

AMERICAN PREDATORY LENDING AND THE GLOBAL FINANCIAL CRISIS

ORAL HISTORY PROJECT

Interview with

John Quinn

Bass Connections

Duke University

2020

## PREFACE

The following Oral History is the result of a recorded interview with John Quinn conducted by Clare Holtzman on July 24, 2020. This interview is part of the Bass Connections American Predatory Lending and the Global Financial Crisis Project.

Readers are asked to bear in mind that they are reading a transcript of spoken word, rather than written prose. The transcript has been reviewed and approved by the interviewee.

Transcriber: Clare Holtzman  
Interviewee: John Quinn  
Interviewer: Clare Holtzman

Session: 1  
Location: Virtual  
Date: July 24, 2020

Clare Holtzman: I'm Clare Holtzman, a J.D. Candidate at the Duke University School of Law. I'm also a research assistant for the Global Financial Market Center's, American Predatory Lending Project. It is Friday, July 24th, 2020. I'm conducting an oral history interview with John Quinn, currently Assistant Dean for Public Interest Law and External Relations at the University of Massachusetts-Dartmouth Law School, who has joined me through Zoom. Thank you for joining me today.

John Quinn: Thank you for having me.

Clare Holtzman: I'd like to start by establishing a bit about your background. I believe that you received your B.A., PhD in Philosophy, and master's in public policy from the University of Massachusetts-Dartmouth, and your J.D. from Suffolk University. Is that right?

John Quinn: I got my PhD from the UMass (University of Massachusetts) Boston campus, not the Dartmouth campus.

Clare Holtzman: In the context of your work life, when and how did you first become involved with residential mortgages?

John Quinn: Sure. Really two parts, one I was a member of the Massachusetts legislature from 1993 till [2010]. So, in part as [a state representative] I was the Chairman of the Joint Committee on Banks and Banking for four years. In addition, as an attorney, I participated in some residential and commercial closing work as a practicing lawyer.

Clare Holtzman: Can you talk a little bit more about that work?

John Quinn: Yeah. I mean, the legal work or the legislative work?

Clare Holtzman: The legal work.

John Quinn: Yeah, sure. I was in a practice in New Bedford, Massachusetts, and part of the practice was doing closings, largely residential, time to time I would be involved in a commercial closing. So, I saw all the documents that come in, you know, both the income verification and all the other things that come in. So, if you've ever seen a residential closing package, there's a lot of disclaimers and documents that come into play. So, it was rather tedious work, but it was legal work.

- Clare Holtzman: And I believe you served as state representative for the Massachusetts State Legislature from 1993 to 2010, correct?
- John Quinn: Correct.
- Clare Holtzman: And what led you to run for office?
- John Quinn: Well, I've always been involved, my family has been involved over the years, in local politics in [the] Southeastern part of Massachusetts, so, I was exposed at an early age to political issues and policy issues. So, I kind of got the bug and I saw [how] really, you can make an impact on things. Like I always used to say, you know, you can read about something in the newspaper in the morning and go to work in the afternoon and try and change that, which is a rare opportunity in employment. Many people don't like the work they do, they go to work, they make a paycheck, whereas I wanted to get in a situation where I enjoyed what I was doing, and I could make a difference.
- Clare Holtzman: As a state representative, when did you begin to work on housing market issues and why?
- John Quinn: I was appointed the Chairman of the Banking Committee, I believe in 2001. So, I kind of was thrown right into the fire. I hadn't been on that committee in the past, but as a rank and file general member you'd be exposed to banking legislation or mortgage legislation, but not until I was the Chairman was I really immersed in it. So that would be early 2001.
- Clare Holtzman: What led you to become the committee's chairman?
- John Quinn: The Speaker of the House at the time thought I had the skills to handle that complex area and I was appointed and ratified by the full Democratic Caucus.
- Clare Holtzman: Can you talk a little bit about what working on the committee entailed?
- John Quinn: Yeah, I mean, as the Chairman, I did several things. One, it was a joint committee, so I was the Chairman of the House side and there was a Chairman on the Senate side. And so, when bills are filed every year, they're classified into which committee had the jurisdiction. So, we would get all the committee bills filed by all members between the House and the Senate. There would be 200 members, so we'd have a bunch of bills that would come into the joint committee on banks and banking, and we would hold hearings on them, we would accept testimony from the public. We would then move the bills that we thought were worthy of passing through the process. [I]n Massachusetts we're a bicameral legislature, so a bill would have to pass both branches. So, a lot of negotiating and that through the typical legislative process. So, I was exposed to really all stakeholders, you know, the community activists, the groups, the banking lobbyists, the bankers themselves. So, [the committee] really saw the wide spread of stakeholders and issues.

