



COALITION FOR HOME EQUITY PARTNERSHIP

February 23, 2026

Joint Standing Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, ME 04333

Dear Chair Mathieson, Chair Bailey, and Members of the Committee:

We write at a critical moment for tens of thousands of Maine homeowners facing a housing affordability crisis. These are homeowners who have built substantial equity in their homes but cannot access that equity to stay in those homes, cover rising costs, or achieve financial stability.

The Coalition for Home Equity Partnership (CHEP) has engaged in good faith for months to help Maine develop thoughtful regulation of shared equity products. Despite extensive collaboration with the Bureau of Consumer Credit Protection (the “Bureau” or “BCCP”), weeks of meetings with consumer advocates, and our agreement to extensive consumer protections requiring meaningful operational changes, we have not reached consensus on workable regulatory language. The Committee's majority report supported a moratorium, providing time for proper regulatory development through stakeholder-driven rulemaking. This was the right path forward.

We understand the Committee has now voted to adopt the minority report, shifting toward what amounts to permanent prohibition rather than the evidence-based approach the majority had recognized as appropriate.

We estimate this decision will deny approximately 75,000-105,000 Maine homeowners access to a critical financial tool based not on data or objective analysis, but on misrepresentation and last-minute, unverified inflammatory allegations. Maine homeowners, particularly seniors struggling with housing affordability, deserve better.

Maine Homeowners Face a Debt Crisis While Equity Remains Trapped

During the January 21 hearing, Committee members asked important questions: Why is this product necessary? What gap does it fill? Does this help people stay in their homes? Can you provide data showing who needs this?

We provided comprehensive answers with Maine-specific data (*see CHEP's Detailed Responses to Committee Questions*). That data showed 58.6% of Maine homeowners are equity-rich, meaning they have built substantial equity but cannot access it, while various costs of living escalate. Median household income covers only 61% of what's needed to afford a median-priced home. Home prices rose 35% from 2021 to 2025 while wages grew only 27%. During that same period, property taxes increased 27%, insurance climbed 12.8% in 2024 alone, and mortgage payments jumped 46%.



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A WalletHub report published Feb. 11, 2026, underscores the urgency. Maine ranks first nationally for consumer debt increase from Q3 to Q4 2025. Credit card debt increased 7.8%, second-highest nationally, rising to nearly \$8,000 on average. Auto loan debt increased 1.9%, third-highest in the country, reaching \$26,336 on average. Personal loan debt increased 0.5%, with Maine one of only three states to see increases, reaching \$9,176. Meanwhile, traditional home equity access tools are failing many homeowners; across the country, credit score and/or income requirements result in denials on approximately one third of applications for HELOCs and other mortgage loans intended for home equity extraction.

The data is even more troubling when we consider that 23% of Maine residents are 65 or older, the highest share nationally. As the oldest state in the nation by median age, Maine is at the epicenter of a nationwide housing affordability crisis among older adults. According to the Joint Center for Housing Studies at Harvard University's Housing America's Older Adults report series, the share of cost-burdened older homeowners — those spending more than 30 percent of their income on housing — has risen steadily over the past two decades, driven by property taxes, insurance, utilities, and deferred maintenance. In Maine, these pressures are compounded by among the highest heating oil dependence in the country and property tax rates that consistently rank above the national average, as documented in annual assessments by Maine Housing and the National Low Income Housing Coalition's The Gap report. The Maine Council on Aging and the Muskie School of Public Service at the University of Southern Maine have further highlighted that affordable senior housing alternatives remain critically scarce across the state, while rising home values — particularly in southern and coastal communities — have widened the gap between the equity older homeowners hold and the income they have available to cover mounting housing costs.

Maine's aging homeowners face a convergence of financial pressures that threaten their ability to remain safely and sustainably in their homes. And, yet, despite these pressures, only 123 reverse mortgages are originated per year on average in Maine according to HUD data from the last three years, with 370 total HECMs originated from 2023 to 2025. And the HECM first lien requirement eliminates or significantly restricts cash-out for homeowners with existing mortgages.

The data tells an alarming story: Maine homeowners are drowning in rising debt and housing costs while sitting on substantial trapped equity, and, for many, traditional mortgage loan products offer no solution to this crisis. Home equity investment agreements offer a promising mechanism to address this gap, enabling seniors and others to access a portion of the wealth embedded in their homes without taking on the monthly debt burden of a traditional loan or reverse mortgage, thereby preserving their ability to remain in their homes (and age in place), while maintaining financial stability.

Perhaps the Committee decided to discount the comprehensive answers we provided because the answers came from industry. Fortunately, independent academic research substantiates these conclusions. The Washington State Department of Financial Institutions commissioned the University of Washington Evans School of Public Policy to conduct a comprehensive, independent



study of home equity sharing agreements. This academic research, published July 2025, provides objective data about how these products perform in real markets.

The study found home equity sharing agreements serve “consumers who do not qualify for a traditional mortgage product and need to tap into their home equity, in particular, low-income and/or older homeowners who may have few other options to access the value stored in their homes.” This confirms the market gap we identified.

Addressing Representative Flynn's concern about targeting vulnerable populations, the study found home equity sharing agreements are “negatively correlated with the share of unemployed individuals and the share of poor families” in census tracts. This demonstrates conclusively that these products are not concentrated in areas with highest unemployment or poverty; in fact, the opposite is true. This conclusion from the university study supports what we have consistently maintained: shared equity products serve not only homeowners who cannot qualify for traditional mortgages, but also those who could qualify but prefer not to take on additional debt obligations.

Addressing Representative Foley's concern about declining home values, the study examined nearly 650 settled agreements in Washington. The findings validate a critical point about these products: when home values decline, it is the investor who bears the risk of loss, not the homeowner, demonstrating that the risk-sharing structure of these products is real and meaningful.

