

Business

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DOWNTOWN
Steve Bailey

Marked bank

BRUCE MARKS' LATEST AT-tempted bank heist: a *half-billion dollars* from Terry Murray's Fleet Financial Corp.

Let Republican Phil Gramm rail against community activists, as he did yesterday on the Senate floor, for using the Community Reinvestment Act to shake down banks for new lending dollars. No one has extorted more money from more banks than Marks — or put more families in their first homes, either.

And he's coming back for more.

It was in 1991 that Marks first trotted out his high-pressure tactics against Fleet, which was then seeking approval for its takeover of bankrupt Bank of New England. Marks got nothing at the time, but three years later his guerrilla campaign of painting Murray as one of the nation's leading loan sharks yielded a landmark agreement and \$140 million in loan commitments for low- and middle-income home buyers.

That \$140 million was spent as of this month. Now with Murray on the cusp of his boldest deal ever — the acquisition of archrival BankBoston Corp. — community groups have been beating a path to Fleet's door to see what's in it for them. Marks' audacious request: \$500 million in new loan commitments to expand his no-fees, no-down payment loan program statewide.

Fleet said no — but don't expect him to go away quietly. Says Marks: "If Robin Hood was an extortionist, then we're extortionists. Robin

Hood took from the rich and gave to the poor. The difference is, we give to the poor and the middle class."

Marks & Co. have started digging again on Fleet. One early find: The bank's funding of a Louisiana lender that has come under heavy scrutiny for its practice of charging exorbitant fees to low-income borrowers.

Fleet's involvement with United Companies Financial Corp. was disclosed in United's recent bankruptcy filing. Fleet was one of 22 banks that provided United with an \$850 million line of credit; Fleet's share of the loan was \$60 million, putting it among United's largest lenders.

Companies like United provide loans to people with poor credit histories. There is nothing necessarily wrong about the business — in fact, it's quite necessary for people who need credit — but it is ripe for abuse, too. Of all institutions Fleet should know this, considering all it went through with the well-documented abuses at Fleet Finance, the subprime lender the company once owned.

If Fleet and the other banks that financed United didn't know what was going on, they should have. Last year United agreed to pay more than \$500,000 for allegedly charging hundreds of Massachusetts borrowers up to 10 points to originate mortgages. A federal judge ruled that United abused Philadelphia borrowers, too, and both the US Justice Department and the Department of Housing and Urban Development are reportedly investigating.

"How can you lend someone \$60 million without knowing what they do?" asks Marks.

Fleet says it is virtually out of the subprime lending business. It says it sold both Fleet Finance and another similar lender. The United business was inherited from NatWest, which it acquired in May 1996; it recently sold that loan. "As a company policy we determined several years ago to exit the subprime lending market," says James Mahoney, a Fleet spokesman.

Plenty of people, including many of his fellow housing activists, dislike Marks. I'm not one of them. Marks' Boston-based Neighborhood Assistance Corporation of America has soaked up more than its share of money; Marks does get a lot of press and some activists think his no-down payment loans are a ticking time bomb. But more than anything, Marks has put families in homes: nearly 5,000 nationwide, 1,200 in Greater Boston.

Gramm might not like Marks, or his tactics, but Marks and others like him help shine a light on ugly corners of the business bankers would just as soon keep dark.

Marks should keep digging. If he does, he might find that even if Fleet has been reducing its exposure to the subprime market, its new partner, BankBoston, has been ramping up the business over the past two years to include maybe a half-dozen deals with a total value of \$150 million.

I spent two days trying to get BankBoston to talk about it; maybe Marks can succeed where I failed.