

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

**2005-2006**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on  
Housing  
(AC-Ho)**

File Naming Example:

Record of Comm. Proceedings ... RCP

- > 05hr\_AC-Ed\_RCP\_pt01a
- > 05hr\_AC-Ed\_RCP\_pt01b
- > 05hr\_AC-Ed\_RCP\_pt02

*Published Documents*

> Committee Hearings ... CH (Public Hearing Announcements)

> \*\*

> Committee Reports ... CR

> \*\*

> Executive Sessions ... ES

> \*\*

> Record of Comm. Proceedings ... RCP

> \*\*

*Information Collected For Or  
Against Proposal*

> Appointments ... Appt

> \*\*

> Clearinghouse Rules ... CRule

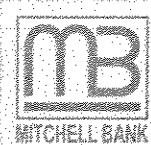
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> Hearing Records ... HR (bills and resolutions)

> **05hr\_ab0085\_AC-Ho\_pt01**

> Miscellaneous ... Misc

> \*\*



March 21, 2005

Mr. Daryll Lund  
President and CEO  
Community Bankers of Wisconsin  
455 County Road M  
Madison, Wisconsin 53719

Re: WHEDA/ITIN Undocumented Mortgage Program

Dear Daryll:

The purpose of this letter is to set forth the views of the Mitchell Bank as related to the WHEDA pilot mortgage program, the Mitchell Bank's internal undocumented mortgage program and current legislative efforts to stop the WHEDA pilot.

With regard to this controversy, there is one fact that is indisputable. That one fact, without casting aspersions, questioning motives or assessing blame, is that there is a very substantial undocumented population within the United States and, particularly in the Wisconsin/Milwaukee area. See most recent study from the Pew Hispanic Center reported on March 21, 2005 and as described in the attached.

As a Community Bank, we cannot and should not attempt to articulate the reasons that this fact is true nor assign blame for it. However, not to recognize it would be irresponsible. Whether it has been lack of enforcement of laws barring entry into this country or failure to establish effective bars or effective impediments to this migration, the simple fact remains that there is a substantial "shadow population" of undocumented migrants numbering in the millions in this country.

In addition, it is again indisputable that the country and its governmental agencies have neither the resources, the capacity or even desire to deport millions of undocumented workers, many of whom are contributing members of the community and living and working in our neighborhoods. Many of these individuals have lived and worked here for many years and have developed a permanent attachment to our Nation.

Another indisputable fact is that the vast majority of this

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Mr. Daryll Lund  
March 21, 2005  
Page 2

undocumented population are employed in one or multiple jobs. In that regard, their presence is at least tolerated and, at times, perhaps welcomed. However, unless we begin to deal with their status and "presence", we will simply be fostering a "permanent underclass" of economically deprived families, many children members of which are citizens of the United States. Should we create or maintain a permanent caste of the undocumented denying them the benefits of society while keeping them here as a source of labor for those jobs we do not want to perform? In the long run will this benefit us as a society?

We recognize the countervailing arguments that benefits and recognition should not be granted to persons whose mere presence here is the fruit of an initial illegality. However, as community bankers, we do not and cannot concern ourselves with the how or why of such issues. Our job and mission, as a community bank, is to gather deposits within our community and neighborhood and reinvest that capital to improve our community and the lives of those who are members of it. As you are well aware, that is the role and purpose of a community bank.

For the Mitchell Bank, that community and that neighborhood has a very significant and substantial undocumented population. **These are the people who live and work within our neighborhood and community.** The bank regulators rightly require us, as a community bank, to reinvest those deposits and that capital within our communities and neighborhoods. That reinvestment obligation is not dependent on or defined by citizen vs. non-citizen, documented vs. undocumented.

The regulators require us to reinvest in our communities but if the persons in that community are "undocumented" are we relieved of this obligation and mission? To whom and in what community shall we lend? West Bend?

The fact that the community in which the Mitchell Bank finds itself has a substantial undocumented population is really irrelevant to its role and obligation to reinvest within its community and to improve the lives of its members. In making mortgage loans, the bank has an obligation to assess the "creditworthiness" of the borrowers not immigration status. WHEDA and Mitchell have assessed "creditworthiness" of the undocumented population and it has been impeccable as we and WHEDA have had no delinquencies or even late payments.

Without access to home ownership, the undocumented community is deprived of the greatest vehicle for the accumulation of wealth, i.e., home ownership.



Mr. Daryll Lund  
March 21, 2005  
Page 3

The mission of WHEDA is quite similar to that of a community bank. WHEDA's mission is to help low income persons in neighborhoods to become viable persons in viable communities developing higher standards of living. WHEDA's pilot program within the undocumented population cannot be more directly targeted to the accomplishment of its mission.

As I have indicated, Daryll, only about 20% of the homes in the Mitchell Street neighborhood are owner-occupied. This compares so very unfavorably to a state wide average of almost 70%. A major part of the reason is that a substantial portion of that population is undocumented and until recently was totally shut out of home ownership with the exception of the occasional predatory lender. The WHEDA pilot offers its help to stabilize the neighborhood and makes conventional financing available to those whose only differing characteristic is their immigration status-- not their creditworthiness, income level, debt ratio, downpayment or willingness to repay.

With community banks and WHEDA not participating in the market, the undocumented are particularly vulnerable to predatory lenders precisely because of their undocumented status and the lack of conventional alternative financing. As a direct and proximate result, predatory lending is rampant, substantial and growing within this community.

Even the landlords get into the act in our neighborhood. They purchase the homes for very little and rent out the homes at above market rents to the undocumented. Landlords can charge high rent for substandard housing because of the undocumented status of their tenants.

In the Mitchell Street area over half of the population pays more than 40% of their income on housing even though that housing is substandard. This creates a vicious cycle designed to keep people in our neighborhood in abject poverty without the opportunity to build wealth or a sustainable community. Absentee landlords purchase the homes in run down condition, do nothing to repair them and lease them at high rents for the working poor who have no alternative for the housings for their families. The neighborhood and the entire housing stock continue in a downward spiral. The children of the undocumented, many of whom are citizens of the U.S., are forced to live in substandard housing.

