



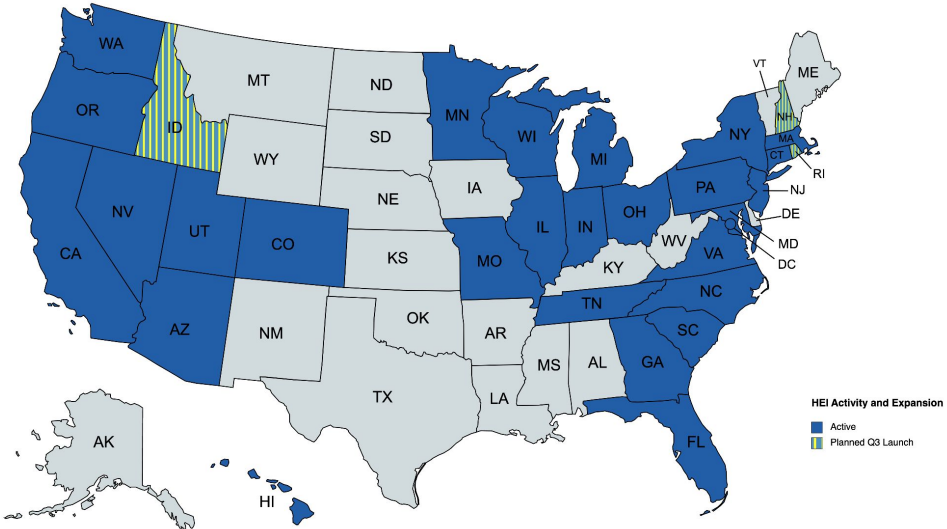
POINT

Presentation for
Maryland General Assembly
Economic Matters Committee
HB 1150

March 2023

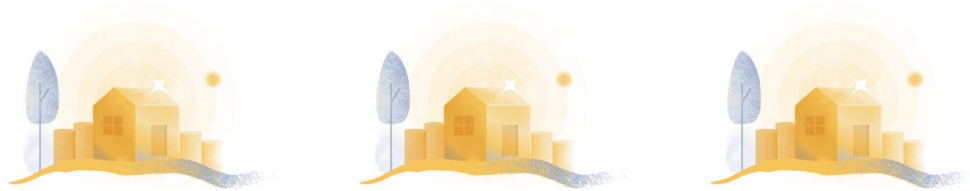
Point Overview

- Point was founded in 2014 to help consumers who are locked out of traditional loan products due to rigid credit score and DTI requirements.
- **Home Equity Investments (HEIs):** Point buys an option to purchase in the future a percentage of a home's equity as well as a right to a portion of the home's future appreciation over a 30-year term.
- Point offers HEIs in 26 states (with 3 more planned for Q3) and has helped more than 10,000 homeowners access the equity in their homes.



HEI Overview

HEI is a real estate option contract between a homeowner and Point. Point pays homeowner upfront for an option to purchase a share of equity in the home and a right to a portion of their home appreciation over the following 30 years.



Product features:

- Point's share of appreciation is capped.
- Point is not included on the homeowner's title and records a deed of trust to secure the homeowner's performance under the option contract.
- HEIs are non-recourse.
- No monthly payments or interest.
- Homeowners can buy back Point's option at any time with no lockout periods or early exit penalties (typical exits are refinance or voluntary sale of the home).

Customer use cases:

- Eliminate debt and reduce monthly payments
- Fund home improvement
- Fund small business

Homeowner Outcomes

- **Debt Reduction:** 17% is the median non-mortgage debt decrease for homeowners in the first month after origination, which is sustained after 3 years.¹
- **FICO Score Improvement:** 65% of Point's homeowners see a FICO score increase post origination with a 22 point increase after 1 year, which increases to more than 30 points after 2 years.²
- **Access:** Point works with homeowners locked out of traditional debt financing products due to inflexible underwriting standards and rigid credit boxes.
- **Alignment:** Point and its homeowners share in both the property value upside and downside. This alignment prevents the homeowner from ever being “underwater” on Point. Point has never foreclosed on a homeowner.



1. Based on all HEIs that Point originated from 8/5/15 - 1/16/23. Point aggregated the respective total non-mortgage debt figures by finding the sum of the remaining balance amounts across all accounts tagged as open, revolving, or installment from monthly credit pulls. These non-mortgage debt figures are organized for each HEI by number of months since origination. For each total non-mortgage debt balance figure, Point found the difference between that debt figure and the total non-mortgage debt figure at origination, which was used to determine the percent change in non-mortgage debt in each month as compared to at origination. Point then took the median of these percent differences for each number of months to find the median change in non-mortgage debt over time.

