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S.C. SUPREME COURT

EXHIBIT 3

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

Jan 10 2020

REFERENCE ID: 454821

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

NOTICE OF CHANGE OF REGISTERED OFFICE
OR REGISTERED AGENT OR BOTH
OF A NONPROFIT CORPORATION

TYPE OR PRINT CLEARLY WITH BLACK INK

Pursuant to Sections 33-31-502 and 33-31-1508 of the 1976 South Carolina Code of Laws, as amended, the undersigned corporation submits the following information

1 The name of the corporation is Winrose Homeowners Association, Inc

2 The corporation is (complete either "a" or "b", whichever is applicable)

a A domestic nonprofit corporation incorporated in South Carolina on 9/02/1997 or

b A foreign nonprofit corporation incorporated in _____ on _____
State Date
_____, and authorized to do business in South Carolina on _____
Date Date

3 The street address of the current registered office in South Carolina is
1926 Dalloz Rd Columbia SC 29204
Street Address City State Zip Code

4 If the current registered office is to be changed, the street address to which its registered office is to be changed is
4910 Trenholm Rd., Suite C Columbia SC 29206
Street Address City State Zip Code

5 The name of the current registered agent is MJS, Inc.

6 If the current registered agent is to be changed, the name of the successor registered agent is _____

*I hereby consent to the appointment as registered agent of the corporation

Signature of New Registered Agent

7 The street addresses of the registered office and of the office of the registered agent, as changed, will be identical

*Pursuant to Sections 33-31-502(5) and 33-31-1508(5) of the 1976 South Carolina Code of Laws, as amended, the written consent of the registered agent may be attached to this form

071003-0122 FILED 09/28/2007
WINROSE HOMEOWNERS' ASSOCIATION, INC
Filing Fee \$10.00 ORIG



Mark Hammond South Carolina Secretary of State

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Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA
1/10

Winrose Homeowners Association, Inc.

Name of Corporation

M. Judson Smith for MGS, Inc.
Signature
M. JUDSON SMITH -
Type or Print Name and Title
PRESIDENT.

FILING INSTRUCTIONS

- 1 Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed
- 2 Filing Fee (payable to the Secretary of State at the time of filing this document) - \$10.00

Return to Secretary of State
P O Box 11350
Columbia, SC 29211

https://www.postandcourier.com/business/sc-homeowners-have-fallen-victim-to-companies-exploiting-hoa-foreclosure/article_becc8984-227b-11ea-acd7-7baged8c5697.html

SC homeowners have fallen victim to companies exploiting HOA foreclosure loophole

BY JESSICA HOLDMAN JHOLDMAN@POSTANDCOURIER.COM

JAN 3, 2020



Devery and Tina Hale stand outside the home in Irmo they have fought in court for four years to keep. A Florida-based company, Regime Solutions, bought the Hales' home out from under them for about \$3,000 at auction after their homeowners association foreclosed over \$250 in unpaid fees. Jessica Holdman/Staff

BY JESSICA HOLDMAN JHOLDMAN@POSTANDCOURIER.COM

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COLUMBIA — His family didn't know it at the time, but in 2013 John Wynne was suffering from the early stages of dementia. He had always been the one who paid the bills, but he started to miss a payment here and there, his wife, Kay Wynne, said.

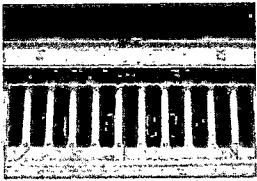
One of those bills was for their homeowners association.

The Wynnes said they paid Caroline Springs Homeowners' Association \$1,200 and thought they were caught up. Then a notice showed up posted on their door saying their home had been foreclosed on and sold at auction.

"Everything we have really is in our home," Kay Wynne said. They were panicked.

A company called State Street Holdings bought their home, worth \$165,000, for about \$3,100 in December 2014. State Street took ownership of the home, but not the mortgage.

The Wynnes hired an attorney to fight their case in 2015 and the judge overturned the sale, but they learned others in South Carolina had lost their homes for failing to pay HOA fees.

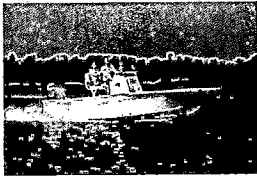


REAL ESTATE

SC HOME SOLD FOR \$3,000 OVER LATE \$250 HOA FEE. SUPREME COURT CALLS THAT 'UNCONSCIONABLE.'
BY JESSICA HOLDMAN JHOLDMAN@POSTANDCOURIER.COM

South Carolina does not require including mortgage companies in lawsuits when homeowners associations foreclose over unpaid fees. Most states allow for HOA foreclosures, a process which takes 9 months to a year on average. South Carolina does not, but have some statute governing mortgage foreclosures said Dawn Bauman of the Community Association Institute. This leaves it to the courts' discretion.

