STATE OF MINNESOTA	DISTRICT COURT
COUNTY OF HENNEPIN	FOURTH JUDICIAL DISTRICT Case Type: Other Civil

Joshua Stevens, Joshua Kapellen and Jerrolyn Kapellen, individually and on behalf of all others similarly situated, Plaintiffs, v. Hometap Equity Partners, LLC, Hometap Investment Partners II L.P., and Hometap Investment Partners III SPV, LLC, Defendants.	Court File No.:____________ **CLASS ACTION COMPLAINT** JURY TRIAL DEMANDED

INTRODUCTION

1. Plaintiffs Joshua Stevens, Joshua Kapellen, and Jerrolyn Kapellen, individually and on behalf of themselves and others similarly situated, bring this action under Minnesota's Private Attorney General Statute, Minn. Stat. § 8.31, subd. 3a, to address Defendants Hometap Equity Partners, LLC, Hometap Investment Partners II L.P., and Defendant Hometap Investment Partners III SPV's (collectively "Hometap") unfair, deceptive, predatory and confusing scheme to deceive homeowners into entering into high-cost home loans that are functionally equivalent to reverse mortgages, but which Hometap disguises as "investments" in the home.

2. Hometap leads homeowners to believe they are entering into a simple

"option purchase" agreement, a so-called shared investment in their home's future value, when in reality they assume a complex financial obligation that exposes them to significant repayment burdens, refinancing events, or simply the passage of time.

3. After entering into the agreement, Hometap advances a fixed sum to the homeowner, which is drastically reduced by exorbitant, illegal, miscellaneous fees, as well as an effective interest rate that further strips the homeowner of their equity in the home. Hometap then records an interest against the property.

4. The homeowner, in turn, becomes obligated to satisfy and re-pay Hometap's interest through a future payment either by the Homeowner's own initiative, or through a specified triggering event, such as the expiration of the ten-year term, the sale of the home, or refinancing of the home.

5. The amount owed to Hometap at the end of the term is determined by reference to the home's appraised value, calculated using confusing formulas that entitle Hometap to at least twice the amount of the initial "investment". Unlike a traditional loan, however, this is not disclosed in the form of an APR or APY or through an amortization schedule. In Hometap's own words, "[t]he math is a little complicated."

6. If the homeowner is unable to make the lump-sum payment at the end of the term, the agreement allows Hometap to use a "Power of Sale." The "Power of Sale" provisions place the homeowner at risk of facing a nonjudicial foreclosure or being compelled to sell under unfavorable conditions.

7. Both Hometap's advertising and the terms of the Hometap contracts

mask the magnitude of the financial commitment they are undertaking.

8. Unlike traditional mortgage lenders, Hometap does not meaningfully evaluate a homeowner's income, employment status, or ability to satisfy the future payment obligation.

9. Hometap does not provide financial counseling to the homeowner.

10. By saying its product is an "option" and "investment" rather than a loan or mortgage, Hometap attempts to avoid the statutory requirements that are designed to protect consumers in residential real estate transactions.

11. The Massachusetts Attorney General has brought an enforcement action against Hometap in Massachusetts Superior Court, raising similar claims as those raised here on behalf of Massachusetts consumers ("Massachusetts Enforcement Action"). In addition, consumers in Washington and New Jersey have brought private civil actions in those states. These actions highlight the impact of Hometap's conduct on consumers nationwide.

12. Plaintiffs seek to vindicate the rights of Minnesota homeowners who have been similarly harmed.

PARTIES

13. Plaintiff Joshua Stevens is a natural person residing in Saint Bonifacius, Minnesota. In 2021, Plaintiff entered into an "Option Purchase Agreement" with Hometap.

14. Plaintiffs Joshua Kapellen and Jerrolyn Kapellen are natural persons residing in Minneapolis, Minnesota. In 2020, Plaintiffs entered into an "Option Purchase Agreement" with Hometap.

15. Defendant Hometap Equity Partners, LLC ("HEP"), is a Delaware Limited Liability Company headquartered in Boston, Massachusetts.

16. HEP is the primary operating entity that facilitates its real estate transactions with consumers.

17. HEP employs all natural persons employed by Hometap and negotiates and facilitates Hometap's real estate transactions.

18. HEP controls the subsidiaries that are the contractual counterparties in transactions entered into by Hometap, such as Defendants Hometap Investment Partners II, LLC and Hometap Investment Partners III SPV, LLC (collectively, "HIP").

19. Both HIP Defendants are headquartered in Boston, Massachusetts and are Delaware limited liability corporations. These entities serve as the secondary investors and assignee for Plaintiffs' home equity investment and are some of Hometap's special purpose vehicles to which Plaintiffs' Deeds of Trust was assigned.

