



IMPLEMENTATION GUIDE

Individual Taxpayer Identification Number (ITIN) Lending



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Note: Information presented in this guide is not to be construed as a legal advice or a legal opinion, and is not an exhaustive description of all applicable laws and regulations. As laws and regulations are subject to interpretation and modification, this material should not be relied upon as your sole source of information. You are encouraged to seek legal advice specific to your financial institution

ACKNOWLEDGMENTS

This implementation guide is the result of the hard work and contributions of multiple stakeholders committed to pursuing financial inclusion. First, a special thank-you to Visa Inc. for its financial support and guidance from its team, including Robert Meloche and Savannah Hicks. Also, a special thank-you to the Ford Foundation, whose financial support and assistance since 2015 have expanded the reach of this work.

This guide would not be possible without the involvement of four key collaborators: Coopera, Filene Research Institute, Inclusiv (formerly known as the National Federation of Community Development Credit Unions), and PolicyWorks. With a common vision to scale ITIN Lending across the United States, these organizations assembled their best work, research, and resources into a single guide for the benefit of consumers everywhere.

Next, thank you to the credit union contributors whose leadership with ITIN Lending has paved the way for other institutions to follow. The institutions readily shared their ideas, best practices, and data to enhance the impact of this guide. Thank you to Alliance Catholic Credit Union, Guadalupe Credit Union, Illiana Financial Credit Union, Members Credit Union, Point West Credit Union, Seattle Credit Union, and Wakota Federal Credit Union.

Finally, thank you to the financial institutions and partner organizations that will put this guide into action. The common goal of building better-connected, more resilient, and stronger communities cannot be completed without your engagement.



FORD
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Foreword

No matter what community you live in, profession you have, or background you come from, there is no denying the importance of having access to affordable and quality financial services. Having access to mainstream financial services is as essential as quality medical care, education, housing, and food to building better futures for ourselves and our communities. Yet, millions of un- or underbanked community members often rely on high-cost financial services such as payday lenders, check cashers, or other alternative financial services. For a large segment of the US population without a social security number, access to vital financial resources or being able to build credit has been historically difficult. This diverse population consists of a wide variety of immigrants, composed of individual workers, entrepreneurs, parents, and children—members of the community pursuing better futures.

To provide essential financial services and credit building to this population, many consumer-oriented financial institutions, such as credit unions and community banks, have been leveraging use of the Individual Taxpayer Identification Number (ITIN) and alternative forms of identification to provide access to accounts and loans for consumers who may not traditionally access these services. In fact, the concept of ITIN Lending is not new, and many financial institutions have been offering it successfully for decades. ITIN Lending enables financial institutions to offer their products and services to immigrants and other members of the community ineligible to receive a social security number (see “Market Opportunity” section for more details on individuals who may benefit from ITIN Lending). Some of the most successful ITIN programs don’t even market it as a separate service—they focus on what consumer-oriented financial institutions do best: find multiple strategies to inclusively serve *every* member of the community with a broad array of programs, regardless of race, age, socioeconomic status, or origin. With ITIN Lending, the largest share of loans goes to growing Hispanic immigrant communities. However, the potential impact for financial institutions is much broader—diverse immigrant populations from every corner of the globe can benefit from ITIN Lending.¹

While the concept of ITIN Lending is not new, the opportunity to rapidly scale ITIN Lending has never been greater. As the need for affordable and accessible financial services expands with the growing diversity of populations throughout the United States, and at a time when financial institutions are continually seeking new and sustainable sources of revenue, the opportunity to deliver impactful services to immigrant populations cannot be ignored.

This ITIN Lending guide is a direct response to that twofold opportunity: to meet the financial needs of an important and growing segment of the US population and to provide community-oriented financial institutions a powerful tool to sustain growth while increasing impact. Coopera, Filene Research Institute (Filene), Inclusiv, and PolicyWorks recognized the importance of this opportunity and collaborated to develop this guide with a clear objective in mind: rapidly scale ITIN Lending to as many communities as possible. To achieve this, this guide consolidates best practices, tools, and resources from credit unions and other stakeholders that have refined ITIN Lending over many years and are committed to serving the underserved.

We took the following approach in creating a focused and practical ITIN how-to guide:

- **Audience:** The guide is geared toward any regulated financial institution capable of issuing consumer loans. Given the historical alignment of serving diverse populations and underserved communities, credit unions and community banks have had the mission and organizational alignment to carry out ITIN Lending. Financial institutions have also found it useful to share content within this guide with regulators and examiners to assist with organization review processes. Finally, consumer support organizations (nonprofits, government services, etc.) have leveraged information within this guide and discovered opportunities to partner with financial institutions in providing wraparound services to complement loans.
- **Guidance, not a one-size-fits-all blueprint:** The guide can support an organization's internal business case for action and outlines foundational elements to start an ITIN program. But, every financial institution must consider its own risk appetite to build out the details of a complete program. This guide outlines key decision points each financial institution will have to make to design an ITIN Lending program that best fits its needs and capabilities as well as those of the community. Additionally, the guide outlines available resources for financial institutions to consider, such as consulting and advisory services, if further assistance is needed.
- **Hispanic focus:** This guide describes approaches, strategies, and experiences of financial institutions and stakeholders that largely serve Hispanic immigrants, although the foundational elements in this guide can be used to build a program applicable to any immigrant population.
- **Personal loans and auto lending:** Financial institutions implementing ITIN Lending have used personal loans and auto loans as entry points because these programs can be offered with little to no change in existing operations. In this guide we offer specific insights for building an ITIN auto lending program because of the numerous options of establishing and scaling a program. Once financial

institutions are comfortable with ITIN personal and auto loans, they have expanded to other services such as credit cards, small business loans, and even mortgages.

➔ **Legal and compliance:** As with launching any program, financial institutions should consult their individual legal and compliance resources to ensure adherence to changing laws or unique state and local legal considerations. Specific compliance and legal requirements can vary depending on the individual financial institution's services and circumstances.

We invite all financial institutions to use this guide to launch their own ITIN Lending program as part of a comprehensive financial inclusion strategy to serve immigrants and other vulnerable populations in their community. We know that when financial institutions enable individuals to build stronger, more resilient financial futures, we build stronger communities where everyone is able to pursue their hopes and dreams. That common goal and vision is worthy of our time and effort.

Individual Taxpayer Identification Number (ITIN) Lending



STRATEGY/ASSESSING READINESS

(Build the Case for Bringing ITIN Lending to Your Community)

Market Opportunity

As financial institutions look for opportunities to grow their consumer base and reach less saturated consumer markets, they should look to reach and serve untapped and growing consumer markets such as immigrant markets, which may include Individual Taxpayer Identification Number (ITIN) holders, foreign nationals, and unbanked and underbanked consumers, among other groups. While some of the individuals in these segments may represent more than one segment, these markets comprise millions of prospective consumers who can benefit from partners that understand their financial needs and have the desire to meet those needs. Consumer-oriented financial institutions are predisposed to serve these emerging markets for many reasons, including their desire to serve their community and the business imperative to grow their organization.

Inclusiv produced a study in 2016 on the needs, preferences, and usage of financial products and services of immigrant credit union members. The study offered numerous insights into how and why immigrants choose credit unions as their financial institution. Inclusiv and its research team worked with seven credit unions in four distinct regions to collect and analyze institutional data, survey responses, and in-depth field interviews that focused on the financial lives of immigrants, how they first connect to the credit union, their experience with the institution, and how they use the financial tools provided by their credit union toward greater financial security and asset accumulation. The research illuminated the following key findings:

- ➔ Immigrant consumers represent growth opportunities for credit unions. There is a tremendous untapped market for responsible financial products and services among immigrants.
- ➔ Immigrant consumers have a high degree of loyalty to their credit unions. Word of mouth is particularly strong in immigrant communities.
- ➔ Even those institutions that excel at serving this population are leaving opportunities on the table. Immigrant respondents identified numerous financial products that they accessed through other financial services providers because they were unaware their credit union offered these products.²

As part of a broader, comprehensive strategy to serve immigrant markets, expanding an existing lending program to include ITIN Lending can help financial institutions achieve a triple bottom line—doing well for themselves, for their communities, and for the individuals in their communities. An ITIN is a tax processing number issued by the Internal Revenue Service (IRS). According to the IRS, an ITIN contains nine digits, always begins with the number 9, and has a range of 70–88 in the fourth and fifth digits. Effective April 12, 2011, the range was extended to include 900-70-0000 through 999-88-9999, 900-90-0000 through 999-92-9999, and 900-94-0000 through 999-99-9999. The IRS issues ITINs to individuals who are required to have a US taxpayer identification number but do not have and are not eligible to obtain a social security number (SSN) from the Social Security Administration. ITINs are issued regardless of immigration status as both residents and nonresidents of the United States may have a filing or reporting requirement under the Internal Revenue Code. Individuals must have a filing requirement and file a valid federal income tax return to receive an ITIN, unless they meet an exception. Examples of individuals who need ITINs, according to the IRS, include the following:

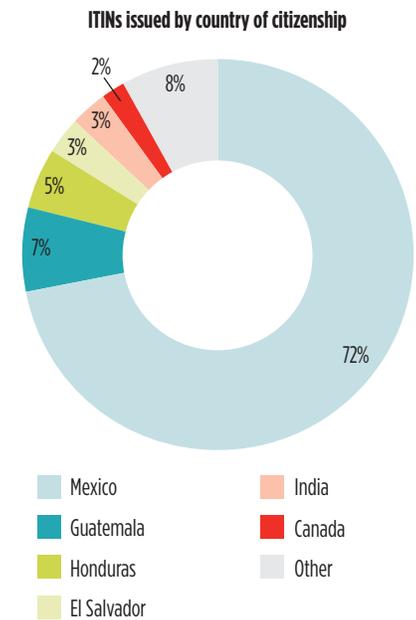
- ➔ A nonresident required to file a US tax return.
- ➔ A US resident (based on days present in the United States) filing a US tax return.
- ➔ A dependent or spouse of a US citizen/resident.
- ➔ A dependent or spouse of a nonresident visa holder.³

The IRS established the ITIN program in 1996 to facilitate tax return filing by individuals who have US tax filing obligations and are ineligible for SSNs, according to publication MSP #9 of the Taxpayer Advocate Service 2012 Annual Report to Congress.⁴ Federal tax law determines a taxpayer’s residency status for tax purposes, which may be different from the taxpayer’s immigration status. For example, foreign nationals may be considered nonresidents for immigration purposes and residents for tax purposes depending on the number of days present in the United States. Nonresident spouses and dependents of US citizens or residents must furnish ITINs to be able to file joint returns or be included on returns of primary taxpayers. Foreign students and researchers whose employment is not authorized by their immigration status also need ITINs to file returns or claim tax treaty benefits.

According to the Taxpayer Advocate Service, from January to August 2012, about 90% of all ITIN applications received by the IRS were from foreign nationals of Mexico, Guatemala, Honduras, El Salvador, and India. See Figure 1.

In addition, the Taxpayer Advocate Service noted that dependents residing in Mexico accounted for 53.5% of all ITIN applications, signifying that not all ITIN holders reside in the United States. The IRS assigned 1.7 million ITINs in 2011, of which approximately 270,000 went to nonresidents.⁵ As of 2012, the IRS had assigned 21 million ITINs to taxpayers and their dependents since the inception of the program, according to the National Immigration Law Center.⁶

FIGURE 1
ALL ITINs ISSUED BY COUNTRY OF CITIZENSHIP IN PY 2012 (THROUGH AUGUST 2012)



Source: taxpayeradvocate.irs.gov/2012-Annual-Report/downloads/Volume-1.pdf

Sizing the Market Opportunity

For financial institutions looking to implement an ITIN Lending program, it’s important to understand the size of the opportunity and population that could be served. Unfortunately, government data are unclear on the total size of the current and potential ITIN holder population and in the United States (total size of the potential market for ITIN Lending). However, using IRS data, Coopera estimated that up to 29.5 million individuals in the United States could benefit from an ITIN Lending program. This estimated calculation does not take into account the IRS’s recent ITIN renewal changes, which likely have reduced the number of active ITINs in the United States. Refer to the IRS’s ITIN Expiration Frequently Asked Questions webpage at www.irs.gov/individuals/itin-expiration-faqs for more information about these changes.

With undocumented immigrants making up a substantial number of ITIN holders, it is important to understand the makeup of the undocumented immigrant population in the United States. According to the Pew Research Center, there were 11 million undocumented immigrants in the United States in 2015 and 8 million undocumented immigrants in the workforce in 2014.⁷ The top countries of birth of the undocumented population in the

United States are Mexico (56%), Guatemala (7%), El Salvador (4%), Honduras (3%), and China (2%), according to the Migration Policy Institute's Profile of the Unauthorized Population. The regions of birth of the undocumented population include Mexico and Central America, the Caribbean, South America, Europe/Canada/Oceania, Asia, and Africa. The four Latin American countries listed here together account for 70% of undocumented immigrants, underscoring the opportunity to serve the Hispanic community with ITIN Lending. This also stresses the importance of providing resources for financial institutions that focus on serving this population, and coordinating closely with extragovernmental entities like the Mexican Consulate in communities throughout the United States.⁸

It is also important to note that the US Hispanic population is the largest, fastest-growing, youngest, and most financially underserved group. Hispanics accounted for more than half of the US population growth in 2017 and number more than 60 million people today.⁹ Hispanics also represent a large portion of un- and underbanked households, signaling a gap in access to mainstream financial services. According to the 2015 FDIC National Survey of Unbanked and Underbanked Households, an estimated 16.2% and 29.3% of Hispanic households are unbanked and underbanked, respectively.¹⁰

Evaluating ITIN Lending Scalability, Financial Sustainability, Demand, and Impact

In 2016, the Filene Research Institute, Visa, and the Ford Foundation collaborated to launch the Reaching Minority Households Incubator, in which five programs were tested over an 18-month period to evaluate whether they were scalable, were financially viable, had high demand from financial institutions and consumers, and created positive consumer impact. One of the programs tested was ITIN Lending. Below is a snapshot of the results.

- **Financial institutions testing:** 13 (6 already had ITIN Lending in place before the test; 7 launched ITIN Lending as part of the test).
- **Loan number:** 2,172.
- **Loan volume:** \$27 million (M) (87% auto, 6% unsecured consumer, 5% real estate, 2% other).
- **Average loan amount:** \$12,655 (88% of loans under \$25,000).
- **Average loan term:** 57 months (90% were up to 60 months).
- **Average interest rate charged:** 8.29% (88% were under 15%).
- **Average fees:** 0.06% of loan volume (89% had no fees) (any fees that were charged were consistent with a traditional loan portfolio; no ITIN consumers were charged separate fees for using an ITIN).
- **Average borrowers' income:** \$39,960 (76% under \$50,000, about the national median income).

