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# Guatemalan families wager homes to finance US migration

*Traditional bank loans don't fund smuggling fees, creating market for predatory lenders*

October 25, 2015 5:00AM ET

by **Katya Cengel** (/profiles/c/katya-cengel.mmmj)

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**A homecoming racked with guilt and shame for Guatemalan migrant**

PATZUN, Guatemala — Two years ago, Josefina Coyote was meeting with a lawyer in Guatemala City to try to prevent being evicted when she got a call from her neighbor in Patzun, a largely Mayan municipality about 50 miles west of the capital. The neighbor had just been forced out of her home. The man who evicted her had all the proper documents, Coyote’s lawyer informed her, and so nothing could be done.

When Coyote returned to Patzun, she found her neighbor’s furniture on the street. The woman, her husband and their eight children were homeless.

“I couldn’t do anything other than ask other people to give them a room to stay in,” said Coyote, a community organizer in her mid-40s.

Not long after that, the family left Patzun. Coyote hasn’t seen them since. But she has seen Rafael Cabrera Mendez, the man who, she said, took the family’s house. He almost took her home also, Coyote said, and the homes of dozens of others in the community who had borrowed money from him to pay smugglers to take family members to the United States.

Clara de Reyes, a regional delegate

## children

For the 10 percent of young people who are returned from the US, failure weighs heavily, and the safety net is thin

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Claudia Reyes, a regional delegate for Guatemala's National Council for Attention to the Migrant (CONAMIGUA), confirmed Coyote's account of the situation in Patzun.

"One lender has given money to all these people, and they haven't been able to pay. He's taking all their homes," said Reyes. She said she knew of at least 40 cases. Coyote offered a similar estimate, but lack of documentation makes it difficult to verify.

Mendez is getting homes worth \$50,000 or more for as little as \$6,500, said Reyes, who, with others at CONAMIGUA, is helping homeowners like Coyote to fight back.

"We have too many people that are losing their homes and properties," Reyes said.

Coyote was able to hold on to her home, but at a high price. She spent six years battling it out in courts and 100,000 quetzales on top of the 41,000 she initially paid Mendez. Gross national income per capita in Guatemala was \$3,241.90 in 2012, according to U.N. data (<http://data.un.org/CountryProfile.aspx?crName=Guatemala>). Coyote and her husband are now in debt to their relatives for the additional 100,000



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...for the additional 20,000 quetzales, she said, but at least they know that debt does not put their home at risk.

In 2013, more than 300 Guatemalans left the country daily, and more than 200 of these were forcibly returned, according to the International Organization for Migration.

Smuggling fees vary, depending on the service provided. But researchers say the going rate to travel with a smuggler from Guatemala to the U.S. is about \$8,000 for three attempts.

Advocacy groups who work with migrants say the debt that Guatemalans take on to finance journeys north is a huge issue that few organizations tackle.

“It’s very frustrating,” said Alejandra Pamela Argueta, a co-author of a Woodrow Wilson International Center for Scholars report on youth repatriation in Guatemala (<https://www.wilsoncenter.org/publication/the-realities-returning-home-youth-repatriation-guatemala>). “People do lose their land, they do lose their money, and they do lose their homes.”

Richard Johnson, a Ph.D. student at the University of Arizona, agreed that the loss of land and homes happens,



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but he is not convinced it is as common as some report. In three years of research, he interviewed about 30 individuals and 40 focus group participants in roughly eight Guatemalan communities.

“Debt, I can say with quite a lot of certainty, is totally widespread,” he said. While dispossession “definitely happens,” he said, its frequency is difficult to ascertain, in part because the vast majority of the transactions occur in the informal economy.

Because the trek is illegal and high risk, it isn’t the type of activity for which migrants can secure traditional bank loans.

“If you tell them you want that [loan] for your business, they come and see what kind of business you have,” said Coyote. “If you tell them you want it for crossing the border? Forget it, they won’t give it to you.”

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**“With necessity  
in front of them,  
people are willing  
to sign any paper  
or document that  
[lenders] present**

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— **Ubaldo Villatoro  
Rodríguez**  
executive secretary,  
CONAMIGUA

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Bank capital may make its way into the picture, said Johnson, but it does not play a large role. Informal lenders are much more common, he said.