The study emphasized that policymaking “is essential” but must be specific to how these products function. The study validates sensible product-specific regulation. Notably, the Washington legislature decided more information and time were needed to study the issue before acting, even though thousands of home equity sharing agreements had already been originated in Washington. The moratorium in Maine would provide the time for a similar approach, and without any consumer risk, as CHEP is unaware of even a single home equity sharing agreement yet being originated in Maine.

We have thousands of reviews from actual customers who describe staying in homes they otherwise would have sold or lost to foreclosure, eliminating unsustainable payment burdens, and achieving financial stability. For many of them, these life-changing financial successes would have been impossible to achieve using traditional mortgage loan products. Here are just a few examples:

Sharon R.: *"All that equity and I couldn't touch it unless I sold my home. I didn't want to do that, but I needed to get out of debt Every day I fretted over how much longer I could hang on before I would have to sell."*

Robert W., with good credit and over \$1 million in equity: *"I am delighted ... to tremendously improve my financial security and relieve me of serious ongoing stress Now I know I will be able to stay in my home for many more years."*



Frank S., an experienced mortgage professional: *"I didn't feel like I was being steered Once you really understand the HEA program, you can see that the long-term benefits can outweigh the costs It took the pressure off, and the peace of mind having that cash is huge."*

Consumer Choice, Housing Stability, and Economic Development

Maine's citizens include many seniors on fixed incomes, self-employed individuals, homeowners under 62 who cannot access reverse mortgages, and families struggling with housing costs. They need solutions. Denying them access to a tool available across the country doesn't protect them. It forces them into high-interest debt that WalletHub's report shows is crushing Maine consumers faster than anywhere else or forcing them from their homes.

This is fundamentally about consumer choice, housing stability, and economic development. Shared equity products are currently available in 34 states. In jurisdictions where a regulatory framework has been developed, including Connecticut, Illinois, and Maryland through legislation, and Oregon and Washington through ongoing rulemaking, we have worked collaboratively with regulators and policymakers to develop guardrails that protect consumers while preserving access. In states where we are introducing legislation, we proactively meet with consumer advocates to incorporate their feedback. We have demonstrated our ability to operate under appropriate oversight across multiple jurisdictions. We can do the same in Maine.

Our commitment to consumer protection is not theoretical. We have agreed to extensive consumer protections requiring meaningful operational changes: HUD-approved counseling already offered by CHEP members, comprehensive TRID-based disclosures we helped develop, independent appraisal standards we follow voluntarily, price caps we implement voluntarily, stringent licensing and oversight, and explicit prohibitions on deceptive practices. Through responsible operation across these states, CHEP members in the aggregate have invested more than \$6.42 billion helping 65,000 homeowners achieve housing stability through home repairs, debt reduction, and financial security, preserving housing stock, supporting local contractors, and contributing to community stability and economic development.

The Committee's Adoption of the Minority Report

We understand the Committee has voted to adopt the minority report rather than the moratorium approach the majority had recognized as appropriate.

This decision adopts legislation containing operational impossibilities and internal contradictions. The BCCP determined that shared equity products constitute mortgage loans under the Maine Consumer Credit Code, a characterization we have not opposed. However, that characterization must be accompanied by creative regulatory solutions addressing the real structural and operational differences between these products and traditional mortgages.

Instead, the legislation creates a contradictory and unworkable approach; it categorizes these products as mortgage loans, then subjects them to heightened requirements beyond what actual



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mortgage loans face, while having critical operational differences dismissed. The result is provisions making compliance if not impossible, then so operationally and economically impractical that no company could viably offer the product in Maine.

- Disclosure standards that would require us to use appreciation indices that don't exist and have never been created for any financial product
- Presumption of unconscionability unless homeowner had independent counsel, creating unlimited retroactive liability with undefined standards, increasing costs for homeowners, and creating operational impracticality for providers in determining whether this requirement has been met (This requirement is not imposed on traditional mortgage loans.)
- Unlimited assignee liability, which would eliminate access to capital for the product, a requirement not imposed on traditional mortgage assignees (because doing so would effectively shut down mortgage lending in the state of Maine)
- An additional, unnecessary cost cap beyond the usury cap the industry has agreed to and which already adequately protects Maine homeowners that obtain traditional mortgage loans

This is prohibition disguised as regulation. The question we are left asking is what drove the Committee to abandon the sensible majority approach in favor of this outcome.

Throughout this process, the Committee has given serious consideration to one individual who we believe has repeatedly misled this Committee (see Letter Addressing Prior Misrepresentations).

The Committee's change in direction appears driven by his most recent email claiming "HEI loans are already being pitched by this industry to Maine homeowners," citing an email from "Mortgage Help Center." The timing is revealing. The Committee had reached a majority position supporting a moratorium. Then, on the eve of decision, another inflammatory email arrived. This has happened repeatedly throughout this process; whenever the Committee appears poised to move in a direction contrary to his absolutist opposition, inflammatory communications arrive.

The facts: Mortgage Help Center is not an originator of shared equity products or a member of CHEP. It is a third-party affiliate that sent an unauthorized email violating Hometap's requirements. When Hometap learned of this, it immediately terminated the relationship. No shared equity products have ever been originated in Maine by any CHEP member. No Maine homeowners have received funds. No agreements have been executed. No business operations occurred. No Maine homeowners were ever solicited by any member of CHEP (or, to our knowledge, any other shared equity product originators).

Yet the Committee seemingly acted on this inflammatory email without asking a single question: What evidence confirms this went to a Maine resident? That this wasn't sent in response to a



homeowner's request? That this homeowner doesn't own property in another state where our products are offered? Moreover, the email references Massachusetts Attorney General allegations as factual findings when these are disputed claims in ongoing litigation. Mr. Cox is an attorney and knows better.

The dynamic has been consistent: one person makes allegations; they are accepted at face value. The industry provides documented evidence; our credibility is questioned. One person is presumed truthful despite demonstrated misrepresentation. The industry is presumed suspect despite demonstrated responsible operation.

