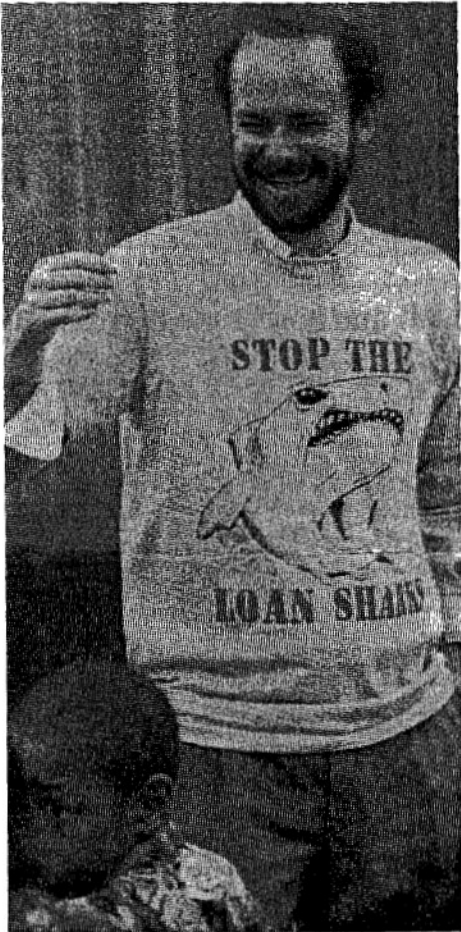


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## A \$3b welcome mat

Marks's group lands huge mortgage pact with Bank of America



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The rebel of affordable housing has done it again.

In a watershed deal that transforms his radical low-income mortgage program into a national model, self-styled Boston housing guerrilla Bruce Marks sealed a deal yesterday for the nation's largest bank to funnel \$3 billion in loans through his organization.

Under the arrangement, Bank of America will channel the funds through Neighborhood Assistance Corp. of America, a nonprofit group that has put thousands of low-income

and minority buyers in homes but has drawn criticism for its easy-credit policies.

The eye-opening accord with the Charlotte, N.C.-based bank is the single largest affordable home loan program ever and has major implications for the nation's low-income housing market.

For Marks, an in-your-face activist under new attacks from skeptics, the 10-year arrangement is nothing short of a coup. The deal may spur other banks, notably Fleet Financial Group, to rethink doubts about working with NACA in the future.

"We have found NACA able to produce incredible results," said Bank of America's community development director, Cathy Bessant, in a statement. She was referring to the bank's first exposure to NACA through a \$500 million loan program launched four years ago.

In dramatically expanding the reach of NACA's no-downpayment loan philosophy, the newest deal underscores a striking transformation in how banks view high-risk borrowers.

It is a change that is intimately part of NACA's history.

In a decade, NACA has gone from an obscure Jamaica Plain community group to the nation's biggest housing services outfit. Created by Marks in 1988 as a housing trust fund for Boston hotel workers, NACA now has more than 20 offices in 17 states. Known for wringing deals out of banks after slamming their lending practices, NACA now has banks knocking at its door.

NACA disburses money provided by banks and other financial companies to low-income, inner-city, and minority home loan borrowers. Under yesterday's deal, Bank of America will channel 30,000 no-downpayment mortgages through NACA to borrowers across the country. NACA

has already funneled 5,000 affordable mortgages through similar arrangements with other banks.

NACA is unique in that it requires little or no downpayment, no closing costs, and no application fee from borrowers. It accepts poor or no credit history and counsels applicants on budgets and the buying process. In doing so, it has challenged the strict credit requirements and rigid application procedures of traditional lenders.

NACA also charges affordable interest rates - with Bank of America, 7.5 percent a year. Most high-risk borrowers have been limited to nonbank lenders charging rates nearly twice as much - a feature Marks says locks poor borrowers out of the American dream.

Far from everyone has praise for NACA and its feisty leader, a former Federal Reserve staffer and an ex-union activist who grew up in upper-middle class community of Scarsdale, N.Y..

Some housing activists argue that Marks encourages borrowers to take on more than they can handle. High-risk borrowers not used to making monthly mortgage payments can fall behind schedule or default outright. By spurring foreclosures that destabilize urban neighborhoods, skeptics argue, no-downpayment loans subvert Marks's goal of creating stable communities.

John Anderson, a Dorchester real estate analyst and housing activist, received his mortgage from NACA but questions the nonprofit's ability to do substantial good.

"You have to ask: When is the medicine worse than the cure?" Anderson said, referring to partial data that he says indicates high foreclosure rates in Dorchester, Roxbury, and Mattapan, where NACA has programs with Fleet and BankBoston. The worry, Anderson said, is that once the boom-