

JUMBO JUNGLE | ROBYN A. FRIEDMAN

FOREIGNERS FACE MORTGAGE SCRUTINY

Lenders will want to validate the applicants' visa status and review their credit history; some ask noncitizens to make a 25% down payment



The mortgage-application process can be daunting for even the most cred-

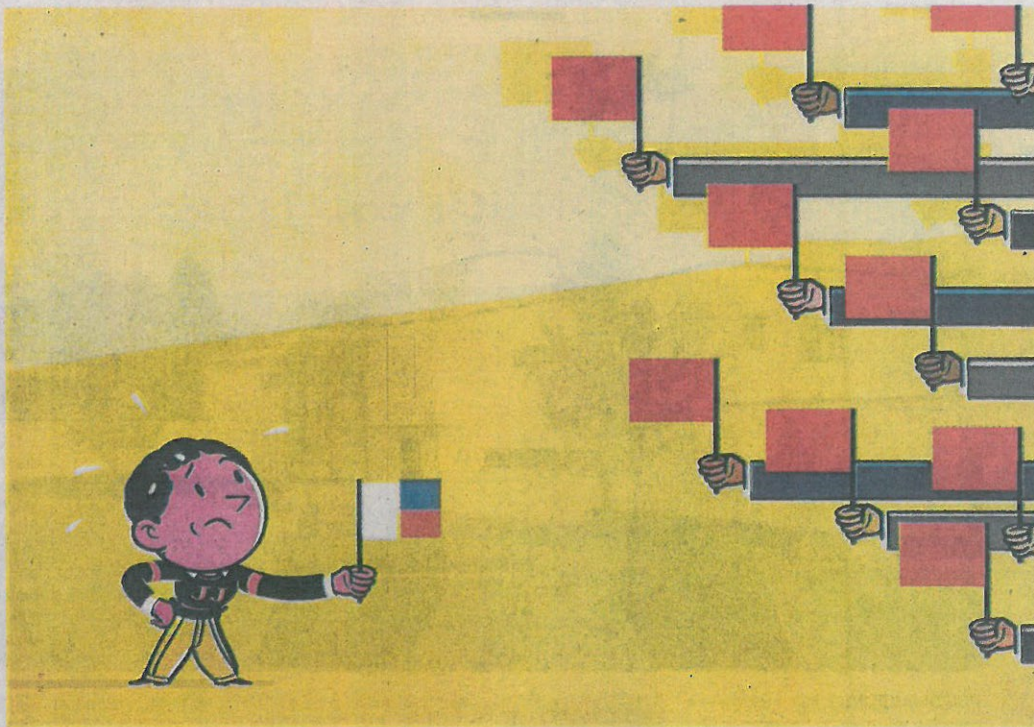
itworthy borrower. But what about foreign applicants, who may not have a documented credit history or permanent residence in the U.S.? What hurdles do noncitizens face when applying for a jumbo mortgage?

Foreign investment in U.S. residential real estate skyrocketed to a new high between April 2016 and March 2017, according to the National Association of Realtors, a real-estate trade group. During that time, foreign buyers purchased \$153 billion of residential property, a 49% jump from the previous year.

About 44% of foreign buyers paid cash for their homes, compared with 22.4% of Americans. But is that because foreign buyers prefer cash purchases or because the mortgage-application process is more difficult for them?

"Lenders treat you with greater uncertainty because there's a chance a visa holder might say, 'Screw it, I'm just dumping everything and moving,'" says Anup Patil, a technology consultant in San Jose, Calif., who was approved for a \$760,000 mortgage earlier this year. "A lot of people did that during the IT meltdown."

Mr. Patil, a nonpermanent resident of the U.S. here on a visa, used his mortgage to purchase a three-bedroom home. "We had to go through additional scrutiny,"



he says, adding that he believes most foreign buyers are fiscally responsible. "Some lenders were almost averse to giving a loan to a visa holder, but most of the major banks had processes to validate our visa situation and employers."

One of the hurdles a foreign national faces when applying for a jumbo mortgage is establishing that he or she has a legal right to be in the U.S. and to work here. Holders of green cards are treated exactly like U.S. citizens when they apply for a mortgage. But foreigners here on visas are looked at

more closely because their temporary status poses a long-term risk to lenders.

"They need to show they came in on a valid visa and that they are living here legally and working legally," says Bela Singh, a loan officer for PNC Bank in Pleasanton, Calif., whose clientele includes Indian nationals working for high-tech companies in Silicon Valley.

Charles Nilsen, national director of residential lending for Boston Private, a private bank that created a special mortgage program for foreign nationals in January, says that foreign applicants

must have a visa that allows them to work in the U.S. for a minimum of three years. Both their current employment in the U.S. and their previous employment in the country from which they emigrated must be verified as well. Lenders typically look for a two-year credit history, but recent immigrants may not have two years of documentation in the U.S. Lenders accustomed to dealing with noncitizens can work around that.

"It's not an issue because they will know what to ask for in lieu of a U.S. credit score," says Kirsten Paul, a

Frankfurt, Germany-based consultant for international real-estate buyers. "They'll just ask for three credit reference letters from the home country."

In some cases, it is easier for a lender to verify assets if the foreign buyer has an account with a global bank that has branches in the U.S.

Foreign mortgage applicants may also need to have more cash on hand than Americans. Many lenders require noncitizens to come up with a 25% down payment, rather than the typical 20%.

Other considerations if you're applying for a jumbo

mortgage but aren't an American citizen.

- **Prepare early.** Know which kind of visa you have and be ready to verify your assets both in and outside the U.S. If you're missing documents, such as a visa or employment authorization, it will be hard or almost impossible to get a loan, says Rich Pisnoy, co-founder of Silver Fin Capital Group, a mortgage brokerage in Great Neck, N.Y. He reminds clients to make sure none of the documentation will expire through the closing.

- **Terms may vary.** Since jumbo loans are typically held in a lender's portfolio, underwriting guidelines vary widely because every lender has a different degree of risk tolerance.

For example, at Boston Private, rates and terms are the same for both foreign and American borrowers, except that foreigners need to have an additional 5% down payment as well as higher reserves. Americans and green-card holders need reserves equal to six months of mortgage payments; foreign borrowers must have 12 month's worth.

- **Due diligence.** When checking with lenders on rates and terms, also ask about their application procedures for noncitizens. Large banks may have more experience in this area, but applicants may benefit by using a local bank or credit union. "We work with lenders who know the area and how big and important the local international community is," Ms. Paul says. "They're much more flexible."

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