CASE STUDIES OF REAL PEOPLE HARMED DUE TO SMALL LIENS AGAINST THEIR HOMES

Maryland

Vicki Valentine, an unemployed Baltimore homeowner, the redemption costs made it impossible for her to redeem. *The Huffington Post* reported that she had fallen behind on a $362 water bill she owed the city. As interest, penalties, and legal fees accrued, the debt ballooned to $3,600, ten times the original amount. The tax certificate purchaser eventually foreclosed on the home and Ms. Valentine was later evicted.

Rhode Island

An 81-year-old Rhode Island homeowner was evicted two weeks before Christmas from the home she had lived in for more than 40 years because she had fallen behind on a $474 sewer bill. A corporation bought her house at a tax sale for $836.39 and then resold it for $85,000.

New Jersey

Jeanne Lang Boyer, a senior citizen in New Jersey, has fought to keep her home for ten years, as of March 2012.

Crusader Servicing purchased a $5,000 tax lien on her home in 2002 at an auction. Under New Jersey law, investors at tax lien auctions bid down the interest rate homeowners pay upon redemption through a competitive process, from the maximum 18% interest to as low as 0%. However, Crusader Servicing conspired with other investors to bid on liens at the maximum interest rate allowable by law. No investor undercut another investor’s maximum bid and home owners were forced to redeem their tax liens as they accrued interest at 18%. Now, with interest accruing at 18%, Ms. Boyer’s tax debt has reached nearly $80,000 and she has been trying to stop foreclosure proceedings.

The president of Crusader Servicing, Robert W. Stein, pled guilty to an antitrust conspiracy charge brought by the U.S. Department of Justice and will go to prison.

New York

Doraldina Younge has resided with her husband for over 25 years in the home formerly owned by her deceased aunt. Ms. Younge’s aunt died intestate and Ms. Younge is the closest known surviving relative. Ms. Younge has a tumor behind one of her eyes and is legally blind. In addition, she is mobility-impaired due to complications from diabetes and must use either a wheelchair or walker. She receives only $935/month in Supplemental Security Income and does her best to pay both the property taxes and water bill each year.

In or about May 2008, the Department of Finance sold both the property tax and water liens for the property where Ms. Younge resided. In June 2008, Ms. Younge paid off both liens in their entirety. However, while the Department of Finance forwarded the monies for the property taxes to the appropriate servicer, it held onto the monies for the water lien to be applied towards future charges. The amount of the water lien was $1,286.33. The mortgage servicer brought a foreclosure action against Ms. Younge for the water lien.

She was now at risk of losing the home where she has resided for nearly 30 years. Moreover, given the high interest charged by the servicer, the amount of the water lien more than quadrupled so that as of July 2010, the balance due for that account was $6,292.33.

Although Ms. Younge is disabled, she was unable to apply for any tax exemptions because the home remained in her aunt's name while Ms. Younge petitioned for letters of administration. *Postscript:* Ms. Younge was eventually successful in avoiding foreclosure of the tax lien but the tax lien servicing company still assessed her $650 in fees.

Montana

Betty Museus had lived alone for many years in her home in Missoula, Montana. With no close family to assist her, she fell behind on her property taxes. Her home was purchased at tax sale by Virginia-based Mooring Tax Asset Group for the $5,822.09tax debt. Ms. Museus did not respond to letters sent to her by Mooring and she failed to redeem the property. Mooring evicted her, eliminating the remaining equity in Ms. Museus' house, valued at $150,000.

New Jersey

Frank Cummings' condominium in New Jersey was sold at a tax sale because he failed to pay a $716.45 tax bill. If the tax sale certificate were foreclosed, Mr. Cummings would lose approximately $120,000 of his equity in the condominium. In his legal battle to recover his home, Cummings informed the court that for at least five years before the tax sale, he was suffering from depression and alcohol abuse. His condition caused him to neglect paying many of his bills, to the point that he was living in the condominium without utility service. The court eventually found that Mr. Cummings was not properly served with the complaint to foreclose the tax sale certificate, thus permitting him an opportunity to redeem his home.