

05hr\_SC-VHSMASBGR\_sb0043\_pt01



(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS**

**2005-06**

(session year)

**Senate**

(Assembly, Senate or Joint)

**Committee on ... Veterans, Homeland Security,  
Military Affairs, Small Business and Government  
Reform (SC-VHSMASBGR)**

**COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

## Senate

### Record of Committee Proceedings

#### **Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform**

##### **Senate Bill 43**

Relating to: prohibiting the Wisconsin Housing and Economic Development Authority from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number.

By Senators Grothman, Cowles, Ellis, Kanavas, A. Lasee, Lazich, Leibham and Roessler; cosponsored by Representatives Kestell, Suder, Gottlieb, Gunderson, Hahn, Hines, Jeskewitz, F. Lasee, LeMahieu, McCormick, Meyer, Nass, Ott, Owens, Petrowski, Pridemore, Towns, Van Roy, Vrakas, Vukmir and Ziegelbauer.

April 13, 2005            Referred to Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform.

August 3, 2005            **PUBLIC HEARING HELD**

Present:    (4)    Senators Brown, Zien, Breske and Wirch.  
Absent:     (0)    None.  
Excused:   (1)    Senator Kanavas.

##### Appearances For

- Glenn Grothman — State Senator, 20th State Senate District
- Steve Kestell — Representative, 27th District
- Amelia Macareno, Milwaukee — Hispanic Professionals of Greater Milwaukee

##### Appearances Against

- Christopher Gunst — WHEDA
- Mike Semmann, Madison — WI Bankers Association
- Perfecto Rivera — Hispanic Chamber of Commerce
- Rene Farias, Milwaukee — United Community Center
- James Maloney, Milwaukee — Mitchell Bank
- Julian Barrientos, Madison
- Geoffrey Cooper, Milwaukee — MGIC
- Juan Lopez, Madison
- Peter Munoz, Madison — Centro Hispano, Inc.

Appearances for Information Only

- None.

Registrations For

- Joe Leibham — State Senator, 9th Senate District
- Robert Cowles — State Senator, 2nd District
- Scott Suder — Representative, 69th Assm. District

Registrations Against

- Amy Boyer, Madison — WI Mortgage Bankers Association
- Richard McGuigan, Madison — Community Bankers of WI
- Mary Reyna, Madison — UMOS
- Carrie Holan, Mequon — University Mtg Corp
- Leo Spanuello, Mequon — Universal Mtg Corp
- Arturo Gonzales, Burlington — La Casa de Esperanza - WHEDA
- Juan Barreto, Waukesha — La Casa de Esperanza
- Sue Nielsen, Kansasville — La Casa de Esperanza - WHEDA
- Ramiro Cruz, Milwaukee
- Marcia Cruz — La Casa de Esperanza - WHEDA
- Adia Ocasio, Waukesha — La Casa de Esperanza - WHEDA
- Teresa Tellez-Giroi, Madison — LASUP
- Maria Watts, Waukesha — WHEDA
- Shakil Haider, Racine — Bank of Elmwood
- Rodeigo Maldonado, Racine
- Douglas Iding, Milwaukee — MGIC
- Hector Alvorez, Madison
- Jacqueline Suarez-Socrameuto, Fitchburg
- Jesse Sanchez, Stoughton
- Sofia Sanchez, Stoughton
- Jorge Quintanilla, Fitchburg
- Frank Alfano, Madison
- Patricia Rey, Madison
- Silvia Vega, Madison
- Bill Smith, Mt Horeb
- Kathi Kemp Tegeda, Fitchburg
- Dan Ross, Madison
- Marisol Garcia, Brooklyn
- Cindy Jenson, Mt Horeb
- Guillermo Vargan, Appleton
- Norma Reveles, Appleton
- Diane Schohert, Marchall
- Brenda Marquardt, Hartland
- Carmen Rivera-Reyes, Milwaukee — Guaranty Mortgage

- Tom Liebe — WI Credit Union League
- Geri Howley, Waukesha — La Casa
- Carmen de la Pax, Waukesha — La Casa de Esperanza - WHEDA

November 7, 2005

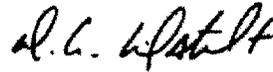
**EXECUTIVE SESSION HELD\***

**\* - POLLING**

Moved by the Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform that **Senate Bill 43** be recommended for passage.

Ayes: (3) Senators Brown, Zien and Kanavas.  
Noes: (2) Senators Breske and Wirch.

PASSAGE RECOMMENDED, Ayes 3, Noes 2



---

Daniel Lindstedt  
Committee Clerk

**SENATE BILL 43 (LRB -1075)**

An Act to create 234.59 (3) (d) of the statutes; relating to: prohibiting the Wisconsin Housing and Economic Development Authority from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number.

**2005**

- 02-02. S. Introduced by Senators **Grothman, Cowles, Ellis, Kanavas, A. Lasee, Lazich, Leibham and Roessler**; cosponsored by Representatives **Kestell, Suder, Gottlieb, Gunderson, Hahn, Hines, Jeskewitz, F. Lasee, LeMahieu, McCormick, Meyer, Nass, Ott, Owens, Petrowski, Pridemore, Towns, Van Roy, Vrakas, Vukmir and Ziegelbauer.**
- 02-02. S. Read first time and referred to committee on Housing and Financial Institutions ..... 62
- 04-13. S. Pursuant to Senate Rule 46 (2)(c), withdrawn from the committee on Housing and Financial Institutions and rereferred to the committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform ..... 167
- 08-03. S. Public hearing held.
- 11-07. S. Executive action taken.
- 11-08. S. Report passage recommended by committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform, Ayes 3, Noes 2 ..... 438
- 11-08. S. Available for scheduling.

**2006**

- 05-11. S. Failed to pass pursuant to Senate Joint Resolution 1 ..... 853

**MOTION**

Recommend Senate Bill 43, relating to: prohibiting the Wisconsin Housing and Economic Development Authority from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number, for passage.

Aye   X  

No           

Signature

  
\_\_\_\_\_  
Senator Ron Brown

**MOTION**

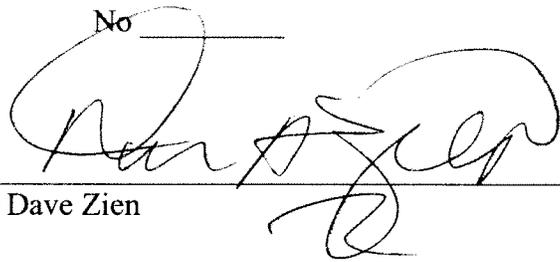
Recommend Senate Bill 43, relating to: prohibiting the Wisconsin Housing and Economic Development Authority from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number, for passage.

