The Pre-CRA Era

Redlining, the practice of denying financial or insurance services based on geography, was explored in a paper written by Rev. Dan Reidy, titled *Greenlining: Reinvestment Strategies to Save Our Urban Housing*. Published by the Catholic
Commission in December of 1974, it was the first published document to discuss possible strategies to deal with redlining in the Cleveland area.

Reidy began his paper by reviewing the extent of disinvestment and housing abandonment nationally and locally. He cited massive abandonment of housing in Cleveland in the early 1970s. He analyzed how redlining worked, using examples from other cities, and then focused on Cleveland.

Cleveland’s largest bank, the Cleveland Trust Company, with seventy two per cent of its branches in the city, wrote only twenty four per cent of its mortgages in the city. Some financial institutions, such as Central National Bank and Third Federal Savings & Loan, had better records. Others, such as Shaker Savings, only wrote mortgages that were government-insured, showing minimal confidence in the city.3

Reidy proposed a three-part strategy for fighting disinvestment focused on community organizing, neighborhood housing services, and new legal and legislative measures.

Community organizing had three main features: researching issues, using disinvestment issues to unite diverse communities, and organizing to pressure lending institutions. Research gathered ammunition, and targeted particularly egregious cases of redlining. Tactics were discussed, such as transfer pledges, where the campaign would sign up customers of particular lenders who would pledge to pull their money from those lenders if they did not negotiate with community groups to change their practices.

The Neighborhood Housing Services (NHS) program was another suggestion. Modeled on a Pittsburgh project and promoted by the federal government, it acted in concert with lenders to stimulate reinvestment in target neighborhoods. NHS created a high-risk loan pool with local lenders to start lending based on the qualifications of the applicant, not the location of the property. Reidy had mixed feelings about this model. NHS only showed interest in areas with strong community organizations and housing stock, not in weaker, harder hit neighborhoods.4

Reidy then laid out the possible legal recourses, mostly through recently passed civil rights legislation and court rulings. At best, these remedies were long shots. With local legislation, the paper discussed moves by local governments, such as City of Chicago, to link city deposits with lenders with records for lending in the neighborhoods and to recommend similar legislation in Cleveland.

Another contributor documenting the problem of redlining was a Case Western Reserve University student, Ruth Ann O’Leary. She interned with the Catholic Commission and went on to work for the City Planning Commission under Director Norm Krumholz.

O’Leary developed the methodology for documenting redlining, and her work was used to train organizers and leaders on the issue. You Can Bet on It: Redlining in Cleveland used both 1974 data and the 1970 census to document redlining in Cleveland. The study was submitted to the Congress of the United States as evi-
dence for the need for the passage of the Community Reinvestment Act (CRA). The study also identified two local institutions that would become targets of the groups in their redlining organizing: Cleveland Trust, and Central National Bank.

One of the earliest efforts to combat redlining, and one that used some of the strategies promoted in Reidy's *Greenlining* study, was begun by Active Clevelanders Together (ACT). ACT was an organization only loosely allied with the Catholic Commission. Its territory was the west side of Cleveland, and it initially was sponsored by the United Church of Christ. ACT operated in a pre-CRA environment, and was going after the savings and loans of the west side instead of the major banks that would be the target of later organizing.

John Calkins, the organizer for ACT, came upon a central theme of the campaign while interviewing a representative of the St. Rocco church credit union on Cleveland's west side. The representative asked Calkins to do some homework: First, go to the savings and loans in the city and count the number of tellers they had compared to the number of mortgage loan officers. Then go to their suburban branches and count again.

Calkins found that the inner city branches had far more tellers than mortgage loan officers, and the suburban branches had the opposite: more mortgage loan officers than tellers. The explanation was simple. In the city, you had older homeowners who had paid off their mortgages and were sitting on thousands of dollars of savings. In the suburbs, you had young home buyers, who had few savings and low equity in their houses. The money from the city was subsidizing the suburbs. O'Leary made a similar point in her study: that redlining in the city was used to stimulate housing demand in the suburbs.

ACT's strategy of attack had several parts. The first part was an intensive investigation into the lending activities of the savings and loans. In the time before the Home Mortgage Disclosure Act (HMDA), that meant days spent down at the county administration building going over records of mortgage transactions on the Near West Side, which was the target neighborhood of the campaign.