- **Average credit score of program users:** 673 for those financial institutions with a program in place before testing; 664 for those launching a program as part of testing.
- **Borrowers' most common credit scores:** fair (42% of borrowers); good (37%).
- **Average borrowers' age:** 39 (90% were under age 50).
- **Average percentage of institution assets in the program:** 1% across all participants (ranged from 0.0002% to 15.2%).¹¹

To determine whether ITIN Lending could be effectively rolled out at financial institutions nationwide, Filene assessed ITIN Lending volumes per assets and received a scalability survey across all 13 testing credit unions. Results were somewhat mixed: one established tester (which had launched the program in 2014) had 15% volume per assets, and the

FIGURE 2

CREDIT UNIONS OFFERING ITIN LENDING, 2016–2017

Credit union name (1)	City, state (2)	Assets (\$M, in 2017) (3)	ITIN Lending		
			Number of loans (4)	Dollar amount (5)	Per credit union assets (%) (6)
1. Illiana Financial Credit Union	Calumet City, IL	230	822	7,179,552	3.13
2. Point West Credit Union	Portland, OR	103	898	15,603,735	15.19
3. Lower East Side People's Federal Credit Union	New York, NY	54.8	75	642,240	1.17
4. Manatee Community Federal Credit Union	Bradenton, FL	44.2	54	340,672	0.77
5. North Side Community Federal Credit Union	Chicago, IL	10.5	26	296,400	2.81
6. Neighborhood Trust Federal Credit Union	New York, NY	9.1	8	37,150	0.41
Experienced testers: Count, sum, or average	6	451	1,883	24,099,748	5.34
7. Seattle Credit Union	Seattle, WA	862	66	453,782	0.05
8. El Paso Area Teachers Federal Credit Union	El Paso, TX	633	2	1,000	0.0002
9. Alliance Catholic Credit Union	Southfield, MI	439	2	3,000	0.0007
10. Kern Federal Credit Union	Bakersfield, CA	245	21	313,303	0.13
11. Cherokee County Federal Credit Union	Rusk, TX	32.7	22	462,765	1.41
12. Members Credit Union	Cos Cob, CT	28.7	25	294,047	1.03
13. Wakota Federal Credit Union	South St. Paul, MN	28	151	1,859,993	6.64
New testers: Count, sum, or average	7	2,268	289	3,387,890	0.15
All testers: Count, sum, or average	13	2,719	2,172	27,487,639	1.01

Sources: Filene RMH Surveys (2018). <https://filene.org/learn-something/reports/reaching-minority-households-incubator>; and NCUA (National Credit Union Administration). 2018. "Call Report Quarterly Data." www.ncua.gov/analysis/Pages/call-report-data/quarterly-data.aspx.

highest new tester hit 6.6%. Overall, ITIN Lending remained relatively small but impactful, with average holdings at 1% of total credit union assets.

When digging deeper into the topic of scalability and the perceived program benefits, results tended to be positive overall. For instance, credit unions reported having generally positive experiences with ITIN Lending, with all (100%) agreeing that they would refer ITIN Lending to other credit unions and that members liked the program. Additionally, the data showed that more than two-thirds of ITIN Lending borrowers (67%) had not been members before they received their loans—making this the second-highest program tested within the Reaching Minority Households Incubator for attracting new members as a percentage of total loans issued.

Credit union testers' responses to several questions in the scalability survey underscored the broad potential of this program. When asked, "What were you most hesitant about with offering this program?" tester responses included risk and loss from serving this community, scrutiny of examiners, bad sentiments from other members, and not having the right or enough staff to serve. The testers appeared to overcome these concerns and barriers when they were able to issue many loans in a short time period. When asked, "Is there anything you wish your credit union had done differently in offering this program?" one tester responded, "Only that we hadn't waited so long."

Credit Union Testimonials



ITIN Lending was a new initiative for Kern Federal Credit Union going into 2017 so it was perfect timing for us to partner with Filene and their other credit union participants in the ITIN Lending program. It was particularly beneficial for us to learn from other credit unions that were more seasoned, to learn from their experience to better allay the fears of our board members who thought this type of lending to be particularly risky.

Although our loan production wasn't as robust as we hoped in 2018, we did have some bright spots with some success with an emergency DACA [Deferred Action for Childhood Arrivals] loan program in September 2017 when the DACA program was discontinued. In the past something like this would have never been approved by our board but through our education and hearing of other credit unions' success stories we took a chance and presented our case to the board and got it approved. I believe we are further along our journey here at Kern Federal Credit Union as a result of Filene's program and the opportunity to learn from other credit unions' experiences than where we would have been had we done this on our own.

—Brandon Ivie, CEO



The ITIN Lending program has had a huge impact on the members that are coming in to us. We have learned so much about how they are lied to and taken advantage of and overcharged for services. We've had numerous people come in with a high credit score and still a very high rate from another borrower and we've been able to save them significant money, sometimes thousands of dollars over the life of the loan. Others coming in with no credit are receiving the counseling they need to handle their finances and take a credit builder loan during the process.

One example is a member who needed transportation, bought a car for \$6,000 from a friend and the engine blew the next week. He came to us and we were able to show him how and where to buy a safe, reliable car at a price he could afford at 2.99% interest—he had A credit but had not bought from a dealer before because of the interest rates he was given. He is now our biggest advocate and is sending everyone he knows to us.

—Kathy Chartier, president/CEO

The Voice of the Consumer: Verbatim Feedback from Users of the ITIN Lending Product in Filene's Incubator

"It made a big impact in my life. I am now an American citizen and I am now able to focus on my future further."

"I took these loans to fix up my house and to purchase my cars. I am very happy with the opportunities these loans have given me and the treatment I have received."

"In this country for someone that doesn't have good credit, it's as if they don't have anything and you were the only one that gave me good interest."

"[Getting this loan] encourages me to move forward with my dreams and fight to reach them."

"I am really thankful for you guys. You gave me the biggest opportunity I've ever had in an emergency time. Thank you again! To get a loan with an ITIN every time is harder, thank you for thinking about our needs. Thank you!"

"I didn't have any alternatives previously. All of the banks rejected me and the help I got from friends and family wasn't enough."

To assess the impact of ITIN Lending on consumers, Filene explored the survey responses of 176 borrowers from eight credit unions (or 8.1% of 2,172 borrowers and 62% of 13 credit unions in the test). Respondents shared that they took out these loans for a variety of reasons: get/build credit, purchase a car, pay for car repairs, purchase a house, fix up house, pay for a family emergency, pay immigration/citizenship costs, pay bills, consolidate debt, send money to relatives in Mexico, and pay medical expenses.

Overall, the results were encouraging in many areas of the survey, and Filene believes this program was seen as having a positive consumer impact. Nearly all respondents (97%) reported that they would recommend a credit union that offers ITIN loans to their friends and family, and 96% said they would use ITIN Lending again if the need arose. Further, 95% said this program had a positive impact on their lives.

Cultural Considerations

Serving an immigrant market requires a strategic and comprehensive approach that includes building a level of cultural awareness and understanding for long-term success. As with any strategic approach, it will take time to build understanding and buy-in of your strategy internally, and trust must also be built with the communities you want to serve. Just as immigrant growth strategies can vary by financial institution, so does ITIN Lending, as every financial institution's community, consumer makeup, and business models are different.

In today's environment, there is also heightened attention on immigrants and specifically undocumented immigrants, which may impact some communities more than others. A number of Reaching Minority Household Incubator credit unions hesitated to dive into the program, given the political climate at the time of launch and testing. Many credit union testers feared it would look like they were taking a stand on a political issue, and this was especially problematic when there was not alignment between the board and credit union staff. However, most testing institutions that demonstrated an organizational commitment to serving all populations, including immigrants, appeared to perform better than others due to purposeful efforts to be seen as a trusted partner for the entire community.

This uncertain political and regulatory time poses an opportunity for financial institutions to do more community building and expand inclusion efforts internally and externally. As part of a broader, strategic approach to serving immigrants, financial institutions seeking to expand their loan program to include ITIN Lending should keep the following cultural considerations in mind.

Know the Makeup and Needs of the Market

Knowing the makeup and financial needs of your community, and specifically those of prospective ITIN borrowers, will increase the success of your ITIN Lending program. Because ITIN borrowers are largely foreign nationals, they will have varying levels of English proficiency and different countries of origin and immigration statuses, which will impact account opening and underwriting, as well as other consumer experience areas. In addition, prospective ITIN borrowers who are new to the United States may have limited experience with financial institutions. Financial institutions need to be prepared to meet prospective borrowers where they are today in terms of their financial needs, keeping in mind where they are on their immigration journey. Understanding the immigrant experience that prospective borrowers have gone through or are going through is just as important as knowing what is important in their financial journey.

Digging in on the broader perspectives around lending, in the *Beyond Financial Access: Striving for Deeper Immigrant Financial Inclusion* study done by Inclusiv in the summer of 2017, many immigrant respondents were hesitant and fearful about seeking credit, and many were not aware that they needed to build credit in order to access financing. Many feel that by the time they do learn, it's too late. Other interviewees expressed the belief that no one will "give immigrants credit." Immigrant interviewees who had been denied for a loan expressed embarrassment, personal rejection, and fear. Many indicated they would not reach out again after being rejected once.

A critical obstacle to accessing credit was a lack of awareness and understanding of available financial services when immigrants arrived, along with strongly held concerns about debt. Debt was initially viewed negatively by interview subjects. Concerns about going into debt also surfaced in survey responses, where many people wrote in comments about not wanting or needing loans. In the interviews, this concern was expressed more in the form of fears about borrowing money and getting indebted. Avoiding the cultural stigma of being in debt is a strong motivating force for immigrant consumers. In this Inclusiv study, one consumer who was asked about credit said "no quiero drogas," suggesting that some in the Hispanic community see debt as a drug—something you can get addicted to and cannot get rid of. In addition, many respondents felt that no institution would lend (or lend fairly) to them as immigrants.

Some interview respondents described a revelation when they began to understand that building credit is a positive thing. Many professed not really understanding the concept of credit until after being in the United States for many years. This revelation was often prompted by the desire to build assets such as purchasing a home, starting a business, or seeking financing for other productive needs.

Prospective borrowers may need ITIN loans to build their credit history, help pay for immigration expenses, or purchase a car, yet many face barriers to obtaining these services. Understanding the makeup and needs of your local community, as well as community members' perspectives about financial institutions and money, is a necessary first step in successfully expanding your lending program into ITIN Lending.

There is no one-size-fits-all solution to working with immigrant communities. Each financial institution must do its own research of the local market to better understand the opportunities and barriers faced by the communities the financial institution wishes to serve. It is also important to realize that barriers may reflect untapped demand rather than challenges.

Be creative and engage nontraditional resources when researching the makeup and needs of your local immigrant community and prospective ITIN borrowers. Talk to key messengers within the community such as social service workers, teachers, priests and pastors, business owners, day-care providers, immigration attorneys, employers, and members of the local immigrant community themselves. Facilitate focus groups in partnership with local community organizations. Utilize public information such as census data, but be sure to cross-reference these figures to the information provided by your local sources. A deeper understanding of your local ITIN community will provide the type of information that will help you adapt to this market and will better inform your decision-making.

Build Buy-In

To serve any new market and expand a lending program to include ITIN Lending, the financial institution must be brought into the overall strategy and approach, which should go beyond ITIN Lending. Leadership of the financial institution must be on board and support the overall strategy and approach. Financial institutions should be prepared to present the philosophical imperative and business case to meet the needs of the communities it plans to serve to the board, management, and employees of the financial institution, tailoring the message according to the audience.

Offering ITIN Lending and serving immigrants may bring up many questions related to the opportunity, the risk, and the cultural nuances associated with serving an immigrant community, and these should be addressed up front. In addition, financial institutions may need to address questions from existing members/customers on why the financial institution is conducting outreach to immigrant markets. While this is not always the case, financial institution leadership and staff should be equipped with answers, as well as talking points, to address common concerns internally from staff and externally from existing members/customers. These questions could include the following:

- ➔ Why should we focus on the immigrant market and not other markets?
- ➔ Why should the financial institution dedicate resources and efforts to strengthen outreach to the immigrant market?
- ➔ Why should the financial institution implement an immigrant outreach strategy now?

- ➔ What will be the result of the financial institution’s efforts to strengthen outreach to the immigrant community?
- ➔ Who will this effort involve, and what will be asked of them?

Financial institutions do not have to do this alone and can look to partners to help evaluate their market opportunity and cultural disposition to serve this new community. For credit unions, Coopera and Inclusiv are excellent resources. Credit unions interested in serving this market should also consider obtaining the Juntos Avanzamos designation. In addition, local partners may be able to help with providing diversity and inclusion education and training as needed to help address more nuanced topics.

Create an Inclusive Environment for All

Starting or expanding ITIN Lending at any financial institution can often be a big change for all levels of staff and leadership. In addition, providing ITIN Lending can be a big shift for existing members and customers; their expectations of and experiences with the financial institution could change as well. Even the physical layout of branches could change. Providing clear and transparent communication, and opening conversations to address staff and community questions and concerns are essential to launching or growing an ITIN Lending program. We asked several credit unions providing ITIN Lending to share their experience facilitating this dialogue.



We tried to design an open and inclusive space welcoming to everyone in our community, including noncitizens, when we remodeled our branch. Our marketing is bilingual whenever possible, including our emails (we filter based on a Spanish-language preference flag from our core), and 80% of our retail staff is bilingual. Our message is one of inclusiveness, not of segregating members into boxes. While there’s occasionally members that disapprove of our mission, they are few and far between. We offer multiple “listening sessions” with our CEO and key staff members throughout the year, including sessions in Spanish, to dialogue with members about concerns, fears, etc. It’s really helped everyone understand our direction (even if they don’t always agree).



We struggled with this and have decided that we need to appeal and be welcoming to all members. You can be inclusive without being exclusive. We are currently in a redesign construction process of our branch. There are subtle designs that will resonate with Hispanics

without excluding other demographics. We are adding various types of tile throughout that is reminiscent of designs you may see in Mexico. We will now have signage in Spanish and English. We utilized our Spanish-speaking staff when making these decisions. We advertise in Spanish when we place ads in the local Hispanic newspaper. Our member's manual is available in English and Spanish, as well as many internal forms. To ensure clear communication, we will also make small posters in Spanish for use in our lobby. However, we always have the same poster in English since some things do not always translate well.



In the beginning, it was not a big problem with existing members. However, as the membership grew serving this demographic, more complaints came in due to longer wait times with new accounts and loans and at the teller line since these transactions take longer. We found it necessary to open a branch not far from our main office that could accommodate their needs; full bilingual staff, longer hours due to their work schedules. This branch is open until 7 pm daily with full service for deposit transactions, loans, and new accounts.



We work with a translator on any Spanish pieces to ensure that they are translated for meaning and intent and not just word for word swaps. This is to keep our pieces as conversational as possible and to show the same level of care and craft across marketing messages and target audiences. An example of this is our Welcome brochure featured in English and Spanish (refer to sample in Appendix 4), and the on-hold messaging system that has matching marketing messages in both languages. As a general rule we also aim to be inclusive and diverse in our marketing messages. This manifests in the people and families featured in photos on our website and in advertisements, the member profiles we highlight, and the language and types of stories we tell. Specifically, we have: Spanish-speaking staff at branch locations, 50% of Contact Center staff speak Spanish, Spanish Language Contact Center Queue and Telephone Banking, a partnership with Language Line for additional languages assistance, trained branch staff to assist those who need to obtain an ITIN, ATMs that speak six languages (including Spanish), a partnership with El Centro de la Raza/Branch location onsite, a partnership with United in Finance (formerly Latinos in Finance), and we utilize Bankworks for hiring.