Aye  \_\_\_\_\_

No \_\_\_\_\_

Signature

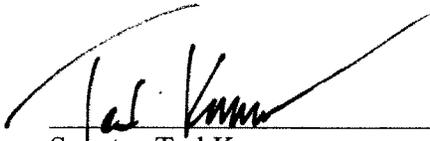
\_\_\_\_\_  
Senator Dave Zien

A handwritten signature in cursive script, appearing to read "Dave Zien", is written over a horizontal line. The signature is written in black ink and is positioned to the right of the printed name "Senator Dave Zien".

**MOTION**

Recommend Senate Bill 43, relating to: prohibiting the Wisconsin Housing and Economic Development Authority from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number, for passage.

Aye   X                        No       

Signature  \_\_\_\_\_  
Senator Ted Kanavas



**MOTION**

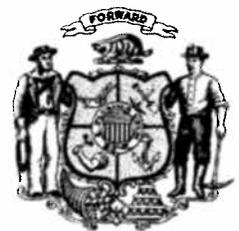
Recommend Senate Bill 43, relating to: prohibiting the Wisconsin Housing and Economic Development Authority from making, buying, or assuming a home mortgage loan for an individual who does not have a social security number, for passage.

Aye \_\_\_\_\_ No  \_\_\_\_\_

Signature Bob Wirsch  
Senator Bob Wirsch



# WISCONSIN STATE LEGISLATURE





"Dawn Nowakowski"  
<dawn@mortgagecounselors.com>

08/01/2005 10:40 AM

To <Cindy.Jenson@wheda.com>

cc

bcc

Subject RE: Fw: Urgent - Immigrant Lending Program

SB 43  
folder

Dear Cindy,

I am writing in response to your request for support for the WHEDA Immigrant Lending Program. I have spent the past year working to bring this program to the Fox Valley area and we are extremely excited to now be participating. There are many positive aspects to this program. First is the economic impact for our State. This program increases the number of potential homebuyers helping reduce the number of existing homes in inventory. Pride of home ownership, timely payment history, and restoration of inner city neighborhoods are all part of this program. The hispanic buying power continues to grow and this population fills a necessary human resource in the hospitality and dairy industry. The WHEDA program offers an avenue for our State to harness some of this buying power.

Our Federal Government has issued the ITIN as a means to collect taxes. We know that in order to purchase our borrower must have claimed income for the past 3 years. The immigrant lending program creates a channel to get immigrant population on the right path within our bureaucratic system. My loan officer Elizabeth Gracia, is of course an American Citizen and her husband has been waiting for his immigration papers to be processed. Her efforts to work within the immigration system because of what she has learned working with the WHEDA program has her husband receiving his work VISA, and she has helped many of our other clients start working toward homeownership following the WHEDA guidelines. Without this program we will continue to see increased fraud and identity theft in the mortgage industry. We know it exists because those who want to buy homes or cars will find a way if we don't offer an alternative means. Without this program we continue to feed the blackmarket industry of selling social security numbers and false identities.

WHEDA has recognized a niche that has created income for our state and offers a means to work within government guidelines. The WHEDA programs makes it more affordable for a great number of potential home buyers. Other lending institutions have copied the program using escalated rates and fees on ARM programs.

Every day I read articles where fraudulent I.D. was used to obtain mortgages, the borrower may have been misdirected in thinking the social security number could work but it is our job as lenders to know the borrower. By offering the WHEDA program we have an alternative to insure that investors are not being sold loans where information has been misrepresented whether knowingly or not by the loan originators.

We have borrowers with ITIN's that are in the process of becoming citizens that greatly benefit from this program. Taking this program away would eliminate them from the pool of potential homebuyers. This program offers solutions to problems that exist within the credit system and will continue to escalate without more lending options like it. The Immigrant Loan Program is not the problem. It is a means of dealing with issues created by the immigration system that funnels buying power in a positive direction rather than allowing these people to the means of unscrupulous lenders. It offers some control within the buying process protecting the private

mortgage sector from purchasing fraudulent loans by instituting tighter guidelines.

WHEDA has created a program that is profitable, out performs other similar loan portforlios and channels the hispanic consumer in a positive direction.

Best regards,  
Dawn L. Nowakowski  
Loan Specialist

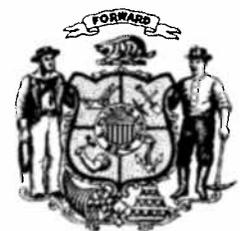
"Life is what we make it. Always has been, always will be." -- Grandma Moses

Dawn L. Nowakowski

Mortgage Counselors, Inc.  
Tel: (920)734-6780  
Fax: (920)734-9298  
Toll Free: (888)287-0249  
Email: dawn@mortgagecounselors.com  
Web site: www.mortgagecounselors.com



# WISCONSIN STATE LEGISLATURE





August 2, 2005

Mr. Ron Brown, Chairman  
Committee on Veterans, Homeland  
Security, Small Business and  
Government Reform  
411 South State Capital  
Madison, Wisconsin

Re: WHEDA/Immigrant/Undocumented Mortgage Program

Dear Chairman Brown:

The purpose of this letter is to set forth the views of the Mitchell Bank as related to the WHEDA immigrant pilot mortgage program and Senate Bill 43.

With regard to this controversy, there is a fact that is indisputable. That 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.

As a Community Bank, we cannot and should not attempt to articulate the reasons for this fact 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 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 and in our neighborhoods.

This creates a conflict because we are both a country of immigrants and a nation of laws. However we, as a bank or even a state legislature, cannot reconcile this conflict. That is work for others. National policy will be required but is not in place or agreed upon. Until then, local institutions must deal with this shadow population and the issues it presents.

This country and its national 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

Mr. Ron Brown, Chairman  
August 2, 2005  
Page 2

have developed a permanent attachment to our Nation.

Another indisputable fact is that the vast majority of this 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? Will it benefit our neighborhoods where this underclass live and work?

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. 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? Should we be gathering deposits from the poor on Mitchell Street and reinvesting them elsewhere?

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. We are ill-equipped to even speculate on the immigration status of particular individuals. It is not within our capacity to make this determination in deciding

Mr. Ron Brown, Chairman  
August 2, 2005  
Page 3

whom we might serve.

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.

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.

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 reason for 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 housing for their families. The neighborhood and

Mr. Ron Brown, Chairman  
August 2, 2005  
Page 4

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.

