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DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION  
BUREAU OF CONSUMER CREDIT PROTECTION

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October 29, 2025

## ADVISORY RULING #122

**RE: Advisory ruling defining “shared appreciation mortgage” products as “credit” and defining shared appreciation mortgage product providers as “supervised lenders” subject to the Maine Consumer Credit Code, and other applicable State of Maine law.**

### BUREAU AUTHORITY / ADVISORY RULINGS

The Superintendent of the Bureau of Consumer Credit Protection may issue advisory rulings concerning the applicability of any statute under the Superintendent’s authority to an existing factual situation (*see* Bureau Rule 02-030 Ch. 110 (VII)). It has recently come to the Superintendent’s attention that shared appreciation mortgage (“SAM”) product providers may plan to market and offer SAMs to Maine consumers. This Advisory Ruling describes common attributes of SAM products and explains how the Maine Consumer Credit Code (“MCCC”) applies to SAM products and to SAM providers.

### SHARED APPRECIATION MORTGAGE PRODUCT DESCRIPTION

SAMs are a relatively new form of equity-based financing where a homeowner receives an advance of funds from a SAM provider in exchange for the right of the SAM provider to receive a percentage of the homeowner’s equity in the future. Presently, the names of SAM loan products vary, there are common elements among them including: 1) no monthly installment payments; 2) no accrual of interest; 3) terms of length between 10 to 30 years; 4) default provisions and triggering events that could lead to foreclosure; and 5) non-recourse provisions similar to those found in reverse mortgage loans. Like traditional mortgage transactions, SAMs employ two interconnected legal instruments: 1) an option agreement, and 2) a mortgage agreement. The option agreement establishes a contract between the homeowner and the SAM provider, and it’s commonly not publicly recorded. The mortgage acts as the homeowner’s pledge of their property and its public recording and acts as security for the option agreement and establishes a lien on the homeowner’s property.

While the Bureau recognizes that the qualities of SAMs differ materially from traditional mortgage products, the Bureau finds that SAMs are “credit” as further described in below. While the Bureau finds that shared appreciation agreements are mortgages under Maine law, the Bureau acknowledges that it may be appropriate to modify some of the mortgage regulatory requirements applicable to traditional mortgages by statutory amendment or rulemaking to ensure substantive compliance with Maine law. For example, the ability to pay analysis required for mortgages would not work for shared appreciation mortgages because there are no payments required.

### BUREAU ANALYSIS

The MCCC (Title 9-A M.R.S. §§ 1-101 through 16-111) regulates consumer credit transactions and the creditors who regularly engage in the extension of consumer credit. Article 2 of the MCCC sets finance charge limitation caps and

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Article 8-A of the MCCC generally implements<sup>1</sup> the Federal Truth-in-Lending Act (“TILA”) and the rules and regulations promulgated thereunder.

### SAM Products are forms of “Credit”

The Bureau relies on the definition of “credit” at 9-A M.R.S. § 1-301(15), where credit is defined as “the right granted by a creditor to a consumer to defer payment of an obligation, to incur an obligation and defer its payment . . . pursuant to an agreement which includes . . . a loan.” The SAM option agreement creates an obligation on the homeowner to repay the funds paid by the SAM provider to the homeowner and that obligation on the homeowner to repay the funds is deferred pursuant to the terms established in the SAM agreement.

### SAM Products are “Loans”

The Bureau relies on the definition of “loan” at 9-A M.R.S. § 1-301(23), where the definition of loan “includes . . . the creation of debt by the lender’s payment of . . . money to the debtor.” The SAM option agreement memorializes the payment of funds from the SAM provider to the homeowner, and the homeowner is obligated to repay the SAM provider as stipulated in the SAM option agreement.

### SAM Products are “Consumer Credit Transactions”

The Bureau relies on the definition of “consumer credit transaction” at 9-A M.R.S. § 1-301(12), where consumer credit transaction “means a . . . consumer loan.”

### SAM Providers are “Creditors”

The Bureau relies on the definition of “creditor” at 9-A M.R.S. § 1-301(17), where creditor “means a person who both . . . [r]egularly extends<sup>2</sup> . . . in connection with loans . . . consumer credit . . . for which the payment of a finance charge is or may be required; and [i]s the person to whom the debt arising from the consumer credit transaction is initially payable on the face of the evidence of indebtedness . . . ‘creditor’ also includes any person who originates 2 or more mortgages referred to as high-cost mortgage loans<sup>3</sup> . . . in any 12-month period or any person who originates one or more such mortgage loans through a mortgage broker.”

