

BELOW THE RADAR HOUSING MARKET
Rise in Mortgages to Undocumented Mexicans

Juan Rodriguez is 38 years old and has worked in a factory since he arrived in the United States eight years ago. His wife, Maria, 34, followed him to the United States five years later. Together they have four children – one born in Mexico and three born in the Chicago area, where they now live. They stayed with family members in Chicago at first, but a job promotion allowed Juan and Maria to save. **As city living grew more expensive, the family bought a small house in Cicero, a suburb closer to Juan’s job.** So far this sounds like the typical American dream: work hard, save, move to the suburbs, buy a house and live happily ever after. But what’s different about the Rodriguez family is that **neither Juan nor Maria resides or works in the United States legally.**

Undocumented workers like Juan and Maria might cash their paychecks and buy money orders at the corner grocery store, where the environment is safe and familiar. But they are also beginning to trust and patronize mainstream financial institutions, saving a few dollars in the process. **Now, a small but growing number of banks—including giants like Banco Popular and Citibank – are actively seeking out business from undocumented residents like the Rodriguez family.** After a hands-on process of alternative underwriting and documentation, **the bank establishes three key things: borrower identity, income, and credit worthiness.** If there is no credit history, lenders assess credit worthiness through third parties. For example, if an immigrant is regularly sending money to family in another country, this can be used to evaluate and document income, along with utility bills and rent payments.

Currently, **Freddie Mac, Fannie Mae, and the Federal Home Loan Bank system are not active in the undocumented mortgage market.** Should these secondary players become active, such mortgage activity is expected to skyrocket.

Mari Gallagher Research and Consulting Group recently estimated for the Chicago Tribune that **between 2,000 and 3,000 undocumented or “mixed status” Mexican households have so far bought homes in the Chicago region** using this special banking product. Earlier in the year, the Tribune also published our projection for the potential size of the untapped undocumented mortgage market in the Chicago region, **now up to \$4.5 billion.** Activity is not restricted to Chicago. Suburban locations such as **Palatine, Elgin, and even Hoffman Estates** have seen spikes in such home purchases.

WOULD YOU LIKE TO LEARN MORE ABOUT THESE ALTERNATIVE BANKING PRODUCTS?

**To access free articles that we authored on the subject
for the Chicago Fed and Next American City,
visit the Projects section of our website
and [subscribe](#) to receive new releases.**

Mari Gallagher Research & Consulting Group has enjoyed a reputation for diverse, high impact projects across the United States. Our expertise includes quantitative and qualitative research projects, including data development and analysis, surveys, key informant interviews, facilitation, focus groups, and public forums; financial services, housing, community development, workforce issues, the economy, immigration, and community health; commercial site assessments and hands-on redevelopment consulting; business strategies; and mapping.



MARI GALLAGHER

RESEARCH & CONSULTING GROUP

1929 West Patterson
Garden Level Suite One
Chicago, IL 60613-3523

312-339-0640
mari@marigallagher.com
www.marigallagher.com