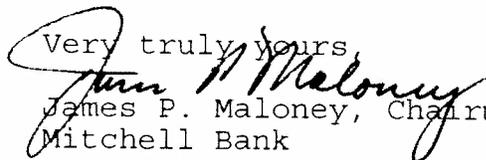
The undocumented, rightly or wrongly, come here for one reason and that is to work hard and to carve out a better life for themselves and their family. They are contributing members of society. **Our bank and WHEDA make no loans to anyone who does not pay all of their Wisconsin State and Federal income taxes through use of the ITIN number.** They pay their taxes although not enjoying the full benefit of other tax paying citizens.

A fact that is often overlooked is that when filing and paying taxes under an ITIN, the undocumented population is ineligible for and is denied the Federal Earned Income Tax Credit, the Wisconsin Earned Income Tax Credit and the Wisconsin Homeowner's and Renter's Homestead Tax Credit.

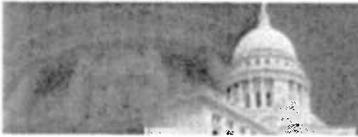
Consequently, although paying all of their state and federal income taxes, and their real estate taxes, these same families are denied a variety of other income tax benefits and credits that they would receive if they had a social security number. The only difference between the undocumented and the others paying taxes is the absence of a valid social security number. In the end, as typical poor, low income persons, the undocumented actually share a greater tax burden than their low income citizen counterparts.

In conclusion, 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.

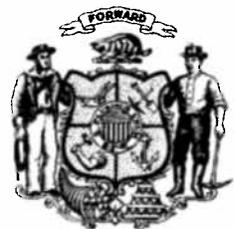
I am always happy to discuss this issue with anyone and again, on behalf of the Mitchell Bank and all of our partners we urge this Committee to resist legislative attempts to end the WHEDA program.

Very truly yours,  
  
James P. Maloney, Chairman  
Mitchell Bank

JPM:lld



# WISCONSIN STATE LEGISLATURE





**WRITTEN TESTIMONY  
AMELIA MACARENO  
PRESIDENT  
HISPANIC PROFESSIONALS OF GREATER MILWAUKEE (HPGM)  
RE: ASSEMBLY BILL 85  
SENATE BILL 43  
August 2, 2005**

**Hispanic Professionals of Greater Milwaukee (HGPM) takes great exception to legislative resistance to immigrant home ownership loans. We firmly believe that this type of resistance seriously undermines efforts to strengthen and develop low-income neighborhoods that are traditionally home to immigrants.**

**It is important to note that U.S. Treasury rules and the Patriot Act provide for ITIN's to be used as a valid form of financial identification. ITIN's are used by the federal government to ensure that income taxes are being paid by workers that do not have social security numbers. It stands to reason that if workers are utilizing ITIN's to pay income taxes, these ITIN's should also allow workers to obtain important financial services that will allow them to participate in the economic development of the communities they work in.**

**Home ownership is an important part of wealth development. Without the ability to invest in home ownership, the wealth gap between Whites and minorities will continue to widen. The wealth gap based on 2002 data from Pew Hispanic Center shows the median net worth of Hispanics to be \$7,932 while the median net worth of whites was \$88,651. A widening wealth gap is not economically sound.**

**WHEDA does not use state dollars to fund its mortgage lending program. Funding is provided through WHEDA's bonding authority. The programs funded by WHEDA help low income individuals invest in home ownership which is the only leveraged investment available to the average individual.**

**WHEDA's ITIN program does not provide favoritism to the undocumented individuals. They must meet the requirements of any participant in WHEDA's mortgage lending program. The ITIN borrower must have a good credit history, be financial stable, show sufficient income to service the mortgage debt, and must repay their loans or risk losing their home.**

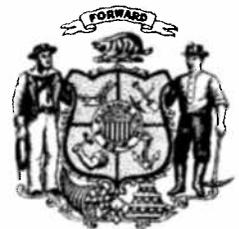
**We challenge you to re-think the strategy of allowing individuals with ITIN's to pay income taxes but not allowing these same individuals to avail themselves of the financial services needed to allow for financial stability that is not only good for the individual but also for the community and the economy as a whole.**



**Amelia E. Macareno**  
**President**  
**Hispanic Professionals of Greater Milwaukee**  
**(414) 291-7957**  
**[www.hpgm.org](http://www.hpgm.org)**



# WISCONSIN STATE LEGISLATURE



August 2, 2005

WHEDA  
101 West Pleasant Street, Suite 100  
Milwaukee, WI 53212

**SUBJECT: SENATE BILL 43 (SB 43) RELATING TO PROHIBITING  
THE WISCONSIN HOUSING AND ECONOMIC  
DEVELOPMENT AUTHORITY FROM MAKING, BUYING,  
OR ASSUMING A HOME MORTGAGE LOAN FOR AN  
INDIVIDUAL WHO DOES NOT HAVE A SOCIAL  
SECURITY NUMBER**

To Whom It May Concern:

Buying a house is an "American Dream". Yet, many people who are not full-time residents buy homes in America everyday. In addition, we have "slum lords" and similar distrustful homeowners who neglect and abuse their so-called rights to own a home. I am perplexed by the growing fear of these people. Their children attend school with our children. They work our fields and they serve our needs everyday, not to mention they pour billions of dollars into social security - of which they are not likely to benefit from. Only you and I will do that if we are lucky.

Many immigrant workers in the U.S. seek to gain citizenship, a process that can take a decade or more and which requires proof of financial self-sufficiency. Those who are unable to use traditional banking systems often end up lacking this proof.

ITIN stands for Individual Taxpayer Identification Number, a substitute for a Social Security number proved by the IRS, so otherwise undocumented workers can pay taxes. It's an accepted form of ID and a financial indicator of working income. Immigrant workers need to report income but are not eligible for social Security numbers.

WHED began its ITIN-based immigrant lending program as a pilot on April 27, 2004. The program now involves some two

dozen lenders statewide and mainly serving the urban Milwaukee, Madison, Fox Valley and Racine area.

WHEDA generally funds mortgage loans to first-time, lower-income, creditworthy customers. WHEDDA partnering banks write the loads, and WHEDA then finances the transaction that it approves. The ITIN program follows the same general guidelines as all home mortgages financed by WHEDA. These are 30-year, fixed, rate, below-market loads, as are all WHEDA home loans.

No tax dollars are used in WHEDA mortgage lending programs. WHEDA received lending capital from bonding and from earnings on its prior loans.

Accepting ITIN numbers as a substitute form of credit identification for a mortgage is a reasonable way for WHEDA to carry out its mission to make homeownership affordable to lower income working families and individuals in Wisconsin. It is also a deterrent to predatory lending.

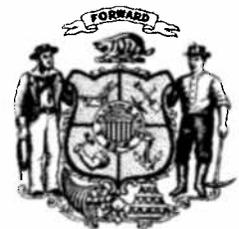
I fully support and applaud the efforts of the Wisconsin Housing and Economic Development Authority and others like them who make efforts to meet the needs of a community, not run from them. I am pleased to be amongst their ranks.