This imbalanced process has led Maine to this moment, and the outcome reflects that imbalance rather than the comprehensive evidence the Committee had before it.

The Consequences for Maine Homeowners

The Committee's decision to adopt legislation that effectively prohibits rather than regulates will have real consequences. Without access to shared equity products, some Maine homeowners will continue facing the rising costs of homeownership, the growing debt burdens we have documented, forced home sales when they want to age in place, and no alternative to the monthly debt payments they cannot sustain, all because their equity is trapped.

Maine's tradition of protecting consumers while respecting their choices, supporting housing affordability, and fostering economic development deserved better. The data showing real harm demanded attention and thoughtful response, and the majority report calling for a temporary moratorium would have provided the necessary time to develop legislation and regulations that actually serve consumers using these products rather than denying access and condemning them to worse alternatives.

We respectfully urge reconsideration of this path. Maine homeowners facing real financial challenges need access to tools that help them stay in their homes and avoid debt burdens. They deserve the dignity of informed choice, backed by strong consumer protections developed through fair, evidence-based processes.

Thank you for your consideration.

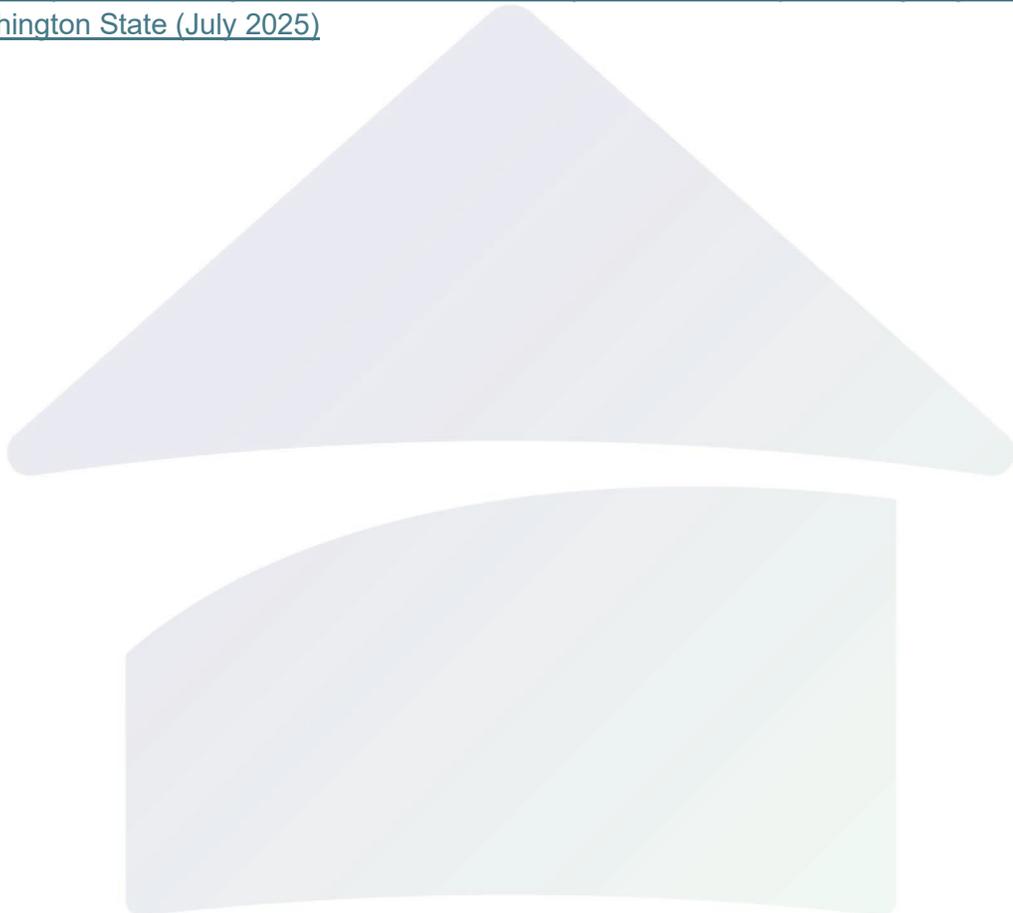
Respectfully Submitted,

Cliff Andrews
President
Coalition for Home Equity Partnership



Enclosures

1. Detailed Responses to Committee Questions
2. Letter Addressing Prior Misrepresentations
3. [WalletHub Report: States Where Consumers Are Adding the Most Debt \(February 11, 2026\)](#)
4. [University of Washington Evans School Study: Home Equity Sharing Agreements in Washington State \(July 2025\)](#)





Enclosure 1 — Detailed Responses to Committee Questions

January 26, 2026

Joint Standing Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, ME 04333

Dear Chair Bailey, Chair Mathieson and Ranking Member Foley,

The Coalition for Home Equity Partnership appreciates this opportunity to more fully respond to some of the questions posed during the Jan. 21, 2026, hearing on LD 1901. For ease of responding, we have placed the questions into four categories and noted which committee member asked the question. CHEP members remain hopeful that we can continue working with Superintendent Conti to craft practical rulemaking that will provide the necessary consumer protections to Maine homeowners while filling a critical need for access to home equity that is not being met by today's available options. CHEP members welcome the opportunity to answer any additional questions you may have or to meet with you in the future to further discuss our products and how we can best serve Maine homeowners.

PRODUCT NECESSITY & MARKET GAP

Representative Mathieson: Why is this product necessary? Why are we trying to access this now? What gap exists between home equity loans and reverse mortgages that this fills?

Representative Flynn: Is this because the home equity market is no longer meeting what we need it to meet for financial services?

Representative Arford: Does this help people stay in their homes in ways existing products don't? Comparison with reverse mortgages, credit score requirements, qualification limitations? Can you provide data showing people who need this product to stay in their homes?