Engage Board of Directors

The financial institution's approach to serving immigrants must be holistic with strong long-term commitment from the board of directors. It will not build trust or relationships within the community to do this work piecemeal or to stop and start your engagement. Strategic planning is essential to develop a long approach at the board level. Preparation for this strategic planning should focus on the mission, but perhaps more importantly it should focus on the business opportunity that the financial institution will miss if it does not develop a strategy toward serving immigrants and ITIN holders.

Key tools and materials to come prepared with are up-to-date data on shifting demographics in the community, national and regional studies on the purchasing power of immigrants, profiles of successful immigrant-friendly financial institutions, research outlining the business case and opportunity, and, of course, this guide.

Engage Senior Staff

Once the board has established the direction, the financial institution must engage its senior staff and executives. Orienting toward serving immigrants is not limited to a single loan product or marketing campaign. Each department or team should be aware of and committed to the recruitment and engagement of these new members/customers.

Bicultural and Bilingual Staff

In specifically examining the importance of language with test credit unions of the Reaching Minority Household Incubator, while some of the test credit unions reached out to secondary immigrant populations, each of the test credit unions targeted the local Hispanic population and thought it was critical to have Spanish-speaking staff and offer resources in Spanish. When interviewed, members consistently stated the importance of being able to communicate in their native language.

Financial institution staff play a fundamental role in all aspects of serving immigrant members/customers, from acquisition to uptake to engagement. Specifically, your front-line staff are your ambassadors to the community. Not only should they reflect the communities you serve in all aspects of diversity (age, race, ethnicity, and income), but all front-line staff should also have awareness and buy-in of the financial institution's immigrant strategies. ITIN Lending goes beyond offering another loan product; it requires engagement from operations departments (account opening and ID verification training), tellers, lenders, collectors, and others who engage in member/customer communications.

Financial institutions with a bicultural staff (not just bilingual) can help members/customers achieve their financial goals, as the key to success goes beyond the language. A bicultural

staff understands the situations, challenges, and experiences these members/customers have faced because many of them either have experienced the same situation firsthand or have seen their families' struggles when adjusting to a new environment. Members/customers may not have traditional forms of identification, they may live in mixed immigration status households, and they may have little or no credit histories. Therefore, they may feel more comfortable talking about issues such as saving money or dreams they may have and consider unattainable because of their immigration status with someone who understands where they are coming from. In general, the more diverse the representation across all levels of the organization, the more cultural understanding you will build across the organization.

Language Proficiency

Financial institutions should test the language proficiency of bilingual staff, as individuals may have varying levels of language proficiency and specifically financial terminology proficiency. A best practice is to test language proficiency, offer certifications, and pay differentials based on each staff member's proficiency. Financial institutions should not stop there; offering financial terminology training to ensure staff are consistently using professional financial terminology is important to provide a consistent and professional consumer experience.

Training Opportunities

The immigration process, immigrant experience, and local borrowing needs of the community should be understood by individuals across all levels of the organization, from the board (who will potentially approve the ITIN Lending policy), to the lending staff, to the frontline staff. These topics can be offered through training. In addition, implicit or unconscious bias training is another topic everyone at the financial institution should understand in order to avoid applying preconceived notions to someone about how the consumer experience and ITIN Lending are delivered. Local trainers could be consulted to provide more nuanced diversity and inclusion educational topics that can be incorporated into a broader training plan.

Financial Considerations

Financial institutions seek programs that are both impactful and financially sustainable. Filene's Reaching Minority Households Incubator test results showed that ITIN Lending offered consistent positive returns for testers. To develop a picture of ITIN Lending's impact on profitability during the 18-month test, Filene combined the interest rate and

loan amount data from individual loans with the data from the profitability surveys. Nine (of the 13 participating) credit unions completed these surveys. Three of the nine institutions had ITIN Lending programs that predated this test (i.e., experienced testers; one of which had a program that went back to 1986), and the remaining six institutions launched their programs during the test (i.e., new testers). To standardize the data, Filene annualized income statement data for loans that had not been held for a full year, and also interpolated the data for interest expense, loan losses, and noninterest expenses for credit unions that had not reported such data.

Figure 3 provides a snapshot of the potential profitability of ITIN Lending. This data reflects results of testing credit unions that used a risk-based pricing model, and no borrower was charged a higher rate or fee because they used an ITIN. The average program return on assets (ROA) of 3.81% seems like a good indicator of financial sustainability for a financial institution — this ROA is much higher than the credit union system’s average in recent years (0.75% in 2017) and is consistent with ROAs for products utilized by nonprime borrowers. Moreover, beyond the program average, these results showed that performance across individual credit unions, as well as across the two groups of testers, was remarkably consistent. All testers had positive ROAs, with values ranging from 2.38% to 5.71%. The average among new testers (3.40%) was only somewhat lower than the average among experienced testers (3.86%). (Note that this is the profit and loss for loans issued using ITIN Lending and does not take into account the full value of acquisition of new members.)¹²

FIGURE 3

STANDARDIZED INCOME STATEMENT FOR ITIN LENDING, 2016–2017

	Dollar amount (1)	As a percentage of loan volume		
		All testers (2)	Experienced testers (3)	New testers (4)
1. Loan volume	27,487,639			
2. Interest income	2,281,474	8.30	8.31	8.20
3. Interest expense (cost of funds)	159,428	0.58	0.59	0.49
4. Loan losses (actual and/or expected)	332,600	1.21	1.05	2.47
5. Noninterest income	82,463	0.83	0.29	0.37
6. Noninterest expense	824,629	0.30	3.10	3.40
7. Net interest income (row 2–row 3)	2,122,046	7.72	7.72	7.71
8. Net interest income after loan losses (row 2–row 3–row 4)	1,789,446	6.51	6.67	5.24
9. Net income (ROA)	1,047,279	3.81	3.86	3.40

Source: Filene RMH Surveys (2018). <https://filene.org/learn-something/reports/reaching-minority-households-incubator>.

Note: Aggregated across nine credit unions, scaled and weighted by final loan volumes, interpolating interest expense, loan losses, and noninterest expenses for credit unions whose data were missing.

Another study highlighting the financial potential for ITIN Lending, specifically through outreach to the Hispanic market, comes from the Credit Union National Association and Coopera. In 2014 these organizations conducted the Hispanic Outreach Return on Investment Study, which analyzed the effects of the implementation of a Hispanic outreach program on the operating performance and balance sheet growth of 86 credit unions.¹³ Of note, the study evaluated the effect of a Hispanic outreach program on credit union operating results but did not establish causality as other factors affected credit union growth and individual credit union results varied.

The study analyzed both the balance sheet and income statement impact of 86 credit unions that implemented a Hispanic outreach program over the years 2000–2013. Business cycle effects on the credit union performance indicators were greatly reduced because the population of credit unions adopting Hispanic outreach programs took place over the 14-year period. Seventeen credit unions implemented a program during the economic expansion of 2000–2007 (even though 2001 was technically a recession year), 18 credit unions during the recession years of 2008–2009, and 51 credit unions during the ensuing weak recovery years of 2010–2013.

Credit unions reported significantly faster loan growth during the three years after the implementation of a program compared with the three years prior. The average annual loan growth rate rose to 8.62% in the post period, compared with 5.11% in the prior three-year period. The data also showed loan growth momentum building as annual growth increased from 6.2% in the first year after the program implementation date to 7.41% in the second year and 12.24% in the third year. The average loan delinquency rate increased only two basis points, from 1.50% to 1.52%. This indicates that the new loans placed on the balance sheet after implementation had credit risk characteristics similar to those of the existing loans. Savings growth showed little change during the two periods. The average annual savings growth rate fell to 7.31% in the post period, compared with 7.68% in the prior three-year period. Membership growth accelerated by 3.02 percentage points, from 2.07% growth rate in the prior period to 5.09% in the after period. Share draft growth accelerated by 1.75 percentage points, from 4.61% annual average growth rate in the prior period to 6.36% in the after period. This is a sign that the new members were using the credit union as their primary financial institution and not just as a vehicle for a onetime loan opportunity.

Credit unions implementing a Hispanic outreach program reported a 14-basis point increase in average ROA ratios in the post period compared with the prior period. The average annual ROA ratio rose from 0.53% to 0.67% as faster loan growth boosted credit union asset yields and therefore net interest margins. Operating-expense-to-average-asset ratios rose 15 basis points, from 4.39% to 4.54%, as would be expected with the implementation of a new program. However, this short-run increase in operating expense

ratios should decline in the long run as faster membership and loan growth boost earnings and asset size.

Furthermore, as part of the development of this guide, Filene reached out to five credit unions and asked them to share their most recent delinquency and charge-off data as of July 2018. Results are positive across all credit unions and include a mixture of credit unions that are both new and tenured with their ITIN program.



Gratefully, we haven't had any losses at all! And, 12% of our new members this year so far have been ITIN holders. Life is good!

—Program established in 2016



Keeping in mind our portfolio is still rather new and small, our current delinquency ratio as of 07/31/18 is 0.11% and 12-month charge-offs are just over 2.00% (resulting from 4 charge-offs).

—Program established in 2016



Wakota experienced some delinquencies with the ITIN portfolio as some ITIN borrowers did not understand the need for regular contractual payments. However, the delinquencies have been low compared to our overall portfolio. As of July 2018, all delinquencies over 30 days are at 2.37% or \$474,977. Our ITIN delinquency over 30 days was only \$54K or 0.0028% and most are under 60 days. Once borrowers are reminded of the payments, delinquencies became manageable.

—Program reestablished in 2016



Delinquency in the ITIN portfolio is 0.83%, versus 0.75% for the portfolio overall. Most of the delinquency is under 60 days and resolves within that time frame, but it's certainly in line with the

overall portfolio (and the weighted rate/earned loan interest income certainly make up for any differences). We've only charged off \$57k in ITIN loans in the past 12 months, or 7 bps of our total charge-off ratio for that time period. Of the loans we've originated since January 1, 2018, the delinquency and charge-off ratios are 0%.

—Program reestablished in 2014



We currently have 21% of our total loan portfolio in ITIN loans; 48% consumer and 52% mortgages; total delinquency is 0.75% ITIN loans; delinquency to total loans is 0.04%; delinquency ITIN loans to total outstanding ITIN loans is 0.18%. Our current charge-off ratio for ITINs is 0.15%; based on data from 2005 to July 2018, we have charged off \$11,027,510.58 in total loans; \$1,288,892.37 were ITIN loans, that is 11.69% in the past 13 ½ years.

—Program established in 2005

Risk Analysis Overview

Any new lending program or significant growth in an existing loan program may garner additional scrutiny from examiners and increase or change your compliance and risk considerations. Therefore, it is essential that financial institutions conduct a compliance and risk review of their loan program. A financial institution growing an ITIN Lending program should review its Bank Secrecy Act (BSA) and lending policies and procedures to determine what changes and enhancements may need to be made to address unique compliance considerations. This section is designed to help financial institutions identify areas of potential compliance and operational risk when including ITIN loans in their nonmortgage, direct lending program. The following list is not exhaustive but can be used to help a financial institution evaluate how its risk analysis should be updated to expand its existing loan program to include ITIN Lending. Please also refer to the Risk Questionnaire contained in Appendix 1 to identify relevant risk considerations at your financial institution.

The significant areas to review as part of a risk analysis for ITIN Lending include a financial institution's existing BSA program and CIP (Customer/Member Identification Program) screening process, loan and underwriting process, the safety and soundness of its overall loan portfolio, staff support, and auditing practices.

- **BSA program:** A financial institution growing its lending program needs to have a strong BSA compliance foundation (see also the BSA compliance background and supporting information provided in the “Regulatory Considerations” section of this guide). The strength of a BSA program will impact the overall risk exposure of the financial institution. Many BSA enforcement actions stem from a financial institution growing its services or member/customer base without the proper BSA program.¹⁴ A financial institution including ITIN Lending in its program must

ensure that its account-opening policies and procedures allow for non-US forms of identification and methods to validate the identity of the person.

BSA risk assessments should be reviewed regularly and updated with any significant changes to the financial institution's member/customer demographic, community developments, or expanding products and services. ITIN Lending could indicate a growth or change in a financial institution's member/customer demographic. It could also result in the growth of the member/customer base or loan portfolio. A financial institution should review and update its BSA risk assessment before the start of the expanded lending program and review it again after implementation of the program. See Appendix 1 for a sample risk questionnaire to help a financial institution begin the risk analysis process.

- ➔ *Loan underwriting program:* Financial institutions may need to expand the types of documentation or underwriting criteria when growing a loan program to include borrowers with an ITIN. However, the overall guidelines and underwriting practices that a financial institution implements should be applied equally to all loan applicants. When reviewing its underwriting guidelines, a financial institution should ensure that loan pricing is commensurate with the true risk of the loan and based on permissible factors such as creditworthiness and loan purpose. The guidelines and procedures should also articulate what, if any, alternative underwriting criteria and documentation are permissible for a loan officer to accept. For example, some ITIN holders may have nontraditional employment history, so in addition to accepting pay stubs, your underwriting criteria can also allow you to utilize tax returns or complete the job verification process.
- ➔ *Safety and soundness:* Financial institutions should consider as part of their risk considerations the types of loans available to ITIN borrowers and potential changes to their delinquency rate. Financial institutions should also review their state laws to identify any additional requirements or risks. There may be new collateral considerations that a financial institution has not encountered under its existing loan program, such as the ability under state law for a consumer to register a vehicle using an ITIN number.
- ➔ *Staff support:* With any material change to a financial institution's existing services, staff resources and training will need to be dedicated to implementing new procedures. The financial institution's ability to train staff on the possible forms of identification presented and how to handle situations involving unfamiliar documentation could increase or decrease a financial institution's compliance risk. Training on different forms of identification and alternative methods of verifying identity is necessary for a financial institution to identify fraud. Staff support and training can take many different forms. For example, Appendix 3 of this guide provides information about specific features of Mexico's Consular ID card. This type of information is helpful training material for credit union staff.

➔ *Audit:* A strong compliance foundation will involve a financial institution testing to ensure that day-to-day practices of staff match the policies and procedures. Even if a financial institution has a compliant policy, there will still be an examination concern if the staff does not follow the policy. A financial institution should consider the strength of its audit and monitoring program when determining the risks associated with updating its BSA procedures and expanding its lending program. A financial institution should audit its underwriting practices to ensure there are not improper pricing discrepancies.

We asked credit unions about their experience with examiners relating to their ITIN Lending portfolio and received the following comments:



Examiners have been less concerned with the actual serving of noncitizens versus the perceived risk of lending to noncitizens.