Sincerely,

Hugo Cardona  
President & CEO



# WISCONSIN STATE LEGISLATURE



WRITTEN TESTIMONY  
ENRIQUE E, FIGUEROA, PH.D.  
3496 N. DOWNER AVE.  
MILWAUKEE WI 53211  
RE: ASSEMBLY BILL 85, SENATE BILL 43

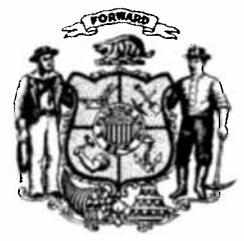
As a member of the Board of the Council for the Spanish Speaking Inc., as well as my community involvement in Latino issues in SE Wisconsin, and my training as an economist lead me to submit this testimony in opposition to AB 85/SB 43.

Our state's economy relies on immigrant labor and will continue to rely on immigrant labor, be they documented or undocumented. To make our communities more stable—both in term of personal investment as well as community investment—households generally buy a house to establish their home in. This serves to anchor household members in their respective communities. Undocumented immigrants contribute to our communities in many positive ways, yet this legislation would take away from them the ability to invest in our Wisconsin communities and would take away from them a direct stake in the wellbeing of our communities. Over the long term, what public policy should strive to do is provide a regulatory environment that allows individuals to establish roots in our communities, for that contributes to a larger tax base. In addition, individuals that invest in their personal house will have their children growing up in an environment where they see the interest their parents and how that interest translates into greater pride in the household.

With due respect, I urge the legislature to not support AB85/SB 43, for the passage of such a statute will not contribute to greater stability of communities where immigrants find themselves and in turn translate to greater instability on many of our labor markets.



8-2-05





Aug 2  
2005

**WRITTEN TESTIMONY  
 MARIA MONREAL-CAMERON  
 PRESIDENT & CEO  
 HISPANIC CHAMBER OF COMMERCE OF WISCONSIN (HCCW)  
 RE: ASSEMBLY BILL 85  
 SENATE BILL 43**

The Hispanic Chamber of Commerce of Wisconsin (HCCW) takes great exception to legislative resistance to immigrant home ownership loans. We firmly believe that this type of resistance seriously undermines efforts to strengthen and develop urban, low-income neighborhoods that are traditionally home to immigrants.

Immigrants are an integral force in the state's economy. Immigrants are not looking for a handout but merely a hand-up. They are a viable, hardworking, bill paying demographic group and as such merit access to programs that will advance their upward mobility. They work minimum wage jobs, typically the jobs American citizens would not undertake, pay taxes, support our economy, and like the undersigned, raise families of US born citizens.

A fact often overlooked. Statistics bear that undocumented, without social security numbers, have given the ultimate sacrifice in defense of America, believing in the strengths of the land of opportunity. True patriots prevented from owning homes due to bureaucratic policies.

WHEDA's program offers regular interest rates, strict credit underwriting guidelines, higher minimum down payment and higher mortgage insurance coverage. But more importantly WHEDA is diligent in preventing this limited English-speaking group from falling prey to predatory lenders.

Funded in part by Community Development Block Grant Recipients: Hispanic Chamber of The Year 1988 Hispanic Chamber of the Year - Region IV 1994, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004 Member United States Hispanic Chamber of Commerce



1021 W. National Avenue \* Milwaukee, WI 53204 \* Tel (414)643-6963 \* Fax (414)643-6994 \* www.hccw.org

-2-

Moreover, ITIN numbers are valid forms of financial identification as sanctioned by the US Treasury and the Patriot Act. In addition a WHEDA loan requires proof of residency and steady income. It is not a preferential program that gives advantages to some groups at the expense of others. Tax dollars do not subsidize the program.

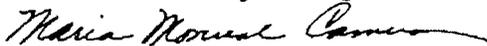
Furthermore, the opposition to WHEDA home ownership is simply appalling as is the paranoia to any program that helps this new wave of immigrants.

To all legislators: I challenge you to come out of your comfort zones, to embrace a visionary attitude. You have the capacity to make our state, our cities and our communities vibrant, strong and stable through WHEDA's home ownership program. A program that has been used successfully nation wide; a program that does not lower standards nor change criteria towards home ownership; a program that makes it possible to achieve the American dream and more importantly offers a beacon of hope and optimism.

**Adelante Juntos!**

**Forward Together!**

Dated this 2<sup>nd</sup> day of August 2005



Maria Monreal-Cameron

President & CEO

Hispanic Chamber of Commerce of Wisconsin

816 West National Avenue

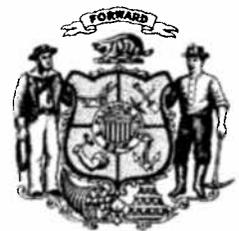
Milwaukee, Wisconsin 53204

414-643-6963

[mcameron@hccw.org](mailto:mcameron@hccw.org)



# WISCONSIN STATE LEGISLATURE





**L A C A U S A**

Where Children and Families Come First

**2005 Board of Directors**

Perfecto Rivera,  
Chairperson  
*Merchants & Manufacturers  
Bancorp*

Nedda Avila,  
Vice Chairperson  
*Milwaukee Women's Center*

William T. James,  
Secretary  
*WT James, Inc.*

Richard Gutierrez,  
Treasurer  
*Jefferson Wells*

Roberto Delgadillo,  
Parliamentarian  
*Hispanic Community Leader*

Hugo Cardona,  
President & CEO  
*La Causa, Inc.*

Luis "Tony" Baez, PhD  
*Educator*

Socorro Gonzales,  
*We Energies*

Raejean M. Karter  
*Forest County Potawatomi  
Community Foundation*

Martin F. Stein  
*Stein Optical*

**Honorary Board Members**

Theo Baier  
*Children's Theatre of  
Wauwatosa*

Maria J. Blong  
*Community Advocate*

August 2, 2005

WHEDA  
101 West Pleasant Street, Suite 100  
Milwaukee, WI 53212

**SUBJECT: SENATE BILL 43 (SB 43) RELATING TO PROHIBITING THE WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY FROM MAKING, BUYING, OR ASSUMING A HOME MORTGAGE LOAN FOR AN INDIVIDUAL WHO DOES NOT HAVE A SOCIAL SECURITY NUMBER**

To Whom It May Concern:

Buying a house is an "American Dream". Yet, many people who are not full-time residents buy homes in America everyday. In addition, we have "slum lords" and similar distrustful homeowners who neglect and abuse their so-called rights to own a home. I am perplexed by the growing fear of these people. Their children attend school with our children. They work our fields and they serve our needs everyday, not to mention they pour billions of dollars into social security - of which they are not likely to benefit from. Only you and I will do that if we are lucky.