20. HEP and HIP are collectively referred to as "**Hometap**" herein.

21. At all relevant times, Hometap has engaged in the activities alleged herein in the State of Minnesota.

22. Neither HIP nor HEP are licensed to make mortgage loans in Minnesota.

23. HEP and HIP have contributed assets to a common undertaking, specifically the transactions at issue.

24. HEP and HIP both expect profit from the undertaking, and both have a right to participate in the profit.

25. HEP and HIP are engaged in a joint venture or partnership.

26. Alternatively, HEP is the principal of HIP and exercises control over and directs HIP's actions.

27. HEP and HIP are thus jointly and severally liable for all conduct herein, or, in the alternative, HEP is liable for all acts of HIP.

JURISDICTION AND VENUE

28. This Court has subject matter jurisdiction over this controversy under Minnesota Statutes §§ 8.31, 47.58, 58.13-58.18, 325D.43, 325F.68-69, and the Minnesota Declaratory Judgment Act.

29. This Court has personal jurisdiction over the Hometap Defendants because through their business and operations, they have purposefully directed activities in Minnesota.

30. Venue in the Hennepin County is proper because the acts and transactions that establish this Complaint occurred in the Fourth District, where Plaintiffs reside.

FACTUAL ALLEGATIONS

31. Hometap was founded in 2017. It describes itself as a "fintech" company. Hometap originates, advertises, and markets "home equity investments" (**"HEIs"**) in multiple states, including Minnesota.

A. Hometap's Contracts

32. Hometap's HEI contracts are lengthy, convoluted, internally contradictory, and extremely difficult—if not impossible—for a lay person to understand.

33. The Hometap HEI contract documents typically consist of a 33-page "**Option Purchase Agreement**," a 14-page Mortgage and Security Agreement, and numerous other documents, without any index or table of contents, and with the specific financial term sheet buried in a schedule in the middle of the documents.

34. These documents are drafted by Hometap and are non-negotiable contracts of adhesion.

35. The Option Purchase Agreement provides, in bold and capitalized letters, that "**THIS IS NOT A LOAN.**" It then states:

> **THIS IS AN AGREEMENT PURSUANT TO WHICH A HOMEOWNER RECEIVES PAYMENT IN EXCHANGE FOR AN OPTION TO PURCHASE A SPECIFIED PERCENTAGE INTEREST IN THE HOMEOWNER'S HOME THAT MAY BE EXERCISED IN THE FUTURE UPON THE OCCURRENCE OF CERTAIN EVENTS SUCH AS THE SALE OF THE HOME.**

36. This statement omits critical information and camouflages the true nature of the product Hometap is selling. The agreement is in fact a loan, sharing the features and characteristics of a reverse mortgage.

37. All of Hometap's so-called Option Purchase Agreements have the same four core features:

a. **Cash Advance**: They provide upfront cash to homeowners without requiring documentation or underwriting of income, job, or assets other than the home itself. Hometap refers to this cash as the "**Investment Amount**" rather than what it is, the principal amount of a loan.

b. **Equity Devaluation**: In exchange for the cash advance, Hometap acquires an interest in a percentage of the homeowner's home equity that well exceeds the percentage of the home value paid to the homeowner via the cash advance.

c. **Hometap Percentage/Hometap Cap**: Called the "Hometap Share," Hometap purports to cap its share of equity at a 20% annualized rate of return, but Hometap's "capped" return routinely exceeds a 20% simple interest rate. *See* Massachusetts Enforcement Action ¶¶ 52(c), 63. This confusing and deceptive "cap"—which is mentioned in passing and not described in detail in the Option Purchase Agreement—is only applicable if the homeowner settles the investment within one year. As Hometap states in its own documents, "[t]he math is a little complicated."

d. **Ten-Year Balloon**: The homeowner is not required to make any installment payments to Hometap during the loan term. Instead, at the end of the ten-year term, the homeowner must make a single large payment to Hometap, unless Hometap in its sole discretion decides to extend the term up to twenty years. Most homeowners will have to fund this payment by selling their homes.

38. Thus, the Investment Amount is a loan. The amount is paid back through Hometap's supposed "option" to purchase a percentage of the homeowner's future equity in their home, based on the future value of the property at the time Hometap exercises its "option."

39. In exchange for the cash advance, Hometap receives a secured interest in the homeowner's property, memorialized by a recorded Deed of Trust that encumbers the property's title and must be satisfied before selling or refinancing.

40. The homeowner does not actually receive the entire "Investment Amount" because Hometap deducts miscellaneous fees including "Investment Fees," "Title Charges", and "Appraisal fees." These fees reduce the "Investment Amount" dramatically, and the final sum wired to the homeowner is typically thousands of dollars less than the initial "Investment Amount."

