provide 40 immigration-related loans to new clients previously unfamiliar with credit unions. While the partners' marketing campaigns focused mainly on citizenship, immigrant clients have a variety of other needs due to lack of access. Loans for purposes beyond immigration were anticipated as an important stepping stone for immigrants that want to stabilize their living situation and to establish a relationship with the financial mainstream. The pilot saw that 32 non-immigration loans were made in the form of vehicle and personal loans. These activities are captured under the "Other Benefits" section below. In all, a total of 72 loans have been made to 70 clients of varying amounts from as little as \$310 to \$23,794, for a total of \$406,147 in loan capital deployed through the grant. Though the numbers are small, the portfolio performance has been solid with three writeoffs (4%) and one delinquency (1%). The pilot also added 62 new credit union members as a result. The following chart shows the composition of immigration-related loans:

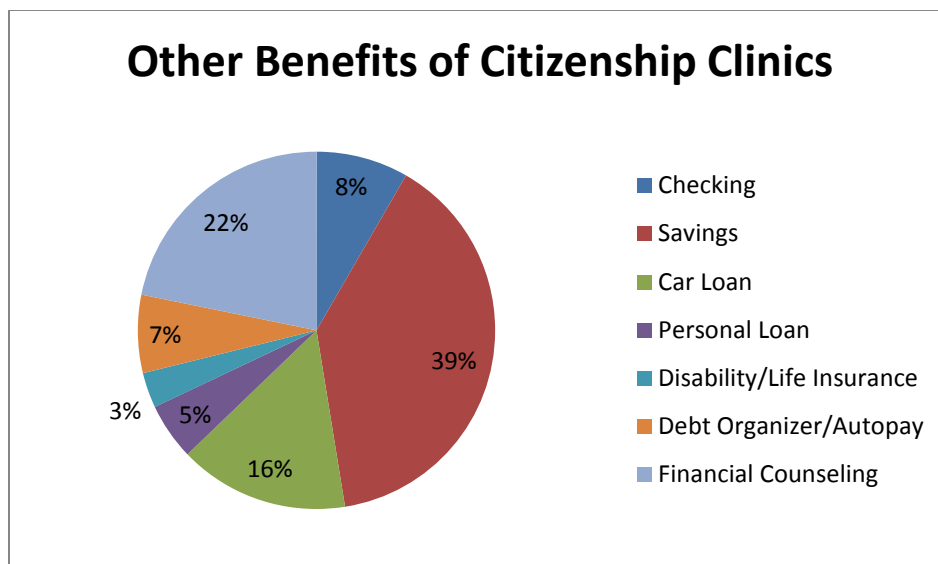


OTHER BENEFITS

Like many consumers, immigrants have varying needs and access to services that are not often captured by the promotion of citizenship. In addition to immigration-related loans, immigrants were looking for means

CASE STUDY: NORTHWEST AREA IMMIGRANT ASSET-BUILDING INITIATIVE RESULTS

to finance a car and to cover other expenses through personal loans. While needs outside of immigration were being discussed, our partners also focused on immigrant communities becoming banked by promoting checking and savings along with financial counseling. These are key features of credit union services and a crucial first-step for immigrants to enter the financial mainstream. Another result from the pilot was the number of immigrants that have signed up for debt management and autopay services. A handy electronic tool that allows users to better manage their debt and build credit, coupled with financial counseling, creates a gateway for immigrant clients to build and track assets while gaining a better understanding of the US financial system.



DEMOGRAPHICS

An additional feature of our pilot program was to collect demographic information about the immigrant clients that have become part of the program. While there is a great deal of anecdotal information about how immigrants handle their finances as well as their family dynamics, it was important to get a better understanding of the lives of the immigrants that have participated in this program.

The majority of immigrants that attended the program's events were Hispanic, with a smaller group originating from various countries in Africa and a few bi-racial immigrants of Asian and Caucasian descent. In our pilot, men in their 30s were the primary borrowers. The smaller number of female borrowers represents an untapped opportunity to connect with them and their borrowing needs. This illustrates another business case for why working with immigrants makes sense. While the US population is ageing rapidly and a third are poised to be over 60 by 2025, our pilot shows that the immigrant population served

CASE STUDY: NORTHWEST AREA IMMIGRANT ASSET-BUILDING INITIATIVE RESULTS

is younger and entering their prime earning stages (ages 20-50). The loan participation of prime-age borrowers has been contracting since 2005 and if current trends hold, working with prime-age immigrants can represent a major opportunity for both nonprofits and credit unions to be ahead of the curve in capacity to serve future generations of Americans¹³.

