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THE START OF A REVOLUTION: How Shays’ Rebellion Continues Today

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Summary

You might remember from your days in your high school history class the tale of Daniel Shays. He was a poor farmhand from Massachusetts that went on to lead a rebellion against the United States government, whom he and others felt were imposing crushing debt and taxes. Anyone who failed to pay such debts could end up in debtor’s prison and had their property seized.

Shays and his compatriots sought debt relief through lower taxes and receiving funds from the government. They attempted to stop the courts from taking their property by forcing the courts in western Massachusetts to close at gunpoint. Shays’ mission was to stop the government from penalizing individuals without the ability to pay their debts. Many borrowers refused to take responsibility for there action and are tempted to have the courts and government interceded on their poor judgment. When the Revolution broke out, Daniel Shays enlisted in the Continental Army. In 1780, Shays was wounded in battle and chose to resign from the Army, without pay. Upon returning home, he found he had been summoned to court due to nonpayment of his debts.

Currently, borrowers are facing a similar frightening phenomenon. It was on September 20, 1786 that Daniel Shays took revolutionary action. Fed up with the government’s behavior, Shays led seven hundred armed farmers (most of them veterans of the American Revolutionary War) to Springfield.

When a borrower receives word that their home is in jeopardy of being foreclosed on, often times they will make an agreement with their current lender. In many cases, the borrower just can’t pay and will eventually lose the property. To the borrower’s benefit, during the time the legal fight is occurring, they are allowed to continue to stay in their home without paying their mortgage. Several years pass with similar conventions taking place where petitions are sent to the Massachusetts General Court asking for debt and tax relief. Borrowers need to take responsibility and not follow in Shays example.

The uprising of Daniel Shays and his men had a great impact on the United States. A system needs to be implemented to stop the logjam of foreclosures with the court systems. The system needs to be streamlined to determine which borrowers can salvage a loan modification and which borrowers cannot afford their home and should vacate their home promptly so the real estate market can absorb the home.
THE START OF A REVOLUTION: How Shays’ Rebellion Continues Today

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You might remember from your days in your high school history class the tale of Daniel Shays. He was a poor farmhand from Massachusetts that went on to lead a rebellion against the United States government, whom he and others felt were imposing crushing debt and taxes. Anyone who failed to pay such debts could end up in debtor’s prison and had their property seized.

Shays and his compatriots sought debt relief through lower taxes and receiving funds from the government. They attempted to stop the courts from taking their property by forcing the courts in western Massachusetts to close at gunpoint. Shays’ Rebellion caused many citizens to realize that the American Revolution’s attempt at democracy had gone too far.

Shays’ mission was to stop the government from penalizing individuals without the ability to pay their debts. A similar circumstance is occurring in our current real estate market. Borrowers today are in the same position as Daniel Shays was because they accepted loans with option ARMS or other adjustable loan products that left them unable or unwilling to pay their mortgages. Many borrowers refused to take responsibility for there action and are tempted to have the courts and government interceded on their poor judgment. They unrealistically believed that their property value and their incomes would continue to rise. Instead of taking responsibility, a new uprising is beginning and borrowers are fighting back against banks they feel are penalizing homeowners too harshly with fees and costs.

THE BEGINNING

When the Revolution broke out, Daniel Shays enlisted in the Continental Army. In 1780, Shays was wounded in battle and chose to resign from the Army, without pay. Upon returning home, he found he had been summoned to court due to nonpayment of his debts. Sadly, this was a situation he had seen all too commonly. He had even witnessed a sick woman have her bed taken out from under her due to her inability to pay debts.

The ultimate instigation of the rebellion began when the European war investors (and others) started demanding to be paid solely in gold or silver. These items were scarce in all areas of the new country, not just Massachusetts. So, various wealthy urban businessmen tried to get whatever assets they could from rural landowners. When these individuals were unable to pay, all of their belongings were then confiscated including their homes.
TODAY: Currently, borrowers are facing a similar frightening phenomenon. When sticky situations arise in their lives (i.e. family member illness/loss, personal illness, loss of job, etc.), their budget tends to shrink and often times funds end up being spent in new ways. Because of these new financial constraints, borrowers feel their lender should be more understanding and compassionate about their predicaments. They feel lenders should not be imposing fees and costs for late payments or non-payment, despite the fact it was the borrower that failed to act in a timely manner to save their home and the lenders actually gave the borrower the money or paid off debts and costs at closing.

