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Loan rescues Florida couple Refinancing plan averts foreclosure

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Bessie Lee got started with finance companies when she responded to a television pitch from a company in Miami.

Then a man knocked on her door in the little town of Crescent City, Fla. and told her how he could finance the repainting of her house. She got the house painted - "it wasn't nothing to write home about. That paint wasn't that good," she says - but she very nearly lost her home in the process.

Lee, 58, and her husband, Edmon, 70, will be the first recipients of Bank of Boston Corp.'s \$75 million low-income loan program, a program that will allow them to keep the house that they almost lost to a Texas-based finance company.

The Lees aren't sophisticated people. He has a third-grade education; she left school after the 10th grade. They met in a migrant farm camp on Long Island, N.Y., where she was a cook and he was picking potatoes. He spent most of his life working for the railroads or on farms while she raised nine children.

Today, they live in a four-bedroom home, with four of their grand-children, and the 3 year-old son of one of their nieces. The house was built and given to them in 1986 through a federal grant program on five acres of land owned by a family member. They live largely on Social Security, Aid to Families with Dependent Children and what Edmon Lee makes working part time on a local farm.

Those who know the family say they were victimized by their own lack of financial experience

and a big finance company that seemed ready to take advantage of that by giving them loans they couldn't afford and charging excessive interest rates and fees.

"I know I had a dirty deal," Bessie Lee said last week in a telephone interview. "It was dirty from jump, and the way it ended up."

What the Lees lack in sophistication, they make up in fight. So they refused to give up - even after Associates Financial Services Inc. of Irving, Texas, foreclosed and even after the sheriff's department came to evict them. "If you don't fight for what you have in this world, they will take you for a dope," says Bessie Lee.

The Lees found the help they needed in Lawrence Hutcherson, a community activist in nearby Palatka, south of Jacksonville. According to Hutcherson and others familiar with the case, the Lees were charged extraordinary fees and high interest rates for a series of loans they obtained from Associate Financial. The first financing came in June 1991, the second two months later and the third in December 1992. Hutcherson offers the final loan as an example: The family took out a \$5,000 home equity loan, paying \$3,984 in credit life insurance; \$3,588, or 10 percent, in loan origination fees; and getting an 18 percent annual interest rate. The Lees received \$379 directly from the loan, he said. Their monthly mortgage payment eventually went from about \$300 to \$583.

Others support Hutcherson's view. "These types of financing give the banking industry a bad name," said Michael Clenn, chief executive of Citizens First National Bank, a small bank in



Crescent City that attempted to help the Lees.

Andre Brooks, the retail branch manager who eventually handled the refinancing for BancBoston Mortgage Corp. in Jacksonville, says the Lees had previous credit problems. But he said, "It would appear Associates took an aggressive position to generate fee income from this loan."

Associates is the second largest independent finance company in the country and a part of the financial services group of Ford Motor Co. Dave Knight, a spokesman for the company, says the Lees stopped paying their mortgage and were not helpful in working out a repayment plan, forcing the foreclosure. "They hadn't made a payment since October of 1993, so they essentially lived in a house for a year without having to make a payment," Knight said. He said the company lost money on the loan.

In the search for help Hutcherson contacted lawyers and bankers, but then remembered reading about Bruce Marks, the Boston activist who fought a four-year battle with giant Fleet Financial Group Inc.

of Providence. He pulled down some newspaper clippings from the shelf and called Marks.

At the time, Marks was deep in negotiations with Bank of Boston about a low-income mortgage program. Marks asked if the bank's mortgage subsidiary would intervene.

It wasn't easy. "They initially wanted to play hardball," Brooks, the BancBoston executive, said of Associates.

Glenn, the Crescent City banker who got involved at Hutcherson's request, had much the same experience. "We couldn't even get to first base with Associates. They were totally uncooperative on the Lees' plight," he said.

Eventually Associates agreed to give BancBoston time to work out a refinancing. The Lees closed on their new loan Thursday.