41. The Investment Fee is 3% of the Investment Amount.

42. The Title Charges and Appraisal fees vary. On information and belief, Hometap retains all or a portion of these fees, even though they are labeled as "third-party costs."

43. Hometap's contracts establish a fixed term, typically ten years, during which no payments are required. But either at the end of the ten-year term, or when any other triggering event occurs to allow Hometap to exercise its option, the homeowners are required to make a large balloon payment to Hometap.

44. Hometap does not counsel homeowners that they can make periodic payments in order to reduce the amount owed to Hometap.

45. The Option Purchase Agreement's terms require satisfaction of Hometap's interest upon the earliest of several triggering events, including but not limited to the expiration of the ten-year term; the sale or transfer of the property; refinancing of existing mortgages; upon the property's destruction; upon a government condemnation; or any alleged "Event of Default."

46. The Option Purchase Agreement provides a broad definition of "Event of Default" that enables Hometap to invoke its right to exercise their option and cost the homeowner valuable equity.

47. For example, the agreements provide additional unfair default occurrences, such as failure to maintain the property in "good repair." Equally troubling, Hometap's contracts allow them to declare default upon the occurrence of any action that Hometap deems to have a "material adverse effect" on the property's value.

48. When payout by the homeowner does occur, the amount paid to Hometap is substantially higher than the initial "Investment Amount."

49. Hometap calculates the settlement payment ("Hometap Share") by multiplying the property's final appraised "Ending Home Value" by a variable "Hometap Percentage." The percentage is set by Hometap in the HEI documents. The Hometap Share increases as the home value increases.

50. The Hometap Share is, functionally, repayment of the Investment Amount, with a disguised financing charge.

51. Though its documents attempt to present a different picture, Hometap's profit is primarily driven by Equity Devaluation, not by appreciation in home value. Regardless of whether Hometap's Share is calculated based on the Hometap Percentage, or the Hometap Cap, Hometap will not lose any of its alleged investment, even if the property depreciates.

52. As noted in the Massachusetts Enforcement Action, Hometap's internal documents "state that the 'average home would need a realized decline of 25%' before Hometap would lose its 'first dollar of principal'". Massachusetts Enforcement Action ¶ 65.

53. Thus, it is Hometap's devaluation of homeowners' home equity rather than home value appreciation that is truly responsible for Hometap's profit, at the expense of homeowners.

54. Hometap's principal is therefore never meaningfully at risk. Due to the interplay of the Equity Devaluation provisions of the HEI documents, as well as the fees and the de facto compounding of interest in calculating the Hometap Cap, Hometap receives, directly or indirectly, interest and expenses that exceed 20% per annum.

55. Getting homeowners to sign these mortgage loans is just the first step in Hometap's business model. The company then bundles and securitizes these residential mortgage contracts and sells them to investors.

56. In late 2025, Hometap entered its fifth substantial securitization, backed by $300 million in Hometap contracts, "reinforcing both its position as a leader

in the asset class and its ability to deliver consistent access to capital for investors." Hometap Closes $300M Securitization of Hometap-originated Home Equity Investments, Citybiz (Sept. 8, 2025), https://www.citybiz.co/article/741421/hometap-closes-300m-securitization-of-hometaporiginated-home-equity-investments/.

74. As of that date, Hometap's contracts equate to over $2 billion and impact more than 20,000 homeowners nationwide. *Id.*

57. Ultimately, the complexity of the HEI structure, including its repayment formula, deferred lump-sum payment obligation, and property-based security interest make it extremely difficult for consumers to evaluate and appreciate the true cost and risk of the transaction.

B. Hometap misleads consumers into thinking its products are not residential mortgage loans.

58. Hometap advertises its product as a means to pay off unsecured debt like credit cards and eliminate bills to enable a homeowner to "get closer to financial freedom." Hometap, https://www.hometap.com/ (last visited May 21, 2026) (hereinafter "Hometap Homepage").

59. But the product places a homeowner in a financial trap, stripping their most valuable financial asset—their home equity—from them at an extremely high rate of return for Hometap, irrespective of real estate market performance.

60. Indeed, Hometap's contract restricts a homeowner's "freedom" by not allowing the homeowner to rent the house, move, take on additional debts or declare bankruptcy without Hometap's approval, or otherwise make personal decisions about the home such as selling it or transferring it to a family member. **Exhibit A, § 6.**

61. Hometap will also not approve a sale of the home if the sale price is less than 90% of the market value, as calculated by Hometap using an Automated Valuation Model (AVM).

62. Hometap also misleads homeowners by touting that they will not have to sell their homes to access their home equity, when in fact the contract requires just that. *See, e.g.*, Hometap Homepage ("Access your home equity without having to sell or stress."); Hometap FAQs (asserting that it "provides homeowners with a fast, simple, and straightforward way to access the equity in their home without taking on monthly payments or having to sell.").