- Clare Holtzman: What types of things were you hearing from your constituents in terms of housing and the mortgage market?
- John Quinn: Yeah, I mean, at the time there were a lot of foreclosures. My district is in between two really urban centers in Southeastern Massachusetts, the City of New Bedford and the City of Fall River. So, there was a lot of issues going on, in particular in the urban centers, and a lot of newspaper coverage about it. So, it was really an issue that was out there pretty regularly. And as my time went on on the committee, things got worse as we got further towards the '07/'08 economic meltdown, it led into it kind of at the beginning. And I know, one of the—I'm sure we'll get into it, but we certainly looked at the North Carolina legislation early on when we were talking about predatory lending reform.
- Clare Holtzman: . . .Can you talk a little bit more about the specific issues that you were hearing about in the community?
- John Quinn: Sure. The issue of foreclosures, families being put out on the street, was a big issue. The old banks, regulations, were so loose that they were allowing people to borrow more money than they could truly afford to pay back. I didn't get involved as much in the residential closings until after—certainly, I didn't do it at the same time I was the committee chairman—but I would see afterwards some of the onerous [mortgage terms], and teaser rates and a whole host of other things that were actually [in] the banking documents and everything. But I think it was the foreclosures and people in situations that they were spending all their money paying their mortgage and couldn't afford anything else.
- Clare Holtzman: How, if at all, were the stakeholders communicating their concerns with you as the mortgage market evolved in the '90s and 2000s?
- John Quinn: Two ways. One, certainly it changed dramatically when I became the chairman of the committee. So, I think I would say minimally, constituents in my normal legislative [work], I would hear from some, but [not] until I was the chairman there for the four years did I—that's when I really heard a lot and from all aspects of it, you know, organized groups, both on the banking side, on the community side, a lot of very active entities on both sides that I would hear from both in my normal practice as a legislator, but also particularly during the committee process and the hearings.
- Clare Holtzman: What kinds of groups were you hearing from specifically?
- John Quinn: . . .[W]e heard from a lot of housing groups, the Boston-based or the Massachusetts-based groups we heard from. I was going to do my homework and remember because it was almost 20 years ago now. We heard from ACORN [Association of Community Organizations for Reform Now], we heard from on the banking side, there's a Mass Bankers Association in Massachusetts, the Massachusetts Credit Union Association, Mass Mortgage Brokers Association. So, they were pretty organized on both sides of it. So, we heard from their

representatives, as well as through the committee process, they would bring in actual people on both sides. [A] bank president would come in or a community member that would be brought in by the group they're affiliated with. So, we'd hear from the big organized groups as well as the individuals.

Clare Holtzman: How did your office respond to those concerns...?

John Quinn: I think good. I mean, you don't know me, but I certainly have a "treat everybody the same" process that I look at these things. So, we had a pretty good-sized staff of four or five committee staff people that would handle a lot of the inquiries through me, regular meetings. [N]ot to be corny, but my door was always open to everybody. So, we had an awful lot of meetings with individuals on both sides of it, as we tried to put legislation together and make decisions on legislation that had already been filed.

Clare Holtzman: What stakeholders outside of the government did you engage with the most?