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State Street is among a few real estate companies that have taken advantage of this loophole to turn a quick profit over the past decade, Brian Boger, a Columbia attorney who specializes in fighting HOA foreclosures, said.

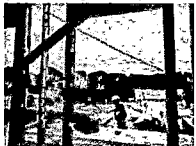
The buyers of HOA foreclosed homes can make money off their bargain auction purchases by renting the home — either to new tenants or to the existing homeowners — or selling the houses back to the original homeowners for thousands more than the auction price.

These HOA foreclosures happen without the knowledge of the banks, since auction buyers don't take over the mortgage, said Boger, who has represented a number of homeowners in these cases, including the Wynnes. This leaves now-former homeowners with a tough choice: continue paying for a house they no longer own or stop paying the mortgage and risk having their credit destroyed.

“I get the sense from owners that perhaps they do not fully understand HOA workings and ability to foreclose after they purchase their home,” said Lexington County Master-in-Equity James Spence. “Perhaps greater education in this area would be helpful.”

Legislation has been introduced in the Statehouse for this coming session that would prevent foreclosures by HOAs on homes that are primary residences. And a recent state Supreme Court ruling also could slow the practice by asking judges to consider the amount of equity in a home when determining the fairness of an auction sale price.

“People are losing their homes over less than \$1,000,” Boger said.



REAL ESTATE

4,000 NEW HOUSES IN THE WORKS IN MONCK'S CORNER NEAR CHARLESTON
BY WARREN L. WISE WWISE@POSTANDCOURIER.COM

‘Happened hundreds of times’

In the case that reached the state's high court, Devery and Tina Hale's \$128,000 home of more than 20 years in Irmo was sold for \$3,000 at auction over what started as \$250 in unpaid HOA fees.

Foreclosure is not something that a homeowners association takes lightly, says the company that managed the HOA involved in the Hale case, Columbia-based MJS Management. MJS owner Jud Smith stresses the number of notices — at least five —

including offers of payment plans, his company and its lawyer send in trying to collect before going to foreclosure. There are also at least three notices after foreclosure is filed, but, by that time, attorney's fees are tacked on to the cost.

"But it's the only tool we have," said Smith, whose company manages 175 homeowners associations in the Columbia and Charleston metro areas representing some 42,000 homeowners.

Smith, who is a member of the state HOA lobbying group Palmetto Alliance for Better Communities, calls a legislative proposal to stop foreclosures shortsighted and leaving homeowner groups no recourse for unpaid fees that ultimately affect entire neighborhoods.

If a neighborhood reaches 30 to 40 percent delinquency rate for fees owed to a HOA, it can lead to a 25 percent or more increase of assessments on association members, Smith said.



REAL ESTATE

**JAMES ISLAND CONDO OWNERS DISPLACED BY TERMITE DAMAGE SUE AFTER BEING BILLED \$60,000 EACH
BY DAVID SLADE DSLADE@POSTANDCOURIER.COM**

Where the problem lies is with outside real estate companies gaming the system.

Boger said a cottage industry has developed of businesses that buy houses for a low price at public sale. These companies then take ownership and evict the homeowners, or offer to rent them their own homes at a market rate or seek to sell them back their own home for a much higher price.

Boger said that in addition to the Hales and Wynnes, he represents about a dozen other clients in ongoing cases who still owe a mortgage for a home which they no longer have the deed.

"That's happened hundreds of times in this state," he said, "from Myrtle Beach to Rock Hill, it's in all corners."

Losing a home

Between November 2013 and October 2016, one Florida-based company, Regime Solutions, purchased 38 South Carolina properties in HOA foreclosures on which a bank later foreclosed, according to the Supreme Court opinion in the Hale case.

Regime sold back 15 other homes to the owners for a profit between \$2,911 and \$13,984 per property, the opinion said. Regime purchased the Hales' home at auction.

Just in 2018 in Richland County, 151 HOA foreclosures were filed, according to court records. Fourteen of those purchases were by companies who appear to operate in the same manner. There were 33 other cases where a home was sold at auction but no outside buyer was named.

Smith said in those instances HOAs often take possession of the property and try to rent it out to recover their fees and lawyer costs until the bank forecloses. If a homeowner approaches them after the sale, the HOAs will sell it back to them at cost.