Other key demographic information that we captured through the program was the participants' income levels and immigration statuses. As the profile table of NAIABI participants below illustrates, most participants in the program languished behind the national household median income rate of \$53,046 even though nearly 80% of participants held full-time jobs¹⁴. With income ranges varying from as much as \$60,000 per annum to as low as \$7,000 per annum, the data reveals that all participants of low- and moderate-income families are ideally suited to be served by CDCUs. The immigration status of the participants also revealed a wide range of circumstances, reinforcing the notion of mixed status within families and the need for casting a wide net rather than a one-size-fits-all approach when working with immigrants.

Profile of NAIABI Participants	
Ethnicity:	86% Hispanic 10% African 3% Mixed Race 1% Caucasian
Gender:	69% Male 31% Female
Median Income:	\$30,806
Employment Status:	79% Full-time 10% Seasonal 6% Part-Time 3% students 1% Self-employed 1% disabled
Median Credit Score for Those with Credit Scores:	673

¹³ Trans Union, "What Happens to Our Wallets As We Age," <http://www.transunioninsights.com/wallet/files/consumer-wallet-2014.pdf>

¹⁴ Census data, 2009-13

CASE STUDY: NORTHWEST AREA IMMIGRANT ASSET-BUILDING INITIATIVE RESULTS

Percentage of Participants with No Credit Scores:	64%
Immigration Status:	45% LPR 36% ITIN 13% US Citizen 3% DACA 3% Out of Status

Although the majority of participants did not have any credit score, a total of nearly **200 products and services** were accessed through the pilot program. This represents almost three products/services accessed per client. We will continue to track pick-up of these products/services over the long run to gain a better understanding of their financial needs.

APPENDICES

APPENDIX I: SAMPLES OF ACCEPTABLE ALTERNATIVE IDS FOR ACCOUNT OPENING



Matricula Consular (Mexico)



Documento Personal de Identificación (Guatemala)



Voter's ID Card (Mexico)



Municipal ID (NYC)

APPENDICES

APPENDIX II: MARKETING MATERIALS AND IMMIGRANT PROGRAMS AT CDCUS

Lower Valley Credit Union
your home-grown credit union

www.lvcu.org
509-837-5295 | 900 E Yakima Valley Hwy - Sunnyside
509-786-2711 | 580 Wine Country Road - Prosser
509-882-9916 | 1019 W. Wine County Road - Grandview

Become A Citizen

Do you need help applying for citizenship?

Volunteer Immigration attorneys, paralegals and interpreters offer FREE assistance with citizenship applications.



**SATURDAY,
DECEMBER 6, 2014
9 AM-3 PM**

**Lower Valley Credit
Union Headquarters
900 E. Yakima Valley
Highway, Sunnyside**

**Call 1-509-837-5295 or email info@lvcu.org
to register for an appointment.**



Call 1-877-926-3924 or email wna@weareoneamerica.org for assistance.

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509-786-2711 | 580 Wine Country Road - Prosser
509-882-9916 | 1019 W. Wine County Road - Grandview

Hágase Ciudadano

¿Necesita ayuda para pedir su ciudadanía?

Abogados de inmigración, paralegales e intérpretes voluntarios ofrecen ayuda GRATIS para preparar las solicitudes para obtener la ciudadanía.



**SÁBADO,
6 DE DICIEMBRE 2014
9 AM-3 PM**

**Lower Valley Credit
Union Headquarters
En la esquina de 9th
Street, Sunnyside**

**Llame a 1-509-837-5295 o mande un email
info@lvcu.org para inscribirse.**



Llame a 1-877-926-3924 o mande un email a wna@weareoneamerica.org para asistencia.