The second part of the strategy was a greenlining campaign, a door-to-door effort to solicit pledges from neighborhood residents to withdraw their savings from savings and loans that did not invest in the neighborhood. This not only provided a club to hold over the heads of the lending institutions, but it was an excellent way to recruit people and to give them an investment in the campaign.

The third part of the strategy was to go after the heads of the offending institutions, face to face, to get them to the bargaining table. At this time, in the mid-1970s, the savings and loans were largely family owned. There were real people who lived in the area for the community groups to go after, in contrast to later years, when mergers and purchases of lending institutions made those who pulled the strings far less accessible. ACT went after board members and searched for anything they could use as leverage in local churches investing in these institutions.

The initial target was Ohio Savings and Loan Association, followed by Cardinal
Federal Savings and Loan, Cleveland Federal, People’s Savings and Loan, and Third Federal, Broadview and Lincoln Savings and Loan. ACT used the greening strategy of threatening savings and loans with the withdrawal of customer accounts, in a massive door-to-door effort that collected 500 pledge cards promising to withdraw $750,000 from Ohio Savings.

ACT demanded that the savings and loans open their books so that ACT could see the ratio between savings in the city and lending in the suburbs. ACT also demanded that there would be a one-for-one ratio of lending and savings in the city: that for every dollar in savings in the city, there be a dollar in lending in the city. No savings and loan companies took ACT up on the offer. They merely volunteered to participate in the Neighborhood Housing Services (NHS) program on the Near West Side.

The effort did result in some investment in the neighborhoods. According to Joe Garcia, then director of the West Side Community House, the existence of Neighborhood Housing Services on the Near West Side was a direct result of the disinvestment organizing that ACT championed. He did not think ACT got much credit for its work. In a 1976 article in the Plain Dealer, ACT took credit for a 134% increase in mortgage and home improvement loans on the Near West Side. The savings and loans maintained that it had been a very good year for their industry.

Garcia considered the campaign waged by ACT against the history of the savings and loan scandals of the 1980s. The excuse that savings and loans in Cleveland constantly made when confronted by the demands of groups such as ACT was that investing in inner city neighborhoods presented an unacceptable risk because of social and economic realities in those neighborhoods. Then the same industry threw caution to the wind in the 1980s, resulting in one of the greatest financial meltdowns in U.S. history. Garcia wondered what could have been done if the money lost in that catastrophe had been invested in America’s urban neighborhoods. He said we would be living in a different and much better country today.

**FHA/VA Issues**

While ACT took on redlining directly with the savings and loan industry, other groups were introduced to the issue through campaigns targeting FHA and VA housing policies. The link between redlining and FHA/VA policies was a major point of Reidy’s greening study. Other studies added to the mounting pile of evidence. One of the first studies was *The Impact of Foreclosures on Government Insured Mortgages in the Cleveland Area* by Janice Cogger of the Cleveland’s city planning commission in July 1977. The study described the high rate of foreclosures of government insured mortgages in Cleveland to a tune of almost 700 foreclosures per year since 1973.

The problem was not only the high number of foreclosures, but their location on the east side of Cleveland in areas experiencing racial transition. Among these:
neighborhoods were the Buckeye-Woodland and Union-Miles communities. At ground zero for these foreclosures were large, low-income families who were desperate for housing and who found themselves shut out of the regular rental market and ignored by government housing programs. In particular, the Section 8 program was irrelevant to their housing needs because it only constructed or rehabbed one and two-bedroom apartments.

Cogger concluded that the foreclosure policies of the FHA and VA subverted other efforts to provide housing to those in need and to stabilize neighborhoods:

> While expanding housing opportunities for low and moderate-income families and improving neighborhood conditions are ostensibly important objective(s) of federal and local policy, the problems associated with foreclosure may be more significant in undermining these objectives than such programs as Section 8, NHS, and Community Development Revenue Sharing are in advancing them.]

This suggested a radical policy proposal. Cogger proposed more intensive pre-foreclosure counseling for those in trouble, plus a policy of not foreclosing in those cases where families can pay at least twenty five per cent of their monthly income towards their mortgage. She wrote:

> We are not nearly so concerned with the possibility that some individuals might shirk their mortgage responsibilities as we are with the reality that hundreds, if not thousands of families who lack the resources needed to (buy) adequate housing are being displaced from their homes...each year by foreclosure.