Many immigrant workers in the U.S. seek to gain citizenship, a process that can take a decade or more and which requires proof of financial self-sufficiency. Those who are unable to use traditional banking systems often end up lacking this proof.

ITIN stands for Individual Taxpayer Identification Number, a substitute for a Social Security number proved by the IRS, so otherwise undocumented workers can pay taxes. It's an accepted form of ID and a financial indicator of working income. Immigrant workers need to report income but are not eligible for social Security numbers.

WHED began its ITIN-based immigrant lending program as a pilot on April 27, 2004. The program now involves some two dozen lenders statewide and mainly serving the urban Milwaukee, Madison, Fox Valley and Racine area.



WHEDA generally funds mortgage loans to first-time, lower-income, creditworthy customers. WHEDDA partnering banks write the loads, and WHEDA then finances the transaction that it approves. The ITIN program follows the same general guidelines as all home mortgages financed by WHEDA. These are 30-year, fixed, rate, below-market loads, as are all WHEDA home loans.

No tax dollars are used in WHEDA mortgage lending programs. WHEDA received lending capital from bonding and from earnings on its prior loans.

Accepting ITIN numbers as s substitute form of credit identification for a mortgage is a reasonable way for WHEDA to carry out its mission to make homeownership affordable to lower income working families and individuals in Wisconsin. It is also a deterrent to predatory lending.

I fully support and applaud the efforts of the Wisconsin Housing and Economic Development Authority and others like them who make efforts to meet the needs of a community, not run from them. I am pleased to be amongst their ranks.

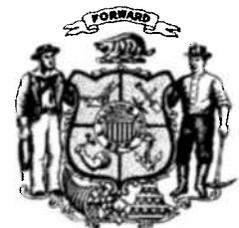
Sincerely,

A handwritten signature in black ink, appearing to read 'Hugo Cardona', with a stylized flourish at the end.

Hugo Cardona  
President & CEO



# WISCONSIN STATE LEGISLATURE



TO: Cindy L Jenson, Mgr, Residential Credit, WHEDA

FROM: Betsy L Wilcox & William J Buffo III, Loan Officers,  
Metro Mortgage Co., Inc.

RE: In Support of WHEDA Immigrant Lending Program

DATE: August 2, 2005

As loan officers, we are trained to write loans under the WHEDA Immigrant Lending Program. We have read news media reports stating that this program makes home loans available to newly arrived immigrants and that these individuals receive more favorable treatment than do citizens. The fact is that the opposite is true. A newly arrived undocumented immigrant is ineligible for the WHEDA program at issue. Documentation is required in the credit package showing that income tax returns have been filed for each borrower under the borrower's IRS Tax Payer Identification Number for the past three years. Further undocumented immigrants are ineligible for maximum financing. The program requires a minimum of 5% down payment.

The loans that we have closed under this program have required many more hours and much more documentation than is required for a citizen or a permanent resident alien. Automated underwriting cannot be used with this program. Moreover, these loans are more closely scrutinized by WHEDA underwriting staff than are other loans.

Here are the facts as we see them. Shelter is a basic human right. Undocumented immigrants live and work among us in our communities. They pay taxes and contribute to quality of life in their communities. They contribute to the social security fund without the right to receive any present or future benefit from it. They cannot voice their opinions at the ballot box. The type of jobs they are able to get to support themselves and their families are largely blue collar labor positions. Many work more than one job because the wage at their primary place of employment is low. Immigrants (documented and undocumented) face discrimination in lending by paying higher rates and fees when left to the marketplace of unscrupulous A- credit lenders and sub prime lenders to whom they often fall prey. The undocumented immigrant cannot raise his or her voice due to the ever-present fear of deportation.

WHEDA is performing a valuable service in the State of Wisconsin by making home ownership available on favorable terms to undocumented immigrants who possess valid Tax Payer Identification numbers. As lenders, we feel we are providing a pro bono service to this immigrant population. There is little profit motive for a loan officer who spends the amount of time it takes to originate and fully document a credit package under the WHEDA Immigrant Lending Program.

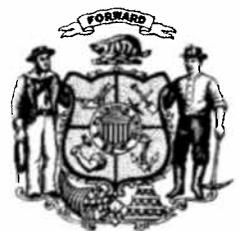
Obviously there are opposing opinions, since Senate Bill 43 made its way to this Hearing. But, if your goal is to rid our State of undocumented immigrants, you need to consider making it illegal to rent property to or sell any type of goods and services to anyone who

cannot provide a valid social security number or a green card. After all, don't forget how landlords pay their property taxes and their mortgage payments. It would be unthinkable under the rationale behind Senate Bill 43 for landlords to use "undocumented immigrant" earnings that have been paid as rent to make such mortgage and tax payments.

All in this room who question the discrimination that immigrants face should familiarize themselves with an article in the Harvard Civil Rights-Civil Liberties Law Review Vol. 39, No. 1, Winter 2004 written by Charu A Chandrasekhar – Copyright 2004 by the President and Fellows of Harvard College.



# WISCONSIN STATE LEGISLATURE





**CENTRO DE LA COMUNIDAD UNIDA  
UNITED COMMUNITY CENTER**

1028 S. 9th Street Milwaukee, WI 53204  
(414) 384-3100 Fax: (414) 649-4411  
Website: www.unitedcc.org

August 2, 2005

**BOARD OF DIRECTORS**

**President**

José Olivieri  
*Michael Best & Friedrich*

**Vice-President**

Elaine M. De Franco Olson  
*Northwestern Mutual*

**Secretary**

William Schwartz  
*Interstate Partners LLC*

**Treasurer**

Theodore Friedlander  
*Community Volunteer*

Richard S. Bibler  
*Rudolph Stone Associates*

Peter Coffey  
*Michael Best & Friedrich*

Roy Coleman  
*Harley-Davidson Motor Co.*

Roberto Cortés  
*Archdiocese of Milwaukee*

Joseph Delgadillo

José Delgado  
*American Transmission Co.*

Rev. José Encarnación  
*Evangelical Baptist Church*

Deborah K. Hill  
*US Bank*

Keith A. Kolb  
*Robert W. Baird & Co., Inc.*

Robert W. Kraft  
*Openfirst*

Jack Ladky  
*Frank W. Ladky & Associates*

Agustín Ramirez  
*HUSCO International*

Christine G. Rodríguez  
*Independent Consultant*

Walter Sava, Ph.D.  
*Latino Arts, Inc.*

Mary Alice Tierney  
*Aurora Health Care*

José Vázquez  
*U.W. Extension*

**Deputy Director**  
Juan A. Ruiz

**Executive Director**  
Ricardo Diaz

**Mr. Antonio Riley**  
**Executive Director**  
**WHEDA**  
201 W. Washington Ave., Suite 700  
Madison, WI 53703

Dear Mr. Riley:

I wish to commend you and the governor for recognizing the important contribution that immigrants make to the economy of the state. The new mortgage-lending program, as outlined in the Senate Bill 43, will be most welcomed by immigrants in our community who are working hard, sometimes two or three jobs, raising a family and establishing deep roots.