Numerous BSA reviews have confirmed to PWCU that our know your customer (KYC) due diligence process is adequate. Focus has been on quantifying risk in the portfolio and ensuring no violations of fair lending rules. PWCU has transitioned from monitoring noncitizen specifically (though it is still tracked and quantified) to focusing on no credit score monitoring and risk assessment (since the risk is more related to lack of credit data rather than citizenship status, and the fact that noncitizens and citizens alike can have no credit or deep credit, depending on circumstances).



Our examiner was fine with this initiative and encouraged it. However, she did indicate we should start with smaller payday-type loans rather than auto loans. After [we explained] the need for transportation for this demographic, she seemed to concur that it made sense to include auto loans. Showing how we are mitigating the risk and adding a separate pool to our allowance and concentration risk seemed to appease her.



Since just starting our ITIN program a couple of years ago, as of yet we have not seen focused attention on this program from the examiners. However, in preparation for questions around the performance, we actively monitor this portfolio separately within our credit risk management software.



Examiners have not had any issues with our ITIN portfolio since our practices follow policies and procedures approved by our board of directors. Our policies comply with required federal regulations.

The specific risk considerations for ITIN Lending will vary depending on the financial institution's individual situation. Refer to Appendix 1 for a questionnaire to help with the risk analysis.

Regulatory Considerations

Expanding a direct lending program that allows for nonmortgage lending to a consumer with an ITIN will involve the standard lending and account-opening regulations that apply to a financial institution's existing loan program. However, financial institutions should be aware of compliance considerations that are unique to an ITIN Lending program. Below are laws and regulations, with sample policy and procedure enhancements that financial institutions with ITIN Lending programs should consider. Note that this is not an exhaustive list of all applicable lending regulations.

BSA and Member/Customer Identification Program

Proper member/customer identification procedures are essential for all financial institution accounts. While this process can be challenging in the case of foreign nationals who do not have traditional identification documents such as a driver's license and social security card, there is guidance in place to help financial institutions validate and verify a range of nontraditional forms of identification.

The Financial Crimes Enforcement Network (FinCEN) rules on customer identification (31 C.F.R. 1020.220) require *reasonable* risk-based procedures for verifying the identity of each new member/customer. Language in the CIP Rule indicates that a financial institution's verification of identity through documentation may include the review of an unexpired, government-issued identification evidencing nationality or residence and bearing a photograph or similar safeguard and either possesses a taxpayer identification number or has applied for a taxpayer identification number before the account is opened (and the financial institution obtains the taxpayer identification number within a reasonable period of time after the account is opened). For foreign nationals, a Tax Identification Number (TIN) may not be required if an ID number from an appropriate government-issued document is obtained.

For foreign nationals, the rules require, at a minimum, obtaining the individual's name, date of birth, and address, as well as an identification number from an unexpired government-issued document that evidences nationality or residence and bears a photograph or similar safeguard.¹⁵ In the case of foreign nationals, the government-issued document may be a passport or consulate card issued by the individual's country of origin.¹⁶

Previously published guidance states that even nongovernment-issued identification may be used, as long as the financial institution is able to “form a reasonable belief that it knows the true identity of the customer.”¹⁷ Reliance on nongovernment ID is discouraged, however, and should be accepted only if the financial institution is satisfied that the ID verifies the identity of the member/customer.

In looking at the broader landscape, the National Credit Union Administration (NCUA), the federal regulator for credit unions, has issued guidance on CIP requirements for credit unions that is in line with other banking regulations confirming that a credit union must obtain the full name, date of birth, address of residence or business, and TIN of any individual residing in the United States in order to open an account (Legal Opinion Letter 03-0964, 2003). The guidance 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 NCUA has approved three types of taxpayer identification numbers that can be used to open an account:

- *Social security number (SSN)*: US citizens and resident aliens who are legally eligible for residency and employment in the United States receive an SSN.
- *ITIN*: Individuals who cannot obtain an SSN can apply for an ITIN through the IRS. ITINs 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 United States or access to 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 can be legally accepted at credit unions. 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. Please also refer to the letters from NCUA included in Appendix 2 of this guide.

While regulations surrounding acceptable forms of identification for immigrants seem complex, the overview of acceptable forms of identification illustrates that, in fact, financial access within mainstream financial institutions is possible for immigrants, including those who are undocumented. Credit unions and other financial institutions should nonetheless consult with their compliance team, the NCUA, and other applicable regulatory entities before embarking on programs that serve immigrants.

Under the CIP Rule, a financial institution must include risk-based procedures for verifying the identity of each customer to the extent reasonable and practical. So the key to a strong CIP is having strong policies and procedures in place that are understood and followed by all staff. Expanding existing lending programs to include ITIN borrowers does not require the financial institution to create new, separate policies. However, it may require adding or adjusting existing policies and procedures. Below are a few examples of suggested content for a financial institution’s policies and procedures. The financial institution’s policies and procedures may already include some of this content, but it is important to review for potential gaps. Keep in mind that any policy changes must be approved by the financial institution’s board of directors.

Steps for Setting CIP Procedures

1. Determine the different types of identification that will be accepted.

The first step your financial institution should take in updating your CIP procedures is to determine what forms of identification (government issued, foreign government issued, or nongovernment issued) you will accept, keeping in mind the immigrant population you plan to target. If the largest immigrant population in your community is Mexican nationals, you may want to start with the Mexican Consulate ID program. For more information on this program, see Appendix 3.

FIGURE 4

ALTERNATIVE FORMS OF IDENTIFICATION AT ACCOUNT OPENING

<p>Acceptable alternate forms of ID</p> <ul style="list-style-type: none"> • Passport • Matricula Consular • Documento Personal de Identificación (DPI) • Voter ID • Municipal ID <p>Taxpayer ID for interest-bearing accounts</p> <ul style="list-style-type: none"> • SSN • EIN • ITIN
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FIGURE 5

SAMPLE LANGUAGE TO INCLUDE IN EXISTING BSA AND/OR CIP POLICIES

A financial institution should customize policy and procedure language to fit its own practices, including acceptable forms of identification, while ensuring it meets regulatory requirements.

Identifying information required	<p>Each person who establishes a new account with the credit union must provide the following identifying information prior to opening the account.</p> <ul style="list-style-type: none"> • 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 of identity	<ul style="list-style-type: none"> • In order to verify the identity of the member, at least one document provided should be an unexpired government issued photo identification card (driver’s license, state-issued identification card, passport, military identification card, etc.). Other additional acceptable documents that verify the member’s identity include a certified birth certificate, utility bills, phone bills, pay stubs, etc. • For persons, including minors, who do not have an unexpired government issued photo identification, procedures will describe other forms of documentary or nondocumentary verification that may be used to verify the person’s or entity’s identity. • If the applicant cannot provide the information required, the account will not be opened.

2. Check with the issuing government (or nongovernment) agency to learn more about its process for issuing identification.

Check with a local consulate or embassy to review the passport, cedula, and/or consular identification. Work with this entity to determine whether their issuance and identity verification process is sufficient to use as an acceptable form of identification and learn how to validate the ID is authentic or fraudulent.

The Mexican Consulate takes critical steps to ensure that its Consular ID card is secure and tamperproof. Some of the measures taken include visual and hidden security elements, support by a centralized system to avoid duplications and confirm authenticity of documents and personal information, link to Mexican security databases, and biometric elements (fingerprints and signature), among others.¹⁸

3. Provide training to all front-line staff on the IDs accepted under the CIP.

At the end of the day, it will be most important for front-line staff to feel comfortable and knowledgeable reviewing and accepting identification cards. Make sure to bring them into the process early on so that they can embrace the importance of welcoming new members/customers and communities into the financial institution. They should first be briefed on the financial institution's exploration of new forms of IDs and then trained on how to identify these different forms. New members/customers will take their cues from the staff who works with them. If the staff member recognizes and easily acknowledges their ID, you will be sending the right signal of inclusion.

Equal Credit Opportunity Act/Regulation B: Evaluating Creditworthiness

Under the Equal Credit Opportunity Act (ECOA), a financial institution must evaluate the creditworthiness of a member/customer without regard to race, color, religion, national origin, sex, marital status, or age. The ECOA does not prohibit a financial institution from considering a member's/customer's immigration status or status as a permanent resident when evaluating the individual's ability to repay the loan. However, a financial institution should be cautious when considering any aspect of a member's/customer's application not related to the individual's ability to repay the loan. It risks creating a disparate impact by adversely affecting a protected class such as national origin, which is a violation of the ECOA. A financial institution should ensure that its policies and practice comply with the ECOA.

FIGURE 6

SAMPLE ECOA AND INCOME VERIFICATION LANGUAGE TO INCLUDE IN AN EXISTING LENDING POLICY

A financial institution may want to establish flexible or broader underwriting and income verification criteria within safety and soundness constraints. However, it should be mindful to apply the same criteria to all applicants.

Equal opportunity lender	The credit union (or <i>financial institution</i>) is an equal opportunity lender and complies with the Equal Credit Opportunity Act. As such, applications for loans will not be denied or discouraged on the basis of the applicant's race, color, national origin, religion, sex, handicap, marital status, age (provided that the individual is of legal age to enter a contract), or other prohibited basis. The credit union (or <i>financial institution</i>) will not discriminate by fixing the loan amount, interest rate, duration of the loan, or special terms imposed because of the same factors listed previously. The credit union will not apply excessively burdensome qualification standards for minority applicants that may have the effect of causing a minority applicant not to apply for a loan.
Income verification	Verification of income is required. <ul style="list-style-type: none">• Verification includes a recent (within XX days) paycheck stub, prior year W-2, or signed letter from the employer including employee name, current pay range, and employer's contact information (follow-up verification should be made by calling a phone number that is independently verified, not a number provided by the member).• For self-employed borrowers, a completed tax return from the most recent year is acceptable. If the self-employed borrower receives a traditional paycheck from the business and wishes to use only that wage income to qualify, tax returns are not required. Tax returns must be signed by all filers to be considered valid.

Unfair, Deceptive, or Abusive Acts and Practices: Avoiding Unclear Advertising and Loan Terms

Considerations of unfair, deceptive, and abusive acts and practices (UDAAP) have broad applicability, and such practices are prohibited. Financial institutions should be conscientious about how loan programs and services are advertised and explained to members/customers. Expanding a loan program to include ITIN borrowers is one of many ways that could incorporate a more diverse pool of members/customers with different backgrounds and assumptions concerning financial products. Financial institutions must be clear about the cost and terms of any loan and repayment requirements. Financial institutions should also consider whether to advertise and conduct transactions in a foreign language. It is important that all communications with members/customers are accurate and clear.

Regulation Z: Language of Disclosures

The Truth in Lending Act, or Regulation Z, provides flexibility similar to that of ECOA (Regulation B) and allows different languages to be used when providing required compliance disclosures. Under 1026.27, financial institutions are allowed to provide the required disclosures in a language other than English as long as an English version is available on request. The rule goes on to clarify that having an English copy does not apply to the advertising disclosures that are required under 1026.16 and 1026.24.

State Law Requirements

It is important that a financial institution research its own state laws, especially in the area of foreign language requirements for loan documents as well as unique insurance/registration requirements related to any collateral a financial institution uses to secure a loan. A financial institution can check with its Department of Transportation, Department of Motor Vehicles, State Treasurer, County Recorder's Office, or other state agencies to determine whether there are registration restrictions or processes unique to a borrower with an ITIN. Financial institutions should also be familiar with their state- or locally issued forms of identifications and the requirements to obtain one.

Operational Considerations

Product Design

Some may worry that integrating immigrants into a financial institution's member/customer base will require redesigning products and services, but this is not necessarily the case. Financial institutions already have products and services that are suitable for immigrants. By adjusting a few elements of the traditional account ownership and lending process, financial institutions can better connect with borrowers and create mutually beneficial and long-term relationships that drive growth and financial inclusion. Additionally, by making adjustments to its existing products and services, rather than launching a new product line, a financial institution can create more efficiencies and prevent further operational costs. Being ready to adapt to the needs of the community will set up a financial institution for success. For example, the key challenges that low-income immigrants face in managing their financial lives include the following:

- ➔ *Credit history:* immigrants may have nontraditional credit histories or no history.
- ➔ *Job instability:* immigrants, particularly undocumented immigrants, can encounter job instability because of a 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 (e.g., medical bills for those without medical insurance).

Filene's Reaching Minority Households Incubator open-ended survey showed roughly a third of credit union members (33%) would make some changes to the lending process. When asked what they'd change, members gave a variety of responses, including giving borrowers the option to make automatic payments, opening more branches, and being able to make payments when they weren't close to a branch. Rather than actually needing to change the loan program requirements, credit unions should ensure that consumers know about online payment options and shared branching (unless the credit union didn't offer these services).

Product Types

For financial institutions looking to build experience in serving immigrants, offering personal loans or small-dollar loans may be an ideal entry point that can lead to deeper engagements in the future. Financial institutions with experience issuing personal loans or other types of small-dollar loans to financially vulnerable populations should be able to easily translate their existing approach to serve ITIN holders. These financial institutions are accustomed to evaluating a potential borrower with information beyond a credit score. This is especially important for ITIN holders and immigrants, as many have little or no credit history but are in need of personal or small-dollar loans for emergencies, purchasing basic necessities, starting small businesses, or changing their immigration status, which can be very costly for families.

Credit builder loans may be another way to engage immigrants, particularly new immigrants, who have not yet established a credit score in the United States or have damaged credit. A credit builder loan is typically secured by establishing savings that the consumer can borrow against to access a lump sum that 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 larger loan products in the future.

Home ownership is a critical pathway for building assets. For immigrants, the lack of home ownership can be a source of instability and insecurity. Immigrants with an SSN qualify for traditional mortgages, but immigrants without an SSN must use an ITIN to access mortgages. While there is a market for ITIN mortgages, it remains a niche market product because of misinformation and a lack of understanding in this area. An ITIN mortgage also tends to be more expensive than a traditional mortgage because there is no secondary market for it. To alleviate these concerns, Inclusiv/Mortgage (a program by Inclusiv) is committed to helping credit unions offer ITIN mortgages along with their other home mortgage product offerings. Inclusiv/Mortgage will purchase qualifying ITIN mortgages at

origination from member community development credit unions by leveraging generally accepted underwriting and centralized servicing at fair rates to serve a virtually untouched market. For more information, visit Inklusiv/Mortgage (www.inklusiv.org/mortgage).

Finally, auto loans are an impactful and largely accessible way to serve ITIN holders, as many financial institutions have significant experience with this loan type. In the Reaching Minority Households Incubator, auto loans were approximately 62% of all ITIN loans issued during the testing process. Point West Credit Union and Wakota Federal Credit Union shared best practices and tips based on their experience building robust ITIN auto lending portfolios.