Maine homeowners face a unique crisis where substantial home equity cannot be accessed. Consider these facts: 58.6% of Maine homes are "equity rich" (meaning their mortgage loan balance is less than 50% of the value of their home) and 44.5% carry no mortgage, yet median household income covers only 61% of what's needed to afford a median-priced home. Home prices rose 35% from 2021 to 2025 while wages grew only 27%. Property taxes climbed 27% since 2019, insurance increased 12.8% in 2024, and mortgage payments rose 46% since 2020. Most striking: 23% of Maine residents are 65+ (highest in the nation), yet only 123 reverse mortgages are originated in Maine on average per year. Maine homeowners, especially seniors on fixed incomes, have significant wealth trapped in their homes, because traditional home finance products like HELOCs and reverse mortgage fail them, while facing rising costs they cannot afford.



Why Traditional Products Fail Maine Homeowners

HELOCs exclude many Maine homeowners because they require income to support monthly payments and strong debt-to-income ratios. Since 2024, most new HELOC originations go to borrowers with 760+ credit scores, while Maine's average Vantage FICO is 731. But qualification isn't the only barrier: HELOCs fundamentally create additional debt with monthly payment obligations. According to industry research, 69% of homeowners considering CHEP products reported they could qualify for traditional products but didn't want a monthly payment. For homeowners already stretched thin by rising property taxes, insurance costs, and living expenses, taking on another monthly payment simply doesn't work, even if they technically qualify. Many equity-rich homeowners, particularly those on fixed incomes or nearing retirement, are understandably reluctant to add debt obligations that could jeopardize their housing security if circumstances change.

Reverse Mortgages (HECMs) are also not filling the gap, as evidenced by their dramatic underutilization despite Maine having the nation's oldest population. According to HUD, in Maine only 123 HECMs have been originated on average per year over the past three years, and Maine has just one HUD-approved counseling agency statewide. Moreover, HECMs are available only to homeowners 62+ and carry a first lien payoff requirement, which means that in order to obtain a reverse mortgage, the reverse mortgage proceeds must be used to pay off any existing mortgage loan on the property. That severely limits cash-out, often leaving little or no cash for homeowners with remaining mortgage balances. High upfront costs (often exceeding \$10,000) further deter usage.

The reality is that many Maine homeowners need access to their equity without creating new debt obligations or monthly payments—either because they cannot qualify for traditional products or because they choose not to take on additional financial obligations that could threaten their ability to remain in their homes.

How Shared Equity Products Fill This Gap

Shared equity products seek to fill this gap by offering Maine homeowners another choice to meet their needs and access their equity. Some of the key distinctions that make SEPs different include:

- No age requirement, unlike reverse mortgages which are limited to 62+
- No income qualification, unlike HELOCs requiring debt-to-income ratios
- No monthly payments, eliminating default and foreclosure risk during the term, while not further reducing cash flow and cash liquidity
- Can be subordinate lien, unlike HECMs requiring first lien position
- Provides cash-out even with existing mortgages, unlike HECMs that must pay off all existing mortgages first
- Originator shares downside risk (settlement amount decreases if home values decline)



Although not residents of Maine, these testimonials from homeowners who have received a SEP demonstrate the real, positive and sometime intangible benefit SEPs could have for Maine homeowners.

Sharon R.: “My monthly income is Social Security and a small retirement and my savings was almost gone. I didn't qualify for a HELOC because my income isn't high enough All that equity and I couldn't touch it unless I sold my home. I didn't want to do that, but I needed to get out of debt Hometap has given me the ability to take care of things without adding more credit card debt. The biggest thing though, is it has taken away a lot of stress and fear. Every day I fretted over how much longer I could hang on before I would have to sell.”

Frank S., who is notably an experienced mortgage professional: “I didn't feel like I was being steered in any direction Once you really understand the HEA program, you can see that the long-term benefits can outweigh the costs for a homeowner It took the pressure off, and the peace of mind having that cash is huge. For certain homeowners, SEPs provide the ability to make a financial choice that does not require monthly payments, maintain their homes in this rising cost environment, and stay in their homes instead of being forced to sell or turn to high-interest credit cards or personal loans.”

Robert W., who had good credit and equity and wanted to stay in his home: “I am delighted with the opportunity ... to tremendously improve my financial security and relieve me of serious ongoing stress and anxiety resulting from my inability to obtain conventional refinancing for my home of 19 years, despite having much more than \$1,000,000 in equity and good credit, only because my income-to-expense ratio was not satisfactory to normal lenders. Now I know I will be able to stay in my home for many more years and have the financial resources to maintain the home and enjoy a more enjoyable and comfortable lifestyle as well.”

Data Demonstrating Market Need

Maine's demographics reveal the scope of unmet need: 518,000 homeowner households, with 303,000 equity-rich homes. The state has 23% of residents 65+ (highest in the nation), average credit score of 731, and average debt of \$89,510 (1.5x the \$60,000 average salary).

Conservative estimates identify the target market:

- 45,000-60,000 households: Income-constrained homeowners who can't qualify for HELOCs despite having equity
- 20,000-30,000 households: Fixed-income seniors who can't qualify for HELOCs or benefit from HECMs due to existing mortgages and who may not want to add additional debt
- 15,000-20,000 households: Homeowners under 62 with income constraints
- 10,000-15,000 households: Self-employed individuals with irregular income (which in many cases also disqualifies them from obtaining a traditional mortgage loan)

Total: 90,000-125,000 Maine households could benefit from this option.



The current market failure is clear: only 123 HECMs on average are originated in Maine per year despite Maine having the nation's oldest population, HELOC access is sometimes limited to those with 760+ scores (above Maine's 731 average), and HECM first lien requirements can significantly reduce available cash-out for homeowners with existing mortgages. Moreover, both products require homeowners to take on debt with either monthly payment obligations or compounding interest — a fundamental barrier for the many Maine homeowners who need access to their equity but cannot or will not take on additional debt that could jeopardize their housing security. Tens of thousands of Maine homeowners remain excluded from meaningful equity access.

