National Consumer Law Center

Spanogle Institute for Consumer Advocacy
1001 Connecticut Avenue, NW, Suite 510
Washington, DC 20036
(202) 452-6252

NATIONAL HEADQUARTERS
7 Winthrop Square, Boston, MA 02110
(617) 542-8010

NCLC.ORG

July 10, 2026

Sen. Chris Gebhard
Chair, Senate Banking & Insurance Committee
Pennsylvania State Senate

via email: cgebhard@pasen.gov

Re: Support for SB 1402 Regarding Shared Equity Agreements

To Whom It May Concern:

The National Consumer Law Center[1] strongly urges you to **support SB 1402**. This bill protects Pennsylvania homeowners from the dangers of shared equity agreements (SEA), a new form of predatory mortgage loan.[2]

While marketed as easy cash, SEA mortgages function like the dangerous subprime mortgages that decimated homeownership two decades ago. These products target "house-rich, cash-poor" homeowners with low credit scores and older adults. Many older homeowners depend on the savings built-up in their home to pay for retirement—maybe for assisted living or help to age in place. Other families plan to use their equity to buy a better home or to pass along intergenerational wealth. But SEA loans can make that impossible. SEA loans are an affront to all the reasons homeownership is considered a good investment. And—most importantly—they put the family's shelter at risk.

[1] Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org

[2] SEAs go by many different names. Some states call them "shared appreciation agreements." The industry calls them "home equity investments." While sometimes called "shared appreciation mortgages," they are different from the affordable housing product of the same name offered by nonprofits and government agencies. They are also different from traditional "home equity loans." For more information, see NCLC's webpage on this product: https://www.nclc.org/topic/home-equity-investment-loans/

SEA loans often result in:

• **Blank-Check Payoffs**: Homeowners get money upfront but must make a massive single balloon payment based on future home value—typically costing tens or hundreds of thousands of dollars.

• **Equity Theft**: Many families are forced to sell their homes just to pay off the lender, stripping away intergenerational wealth and retirement savings.

• **Asset-Based Predatory Lending**: Targeting those who cannot qualify for safer, traditional loans.

SB 1402 provides common-sense guardrails: It mandates independent housing counseling, a usury cap, disclosure of the maximum possible payment that could be required, and prohibits common abusive terms and conditions we have found in SEA contracts. It also requires licensing and empowers the Department of Banking and Securities to regulate SEA providers.

Pennsylvania should join other states in stopping these abusive loans before they steal more homeowners' equity and shelter. The Governor of Maine recently signed the country's strongest law protecting homeowners from abusive SEAs.[3] Connecticut, Illinois, and Maryland have also passed laws regulating SEAs as mortgage loans and have either adopted or have pending provisions for additional protections.[4]

Please act now to support SB 1402 before more homeowners can be saddled with loans that steal their equity and threaten their homeownership.

Respectfully submitted,
/s/ Andrew Pizor

Andrew Pizor
Senior Attorney
apizor@nclc.org

---

[3] An Act to Regulate Shared Appreciation Agreements Relating to Residential Property, Maine L.D. 1901 (signed Apr. 13, 2026).

[4] Conn. Gen. Stat. Ann. § 36a-485(27), (30); 205 Ill. Complied Stat. 635/1-4(f), (ccc); Md. Code Ann., Fin. Inst. §11-501(m)(2), (r). See also Colorado Div. of Real Estate, Position Statement–MLO 2.0–License Requirements for Originating Home Equity Contracts (Adopted January 21, 2026).p