John Quinn: I would think probably the organized groups that had representatives or lobbyists [so] that they would be in the State House. [I]n Massachusetts, I didn't have an official district office, so I didn't have an office for people to come to. It's just the nature of how it's set up up here. So, I would usually hear mostly from the representatives of groups, so, the heads of them, on both sides of the issue as well.

Clare Holtzman: From your perspective, how did the mortgage market evolve from the time you first took office in '93 to the time that you became the committee chairman?

John Quinn: Get me to think way back now back there, to what, '93? [I]n the nineties, the economy was hot, and getting into the mid to late nineties in particular. So, things were on the upswing and really [you] wouldn't hear that many complaints because the economy was good. And then as we got into that downturn in the late nineties, then it got progressively worse. . . . [W]hen there's a problem you hear from people when you're in office. So, things got progressively worse in the late nineties and certainly through the 2000s.

Clare Holtzman: When did you become Vice Chairman at the National Conference of State Legislatures Financial Services Committee, and what did that work entail?

John Quinn: That's how you found me. (laughs) No. So, I was active in that entity and I became the Vice Chairman when I was the Chairman [of the Joint Committee on Banks and Banking] in Massachusetts. So, we'd have several conferences a year and [talk] about banking issues nationwide. [S]ome people view those things as vacations, but I thought it was a great opportunity to exchange ideas with other people across the country that were dealing with the same thing. And, some states were further along than others, [so] you'd bring back some good ideas to share and use in the legislative process here in Massachusetts.

- Clare Holtzman: What kinds of things were you hearing at that level relating to the housing market, if at all?
- John Quinn: ...Similar [things], that things were in trouble in the early 2000s and that a lot of residents were in very difficult situations, [that] they were underwater in their mortgages. And I know, I think the North Carolina bill passed in '99, and then I think there was a Georgia bill that passed, and New Jersey. They were kind of really ahead of the game, so, we often would try and talk about lessons learned from other states so we could use that information, [and] bring it back to our home state. So, trying to draw on people's victories and learn from their problems in other states.
- Clare Holtzman: Can you talk a little bit more about that? Like what specific lessons you were learning, both in terms of the victories and the challenges?
- John Quinn: I'll try. Yeah, I mean, as I said, I think some states were ahead of the curve on this, which I think was good. So not specific terms of legislation, but more that legislation had been passed to try and crack down on it. The frustration that I think we all felt was with the federal preemption—for national banks really—sometimes we'd pass these great pieces of legislation, but the fine print was federal preemption kicked in, so okay, great, but it doesn't apply to a lot of the people that are doing business in your state.
- Clare Holtzman: ...[W]hat problems, if any, did you and . . . your colleagues especially worry about?
- John Quinn: Well, I think they worried most importantly, that were the bills that we got passed going to have any actual teeth to them. [W]ere they just good to say we passed the bill on predatory lending, but nothing's going to happen because of the federal preemption. So, I think it was that, I mean, trying to put language in these bills that you could hook some of these groups. And I think, one of the areas was mortgage companies and where were they licensed and that made a big difference. So, I think the mortgage companies—I mean, everybody was at fault in this—but some of these mortgage companies, in particular, were the most egregious ones. So, if you could make sure that the legislation covered those mortgage companies that were registered in your state, I think was a big part of it.
- Clare Holtzman: Did you see any specific challenges related to the national banks?
- John Quinn: ...[A]s I said, [with] the federal preemption, they would say, Hey, great bill, but it doesn't apply to us. Yeah, so that was a huge void in any legislation, that the national banks didn't come into play.
- Clare Holtzman: ...[W]hat sort of public policy adjustments did you pursue whether involving monitoring, enforcement, or changes to regulation?