Existing products are not serving Maine homeowners who have substantial equity but cannot access it through traditional means (whether due to income constraints that prevent qualification or a desire to avoid taking on additional debt and monthly payment obligations). Shared equity products fill a critical gap for equity-rich, income-constrained households who need flexible access to their home equity without the burden of monthly payments or accumulating debt.

PRODUCT CLASSIFICATION & REGULATORY FRAMEWORK

Representative Flynn: In the 34 states where this exists, are these considered credit or investment products?

The regulatory landscape continues to evolve across states. Of the 34 states where shared equity products currently operate, nine states have decided to classify shared equity products as a form of residential mortgage loan: three have passed legislation (Connecticut, Illinois, Maryland), one is currently considering legislation (Pennsylvania, we note that the Department of Banking and Securities previously determined in 2020 that the shared equity product is not a residential mortgage loan under Pennsylvania law), two have bypassed legislation and are in the rulemaking process (Oregon, Washington), and three have determined a license is required but have not yet issued any type of guidance (Georgia, North Carolina, Wisconsin).

The remaining 25 states have yet to pass legislation, initiate rulemaking, or issue advisory opinions on whether SEPs (or shared appreciation mortgages as referred to in LD 1901) constitute credit products.

This varied landscape demonstrates that while there is no universal consensus, states that have examined CHEP products closely have generally determined they warrant regulation similar in scope and spirit to mortgage products, while also recognizing the need for bespoke guidelines due to the structural differences between SEPs and traditional mortgage loans.

Representative Flynn: Are regulatory agencies in agreement that lending on appreciated value is sound practice?

States that have passed regulations or are in the rulemaking process have not indicated disagreement with the use of appreciated value as part of the product structure. Rather, these states have focused their regulatory attention on ensuring robust consumer protections,



specifically: (1) ensuring homeowners are aware of and understand their beginning home value and the valuation method used; (2) clear disclosure of how the ending home value will be determined and rules for making such determination; (3) independent appraisal valuation standards; and (4) ensuring homeowners understand how the beginning and ending values impact the company's percentage share, explaining the settlement payment calculations, and presenting estimated final settlement amounts for various scenarios of future home prices and settlement times.

This regulatory approach recognizes that the product's structure, where the Originator shares in both appreciation and depreciation risk, is fundamentally sound when accompanied by appropriate consumer disclosures, education, and protections.

Representative Flynn: Will the same appraisal safeguards apply to this product?

Yes. CHEP members have voluntarily adopted appraisal valuation standards similar to those required by federal law, and the proposed regulatory framework includes requirements for an independent, fair, and accurate home appraisal process as one of the key underwriting standards. All appraisals are conducted by independent, licensed appraisers with no financial interest in the transaction outcome, consistent with standard mortgage lending practices.

MARKET RISK & CONSUMER PROTECTION

Representative Foley: What happens if the market crashes like 2008 and values decline? Will there be penalties causing people to lose their homes?

This question highlights perhaps the most important distinction from traditional mortgage products and from the conditions that led to the 2008 crisis.

We want to reiterate the point made during the hearing: Homeowners cannot lose their home due to a shared equity product as a result of property depreciation. First of all, if home values decline, the homeowner's settlement obligation to the shared equity provider is lower, not higher. Secondly, shared equity products are non-recourse, so the Originator cannot seek to recover from the homeowner personally.

To help visualize this concept, consider this simplified example using Hometap's pricing: an original investment of \$65,000 on a \$650,000 home. If the home value drops to \$550,000 after 6 years, the Originator receives 15% of \$550,000, which equals \$82,500 (only \$17,500 more than the original investment over 6 years). The homeowner retains \$467,500 in equity. This represents a poor return scenario for the Originator.

This distinction becomes even more critical during economic downturns. If home values decline and a recession affects the homeowner's income, they may face challenges with their traditional mortgage loan payments, but not with the shared equity agreement, which has no monthly payments. For homeowners who own their homes outright without a mortgage loan, they face no payment pressure at all during difficult times. The shared equity Originator simply rides along



while home prices recover, with no ability to force a sale at a depressed value during the term of the agreement. This provides homeowners with stability and time that traditional debt products cannot offer during economic uncertainty.

Even without a market crash, shared equity Originators face risk of loss, including complete loss. These situations typically arise due to foreclosure by a senior lien holder, or home sales where insufficient equity remains after paying senior liens and closing costs to settle the investment. This is fundamentally different from 2008, where homeowners with debt owed more than their home was worth, faced foreclosure when they couldn't make monthly payments, and were subject to personal recourse from lenders to collect any deficiency. With shared equity agreements, the Originator bears real risk alongside the homeowner. Shared equity providers cannot foreclose on homeowners based on failure to make monthly payments because our product requires no monthly payments.

Representative Foley: Who will own the paper and how are consumers protected when it gets sold?

Like traditional mortgages, these agreements are often sold to capital markets Originators and later securitized. However, critical consumer protections are built into this process, namely transferring the contractual protections with any sale. These include: (1) settlement calculation methodology (cannot be changed); (2) non-recourse provisions (Originator can never pursue homeowner personally); (3) valuation methods (must follow original agreement terms); and (4) all other material terms of the original contract. These terms cannot be modified unless specifically provided for in the original contract, ensuring that a subsequent Originator cannot unilaterally change the deal terms.

Consumer notification represents an additional protection CHEP members support. Currently, homeowners do not have an automatic right to know if their agreement has been transferred. However, we are not opposed to providing such notice, similar to traditional mortgage servicing transfer requirements. This could be incorporated into Maine's regulatory framework as an additional consumer protection.

Notably, when shared equity agreements are sold to Originators, the originators are still the ones that service the agreements, so the homeowner's point of contact remains the same. This is unlike traditional mortgage loans, where the servicer can change multiple times over the life of the loan.

REGULATORY APPROACH

Representative Mastraccio: Do we think we need to pass a bill to give more protections?