### SAM Products Require the Payment of a “Finance Charge”

The Bureau relies on the definition of “finance charge” at 9-A M.R.S. § 1-301(19), where finance charge “means the cost of consumer credit as a dollar amount. It includes any charge payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or a condition of the extension of credit.” When a homeowner enters a SAM transaction, their pledge of a portion of the equity in their home to the SAM provider constitutes a “cost of consumer credit as a dollar amount” because that *cost* is *incidental* to the SAM agreement. In addition, SAM option agreements commonly require the payment of an “origination fee,” which is defined as a finance charge at 9-A M.R.S. § 1-301(19)(3).

### SAM Loans are “Supervised Loans”

The Bureau relies on the definition of “supervised loan” at 9-A M.R.S. § 1-301(40)

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<sup>1</sup> Maine has obtained and maintained an exemption from the federal Truth-in-Lending Act from the CFPB and predecessor federal agencies who enforce the federal Truth-in-Lending Act (*see* 12 CFR § 1026.29 “State exemptions,” Official interpretation, Comment 29(a)-A: “Maine. Credit or lease transactions subject to the Maine Consumer Credit Code and its implementing regulations are exempt from chapters 2, 4 and 5 of the Federal Act”).

<sup>2</sup> “Regularly extends” means a person regularly extends consumer credit only if the person extended credit . . . more than 5 times for transactions secured by a dwelling in the preceding calendar year (*see* 9-A M.R.S. § 1-301(17)).

<sup>3</sup> High-cost mortgage loan is defined at 9-A M.R.S. § 8-506(1)(H).

## SAM Providers are “Supervised Lenders”

The Bureau relies on the definition of “supervised lender” at 9-A M.R.S. § 1-301(39)

## ADVISORY RULING: SAM PRODUCTS AND SAM PROVIDERS

Pursuant to the above analysis, the Bureau advises as follows:

1. SAM products are consumer credit transactions subject to the consumer protections of the MCCC, including the finance charge limitations pursuant to Article 2 of the MCCC<sup>4</sup>, and all other applicable consumer protections afforded to consumers of residential mortgage loans under the MCCC.
2. SAM providers granting “supervised loans” are “supervised lenders” subject to the licensing provisions of Article 2 of the MCCC.
3. SAM products are mortgages subject to the provisions of 14 M.R.S. §§ 6101 through 6327 (Title 14, Chapter 713: MISCELLANEOUS PROVISIONS RELATING TO FORECLOSURE OF REAL PROPERTY MORTGAGES).
4. SAM transaction appraisals are subject to the appraisal “valuation independence” standards pursuant to TILA at 12 CFR § 1026.42. SAM transaction automated valuation models (“AVMs”) are subject to the “Quality Control Standards for [AVMs]” issued by the Consumer Financial Protection Bureau (“CFPB”) published in the Federal Register as Published Document: 2024-16197 (89 FR 64538) effective October 1, 2025.
5. SAM providers are required to provide a three day “right of rescission” period to any SAM transaction, including owner occupied non-primary residences (second homes), in a manner substantially similar to the requirements as set forth in Regulation Z at 12 CFR § 1026.23.
6. SAM transactions are subject to the “prohibition on mandatory arbitration clauses and waivers of certain consumer rights” substantially similar to those found in Regulation Z at 12 CFR § 1026.36(h).
7. Subject to the authority of 9-A M.R.S. § 8-508(1), and the Maine Administrative Procedures Act, the superintendent is authorized by rule or order to prohibit acts and practices in connection with SAMs that the superintendent finds to be “unfair, deceptive or designed to evade the provisions of [the enhanced restrictions on certain creditors].”
8. Subject to the authority of 9-A M.R.S. § 6-104(1)(J), and “to the extent permitted in Title X of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, Section 1042, the Bureau may enforce the provisions of Title X of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203 or regulations issued under those provisions with respect to entities that are state-chartered, incorporated, licensed or otherwise authorized to do business under the laws of this State and secure remedies under provisions of Title X of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203 or remedies otherwise provided under other provisions of law with respect to entities that are state-chartered, incorporated, licensed or otherwise authorized to do business under the laws of this State.”

This advisory ruling shall take immediate effect upon publication by the Bureau on its webpage.

Sincerely,

*Linda Conti*

Linda Conti  
Superintendent

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<sup>4</sup> See 9-A M.R.S. § 1-110(3), “First lien mortgages on real estate granted by a creditor subject to licensing by the administrator as set out in [Article 2] section 2-301.”