

**RE: LD 1901 – An Act to Regulate Shared Appreciation Agreements Relating to  
Residential Property**

**May 14, 2025**

**Members of the Committee on Health Coverage, Insurance and Financial Services,**

My name is Lee Kaplan, I am General Counsel for Unlock Technologies, a leading provider of shared appreciation agreements, and a founding member of the Coalition for Home Equity Partnership or CHEP – which is an industry trade association advocating on behalf of pragmatic and sensible regulation of our innovative form of equity-based home financing. Unlock is neither for nor against LD 1901.

We very much support the legislature's desire to bring regulation and supervision to shared appreciation products. While Unlock and other providers are actively seeking to enter the Maine market, LD1901 as proposed would effectively ban our products, thereby depriving consumers of the significant benefits that our agreements offer.

Shared appreciation agreements are a relatively new form of home equity financing that have enabled tens of thousands of homeowners across the country to access the equity in their homes without incurring additional debt. Our product is a form of equity finance. It is not a loan. It has no interest rate and requires no monthly payments. Unlock's shared appreciation agreement provides homeowners with a lump sum cash payment today in exchange for an agreed upon percentage of the future value of their home when the agreement is settled. The homeowner is free to settle the agreement at any time, subject to a maximum term of 10 years, and there is no penalty for early settlement.

Shared appreciation agreements are beneficial to consumers who are ineligible for and otherwise cannot or do not want to obtain debt products like home equity lines of credit or mortgage loans. The reason being is that our products are available to consumers with credit

scores as low as 500 and have no income requirements whereas eligibility for mortgage loans typically requires credit scores of at least 650 and documented W-2 income. The majority of homeowners taking out shared appreciation agreements do so to payoff expensive credit card or personal loan debt, often with interest rates well north of 25%. Because homeowners are not swapping one form of debt for another form of debt our products provide a beneficial alternative to the “debt trap.” Other homeowners, such as those starting a small business, simply do not want to take on the burden of additional monthly payments.

We support the principles underlying LD1901 – consumer protection, supervision and licensing – but the proposed lien prohibition would make virtually every shared appreciation agreement product offered today unlawful in Maine. The lien secures the homeowner’s contractual obligation under our agreement and is critical to the existence of the product. Imagine the impact of eliminating the use of a lien in mortgage lending or for tradespeople.

Other states have faced similar initiatives to prohibit the use of liens with our products and have rejected them whole-heartedly. In 2024, the State of Washington rejected two bills nearly identical in scope to LD 1901. Rather than acting hastily, Washington continues to study the use of shared appreciation agreements in advance of regulation.

Unlock and CHEP have established productive working relationships with regulators across the country. We support licensing, supervision, caps on costs and definition of prohibited acts to keep out bad actors. But subjecting shared appreciation agreements to regulation under Maine’s CCC also requires thoughtful consideration because many rules and requirements applicable to loans just cannot be complied with.

We ask the committee to carry over LD 1901 until the next legislative session in order for Unlock and the industry to engage with the Department of Professional and Financial Regulation and other stakeholders on a comprehensive statutory solution to enable shared appreciation agreements to be provided to Maine consumers in a responsible manner.