Taking the discussion further, Cleveland State University student and future organizer Linda Hudecek examined redlining in the St. Clair-Superior neighborhood in a March 1977 paper titled Disinvestment in the St. Clair Superior Community: Indications of Redlining. The study found the existence of a dual home financing system in the neighborhood and discussed how FHA and VA-insured mortgages contributed to redlining and real estate speculation. Hudecek described the difference between conventional and government-subsidized mortgage markets:

> Two separate housing markets exist in the St. Clair-Superior Community.... the two different markets consist of 1) conventional financing with small sum mortgages, large down payments, short maturities, and under appraised purchase prices; 2) government insured financing with large sum mortgages, small down payments, long range maturities and equal appraisals and assessments. Thus, the conclusion can be drawn that government insured mortgages are financing the normal flow of the housing market.
Hudecek showed how this dual system operated to finance real estate speculation, where the goal is to buy cheap and sell dear.

For example, a particular parcel on East 79th Street has an assessed value of $13,596.00. It was bought on 2-5-76 for $6,000.00 with a $4,000.00 mortgage. It was resold 9 months later for $15,000.00 with a VA mortgage for the same amount.  

Hudecek summarized her findings:

Not only has the initial decision to redline detrimentally affected the neighborhood, but persistent patterns of land speculation, coupled with increased reliance on government insured mortgages only abet the devaluation of property. Unfortunately FHA and VA financed properties bring with them high rates of foreclosure, and thus increased instances of vacancies. Ultimately the combination of non-availability of conventional moneys and the disadvantages of FHA/VA financing produce a housing stock that decreases monthly in property value.

O'Leary also wrote of the perversion of the original mission of the FHA/VA programs:

With the risk of investment assumed by the government, these institutions have pirated the true intent of the program from that of enabling lower-income people to get involved in home ownership to one of luring people who can't really afford a mortgage and home maintenance costs into a program that enriches the middlemen.

The Buckeye Woodland Community Congress made FHA practices an early focus of its organizing. The campaign centered around two issues. The first was the practice of mortgage companies and real estate companies who financed houses through FHA for people who had no business buying a house. When they failed to make payments, foreclosure soon followed, and FHA paid off the mortgage company. The house would be sold again through FHA, and the cycle continued. One particular house changed hands eight times in a short period of time. Each transaction brought profit for the realtor and to the mortgage company. Karen Nielson, organizer for BWCC, described the process:

We started documenting that there were mortgage companies and real estate companies in cahoots. We tried to trace realtors selling a house that wasn't in good shape to someone who needed a mort-
gage and later realized that it needed a new furnace. The mortgage company would foreclose and get paid off, then finance it to the next homeowner who came through.  

Nielson told one story that became legendary among activists in Cleveland working on the issue:

One family who just moved to Cleveland, [and who] had three kids, had gone to a realtor to find a place to rent. The realtor said, ‘Why don’t you buy?’ They said, ‘We’re new to the city. We need to get established.’ The realtor said, ‘I see you have a nice car out there. I’ll take the tires as down payment.’ That’s how they got their house. Well, they got into it and it was the roof or the furnace that went. Those stories were repeated over and over again."

Buckeye Woodland Community Congress made arrangements for Lutheran Housing Corporation to begin foreclosure counseling for people caught in the revolving door of FHA foreclosures; however, the campaign was impeded by the attitudes of those victimized, and the general community. The victims were ashamed of what had happened to them, and the general community felt that the families had gotten themselves in trouble by not being careful in their business dealings.

The other FHA issue dealt with the condition of the properties. The general assumption among people in the community was that FHA had inspected and approved the houses. The assumption was wrong. All sorts of problems with FHA houses were described. One house had a crack running through the exterior wall so large you could see outside through it. One victim of the shoddy standards of FHA inspections was Sarah Turner, a domestic who became one of the future leaders of BWCC. Nielson described Turner as a natural leader for the campaign:

She was very up-front, had some righteous anger, and loved preaching. She’d get up and talk about her eight kids. She bought this house. There was not even a sink in the bathroom. They had to brush their teeth in the tub. The foundation was separating in the basement. She was the epitome of someone who had been sucked in by a realtor.  

