

TAXLETTER

Elderly Suffering

In our last month's (July) Taxletter, we discuss about certain negative impact upon the Elderly if Bush Tax Cut is allowed to expire by December 31, 2012. This time, we are going to explore the hardship will be suffered by the Elderly under the current scheme of Property Tax Lien. Before we proceed, we believe it would be helpful to spend a few minutes to discuss about the current scheme of Property Tax Lien.

First, if you are a home owner and running into hard time. You may be in a very tight financial situation and can not pay the Property Taxes on time. You think the County or City tax collector will have some common sense and sympathy. You are wrong, they will put a lien against your home in a "New York" second.

Second, a tax lien on your home is public information available to anyone who cares to find out, including unscrupulous profiteers. Of course, if County tax collectors act in accordance with proper procedure and provide due protection to the home owning public, these group of profiteers will never have a chance. Unfortunately, County tax collectors rarely act prudently to protect the interest of home owners.

Third, due to heartlessness of tax collectors, they will file liens against the homes of people ran into financial hardship. As soon as the tax liens are on the books, those unscrupulous profiteers will line-up to buy those liens from the Counties. As soon as the profiteers bought the liens, interest, process and legal fees will be continuously added onto the value of the liens they bought. According to the National Consumer Law Center (NCLC), some States may even allow profiteers to charge an interest as high as 20% to 50%.

Fourth, since time is tough, if the poor Elderly home owners can not pay the much higher amount (outstanding tax plus all the add-ons by the profiteers), the profiteers are allowed by State laws to sell those liens through some kind of auction process. Although before any lien sale, notice must be given to the home owners to pay or redeem their tax lien. However, these profiteers often caused the notices to be written in such arcane manner that most of the Elderly home owners either can not understand those notices or totally misunderstood them. Further, the bidding process often biased against the homeowners

and very few States have procedures in place to protect the equity interests of the homeowners or to prevent windfall profits earned by the purchasers of those liens. As a result, most of the homeowners, particularly the Elderly owners are at risk of losing not only their homes but the equities in their homes. For many Elderly owners, these equities could be hundred of thousands of dollars of life-time savings.

Finally, many States either never enacted laws or repealed their laws which mandate certain relief and/or deferment programs for the Elderly. For example, California repealed their “Senior Citizens’ Property Tax Deferral Program” in February 2009. Therefore, senior citizen homeowners, in tough economic times, can not defer their property taxes and reluctantly become the senior members of our homeless society.

We would like to conclude our discussion by raising a question. Our question is: For two hundred plus years, our Country was a Nation with hearts, where are our **hearts** now ?

Sincerely,

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An Accountancy Corporation