2. Based on all HEIs that Point originated from 8/5/15 - 1/16/23. At origination, Point takes the median credit score based on data from all 3 credit bureaus. Post-origination, Point pulls credit data from Equifax on a monthly basis. Point calculated the credit score change by comparing the applicable month's post-origination credit score with the score at origination.

Upfront Pricing for Customers

- Point's interactive calculator is presented to customers from the prequal stage through the closing stage.
- The calculator takes customers through the cost calculations step-by-step and allows them to view different appreciation scenarios and corresponding cost.

If you get **\$100,000** from Point,
here's what your pricing will look like:

The share of future appreciation you'll pay Point	You'll also pay back the original investment amount plus a 3% processing fee	The value from which appreciation will be calculated	The Homeowner Protection Cap If your home appreciates a lot, you'll never pay more than the Cap.
25.5%	\$103,000	\$950,000	Learn more

The screenshots show the following steps:

- Appreciation Starting Point**: We calculate this based on your purchase price. Point starts calculating appreciation at a value 5% below your purchase price to protect its investment.
- The Appreciation**: The difference between your Appreciation Starting Point (\$950,000) and your Final Home Value (\$1,187,686) based on the scenario you selected is the Appreciation (\$237,686).
$$\text{Final Home Value } \$1,187,686 - \text{Appreciation Starting Point } \$950,000 = \text{Appreciation } \$237,686$$
- The Option Percentage**: The percent of the future appreciation Point would like to buy from you is called the Option Percentage.
- Point's Share of the Appreciation**: Point's Share of the Appreciation is calculated by multiplying the Option Percentage (25.5%) by the total Appreciation (\$237,686).
$$\text{Option Percentage } 25.5\% \times \text{Total Appreciation } \$237,686 = \text{Point's Share } \$60,609$$

Calculations based on a 5.0% annual appreciation scenario over 5 years and a Final Home Value of \$1,187,686 - 2027

Point Educates Homeowners both Pre- and Post-Funding

Pre-funding processes

- **Homeowner communication:**
 - 20 minute Point overview
 - Signing and documents summary video w/ follow-up if requested
 - Plus ad-hoc calls as needed
- **Point Calculator** models various exit scenarios for homeowner, adjustable for home appreciation and time-to-exit assumptions
- **Closing Disclosures** provide clear and detailed information on pricing, payback structure, and opportunity for discussion

The screenshot shows the 'Your cost estimator' page on the Point website. At the top, there are navigation links: 'Your offer from point', 'Your cost estimator', and 'Your decision'. The main heading is 'Your cost estimator'. Below it, there is explanatory text: 'When you're ready to buy back your equity, your costs will depend on how much your home has appreciated by that time. Use the tools below to see the costs associated with different scenarios of home appreciation.' A progress indicator shows '5 years' selected on a timeline. Below that, a section titled 'Select a home appreciation scenario would you like to use to calculated cost' has five buttons: 'High Appreciation' (selected), 'Average Appreciation', 'No Change', 'Large Decline', and 'Custom'. The 'High Appreciation' panel is expanded, showing a '6% Annual percentage increase in home value' and a table with the following data:

Final home value	\$1,160,000
Your share	\$223,508
Your cost	\$226,992

Below the table, it says 'Equipment interest rate 12.4%' and '5 years'. A 'View the calculations' button is at the bottom of the panel. At the very bottom of the page, there is a navigation bar with a back arrow and a 'Next, estimate your costs' button with a right arrow.

Point Educates Homeowners both Pre- and Post-Funding

Post-funding resources

- **Partnership with Balance** provides free credit counseling and financial health programs to all our homeowners
- **Quarterly statements** provide update on effective cost of Point, under various scenarios of appreciation and expected exit term
- **Ongoing access to Point representatives** encourages communication on financial health, and fosters relationship of trust and alignment between Point and homeowner

POINT www.point.com
P.O. Box 192, Palo Alto, CA 94302
Customer Service: 1-888-764-6823

MAILING ADDRESS 1822 Eddy St, Unit 201 San Francisco, CA 94115	PROPERTY ADDRESS 1822 Eddy St, Unit 201 San Francisco, CA 94115
OWNERS Jessie Brothers and Martin Brothers	POINT ID 2016546-ERTYU

Your Home Equity Update
QUARTER 4: OCTOBER 2017 - DECEMBER 2017

\$820,900
Home Value¹

\$367,900
Mortgage Balance²

\$97,367
Point's Equity as of 12/15/18³

The above values are estimates only.

