

BusinessWeek
By Geoffrey Smith in Boston
February 1, 1993

'I WANT TO BE THE BANKS' WORST NIGHTMARE'

Housing activist Bruce Marks homes in on unfair lending practices

The offices of the Union Neighborhood Assistance Corp. don't look threatening. A few desks occupy several sparsely decorated rooms in a renovated townhouse in Boston's South End, and big picture windows overlook a bustling residential street. But this quaint setting is headquarters for one of the banking industry's most dangerous enemies: UNAC Executive Director Burce Marks, a housing activist and self-described "bank terrorist." Says Marks "I want to be the banks' worst nightmare."

For some New England banks, he has been. Partly as a result of his probes of their activities, six New England banks have agreed to pay more than \$86 Million to compensate borrowers saddled with excessively expensive second mortgages and to increase the availability of credit in poor neighborhoods (table). Says Richard F. Syron, president of the Federal Reserve Bank of Boston: "I don't agree with him on a lot of things, but he's an articulate spokesman for his cause."

Hill Pull. Bankers outside New England, beware. Marks is taking his aggressive campaigns national. NationBank Corp., which recently acquired Chrysler Corp.'s consumer credit business, is his next target. Marks accuses the ex-Chrysler subsidiary of unfair lending practices similar to Fleet's. Chrysler says the allegations are based on "isolated incidents." Marks is forging ahead regardless. He next plans to attack companies in Jacksonville, Fla., Pittsburgh, Hartford, Phoenix, rural Texas, Los Angeles, Detroit, and New York.

Marks has influential fans, Representative Joseph P. Kennedy II (D-Mass.), the new head of the House subcommittee on consumer credit and finance, is a staunch admirer, and Kennedy is now considering laws to combat discriminatory lending in poor neighborhoods. The issue has also caught the attention of Senate Banking Committee Chairman Donald W. Riegle Jr. (D-Mich.), who is planning hearings in February on home mortgage discrimination.

MEAN BACKHAND. Mark's background is not what one might expect. Now 37, he grew up in affluent Scarsdale, N.Y., and Greenwich, Conn., and taught tennis at country clubs. His interest in community work started in college, when he volunteered for neighborhood development work in Brooklyn. Then, "to know the enemy," he says, he got an MBA at New York University and worked at the Federal Reserve Bank of New York evaluating merger applications. His activist life began in 1985 with a volunteer job at Boston hotel workers' Local 26, a notoriously militant union where he learned organizing and negotiating tactics.

His first bank attack came in 1991, when Fleet Financial Group Inc. was buying the failed Bank of New England. Marks tried to derail the deal on the grounds that Fleet's low-income lending record violated federal regulations. During a meeting with Fleet executives, regulators, and city officials, Marks said he would forget all about it if Fleet

kicked in \$20 million to a low-income housing fund, Fleet refused, and Marks said he would make the bank regret it.

He did, He investigated alleged lending abuse by examining public documents and contacting local lawyers, then organized borrowers to protest. With real victims ready to back his claims, he built support among activists, lawyers, and officials, then pushed for publicity.

Partly because of Marks's agitating, Fleet has agreed to pay \$23 million in settlements related to second mortgages it bought from private inner-city lenders in Boston. Marks's research on Fleet also helped uncover hundreds of high interest mortgages in Atlanta, and the bank is now defending itself against a class action charging that the loans were usurious,

Some of Marks's claims are overblown, notably his assertions about the number of victims of second-mortgage abuses in Boston. His enemies include not just bankers but fellow housing activists who find his tactics too abrasive, "He doesn't work well in a coalition effort, and he has no accountability to anyone but himself," says Willy Jones, an activist in Boston's Roxbury section.

Mark's tactics may be irritating to some, but the friction that he is creating hasn't slowed him down yet.

MARKS HITS HIS TARGETS

Settlements of charges of unfair lending practices

Bank	Payment Millions	Purpose
FLEET FINANCIAL Atlanta	\$40	Compensate over charged borrowers
FLEET FINANCIAL Boston	\$23	Compensate borrowers, funnel credit into low- income areas
BAYBANKS Boston	\$11	Refinance high-cost loans, provide low-rate loans and affordable housing
SHAWMUT NATIONAL Boston	\$7	Finance low-rate loans, refinance high cost second mortgages
USTRUST	\$5	Provide low-cost home Boston & minority business loans

DATA: MASSACHUSETTES ATTORNEY GENERAL, FLEET FINANCIAL GROUP