APPENDICES

[Home](#) [ATMs](#) [Personal](#) [Business](#) [Loans](#) [Credit Cards](#) [Real Estate](#) [HDFC](#) [Services](#) [About Us](#)

Immigrant Services

DREAMER LOANS

LES People's FCU has partnered with [New Economy Project](#) to make DREAMer loans to immigrant youth in New York City who are applying for [Deferred Action for Childhood Arrivals \(DACA\)](#). DREAMers and their family members may apply for **non-interest loans to cover the \$465 DACA application fee** at LES People's FCU. In addition, the applicant may establish a positive credit history and receive other credit union benefits. To apply you must bring a referral form provided by any organization part of our [network](#), that provides free DACA screenings and assistance. For more information [click here](#)

ITIN PROCESSING

An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service. The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security Number (SSN) from the Social Security Administration (SSA).

ITINs allow you to declare your taxes, open bank accounts that earn interest, apply for loans and build credit. ITINs are issued regardless of immigration status because both resident and nonresident aliens may have a U.S. filing or reporting requirement under the Internal Revenue Code.

LES People's FCU can provide in-person help with ITIN applications on an appointment basis. Call Karen Latney-Castillo at 212-529-8197 ex 125 or email kcastillo@lespfcu.org to set up an appointment.

In order to process your ITIN application, please bring the following:

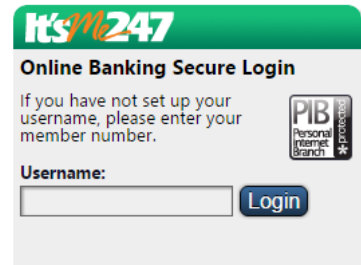
- Valid, Current Passport
- \$25 Processing Fee
- Valid Mailing Address (to receive the letter with your ITIN)

If you qualify for an ITIN and your application is complete, you will receive a letter from the IRS assigning your tax identification number, usually within six weeks.

WIRE TRANSFERS

LESPFCU enables you to do domestic and international wire transfers. Come to our branch and arrange to have funds transferred to family and friends in other countries and nationwide. You can also arrange to have other people wire funds directly to your LESPCU account.

Once you are a member of LESPCU, you can take advantage of our many affordable financial services, products and training!

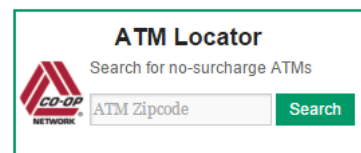


It's 24/7
Online Banking Secure Login

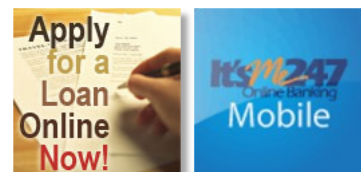
If you have not set up your username, please enter your member number.

Username:

PIB Personal Internet Branch



ATM Locator
Search for no-surcharge ATMs



Apply for a Loan Online Now!

It's 24/7 Mobile



Keep up to date on your Credit Union.



Sign up for e-statements.

The reasons why keep growing.

The screenshot shows the Facebook profile for the 'New Iowans Initiative' community. The cover photo features the text 'PRÉSTAMOS PARA SERVICIOS DE INMIGRACIÓN' and 'LA INICIATIVA "NEW IOWANS' in large white letters on a blue background. Below this, there is a smaller graphic with an American flag and the text 'FINANCING FOR IMMIGRATION SERVICES THE NEW IOWANS INITIATIVE'. The page name 'New Iowans Initiative' and 'Community' are displayed, along with 'Like' and 'Message' buttons. Navigation tabs for 'Timeline', 'About', 'Photos', 'Likes', and 'More' are visible. On the left sidebar, it shows '140 people like this' and an 'Invite friends' button. The 'ABOUT' section includes a post from Ascentra Credit Union and a link to their website. The 'PHOTOS' section shows a grid of images, including a poster for 'International Year' and various group photos. The main content area shows a post from 'New Iowans Initiative via Voto Latino' dated November 2 at 3:35pm, featuring a large group photo of people in traditional Day of the Dead costumes. The caption for this photo reads 'Day of the Dead celebrations – in pictures' and includes a quote from The Guardian about the celebration's customs.