Some turn to a single lender, as Coyote and her neighbors did, and others receive funds from multiple lenders, he said. While there are links between lenders and the illegal drug trade, there are also lenders working on their own. What most have in common is high interest rates — typically 10 to 15 percent — and, according to Johnson, contracts that transfer the asset (often land and homes) to the lender. These contracts make it easier for the lender to take the property should the borrower default, because there are none of the usual steps contracts contain that must be followed before the asset is taken. The details of the agreement are often agreed to verbally, he said. It is on the borrower to repay the loan and the lender to transfer the property back to the borrower once the loan is repaid.

Borrowers taking out the loans often don't fully understand what they are doing. Lenders do not go out of their way to explain.

“With necessity in front of them, people are willing to sign any paper or document that [lenders] present them,” said Ubaldo Villatoro Rodríguez, the executive secretary of CONAMIGUA.

Borrowers rarely end up paying off the principal, Coyote said, usually coming up with only enough to cover the interest each month. Johnson thinks it is more common for lenders to keep letting borrowers pay interest than to take their homes. Even with the simple contract, taking land can be difficult, involving police and risking upsetting the community, he said.

There are no registry records to confirm his assessment, and while many people mention they know someone who has lost their home, few are willing to talk about the issue in concrete terms. Lawyers don't like to talk about it, said Johnson. Migrants are often unwilling to share their stories because of a sense of shame and guilt.

As for cases that involve banks and

the credit industry, neither is interested in documenting their failures, said anthropologist David Stoll, a professor at Middlebury College and the author of the 2013 book “El Norte or Bust! How Migration Fever and Microcredit Produced a Financial Crash in a Latin American Town.” The government is equally unmoved, he said. “Even mayors can be surprisingly indifferent to it.”

Coyote’s family is one of five in Patzun whom Rodríguez has helped keep their homes through the court system. Unfortunately, far more have lost them, she said. He agreed that the majority of the people end up giving their properties to the lenders.

Coyote’s husband, Anacleto Aju Guitzol, was one of the nearly 300 Guatemalan immigrants who were deported from the U.S. after the infamous and massive 2008 federal raid on a meatpacking plant in Postville, Iowa (<http://www.usatoday.com/story/news/nation/2013/05/09/iowa-raid-helps-shape-immigration-debate/2149039/>). A trained accountant, Guitzol left for the U.S. in 2007 after being unable to find work in Guatemala. At his smuggler’s suggestion, he borrowed from Mendez the 50,000 quetzales he

needed to make the journey. Coyote said he signed a blank piece of paper to receive the loan. Rodríguez said there were at least three contracts in play.

While Guitzol was working in the U.S., Coyote made regular payments on the loan. But as soon as Mendez learned Guitzol was taken in the Postville raid, she said, he went to her house and demanded she leave. At the time, she said, she had paid 41,000 quetzales toward the loan. She said Mendez told her that the original 50,000 quetzal loan was now 200,000 quetzales because of interest. It is at that point, she said, she was forced to sign a paper declaring she was a tenant in her own home.

In a phone conversation with Al Jazeera, Mendez called the accusations against him untrue and maintained that he is a humble farmer growing potatoes, corn and cabbage.

“Falsehoods have been said about me by many people who have gotten to do the scam, but the reality is not so simple,” he said.

A recent article

(<http://www.plazapublica.com.gt/content/las->

deudas-de-los-migrantes-0) in the digital publication Plaza Publica chronicles another case in Patzun involving Mendez. According to the article, he evicted a family that had paid double their original loan amount and had another man imprisoned for aggravated theft. Rodríguez said Mendez has “brought many legal complaints against families still living on the properties.”

Rodríguez tried to prosecute the lawyer who drew up Mendez’s contracts, for psychological violence for subjecting families to the ever-present fear of possibly losing their homes. He highlighted the contradiction between the two sides’ stories: The families insisted they signed blank papers; Mendez said they signed papers selling him their houses.

The legal maneuvers bought time for the families, and, in the case of Coyote, enabled her to come to an agreement with Mendez. Coyote paid Mendez an additional 100,000 quetzales, and they agreed to refrain from contacting each other, she said.

Coyote received free legal help but had to pay for numerous trips to the capital and other locations for court cases. Funds from her home sewing

business allowed her to pay for the trips. Many others do not have that resource and are unable to follow through on their cases, she said.

Rodríguez explained that judges require documentary proof, which lenders and their lawyers are prepared to offer. In contrast, homeowners, some of them illiterate, often do not appreciate the importance of documentation. Coyote kept all the documents associated with her case until it was settled. Then she burned them.

“I want to erase everything that happened,” she said.

*Katya Cengel reported this story with the support of a fellowship from the International Reporting Project (<http://internationalreportingproject.org/>).*

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