This is precisely the reason that the WHEDA program is so very vital to low income neighborhoods with substantial foreign born populations.

Mr. Daryll Lund  
March 21, 2005  
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In conclusion, Daryll, the undocumented, rightly or wrongly, come here for one reason and that is to work hard and to carve out a better live for themselves and their family. They are contributing members of society. Our bank and WHEDA make no loans to anyone who does not pay all of their Wisconsin State and Federal income taxes through use of the ITIN number. They pay their taxes although not enjoying the full benefit of other tax paying citizens. These are the people who make up our community and who are willing to make sacrifices to make a better life for themselves, their children and future generations. To preclude them from home ownership is to deny them a significant part of the American dream and the principal vehicle used by all in this country to accumulate wealth and to make a better life for themselves and their family.

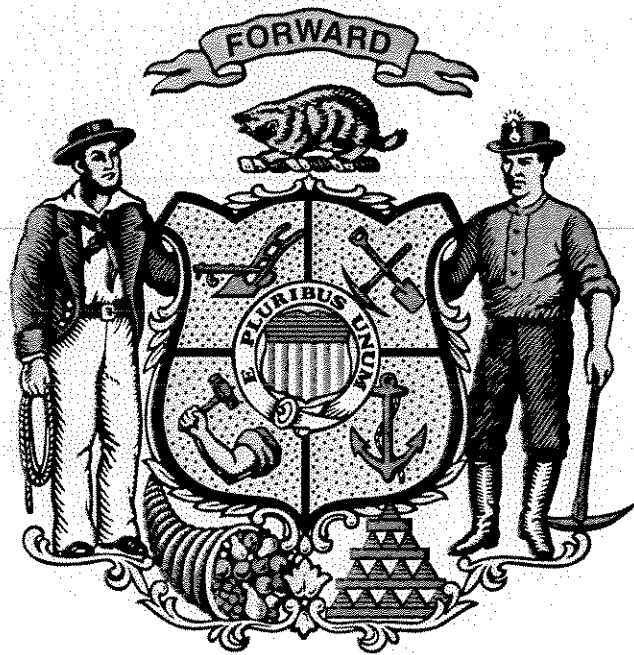
I am always happy to discuss this issue with anyone and again, on behalf of the Mitchell Bank and all of our partners we urge the Community Bankers of Wisconsin to resist all legislative attempts to end the WHEDA program.

I have separately emailed you various articles and newspaper reports concerning the WHEDA and Mitchell efforts. Feel free to share them with your staff.

Very truly yours,

James P. Maloney, President  
Mitchell Bank Holding Corporation

JPM:ldd





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3.21.2005

## Estimates of the Size and Characteristics of the Undocumented Population

by Jeffrey S. Passel, Senior Research Associate, Pew Hispanic Center

**More on Immigration**

**Reports**

**Survey of Mexican Migrants, Part Two**

Attitudes about Voting in Mexican Elections and Ties to Mexico  
[Read the report](#)

**Survey of Mexican Migrants, Part One**

Attitudes about Immigration and Major Demographic Characteristics  
[Read the report](#)

**The Remittance Marketplace: Prices, Policy and Financial Institutions**

[Read the report](#)

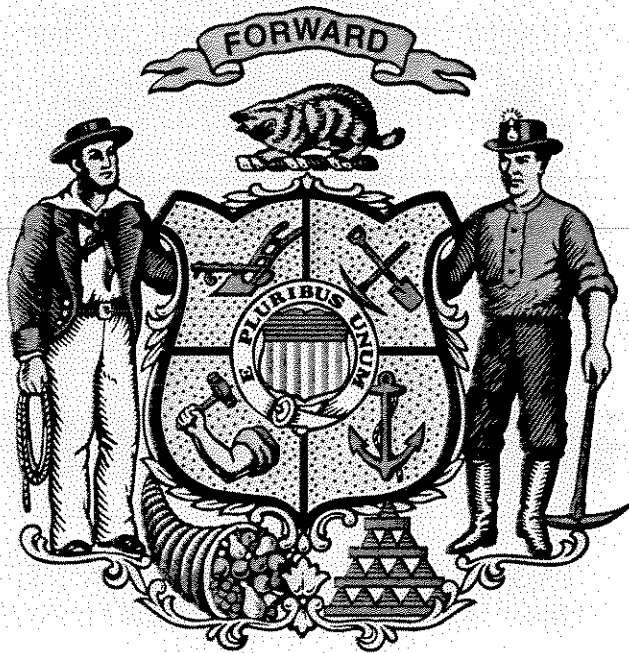
The Pew Hispanic Center has developed new estimates for the size and key characteristics of the population of foreign-born persons living in the United States without proper authorization using data from the March 2004 Current Population Survey which is conducted by the U.S. Census Bureau and the Department of Labor.

**Report Mater**

[Complete Report](#)

**Major findings include:**

- Following several years of steady growth, the number of undocumented residents reached an estimated 10.3 million in March 2004 with undocumented Mexicans numbering 5.9 million or 57 percent of the total.
- As of March 2005, the undocumented population has reached nearly 11 million including more than 6 million Mexicans, assuming the same rate of growth as in recent years.
- About 80 to 85 percent of the migration from Mexico in recent years has been by undocumented migrants.
- Since the mid-1990s, the most rapid growth in the number of undocumented migrants has been in states that previously had relatively small foreign-born populations. As a result, Arizona and North Carolina are now among the states with the largest numbers of undocumented migrants.
- Although most undocumented migrants are young adults, there is also a sizeable childhood population. About one-sixth of the population--some 1.7 million people-- is under 18 years of the age.







## Office of the Mayor

David J. Cieslewicz

Room 403  
210 Martin Luther King, Jr. Boulevard  
Madison, Wisconsin 53703-3345  
(Phone) 608 266 4611  
(TTY) 608 266 4443  
(FAX) 608 267 8671

April 20, 2005

Rep. Steve Wieckert  
Chairperson, Assembly Housing Committee  
Room 16 West  
State Capitol  
P.O. Box 8953  
Madison, WI 53708

**Re: Assembly Bill 85**

Dear Representative Wieckert:

This letter is to express the City of Madison's opposition to AB 85, which would prohibit the Wisconsin Housing and Economic Development Authority (WHEDA) from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number.