ITIN Auto Lending Best Practices and Recommendations:

- **Choose direct over indirect lending:** Start with direct ITIN auto lending rather than indirect as you'll have the most touch points with your borrower. Knowing your borrower and understanding the risk is essential—this is all made harder in an indirect relationship. Consider the importance of bilingual lenders on your team to build a strong relationship with the borrower and communicate clear expectations for the loan. Over time, build relationships with local auto dealers and explore referral fees (one credit union tester paid a \$50 referral fee to a local dealer) to obtain the loan application. If indirect lending is permitted, be sure to thoroughly vet the dealer. Conduct a site visit to collect photos and marketing collateral and schedule conversations with relevant staff. Before the site visit, research the dealer online and examine sources such as its website, Facebook, Yelp, and the Better Business Bureau. In addition, both Point West and Wakota recommend increased diligence in working with the dealer to verify identification and other personal information, like an address. Also, work with the dealer to set income limits, clearly call out acceptable exceptions, and conduct due diligence such as verifying the condition of the vehicle (via CarFax or other means) and odometer readings. Even with referrals and indirect lending, Wakota Federal Credit Union still requires the applicant to close at its office; using this process has helped Wakota better manage charge-offs and delinquencies. Once loans are issued through an indirect channel, be sure to closely monitor the program for the first 90–180 days to understand how it performs.
- **Verify employment:** Verifying employment and income is a good practice for any loan type and can be equally effective in managing risk with ITIN auto lending. For example, Point West Credit Union requires a minimum of 12 months on the job for all borrowers without a credit score (including ITIN). Wakota Federal Credit Union also verifies employment via a phone call just before closing. Wakota experienced some early losses with ITIN auto lending because some borrowers were not employed at the time of the loan and because the credit union received fraudulent or outdated paystubs during the application process.

- **Review allowed loan to value (LTV) ratios:** Finding a reliable and affordable auto can be difficult for many low- to moderate-income borrowers, and many dealers may charge a premium over the blue book value. Being open to loans without perfect LTVs is essential for many ITIN borrowers. To help manage risk, Point West currently limits ITIN auto loans without credit scores to less than 90% LTV. Wakota goes up to 80% for purchases and 60% for cash out refinances. Wakota also recommends obtaining the down payment in cash and cutting one check to the dealer to simplify the transaction and reduce risk.
- **Review allowed loan terms:** Financial institutions must balance the loan term with the interest rate in a way that makes payments affordable for the borrower. However, extending the loan term too far out can increase repayment risk. The maximum ITIN loan without a credit score is 72 months at Point West.
- **Consider maximum loan amounts:** To manage risk and improve a member's financial health, consider having a frank conversation about the type of automobile purchased. Financial institutions can help consumers understand the value of purchasing a used car with features they need versus what they want. Picking an affordable loan amount can be beneficial for both the consumer and the financial institution. Setting a maximum loan amount for some consumers based on risk can help steer borrowers into an affordable payment. Wakota, for example, limits the loan amount to \$15,000 for borrowers with no credit score.
- **Require insurance:** Both Point West and Wakota require insurance for vehicle loans.
- **Ensure your pricing matches your risk:** Point West and Wakota have learned and made adjustments to their risk and pricing models over time. Point West has discovered that ITIN auto borrowers with no credit score hew closer to E paper and has adjusted accordingly. Each financial institution should set a risk-based rate it is comfortable with, monitor results, and make adjustments over time.
- **Set up automatic payments:** Setting up an automatic payment from a primary account at the financial institution is preferred. If you must receive automatic payments from another financial institution account or from debit cards, consider available options and charge borrowers a small fee to help offset costs.
- **Encourage on-time payments:** Wakota is exploring a program to reduce loan rates when its borrowers' credit scores go up and the increased score is maintained for 12 months. Financial institutions that take the time to help consumers make on-time payments can increase member loyalty and reduce repayment risk.
- **Make adjustments:** As stressed throughout these ITIN auto lending recommendations, continually monitor and assess risk in the portfolio to ensure borrowers are remaining current, and adjust the program as necessary. For some staff and borrowers, constant changes can be frustrating. But, lenders can learn a lot when they see how small changes make a difference when conducting loan autopsies.

Although loans were the primary driver for the Reaching Minority Households Incubator, there is an opportunity for credit unions to determine other ways to improve an individual's financial health after the individual becomes a member. Ideas from the program included setting up deposit accounts and helping with legal services, financial literacy, and housing. This program could create a huge opportunity to be a community resource for immigrant members and is very much in line with credit unions' mandate of service to the underserved community.

It was logical for participants of the Reaching Minority Households Incubator to want to test the waters before going all in on a new program, and some of the credit unions, especially very small ones, started their program with something simple, like unsecured personal loans. Limiting the ITIN Lending portfolio to certain types of loans, a number of loans, or a dollar amount were all ways to minimize risk as the program was rolled out, but financial institutions should be aware that very small loans could limit uptake. Consider the loan size that's historically been a good fit for your institution and plan accordingly.

During the 18-month test with Filene's Reaching Minority Households Incubator, 2,172 loans were booked totaling \$27.5M. Approximately 62% of these loans were auto loans. All of these loans were offered using a risk-based pricing model, and none of them were charged a rate or fee that was different from their traditional loan portfolio because they had an ITIN. For example, one credit union set an E paper rate for ITIN loans with no credit score (due to holding an ITIN), and then in other instances used a C paper rate if the member had no credit score due to inactivity on their credit report and their credit history was positive. See Figure 4 for the exact breakdown of loans that were issued in this time.

FIGURE 7

ITIN LOANS ISSUED IN FILENE'S REACHING MINORITY HOUSEHOLDS INCUBATOR

	Loan count	% count	Total amount	% amount	Average loan size	Interest rate (%)	Fees (% of loan)	Term (months)
Auto	1,361	62.7	23,945,224	87.1	17,594	8.19	0.03	65.4
Personal	628	28.9	1,997,472	7.3	3,181	9.59	0.06	38.23
Mortgage	4	0.2	776,600	2.8	194,150	7.00	0.95	360.0
2nd mortgage	22	1.0	610,631	2.2	27,756	9.45	0.00	108.7
Credit card	113	5.2	71,972	0.3	637	11.01	0.20	22.6
Immigration related	38	1.8	23,245	0.1	612	7.91	2.13	11.3
Other	6	0.3	62,495	0.2	10,416	6.82	0.96	63.3
Total	2,172		27,487,639		12,655	8.29	0.06	72.7

Staffing Needs

Bilingual staff may need to spend more time with prospective borrowers who prefer to speak in their native language, as they may have to build trust with the consumer by providing background on the financial institution and explaining the lending processes and product requirements, especially if the consumer is new to the financial institution and to traditional financial services. In addition, prospective borrowers may visit the financial institution as a family unit or with friends who may also be interested in learning more about the financial institution and ITIN Lending. Staff should be equipped with culturally relevant and in-language information and materials to use with new consumers and prospective borrowers. The financial institution should be cognizant of the extra time these consumer interactions may take and thus the impact on staffing availability.

The financial institution should be ready to address and adjust for the availability of bilingual and bicultural staffing at relevant branch locations, as well as for support functions such as call centers. If a financial institution does not have bilingual and bicultural staff, expand the time-to-hire expectation. For financial institutions that are just beginning to recruit for bicultural and bilingual positions, grassroots approaches are best; however, these take time to build. An example of this approach is engaging with local community partners who can help spread the word about open positions. Community engagement and relationship building have to happen first. It's worth spending the time up front to develop these relationships and get more candidates in your pool.

Training for All

Investing in improved and deeper training of staff at all consumer touch-points to see every consumer contact as an opportunity to link them to another product, service, or feature of the financial institution would be a wise investment of financial institutions' consumer engagement dollars. Extending that training (albeit in a more abbreviated fashion) to other community partners can help them become even more effective spokespeople and conduits to the financial institution. In addition, more nuanced diversity and inclusion training can help address topics such as unconscious bias and implicit bias.

Operating Systems, Tracking, and Reporting

Because ITINs have the same number of fields as SSNs, credit unions that have implemented ITIN Lending have not had to adapt any of their operating systems to accommodate an ITIN into the system. Additionally, for tracking purposes, all of these credit unions generate reports for their ITIN portfolio by performing a search from the SSN field to identify any that start with a "9" since all ITINs begin with a 9.

When it comes to reporting information with the credit bureaus, implementing credit unions shared that they reported credit data to all three credit bureaus: Experian, Equifax, and TransUnion. There were mixed reviews about which credit bureau worked best for gaining credit report information for their members who had an ITIN, and Equifax and TransUnion provided the best results.

Additionally, testing credit unions found value in implementing a completely bilingual website and mobile banking solution. However, when it came to adding bilingual content for the account and loan origination systems, these credit unions struggled to find solutions at a reasonable rate. They opted not to offer that type of solution and relied on their bilingual staff to help their members navigate the process and understand the documents, responsibilities, and expectations. The same holds true for the forms that are used with members. These credit unions have shared that they are working to provide as many materials as possible in both English and Spanish, but the cost of converting them has slowed the process. In some cases, these credit unions found it more helpful to create reference guides to give more detail in Spanish for common best practices surrounding their lending, deposit, and online products.

When considering offering materials in-language and using translation services, financial institutions should connect with their legal counsel and compliance departments to determine whether there are any state- or city-specific rules around translations for consumer lending (see the “Regulatory Consideration” section and Risk Questionnaire in Appendix 1 for more information). Financial institutions should also consider developing a translation strategy to include an internal glossary of terms, a disclaimer for legal forms, and a process to review materials for compliance adherence.

Collections

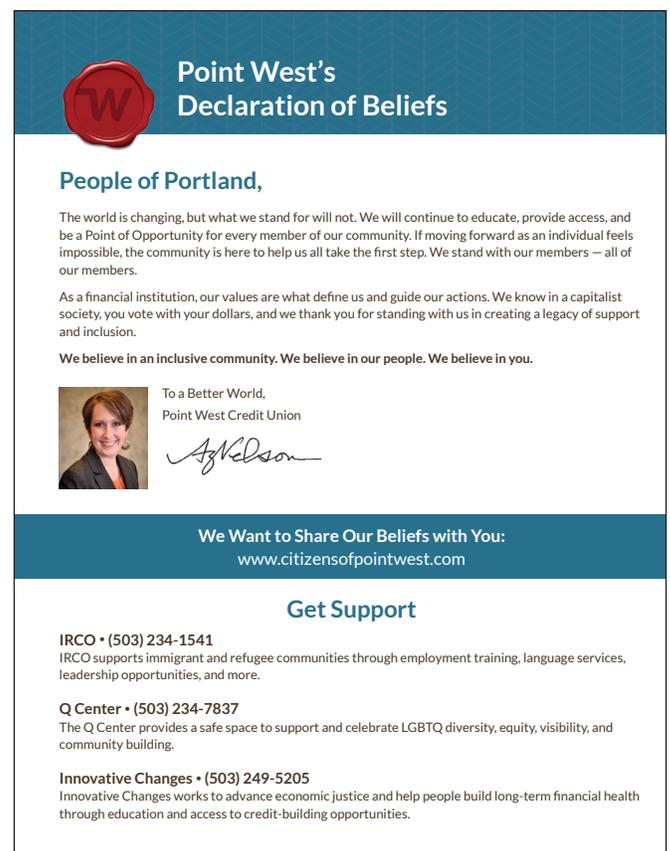
Collections can be a barrier because of the language and cultural interpretation of borrowing. Education before loan approval can be helpful; however, a borrower who urgently needs transportation may not take the time to understand a loan and how and why to repay it. If this happens, the real education begins after the borrower has the loan. One credit union shared that its short-term delinquencies, but not its charge-offs, doubled because of ITIN Lending. As a result of connecting early on, its delinquencies decreased 1%. This demonstrated that it was very important to connect with ITIN borrowers early on to outline expectations and options for loan repayment.

When evaluating the collections process for ITIN Lending, consider having bilingual and bicultural staff (see “Cultural Considerations” section for more information) partner with collections staff to ensure that the materials and messages you convey to members are culturally relevant and in their native language. Also consider enrolling members in

convenient services such as direct deposit, automated clearing house (ACH) payments, or mobile banking early on to facilitate ongoing payment of their loans. While you cannot mandate ACH payments, you can offer an incentive for borrowers to make recurring payments. A common practice is to offer a lower interest rate to borrowers who opt in to making ACH payments. Proactive measures such as these go a long way toward helping members avoid collections scenarios down the road. A financial institution that leverages a third-party collection partner should ensure that the partner has the necessary resources and training to deliver collections in a manner consistent with the financial institution's desired approach.

Marketing and Outreach

Marketing in the immigrant's language, through trusted avenues, is critical to a financial institution's success in serving and growing the member/customer base among immigrants. The most successful financial institutions that serve immigrants have multiple channels of interaction and relationships with the community. For example, Point West, the originating credit union of the ITIN Lending program within the Reaching Minority Households Incubator program and the credit union with the highest number of loans, has not shied away from actively promoting a message of inclusion. The credit union's website immediately conveys the value it places on its immigrant populations through its choice of language, graphics, and program offerings. The ability to do business in languages spoken among immigrant communities is clearly essential; however, taking the extra step to provide bilingual or multilingual signage and materials sends a clear signal to potential members/customers that they are welcome at financial institutions. A successful immigrant marketing strategy that includes ITIN Lending will include the following steps.



The graphic is a vertical rectangular layout with a dark teal header and footer. The header contains a red wax seal with a white 'W' and the text 'Point West's Declaration of Beliefs'. Below the header is a white section titled 'People of Portland,' with a paragraph of text and a signature block featuring a photo of a woman and her signature. The footer is dark teal with the text 'We Want to Share Our Beliefs with You:' and a website URL. Below the footer is a white section titled 'Get Support' with three bullet points listing community organizations and their services.

Point West's Declaration of Beliefs

People of Portland,

The world is changing, but what we stand for will not. We will continue to educate, provide access, and be a Point of Opportunity for every member of our community. If moving forward as an individual feels impossible, the community is here to help us all take the first step. We stand with our members – all of our members.

As a financial institution, our values are what define us and guide our actions. We know in a capitalist society, you vote with your dollars, and we thank you for standing with us in creating a legacy of support and inclusion.

We believe in an inclusive community. We believe in our people. We believe in you.

To a Better World,
Point West Credit Union

A. J. Nelson

We Want to Share Our Beliefs with You:
www.citizensofpointwest.com

Get Support

IRCO • (503) 234-1541
IRCO supports immigrant and refugee communities through employment training, language services, leadership opportunities, and more.

Q Center • (503) 234-7837
The Q Center provides a safe space to support and celebrate LGBTQ diversity, equity, visibility, and community building.

Innovative Changes • (503) 249-5205
Innovative Changes works to advance economic justice and help people build long-term financial health through education and access to credit-building opportunities.

Point West Credit Union also offered the declaration to members in Spanish.

Identify and Engage Relevant Community Partners

Partnering with like-minded organizations that are already serving the market will help financial institutions further their outreach and aid in transferring the trust these organizations have built with the community to the financial institution. For financial institutions getting started with immigrant outreach, 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 financial institution and immigrant consumers. For the financial institution, the legal knowledge and service capacity of state and local immigrant coalitions and nonprofits that advocate for immigrants can be immensely useful and bring complementary capacities together, strengthening the effort to integrate immigrants into the US economy. Financial institutions should also look at a variety of organizations and prioritize the best partners to work with from areas such as human services, immigration assistance, English as a second language classes, housing coalitions, auto dealerships, faith-based organizations, consulates, chambers of commerce, tax assistance, and small business development.

