

Understanding Non-U.S. Citizen Borrowers

The status of being a citizen of the United States can be important when it comes to lending as this may affect a lender's rights and remedies regarding repayment. Lenders may confirm a borrower's permanent residency or immigration status in accordance with applicable agency guidelines.

Note: A borrower's citizenship status is evaluated separately from the borrower's ability to sustain his/her income.

Citizenship/Residency Types

In the realm of mortgage loans, it's essential to understand the different types of non-US citizen borrowers. These categories include Permanent Resident Aliens, Non-permanent Resident Aliens, and other Non-Immigrants or Undocumented Foreign Nationals.

Permanent Resident Alien

A Permanent Resident Alien is a non-U.S. citizen who has been granted authorization to live and work in the United States on a permanent basis. They are also known as "green card" holders. As per Fannie Mae and Freddie Mac guidelines, Permanent Resident Aliens are eligible for mortgage loans under the same terms as U.S. citizens.

Non-permanent Resident Alien

A Non-permanent Resident Alien is a foreign individual who lives in the United States for a specific purpose such as employment or study, typically for a fixed period, under a valid work visa. These individuals are also eligible for mortgage loans under GSE guidelines provided they have a valid work visa and can provide proof of their legal residency status.

Other Non-Immigrant or Undocumented Foreign National

Other Non-Immigrants include individuals residing in the U.S. temporarily due to travel, business purposes or medical treatment. Undocumented Foreign Nationals refer to individuals living in the U.S. without legal documentation or with expired visas.

It's important for lenders to carefully review all documentation provided by borrowers to verify their citizenship status and determine their eligibility for mortgage loans.

GSE Guidelines

Fannie Mae: Non-Citizen Borrower Eligibility

Per the Selling Guide, Fannie Mae considers a borrower legally present in the United States if:

- » They have a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN); and
- » They have current, verified status, which may be documented by a valid employment authorization document (EAD), or other documentation showing immigration status is current (e.g., Green Card, work visa, etc.).

A borrower who is legally present per the Selling Guide must meet all other applicable underwriting and eligibility requirements for the loan to be eligible for sale to Fannie Mae. This includes the continuity of income requirements that apply to all borrowers:

- » Documentation of income continuity is not required for most employment-related income types (e.g., base, bonus, overtime, commission).
- » If a borrower is reliant on income for which documentation of continuity is required, the mere fact that a borrower has current, verified status does not impact the continuity of income analysis. For example, if a borrower can provide documentation of 3-year income continuity when required, the fact that their status is renewed only every 2 years is not a factor — the borrower is legally present and has met the continuity of income requirements.

Lenders retain discretion as individual borrower situations differ.

→ [Fannie Mae: Non-Citizen Borrower Eligibility](#)

Freddie Mac: Permanent and non-permanent resident aliens

- » A non-U.S. citizen who is lawfully residing in the U.S. as a permanent or non-permanent resident alien is eligible for a Mortgage on the same terms as a U.S. citizen.
- » A Mortgage to a non-U.S. citizen who has no lawful residency status in the United States is not eligible for sale to Freddie Mac.

→ [Freddie Mac Selling Guide: 5103.2 Permanent and non-permanent resident aliens](#)

MI Considerations

Doing Business with Radian Guaranty: General Guidelines

Review the eligibility matrices and underwriting guidelines

→ <https://www.radian.com/-/media/Files/Mortgage-Insurance/Rates-and-Guidelines/Current-Guidelines/Q1-2023-UW-Guidelines-0320-15mar-c.pdf>

Example Scenarios

Example 1

Is this an eligible transaction under applicable guidelines?:

- » LP Accept/Eligible
- » 85% LTV
- » Primary Residence Property
- » Purchase Transaction
- » 761 Representative Credit Score
- » 28% DTI
- » I-551 Employment Authorization Card: Expires in 5 months

Yes, the borrower has provided documentation verifying their non-permanent resident alien status. You may want to consider if the loan is scheduled to close after the Authorization Card expires, because the borrower may need to provide updated documentation verifying they still hold proper immigration status.

Example 2

- » Matthew, the co-borrower has a green card that expired about six months ago.
- » Within the loan file you have a copy of that green card (front and back) as well as an I-751 showing that his conditional resident status is extended for one year—this form expires in two months.
- » In researching this, you find that the borrower must meet certain criteria to have his conditional status removed.

Is this an eligible transaction under applicable guidelines?:

Yes, the borrower has provided documentation verifying permanent residency status in the United States. Since we have documentation verifying that his permanent resident status continues for six months, you may want to take note of the expiration date in case the borrower may need to provide updated documentation verifying their permanent residency status if/when the loan happens to close after this date.

Additional Resources

Fannie Mae & Freddie Mac Guidelines

For an in-depth understanding, refer to the official guides:

→ [Fannie Mae Selling Guide: B2-2-02, Non-U.S. Citizen Borrower Eligibility Requirements \(07/28/2015\)](#)

→ [Fannie Mae: Non-Citizen Borrower Eligibility](#)

→ [Freddie Mac Selling Guide: 5103.2 Permanent and nonpermanent resident aliens](#)

Other Resources

IRS Resident and Nonresident Alien Information

→ <https://www.irs.gov/taxtopics/tc851>

US Department of State Visa Categories

→ <https://travel.state.gov/content/travel/en/us-visas/visainformation-resources/all-visa-categories.html>

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