We believe thoughtful statutory protections would better serve Maine consumers than relying solely on advisory opinions, which typically provide less clarity, or prohibition which would



preclude access to the benefits of shared equity products. The essential consumer protections that should be included are:

1. **Clear Disclosures:** Easy-to-understand disclosures showing appreciation and depreciation scenarios
2. **Fair Sales Practices:** Prohibition on deceptive acts and steering
3. **Counseling from HUD-certified counselors:** We have agreed to this requirement to ensure homeowners fully understand their options and the implications before proceeding (similar to HECM protections)
4. **Price Caps:** Market-based annualized cost caps to protect against excessive returns
5. **Underwriting Standards:** Requirements ensuring homeowners retain substantial equity at origination (25% minimum equity, independent appraisals, limits on originator's share of future equity)
6. **Licensure and Oversight:** SEP-specific licensing and reporting requirements
7. **Transfer Notification:** Requirement that homeowners be notified when agreements are sold, with confirmation that original contract terms remain binding

The benefits of a statutory framework are clear: it provides legal certainty for both consumers and providers, establishes clear enforcement mechanisms, can be tailored to Maine's consumer protection priorities and allows Maine consumers access to this important and useful source of home financing with appropriate guardrails.

In summary, these responses demonstrate that shared equity agreements fill a genuine gap in Maine's equity access market, especially given the low HECM utilization despite Maine having the nation's oldest population, the structural limitations of HECMs for homeowners with existing mortgages, the difficulty in obtaining HELOC or other traditional mortgage loan products for many homeowners and the growing desire for solutions that enable homeowners to access home equity without taking on more debt and more monthly payments. With thoughtful regulation, including HUD-approved counseling, comprehensive disclosures, and strong consumer protections, Maine can expand homeowner choice while ensuring appropriate safeguards.

CHEP members appreciate the committee's consideration of these issues and remain committed to working collaboratively to develop a regulatory framework that serves Maine homeowners while protecting their interests.

Sincerely,

Cliff Andrews
President
Coalition for Home Equity Partnership



COALITION FOR HOME EQUITY PARTNERSHIP

Enclosure 2 — Letter Addressing Prior Misrepresentations

January 26, 2026

Joint Standing Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, ME 04333

Dear Chair Bailey, Chair Mathieson and Ranking Member Foley,

The Coalition for Home Equity Partnership (CHEP), a national non-profit association representing the shared equity product industry, would appreciate the opportunity to set the record straight regarding recent developments related to consideration of pending legislation.

It has come to our attention that on Jan. 23, 2026, Tom Cox presented a letter to Co-Chair Mathieson regarding LD 1901. We are compelled to respond. We write to you with deep respect for the Committee's deliberative process, but also with profound disappointment and concern regarding the mischaracterizations that have been presented about our industry, our intentions, and our extensive good-faith engagement on LD 1901.

Acknowledging Shared Goals

We acknowledge and respect Tom Cox's extensive work on behalf of Maine homeowners facing foreclosure. His dedication to consumer protection over 17 years is commendable, and we genuinely share his commitment to ensuring Maine consumers are protected from predatory practices. The 2008 financial crisis taught all of us critical lessons about the need for appropriate oversight, transparency, and robust consumer protections. We take those lessons seriously.

We Must Set the Record Straight

However, we cannot and will not remain silent in the face of grossly inaccurate characterizations of our industry, our products, and our intentions. Mr. Cox's recent communication to the Committee contains misrepresentations that are not only factually incorrect but fundamentally mischaracterize months of collaborative, good-faith engagement by our industry.

To be painted as predatory lenders pushing “toxic loan contracts” with “outrageously high effective interest rates” on “vulnerable people” is not only wrong, but also deeply offensive to the thousands of homeowners we have helped and to the extensive consumer protection work we have undertaken voluntarily and in collaboration with Maine regulators and consumer advocates.

Our Position Has Always Been Clear: We Want Thoughtful Regulation

Let us be absolutely clear about what we have asked for from the beginning: appropriate regulation that protects Maine consumers while preserving their access to a product that serves a genuine, demonstrated need.



We have never opposed regulation. We have never sought to operate without oversight. We have never asked to be exempt from consumer protections.

The claim that we are “rejecting limits on effective interest rates and loan caps that the Bureau of Consumer Protection is insisting upon” and “insisting upon removing key protections for homeowners” is a complete mischaracterization of our position and our months-long engagement. This is not a disagreement about whether there should be consumer protections — it is a disagreement about whether certain specific provisions would make it functionally impossible to offer this product at all, effectively achieving prohibition under the guise of regulation.

The Record of Our Collaborative Engagement

The facts tell a very different story than the one Mr. Cox has presented.

- When Superintendent Conti issued Advisory Ruling #122 determining that shared equity products constitute credit under the Maine Consumer Credit Code, we did not challenge it or file legal action. We accepted that determination and immediately engaged constructively with the Bureau to discuss how these products could be appropriately regulated under Maine law.
- We have spent months in good-faith discussions with the Bureau of Consumer Credit Protection working through complex regulatory questions and seeking common ground.
- We have spent weeks in direct conversations with the National Consumer Law Center and consumer advocates, including Tom Cox, sitting at the table, listening to concerns, proposing solutions, and working toward legislation that addresses legitimate consumer protection objectives.
- Even in our last meeting, where Tom Cox and others indicated that further attempts to collaborate were useless and that negotiations had reached an impasse, we still endeavored to listen and understand their concerns to craft regulations that addressed those concerns within the structure of our product. We did not walk away. We remained at the table, committed to finding solutions.
- We have voluntarily agreed to counseling requirements (the same type of consumer protection required for reverse mortgages) despite this being a significant operational requirement that goes beyond what is mandated for many traditional mortgage products. In fact, one of our members — the same company Mr. Cox references in his letter — has been offering consumer counseling for years, and other CHEP member companies have recently launched or will be launching counseling programs in the near future. Our commitment to counseling is not theoretical, it is already part of our practice.
- We have agreed to comprehensive disclosure requirements that would make shared equity products among the most transparent financial products available to Maine consumers. Not only have we agreed to these requirements, but we have proactively



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drafted a model disclosure based on the TRID or TILA-RESPA Integrated Disclosure framework and are currently working with the American Association of Residential Mortgage Regulators and several states to finalize and adopt it. We are leading efforts to establish industry-wide disclosure standards, not resisting them.

