



Written by [David Kelly](#) on January 23, 2023

Supreme Court to Hear “Home Equity Theft” Case

Nearly a year after his property was seized by the town of Bolton, Massachusetts, for property taxes owed, Alan DiPietro, an Alpaca farmer, [filed suit](#) this month against the town of Bolton for “home equity theft,” claiming that the seizure constitutes an unlawful taking of his property in violation of the Massachusetts Constitution and the Fifth Amendment to the U.S. Constitution.

The Epoch Times [reported](#), “When Bolton took DiPietro’s home in December 2021, it had a market value of at least \$370,000. The town subtracted his debt of about \$60,000 and pocketed the remaining approximately \$310,000 in equity.”



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Equity theft is currently practiced in Massachusetts and eleven states, along with the District of Columbia. According to the Pacific Legal Foundation (PLF), “In these states, if a property owner fails to pay or underpays his property taxes, even by just a few dollars, the local government or a private lienholder can eventually take the entire property, along with the owner’s equity (which is usually worth much more than the tax debt).”

The PLF is representing DiPietro in his lawsuit and has a similar equity-theft case, [Tyler v. Hennepin County, Minnesota](#), which the Supreme Court of the United States (SCOTUS) has recently agreed to hear soon.

“Geraldine Tyler owned a modest one-bedroom condo in Hennepin County. But she was harassed and frightened near her home, so she moved to a new apartment in a safer neighborhood. Unfortunately, the rent on her new apartment strained her budget, and Geraldine fell behind on her condo’s property tax bills, amassing approximately \$2,300 in taxes owed, plus \$12,700 in penalties, interest, and costs,” the PLF shared in a [press release](#). They continued:

To collect the \$15,000 debt, Hennepin County seized Geraldine’s condo, valued at \$93,000, and sold it for \$40,000. The government kept every penny — a windfall of approximately \$25,000. When Geraldine sued to vindicate her property rights, a federal district court dismissed her case, and the Eighth Circuit affirmed, holding that the government is free to redefine Geraldine’s private property as public property.

“Home equity is property protected by the Constitution,” [said](#) Christina Martin, senior attorney at PLF. “When the government takes more than it is owed in taxes, that’s home equity theft. We are thrilled the Supreme Court will hear this case, which we hope will end unconstitutional home equity theft across the country.”

Taxation is theft, and equity theft is unconstitutional. The American Legislative Exchange Council (ALEC) agrees and is seeking [solutions](#) to end the practice. Laws should be changed to require surplus



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profits to be returned to a home's prior owner after a "tax lien investor or county collects what it is due and any other debts or levies on the property are paid," ALEC says.

According to [The Epoch Times](#):

Alabama, Arizona, Colorado, Illinois, Maine, Massachusetts, Minnesota, Nebraska, New Jersey, New York, Oregon, South Dakota, and the District of Columbia have laws on the books that let local governments and private investors "steal" substantial amounts of home equity from homeowners who are late on their property taxes, according to PLF.

Nine other states—Alaska, California, Idaho, Montana, Nevada, Ohio, Rhode Island, Texas, and Wisconsin—safeguard home equity in the foreclosure process but provide loopholes that permit governments or private entities to capture excess equity value that PLF says should belong to the homeowner.

As property values have reached new heights, local governments in these states have continued to use the so-called tax-and-take schemes that strip people of their hard-earned equity beyond lawful debts owed. PLF shared that from 2014 to 2021, at least 7,900 homes and more than \$777 million in life savings on more than 5,600 homes were lost to equity theft based on their market value. The true total is probably higher, though, because statistics from New York and some statistics from other states studied weren't available. Homeowners lost on average 86 percent of their equity, which "is like losing 26 years' worth of payments on a 30-year mortgage."

PLF takes the rightful and constitutional [position](#) on home equity theft, stating that these state and local governments violate the Fifth Amendment, which prevents the government from taking property without just compensation, and the Eighth Amendment, which bans "excessive fines."

Now it is up to SCOTUS to decide on ending the theft that is robbing thousands of people of their homes and all the equity they've built.

Even better would be to end the practice of property taxes and allow true private-property ownership, which our nation's Founders understood clearly as the foundation not only of prosperity, but of freedom itself.



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