Turner took her story to the community:

Sarah stood up at the meeting and started talking about her house. People started saying, ‘That happened to me, too.’ People realized that it wasn’t an individual problem but the whole community. That galvanized people.
The campaign demanded that the 518-(b) program be made available to those who had been victimized in purchasing dilapidated FHA properties. The 518-(b) program was designed to compensate property owners who had purchased FHA houses between 1968 and 1973. The program was supposed to either reimburse people for repairs that were needed on houses that had been given a clean bill of health by inspectors or replace houses that were too far gone, which is what happened in Turner's case. The local HUD office was no help, and BWCC made frequent “hits” on the local office. The campaign was both local, and national, with a series of National People's Action hits against HUD headquarters in Washington DC. It was a long campaign, stretching from 1975 until 1980. Nielson described its successes:

It was some long, hard fight. We had inspectors out, HUD officials, tours, the whole bit. Sarah Turner got a new house. HUD said it would take too much money to bring it (the old house) up to code. We went after the city to put more heat on HUD. I know that countless homeowners got big money.

The CRA Era

The redlining issue was revolutionized by the passage of the Home Mortgage Disclosure Act (HMDA) in 1974 and the Community Reinvestment Act (CRA) in 1977. The HMDA required financial institutions to document their lending activities. The Community Reinvestment Act required financial institutions to serve the credit needs of the communities they did business in. Organizations could now easily access information on lending practices of financial institutions and take action against those who were redlining neighborhoods.

Buckeye began educating the community about CRA and how to use it. The process began with a meeting held at Benedictine High School that asked the 150 people in attendance one simple question. What could be done for the neighborhood if you had a million dollars? The participants proposed mortgage loans, rehab loans, and economic development funding. A list of demands came out of the meeting that became BWCC’s platform for the coming fight for reinvestment in the neighborhood.

Local banks were invited to discuss their receptivity to the demands. The Cleveland Trust Company became a special target, with its several branches in the neighborhood, a large amount of savings from the neighborhood residents, and very little loan money coming back into the area.

In one of the early attempted meetings with the bank, Gene DiSimone, branch manager of the Buckeye office, stood up representatives from BWCC in early February 1979, who had previously delivered a list of credit needs to him. One of the worst mistakes a targeted institution could make with a community organization, especially a community organization such as BWCC, was to fail to show up for a meeting.
The next night, three vans and forty members of Buckeye showed up at DiSimone’s apartment building and gained access to his building, but he did not answer his door. BWCC proceeded to canvass his neighbors; they got into the newspapers, publicized their grievances, and fired the opening salvo against the Cleveland Trust Co, which continued to stonewall BWCC over the next year.

In May 1979, the bank, soon to be renamed Ameritrust, applied to the Federal Reserve Bank for permission to merge with three subsidiaries in Lorain, Painsville, and Columbus and to take over a bank in Cincinnati. BWCC saw an opportunity to get the bank’s attention. It filed a formal challenge to the proposed merger.

The challenge not only was a major organizing effort, it was also a challenging technical and educational effort. No manuals were available to tell groups how to challenge a merger. The regulations had not even been written. But Buckeye was not alone. The research arm of National People’s Action, the National Training and Information Center (NTIC), and the Center for Community Change in Washington, DC, helped. Housing lawyer Peter Ishkin from the Cleveland Legal Aid Society also helped. Otherwise, Buckeye was left to write the book on CRA challenges in Cleveland.

One reason for the conflict between Buckeye and Cleveland Trust was the CEO of Cleveland Trust, M. Brock Weir. Weir was an executive officer of the old school who did not recognize the right of community organizations to influence how his company conducted its business. Tough, abrasive, and arrogant, he was among the most formidable foes Buckeye ever faced. Pat Kinney, lead organizer on the CRA issue, felt that Weir personalized all his conflicts into tests of will. One example of this was his war with Mayor Dennis Kucinich during Cleveland’s financial default.

Buckeye leader Sharon Bryant called Weir a thorn in the side of BWCC and related how, on one occasion, he derided BWCC’s membership, calling them “porch monkeys”. Bryant said, “I thought if I could face Brock Weir in a certain situation, I would have no problem dealing with Central [National Bank] or Society [for Savings] or National City [Bank], or any other bank because I’d dealt with him.”