- We have agreed to independent appraisal standards, price caps, stringent licensing and oversight provisions, and explicit prohibitions on deceptive practices and steering. In fact, CHEP members already voluntarily adhere to independent appraisal standards, price caps, and prohibitions on deceptive practices and steering today. Our agreement to codify these protections in Maine law demonstrates our commitment to transparent, enforceable standards, not our resistance to them.
- We have proposed specific regulatory language, submitted detailed economic analyses, provided extensive data on our products and customer outcomes, and spent significant time educating stakeholders on how our products work to hopefully bring better understanding of their structure, benefits, and risks, all while engaging at every opportunity to find workable solutions.

Because we genuinely want appropriate regulation and believe it will benefit both consumers and our industry, we have agreed to numerous provisions that will require meaningful changes to how we operate today. We have done this despite the operational complexity and cost these changes will entail, because we believe strong consumer protections will build trust, ensure consumer confidence, and establish Maine as a model for thoughtful shared equity product regulation. We are willing to adapt our practices, invest in compliance infrastructure, and accept increased oversight because we are committed to operating responsibly in Maine under a robust regulatory framework. This willingness to accept operational changes and increased requirements should be seen as evidence of our good faith, not exploited as an opportunity to impose provisions that would make operation impossible.

This is not the behavior of an industry trying to evade regulation. This is the behavior of an industry committed to responsible operation under appropriate oversight.

What We Must Clarify

There is, however, an important distinction we must make clear: the difference between regulation that protects consumers while preserving access to this product and provisions that would make this product economically impossible to offer in Maine.

We have been transparent about the specific provisions that would make offering of these products economically unfeasible, affecting the estimated 75,000-105,000 equity-rich but income-constrained Maine households who could benefit from it. When we raise concerns about specific provisions, we are not “rejecting consumer protections,” we are engaging in the hard work of finding the line between robust regulation and effective prohibition. If the goal is to prohibit these products, then let us have that honest debate. But if the goal is thoughtful regulation that protects



consumers while preserving their access to new financial options, then our concerns about economic viability must be part of the conversation, not dismissed as obstruction.

We have made zero demands of the Bureau or consumer advocates. What we have consistently and respectfully done is attempt to explain how our products work, understand the concerns being raised, and seek common ground that would address those concerns while preserving the ability to serve Maine homeowners.

For example, Superintendent Conti mentioned during the Committee hearing that she would like to place an additional cap on the amount of initial funds a homeowner could receive. While our industry already voluntarily maintains a 50% equity cap — which is far more restrictive than what is required for traditional mortgage products, including cash-out refinances and HELOCs — we have engaged in good-faith conversations about what a statutory cap might look like. We have not demanded that she agree to our cap or accept no cap at all. We have asked questions, explained how different caps would affect product viability, discussed the economic implications for consumers, and sought to understand what consumer protection objective a particular cap level would serve. This is what good-faith negotiation looks like.

Mr. Cox also states in his letter that we “intend to fly in several of their representatives next week to lobby HDIFS Committee members and to demand a right to argue before the Committee.” This characterization is inaccurate and deliberately inflammatory. We are a national coalition whose members are based across the country. When there is a critical hearing on legislation that would affect our ability to serve Maine homeowners, yes, we make representatives available to participate in the democratic process. Any mention of meeting with Committee members was solely to provide an opportunity to answer any additional questions Committee members might have and to provide more information about our product, its structure and features, and why consumers choose it even when they could qualify for traditional mortgage products. We did not “demand” a right to argue before the Committee (We recognize that we have no right to “demand” anything.). What we requested, through proper channels, was the opportunity to address the Committee if the Committee deemed it appropriate. Characterizing this standard legislative engagement as aggressive lobbying or demands is absurd and misrepresents our respectful participation in the democratic process.

The Fundamental Mischaracterizations

The characterization of shared equity products as ““predatory and toxic loan contracts”” with ““outrageously high effective interest rates”” that are ““almost certain to cause homeowners to lose their homes”” reveals a fundamental misunderstanding (or misrepresentation) of how these products actually work.

Mr. Cox quotes from one of our members’ website in his letter: *“If you can’t obtain financing through a home equity loan or HELOC, an HEI may be a competitive alternative to explore. Several home equity sharing companies are willing to work with homeowners with credit scores as low as 500. Additionally, there are generally no income or debt-to-income requirements.”*



He apparently presents this as evidence of predatory intent. These are factual statements that accurately describe our products, and we do not shy away from them. As we explained extensively during the hearing and documented in detail in our responses to Committee's questions from the hearing (see enclosed), HELOCs and HECMs are valuable products, but they do not serve all consumers.

The entire premise of shared equity products is to provide homeowners with additional and valuable choices. It is true that we serve homeowners who are equity-rich but income-constrained — homeowners who cannot qualify for traditional debt products due to their credit scores or because they lack sufficient income to support monthly payments, even though they have substantial equity in their homes. Why do we serve these homeowners? Because many of them have a significant financial challenge to overcome and the mortgage industry has no solution for them — indeed the mortgage industry has *never* served them. This includes retirees on fixed incomes with substantial home equity, self-employed individuals with irregular income, homeowners under 62 who cannot access reverse mortgages, and those with existing mortgages who need actual cash-out rather than debt refinancing.

Notably, it is also true that we have served tens of thousands of homeowners with prime credit scores and ample income to qualify for mortgage loans. These homeowners choose our product because they don't want to take on additional debt and additional monthly payment obligations.

In the meeting last week members of the Committee wondered if existing home finance products are failing the public. They aren't failing everyone, but for millions of U.S. homeowners and likely tens of thousands of Mainers, unfortunately the answer is a resounding "yes."

