

8 o'clock

So you've heard me talk about problems. We've gone through a bunch of different problems, so how about some solutions?

Having gone to many court cases, trials and hearings, I've done everything I can to accumulate as much information as possible to be able to help you, the homeowner in a HOA. I do not supply legal advice nor am I an attorney.

Now comes some solutions. DON'T BUY IN A HOA! Do yourself a favor, DON'T BUY A HOME IN A HOA! If you live in a HOA get out. Move to some place where you're not being controlled by somebody else.

If you sell be sure to supply information to the potential buyer that it is a HOA and what are some of the potential problems. Why? Because, I believe, having looked at the court cases, that soon homeowners, selling homes, and real estate agents, selling homes in HOAs, are going to be sued for what has happened to the buyer or what may happen to them when they move into the HOA community.

When paying your dues, always pay by CERTIFIED MAIL. If you pay with a charge card, be sure you check to make sure the charge has been run. Why? Because, now part of the scam is to select certain homes and "accidentally" lose the payment. Now you're in default and though you may claim and swear up and down that you paid, they're going to say, "We didn't get it"! Therefore, you're in trouble.

If you are fined for any violation, whether true or not, pay it, and pay it immediately. Afterwards take your issue directly into a hearing and mediation. This will now allow you to go for monetary return.

Is it a hassle, you bet. But, it is a lot better than accumulating that fine. It sends a message to your HOA, these people aren't going to take what we dish out. Document, document, document. You got a problem? Document it, send it to the HOA Board and Management Company by certified mail, keep those certified receipts. Is that going to stop them from doing what they're doing? Absolutely not, absolutely not. Their position is, nothing scares us. But when it makes its way in front of a mediator, now it's a little bit more difficult for them. If you are a diligent person and you've documented what you've done, it's going to work in your favor.

Document, document, document. Stay in touch with your neighbors. Ask them if they're being fined. Ask them if they're running into any problems. Ask them if you can help, if you can find other people in the neighborhood to join hands so no one has to go it alone. Help your neighbors. You see that they've got a weed, pull it. The trash can's on the street, bring it up to the garage door. Lend a hand. You're supposed to be living in a neighborhood, right?

The people, the HOA Board members, Management Companies and neighbors that take it upon themselves, that monitor the neighborhood, are trolling for fines. Stop the process. Lower the cash flow that goes into their hands. Help your neighbors.

If you are someone who's experiencing stress related to harassment by your HOA, you may have already read my article on *HOA Syndrome*. See your doctor, go on record as having

problems as a result of your Home Owners Association. See a chiropractor, see a therapist, get a file in play so you've got backup to a health claim you may make.

Which brings me to the next solution. Find an attorney in your area, now, who specializes in HOA law for homeowners. Don't wait until the problem arises, take preventative care, prepare now. Eventually, this site is going to supply you with attorneys in your area, all over the country. We're compiling these records now and we'll do our best to update the system as quickly as possible.

This will be very foreign to you, if you are sixty-two or older, put a reverse mortgage on your property (I am not a representative for reverse mortgages). Now I know that this creates anxiety and conflict for a lot of you. You worked hard for your home. You're sixty-two, you're in your retirement years, you own your home, congratulations. But, you are at risk for losing it because now that you own your home you're a real target for the HOA. They want your equity. What you want to do is encumber your home.

What is a reverse mortgage? A reverse mortgage is really just a mortgage, like any other mortgage you can get. The bank loans you money, charges interest and wants to get paid back. The major difference between your traditional mortgage and a reverse mortgage is that the reverse does not require any monthly mortgage payments. In fact, as long as you live in the home, keep it insured, remain current on your property taxes and HOA dues, you will never have to make a mortgage payment.