It was not unusual for a credit union that participated in the Reaching Minority Households Incubator program to be viewed with suspicion or for a prospective member to feel the credit union's offerings were too good to be true. Many of these prospects had limited or no exposure to traditional financial institutions or had had a bad experience with one. A number of test credit unions partnered with the Mexican Consulate as a way to connect with the immigrant population; others worked with their local Hispanic chamber of commerce, perhaps as a member of their board or by helping with events in the local community.

As mentioned, community partnerships can be formed with local representatives of foreign governments, such as the Mexican government, which operates the most extensive consular network in the United States. It currently has 51 offices in the following states: Alaska, Arkansas, Arizona, California, Colorado, Washington, DC, Florida, Georgia, Idaho, Indiana, Illinois, Louisiana, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New York, North Carolina, Oregon, Pennsylvania, Texas, Utah, Washington, and Wisconsin.

Beyond the traditional functions of a consular office, the Mexican Consulates provide a full array of information and resources around education, health, and financial inclusion. Of the 51 consulates, 48 offer a Financial Empowerment Window (Ventanilla Educación Financiera), which seeks to help educate Mexican nationals about the importance of banking and of connecting with responsible financial institutions that are willing and able to meet the needs of the immigrant population. The Juntos Avanzamos designation is recognized by the network of Mexican Consulates and has become an effective tool to identify credit unions that are committed to serving this demographic. A growing number of Juntos Avanzamos credit unions have become the official financial institution partner for

the Ventanilla Financiera service, where they're moving beyond the delivery of financial education into helping people establish accounts with participant credit unions.

Another source of community partnerships includes a growing number of local government initiatives, including the establishment of immigrant affairs offices. For example, Cities for Citizenship is a major national initiative aimed at increasing citizenship among eligible US permanent residents and encouraging cities across the country to invest in citizenship programs. Almost 70 local governments participate in this growing network, and all share a commitment to promote the cultural and economic inclusion of immigrant populations into their communities. These municipalities seek to encourage the millions of legal permanent residents in America who are eligible for citizenship—52% of whom remain low-income. Their naturalization would provide access to better-paying jobs (up to an 11% increase to their personal earnings), academic scholarships, and myriad other benefits. Cities for Citizenship promotes the expansion of naturalization and financial empowerment programs nationwide, boosting economic opportunities for immigrants and communities. Juntos Avanzamos is an official partner of Cities for Citizenship, and many of the participant credit unions have established effective partnerships with their local governments to provide affordable asset building solutions to this population.

Developing collaborative partnerships is a two-way street. 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. It is important to assess potential partners not only on mission alignment but also on business alignment and capacity. A clear delineation of roles and responsibilities, as well as commitment, leadership, and refinement, is a critical ingredient for the success of any partnership.

Inclusiv's study *Partnerships for Financial Capability—Diagnostic Frameworks for Financial Institutions and Partners* provides five key ingredients for a successful partnership:

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

5. *Confidence*: competence and trust in each other to complete the scope of partnership.¹⁹

Have an Ongoing Presence in the Community

Financial institutions should go to where the community is, whether that is through community partnerships or volunteer activity from financial institution management and staff. The more the community sees the financial institution participating in local events, volunteering on the boards of local organizations, offering financial education sessions, and helping the community in general, the more the community will begin to trust the financial institution and distinguish it from other financial institutions.

One of the best ways to appeal to the market is to provide information that may not be readily available and accessible to individuals in a culturally relevant way and in their language. Consumer-oriented financial institutions are experts on financial services and have a wealth of financial literacy and education. As these financial institutions partner with organizations and ramp up their presence in the community, they should explore offering financial education sessions on topics such as the lending process, the importance of building credit, and how to buy a home, among other topics. These sessions should feature speakers, and materials should be available for attendees to take home. Ensure that the materials and the speakers that facilitate the sessions are bilingual and bicultural.

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

Focus on Personalized Relationships that Promote Word of Mouth

As highlighted in Inclusiv's *Beyond Financial Access: Striving for Deeper Financial Immigrant Inclusion* study, because credit unions benefit from high favorability ratings and are seen as a place that has helped people improve their financial situation, credit unions could build from that place of strength when developing marketing and communications materials for their members. By placing less emphasis on product details or features and more emphasis on how a particular product may meet a member's need or present a new opportunity, the credit union could more effectively help the member realize how and when to turn to it for loans and services.

In the same study, it became obvious that the personalized relationship and connection between credit unions and their immigrant members are the biggest factors in engagement

and, beyond that, in retention. Many respondents reported strong loyalty to the credit union and a low probability of leaving, but they may not be using the credit union to meet their full financial needs.

The members interviewed talked a great deal about the importance of personalized treatment, people at the credit union knowing them, and the fact that they weren't just a number, as well as the importance of people who "speak my language" and who "understand my culture" and who understand the financial lives of immigrants. Establishing this kind of relationship can result in a positive connection that reduces fear, creates a sense of comfort, and builds trust. It helps reduce the apprehension around applying for loans and makes members more willing to try new products and services.

Given that these relationships are so valued, the financial institution could be communicating much more effectively with its members or customers about their financial needs and helping to find the right services to advance those needs. In this atmosphere, immigrant consumers can experience a sense of gratitude for the opportunities presented to them (especially when other doors are closed) that deepens the connection and relationship to their financial institution.

The process of deepening engagement is a virtuous circle. In addition to all the other benefits discussed, engagement generates positive word of mouth, the primary way that new immigrant consumers are attracted to a financial institution. The interviews confirm the following:

- As immigrants become more engaged in their credit union, they are more likely to talk about it to other members of their community.
- As engagement opens up opportunities for immigrant consumers, others in the community see their gain, which in turn stimulates greater awareness of the credit union's offerings and the incentive to spread the word.

Through the Reaching Minority Households Incubator program, we learned that the immigrant population—regardless of the country of origin—tended to place a high value on community and the recommendations of fellow immigrants when selecting products and services. Many immigrants were unbanked in their home countries, and it was not uncommon for them to express incredulity at the availability and affordability of credit union financial products and services. Although credit unions have used other channels successfully, most have found word of mouth to be the most valuable.

There are plenty of products that seem to meet the diverse needs of the population. The critical challenge and area of focus for each is on the marketing, communication, and referral channels within the financial institutions to make sure consumers recognize that a diverse set of products and services is available to them.

Consider Earning the Juntos Avanzamos (Together We Advance) Designation

An Inclusiv initiative originally developed by the Cornerstone Credit Union League, the Juntos Avanzamos designation demonstrates a credit union's commitment to serving Hispanic and immigrant communities. To qualify for the program, a credit union must accept alternative forms of identification for account opening and offer, or plan to offer, ITIN Lending. In addition, the credit union must offer bilingual services and information and collaborate with community organizations that support Hispanics. While the designation promotes outreach to the Hispanic market, credit unions should be prepared to serve all immigrant members. To enable credit unions to better serve immigrant populations, the program seeks to provide standards for the development and deployment of products and services to Hispanic/Latino consumers. For example, Juntos Avanzamos seeks to create a credit union standard for account opening and lending requirements, with the goal of a more consistent experience for the target population. Juntos Avanzamos also seeks to promote the identification and sharing of best practices within the network around areas of expertise (e.g., practices around compliance, lending, and marketing).

Since 2015, Juntos Avanzamos has grown from 32 participant credit unions, mostly in Texas and Oklahoma (the Cornerstone Credit Union League footprint), to 85 credit unions operating in 20 additional states: Arizona, California, Colorado, Connecticut, Florida, Iowa, Illinois, Indiana, Massachusetts, Michigan, Missouri, New Jersey, New Mexico, Nevada, New York, Ohio, Oregon, Utah, Washington, and Wisconsin, as well as Washington, DC, and Puerto Rico. Additionally, eight of the credit unions that participated in the Reaching Minority Households Incubator opted to gain this designation during testing (a ninth credit union, Point West, was certified before the Incubator).



Example: Seattle Credit Union's Juntos Avanzamos designation announcement to their membership

Seattle Credit Union is pleased to announce the opening of our new Beacon Hill branch. The new branch is located in Plaza Roberto Maestas across from the Beacon Hill LINK light rail station. The branch features an open floor plan that creates a comfortable, inviting atmosphere with new graphical branch displays featuring financial tips and neighborhood news. At the grand opening, Seattle Credit Union received the prestigious Juntos Avanzamos (Together We Advance) designation, which recognizes Seattle Credit Union's dedication to serving Seattle's Hispanic community. It is a result of the credit union's plan to improve financial services by offering bilingual support, information, and products and services that meet the needs of the community.

ITIN Acceptance Agents

Credit unions and other financial institutions can fill a critical gap to work with those who are looking to obtain an ITIN by becoming an IRS Certified Acceptance Agent (CAA). According to the IRS, acceptance agents are

Persons (individuals or entities (colleges, financial institutions, accounting firms, etc.)) who have entered into formal agreements with the IRS that permits them to assist applicants in obtaining ITINs. An AA will need to submit original documentation or certified copies of the documentation from the issuing agency to the IRS for all applicants.

Certified Acceptance Agents (CAAs) are individuals or entities who assume a greater responsibility. They are authorized to verify the applicant's claim of "identity" and "foreign status," by reviewing supporting documentation and verifying the authenticity, accuracy, and completeness of the documents for primary and secondary taxpayers and dependents. They will submit Form W-7, US federal income tax return, if applicable, and any supplemental documentation to the IRS on [the member's] behalf.

The goal of the CAA program is to "increase the availability of individual ITIN services nationwide, particularly in communities with high ITIN usage." With the agency actively recruiting CAAs, credit unions can play a vital role for those seeking an ITIN by becoming a CAA while also providing an opportunity for members to connect to safe and reliable financial services.

There are four main steps to become an acceptance agent:

- 1. Complete the IRS Application to Participate in the IRS Acceptance Agent Program.*
- 2. Take the Mandatory Acceptance Agent training, then sign and submit the certification form.*
- 3. Attach the certification form for each authorized representative (person listed in block 5 of the application) to Form 13551.*
- 4. Complete forensic training and submit the certificate of completion to the IRS.²⁰*

In considering becoming a CAA, financial institutions should think about their overall capacity to support becoming and being an agent as well as the available opportunities and partnerships through which being an agent could fill in critical gaps in service delivery.

More information on becoming a CAA and details on the Acceptance Agent program can be found via the IRS at www.irs.gov/individuals/international-taxpayers/how-to-become-an-acceptance-agent-for-irs-itin-numbers.

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Appendix 1: Risk Analysis Questionnaire

Risk consideration	Elements to use for evaluation
Does the credit union currently have a strong BSA program?	Clean audit and exam reports, sufficient resources for its BSA officer and other staff.
Has the credit union reviewed its BSA policies and procedures to accommodate accounts for borrowers with an ITIN?	Conducted research and reviewed which alternative forms of ID may be used in its community and the reliability of those IDs, policies and procedures modified to allow for alternative IDs and approved by the board, sufficient staff training on alternative IDs, other safeguards to reduce the risk of fraud, updated its BSA risk assessment.
Has the credit union reviewed its lending policies and procedures?	Review underwriting guidelines to ensure income and income documentation, and/or credit history requirements are acceptable within the credit union's safety and soundness parameters and allow for sufficient flexibility for members to demonstrate their ability to repay.
Has the credit union determined which loan programs will permit ITIN borrowers?	Different types of loans will carry different implementation needs and risks—consider different registration, insurance, or lien filing requirements for different types of collateral.
Has the credit union identified whether any operational or technological adjustments need to be made to its systems?	Credit unions should incorporate a policy and procedure to determine when and if a suspicious activity report (SAR) should be filed based on the information provided by an ITIN borrower, as well as the general acceptance of the red flags that will be triggered when running a credit report using an ITIN. If a credit union is using a credit score as part of its underwriting process, staff should determine whether it will face any challenges accessing the information with the credit bureaus as well as reporting information to credit bureaus under an ITIN, the credit union should also review the fields within its account and loan processing systems to ensure compatibility.
Has the credit union established a monitoring procedure to ensure new practices are adopted properly by staff?	Ensure staff is properly screening for alternative IDs and following proper CIP procedures. The credit union should also be monitoring its loan programs and underwriting practices to ensure fair lending/non-discrimination requirements are met and communication with members is proper and clear.
Has the credit union reviewed its loan monitoring program to include changes to ITIN lending?	Monitor delinquency rates as well as concentration risks with new growth.
Has the credit union researched any state or local law requirements in their area?	Different states may have varying requirements or restrictions for insurance or registration of collateral under an ITIN. Other state variables may include foreign language requirements for communication or loan documentation and disclosures, as well as differences among state ID cards.
Has the credit union discussed its loan program expansion and serving ITIN borrowers with their examiner?	New loan growth will likely draw the attention of examiners and since there are unique considerations for serving the immigrant community, it is a best practice to discuss the service with your examiner; credit unions should prepare staff to discuss their BSA program, underwriting standards, and other safety and soundness considerations.
Has the credit union incorporated serving a broader community into its overall strategic plan?	Conducts market research, understands the community it is serving, utilizing outside resources when needed, identified other areas and services to fully support a diverse membership, enabled clear communication between staff and members.
Other considerations specific to the credit union?	A credit union should include a broad array of staff in the implementation process to identify unique considerations. The number of people will vary depending on the size of the credit union. However, all credit unions should incorporate board members, those responsible for compliance, lending, and front-line staff into the risk analysis and implementation process.

A credit union should consider the following elements when expanding its loan portfolio to include ITIN borrowers. This questionnaire assumes it is a direct consumer loan that does not involve real estate. Mortgage lending for ITIN borrowers will likely require significantly more resources and preparation. Consider consulting with an experienced outside party such as Inklusiv/Mortgage before expanding your mortgage loan program.

This resource is provided for informational purposes only and is not intended to be a legal opinion or legal advice. This resource does not include all potential risks for each individual credit union. Credit unions should consult their own compliance staff and counsel when analyzing its individual risk.

Appendix 2: CIP Legal Opinion Letter

In 2014, Inclusiv asked NCUA to clarify the acceptance of Municipal IDs for account opening purposes. In response, the NCUA Office of General Counsel issued Legal Opinion Letter 14-0801. Dated November 24, 2014, the letter states that an “unexpired Municipal ID, that includes data found in other forms of government-issued identification such as name, photo, date of birth, address, and signature, would contain the elements required by the CIP Rule for a primary source of identification in opening a new account for either US or non-US persons.” In a letter dated June 25, 2018, NCUA confirmed the validity of that original opinion. This letter provides guidance as to what features government-issued IDs (for instance, the Matricula Consular) must have to comply with CIP regulations.



National Credit Union Administration

June 25, 2018

SENT BY E-MAIL

Cathie Mahon
President/CEO
National Federation of CDCUs
39 Broadway
Suite 2140
New York, NY 10006-3063

Dear Ms. Mahon:

Re: Customer Identification Procedures

You asked us to confirm that the guidance in Office of General Counsel Legal Opinion Letter 14-0801 remains current. Yes, the guidance in this letter is unchanged. A copy of the letter is enclosed for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. McKenna".