PRÉSTAMOS PARA SERVICIOS DE INMIGRACIÓN
LA INICIATIVA "NEW IOWANS"

FINANCING FOR IMMIGRATION SERVICES
THE NEW IOWANS INITIATIVE

New Iowans Initiative
Community

Like Message

Timeline About Photos Likes More

140 people like this

Invite friends to like this Page

ABOUT

- Ascentra Credit Union has partnered with The Diversity Service Center of Iowa to help make the American Dream a reality for many.
- <https://www.ascentra.org/resources/new-iowans...>

PHOTOS

New Iowans Initiative via Voto Latino
November 2 at 3:35pm

Day of the Dead celebrations – in pictures
Day of the Dead and All Saints' Day are celebrated at the start of November with various customs from Vodou rituals in Haiti to kite flying in Guatemala

THEGUARDIAN.COM | BY NATASHA REES-BLOOR

APPENDICES

APPENDIX III: SAMPLE LOAN POLICY

Citizenship Loan Product - "Semilla de Oportunidad" – "Seed of Opportunity" Section 7.0

1. **Term:** Up to 24 months
2. **Maxlimum Amount:** Up to \$1,500 per member seeking individual naturalization assistance. Up to \$3,000 per member who is seeking for more than self and/or more than one immediate family members' naturalization assistance funding.
3. **Fee:** \$25/loan (rather than the usual \$100/loan)
4. **Rate:** 9.99% standard rate
5. **Membership Deposit Hold:** \$5 minimum deposit to open share account and place a hold on these funds (rather than the usual \$50 deposit hold/account)
6. **Stipulations/Requirements of Eligibility:**
 - A. Proof of individual being Washington Resident required (i.e. Government Issued Identification; Mail with name and WA address from any utility company, government entity, or financial institution; Valid Insurance Card; Post Office documentation; etc)
 - B. Individuals must meet Member Identification Program (MIP) Requirements
 - C. Individuals must have naturalization application fully completed and ready to be submitted to the Department of Homeland Security; OR Individual must have proof/verification that they are in the final stages of the naturalization application submission process (i.e. letter of confirmation from One America, an attorney, a non-profit specializing in this area, or an individual certified to assist in this process).
 - D. This program is available to all members and/or potential members seeking United States Citizenship that meet the stipulations of program.
7. **Not Required for Citizenship Loan Product:**
 - A. Debt-to-Income Ratio Requirements
 - B. Minimum Income Requirements
 - C. Employment Verification Requirements
 - D. Length of WA Residence Requirements
 - E. Minimum Deposit of \$50 for Share Account Requirements
8. All individuals who inquire about the Citizenship Loan Program should be provided with the bilingual 'Am I eligible for citizenship?' form which was provided by One America and directed to call their toll-free number at 1-877-926-3924 or visit their website at www.wanewamericans.org if in need of further assistance. Any questions regarding legal and/or documentation assistance by individuals should directed to the appropriate referral parties, and if the individual would like to visit a physical site in order to receive more information than direct them to *Nuestra Casa* in located Sunnyside, WA or *La Casa Hogar* located in Yakima, WA for further assistance.
9. All individuals who come into Lower Valley Credit Union and reference the Citizenship Loan Program, "Semilla de Oportunidad" or "Seed of Opportunity," should be added into the 'NW Immigrant Asset Building Initiative' workbook regardless of the type of credit and/or services they are inquiring about. Please fill out each individual's applicable information thoroughly within this workbook.

APPENDIX IV: EXAMPLES OF LEVERAGED CDCU PARTNERSHIPS EXPANDING TO OTHER OPPORTUNITIES

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Durbin promotes citizenship-loan programs to help immigrants prosper

by Dupage Reports | Tuesday, Nov 17, 2015 @ 2:48pm

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Illinois has become home to more and more lawful permanent residents (LPRs) who are eligible to naturalize, but who have yet to do so, U.S. Sen. Dick Durbin (D-IL) visited Second Federal Credit Union's Brighton Park location late last week to discuss citizenship-loan products the institution is now offering.

At \$680, the citizenship fee has nearly tripled over the past 16 years. The expense of the fee is said to have become one of the main deterrents for lawful permanent residents to follow through with completing U.S. citizenship requirements.

