

Trump Administration Reverses Biden-Era Rules That Forced Banks To Loan To Illegal Immigrants

- Seijah Drake
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The Trump administration has formally canceled Biden administration guidelines that required banks and lenders to ignore immigration status when evaluating loan and credit applications, reversing a policy that affected mortgages, auto loans, credit cards, and apartment leases.

On Monday, the Consumer Financial Protection Bureau (CFPB) and the Department of Justice eliminated the Biden-era rules, which had instructed financial institutions not to factor immigration or residency status into lending decisions. Bloomberg first reported the policy reversal.

Under the Biden administration, officials argued that considering immigration status during the loan approval process could violate federal anti-discrimination laws and undermine equal access to credit. The guidance maintained that lenders

relying on immigration status risked violating the Equal Credit Opportunity Act (ECOA), which was enacted in 1974 to ensure fair lending practices.

The rules were introduced in 2023 and were framed as a way to help illegal immigrants and temporary visa holders integrate into American communities by facilitating access to housing, transportation, and consumer credit.

The Trump administration, however, said the guidance exceeded legal authority and improperly expanded the scope of federal civil rights law. According to the CFPB and DOJ, immigration and residency status may be considered by lenders without violating ECOA.

“We are correcting the last administration’s attempt to ignore these well-accepted and common-sense principles of our nation’s fair lending laws,” Acting CFPB Director Russell Vought said Monday.

While the Biden administration had insisted that “unnecessary or overbroad reliance on immigration status” “may run afoul of ECOA’s antidiscrimination provisions,” the Trump administration concluded that the guidance lacked any statutory or regulatory basis.

“This administration is restoring alignment with established federal civil rights law rather than continuing the prior administration’s ideologically-driven departures,” Harmeet K. Dhillon, assistant attorney general for the Justice Department’s Civil Rights Division, said.

The Biden-era policy drew significant criticism when it was announced. Then-Ohio Sen. JD Vance, now vice president, was among its most vocal opponents, arguing that excluding immigration status from lending decisions defied financial logic and exposed lenders to unnecessary risk.

When the guidance was issued, Vance said that considering immigration status in loan evaluations is “nothing short of common sense.”

“A borrower’s likelihood of repayment significantly falls if there is no guarantee that they will be residing in the same community, let alone the same country or legal system,” a November 2023 Senate letter signed by Vance and every Republican member of the Senate Banking Committee stated.

“Financial institutions are right to be concerned that they may never see a return on loans issued to illegal immigrants,” Vance said in a press release at the time. “If someone is deported to their home country, how is a bank in Ohio supposed recoup the loan it was forced to issue? The federal government should be cracking down on illegal immigration — not encouraging more of it.”

The policy change marks another significant shift in the Trump administration’s broader rollback of Biden-era regulatory guidance, particularly in areas where civil rights law, immigration policy, and economic regulation intersect.