- John Quinn: Well I think, we tried to get banks that were doing business in Massachusetts to be held more accountable. Now getting into the specific terms, again, it was a long time ago, but we tried to make sure that everything applied to them, that I think was any business that did more than 50 loans, I think in Massachusetts, . . . I probably should have looked at the legislation before we spoke. But making sure that there was enough balance to the system in which banks and mortgage companies could certainly make a living and certainly operate, but a balance by protecting the consumers and protecting the people that were borrowing this money. Were they trapped in loans that were unaffordable or that had egregious terms, that the upfront points, closing costs, all these things, negative amortization loans that actually, as you paid . . . the balance was going up, you're paying less than the interest, balloon payments, you know, we'll give you a 30-year mortgage, but you got to pay it all in seven years. So, there was a lot of these tricky terms and languages in these documents that I think we were most concerned about.
- Clare Holtzman: I know you talked about finding a balance. What strategies did you utilize to find a balance between the two?
- John Quinn: Yeah, so I think what we tried to do, as I just said, was that certainly without mortgages and without [the] credit market, that the country would cease to exist. And I say that tongue in cheek, but at the same time, certainly they're entitled to make a profit and then a return on investment. But where that point is that it's taking advantage of somebody, it's kind of a sweet spot that you try and get to, where is that balance where you're entitled to do business, but they're not entitled to take advantage of people.
- Clare Holtzman: Did your efforts lead to significant changes in policy?
- John Quinn: I like to think so. We passed the bill I think in Massachusetts in 2004, the predatory lending bill, which at the time, I think, . . . it was viewed as one of the tougher ones in the nation. And certainly, we again took some of the language in that from North Carolina's experience, and in New Jersey and Georgia. So, I think it did, but again, this federal preemption tempered any legislation because so many of the actors were not captured by the state legislation.
- Clare Holtzman: What challenges, if any, did you experience in negotiating that bill?
- John Quinn: Well, certainly it was a complex negotiation. We had a lot of the larger mortgage companies and banks with the Mass ... Mortgage Bankers Association coming in and saying: "You're going to restrict our way of life or restrict the way we operate." So, we had that certainly on one side and then the impassioned pleas of many of these nonprofit organizations, these home protection groups that similarly made great points on it. So, we had a lot of negotiations with a lot of stakeholders.
- Clare Holtzman: What strategies did you utilize to negotiate the bill?

- John Quinn: Well, I try to be fair with everybody and try and take everything in from all sides and then make a decision and then try and get the legislation passed through both chambers. So oftentimes you got to compromise, but I think I was fortunate at the time we had a legislative leadership team that was supportive of me on the House side. And I had a good relationship with the Senate Chairman at the time and a good relationship with the . . . Senate President. So, I think oftentimes getting legislation passed is based on people skills and willing[ness] to try and explain to people. [A]nd I think that was kind of my approach to it.
- Clare Holtzman: And how did you decide what issues to focus on within the bill?
- John Quinn: Well, you know, in large part through stakeholder engagement, things that were going on across the state and across the country at the time, a lot of these issues came to me, I didn't have to decide what ones to look at because people would come in or another legislator would file a bill on a right to cure, or something else, but that bill would come in through another legislator. So, you know, when I became chairman, it wasn't in a vacuum. Somebody had been the chairman before, there was legislation kicking around from before me. So, I kind of built on what was already there as well as new stuff that came in through legislators [and] stakeholders.
- Clare Holtzman: What did you see as the key differences between the Massachusetts predatory lending bill and the bills that other states had passed?
- John Quinn: I forget. No. (laughs) Well, yeah, I mean, the terms in all these bills were pretty close to each other. [A]nd again, with the federal preemption there, it came into play in all of these bills, right. I think a lot of the bills were pretty similar. I think one of the things that—and I forget now what the terms in some of these other states [were]—but how many mortgages did you have to write in the state in order to come under the jurisdiction of the bill? . . . I think we were fifty, I think some were a hundred, some were higher. So, how many entities or how many transactions were you capturing with the bill, I think was a big thing between the bills. But I think getting back to that, some of these national groups I was involved in -- that's where you learn from talking to other people what worked in their states, what didn't work in their states. And, that was one way that I got some of the terms from other states' bills.
- Clare Holtzman: Who were the key stakeholders you worked with on drafting the bill and in lobbying for the bill's passage?
- John Quinn: A couple of entities. So certainly, my committee staff, I had a lawyer or two that worked with me, so certainly, I [worked] with them all the time, members of the committee, I think that between the House and the Senate probably fifteen or seventeen committee members, certainly the Senate chair of the committee. You know, we worked regularly—all these committee meetings and hearings were jointly held, so we had a Senator presiding and me presiding. Certainly, the House Counsel's office, the lawyers, the House and Senate Counsel, the lawyers