One of the more interesting documents in the archives of the BWCC is a memo from Jerry Jarrett, president of Cleveland Trust, to M. Brock Weir about the bank’s stance in the community. In it, Jarrett states the need for the company to have good relations with the community and located the neighborhood group’s initiative in the context of declining public sector funding for neighborhoods.

Against this background, it is not sufficient to advise any group that ‘our record is good’, or ‘we comply with the law,’ or ‘we don’t discriminate in lending,’ or ‘if you satisfy our criteria, you’ll get a loan.’ These positions do not address the current attitudes of the community groups or present the Cleveland Trust Company’s case in an affirmative and meaningful posture.
He cited the examples of community involvement used to defend Cleveland Trust's record. Jarrett acknowledged the value of such involvement, but noted that it was contingent upon the initiative of local branch managers and it was not backed by the full organizational commitment of the bank. He wrote:

What is needed is a program involving (a) counseling with neighborhood communities as to both the individual and group level on credit availability, private and federal credit programs, methods of obtaining credit, and responsibilities of obtaining credit; and (b) the development by the bank of profitable community credit programs meeting acceptable credit standards; to be offered to individuals and groups utilizing either private and/or federal funds.  

Jarrett ended the memo with a proposal to put Cleveland Trust's CRA officer in the branch administration office to work with branches on the issues. Underlined in the BWCC copy is the proposal that "the Community Reinvestment Officer shall have overall responsibility for development, implementation and coordination of profitable community credit programs...."

No record remains of the fate of Jarrett's recommendations, but the memo makes several interesting points. First, it was made on March 23, 1979, early in the escalation of the conflict between BWCC and Cleveland Trust. Second, it implies some internal dissent with Weir's confrontational style.

Buckeye's challenge to Cleveland Trust dragged on through the summer. In the view of Pat Kinney, a lead organizer on the issue, the big hold up was that the federal government was unfamiliar with the regulations and was split between wanting to get the two parties negotiating or rejecting the merger. Furthermore, the Federal Reserve Bank as an institution is dedicated to keeping the banking industry happy and to serving its needs, not to challenging its decisions. BWCC ended up organizing against the Federal Reserve Bank to get it to reach a decision. One goal was to get the Federal Reserve Bank to sponsor a public meeting on its challenge. The result was a five-hour meeting on August 22, 1979.

The meeting, held at Buckeye's headquarters, detailed Buckeye's complaint against Cleveland Trust. BWCC leader Sharon Bryant said that the neighborhood had been raped by banking institutions such as Cleveland Trust. Another BWCC leader, Diane Yambor, presented evidence from the Home Mortgage Disclosure Act reports for 1977 that Cleveland Trust had taken in $74 million from its two Buckeye area branches, but had lent out only $210,000. It presented affidavits from seven community residents, who had been denied loans by Cleveland Trust, although other lenders later approved them. Finally, they denounced discriminatory application procedures that left no records of applications being taken. A loan officer for the bank wrote loan application information on a legal pad, then threw the sheets away once the loan had been denied.

One of the best summations of Buckeye's frustration with the Federal Reserve
Bank is a document it submitted in reply to the November 13, 1979 report issued by the Federal Reserve Bank stating preliminary findings in the Cleveland Trust case and pointing toward an approval of the merger.

Buckeye believed that the Federal Reserve was not even following its own guidelines for assessing CRA compliance. In a document the BWCC filed for a December 12, 1979 meeting, the Federal Reserve Bank has replaced Cleveland Trust as the target of the group's scorn and criticism. BWCC was accustomed to beating up bureaucrats. The December 12 document opened with BWCC lecturing the Federal Reserve Bank as it would a dense student: "We request at this time that the staff members from the FRB of Cleveland take notes from the beginning because we would rather not go through this case a third time for you!" 29

Buckeye outlined the requirements of what bank examiners were supposed to consider and which the group felt the Federal Reserve Bank ignored and cited official CRA statements and communications with Cleveland Trust. It documented instances when Cleveland Trust had ignored them, avoided meetings, and stonewalled them. Some of the most scathing criticisms were of the bank examiners who had allowed Cleveland Trust to define its community as Cuyahoga County and submitted a road map of the county. The document reasoned:

In plain, simple language, CRA was not established because banks have redlined the suburbs! They have not redlined Cuyahoga County as a whole! Nor have they redlined their "Entire Community!" "...The problem only exists in low and moderate-income neighborhoods. Therefore, local communities must be identified and analyzed separately. 30

Another complaint about the bank's report was how Cleveland Trust's obligations to reach out to the community had been ignored by the bank examiners. BWCC argued that Federal Reserve officials took Cleveland Trust's word for its outreach efforts with minimal fact checking.

