

Immigration Loan Cheat Sheet

	CBA Member Practices
Purpose	Loans to cover costs associated with gaining a legal residency status
Restrictions on use of funds	Some nonprofit lenders just cover filing fees, other cover indirect costs of legalization including legal fees, transportation costs, missed wages, etc.
Loan amount range	\$725 to \$20,000 (average: \$1,796)
Loan terms	6 months to no cap
Interest rate	0%-21%
Application Fee	\$0-\$35
Origination Fee	\$0
Late Fee	\$15 (or 5% of late payment) to \$30 (or up to 10% of late payment)
Non-sufficient funds fee	\$0-\$35
Charge-off rate	0%-2.8% (average 0.7%)
Loan loss reserve	0%-12% (3 out of 4 organization did not have a specific LLR)
Key Underwriting Considerations	<ul style="list-style-type: none"> ■ Ability to pay ■ Some attention to borrower’s credit score, history, and debt-to-income ratio; distinguish between consumer debt and medical debt ■ Allow for different forms of identification and documentation ■ Ensure that applicant has received sound legal advice and applying for the appropriate type of residency, and is prepared to meet the non-financial application requirements

Immigration Loan Cheat Sheet *continued*

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Security/Collateral	<ul style="list-style-type: none"> ■ Not common
Loan servicing and payments	<ul style="list-style-type: none"> ■ Monthly payment reminders ■ Flexible payment options (i.e. online, in-person, via mail)
Collection procedures	<ul style="list-style-type: none"> ■ Notices at 10, 30, 60, and 90 days late ■ Options for loan modifications ■ Contact references to ensure borrower is not sick or hospitalized ■ Send to collections and charge-off at 120 days
Borrower support/ Financial education	<ul style="list-style-type: none"> ■ Review budget and credit report during the application process ■ Offer ongoing financial development opportunities throughout the course of the loan ■ Offer a graduation product once loan has been paid-off
Credit Reporting	<ul style="list-style-type: none"> ■ Report to all three major credit bureaus
Measuring success	<p>Collect information on:</p> <ul style="list-style-type: none"> ■ Financial wellbeing ■ Credit strength ■ Asset building ■ Success with repayment ■ Changes in residency status ■ Loan's impact on borrower's quality of life ■ Borrower's program satisfaction