Over the last year, WHEDA has worked with a handful of banks in the Madison area in a program whereby immigrants in our community have been able to obtain home mortgage loans using an Individual Taxpayer Identification Number (ITIN) issued by the IRS instead of a Social Security Number. This program helps combat the rising problem of predatory lending practices to which persons without a social security number, but who have the ability to purchase a home, are particularly susceptible. This program has also recognized the emergence of a growing market for homes and home mortgage loans by persons in our community who either do not have or would rather not divulge to third parties their social security number. For some time, private banks have recognized this market and have commenced underwriting loans with the use of ITINs. Banks want immigrants as customers. WHEDA's ITIN lending program represents a valuable partnership with private lenders within this already-established and growing financial market.

WHEDA's ITIN-based mortgages are performing well. Applicants for these mortgage loans must meet strict income, credit and employment history requirements. As a result, WHEDA is experiencing the same low level of default rates that has been observed with other loan programs. Furthermore, by expanding home-ownership opportunities through this program, WHEDA is helping expand the City of Madison's tax base.

For the reasons stated above, I urge you to oppose AB 85.

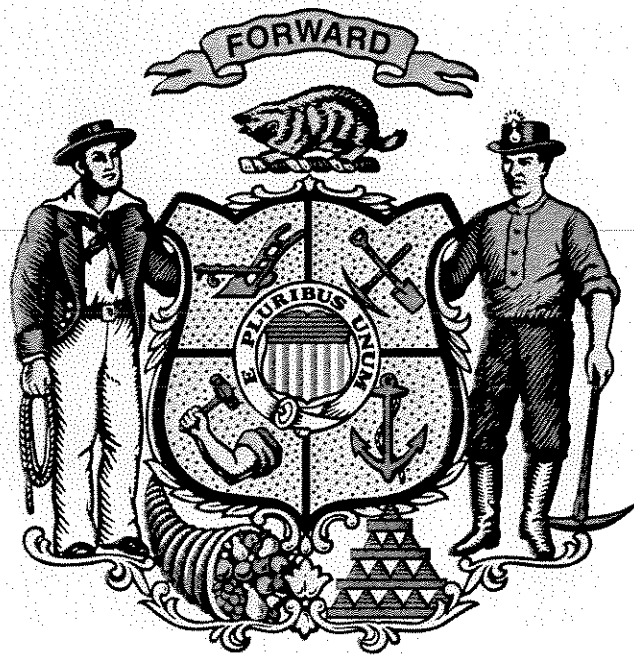
Sincerely,

  
Dave Cieslewicz  
MAYOR

April 20, 2005

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cc: Rep. John F. Townsend  
Rep. Robin Kreibich  
Rep. Phil Montgomery  
Rep. Annette Williams  
Rep. Leon Young  
Madison Legislative Delegation  
Antonio Riley  
Maria Watts





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Madison, Wisconsin  
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608-255-7395 (fax)  
suelarson@mcledusa.net

ASSEMBLY HOUSING COMMITTEE  
HEARING ON ASSEMBLY BILL 85  
APRIL 21, 2005

Dear Representative Wieckert and Housing Committee members,

Thank you for accepting testimony on Assembly Bill 85, forbidding the State WHEDA agency from participating in offering housing loans to low-income state residents who do not have a Social Security card for identification. I am Rev. Sue Moline Larson, director of the Lutheran Office for Public Policy in Wisconsin the legislative office of the Evangelical Lutheran Church in America and its six member synods with 750 congregations in Wisconsin. I am registering in opposition to AB 85.

The Evangelical Lutheran Church in America approved an Economic Life social statement in 1999 that says:

"As a church, we confess that we are in bondage to sin and submit too readily to the injustices of economic life, and ....close ourselves off from the needs of others. Too uncritically, we accept assumptions, policies, and practices that do not serve the good of all."

And,

"Sufficiency means adequate access to income and other resources that enable people to meet their basic needs, including nutrition, clothing, and *housing*."

AB 85 is a logical and reasonable bill on the face of it. For taxpayer funds to benefit members of Wisconsin communities, those residents should be law-abiding people who are legally present in the state and the nation. But the impact of the bill is more checkered and may outweigh the value of the argument made on the bill's behalf.

Because there are additional circumstances that factor into the real world lives of undocumented individuals and their families, those realities must also be taken into consideration. As the statement above explains, we should not accept uncritically policies that do not serve the good of all. We recognize that current US immigration and cross border travel agreements do not work well.

There are many recommendations to correct the broken system that some people see as a threat to US national security or that others, including many religious advocates such as Lutheran Immigration and Refugee Services, see as a threat to the lives and security of those who cross illegally to find work and a better life. If we focus only on an argument related to fears for national security, we submit too readily to an injustice that closes off the needs of others for access to resources that people need to meet their basic life needs.

The ELCA adopted a message "Immigration" in (1997) that states,

"We encourage our members, in light of our history and our ministry with newcomers, to join with other citizens in our democratic society to support just laws that serve the common good. Our advocacy needs to take into account the complexity of issues, the diversity of interests, and the partial or relative justice of laws at the same time that it counters appeals rooted in hostility, racism, prejudice, indifference, and simplistic solutions."

