

Suit Challenges Denial of Education Loans to Unauthorized Immigrants

By Stacey Ward, J.D. Candidate 2019 | February 21, 2017

Borrowing money from banks to finance our education is not something we typically view as a luxury. But, it is. Students who are undocumented immigrants, like Mitzie Perez, do not enjoy the privilege of taking out student loans from most banks due to their immigration status. In response, Ms. Perez filed a federal [lawsuit](#) in San Francisco against Wells Fargo, a lender that allegedly refused her loan application because she is an undocumented immigrant. The [California League of United Latin American Citizens](#) has joined the suit as a plaintiff while it seeks class-action status for the discriminatory practice of denying student loans.

Ms. Perez was brought to the United States from Guatemala in 1997 at the age of five. She is protected from deportation by the [Deferred Action for Childhood Arrivals Program](#) (DACA), which President Obama created via executive order to protect undocumented immigrants who entered the United States before the age of sixteen. She has a valid Social Security Number; however, she is neither a US citizen nor a permanent resident of California. There are about 750,000 young immigrants like Ms. Perez under the DACA program. Their fates remain uncertain under President Trump's administration, which has signaled its distaste for many current U.S. immigration policies. Part of the reason why banks are hesitant to give loans to students protected by DACA is that while they currently can legally work in the United States, that right may soon be taken away by the Trump administration, and therefore making it increasingly difficult to pay back loans.

There are some banks, like Discover, that are still willing to provide loans to students who are enrolled in DACA, and others, like [Sallie Mae](#), that will provide loans to those students as long as they have a co-signer who is a citizen or permanent resident. Still, those loans are accompanied by interest rates and origination fees that are much higher than those provided to students with legal citizenship status. Many banks, including Wells Fargo, allow undocumented immigrants to open credit card accounts to help finance their education, but with these credit cards comes interest rates that are much higher than the average student loan interest rates, making it all the more difficult for undocumented immigrants to lead successful lives in the United States.