Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency

July 13, 2026

INTERAGENCY GUIDANCE ON LENDING TO INDIVIDUALS NOT LEGALLY AUTHORIZED TO WORK IN THE UNITED STATES

On May 19, 2026, the President issued the Executive Order, "Restoring Integrity to America's Financial System," to address risks to the financial system posed by the extension of credit or financial services to the inadmissible and removable population.[1] In accordance with the Executive Order, the Office of the Comptroller of the Currency, Treasury (OCC), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) (collectively, the agencies) are issuing this guidance to remind supervised financial institutions of their existing obligations with respect to credit risk management, particularly as it relates to borrowers who are not legally authorized to work in the United States (non-work authorized borrowers).

Credit Risk and Underwriting Considerations

Lending to individuals who are not legally authorized to work in the United States may present elevated credit risk because a borrower's ability to generate income, maintain employment, and remain financially stable may be subject to greater uncertainty. As with all lending activities, financial institutions[2] should identify, measure, monitor, and control these risks through safe and sound underwriting practices that assess a borrower's willingness and capacity to repay according to the terms of the credit obligation.

Safe and sound underwriting is a key risk-management tool that helps financial institutions evaluate whether a borrower can repay a credit obligation according to its terms. Such underwriting includes assessing the source of repayment, the borrower's repayment capacity, and the borrower's overall financial condition, resources, and willingness to repay as agreed.[3] When lending to non-work authorized borrowers, financial institutions should consider whether uncertainties related to employment authorization may affect the stability and sustainability of income, repayment capacity, collateral recovery, or other factors relevant to credit risk.

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[1] Inadmissible and removable population generally refers to those individuals ineligible to receive visas and ineligible to be admitted to the United States and subject to removal under the Immigration and Nationality Act. See, e.g., 8 USC 1182.
[2] In this issuance, the term "financial institution" applies to all institutions supervised by the agencies.
[3] See "Interagency Guidelines Establishing Standards for Safety and Soundness," parts II.C and D. 12 CFR 30, Appendix A (OCC); 12 CFR 364, Appendix A (FDIC). Additionally, the Underwriting Standards in the "Interagency Guidelines for Real Estate Lending" provide that prudently underwritten real estate loans should reflect the capacity of the borrower to adequately service the debt. 12 CFR 34, subpart D, Appendix A (OCC); 12 CFR 365, Appendix A (FDIC); 12 USC 1786(b), (e), 12 CFR 741.3, and 12 CFR 723 (NCUA).

The following sections discuss key underwriting considerations related to:

- Source of Repayment
- Collateral Considerations
- Documentation and Verification
- Portfolio and Concentration Considerations
- Consumer Compliance Risk

Source of Repayment

Underwriting standards typically consider the stability and sustainability of a borrower's income and the likelihood that the income will continue throughout the term of the credit obligation.

In retail lending, wages or self-employment income are often the primary source of repayment. When a borrower's income is derived from employment that is not legally authorized, the source of repayment may be less reliable and may present increased credit risk for various reasons, including:

- employment termination due to an employee not having legal work authorization;
- employment suspension or termination after discovering that an employee's employment authorization is expired;
- the borrower's inability to become lawfully reemployed; or
- the borrower's removal from the United States.

Financial institutions should consider whether projected repayment capacity remains adequate under various scenarios including potential interruptions in employment or income resulting from the borrower's inability to maintain lawful employment.

Collateral Considerations

Financial institutions may face additional challenges enforcing security interests in collateralized loans, as it may be more difficult to contact non-work authorized borrowers or locate and repossess unaffixed collateral (e.g., automobiles, recreational vehicles, boats).

Documentation and Verification

Financial institutions might consider whether employment income is current, verifiable, stable, and likely to continue. Financial institutions might consider, as relevant, requiring and reviewing paystubs, W-2s, tax returns, employer verifications, bank statements, or evidence of continuing work authorization. Financial institutions may consider whether loans to non-work authorized borrowers, individually or segments, exhibit signs of credit weakness regardless of delinquency status for classification purposes and treatment in the allowance for credit losses.

Portfolio and Concentration Risk Considerations

Financial institutions with significant lending exposure to borrowers concentrated in specific geographic markets, employers, or industries that may be disproportionately affected by changes in immigration enforcement, employment verification practices, labor availability, or workforce disruptions may face elevated concentration risk. These changes could adversely affect the repayment capacity of multiple borrowers simultaneously. As a result, financial institutions may experience correlated credit deterioration within affected segments of the portfolio rather than isolated borrower-level stress.

Consumer Compliance Risk

On June 8, 2026, the Consumer Financial Protection Bureau (CFPB) issued the "Statement on Ability To Repay and Immigration Status" to remind creditors of their obligations under the Truth in Lending Act (TILA) as implemented by Regulation Z.[4] As the CFPB observes, under TILA and Regulation Z, before lending to consumers for dwelling secured transactions like mortgages, creditors must make "a reasonable and good faith determination at or before consummation that the consumer will have a reasonable ability to repay the loan according to its terms."[5] Regulation Z sets forth parameters that lenders must follow to make such "reasonable and good faith" determinations of a customer's ability to repay applicable consumer credit products. Further, the CFPB advises that credit card issuers must "consider [] the consumer's ability to make required minimum periodic payments."[6]

The CFPB advises that, when determining repayment ability, creditors relying on an individual's income derived from U.S.-based employment are permitted—and may, under certain facts and circumstances, be obligated—to consider information that bears on the consumer's underlying and continuing ability to earn income—when residency in the United States is a necessary component of such employment.

With respect to the Equal Credit Opportunity Act (ECOA), as implemented by Regulation B, the CFPB observes that ECOA expressly states that "[a] creditor may take the applicant's immigration status into account,"[7] and that a creditor "may consider the applicant's immigration status or status as a permanent resident of the United States, and any additional information that may be necessary to ascertain the creditor's rights and remedies regarding repayment."[8] Consistent with applicable laws and regulations, financial institutions should consider the risks associated with non-work authorized borrowers in underwriting and account management policies and processes. Financial institutions are advised to review the CFPB's June 8, 2026 "Statement on Ability To Repay and Immigration Status" in light of the compliance obligations set forth in TILA and Regulation Z as well as ECOA and Regulation B.

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[4] 91 FR 34607.
[5] 12 CFR 1026.43(c).
[6] 12 CFR 1026.51(a).
[7] 12 CFR 1002, supp. I, comment 2(z)-2.
[8] 12 CFR 1002.6(b)(7).