

"You know more about financing the purchase of a used car than you do a home in a metro district" - John Henderson, Coloradans for Metro District Reform

Comparison

Metro District Disclosures under Industry Bill SB23-110

and

Your Mortgage

Mortgage:

- You shop for competitive interest rates and terms

Metro District Debt:

- You receive your increased property tax bill a couple years after you move in and say "what the hell is this".

Mortgage:

- You receive clear disclosures before you agree to the terms of the debt
- It shows the principal amount of the loan, the interest rate, and how much money you will pay on interest and principal with each payment.
- You sign the disclosure saying you reviewed it and get copies.
- You have the numbers memorized as you work them through your budget, including the cost of insurance and property taxes.

Metro District Debt:

- You receive your increased property tax bill a couple years after you move in (paying for the \$23 million bond the developer recently issued) and say "what the hell is this".
- You ask around and after 6 months of research someone says "don't you

remember that the homebuilder mentioned you were in a metro district and they have a website."

- You look for the website and (all based on actual, routine, experiences)
 - it isn't there
 - It is under a name that bears no resemblance to the name of your development
 - There are two websites
 - There is a tab on one of them that says "governing documents"
 - You don't know what that means but you're curious
 - It is empty
 - Or maybe sometimes it contains the service plan,
 - but not the ballot issues, the agreements that the developer entered into with himself that you pay him all your tax money, the bond prospectus, or any of the the loan documents, maybe a budget or audit
 - You have no idea what a service plan is or what it means
 - If you have any extra money after paying the metro district taxes you hire an attorney
 - Who talks to a developer trained "special district attorney" who tells you metro districts are more affordable housing.
 - And you say "what the hell is this".
 - The developer board and their attorney tell you to come to an annual meeting next year scheduled at their offices in Denver at 10:00 in the morning during the workday and they'll tell you about how wonderful metro districts are.
 - Someone asks if it could be closer and the lawyer says, begrudgingly, "ok" and they hold it at a church 4.9 miles away at 10:00 in the morning on a workday.
 - Now a year later, they show you a copy of the Service Plan that says your debt limit is \$23 million and your mill rate limit is 70 mills.

- Which turns out to be more than all your taxes for schools, city, county, fire combined.
- Now, a year later, you hear there is some kind of formula based upon the assessed value of your home and a mill rate is, whatever the hell those things are. The attorney gives you a single spaced full page of instructions he wrote at \$500/hour so you can figure it out for yourself.
- You never see a debt payment schedule showing the annual payments of principle and interest.
- But the bond investors you are paying your taxes to for all this secret debt have ALL that information spelled out for them by the developer in a nice glossy prospectus you paid for, including thoughtful advice about how to foreclose on your home if you don't pay
- The prospectus also tells the bond investors that the residents had an election and happily voted to go into all this debt, up to \$4.9 billion.
- The prospectus fails to say those "voters" were 5 of the developers family and friends sitting around eating pizza and "voting" to increase your debt limit higher than what is in the service plan and "voting" to eliminate your right to ever vote on the bond debt they plan to issue against you before you figure out you can serve on the board.
- The service plan *might* tell you the maximum interest rate is 18%
- And then someone tells you the developer just got permission from the city to raise your debt limit to \$50 million.
- And the developer is now charging you an annual fee of \$1,800 since all your property taxes are paying his "debt" and there isn't enough money left over to pay for landscaping.
- And you never agreed to any of this. There is no independent (of the developer) evaluation of what the debt actually paid for. And what the hell happened to the money you paid for the cost of the developed lot when you bought your home.
- You move to Maine and when you tell folks about metro districts they say "yeah it's always easier to fool some people than ever convince them they've been fooled".