Centro de la Comunidad Unida/United Community Center (UCC) is very familiar with the problems the Hispanic population we serve has faced in trying to buy a home. What you are doing is making it possible for them to participate in the American Dream. The program you offer protects them from unscrupulous lenders and makes the process less costly for them.

We believe that home ownership, stability and a sense of community, go hand-in-hand. Pride of ownership in property makes a neighborhood safer and stronger. We have seen this first-hand in the area around the UCC.

The immigrant population in Wisconsin is growing steadily. They are hard working people who want a better life and are willing to work for it. In the process they are making a contribution to the economy of our state and helping to stabilize the tax base.

Congratulations for your foresight in initiating this program. Our home-buying counselor is looking forward to helping people in the area participate in the pilot program.

Sincerely,

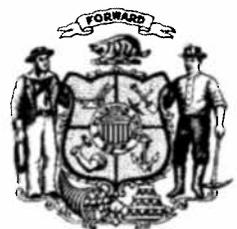
Ricardo Díaz

RD/ms





# WISCONSIN STATE LEGISLATURE



August 2, 2005

Mr. Ron Brown, Chairman  
Committee on Veterans, Homeland  
Security, Small Business and  
Government Reform  
411 South State Capital  
Madison, Wisconsin

Re: WHEDA/Immigrant/Undocumented Mortgage Program

Dear Chairman Brown:

The purpose of this letter is to set forth the views of the Mitchell Bank as related to the WHEDA immigrant pilot mortgage program and Senate Bill 43.

With regard to this controversy, there is a fact that is indisputable. That 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.

As a Community Bank, we cannot and should not attempt to articulate the reasons for this fact 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 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 and in our neighborhoods.

This creates a conflict because we are both a country of immigrants and a nation of laws. However we, as a bank or even a state legislature, cannot reconcile this conflict. That is work for others. National policy will be required but is not in place or agreed upon. Until then, local institutions must deal with this shadow population and the issues it presents.

This country and its national 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

Mitchell Street Office - Corporate Headquarters  
1039 West Mitchell Street • Milwaukee, WI 53204  
Phone: (414) 645-0600 • Fax: (414) 645-4020

[www.mitchellbank.com](http://www.mitchellbank.com) • Finding Solutions Since 1907

Mr. Ron Brown, Chairman  
August 2, 2005  
Page 2

have developed a permanent attachment to our Nation.

Another indisputable fact is that the vast majority of this 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? Will it benefit our neighborhoods where this underclass live and work?

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. 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? Should we be gathering deposits from the poor on Mitchell Street and reinvesting them elsewhere?

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. We are ill-equipped to even speculate on the immigration status of particular individuals. It is not within our capacity to make this determination in deciding

Mr. Ron Brown, Chairman  
August 2, 2005  
Page 3

whom we might serve.

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.

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.

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 reason for 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 housing for their families. The neighborhood and

Mr. Ron Brown, Chairman  
August 2, 2005  
Page 4

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.

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.

A fact that is often overlooked is that when filing and paying taxes under an ITIN, the undocumented population is ineligible for and is denied the Federal Earned Income Tax Credit, the Wisconsin Earned Income Tax Credit and the Wisconsin Homeowner's and Renter's Homestead Tax Credit.

Consequently, although paying all of their state and federal income taxes, and their real estate taxes, these same families are denied a variety of other income tax benefits and credits that they would receive if they had a social security number. The only difference between the undocumented and the others paying taxes is the absence of a valid social security number. In the end, as typical poor, low income persons, the undocumented actually share a greater tax burden than their low income citizen counterparts.

In conclusion, 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.

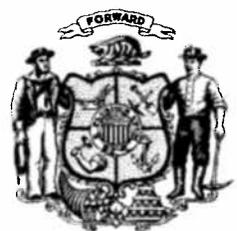
I am always happy to discuss this issue with anyone and again, on behalf of the Mitchell Bank and all of our partners we urge this Committee to resist legislative attempts to end the WHEDA program.

Very truly yours,  
  
James P. Maloney, Chairman  
Mitchell Bank

JPM:lld



# WISCONSIN STATE LEGISLATURE





Testimony of the Wisconsin Bankers Association  
Michael Semmann, Director Government Relations

Senate Committee on Veterans, Homeland Security,  
Military Affairs, Small Business and Government Reform  
Public Hearing  
August 3<sup>rd</sup>, 2005

Testimony in Opposition to state Senate Bill 43

Chairman Brown and members of the Senate Committee on Veterans, Homeland  
Security,  
Military Affairs, Small Business and Government Reform:

Thank you for the opportunity to testify on behalf of the Wisconsin Bankers Association (WBA) regarding Senate Bill 43. My name is Michael Semmann, Director Government Relations for WBA. The Wisconsin Bankers Association is a non-profit trade association representing 310 financial services institutions of varying sizes, employing over 25,000 people in Wisconsin.

The Wisconsin Bankers Association opposes Senate Bill 43 in its current form and requests the committee not take action on this legislation.

Banks make financial decisions

SB 43 disregards the institutional process of making sound financial decisions. In making mortgage loans, the bank has an obligation to assess the creditworthiness of the borrowers. WHEDA and other Wisconsin financial institutions make these types of credit assessments every day and find individuals who are lawful permanent or non-permanent residents using Individual taxpayer identification number's (ITIN) to be worthy of the risk. Banks also have a formal underwriting process that documents the ability of the borrower to repay the loan, with WHEDA having one of the more strict criteria/standards in the industry: For example, WHEDA requires borrowers to provide the last three years worth of tax returns rather than the usual two years. The anecdotal evidence from individual banks suggests that the undocumented population has fewer delinquencies or late payments as compared to other WHEDA loans. In addition, lending institutions do not immediately run to WHEDA for all of these types of loans. WHEDA products are offered many times as an option to adjustable rate mortgages or mortgages with higher rates.

