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**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

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**To:** The Honorable Melony Griffith, Chair  
Finance Committee

**From:** Steven M. Sakamoto-Wengel  
Consumer Protection Counsel for Regulation, Legislation and Policy

**Re:** House Bill 1150 – Commercial Law and Financial Institutions – Credit Regulation -  
Shared Appreciation Agreements (LETTER OF INFORMATION)

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The Consumer Protection Division of the Office of the Attorney General submits the following letter of information concerning House Bill 1150, sponsored by Delegate Queen, which would subject “shared appreciation agreements” to the Maryland Mortgage Lender Law and other laws governing the extension of credit to consumers. Shared appreciation agreements are mortgage loans in which the borrower agrees to pay the lender a percentage of the home’s appreciation upon sale or other transfer of the home in exchange for either no interest or lower interest payments during the life of the loan.

Reports about shared appreciation mortgages indicate that they were often taken out by vulnerable homeowners facing foreclosure or in desperate need of cash and that the terms of the loan were often not fully explained to the borrower. Consequently, upon sale of the home or death of the homeowner, the owner or the owner’s heirs were often surprised to learn that most or all of a home’s appreciation was paid to the lender. *See, e.g.* “Protesters say new mortgages designed to prevent foreclosure trap them in debt.” [www.wgbh.org/news/local-news/2022/06/15](http://www.wgbh.org/news/local-news/2022/06/15) (June 15, 2022).

House Bill 1150 would expressly subject “shared appreciation agreement” mortgages to Maryland’s lending laws and provide the Commissioner of Financial Regulation additional tools to regulate such loans. However, the Consumer Protection Division notes that these loans are currently subject to Maryland’s laws governing lending, mortgages and predatory practices, whether or not they are expressly identified under Maryland law as set forth in House Bill 1150 and any predatory or deceptive practices by the lenders would currently be subject to enforcement by the Division and the Commissioner.

Accordingly, the Consumer Protection Division requests that the Finance Committee take the above information into consideration as it reviews House Bill 1150.

cc: The Honorable Pamela Queen  
The Honorable Antonio P. Salazar  
Members, Finance Committee