I'm going to divide this into two sections (see video for diagram). When you do the reverse mortgage you're basically going to divide your house into two sections. One, that is the

principle, or the money that you're going to have access to. That'll be this lower portion, here (view the video that coordinates with this lecture). The second portion will be the interest that's reserved for the lender. They don't get it all right away, but it is reserved for the lender. So in my example here I'm going to use a home value of two hundred thousand dollars and I'm going to use a seventy-two year old male, using the interest assumptions I'm using. This is just an example, so don't hold me to these numbers. This is just to give you an idea of how this works. Interest rates change all the time and the government changes the program so you need to get a current quote to find out exactly what's available for you. But, in this example, I'm showing one hundred and forty-three thousand below the line, so all of that is reserved for you. Now there is a couple of things that need to come out of this section that's reserved for you, and that's the cost of the reversed mortgage. There's several costs involved, appraisals and loan origination fees, FHA insurance fees that will be taken out as well. There are quite a few things involved in the process. The other thing that is considered is any current debt that you might have. Maybe you have a current mortgage on your property, that would also come out of your portion. Then there is money available for you. You can either take all of this money that's available after costs and fees. Payment may also be dispersed monthly or you could open a line of credit and just take money as you need it or want it. It is so very straightforward.

In my diagram, this line is reserved for the interest to the lender. I'm not sure what that's going to be because this is a negative amortization loan. The longer you have the loan, the more the costs are going to be. So you can see that the interest increases over the years. The key concept and I think the biggest misconception that I see from many people, many borrowers, and people that don't really understand the reverse mortgage, is they think that

somehow they are giving their house to the lender. This is absolutely not true. This is a very basic approach.

If you were going to pay off this reverse mortgage loan, let's say you were going to sell your house, then it would be pretty straightforward. How much interest has the lender earned? How long did you have the debt in place. What were the original costs and fees, and how much money did you take? So you add all those things up, that's how much you would have to pay the lender at the time you sell your house. With a reverse mortgage money is not due and payable until you move, sell or die, and that's everybody on title. Of course everybody on title has to be over sixty-two in order to get the reverse mortgage.

A reverse mortgage is mortgage put on your property where they lend you one half the value of the home and they give you that money and you may now keep that money. A lot of people are afraid of reverse mortgages because over time the interest builds. Fine, pay the interest off each year so that the interest does not accumulate. But now you've got the property encumbered. It's a federal loan and the federal loan cannot be usurped by a super priority lien.

If you're under the age of sixty-two, get your property in the hands of a relative or someone whom you trust who's over the age of sixty-two. Now they can encumber the property and you're still living in the property. You say, "Hey, wait a minute Doc, wait a minute, I want to own my own property". I need to warn you the problem here is you need to be sure that you will continue to own that property for many years or at least until you turn sixty-two. Create barriers between yourself and those people who want to take your property.

A reverse mortgage might seem like a great way to generate income while retired, but they're tricky.

Here to tell us more about reverse mortgages is real estate attorney, Ben Weinstock. "What is a reverse mortgage? The best way to understand them is to compare them to the regular mortgage that you and I are familiar with, we typically think of a regular mortgage as going to the banks, signing some papers and getting some cash back and every month you repay the bank a little bit. With a reverse mortgage most of them work by going to the bank, signing the papers, and having the bank give you money each month so that it's like having a line of credit at the bank, so to speak. But they're limited, they're not available with everybody. They're only available to people who are sixty-two and older. They're only available for the primary resident. So if you have a summer home or a vacation home that you want to try to mortgage this way, you can't do it that way, and they're more costly typically than conventional borrowing. There also are some real pitfalls to them, too. Nothing is ever all bad or all good and same with reverse mortgages. There are some pros and cons and some very significant pitfalls. What's good about them is that you don't need income or a good credit score to be eligible. The loan is underwritten or originated based on the value of the property, the life expectancy of the homeowner and the amount of the underlying first mortgage that exists on the property. So for people with not good credit, for people without any significant source of income to repay the loan, it's an ideal. It is a better product or perhaps the only product. The dangers are that they're more costly because they have a compounding of interest factor. They can even result in the disinheritance of the children, by that I mean following. Every month the interest will

accrue on that loan until eventually the amount of the debt could exceed the value of the home, nothing left for the heirs in the family to inherit after one has passed away".