involved at the broader level, not just at the committee level and then a legislative leadership team on both the House and the Senate side, [were] certainly important actors in it as well.

Clare Holtzman: How did Republicans respond to the bill?

John Quinn: Well, I looked a little bit—the bill ultimately passed unanimously, but through the process, I think—not treating Republicans with a broad brush—but the pro-business approach I think came up in some of the negotiations, which is fine. I think again, nobody was trying to put anybody out of business, but we were trying to regulate things. So, I think ultimately, they—not think, I know – they ultimately came around on the legislation.

Clare Holtzman: Was this the first attempt at passing such legislation during your time in office?

John Quinn: Nope. There [had] been predatory lending bills . . . proposed in prior years [that] hadn't gotten through and I think that's largely, [as] we said earlier, the nature of the economic cycle—when things are good people aren't as interested in regulatory reform; hey, you know, why ruin a good thing. But when things start going badly people want the government to step in and straighten it out. So just the timing of me becoming the chairman, I took over in '01, that was just really the beginning of some of the economic challenges. So, I think previous attempts were done in good economic conditions, so less of a need or less of a demand for reform when things were going well.

Clare Holtzman: How would you assess the performance of the Massachusetts Banking Regulator and the Attorney General's Office in combating abusive mortgage lending practices?

John Quinn: I think good. [A]gain, I was involved now, fifteen, eighteen years ago, I was in the legislature through 2010, so I was there when some additional pieces of legislation passed. So, I think just like any other public office, the Attorney General has changed several times since then, just through the electoral process. The Banking Commissioner has changed as well, several times. [B]ut I think overall . . . the state side . . . did a very good job in enforcing it through the application of existing law laws, as well as their own regulatory authority.

Clare Holtzman: What were you hearing from them in terms of the adequacy of the legal tools they had to combat these practices?

John Quinn: I think that . . . they were deficient at the time, . . . before we got this bill passed and other bills after that. And again, people aren't looking for regulation when things are going well, it's when something happens afterwards is when they want to step in. So, but no, they were supportive of this legislation and other pieces of legislation.

Clare Holtzman: I know you've talked a little bit about this already, but can you talk a little bit more about the challenges that you were experiencing from federal regulators in terms of the predatory lending bill?

John Quinn: Yeah. It was very simple. They would say, "Well. . .this doesn't apply to federal banks, so good luck to you. It's not going to impact the people with us." [W]e knew it was largely a Massachusetts based bill. So, . . . I think we went down to Washington once or twice and talked to people, but . . . we all knew with the OCC [Office of the Comptroller of the Currency] regulations. . . that this wouldn't apply to national banks, so they wished you luck and said, "Doesn't apply to us."

Clare Holtzman: [W]hat kinds of strategies did you utilize to navigate these challenges?

John Quinn: Well, wasn't much of a strategy in that with the federal regulators we didn't really have to engage with them because . . . it was only a Massachusetts-based thing. So, [there was] not much of a strategy with the federal regulators.

Clare Holtzman: What kinds of things were you seeing in terms of federal legislation at the time?

John Quinn: ... I think there was the bill, was it the HOEPA [Home Ownership and Equity Protection Act] bill? I think there was a federal bill, but it . . . didn't have much teeth, it was a broad piece of legislation. I forget what year that passed. So, somebody could say we passed the bill at the national level, but if you looked at some of the terms, it was much weaker. So, we were trying to get into that area where the federal legislation really wasn't doing much, because if the federal legislation had worked, you wouldn't have had these skyrocketing foreclosures and inability to pay and onerous mortgage terms.