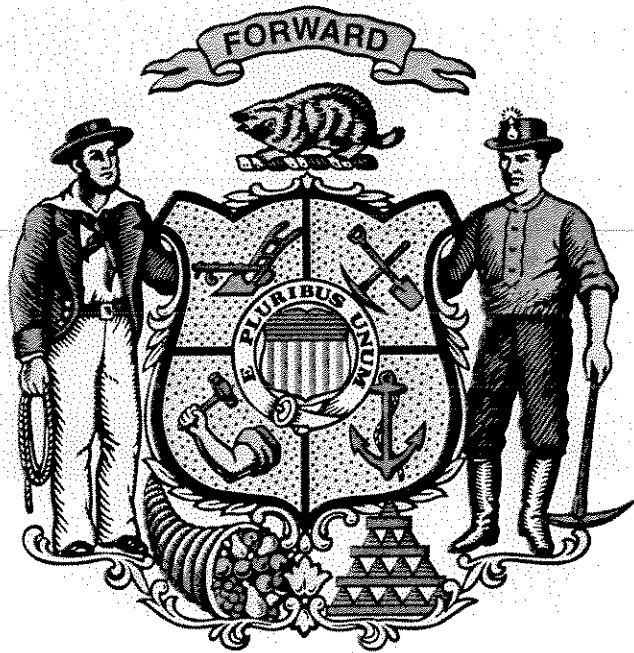
AB 85, if passed, would enforce a relative or partial justice that will harm communities and neighborhoods by withholding resources from hard-working families who are striving to get beyond the indignity of being exploited and living continually in fear. The Immigration message urges leaders to seek flexible and humane ways to assist undocumented persons to adjust their legal status and to work to ensure their well-being. The message further reminds:

"Most permanent residents are an integral part of our society who abide by the law, pay Social Security and taxes, and contribute to the economic and cultural life of their communities. In order to help assure their well-being, especially of their children, we support legislation that gives them access to the same benefits that citizens receive."

An April 5 New York Times article noted that the monies paid into the Social Security system last year by 'illegal' immigrants added an extra 10% to the program, a subsidy of \$7 billion. Please affirm the lasting value these families provide to our country by investing in the families and communities who will be harmed by this bill. Please do not approve AB 85.

Thank you.







# Pedro Colón

STATE REPRESENTATIVE

Testimony In Opposition to Assembly Bill 85

Assembly Committee on Housing  
April 21, 2005

By Representative Pedro Colón

Good afternoon Chairman Wieckert and Committee members. Thank you for allowing me the opportunity to express my opposition to Assembly Bill 85 (AB 85) that would prohibit the Wisconsin Housing and Economic Development Authority (WHEDA) from making, buying or assuming a home mortgage loan for an individual who does not have a social security number.

One of WHEDA's most important missions is to help Wisconsin's lower-income workers and families become first time homebuyers. The current program used by WHEDA allowing the use of Individual Taxpayer Identification Number (ITIN) simply follows the practice put in place by the IRS in 1996 when it discovered that undocumented workers had reported \$80 billion in annual income. Thus, the use of ITIN enables these workers to report earning and pay taxes.

**Furthermore, WHEDA's mortgage terms to qualified citizens and ITIN holders are identical. And, no tax dollars are used to support the home lending programs.**

The vast majority of undocumented persons who come to this country pay taxes, participate in civic life and often take the jobs that most citizens might refuse. If they have children born in the U.S., they are automatically citizens. ITIN's are used as the basis for mortgage loans from six Madison, Racine and Milwaukee area banks. These institutions are using ITIN instead of Social Security numbers for checking financial information in an individual's background - a use that has been reaffirmed by the USA Patriot Act.

WHEDA's ITIN program does not create a situation where citizens are being denied mortgage loans in place of ITIN holders. In fact, since April of 2004, WHEDA's ITIN pilot has approved 43 mortgages compared with overall WHEDA mortgage approvals of more than 4,000 statewide.

The ITIN program is not a give away to undocumented persons. They must meet the requirements of any participant in WHEDA's mortgage lending program. **The ITIN borrower must have good credit, financial stability, and must repay their loans or risk losing their house - just like any borrower.**

In March of this year, my office received a copy of a letter from James P. Maloney, president of Mitchell Bank Holding Corporation to Daryll Lund, president and CEO of the Community Bankers of Wisconsin. In his letter, Mr. Maloney sets forth the views of Mitchell bank in regard to the issue of lending using ITIN's. He states in that correspondence, "The fact that the community in which Mitchell Bank finds itself has a substantial undocumented population is really irrelevant to its role and obligation to reinvest within its community and to improve the lives of its members. In making mortgage loans, the bank has an obligation to assess the

8th Assembly District

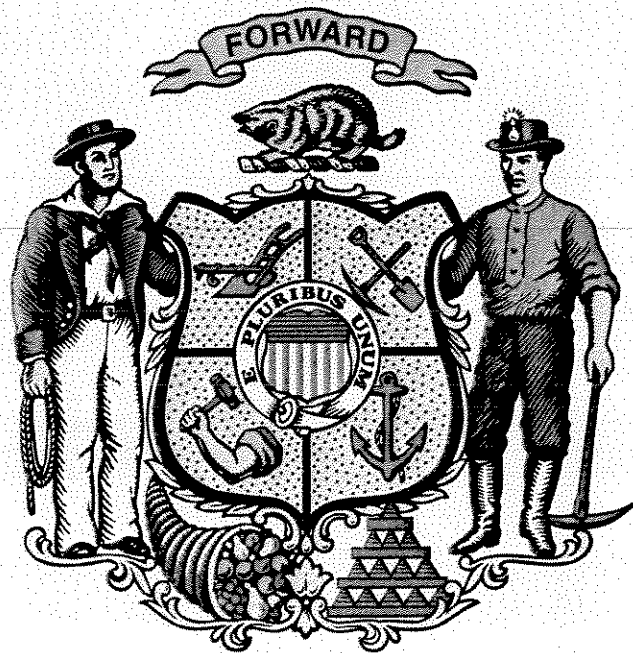
“creditworthiness” of the borrowers not immigration status. WHEDA and Mitchell have assessed the “creditworthiness” of the undocumented population and it has been impeccable and we and WHEDA have had no delinquencies or even late payments.”

As the State Representative of this neighborhood, I could not agree more with these comments. The fact of the matter is that we do have an obligation to invest in our communities. Home ownership is one of the best ways to ensure economic stability of a community and reduce crime. Currently, home ownership on Milwaukee’s south side is about 20% compared to a statewide average of 70%. This has created a situation where my constituents are sometimes forced into substandard housing owned by absentee landlords where they often pay 40% of their income in rent.

