

HOA super lien foreclosures: lose equity, home and still owe mortgage

[Posted by the Colorado HOA Forum](#)

You fall behind on your HOA dues or other debt to the HOA. The HOA decides to pursue defined collection procedures but you still are unable or refuse to pay the bill. Then the HOA proceeds to legally foreclose on your home to collect their debt. The process to foreclose is tedious but the HOA has the absolute authority to do so. What you should know is that an HOA foreclosure is different and more consequential than other foreclosures.

You expect the home sale will result in your losing your home, paying off HOA debt, the purchase price will payoff the mortgage and you walk away with most of the equity in your home. Not so quick. Your home can be sold for way below market value (up to 60-70% below market), you are out of a home, still owe the part of the mortgage that you couldn't pay off with the proceeds from the sale, you've lost all your expected equity and cash from the sale and your meager debt to the HOA has been settled at a startling cost to you the home owner. This all is a result of a Colorado approved type of lien called the "super lien" that allows an HOA to foreclose on your home and sell it for any amount with the home owner losing their most prized possession and all financial benefits of home equity built up over the years.

Typical among the Colorado [HOA horror stories concerning super liens is a home that sold for \\$20,000 but had a market value of \\$300,000](#). The owner had no recourse, was left with no home, no cash in pocket for the equity in the home, still owed the balance due on the home loan and no law was broken in this dysfunctional financial transaction known as a super lien foreclosure. The issue is not whether the owner owed the debt but how it was settled through abusive practice. Legislation is needed to rein in this financially abusive practice by profiteers to protect both the HOA from unpaid financial obligations (as intended) and home owners from foreclosure sales well below market value. The [Colorado HOA Forum](#), a Colorado home owner's advocacy organization, has been lobbying for change in the law and posts more [information on this topic on its web site](#).

The lesson to be learned: you agreed to be responsible for all HOA dues and other debt when you bought your HOA home. However, like many issues with HOAs no one informed you about the "super lien" and in particular about how you can avoid such a foreclosure. No home owner is immune from unexpected financial events that can lead to foreclosure but such a situation should not ruin one's life.