And those numbers are still small when you consider 30 to 40 percent of the nation's population lives in a HOA community, said Joe DaPore of the South Carolina Community Association Institute.

When the Hales moved in to Winrose, the subdivision was brand new. The streets were not yet paved. They liked the location close to Lake Murray where they could take their two daughters for weekends on the water. Devery Hale had even served on the HOA board for a while when they first moved in.

He finished the room over the garage, put in an in-ground pool and a deck. There had been birthday parties and sleepovers. They expected to have the house paid off when they reached retirement age.

"We had it all kind of planned out," Devery Hale said.

That all changed when they got a knock on their door and were told the home they thought they owned was no longer theirs.

“You just can’t fathom it after what you’ve put into (your home),” Devery Hale said.

Once they were aware their home had been sold at a foreclosure sale, the Hales offered \$9,000 to Regime to settle the approximately \$3,000 debt, Kittredge wrote in his opinion. Regime ultimately asked the Hales for \$35,000 in order to keep their home.

The Hales took their case to court.



REAL ESTATE

CHARLESTON'S WIDENING DIVIDE BETWEEN HOUSING COSTS, INCOME AND SOLUTIONS
BY WARREN L. WISE WWISE@POSTANDCOURIER.COM

‘Strong-arm tactics’

The Hales won a S.C. Supreme Court case last month where justices chastised the practice of auctions after HOA foreclosures.

State Supreme Court Chief Justice Donald Beatty wrote, “To allow the hard-earned equity to be confiscated by a bidder’s minimal investment is unconscionable.”

Justice John Kittredge added, “We are especially troubled by Regime’s participation in a foreclosure proceeding to accommodate its business model of leveraging a nominal debt to secure an exorbitant return from homeowners who fear the prospect of eviction.”

Kittredge said Regime engaged in “strong-arm tactics.”

Regime is named in foreclosure cases on 51 properties in Richland and Lexington counties, according to online court records. Of those, 44 named a homeowner whose name was still on the mortgage.

Regime Solutions manager Brian Corcoran denies having had 50 properties and said it has been unable to assume mortgages on others because federal law prevents lenders from discussing them with anyone but the mortgage holder. The company only managed to successfully take ownership of one property, he said.

Corcoran declined to answer questions about why his company continued to buy properties in the state after it learned this but said the company has since stopped buying properties in South Carolina and has lost those that it did have to bank foreclosure.



REAL ESTATE

EX-OWNERS OF SC ISLAND RESORT ARE CHARGED WITH FRAUD
BY JOHN MCDERMOTT JMCDEEMOTT@POSTANDCOURIER.COM

There is a movement afoot that would end these practices outright — a bill filed by House Minority Leader Todd Rutherford, D-Columbia.

“I agree we live in a society of rules. However, I think the percentage of people who know their HOA can foreclose on their home is probably at 2 percent,” Rutherford said.

Rutherford said when people get into disagreements with their HOA, their way of redress is often to not pay fees and they do this not realizing they’re going to lose home in the process.

Boger argues that simply requiring a mortgage company be named in suits would prevent much of this. The mortgage lender would likely cover the cost of the delinquent HOA fees to prevent foreclosure and keep people in their homes.

Charleston County Master-in-Equity Mikell Scarborough has experienced this in his courtroom where he sees anywhere from two to 10 HOA foreclosures a month.

“Most standard mortgages have clauses in them that allow the mortgage company to advance costs to pay items such as taxes or HOA fees and then add to mortgage debt,” he said.

Smith says he’s not convinced it would make a difference because so many of the large mortgage companies are not tuned in to what happens with each individual mortgage. Doing away with foreclosure as an option entirely would cripple the HOA industry, he said.

“If we do not have foreclosure, we’re going to be in a world of hurt,” Smith said. “If you take foreclosure away we have no other tool to make people pay and that’s not fair.”

The South Carolina Bankers Association, on the other hand, says Rutherford’s bill is a fair path to prevent some real estate firms from taking advantage of a flaw in state law.

“I don’t think that’s what foreclosure is intended for,” bank association President Fred Green said.

MORE INFORMATION



HICKS: NEIGHBORS SHOULDN'T BE ABLE TO LIEN ON EACH OTHER OVER SMALL CLAIMS

Charleston-area plastic surgeon sues Zillow over inaccurate home listing

JESSICA HOLDMAN

Jessica Holdman is a business reporter for The Post & Courier covering Columbia. Prior to moving to South Carolina, she reported on business in North Dakota for The Bismarck Tribune and has previously written for The Spokesman-Review in Spokane, Wash.