We would like the record to show that the Cleveland Trust Company at no time contacted any of the following members of our community regarding credit needs: 1) No PTAs, 2) No religious organizations, 3) No block clubs, 4) No neighborhood organizations, 5) No coalitions of neighborhood organizations, 6) No minorities, 7) No non-profit housing development corporations. 31

The meetings for which Cleveland Trust took credit were those in which they stood up BWCC after repeated communications and reminders from the group. The aborted meeting with DiSimone was particularly galling for BWCC. It complained:

Our CRA committee went back to Mr. DeSimone's office the following day and questioned him on his absence. He responded by
stating, 'It's not my fault. I was instructed by downtown not to attend.'

Buckeye even caught Cleveland Trust in a lie about its meeting with the Union Miles Community Coalition:

The report states the Cleveland Trust Company met with the Union Miles Coalition to determine their credit needs. At this time, we would like the record to show that statement is totally incorrect. We would like to present as evidence a notarized affidavit from the president of the Union Miles Coalition verifying that at no time has a meeting between Cleveland Trust and the Union Miles Coalition taken place.

Buckeye continued laying out its position with complaints about Cleveland Trust’s failure to locally advertise and market its services, and contrasts the bank’s inaction, with that of the State Savings and Loan Company. It describes Cleveland Trust’s failure to offer credit counseling or to contact Lutheran Housing Corporation to use its expertise in credit counseling, and it concluded that Cleveland Trust had not pursued business with local companies or with the residential mortgage market, contenting itself with simply providing brochures and literature at its branches.

Buckeye concluded:

BWCC wants the record to show that the Cleveland Trust Company refuses to use local advertising for the purpose of encouraging potential loan applicant(s) from our neighborhood.
The bank refuses to use financial counseling programs to promote mortgage applicants in our neighborhood. Finally, the bank refuses to use its loan and branch personnel to promote potential housing-related loans in the Buckeye Woodland neighborhood.

One requirement of the CRA regulations was that financial institutions’ boards of directors must be informed of and involved in CRA requirements. BWCC cited a visit it had made to a bank director who was also chancellor of Case Western Reserve University to ask him about Cleveland Trust’s behavior in June 1979. He responded that he did not know why they were in his office, and directed them to go to other board members and leave him alone.

Buckeye suggested that his response was indicative of how uninvolved board members were, and accused:

Now as far as the FRB (Federal Reserve Bank) of Cleveland and the Public Report that was published, we can conclude that the examiners never inquired to the extent of the board of directors’ participation in this issue. The examiners portrayed the same bla-
tant ignorance for the CRA and for the procedures as do the chair­
man and board of directors of the Cleveland Trust Company! 35

Buckeye turned to the issue of branch offices in low and moderate-income neigh­
borhoods. They noted again that the examiners were supposed to evaluate the bank
on this topic, and that they had ignored the information. Over the past four years,
Cleveland Trust had eliminated branches in two low-income neighborhoods while
expanding in ten new suburban communities. At the rate Cleveland Trust was going,
they would, over the next fifty years, pull out of all the low-income communities and
eighty five percent of the City of Cleveland. 36

Buckeye examined Cleveland Trust’s listing of the community organizations
with which it said it had developed relationships. Two groups were unknown. Four
other organizations, the Lakewood Community Development Corporation, Forest
Hills Church Housing Corporation, the Heights Area Project, Jewish Community
Federation, and the East Cleveland Community Development Corporation, were
not even in Cleveland, and only the East Cleveland Community Development
Corporation served a low-income population.