"Too many immigrants today are on track to become U.S. citizens, but face financial obstacles during the final stage of the naturalization process," Durbin said. "Most don't know that there are now low-interest loans available to help get over these economic barriers. These new loans are a safer alternative to the payday loans available through the predatory lenders that are all too common in Chicago's low-income communities."

Last year, Second Federal said it would offer citizenship loans to help LPRs cover their naturalization fees and any additional legal fees incurred. Second Federal also offers DACA loans to cover the \$465 cost of initial and renewal DACA applications. Approximately 37,000 LPRs have been approved for DACA, and more than 19,000 have been granted renewals. Second Federal, which already has made DACA loans to 260 individuals, operates branches in Brighton Park, Little Village and Cicero.

ORGANIZATIONS IN THIS STORY

The Office of U.S. Sen. Dick Durbin (D-IL)
230 S Dearborn St
Chicago, IL 60604

St. Gertrude

March 4, 2007 - 2nd of Sunday in Lent



María Noriega (center), first borrower under the New Americans Loan Program, signs her loan documents with North Side Loan Manager María Montoya and U.S. Rep. Jan Schakowsky. In the background are State Rep. Harry Osterman, Illinois State Treasurer Alexi Giannoulias, and State Rep. Greg Harris.

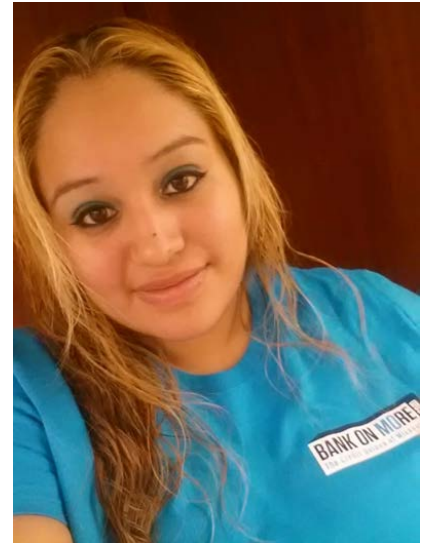
GOD CONSCIOUSNESS II • TRANSFIGURATION

Hope will do that to you - create a dazzling joyfulness like you see radiating from María Noriega, pictured above. Born in Mexico, she has lived here 19 years, working and hoping to become a U.S. citizen. Now, through a joint effort of North Side Federal Credit Union, the Organization of the NorthEast, and Centro Romero, María will receive a low-interest loan to pay the citizenship application fee. Why the need for this special loan? Because the fee was raised from \$80 to \$400 last year, creating a financial barrier for many. The work of those who envisioned this special partnership will help hundreds of immigrants like María. More importantly, we, the collective, are *Transfigured* by it. That is, our true nature -- caring, welcoming, generous -- is given expression in this moment of grace.

APPENDICES

APPENDIX V: ARLENY'S STORY – EXPERIENCE OF AN IMMIGRANT WHO BENEFITTED FROM DACA AND DREAMER LOAN FROM A CREDIT UNION

"I first heard about the DACA program when President Obama held a news conference to announce that he had opened up Deferred Action for Childhood Arrivals. I was so excited about the news. I remember talking to my parents about the process and if I should apply for the program. They were afraid this was a trick and that we could get in trouble for doing this or even worse that we could get deported. But seeing my parents struggle to raise me and my siblings and living paycheck to paycheck gave me the strength to never give up hope. I talked to an attorney in September of 2013 and started my application for DACA. Gathering all the documentation required by the USCIS was hard because they wanted proof that I had been living in the country since 2004. I provided it by gathering all my school records, medical records, birth certificate, my passport and my High School diploma. I also had a \$465 money order to pay all the fees, plus the attorney fees. Since it was me and two of my siblings applying, we couldn't afford it all so we got a loan through our credit union to pay for fees. This granted me a work permit and a SSN for 2 years. Now I have a driver's license that I could not obtain before. I also have a better job than I had before, where I don't have to work for less than minimum wage because of my legal status. But most importantly I am enrolled in college, and I plan on getting my bachelors in Business. Having a legal status in this country has opened a lot opportunities and I see a better future now than I did when I graduated high school."



Arleny Arevalo, CFLA 2015 Fellow; Member Service Representative, Holy Rosary FCU