So what are some alternatives? If people you know see their home as their greatest asset, they need the income and retirement, what are some other options? Generally speaking, we recommend to clients that they consider downsizing either into a rental property or into a smaller home. They sell the six bedroom house they've had for thirty-five years and move into a small condo, if that suits their lifestyle. The alternative to that is to refinance the existing mortgage on the property, pull some cash out. That way as long as you have sufficient income to be able to afford to make the monthly mortgage payments you keep the house. I see so you have to make sure you qualify for that kind of a mortgage setup. Correct, not everybody's eligible and can qualify. You need to have good credit and a source of income".

I've mentioned in the section on solutions about what you might do to take care of yourself. Well, this section is really for the attorney. Now I have no doubt that as this work begins to make its way around, attorneys for Home Owners Associations are going to want to know what I'm trying to do.

I'm going to work to make myself available to work with attorneys who are working on cases for homeowners. I'm also going to do what I can to train other people across the country to try and deal with these cases.

This section of the book is an attempt to try and help you, the attorney, recognize these cases. In my opinion, what you're dealing with here are issues of abuse. You are dealing with issues of misrepresentation. I think that, in the work that I've done, I've recognized these

problems as being torts, rather than the way that they're handled now. That is to say, there are people being harmed, much like an automobile accident. These people are being rear-ended by their Home Owners Associations.

Can we go after the association or can we go after the seller for having sold property where there's a problem. What did the realtor know? What did they sell to the homeowner? What really has taken place?

Elder abuse: This I believe is a major key, a major avenue into breaking up what I think of as the cartels in HOAs. That is to say, when we're dealing with individuals who are elders we have now, a whole series of laws, rules, regulations, state and federal, that allow us to go after the HOA. As a psychotherapist, a psychologist, a professor, and a researcher, I strongly believe that this represents abuse, without a question of a doubt. Seniors have available to them, going to the senior legal aid center. Senior legal aid centers don't want to become involved or do anything about it.

Child abuse: What's happening to these children who are living in these properties? The parents are being harassed, properties being foreclosed on, families are being displaced. Do we have child abuse?

Fraud: Is there misrepresentation by the HOAs? Have homeowners been led down a false path?



The problem is, you can talk about it, but you're not allowed into the district court system because you live in a Home Owners Association. You're not allowed in the federal courts, you are denied because you live in a Home Owners Association.

You could go to your local legal aid center. They are there to answer your questions. You can let them know about your HOA, but they are not going to be of much help. But worst of all, the state bar is not interested in hearing what's happening to you in your HOA. No help there. You're supposed to be able to get help from your Ombudsman's Office. The Ombudsman's Office is there to and help you through various HOA problems and give you access to mediation or ADR.

The problem is this, I give you the example in the state of Nevada, Clark County. There are some two plus million HOA homes in Clark County. There is one Ombudsman's Office and they can't possibly assist you in what you're doing. One lonely room, one door and that's it. No help here.

The truth is there's no help out there for you, the homeowner, living in a HOA. There's no help out there for you because no system is allowed to assist homeowners that live in HOAs. You're stuck. You are living in the dark, HOA abyss.

Read through another set of articles related to the Covenants, Conditions, and Restrictions (CC&Rs). Learn about these documents. See how overwhelming they can be.

Take a look at what it's like to try and fight your HOA. Notice how hard they will fight so that you can't go to court. See how much money they're spending to stop you from going forward.

Take a look at a document that has recently been filed in a court case. This court case is involving a HOA and being misdirected with respect to what's in a HOA and not in a HOA. But, this I invite you to look at, you by now may have seen the theme, that's the reoccurrence of the same HOA attorneys. All the same law firms, over and over and over again, fighting for the HOA. What happens is this, you have moved into a HOA. You think everything is fine, in fact you've knocked on a few doors and the people there have told you this is a nice neighborhood. But what you don't know is that these law firms are trolling all the neighborhoods in the city to try and get the HOAs business.

Once HOAs get rid of the existing law firms, management companies and collection companies and bring in their own crew, will the harassment stop. But, management companies, collection companies and HOA attorneys don't want a fair process. There is no money in a fair process. They're going to start attacking you because you now live in a Home Owners Association because they want your money. The purpose of me saying this is; simply because your HOA is good now, that doesn't mean it's going to be good tomorrow. The management company, collection companies and law firms are the ones that are increasing their business and making the money. But it's always the HOA Board that ultimately is responsible for hiring these organizations.