While I fully understand that honest people and Legislators are concerned with the mounting challenges this country faces with immigration policy, Assembly Bill 85 will do nothing to change this. The fact is that undocumented people live in Wisconsin and they make many sacrifices to provide a better life for themselves and their families.

I would also like to mention that Assembly Bill 85 paints with a broad brush. Just because a person does not currently have a social security number does not mean they are not going through legal immigration process – a process that, in some cases, can take years to complete.

In closing, I would again like to thank the Chairman and Committee members for taking the time to hear my concerns about this legislation and encourage them to take a careful look at the facts before endorsing what I consider poor public policy.



**Becher, Scott**

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**From:** Georgia Pabst [GPABST@journalsentinel.com]

**Sent:** Tuesday, July 12, 2005 2:01 PM

**To:** Becher, Scott

**Subject:** AB 85

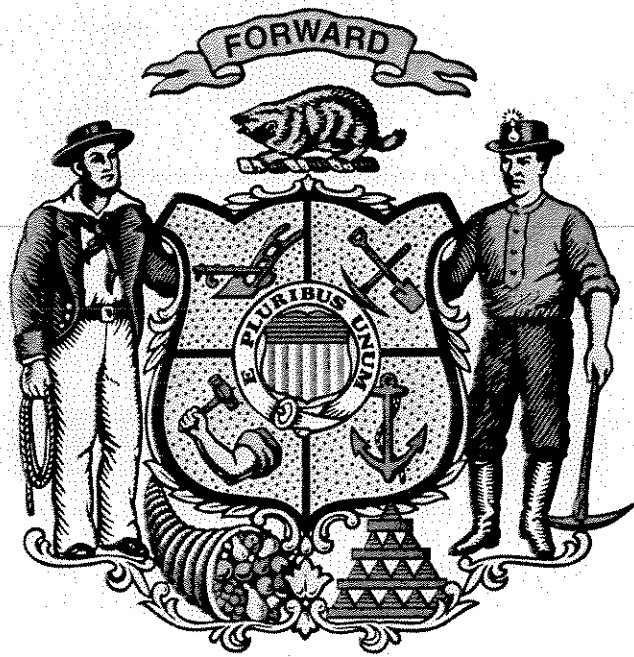
Dear Scott,

This is to request a list of those who testified for and against Assembly Bill 85 on April 21, 2005. Thank you.

Georgia Pabst

reporter, the Milwaukee Journal Sentinel (414)223-5480





**Becher, Scott**

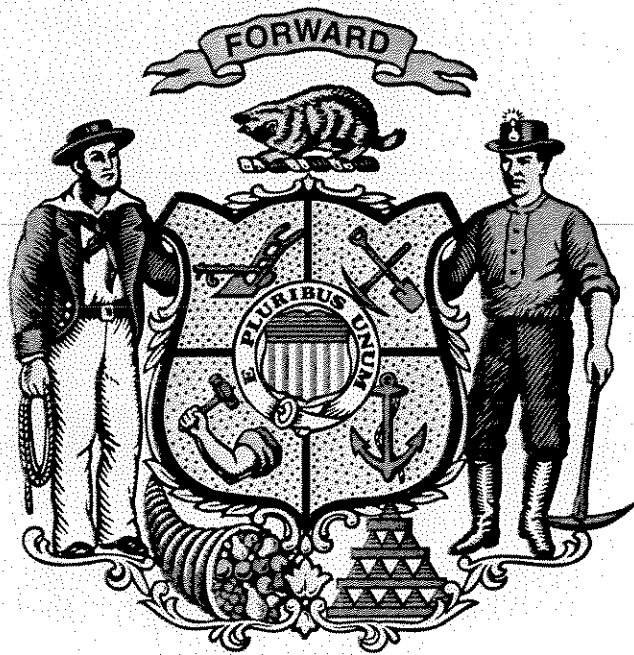
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**From:** Maggi, Yolanda [yolanda.maggi@foxnews.com]  
**Sent:** Friday, August 12, 2005 3:59 PM  
**To:** Becher, Scott  
**Subject:** Information Request

Hello Scott -

I would like to file a Freedom of Information request for the records of all those people who testified for the Assembly Bill 85.

Thank you,  
Yolanda Maggi



**Becher, Scott**

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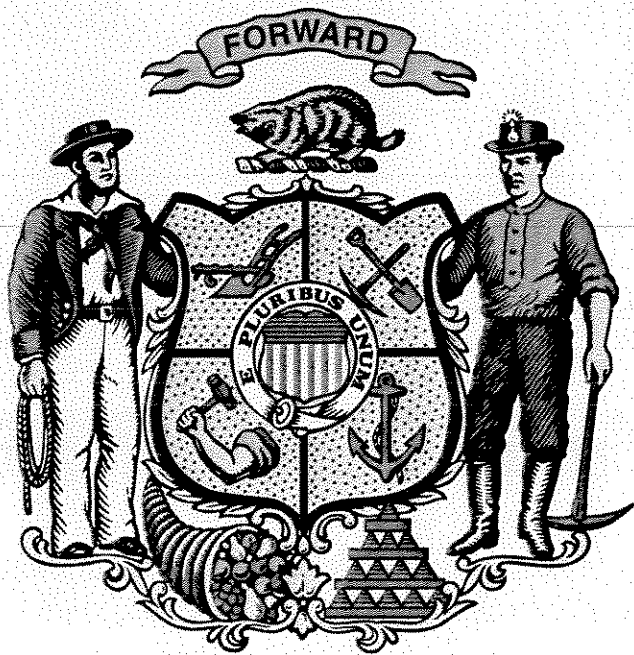
**From:** Lundquist, Lisa  
**Sent:** Tuesday, November 01, 2005 6:45 PM  
**To:** Becher, Scott  
**Subject:** Committee Records Request

Scott,

Would you send me the committee records from the public hearing held on Assembly Bill 85 including any and all documents pertaining to the bill, copies of testimony for and against the bill, and the names of those who registered for and against the bill.