Estimated Home Value				
ESTIMATING AGENCY	ESTIMATE	90 DAY CHANGE	CHANGE TO DATE	
POINT Point	\$820,900	+ 0.2%	+ 0.6%	
Zillow Zillow (Zestimate®)	\$873,500	+ 1.4%	+ 7.1%	
REDFIN Redfin	\$902,000	+ 2.9%	+ 10.6%	

Point Agreement Terms	
Effective Date	July 28, 2017
Expiration Date	July 27, 2027
Investment Payment	\$65,000
Option Percentage	25.8556%
Cap Factor	16.0%
Risk Adjustment	14.8%
Original Agreed Value	\$785,000

Past Appraisals	
June 14, 2017	\$815,857

Based on these estimates, if you were to buy out Point on January 15, 2018, your cost would be between:

\$92,367 - \$102,367³

If you're ready to buy out Point, call our servicer Roundpoint at **1-877-426-8805**. Your Roundpoint account # is 201234567.

This is not a bill. There is nothing due at this time.

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Consumer Protection Highlights

- **Transparent Application Flow:** Homeowners can view preliminary terms and repayment scenarios online and without cost.
- **Model Disclosures:** All required state and federal disclosures are provided during the application. If state or federal requirements are silent, Point relies on best practices and consumer protection law and regulation for guidance.
- **Right to Cancel:** Point offers a 3-day right to cancel in the event a homeowner changes their mind.
- **Point Proceeds Cap:** Point establishes a maximum amount a homeowner will owe no matter how much value the home may increase by.
- **Downside Sharing:** If a home decreases in value, a homeowner may end up paying Point less than the original investment amount.
- **Counseling Services:** Homeowners are offered counseling services free of charge.



Regulatory Overview

Product Classification

- HEI is an option agreement and a real estate instrument which is *excluded* from coverage under TILA - §1026.2(a)(14) Official Interpretations 1-vii & viii.

Federal Regulation

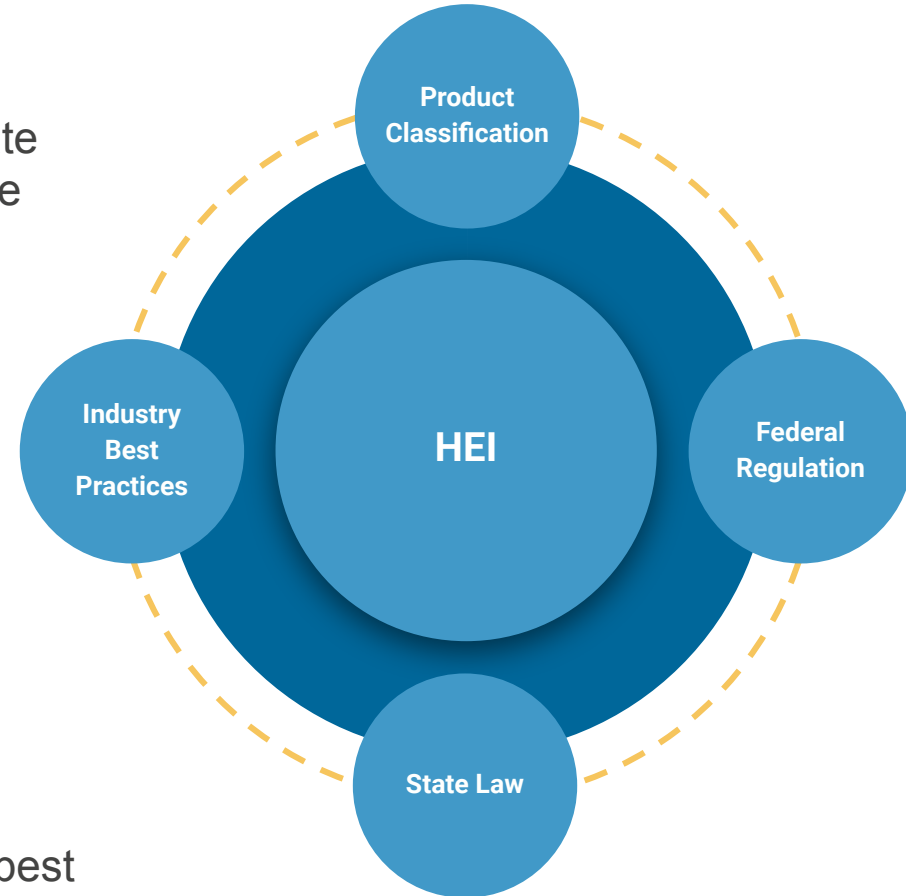
- ECOA, FCRA, eSign, BSA/AML, UDAAP, GLBA, TCPA

State Law*

- Real Estate Law, General Contract Law, Anti-Discrimination, UDAP, Privacy

Industry Best Practices

- Follow consumer protection guidance and best practices where law or regulation is silent



*In states where Point offers HEI as a licensed product (e.g. CT, GA, and MD), all applicable mortgage-related laws and regulations are also in scope.

Contact Information

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