

Thank you Chair Griffith and Vice Chair Klausmeier and members of the Committee for the opportunity to comment on HB 1150 concerning the regulation of Shared Appreciation Agreements. My name is Matthew Windsor, and I am Associate General Counsel at Point Digital Finance. We are the nation's leading issuer of shared appreciation agreements, having helped over 10,000 homeowners access the equity in their homes nationwide.

As proposed, HB 1150 makes explicit that shared appreciation agreements are subject to regulation as a type of residential mortgage loan. This would require companies like Point to become licensed mortgage lenders, require compliance with Maryland lending laws and subject them to regulation by the Commissioner of Financial Regulation. I am proud to share that Point has already been in compliance with these requirements for quite some time. We believe that we are the first, and to date only, shared appreciation agreement company to be licensed by the Commissioner. We have worked closely with the Commissioner and his Office to ensure that our product complies with Maryland law and we expect that productive relationship to continue.

In general, Point is supportive of measures taken by state regulators and legislatures to enhance consumer protections and clarify the regulatory treatment of shared appreciation agreements. Point also believes it is important to acknowledge the differences in structure between shared appreciation agreements and classic mortgages. For example, our product does not have an interest rate or monthly payments, so regulations requiring rate or payment disclosures should be modified to accommodate these consumer friendly terms. Additionally, the industry participants in the shared appreciation agreement space are not a monolith and product features can vary significantly from company to company. For instance, we include a downside sharing provision that may allow for repayment for an amount less than the original investment amount.

This bill's inclusion of provisions allowing the CFR to promulgate regulations regarding enforcement and compliance should be exercised with that flexibility in mind. To that end, we remain committed to working with the Commissioner and providing him with industry insight to ensure that this important product remains available to Maryland consumers.

Thank you again for the opportunity to comment on HB 1150. Please let me know if I can be of further assistance to the Committee regarding this matter.