Thank you,

Lisa Lundquist  
Office of Representative Kreuser  
266-5504





20% INCREASE IN PROP. VALUE  
IN THE LAST 5 YEARS

THESE  
PEOPLE

**ASSEMBLY BILL 85**

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE

My name is Rene Farias and I represent the United Community Center (UCC), a community agency located at 9<sup>th</sup> and Washington on Milwaukee's south side. We at UCC strongly believe that home ownership is key to the stability of a neighborhood and over the years the agency has been instrumental in helping many families acquire their first home. For example, during the past year 49 families were able to purchase homes through our home buying counseling program. These are hard-working families who are willing to make sacrifices in order to own their home.

In the last 10 years the home ownership rate in the neighborhood has changed from 45% owner-occupied to 80% today. The change in the neighborhood around the UCC is very noticeable and is often mentioned by visitors to the Center. Homes are neat, yards and streets are clean, and the crime rate has gone down substantially.

Stability is very important for a community. It has a definite impact on home maintenance, and a decrease in crime, as neighbors look out for each other interests.

An additional benefit to the community is that owner occupied homes increases property value which in turns means an increase in property taxes as well as an additional economic impact on businesses in the area, like furniture, grocery and other businesses. So everyone benefits as neighborhoods improve and the tax base increases.

An often-overlooked impact of owner-occupied homes is on education; student attendance becomes stable and the schools in the area no longer have to deal with high student mobility rates.

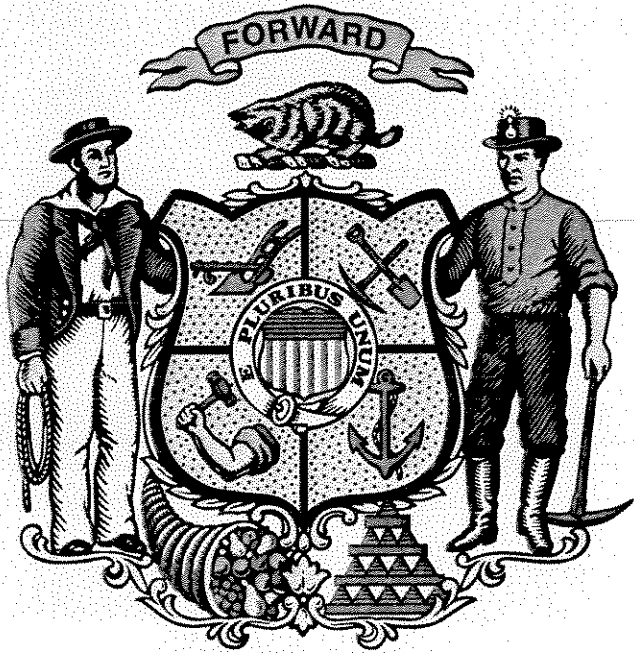
SENATOR KOHL  
REGISTER IN FAVOR

LATINO UNITED RESOURCES EDUCATION

All of these are signs that HOME OWNERSHIP WORKS. Yet ASSEMBLY BILL 85 would deprive a significant number of people from owning a home. The vitality and income power of this community is so great that <sup>THE</sup> ~~you~~ <sup>DEWISCONSIN</sup> as a State will be missing out of this impact

I earnestly urge you to vote against Assembly Bill 85.

THANK YOU.



WRITTEN TESTIMONY  
ANSELMO VILLARREAL  
EXECUTIVE DIRECTOR  
LA CASA DE ESPERANZA, INC.  
RE: ASSEMBLY BILL 85  
SENATE BILL 43

As Executive Director of La Casa de Esperanza, Inc. and on behalf of over 10,000 individuals who turn to La Casa for help each year, I am writing to express my support for the WHEDA ITIN immigrant program. I want to commend Mr. Riley for his tremendous leadership for this unique, innovative model that is becoming a national model.

As you know, it is a fact that there is a significant undocumented population in our community who are working and paying taxes through the ITIN program and in many other ways contributing positively to our society. Many of these same people have lived in this country for many years and have children who are citizens.

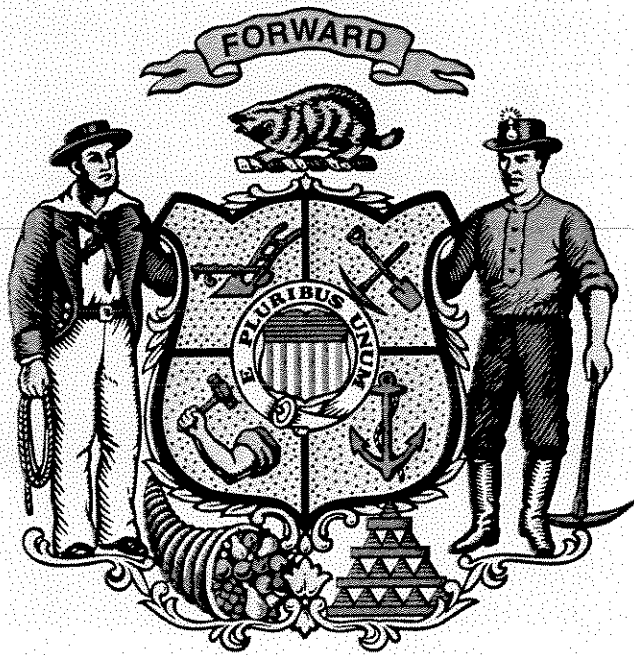
The primary means by which people are able to build wealth and to achieve the "American Dream" is through home ownership. I am completely supportive of the efforts of WHEDA to assist undocumented customers to achieve this goal, based on their creditworthiness and not on their immigration status. Without this opportunity, these people are doomed to continuing a cycle of poverty for themselves, their children and future generations.

A danger of ending this important program is the fact that these people will become even more at risk of falling prey to predatory lenders. They will increasingly resort to these predators, which will in turn increase the number of unethical lenders seeking to take advantage of vulnerable people who have no financing alternatives.

Once again, I want to express my complete support of the efforts of WHEDA. I would be happy to further discuss this issue with you. You can contact me at (262) 547-0887.