Clare Holtzman: What do you see as the long-term impact of the predatory lending bill in Massachusetts?

John Quinn: Well, you know, I think it was one in a series of bills.. . . during the 2000s there were four predatory lending or, bank overhaul bills. So, I think it was a piece of the puzzle in helping to straighten problems out in Massachusetts. So, it was not certainly the panacea and solve all the problems, again, because of, in part, the federal exemption. But I think it . . . kind of set a tone for the rest of the decade and with other bills that passed afterwards.

Clare Holtzman: Your doctoral thesis examined the factors impacting the motivations of legislators in taking actions on foreclosure laws between 2007 and 2012 in Massachusetts. What problems did you see in terms of negotiating foreclosure laws in the state?

John Quinn: [T]here's always this issue of are people . . . in office to do the right thing or to get reelected and that type of stuff. So, I think through that thesis, . . . I interviewed people and talked to people [about] what was their motivation of getting involved in some of this. So, it varied widely why people were involved

in legislation. So, it was . . . [an] interesting set of interviews that I did over the course of a couple of years.

- Clare Holtzman: To what extent did you see those problems that you were seeing as having impacted the negotiation of earlier predatory lending legislation?
- John Quinn: Well, . . . one of the things in my thesis was what motivated people to do things, was it doing the right thing, impact to the constituents? So, it kind of reflected the nature of the legislative process. [I]t's a meat grinder and different things, different people, come at it with different perspectives. So, . . . one size does not fit all when you're trying to negotiate with people. [P]eople had family members that had a foreclosure or nasty thing, that's a powerful motivator. People had constituents that had bad situations, people had neighborhood groups or organizations lobbying them heavily. So, . . . one of the things I looked at is what motivated you to get involved in legislation, and that depends on how much people are going to actually get involved, you know, a personal experience is a big motivator, a big motivator.
- Clare Holtzman: Over the last decade, we've seen a number of different narratives emerge to explain the financial crisis. How do you understand what caused the crisis?
- John Quinn: I think the access to credit was too loose and that there were a lot of these exotic mortgages that were designed to get money into people's hands that couldn't afford the payments back. So, there was a lack of oversight in the mortgage market and the access to credit was too easy.
- Clare Holtzman: To what extent do you see your personal experience as adding something important to our understanding of what happened in the run up to 2007 and '08? . . . .
- John Quinn: Yeah, no, I think a small role, I'm not trying to market myself or tout myself, there were a lot of people at a lot of levels that were involved in reforming [the] lending process, the predatory lending loans, as I said, across the nation, states were doing the same thing. But I think, as I said, things were good in the nineties and they started to go down, I think the go-go nineties turned into you had to pay the piper, the hangover from the wild nineties in real estate expansion. So, I think I played—not me, but the bill and the members of the committee played a role in it that I think gradually got to reforming the market. But, just a small, small, small part of it.
- Clare Holtzman: Looking back on the crisis over a decade later. What do you see as its most important lessons for state level policy makers?
- John Quinn: I think that things aren't good forever, that oftentimes less regulation leads to overly optimistic, overly positive experiences, but at some point, you got to pay the bill. And so I think we should have steady regulatory action, not ups and downs, just like the economic cycle that you need to, even in the best of times,

you got to make sure you have proper regulations in place, because eventually if you don't have the regulation in place, something bad is going to happen.

Clare Holtzman: Is there anything that you think I should have asked or that you'd like to add?

John Quinn: Well I just want to emphasize, I was just a small actor in this one state, one committee, one bill, so there was really some heroic action by a lot of people, particularly constituents and activists to really bring this issue to the forefront of a lot of legislatures and ultimately Congress over the years. I hope you're interviewing some regular activists from nonprofit groups . . . that were far more important than any legislator.

[END OF SESSION]