The fact that our products do not require prime credit scores or monthly payments, and do not impose debt-to-income requirements is not a bug, it's the defining feature. It's the entire point. It's why 75,000-105,000 Maine households could potentially benefit from this option. We explained this clearly during the hearing, and we provided extensive data and analysis in our written responses to Committee questions. To characterize serving homeowners who cannot access traditional products or do not want them as evidence of predatory intent fundamentally misunderstands or deliberately misrepresents the market need we are addressing.

These are not loan contracts with interest rates. Shared equity products involve genuine risk-sharing. When home values decline, shared equity providers receive less, sometimes far less than their original payment and sometimes nothing at all. Homeowners benefit from depreciation in ways they never could with traditional debt. This is the opposite of the 2008 crisis dynamic during which homeowners owed fixed debt amounts regardless of declining home values.

No monthly payments mean no foreclosure risk from our product. The 2008 crisis happened because homeowners couldn't make monthly debt payments and lost their homes through foreclosure. Shared equity agreements have no monthly payment obligations. Homeowners cannot default on payments that don't exist. During economic downturns, homeowners with shared equity agreements face no payment pressure from this product. The shared equity



provider simply waits while home values hopefully recover, with no ability to force a sale at depressed values.

Our customers tell a very different story than Mr. Cox suggests. Across the three founding members of CHEP, there are thousands of Trustpilot reviews with overwhelmingly positive ratings. These are real homeowners who faced real financial challenges, who had equity in their homes but couldn't access it through traditional products or who did not want to take on additional debt obligations, and who found genuine value in shared equity agreements. Their voices matter. Their experiences matter. They are not victims of predatory lending, they are homeowners who made informed choices that improved their financial stability and helped many of them to stay in their homes. Mr. Cox would deny Maine homeowners a similar opportunity.

The Comparison to 2008 Is Backward

To compare shared equity products to the subprime mortgage crisis gets the causation backward. The 2008 crisis was caused by:

- Loans with monthly payments that homeowners couldn't sustain. Our products have no monthly payments.
- Adjustable rates that ballooned beyond homeowners' ability to pay. Likewise, our products do not have interest rates.
- Foreclosures when homeowners defaulted on payment obligations. Shared equity products have no monthly payment obligations, so they cannot be defaulted on in this way.
- Homeowners owing more than their homes were worth as values declined. Our products feature risk sharing where declining values benefit homeowners.
- Lack of transparency about true costs and risks. CHEP members have extensive disclosure and consumer education requirements, and we have worked with regulators to implement these as regulatory standards across the country.

If anything, shared equity products represent a response to the lessons of 2008 by eliminating the monthly payment burden that caused millions of foreclosures.

What This Is Really About

We want to be absolutely clear about what we are seeking: We want Maine homeowners to have another financial choice and option for accessing their equity.

That is all we have ever wanted. That is what we have spent months working toward in good faith. That is why we have agreed to extensive consumer protections, counseling to be administered by HUD-certified counselors, comprehensive disclosures, price caps, independent oversight, and every reasonable safeguard.



We are not asking for special treatment. We are not asking to operate without oversight. We are not asking to evade consumer protections. We are asking for the opportunity to serve Maine homeowners who need access to their home equity but cannot — or choose not to — use traditional debt products.

For the 75,000-105,000 Maine households who are equity-rich but income-constrained, for the seniors on fixed incomes who can't afford another monthly payment, for the homeowners under 62 who can't access reverse mortgages, for those with existing mortgages who prefer actual cash-out rather than debt refinancing — these homeowners deserve to have this option available to them, with appropriate protections in place.

Our Request to the Committee

We respectfully request that the Committee:

1. **Evaluate our industry based on facts, not mischaracterizations.** We have provided extensive documentation of our products, our consumer protections, our customer outcomes, and our collaborative engagement. Judge us on that record, not on inflammatory rhetoric that bears no resemblance to reality.
2. **Recognize the difference between appropriate regulation and effective prohibition.** We support robust consumer protection; we cannot accept provisions designed to make our product economically or operationally impossible.
3. **Consider the voices of the homeowners who have used this product without regret.** The thousands of positive customer reviews represent flesh and blood people who made informed choices that improved their lives and experienced relief as a result. Their need for access to home equity without monthly debt obligations is genuine and demonstrated.
4. **Acknowledge our extensive good-faith engagement.** We have spent months working collaboratively with regulators and consumer advocates, including Tom Cox. We have agreed to extensive consumer protections, including many that will require us to change how we operate today. We have been transparent about our operations and our economics. This record deserves recognition, not mischaracterization.

Our Continued Commitment

We remain dedicated to working with the Committee, the Bureau, and consumer advocates to develop a regulatory framework that provides robust consumer protections while allowing Maine homeowners to access this product. We will continue to engage in good faith, as we have for months.

If the Committee believes additional time would be beneficial to fully examine these issues — whether through a study period with a temporary moratorium, additional hearings, or further stakeholder engagement — we support that approach and have said so clearly in our materials



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to the Committee. What we cannot support is legislation based on inaccurate characterizations of our industry and misrepresentations of our months-long collaborative engagement.

We request an opportunity to meet with Committee members to discuss these issues in detail, to provide accurate information about our products and practices, to document our extensive collaborative efforts, and to demonstrate why Maine homeowners deserve access to this option with appropriate consumer protections in place.

Maine homeowners deserve the dignity of choice and the ability to make informed decisions about their financial futures, backed by strong consumer protections. We are committed to ensuring they have that choice. We ask that the Committee base its decisions on facts, not mischaracterizations, and on the actual record of our engagement, not inflammatory rhetoric that bears no resemblance to reality.

Thank you for your consideration, for your commitment to both consumer protection and informed decision-making, and for taking the time to understand the truth about our industry and our intentions.

Respectfully,

Cliff Andrews
President
Coalition for Home Equity Partnership