

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1901

H.P. 1272

House of Representatives, May 5, 2025

An Act to Regulate Shared Appreciation Agreements Relating to Residential Property

Received by the Clerk of the House on May 1, 2025. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script, reading "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BELL of Yarmouth.

Cosponsored by Representatives: ARFORD of Brunswick, BRIDGEO of Augusta, PUGH of Portland, SATO of Gorham, Senator: TEPLER of Sagadahoc.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 9-A MRSA §1-301, sub-§14, ¶A**, as amended by PL 2011, c. 427, Pt. A,
3 §3, is further amended by amending subparagraph (3) to read:

4 (3) Either the debt is payable in installments or pursuant to a shared appreciation
5 agreement or a finance charge is made; and

6 **Sec. 2. 9-A MRSA §1-301, sub-§37-A** is enacted to read:

7 **37-A.** "Shared appreciation agreement" means a written agreement with a consumer
8 relating to a dwelling or residential real property in which an advance sum of monetary
9 value is extended to the consumer, as a lump sum or otherwise, in exchange for a present
10 or future legal interest in the dwelling or residential real property or in which a future
11 obligation to repay a sum based on the appreciation in value of the dwelling or real property
12 upon the occurrence of an event, including, but not limited to, the transfer of ownership,
13 repayment maturity date, death of the consumer, sale of the dwelling or real property,
14 refinance of the loan or any other event contemplated by the agreement.

15 **Sec. 3. 9-A MRSA §3-317** is enacted to read:

16 **§3-317. Shared appreciation agreements**

17 **1.** A shared appreciation agreement may not:

18 A. Create or be used to create a lien against the real property that is the subject of the
19 shared appreciation agreement;

20 B. Create an obligation that runs with the title to the real property that is the subject of
21 the shared appreciation agreement and is not binding or enforceable at law or in equity
22 against any subsequent owner, purchaser or mortgagee or holder of any interest in the
23 property;

24 C. Contain a provision that prevents a consumer who is a party to the shared
25 appreciation agreement from renting or using the property as the consumer chooses;

26 D. Contain a provision that prevents a consumer who is a party to the shared
27 appreciation agreement from refinancing a mortgage or lien against the property that
28 is the subject of the shared appreciation agreement;

29 E. Contain a provision that permits a party to the shared appreciation agreement
30 advancing money to the consumer to enforce any provision of the shared appreciation
31 agreement more than 10 years after the date of the shared appreciation agreement;

32 F. Contain a provision requiring a consumer who is a party to the shared appreciation
33 agreement to pay any closing costs or fees of any description as condition of the
34 advancement of money under the shared appreciation agreement;

35 G. Contain a provision requiring arbitration of issues arising with respect to the shared
36 appreciation agreement;

37 H. Include a penalty for satisfying or otherwise terminating the mortgage or loan
38 before its scheduled maturity date;

39 I. Contain a provision restricting or waiving the substantive or procedural rights or
40 remedies at law of a party to the shared appreciation agreement advancing money to a
41 consumer who is a party to the shared appreciation agreement; or

J. Include a confidentiality provision regarding the terms of the loan.

2. A shared appreciation amount in a shared appreciation agreement may not exceed the lesser of:

A. Any amount paid or to be paid to a consumer who is a party to the shared appreciation agreement in connection with the shared appreciation agreement plus the interest amount calculated in accordance with section 2-401; and

B. Two hundred percent of the amount paid to a consumer who is a party to the shared appreciation agreement at the time of or in connection with the signing of the shared appreciation agreement.

For purposes of this subsection, "shared appreciation amount" means an amount a party to a shared appreciation agreement advancing money to a consumer who is a party to the shared appreciation agreement is repaid based on the appreciation in value of the property that is the subject of the shared appreciation agreement.

3. A shared appreciation agreement may not be enforced by a party to the shared appreciation agreement advancing money to a consumer who is a party to the shared appreciation agreement unless:

A. No less than 30 days before the execution of the shared appreciation agreement, that party notifies the consumer that the consumer should obtain the advice of independent legal counsel chosen by the consumer;

B. That party agrees with the consumer in writing to pay the reasonable costs of the counsel chosen by the consumer under paragraph A; and

C. At the time of or before the execution of the shared appreciation agreement, that party pays the consumer's reasonable costs of obtaining the advice of the counsel chosen by the consumer under paragraph A.

4. A shared appreciation agreement that violates any provision of this section is unenforceable and is a per se violation of the Maine Unfair Trade Practices Act and grounds for license revocation by the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection.

SUMMARY

This bill defines "shared appreciation agreement" and provides limitations on and requirements for the use of shared appreciation agreements.