Sincerely,

Anselmo Villarreal  
Executive Director





Good Afternoon

I am Don Cohen... Vice President of Community Lending for North Shore Bank in Milwaukee. I am here representing the Wisconsin Community Bankers.

I am pleased to speak to the committee today regarding this bill that would prevent WHEDA from financing mortgages to ITIN-equipped borrowers.

I understand the concern among some legislators regarding loans to undocumented individuals, but I would like to tell you about the other side of this issue.

The customers we are talking about are hard working TAX PAYING, SOCIAL SECURITY PAYING AND MEDICARE PAYING people.

Their contributions to Social Security alone is over 7 Billion per year. Those are taxes they pay toward benefits they will probably never see.

Many of these immigrants work long hours at low paying jobs that American Citizens don't want. and American Citizens benefit from all their labor in a more active economy, with lower prices and added tax revenue.

But when an institution like WHEDA comes along and says, yes we will help banks lend to their credit worthy immigrant customers at a fair interest rate, some people think it's anti-American.

Actually, it's in the finest tradition of this country.

After all, these residents whom we are serving are the next generation of American Immigrants. Like our forefathers, they came for a better life.

This isn't about handouts, it's about people who in many cases were invited to America, people who have had to work hard to prove their worth, and who deserve fair treatment

The reality is that this isn't about immigration. It's about commerce and the local economy, about helping honest upstanding families find decent, affordable places to live for themselves and their children.

But if you still have doubts, it's pretty obvious that ... at the end of the day, Washington will come up with some form of worker program for the millions of immigrants who are already here and already live and work among us.

WHEDA has taken the lead for the nation with this mortgage program. IHDA, the Illinois version of WHEDA has announced it will start offering similar type mortgages.

Just to give you some numbers, a small Community Bank in Chicago has been offering loans using the ITIN number since 1999. They currently have 572 loans averaging \$160,000, with two 30 day lates, and no 60 or 90 day lates, and no foreclosures

I have been working on a task force with the FDIC in Chicago, called the New Alliance Task Force. The mission was to find products for immigrants to bank the unbanked, and to work on a loan product that will serve the rapidly growing immigrant market. Involved in the effort are dozens of banks, all the regulatory agencies, nonprofit groups, Fannie Mae and Freddie Mac. The group even includes people from the FBI and the IRS.

This Task Force has been so successful that the Director of the FDIC has ordered the Task Force to expand to 5 regional markets across the country

We are not just talking about Mexican immigrants for this product; we are also talking immigrants from Poland Russia, Asia and all over the world

There are millions of undocumented people in this country. All they want is to work hard, raise a family and become part of the community and to send money to help family members in their home country.

As far as regulatory issues go including section 326 of the patriot act, there are no federal barriers preventing us from working with the immigrant community. In Fact, the federal government thinks it's wise to ensure that people residing in this country not be forced to do business in an unregulated, untrackable, underground economy.

Some may have concerns regarding the identity of the people we are working with.

Most countries give out some form of an ID card. The Mexican Government gives out what is called a Matricula Consular card.

It is provided through the Mexican Consulate or at mobile sites throughout the year. These cards have many protections on them now including fingerprints. In these security-conscious times, I shouldn't have to explain why that's a good thing.

The Matricula card is accepted by the US government for ID purposes to allow banks to open accounts complementing ITIN

Prohibiting WHEDA's carefully designed program that deals with the reality of our resident populations will not solve the immigration problem, but it will worsen the predatory lending problem

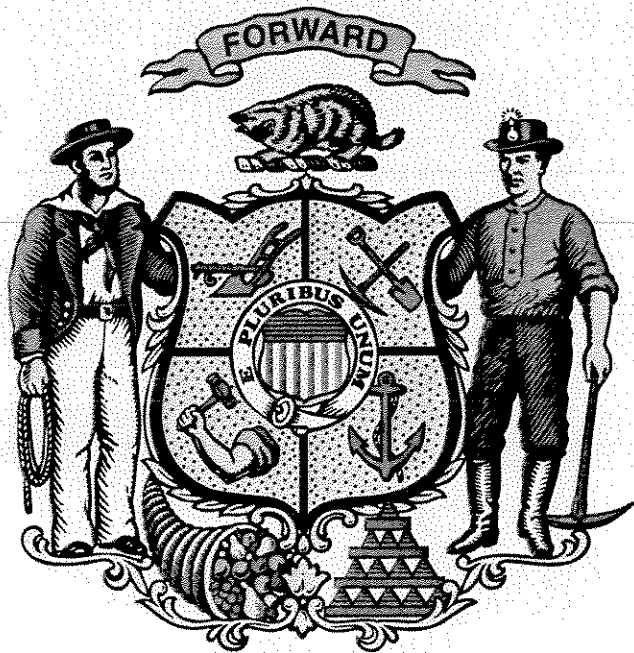
PREDATORY LENDERS, are doing plenty of damage already. I have worked as an expert witness for Legal Aid in Milwaukee, and have seen many very disturbing loans, \$10,000 or more in closing costs, 11 to 12% interest rates that can go even higher every 6 months, prepayment penalties and more.

These predatory loans have caused deterioration of many communities in this country and predatory lending is becoming an epidemic in Milwaukee.

Most everyone believes in the American Dream of homeownership.

I don't know of any community that is better off with all rentals than with homeowners. That's reality

Please do not allow this proposal to pass, it will have dire consequences



Good Day. My name is Terry Testolin, Executive Director of Neighborhood Housing Services of Richland County, serving Richland County and much of southwest Wisconsin. NHS of Richland County is part of the national NeighborWorks of America network funded by Congress with bi-partisan support. Our network was supported and featured by President Bush last year. NHS of Richland County is America's first rural NHS and since 1983 we have served thousands of families and had an impact of over \$20 million on the local economy.

I am registered in opposition to Assembly Bill 85 which would scuttle the WHEDA ITIN lending program which assists hard working Hispanic people with affordable housing financing options through participating lenders.

NHS of Richland County supports the WHEDA ITIN program.