Michael J. McKenna
General Counsel

GC/KST:BHS
SSIC 3000
18-0456

Enclosure

1775 Duke Street – Alexandria, VA 22314-3428



National Credit Union Administration

November 24, 2014

**SENT BY ELECTRONIC MAIL
AND FIRST CLASS MAIL**

Cathleen A. Mahon, President & CEO
Deyanira Del Rio, Board Chair
National Federation of Community Development Credit Unions
39 Broadway Avenue
Suite 2140
New York, New York 10006

Re: Customer Identification Programs

Dear Mses. Mahon and Del Rio:

Your correspondence dated August 1, 2014 and October 20, 2014 requested NCUA guidance clarifying whether an identification card issued under New York City's Municipal ID Program (a "Municipal ID") will suffice for credit unions' customer identification programs ("CIP") governing opening new member accounts. Your more recent correspondence specifically requested clarification of my initial response letter dated August 22, 2014 with respect to whether "credit unions may, for non-U.S. citizens, accept the identification number from [Municipal IDs] for the purpose of opening accounts."

The "CIP Rule" found in the regulations of the Financial Crimes Enforcement Network at 31 C.F.R. § 1020.220, describes procedures for the establishment of accounts for both "U.S. Persons," which for natural persons refers to U.S. citizens, and for "non-U.S. persons," which for natural persons means non-U.S. citizens.¹ As I have previously indicated, under the CIP Rule a credit union "must include risk based procedures for verifying the identity of each customer to the extent reasonable and practical," such that the credit union has a reasonable belief that it knows the true identity of each member.² Language in the CIP Rule indicates that a credit union's verification of identity through documentation may include the review of an "unexpired, government-issued identification evidencing nationality or residence and bearing a photograph or similar safeguard..."³ Previously published guidance states that even non-government-issued identification may be used, as long as it can enable the financial institution to "form a reasonable belief that it knows the true identity of the customer."⁴

¹ 31 C.F.R. § 1010.100(iii).

² 31 C.F.R. § 1020.220(a)(2).

³ 31 C.F.R. § 1020.220(a)(2)(ii)(A)(1).

⁴ Financial Crimes Enforcement Network, *Guidance on Customer Identification Regulations – FAQs: Final CIP Rule*, 31 C.F.R. § 103.121(b)(2)(ii) – Customer verification (April 28, 2005), at #2, available at http://www.fincen.gov/statutes_regs/guidance/pdf/finalciprule.pdf.

1775 Duke Street - Alexandria, VA 22314-3428 - 703-518-6300

As indicated in my previous response, for “U.S. persons,” identity verification is initially tied to a taxpayer identification number (“TIN”) rather than a particular form of identification.⁵ A TIN would have to be confirmed by the credit union before opening a new account for a U.S. person using a Municipal ID.⁶ For non-U.S. persons, the CIP Rule allows a new account to be opened where the applicant can establish name, date of birth, address, and also provide an identification number, the last of which may be provided using any one (or more) of the following: a passport number with country of issuance; an alien identification card number; or the number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photo or similar safeguard.⁷

Accordingly, an unexpired Municipal ID, which you described to include data found in other forms of government-issued identification such as name, photo, date of birth, address, and signature, would contain the elements required by the CIP Rule for a primary source of identification in opening a new account for either U.S. or non-U.S. persons.⁸

In the process of implementing the CIP Rule, Treasury indicated it will “ensure that [information relating to the security and reliability of identification cards] is collected and shared with the financial community to assist them in verifying the identity of their customers.”⁹ You should also seek the input of Treasury regarding the use of Municipal ID, as that agency would be in the best position to clarify its interpretation of the use of government-issued identification by any U.S. financial institution for CIP purposes.

Sincerely,



Michael J. McKenna
General Counsel

OGC/DPF:bhs
SSIC 3247
GC#14-0801

cc: Director, Office of Examination and Insurance
Director, Office of Small Credit Union Initiatives

⁵ 31 C.F.R. § 1020.220(a)(2)(i)(A)(4)(i).

⁶ Alternative procedures can be put in place for account applicants that have applied but not yet received a TIN at the time of account opening. 31 C.F.R. § 1020.220(a)(2)(i)(B).

⁷ 31 C.F.R. § 1020.220(a)(2)(i)(A)(4)(ii).

⁸ Using the documentary approach described in 31 C.F.R. § 1020.220(a)(2)(ii).

⁹ Customer Identification Programs for Financial Institutions, 68 Fed. Reg. 55336 at III (Comments received Sep. 25, 2003), available at <http://www.gpo.gov/fdsys/pkg/FR-2003-09-25/html/03-24226.htm>.

Appendix 3: Matricula Consular ID Card

The Consular Identification Card (Matricula Consular) can be used as part of the ITIN Lending process for citizens of Mexico. The Matricula Consular is issued in accordance with international legal instruments subscribed by Mexico and the United States. It was developed to be recognized as proof of identity by many financial institutions, as well as federal, state, and local authorities in Mexico and the United States.

It should be noted that a Matricula Consular cannot be issued if the applicant has a criminal record, is subject to prosecution, or faces a judicial or administrative process in Mexico.

The Matricula Consular has tamperproof security features that conform to international standards recognized by both the United States and Mexico:

- Visual and hidden (UV) security elements on the front and back of the card.
- Support by a centralized system to avoid duplications and confirm authenticity of documents and personal information.
- Link to Mexican security databases.
- Biometric elements (fingerprints and signature).

The Matricula also has the following features:

- Printed on plastic card (PET) with visible and invisible marks.
- Background design with high-quality print and microtext frames.
- ID format with text that changes color (pearlescent ink turns from green to pink when card is moved).
- Embedded identity data on Cryptographic Chip.
- Embedded identity data on PDF 417.
- High-resolution picture with security frames that don't affect the clarity of the image.
- Laser-engraved card number.
- Ghost image on back of card.
- Kinectic rainbow background and labels.

The following document from the Mexican SRE describes the Matricula Consular.

MEXICO'S NEW CONSULAR ID CARD

IMPROVING THE SECURE AND RELIABLE IDENTIFICATION FOR MEXICANS ABROAD

A mechanism to assist Mexican citizens

The Consular Identification Card —known as *Matrícula Consular*— was created as proof of Mexican nationality and domicile abroad. It is issued by Mexican consulates after a rigorous process to confirm the identity and residence of the bearer.

Starting on November 1st, 2014, the consulates will issue a new consular ID card, which has additional security measures.

The new Consular ID Card is one of the most secure documents issued by the Government of Mexico. The graphic design incorporates several features using state of the art software to increase security such as *Guilloché*, linear images, encryption data, among others.

The main responsibility of consulates is to provide services, assistance, and protection to nationals abroad. This is a key foreign policy priority for the Government of Mexico.

Mexican consulates issue secure, reliable and tamper proof documents such as passports and Consular ID Cards. Consular ID Cards have no bearing whatsoever on a person's immigration status.

The information contained in the IDs is centralized in a database that is useful to locate Mexican nationals in case of emergency.

Consular ID Cards Application Requirements:
A proof of Mexican nationality, an official proof of identity (Mexican or American), a proof of address within the corresponding consular district and a fee.

A reliable and widely accepted ID

The Consular Identification Card is issued in accordance to Mexican privacy laws (Access to Information Law, 2002) and to international legal instruments subscribed by Mexico and the United States (Vienna Convention of Consular Relations, 1963).

This document is recognized as proof of identity by many banks and financial institutions, as well as federal, state and local authorities in Mexico and the United States.

A Consular ID cannot be issued if the applicant has a criminal record, is subject to prosecution, or faces a judicial or administrative process in Mexico.

Main security features of the new Consular ID Card

The new Consular ID Card improves the already secure and tamper proof card that included measures such as: visual and hidden security elements, support by a centralized system to avoid duplications and confirm authenticity of documents and personal information, link to Mexican security data bases, biometric elements (fingerprints and signature), among others.

The new card includes additional security measures such as:

- Printed on plastic cards (PET) with visible and invisible marks.
- New background design with high quality print and micro text frames.
- ID format with text on different ink colors.
- Embedded identity data on Cryptographic Chip.
- More clarity on the picture, with security frames that don't affect the clarity of the image.
- Laser engraved card number.

Appendix 4: Seattle Credit Union Welcome Brochures

YOUR PARTNER IN GROWTH AND PROSPERITY





CHECKING

Choose the checking account that fits your needs, such as: Free Checking, Student Checking, or High Yield Checking; with services like overdraft protection and mobile deposit.

Feel Good Checking® is a local favorite. For every account opened we make a donation to a deserving non-profit partner working to make our community stronger.



REFER A FRIEND

Refer a friend to Seattle Credit Union. When they join and open a checking account, you both get a great reward. Visit seattlecu.com/refer for details.



SAVINGS

Savings Accounts - Set aside money for future purchases or expenses.

Money Markets or Certificates of Deposit - These accounts require a minimum balance but offer a higher return than traditional savings.



ONLINE & MOBILE BANKING

Mobile App - Download the Seattle Credit Union mobile app for Apple® or Android® to manage your accounts at the touch of a button and deposit checks using your device's built-in camera.

Digital Wallet - Link your cards to Apple Pay®, Android Pay®, and Samsung Pay®.



BRANCHES & ATMS

Enjoy access to nearly 30,000 surcharge-free ATMs and 5,000+ shared branches through the CO-OP Network.



LOANS

Auto Loans - If you're in the market for a new set of wheels, ask about getting a pre-approval and enjoy great rates that put savings in your gas tank.

If you've already got a car that fits your needs, see how Seattle Credit Union can save you money by refinancing your auto loan with our low rates and flexible terms.

Boat & RV Loans - Whatever your preferred mode of transportation, we can help you finance the purchase.

Mortgages - Open the door to possibilities with great rates, lower fees and fewer hoops. Our mortgage experts can help you with:

- Home purchases
- Refinances
- Jumbo loans
- Floating homes
- Home equity loans or lines of credit (HELOC)
- VA Loans for qualifying candidates
- Home Possible Advantage program

Personal Loans - Sometimes you need a little extra to cover medical expenses, wedding costs, a new computer, a bike, or even furniture. Whatever your need is, we can help find the right loan.

Citizenship Loans - Looking to become an American Citizen? We can help you and your family finance a path to US citizenship.

Debt Consolidation - Pay down debt faster with one lower rate.



CREDIT CARDS

Visa Credit Cards - Don't carry a high interest rate. Carry the Seattle Credit Union Visa® credit card with low interest rates, no annual fee, and a robust rewards program offering you points redeemable for the best in brand-name merchandise, worldwide travel, or cash back options.

Several testers in Filene's Reaching Minority Households Incubator have graciously shared samples of their marketing content. Please leverage the examples from Appendix 4-6 to inspire the creation or refinement of your own ITIN Lending marketing approaches and content.

SEATTLE CREDIT UNION HAS BEEN PART OF THE EMERALD CITY SINCE 1933.

We provide friendly, expert financial services to individuals, families and small businesses who call the Pacific Northwest home. Plus, as a member-owned organization, we put the savings back in your pocket. No matter where you are in your life, we're here to help you prosper.






For more information on our products and services, rates, and additional disclosures, please visit seattlecu.com.

Apple Pay® and iPhone® are registered trademarks of Apple. The Android Pay® is a registered trademark of Google. The Samsung Pay® is a registered trademark of Samsung Electronics Co., Ltd.



COMMERCIAL

Commercial Loans - If your business needs money to grow, a credit line to seize an opportunity, or capital to buy equipment, we have flexible, scalable options to make it happen.

Business Checking & Savings Accounts - Streamlined, straightforward business accounts offer everything you need without lengthy restrictions or requirements found at big banks.

Business Visa Credit Cards - Pay for expenses securely and conveniently with a low-rate Seattle Credit Union Business Visa® credit card.

Merchant Services - Keep your business running 24/7 with point-of-sale processing tools.



INVESTMENTS & RETIREMENT

A breadth of Investment and Retirement Services are available through Member Wealth Management, including: portfolio analysis, estate planning, mutual funds, IRAs, 529 College Savings Plans, 401k and more.

Non-deposit investment products and services are offered through MML Investors Services, LLC, CRD#10409, a registered broker-dealer (Member FINRA/SIPC) and registered investment advisors. Products offered are not federally insured by the NCUA, are not obligations of the credit union, are not guaranteed by the credit union, may lose value, and are not credit union deposits. Seattle Credit Union has contracted with Member Wealth Management to make non-deposit investment products and services available to credit union members.

Welcome
TO

SEATTLE

CREDIT UNION



1521 1ST AVE S, STE 500
SEATTLE, WA 98134
SEATTLECU.COM

SU COMPAÑERO EN CRECIMIENTO Y PROSPERIDAD

SEATTLE
CREDIT UNION

1521 1ST AVE S, STE 500
SEATTLE, WA 98134
SEATTLECU.COM

CHEQUES

Elija una cuenta de cheques que se ajuste a sus necesidades, como ser: Cuenta de Cheques Gratis, Cuenta de Cheques para Estudiante o Cuenta de Cheques de Ganancias Grandes; con servicios como protección contra sobregiros y depósito móvil.

Feel Good Checking[®] es una favorita de los locales. Cuando abre una cuenta, puede dirigir una donación a una de varias caridades locales que elija.

RECOMIENDE A UN AMIGO

Recomiende a un amigo a Seattle Credit Union. Cuando se unen y abren una cuenta de cheques, ambos reciben un gran premio. Visite seattlecu.com/refer para obtener más detalles.

AHORROS

Cuentas de Ahorros – Guarde dinero para compras o gastos a futuro.

Mercado Monetario o Certificados de Depósito – Estas cuentas requieren un saldo mínimo, pero ofrecen un retorno mayor que la cuenta tradicional de ahorros.

BANCA EN-LÍNEA Y MÓVIL

Móvil App – Descargue la Aplicación Móvil de Seattle Credit Union para Apple[®] o Android[™] para manejar sus cuentas al alcance de un botón y para depositar cheques usando la cámara en su equipo.

Billera Digital – Enlace sus tarjetas a Apple Pay[®], Android Pay[®] y Samsung Pay[®].

SUCURSALES Y ATMS

Disfrute acceso a casi 30.000 Cajeros Automáticos (ATM, por sus siglas en inglés) gratis y a más de 5.000 sucursales compartidas a través de la red CO-OP.

PRÉSTAMOS

Préstamos para Autos – Si está buscando un par de ruedas nuevas, solicite una pre-aprobación y disfrute de tasas de interés excelentes que ponen combustible en tu tanque.

Si ya tienes un auto que se ajusta a sus necesidades, vea cómo Seattle Credit Union puede ahorrarle dinero refinanciando el préstamo de su auto con nuestras bajas tasas de interés y términos flexibles.

Préstamos para Botes y Casas de Remolque – Sea cual sea su método preferido de transporte, le podemos ayudar a financiarlo.