Buckeye took particular note of Cleveland Trust’s listing of Lutheran Housing
Corporation (LHC) as an example of its community involvement. True, Lutheran
Housing had had a loan with Cleveland Trust, but no generosity was shown the
corporation by the bank. BWCC related a community meeting in which it had
asked Cleveland Trust for favorable financing rates for Lutheran. Dell Duncan, the
bank official, responded:

‘Cleveland Trust Company (CTC) is willing to decrease LHC’s
interest rate by one and a half points.’ When our members grew
upset and said, that’s not even prime rate, Mr. Duncan said, ‘I
don’t care. That’s all you’ll get from us. You can take it or leave it.’
He added, ‘Besides, nobody gets prime rate.’ We only wish
General Motors and the Eaton Corporation had heard that. No
matter, because Mr. Duncan was right: That’s all CTC would do! 37

Finally, Buckeye mentioned that Cleveland Trust had not mentioned its
involvement with the Buckeye Neighborhood Housing Services. Buckeye explained
it was because Cleveland Trust had not paid its dues to the NHS and had withdrawn
its support.

In January 1980, the Federal Reserve demanded a list of actions be agreed to by
the newly renamed Ameritrust as a condition of gaining merger approval. The
Federal Reserve required the following:

- Make available to the public an Ameritrust loan policy.
- Make available the appraisal standards used by Ameritrust in conjunction
  with real estate loans.
- Design and implement a training program that satisfactorily trains
Ameritrust employees in the requirements of fair housing laws.

- Maintain a log in each office where applications are accepted to record information for every real estate and consumer loan inquiry about race, national origin, age, marital status, terms and conditions of loan request, and disposition of request.
- Assist applicants in obtaining credit counseling or provide it.
- Take steps to make the public aware of the availability of policies and services suggested in the letter.  

Ameritrust balked only at the record keeping provision, saying it would be expensive and unfair unless all the other institutions were required to do likewise but the bank was still required to do so for a year. When they finally agreed, the merger was approved.

Buckeye filed a protest against the decision and publicly called it a disappointment, claiming that the decision only answered some of the concerns.

Pat Kinney, a lead organizer on the issue, had expected the merger to be rejected however, Sharon Bryant called it a victory and said that a blocked merger would have been a disaster for BWCC and other groups who were following its lead in challenging banking practices.

Bryant believed that if the Federal Reserve had blocked the merger, the corporations of Cleveland would have declared war on the groups and would have destroyed them by ending their funding. The groups would have become a threat, instead of just a nuisance, and the corporate sector of Cleveland would have done to them what it had done to Kucinich.

The Federal Reserve ruling did result in meaningful reforms that made it easier for community groups to document the bank’s activities and to build cases for further challenges. It was the start of earning some accountability from the banks. The Federal Reserve also told Ameritrust to meet with BWCC and to end its stonewalling.

Buckeye’s experience with its Cleveland Trust challenge set the stage for the first real negotiations between Ameritrust and BWCC and set an example for the community organizations of Cleveland. Soon Union Miles Community Coalition launched a similar challenge to Society National Bank, and Near West Neighbors in Action challenged Central National Bank.

Three factors contributed to this upsurge in action. One was the experience BWCC had developed in tackling the banks. BWCC shared that experience with other Cleveland groups. Second, the CRA and HMDA opened up windows of opportunity in dealing with redlining, that had never before been available to the groups. Finally, national networks, and organizations such as the National People’s Action and the Center for Community Change were assembling the expertise and experience needed to help local groups become active on the issue.

Meanwhile, Buckeye found that, although it now could meet with Ameritrust, it
was not going to be easy to reach an agreement with them. At the first meeting with M. Brock Weir, BWCC presented a half-dozen demands for various lines of credit and financing packages. The only point to which Ameritrust agreed was to advertise in the BWCC newsletter.

The war was not over between Ameritrust and Buckeye. The year 1980 was spent in fruitless meetings in which Ameritrust displayed its old intransigence beneath a veneer of cooperation. The new year presented another opportunity for BWCC to challenge Ameritrust when the bank applied to the Federal Reserve for permission to merge with some of its subsidiaries in outlying counties on February 23, 1981. On March 20, BWCC filed a challenge.

This time Buckeye was not alone in its challenge. It was joined by the Union Miles Community Coalition, Citizens to Bring Broadway Back, and the St. Clair Superior Coalition under the banner of Neighborhood People in Action (NPIA), a flag of convenience used by the groups for their larger campaigns.

