



PROTECT MY TEXAS PROPERTY

By Jim Arnold

In response to the recent op-ed from Eric Sandberg, president of the Texas Bankers Association, I'd like to provide a property owner perspective on the issue of tax lien transfers. Protect My Texas Property represents over 1,500 Texans who want to maintain the ability of property owners to use tax lien transfer payment plans to pay their property taxes and to keep their property.

With ever-rising property taxes, Texans need choices. You have to wonder why Mr. Sandberg and the banks he represents are trying so hard to interfere with options that help people when they have a hard time paying their property taxes.

Mr. Sandberg highlighted the experience of a pastor from Pharr, Josue Lopez, as an example of how tax lien payment plans throw Texas property owners into a spiral of debt. Pastor Lopez's situation is unfortunate because many property owners find themselves in a similar position. But Mr. Sandberg ignored some crucial facts. For instance:

- Pastor Lopez incurred \$5,049 in penalties and interest from Hidalgo County, plus \$2,515 in county collection firm fees, on his property. Those charges came from the county tax assessor and its collections agency, not from a tax lien transfer payment plan. In fact, if Pastor Lopez had set up a payment plan earlier, it could have helped him avoid those charges.
- Pastor Lopez also had no mortgage on the property in question. HB 1936, which Mr. Sandberg supports, would force a property owner to notify their mortgage company 10 days before signing a property tax payment plan. Since Pastor Lopez doesn't have a mortgage, this legislation would not apply to him.

The gist of HB 1936 (which the banks are pushing) is a requirement for property owners to send a certified letter to their mortgage company notifying them if they plan to use a third party to pay their property taxes. The cost of the certified letter requirement saddles struggling property owners with another needless expense.

Additionally, the word "notify" might as well be replaced with the phrase "ask permission from." The bankers want property owners to be forced to get permission from their bank before they can sign a

property tax financing agreement. And when the property owner asks permission, the banks are going to say “No” almost every time.

Why? Because Mr. Sandberg doesn't want you to have a choice! He wants you to do business with a bank and only a bank. Period!

The banks want to hold property owners hostage because they will use the 10-day notification to intervene and pay off the tax bill, then hit property owners with a new monthly payment that may double or triple the original monthly payment. This happens because the bank will escrow a property owner's back taxes, and also escrow the current taxes, and perhaps even escrow the estimated future property taxes. The bank will then add them all to the existing mortgage payment. This frightening scenario happens already but will be more commonplace if HB 1936 is passed. That's what the notification requirement is all about.

Property owners can find tax lien transfer companies that charge reasonable rates -- an average of 12 percent -- and offer repayment over a time frame that makes it affordable. Compare this to credit card rates of 13 to 15.5 percent that banks charge or your county tax assessor who may tack on up to 44 percent in penalties, fees and interest in the first year of delinquency.

And as for foreclosure rates Mr. Sandberg cites? In 2013, according to government publications, companies offering tax lien transfers foreclosed on 103 properties statewide compared to over 39,000 foreclosures by banks.

Don't be fooled. Noble sounding words like “consumer protection” are a smoke screen in this case. The goal of HB 1936 is not to protect property owners but to help Mr. Sandberg and his banks take away a consumers choice on how to settle a delinquent property tax bill.

Jim Arnold is Executive Director of Protect My Texas Property, an alliance of Texas homeowners, land owners, business owners and concerned citizens.