Hipotecas – Abra las posibilidades con tasas de interés excelentes, bajos cargos y menos pasos. Nuestros expertos en hipotecas le pueden ayudar con:

- Compras de casa
- Refinanciaciones
- Préstamos Jumbo
- Casas Flotantes
- Préstamo o Línea de Crédito Garantizada por el Capital Acumulado en la Vivienda (HELOC, por sus siglas en inglés)
- Préstamos VA para candidatos que califiquen
- Programa Ventaja Posibilidad de Vivienda

Préstamos Personales – A veces necesita un poco de dinero extra para cubrir costos médicos, para una boda, una computadora nueva, una bicicleta o aún muebles. Lo que sea, le podemos ayudar a encontrar el préstamo adecuado.

Préstamos para Ciudadanía – ¿Está buscando convertirse en un ciudadano estadounidense? Podemos ayudarlo a usted y a su familia a financiar el camino a la ciudadanía de los EE. UU.

Consolidación de Deudas – Pague sus deudas más rápido con una tasa de interés más baja.

SEATTLE CREDIT UNION HA SIDO PARTE DE LA CIUDAD ESMERALDA DESDE 1933.

Proporcionamos servicios financieros amistosos y expertos a individuales, familias y negocios pequeños que llaman al Noroeste Pacífico su hogar. Además, como socio-dueño de una organización, ponemos sus ahorros de vuelta en su bolsillo. No importa dónde esté en su vida, estamos aquí para ayudarlo a prosperar.

TARJETAS DE CRÉDITO

Visa Credit Cards – No cargue una tasa de interés alta. Cargue la tarjeta de crédito Seattle Credit Union.

Visa[®] con un interés bajo, sin cargos anuales y uChoose Rewards[®] ofreciéndole puntos que puede canjear por la mejor mercadería de marca, viajes internacionales u opciones de reembolso de dinero.

COMERCIAL

Préstamos Comerciales – Si su negocio necesita dinero para crecer, una línea de crédito para saltar a una oportunidad o capital para comprar equipamiento; tenemos opciones flexibles y expandibles para lograrlo.

Cuentas de Ahorros y Cheques para Negocios – Cuentas de negocios simplificadas y directas ofrecen todo lo que necesita sin las grandes restricciones y requisitos que encuentra en los bancos grandes.

Tarjetas de Crédito para Negocios Visa – Pague por gastos en forma segura y conveniente con la tarjeta de crédito Seattle Credit Union Business Visa.

Servicios Mercantiles – Mantenga su negocio funcionando las 24 horas con herramientas de procesamiento de punto de venta.

INVERSIONES Y JUBILACIÓN

Una amplitud de **Servicios de Inversión y Jubilación disponibles** a través de Member Wealth Management[™], incluyendo: análisis de portfolio, planeamiento de herencia, fondos mutuos, IRAs, Planes 529 de Ahorros para la Universidad, 401(k) y más.

**No es un depósito, no está asegurado por NCUA, no está asegurado por ninguna agencia federal gubernamental, no está garantizado por la institución financiera, puede decaer en valor.*

Bienvenido
A

SEATTLE
CREDIT UNION



Para obtener más información sobre nuestros productos y servicios, tasas y declaraciones adicionales, por favor visite seattlecu.com.

Appendix 5: Alliance Catholic Credit Union Marketing Samples



CATHOLIC NEIGHBORS
LENDING PROGRAM

ALLIANCE
CATHOLIC CREDIT UNION

Offering affordable loan options to members of THE WORLD.



CATHOLIC NEIGHBORS LENDING PROGRAM

Alliance Catholic Credit Union was established by and for the Catholic Community - a community for EVERYONE.

The Catholic Neighbors Lending Program is a way for us to offer a variety of affordable loan options to our members, regardless of citizenship.

From auto loans to credit cards; debt consolidation to personal loans, we'll work with you to find a solution that fits your budget.

Visit AllianceCCU.com/Neighbor to get started!



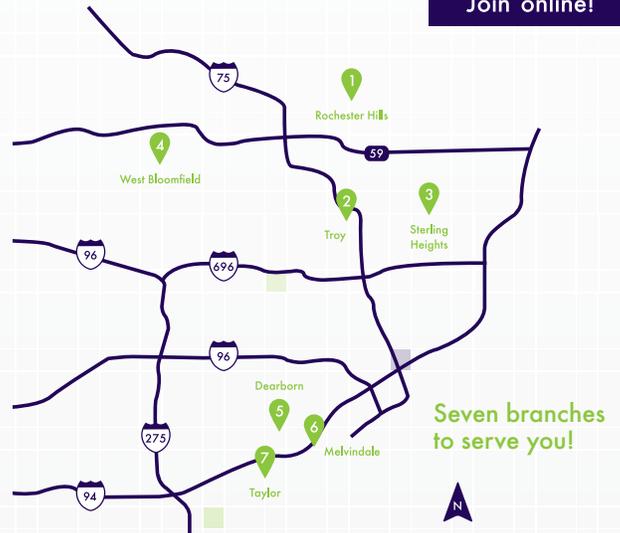
EMPOWERED by FAITH. INSPIRED by YOU.

BECOMING A MEMBER OF THE ACCU FAMILY IS EASY!

You are eligible to join if you are...

- A person of the Catholic faith living, working, attending school or worshipping in the state of Michigan
- An employee or pensioner of parishes or organizations associated with the Catholic Church, which are in the state of Michigan
- Employed by a Select Employer Group (SEG) affiliated with ACCU
- A retiree living in Wayne, Oakland, Macomb, Monroe or Washtenaw counties
- A relative of an existing Alliance Catholic Credit Union member or an immediate family member of any of the foregoing

Join online!



877.950.ACCU
AllianceCCU.com



04/2017 - 1,000

Appendix 6: Wakota Federal Credit Union Marketing Samples



Préstamos de la equidad casera

La herramienta adecuada para su próximo proyecto.



Federal Credit Union
Su alternativa bancaria



1151 Southview Blvd. South St. Paul, MN | 651-451-3330 | wakotafcu.org

Tasas de préstamos tan bajas como

2.49%

APR*




Federal Credit Union
Su alternativa bancaria

1151 Southview Blvd.
South St. Paul, MN 55075
651-451-3330

Solicite en línea en www.wakotafcu.org

* APR significa Tasa de Porcentaje Anual y puede variar en función de la solvencia crediticia y los términos del préstamo. Sujeto a elegibilidad de membresía y préstamo sujeto a aprobación de crédito. La tarifa puede cambiar en cualquier momento sin previo aviso. Los préstamos de WFCU no se pueden refinanciar según la tarifa anunciada a menos que se agreguen \$ 5000 al saldo actual. Ver Credit Union para más detalles.



Ingresas a WFCU con nuestro nuevo Certificado STEP-UP.
Si las tarifas suben, llámenos para un aumento de tarifa por única vez.

Tan alto como

1.25%

APY*

36 meses




Federal Credit Union

651-451-3330 | www.wakotafcu.org

*APY significa rendimiento porcentual anual. La oferta puede finalizar en cualquier momento. Mínimo de \$ 500 para abrir. Avance a una tasa fija más alta una vez desde la tasa actualmente vigente durante el período de 36 meses. El saldo del certificado Step-In se deposita automáticamente en ahorros compartidos al vencimiento. Se puede aplicar una penalidad por retiro anticipado.

Appendix 7: Marketplace Support and Research

This section contains references to a variety of resources that financial institutions can use to build or expand their ITIN Lending programs. All of these resources have been used by ITIN testers in the Filene Incubator or credit unions and organizations that have contributed to the development of this guide. Financial institutions should evaluate each resource before using it and may have to work directly with the resource to develop an agreement for services.

This section lists resources for the following categories:

1. General ITIN Lending Guidance, Advisory, and Serving the Hispanic Community
2. Compliance and Regulatory Support
3. Identification Checks
4. Applicable Research and White Papers

General ITIN Lending Guidance, Advisory, and Serving the Hispanic Community

Coopera and Inclusiv (with the Juntos Avanzamos initiative) have a long and successful history of helping credit unions and other financial institutions with ITIN Lending. Both organizations offer a variety of tools, resources, and advisory support beyond their contributions to this guide.

Coopera—Coopera has been helping credit unions reach and serve the Hispanic market for over 11 years. Coopera provides services such as market assessments, consulting services, Hispanic consumer products, marketing services, and training programs. For more information, see Coopera’s website, www.cooperaconsulting.com, or contact info@cooperaconsulting.com. Please note, at the time of this guide’s publication, Coopera currently serves only credit unions and nonbanks.

Inclusiv and Juntos Avanzamos—Inclusiv and Juntos Avanzamos provide a designation for credit unions committed to serving and empowering Hispanic consumers. Juntos Avanzamos also provides a variety of resources, including marketing materials, webinars, and toolkits to support credit unions in this effort. For more information, see the Inclusiv website, www.inclusiv.org/juntosavanzamos or contact juntosavanzamos@inclusiv.org.

Compliance and Regulatory Support

PolicyWorks helps credit unions manage and respond to the ever-changing regulatory compliance environment. More information can be found at www.PolicyWorksLLC.com or by contacting juntosavanzamos@inclusiv.org.

Identification Checks

A key step in the ITIN Lending process is to evaluate acceptable forms of identification for the account-opening process. Several organizations produce resources to assist with validating different forms of identification. The Driver's License Guide Company provides annual updates to its resource, ensuring current and up-to-date information, that can help front-line staff check identification from over 600 countries and reduce fraud.

I.D. Checking Guide: www.driverslicenseguide.com/

Please also see Appendix 3, on using the Matricula Consular ID Card as part of the account-opening process.

Applicable Research and White Papers

Coopera White Papers—Coopera has written a variety of white papers on topics to serve the Hispanic community, including “Action Guide: Developing the Right Organization Mentality to Serve the Hispanic Market,” “Asking the Right Questions,” and “Hispanic Member Growth Not Just for ‘Gateway States’ Anymore.” Access to these white papers can be found on the Coopera website, www.cooperaconsulting.com/hispanic-expertise.cfm.

Filene's Reaching Minority Households Incubator (2018)—Filene's Reaching Minority Households report describes the 40 credit unions that tested a variety of programs geared toward serving households of color, including ITIN Lending, small-dollar lending alternatives, microfinance small business lending, and data-mined auto lending. The report outlines the testing results including the scalability, desirability, consumer impact, and financial sustainability of ITIN Lending. This report can be accessed at filene.org/learn-something/reports/reaching-minority-households-incubator. Additional Filene research, resources, and implementation guides to help the community can be found at filene.org.

Inclusiv's Beyond Financial Access: Striving for Deeper Immigrant Financial Inclusion (2017)—This research effort examines the experiences of immigrants in accessing and using products and services at credit unions. This report can be found on Inclusiv's webpage, www.inclusiv.org/beyond-financial-access. Additional reports by Inclusiv can be found at www.inclusiv.org/resources/reports.

Glossary

Foreign national: An individual who was born outside the United States and resides in the United States.

ITIN (Individual Taxpayer Identification Number): A tax processing number issued by the IRS. The IRS issues ITINs to individuals who are required to have a US taxpayer identification number but do not have and are not eligible to obtain a social security number from the Social Security Administration.

Nonresident: The US Citizenship and Immigration Services uses the terms “aliens” and “nonimmigrants” to describe individuals who are not US citizens or US nationals. For more information, see www.irs.gov/individuals/international-taxpayers/immigration-terms-and-definitions-involving-aliens. The IRS uses the term “nonresident aliens” to describe individuals who have not passed the green card test or substantial presence test. For more information, see www.irs.gov/individuals/international-taxpayers/taxation-of-nonresident-aliens.

Resident: The US Citizenship and Immigration Services uses the term “resident aliens” to refer to non-US citizens currently residing in the United States. The term is specifically used in three different manners, including permanent resident, conditional resident, and returning resident. For more information, see www.uscis.gov/tools/glossary/resident-alien. The IRS uses the term “resident aliens” to describe individuals who meet the green card test or substantial presence test for the calendar year (January 1–December 31). For more information, see www.irs.gov/individuals/international-taxpayers/determining-alien-tax-status.

Undocumented / unauthorized immigrant: Individuals who reside in the United States and do not have the proper documents for lawful immigration status.

Endnotes

¹ More than 43.7 million immigrants resided in the United States in 2016, accounting for 13.5% of the total US population of 323.1 million, according to American Community Survey data.

² *Beyond Financial Access: Striving for Deeper Immigrant Financial Inclusion*, www.inclusiv.org/beyond-financial-access.

³ www.irs.gov/individuals/international-taxpayers/general-itin-information.

⁴ taxpayeradvocate.irs.gov/2012-Annual-Report/downloads/Volume-1.pdf.

⁵ *The IRS's Handling of ITIN Applications Imposes an Onerous Burden on ITIN Applicants, Discourages Compliance, and Negatively Affects the IRS's Ability to Detect and Deter Fraud*, taxpayeradvocate.irs.gov/2012-Annual-Report/downloads/Most-Serious-Problems-ITIN-Individual-Taxpayer-Identification-Number.pdf.

⁶ www.nilc.org/issues/taxes/itinfaq/.

⁷ www.pewresearch.org/fact-tank/2017/04/27/5-facts-about-illegal-immigration-in-the-u-s/.

⁸ www.migrationpolicy.org/data/unauthorized-immigrant-population/state/US.

⁹ Pew Hispanic Center.

¹⁰ www.fdic.gov/householdsurvey/2015/2015report.pdf.

¹¹ filene.org/learn-something/reports/reaching-minority-households-incubator.

¹² filene.org/learn-something/reports/reaching-minority-households-incubator.

¹³ 2014 CUNA/Coopera Hispanic Outreach Return on Investment Study.

¹⁴ In the Matter of Bethex Federal Credit Union 2016-06 www.fincen.gov/sites/default/files/enforcement_action/2016-12-15/Bethex%20Assessment_Final.pdf.

¹⁵ Municipal governments are increasingly issuing identification cards for residents for use in accessing hospitals, schools, libraries, and other public facilities. Municipal ID programs are in effect or in development in New York, Los Angeles, San Francisco, Oakland, and numerous other cities. The NCUA Office of General Counsel Legal Opinion Letter 14-0801; states that an “unexpired Municipal ID, that includes data found in other forms of government-issued identification such as name, photo, date of birth, address, and signature, would contain the elements required by the CIP Rule for a primary source of identification in opening a new account for either US or non-US persons.”

¹⁶ A qualifying consulate ID card would include, for example, a Matricula Consular card issued by the government of Mexico through its consulate offices to Mexican nationals residing outside Mexico, or a similar card such as a cédula issued by another country of origin.

¹⁷ NCUA Office of General Counsel Legal Opinion Letter 14-0801, November 24, 2014.

¹⁸ Mexico’s New Consular ID Card: Improving the Secure and Reliable Identification for Mexicans Abroad. mex-eua.sre.gob.mx/images/stories/PDF/MatriculaConsularMexicanaingnueva.pdf.

¹⁹ www.inclusiv.org/partnerships-for-financial-capability.

²⁰ www.irs.gov/individuals/international-taxpayers/how-to-become-an-acceptance-agent-for-irs-itin-numbers.

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