WHEDA's public/private ITIN partnership with MGIC Corporation and several lenders across the state, provides hardworking, tax paying Hispanic families with the opportunity to achieve the American Dream of home ownership. Hispanic populations are growing in Wisconsin and in our service area and NHS's across Wisconsin and America are working to provide home ownership opportunities that make sense for everyone. And clearly that's what ITIN is all about.

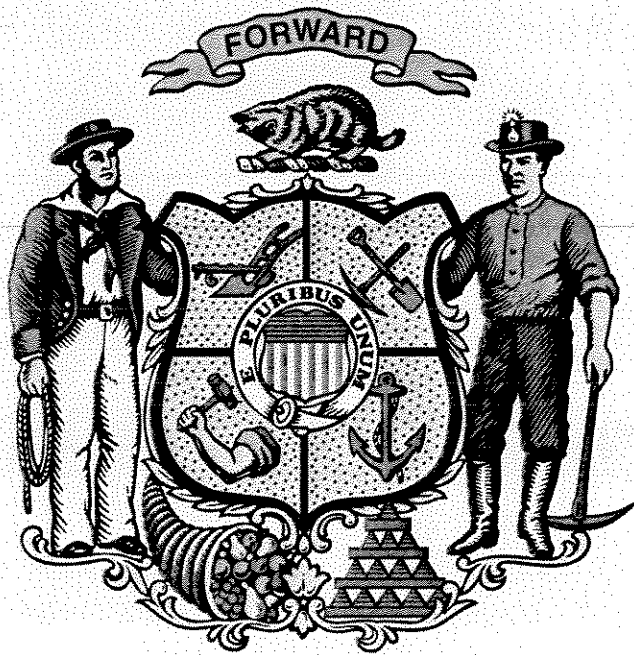
Benefits of WHEDA ITIN include:

- Increasing home ownership;
- Inclusion of a new generation of taxpayers;
- Greater urban and rural neighborhood stability;
- More dollars reinvested in our communities.

WHEDA is making history with the progressive ITIN program which is in alignment with recent activity by many lenders across America and with the Mission of NHS of Richland County. NHS has a strong record of Equal Housing Opportunity and affirmative marketing that has included serving Afro-American, Native American and Hispanic households. ITIN looks likely to open more doors to home ownership for low-income working families across Wisconsin. I understand ITIN includes standard WHEDA underwriting guidelines.

NHS of Richland County operates a Home Ownership Center (HOC) sanctioned by NeighborWorks America. ITIN increases the range of lending options for our customers.

In conclusion I urge State Representatives and State Senators to reject Assembly Bill #85 because it is a very negative obstacle to the successful forward Mission of WHEDA and to the State of Wisconsin's commitment to workforce housing, economic development and equal housing opportunities for all.



## **Mortgage Guaranty Insurance Corporation (MGIC) Assembly Bill 85 Testimony**

Good afternoon Chairman Wieckert. My name is Geoffrey Cooper, Director – Emerging Markets at Mortgage Guaranty Insurance Corporation (MGIC). On behalf of MGIC, I'd like to thank you and the other members of this committee for the opportunity testify this afternoon. The issue before us today is a bill that would prohibit WHEDA from purchasing loans made to individuals who do not have a Social Security Number.

MGIC is a Milwaukee-based company and the nation's leading provider of private mortgage insurance. We are testifying today because we are a provider of primary and pool mortgage insurance to WHEDA and, as a result, are providing loss protection to WHEDA on the type of loans that would be affected by the proposed legislation.

In this testimony MGIC will address the general underwriting criteria used to determine the creditworthiness of borrowers in our pilot Building a Life in America (BALIA) program. In this testimony MGIC also will share the results of this pilot, which began in January 2004 and today involves 41 lenders in 9 states, including Wisconsin. It is under this program that MGIC insures loans made to borrowers – including some of the WHEDA loans – who may be affected by this proposed legislation.

MGIC's mission is to facilitate homeownership by providing credit enhancement solutions that meet the needs of our lender-customers. Our BALIA Program is a part of that mission. We recognize the reality of an expanding immigrant population and are proactively working to encourage best practices within the mortgage industry.

MGIC's program is designed to help tax paying immigrants and un-banked populations attain homeownership. By pairing our understanding of risk, with significant research into this segment of the marketplace, we gained comfort that MGIC could prudently serve the homeownership needs of families that live and work in our communities. BALIA features underwriting guidelines that recognize the nontraditional savings, credit, and documentation characteristics of immigrant and un-banked families.

For the purpose of this testimony we will focus on the borrowers who use IRS issued Individual Tax Identification Numbers (ITINs), and a government issued photo ID, to obtain mortgage loans. Due to the nontraditional credit of borrowers in this program, the criteria used for underwriting requires a rigorous manual underwriting process and a higher level of documentation than a standard loan file.

Borrowers in this program must reside and work in the United States, have filed federal income taxes for at least the preceding two years, and be able to demonstrate consistent earnings, employment and residency stability, and a very strong history of making timely payments to other creditors and service providers. We will not insure loans to individuals who have poor or marginal credit histories under this program. The documentation we



## **Mortgage Guaranty Insurance Corporation (MGIC) Assembly Bill 85 Testimony**

require is substantially greater for this program than for a typical WHEDA or conventional conforming loan.

Most important in the underwriting decision is the level of income and tax-paying documentation. Not only does MGIC require that borrowers provide tax returns for the two most recent years, but we also require that the lender obtain tax transcripts direct from the IRS that corroborate these tax returns. MGIC will not insure a loan under this program without this IRS-direct verification of income and tax filing.

Our pilot program data reinforces this type of underwriting approach, as our program has insured 196 loans totaling over \$25 million in new insurance written. Loans attributed to this program, while still quite young, have yet to produce a delinquency. To help put this in perspective; MGIC reported on April 14, 2005, that our new insurance written was \$61.2 billion over the last 12 months with a total insurance in force of \$172.1 billion, covering 1.37 million loans, with a delinquency rate of 3.77%, excluding bulk loans.

By helping to make affordable homeownership possible to immigrants through our program, MGIC believes we are not only providing a better future for individual borrowers, but also building stronger neighborhoods and communities across the country.

Thank you.