

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Jeffrey Rosario Turco

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to protect equity in real estate transactions.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|------------------------------|---------------------|------------------|
| <i>Jeffrey Rosario Turco</i> | <i>19th Suffolk</i> | <i>1/17/2025</i> |

HOUSE No.

[Pin Slip]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act to protect equity in real estate transactions.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section 269 of c. 238 of the Acts of 2024 is amended as follows:

2 (2) If an entity obtains from a person acquiring or re-acquiring a residential property a
3 shared appreciation mortgage encumbering such residential property that secures the contingent
4 right of the entity to receive a percentage share of the appreciation in value of such residential
5 property upon: (i) the sale, or option to sell, conveyance, assignment or other transfer thereof; (ii)
6 refinancing or other payoff or satisfaction of the new first priority mortgage loan encumbering
7 such residential property; or (iii) the occurrence of other events specified in such shared
8 appreciation mortgage or such shared appreciation promissory note, including reaching a defined
9 maturity date, such person shall be required to obtain third-party counseling regarding this
10 product by an approved HUD-certified counseling agency in Massachusetts which shall be paid
11 for by the entity originating the shared appreciation mortgage. The entity originating the shared
12 appreciation Mortgage shall be liable for any violations of all applicable federal and state laws
13 and regulations. The Division of Banks will approve the housing counselors

14 Such persons will receive a full disclosure, in writing as required herein and in advance
15 of the closing of such person's acquisition or re-acquisition of such residential property, stating
16 that such person will be required to enter into a shared appreciation mortgage and shared
17 appreciation promissory note to such entity at said closing and upon such person's entering into a
18 new first priority mortgage loan. A shared appreciation mortgage and shared appreciation
19 promissory note offered under this subsection shall be permitted only if a person has received
20 notice and has completed third-party counseling.

21 The terms of the shared appreciation mortgage loan shall state that the shared
22 appreciation payment shall not exceed the lesser of:

- 23 1. 15 per cent of the appreciation value of the property based on the difference
24 between an appraisal of the property at the time of origination and again at the time the shared
25 appreciation payment is due, minus the actual cost of any improvements made to the property; or
- 26 2. 15 percent of the value of the property at the time of the consummation of the
27 shared appreciation mortgage loan based on a current appraisal.
- 28 3. All appraisals shall be determined by an appraisal with comparative home
29 appraisals by a state-certified general real estate appraiser or a state-certified residential real
30 estate appraiser as defined by section 178 of chapter 112.

31 (3) An entity shall not offer a shared appreciation mortgage and shared appreciation
32 promissory note to a person without first providing written notice disclosing substantially the
33 following information:

34 Notice of Shared Appreciation Mortgage Agreement

35 In connection with your acquisition or re-acquisition of your property at [fill
36 in]_____, the undersigned entity intends to make an offer to you to enter into a shared
37 appreciation mortgage and shared appreciation promissory note. Please be advised that under
38 such shared appreciation mortgage and promissory note:

39 You will not be required to make any payment on the shared appreciation mortgage or
40 shared appreciation note during the mortgage term. Your payment will be due at the

41 time of a payoff of the loan due to a sale of the property, transfer of ownership of the
42 property, repayment at the maturity date on [fill in date], refinancing of the loan, the payoff of,
43 including at the maturity date on [fill in] or refinancing of any other mortgage made at the same
44 time or any the following events stated in your shared appreciation mortgage or shared
45 appreciation note: [fill in].

46 Your percentage of shared appreciation will be the lesser of:

47 1. ____ per cent of the appreciation value when your payment is due; or

48 \$_____ which is _____ per cent of the value of your property at the time
49 you enter into the shared appreciation mortgage. This was determined by an [appraisal by a state-
50 certified general real estate appraiser] or [a state-certified residential real estate appraiser.]

51 You are required to complete third-party counseling by an approved HUD-certified
52 counseling agency specific to understanding the shared appreciation mortgage you are signing
53 and any other options that may be available to you. If you fail or refuse to seek housing
54 counseling, the entity may not proceed. A list of HUD- certified housing counselors approved by
55 the Division of Banks is enclosed with this notice.

56 In order to proceed with this transaction, you must sign, date and return this notice to us
57 promptly, but in not less than 7 days after your receipt of this notice.

58 By signing this notice, you are not bound to proceed to enter into a shared appreciation
59 mortgage and promissory note. The entity has no obligation to proceed to assist you with
60 acquiring or reacquiring a residential property or otherwise proceed to negotiate a shared
61 appreciation mortgage and promissory note. No shared appreciation mortgage or promissory note
62 shall be binding on you or the entity until a final shared appreciation mortgage and note are
63 signed and dated by both you and the entity.

64 (5) The attorney general will promulgate rules and regulations and may modify the
65 disclosure notice in subsection 3 as needed to implement this subsection.