Many war veterans were receiving a similar return home like Daniel Shays and were being treated poorly upon their discharge. Some were even forcefully locked in debtor’s prison. Tired of the ill treatment, farmers began to form squads and companies that would halt any confiscations. They began to face a militia at the courthouse steps, but often times became a militia themselves that would frequently side with the veterans and farmers.

Mortified by the resistance, Massachusetts Governor James Bowdoin ordered the legislature to “vindicate the insulted dignity of government.” It was on September 20, 1786 that Daniel Shays took revolutionary action. That day, the Supreme Judicial Court of Massachusetts had indicted eleven members of the revolution as “disorderly, riotous and seditious persons.” Fed up with the government’s behavior, Shays led seven hundred armed farmers (most of them veterans of the American Revolutionary War) to Springfield.

While they marched, their numbers grew and even some of the militia joined their forces. Because of their fortitude, the frightened judges chose to postpone the hearings for a day and then adjourned the court. Samuel Adams, a cousin of President Adams, helped the government write up a riot act and a resolution that allowed for the authorities to keep the “guilty” parties in jail without being given a trial. The legislative made the farmers even more upset by allowing certain taxes to be paid in gold instead of money, which led the Shaysites to a culminating battle.

TODAY: Playwright Edward Bulwer-Lytton coined the phrase, “The pen is mightier than the sword.” When a borrower receives word that their home is in jeopardy of being foreclosed on, often times they will make an agreement with their current lender. If no terms can be agreed on, in order to fight back against the lender, a borrower will hire an attorney to assist in saving their home. To create a delay or stop the foreclosure, the attorney can file an injunction or seek a temporary restraining order. The attorney also has the ability to even challenge the validity of the debt in order to cease the foreclosure and sue for possible damages. While many of these actions are valid against predatory lenders, some attorneys simply try to delay the ultimate loss of the property by foreclosure through questionable defenses. These actions tie up the court system at the time and expense of the judge, the court, the defense attorney and the prosecution. In many cases, the borrower just can’t pay and will eventually lose the property. To the borrower’s benefit, during the time the legal fight is occurring, they are allowed to continue to stay in their home without paying their mortgage. Furthermore, judges will
often side with the borrower by giving them additional free time in the house by granting them an extension without any legal basis so that they may try again at reaching a settlement with a lender.

Several years pass with similar conventions taking place where petitions are sent to the Massachusetts General Court asking for debt and tax relief. In response, protestors begin violently and forcibly shutting down local courts in order to prevent judges from carrying out the debt collections. To combat the Shaysites, Governor Bowdoin sent out an army entrusted to guard the court in order to allow for more property confiscations to take place.

TODAY: Based on the increasing number of foreclosures being filed, borrowers could potentially react similarly to the Shaysites. Their remaining solution to protecting themselves from losing their homes could have us begin to see individuals forming a barrier to block judges from reaching the courthouse. This would, in turn, require the government to provide armed guards (even going as far as sending in state troops) to protect the judges and allow for their entry. Borrowers need to take responsibility and not follow in Shays example.

Veteran Luke Day from West Springfield, Massachusetts received word from Daniel Shays suggesting they unite at the Springfield armory in order to fight off Bowdoin’s army. Day sent a message back letting Shays know he wouldn’t be able to be ready in time for the battle, but the note failed to be received in time. Upon reaching the armory, Shays and his militia were met by General William Shepard who had already commandeered the weapons that were being stored there. Shays and his army headed north, but many of the rebels were captured.

The government fined, jailed and ordered the death of several of the rebels; however, by 1788 a general amnesty had been granted. Therefore, the condemned men were either pardoned or had their death sentences commuted. Daniel Shays was one of the individuals granted a pardon and returned to live out the remainder of his days in Massachusetts.

The uprising of Daniel Shays and his men had a great impact on the United States. It led to the realization that there needed to be a stronger national government in order to create uniform economic policies and offer protection to property owners from local majority entities that seek to infringe on their rights.

CONCLUSION

A system needs to be implemented to stop the logjam of foreclosures with the court systems. The system needs to be streamlined to determine which borrowers can salvage a loan modification and which borrowers cannot afford their home and should vacate their home promptly so the real estate market can absorb the home. This will facilitate a faster return to normalcy. The system now in place is creating an extended period of time that the court system, the financial markets and the real estate market will continue to and
not be able to operate properly. Whether or not the borrower is truly at fault for their current financial predicament, judges will begin to give them a greater number of chances to redeem themselves. This could mean lengthier stays in their property free of charge and continuing chaos in our economy.

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