4721 SOUTH BILTMORE LANE  
MADISON, WI 53718

P. O. BOX 8880  
MADISON, WI 53708-8880

608-441-1200  
FAX 608-661-9381

[www.wisbank.com](http://www.wisbank.com)

ITIN as valid identification

SB 43 prohibits the use of the ITIN as valid identification in the WHEDA loan process. The ITIN is recognized as an acceptable form of identification by the Federal Government and other major corporations. The Federal Government issued 7 million ITIN's through 2003, with 900,000 issued in 2003 alone. The Patriot Act specifically lists the ITIN as a form of identification financial institutions can use. Fannie Mae, one of the nation's largest secondary mortgage companies, now recognizes the ITIN in its criteria for completing transactions, if an institution proves the legal status of the individual. People obtain ITIN's to become a functioning member of society, open a bank account, and get health care to provide for long-term family issues. WBA believes the ITIN should be recognized as a valid form of identification for WHEDA loans.

Undocumented population as taxpayers

Wisconsin banks and WHEDA make no loans to anyone who does not pay all of their Wisconsin State and Federal income taxes through the use of the ITIN. These persons pay their taxes while not enjoying the full benefit of being tax-paying citizens. These families are paying all of their state and federal income taxes, their real-estate taxes, yet they are denied a variety of other income tax benefits and credit that they would receive if they had a social security number. In the end, the undocumented actually share a greater tax burden than their citizen counterparts, and make more important contributions to society.

Banks face increasing liability from regulators

The financial services industry faces an increasing regulatory burden both on the state and federal level. Banks are required through the Patriot Act to accurately identify customers and follow transactions to determine patterns of potentially illegal behavior. Identity theft has increased the uneasiness of consumers, and banks nationwide are now required to set up notification processes in cases where security breaches may have occurred. If these types of loans through WHEDA exposed banks to additional, significant regulatory risks, the loans simply would not be made. The fact is, the bank's underwriting procedure will determine the credit worthiness of the borrower, not whether the person has an ITIN.

Banks invest in communities

Banks help create safe communities by investing resources in the neighborhoods they serve. In addition to being a good business practice, they are required by regulators to re-invest these dollars. If they serve communities with a higher percentage of undocumented persons, should they be relieved of these responsibilities? Banks are not under-serving segments of the population to provide these loans. The loans represent a small percentage of the bank's entire community portfolio.

Changing Demographics

Wisconsin and the United States face a substantial and increasing undocumented population. For example, there are 32 million foreign-born people in the United States making up 11.5 per cent of the population: 8-12 million of that total are estimated to be undocumented. The banking industry; specifically, banks in your community, cannot and should not attempt to articulate the reasons for the population shift nor assign blame for it. The demographics in many state markets are changing and businesses must adapt to current and future customers in order to maintain their role in the community. Wisconsin banks must not and cannot ignore this reality.

The benefits of home-ownership

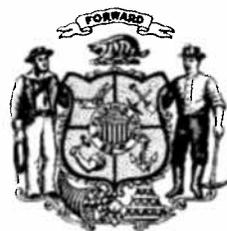
Home-ownership benefits the community. It promotes community stability and even adds a new type of tax (property) the undocumented population is paying to help bear the burden of the services they use. In neighborhoods with high levels of undocumented persons, the home-ownership rate is typically abysmal. Landlords are able to purchase homes for relatively low prices and command rents that may be above market rate. Many times these are absentee landlords who continue to keep the housing stock in a rundown condition continuing the downward spiral. Home-ownership provides a vehicle to create wealth and an opportunity for families who are looking to better their lives.

In the end, this bill negatively affects a small, but growing population in Wisconsin: people who are willing to make sacrifices for a better way of life for themselves and future generations.

The Wisconsin Bankers Association respectfully asks you to oppose SB 43 and I thank you for considering our request.



# WISCONSIN STATE LEGISLATURE





*One League One Future - Four Seasons*

August 3, 2005

To: Honorable Members, Senate Committee on Veterans, Homeland Security, and Military Affairs, Small Business and Government Reform  
From: Tom Liebe, Director of Government Affairs  
Re: SB 43

The Wisconsin Credit Union League (The League) opposes Senate Bill 43.

The League believes the non-taxpayer funded program this bill seeks to end, plays a small, but valuable role in the allowing individuals of modest means to obtain homeownership.

It is important to keep in mind that credit unions, as not-for-profit financial cooperatives, do not support continuation of this program because they view it as a potential profit center or because they're required by law to serve the less affluent. Instead they support the program because it is their mission to serve their members and help them obtain homeownership. It is this devotion to their members and the communities they serve that sets credit unions apart from other financial institutions. Furthermore, credit unions believe the WHEDA ITIN program—like The League's REAL Solutions initiative-- not only helps to strengthen the state economy, but helps build stronger communities.

Without credit unions stepping up to provide reasonable financing rates, the individuals who use the WHEDA program may likely become the targets of predatory lenders. And like many other credit union products and services, involvement with the WHEDA ITIN mortgage program allows credit unions to combat predatory practices by competing in the marketplace and serving consumers at reasonable costs.

Thank you for considering our opposition of SB 43.

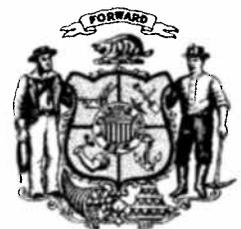
525 W23131 Paul Road Pewaukee, Wisconsin 53072-5779

Phone: (262) 549-0200 or (800) 242-0833 Fax: (262) 549-7722 Web: [www.theleague.coop](http://www.theleague.coop)

Member Credit Union National Association



# WISCONSIN STATE LEGISLATURE





TESTIMONY OF ANTONIO RILEY, EXECUTIVE DIRECTOR,  
WISCONSIN HOUSING  
AND ECONOMIC DEVELOPMENT AUTHORITY

PUBLIC HEARING

8-3-2005

WISCONSIN  
HOUSING AND  
ECONOMIC  
DEVELOPMENT  
AUTHORITY

PROPOSED STATE SENATE BILL 43 AND  
STATE ASSEMBLY BILL 85

Thank you for the opportunity to testify in opposition to the proposed State Senate Bill 43 and State Assembly Bill 85. Unfortunately, I am unavailable to attend in person today due to a previously scheduled event. I have asked Chris Gunst from the Executive Office at WHEDA to present my testimony and answer your questions regarding this proposed legislation.

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

The WHEDA HOME program provides low interest rate loans for low-to moderate-income first time homebuyers. This bill would prevent WHEDA from offering a home loans to any state resident who does not have a Social Security number. The bill would go far behind its stated purpose of blocking home loans for non-citizens.

201 West Washington Avenue  
Suite 700  
P. O. Box 1728  
Madison, WI 53701-1728  
608/266-7884  
800/334-6873  
fax 608/267-1099

Of course there are many individuals in our state who don't have Social Security numbers – the Amish among them – who would fall under the bill's prohibition.