NPIA's case was based on testimony and evidence presented by each group about its experiences with Ameritrust. It covered mortgage loan activities, Ameritrust’s compliance with requirements from the 1980 challenge, the bank’s continued lack of interest in working with neighborhood organizations, and poor commercial credit services. NPIA emphasized the contrast between Ameritrust and other banks that showed a more cooperative attitude toward the neighborhoods.

On December 1, 1981, the Federal Reserve approved the Ameritrust merger. The points raised against Ameritrust were written off by the review board as a reflection of market forces, legitimate management decisions, and individual corporate philosophy. The board did not cite any violations of its previous orders from 1980, and suggested that the mergers would not be to the detriment of the banking industry or the inconvenience of the public.

The second challenge took place in a changing world, both for the banks of Cleveland and the neighborhoods. The banks were entering a period of merger and consolidation that would witness the disappearance of many of the most famous banking names: Ameritrust, Society National Bank, and Central National Bank. It was also the time that saw the departure of that quintessential symbol of banking’s old guard, M. Brock Weir. He retired as CEO in December 1983, moved to California, and left explicit instructions that his phone number not be given to anyone in Cleveland.

Weir’s hostility to the neighborhoods may have backfired on him. BWCC’s Kinney felt that Weir’s belligerent style contributed to his departure from Ameritrust and the eventual demise, through merger, of the institution. Like a king obsessed with foreign wars while his kingdom decayed, Weir’s conflicts distracted him from taking care of the bank’s business during a time of upheaval and change in the banking industry. The rest of the Cleveland banking industry learned from the CRA fight between Ameritrust, BWCC and NPIA. Other banks took notice of Weir’s situation to move in on Ameritrust’s markets. They also realized that it would not take much
to keep the neighborhood groups satisfied and was not worth a time-consuming, reputation-ruining, and expensive war with them in the name of corporate sovereignty. 40

Challenges such as the one launched by BWCC and NPIA helped change the atmosphere in Cleveland about redlining. Financial institutions took notice and began to cooperate with local neighborhood groups. Often, that cooperation was encouraged by a CRA challenge, as was seen with Union Miles and Society National Bank, or Near West Neighbors in Action and Central National Bank.

The outcome was mixed. Banks began to appoint CRA officers who were vice-presidents and who seldom had the power to make anything happen beyond donations of office supplies and printing services for the neighborhood groups. Sometimes a real program was launched, as with Near West Housing Corporation, which put together a home purchase/rehab loan program in cooperation with Central National Bank using Urban Development Action Grant money from the city. Financial institutions also participated in development corporation boards that were spinoffs of the old groups, such as Bank on Buckeye, the Union Miles Development Corporation, and the Broadway Area Development Corporation. Even the old nemesis of the groups, Ameritrust, formed the Ameritrust Development Bank.

In the end one can ask whether the credit needs of Cleveland’s neighborhoods are being met. This issue has been masked by the evolution of a community development infrastructure as represented by such organizations as the Cleveland Housing Network, the Enterprise Foundation, Neighborhood Progress Inc., and the Local Initiatives Support Corporation. There was a strong push to build new housing in Cleveland, which was given muscle with the success of Mayor Michael R. White in securing commitments from Cleveland’s financial institutions to finance inner city housing development.

But the issue of the credit needs of Cleveland’s neighborhoods has not been resolved. It manifests itself in new ways, and involves new institutions, such as the rise in the 1990s of predatory lending, and a plethora of check cashing, and payday loan companies, many of them owned by the same banking interests that the groups fought in the 1970s and 1980s. The surge in foreclosures also calls into question if real progress has been made.

Cleveland continues to have a two-tier financial services industry: one for the middle and upper classes, one for the poor. An issue from the past remains an issue for the present and future.
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Archives of the Diocese of Cleveland
George Forbes and Dennis Kucinich in a rare moment of amity.

L to R: Norm Krumholz, unidentified man, Dennis Kucinich, Bob Weisman, Betty Grdina, unidentified man.

Dennis Kucinich congratulates George Voinovich on his victory Nov. 1979.

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Neighborhood People in Action marching on SOHIO's stockholders meeting April 1982.

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