101 West Pleasant Street  
Suite 100  
Milwaukee, WI 53212-3962  
tel 414/227-4039  
fax 414/227-4704

I want to discuss why we offer this program, why it makes sense, and why the arguments against it are mostly just noise.

**First, let's discuss the ITIN program and why it's important to working immigrants who contribute to our economy.**

[www.wheda.com](http://www.wheda.com)  
[info@wheda.com](mailto:info@wheda.com)

ITIN stands for Individual Taxpayer Identification Number. The IRS assigns ITINs to immigrants so that taxes can be collected from them for worked performed. The Patriot Act requires all lenders like WHEDA to financially qualify anyone given a home loan, and it specifically lists ITINs as a tool that can be used to identify potential

WHEDA supports equal  
housing opportunities  
for all persons



WISCONSIN  
HOUSING AND  
ECONOMIC  
DEVELOPMENT  
AUTHORITY

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

201 West Washington Avenue  
Suite 700  
P. O. Box 1728  
Madison, WI 53701-1728  
608/266-7884  
800/334-6873  
fax 608/267-1099

101 West Pleasant Street  
Suite 100  
Milwaukee, WI 53212-3962  
tel 414/227-4039  
fax 414/227-4704

www.wheda.com  
info@wheda.com

WHEDA supports equal  
housing opportunities  
for all persons

borrowers for that purpose. This has become standard practice in the banking industry.

Not everyone with an ITIN number is an undocumented or illegal immigrant. Under federal law, ITINs are not to be taken as an indicator of the holder's legal status as an immigrant. WHEDA and other financial institutions cannot ask for this information, nor will the IRS divulge it.

So what we do know about individuals with an ITIN is that they are employed and paying taxes. Again, due to federal law, we do not know the legal resident status of these individuals. Some people may not like it, but that's what Congress and the President have decided.

**Next, I'd like to comment on Wisconsin's immigrant population.**

The face of our state has changed rapidly in the last 10 years. From 1990 to 2000, Wisconsin's Latino population increased by 107%, more than any other ethnic group.

While Latinos constitute the state's fastest growing ethnic group, our state is also becoming more culturally diverse through other immigration. Hundreds of Somalians now live and work in Barron County. Thousands of Hmong immigrants from Laos now seek to make a better life across our state.

WHEDA's mission is to recognize these shifts and serve emerging markets, such as immigrant populations that are being underserved in the private sector.

**As a result of immigration trends, WHEDA began a Pilot Immigrant Lending Program in April, 2004.**

WHEDA partnering banks write the loans and WHEDA finances them. The ITIN program follows the same general guidelines as all home mortgages financed by WHEDA.

Since its inception, we have funded 142 loans using ITIN numbers, representing total lending of \$16 million. To put this in perspective, WHEDA funded 4,125 mortgages, totaling \$407 million statewide in 2004. Loans to working immigrants are a small part of our business.



WISCONSIN  
HOUSING AND  
ECONOMIC  
DEVELOPMENT  
AUTHORITY

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

201 West Washington Avenue  
Suite 700  
P. O. Box 1728  
Madison, WI 53701-1728  
608/266-7884  
800/334-6873  
fax 608/267-1099

101 West Pleasant Street  
Suite 100  
Milwaukee, WI 53212-3962  
tel 414/227-4039  
fax 414/227-4704

[www.wheda.com](http://www.wheda.com)  
[info@wheda.com](mailto:info@wheda.com)

WHEDA supports equal  
housing opportunities  
for all persons

**The first misconception is that WHEDA's ITIN program denies citizens access to a WHEDA Home Loan.**

This is simply not true. WHEDA uses no state tax dollars for its housing programs, and has a bountiful supply of bonding authority for home lending. WHEDA's immigrant lending does not carve a slice out of our general mortgage finance program, it adds a new slice.

**The second misconception is that mortgage lending to immigrants is a new concept in the banking industry.**

Lending to immigrants is nothing new. For the past five years, M & I and Second Federal, a Midwest-based bank, have been lending to ITIN-enabled borrowers. And, in December 2003, 35 banks in the Chicago area joined with the Federal Deposit Insurance Corporation to start making mortgages available to borrowers with ITIN numbers. The Illinois Housing Development Authority has just begun its own immigrant lending program, and WHEDA has a waiting list of banks and other private lenders that wish to participate.

**The third misconception is that ITIN loans are high risk and bad business for communities.**

WHEDA strongly believes otherwise. In the first place, all our loans are insured. MGIC, the Milwaukee-based firm which is one of our mortgage insurers and the largest mortgage insurer in the nation, believes in this program, insures our ITIN mortgages and has taken a similar approach to WHEDA's efforts nationally. MGIC sees that ITIN lending is simple more business.

### Conclusion

In addition to the above information, existing state and federal fair housing laws make it very clear that mortgage lenders must not discriminate in lending to individuals whose income is legally obtained. Nor is there any state or federal law that prevents non-citizens from owning property in this country.



WISCONSIN  
HOUSING AND  
ECONOMIC  
DEVELOPMENT  
AUTHORITY

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

201 West Washington Avenue  
Suite 700  
P. O. Box 1728  
Madison, WI 53701-1728  
608/266-7884  
800/334-6873  
fax 608/267-1099

101 West Pleasant Street  
Suite 100  
Milwaukee, WI 53212-3962  
tel 414/227-4039  
fax 414/227-4704

[www.wheda.com](http://www.wheda.com)  
[info@wheda.com](mailto:info@wheda.com)

WHEDA supports equal  
housing opportunities  
for all persons

This bill would in effect create such a prohibition. It would -- on a very narrow basis -- make an exception to fair housing laws, by prohibiting WHEDA to make loans to taxpayers that apply with an ITIN.

Finally, I would note that after arriving here, some immigrants enlist in the US Armed Forces. They do it because serving in the military helps them later in gaining citizenship. More than two percent of our uniformed men and women are not US citizens, and some of them have died defending our country's freedom. When these brave people return to the US, should they be denied a home loan because they aren't yet citizens, because they don't yet have a Social Security number?

The WHEDA ITIN program rewards hard working taxpayers with equal opportunity. Applicants get nothing special and nothing for free. They need to have a down payment. They need to show the ability to make their monthly mortgage payment consistently, and on time.

Immigrant workers are an essential component to our local, state and national economy. For them or anyone else, buying a house in this country is not an illegal activity; it's an investment, one that we all want to see happen more often.

I hope and expect that legislators understand that this small but important WHEDA program is not about handouts. It's about strengthening our communities by providing an equal and fair opportunity for homeownership.

Thank you for providing the opportunity to testify this afternoon. I will be happy to answer any questions you may have.