63. Hometap says it advertises specifically to homeowners who cannot afford monthly payments and asserts that their product will help them receive cash without selling. *See* IPE Webinar: Home Equity Investments: An Untapped Asset Class/Hometap, https://www.youtube.com/watch?v=NabDHTVlp3Y&t=1s (noting that the product appeals to people who "just can't take on . . . . more debt"; later explaining that increased homeowner cost-of-living and inability to take on additional traditional debt "translates into an opportunity for capital. . . to earn a really strong relative risk adjusted return").

64. In addition to targeting cash-strapped homeowners who do not have the present ability to pay monthly installments on a loan, Hometap has targeted homeowners who took out low-interest first mortgages for their homes, but who were looking to pay off consumer debts like higher interest credit cards or fund home improvement projects, also without having to make monthly payments. Neither

Hometap nor any agent of Hometap did not explain that better debt consolidation products, such as personal unsecured loans or HELOCs, could be available. Many of these homeowners now face difficulty in the current higher interest rate environment, where to pay off their obligation to Hometap, they must sell their home and give up the lower interest rate on the first mortgage.

65. Hometap also, on information and belief, has used sophisticated models to target specific regions, areas, school districts, and neighborhoods to ensure it picks homes that are most likely to generate the most profit for Hometap.

66. The harm and danger to Plaintiffs and proposed Class members stems from the fact that they will not be able to refinance with a traditional loan at the end of the contract—when the payoff to Hometap has dramatically increased, sometimes by threefold the Investment Amount—because the monthly payments homeowners were hoping to avoid will be even more unaffordable. Instead, in direct contrast to Hometap's promises, the homeowner will be forced to sell—at considerable gain to Hometap and its investors.

67. Although Hometap claims that its product "IS NOT A LOAN" in the Option Purchase Agreement, Hometap nevertheless has a mortgage on Plaintiffs' homes. Throughout the contract and supplemental documentation part of the "investment package", Hometap refers to Plaintiffs as the "Borrower" and themselves as the "Lender." Additionally, Hometap required Plaintiffs to complete and sign a "Mortgage and Security Agreement" where Plaintiffs are referred to as the "Mortgagee."

68. Through these practices, Hometap has thus ensured that it will not share in any homeowner's losses in home value.

C. Hometap evades the laws, rules and regulations applicable to the residential mortgage industry and tries to prevent homeowners from vindicating their rights in court.

69. Hometap claims it is exempt from lending laws because its product—the HEI contract—is not a mortgage loan. Hometap instead claims its "Option Purchase Agreement" does not confer any credit or create a debt, without any actual repayment obligation.

70. These claims are false, but they conveniently allow Hometap to dodge laws applicable to residential real estate transactions, including lending laws and procedural protections designed to shield consumers from unfair and deceptive practices like those employed by Hometap.

71. For example, Hometap does not determine whether a homeowner can repay the Hometap product based on documentation of income, assets, or employment. Hometap also makes no assessment of the homeowner's ability to continue making payments of taxes, insurance, maintenance expenses, or existing mortgage payments, even though failure to make these payments triggers the homeowner's repayment obligation.

72. Indeed, Hometap's only evaluation prior to entering a Hometap contract pertains to a homeowner's ability to repay the Hometap contract through sale or refinancing of the home itself, based on the amount of equity a homeowner has in the property.

73. Hometap also does not provide, require, or recommend any counseling prior to inducing homeowners to sign the contracts.

74. Hometap has thus engineered its contracts to avoid federal and state laws that apply to lenders. In labeling its contracts as a non-loan, and characterizing them as an "option," Hometap is attempting to shift the costs of compliance with these laws, which it alone should bear, onto unsuspecting homeowners.

75. But as recognized by at least one court, labeling the transaction and operative agreement as an "option" is not controlling. The substance of the transaction is what controls. *See Comm. of Massachusetts v. Hometap Equity Partners, LLC et al.*, Order on Motion to Dismiss, August 21, 2025 (Mass. Sup. Ct. No. 2584-CV-00469).

76. Hometap's contracts also purport to waive the homeowners' rights to a jury trial and to bring a class or representative action through a mandatory arbitration agreement. Yet federal law prohibits arbitration contracts in all residential mortgage loans. 15 U.S.C. § 1639c(e).

77. The contracts also (1) attempt to limit Hometap's liability to the "Investment Amount," even if Plaintiffs' damages exceed that amount; (2) immunize Hometap from the acts of its employees, contractors, agents, or others; and (3) put Plaintiffs and Class members on the hook for Hometap's legal expenses, independent of the outcome of litigation. Ex. A § 8.1.

78. These provisions, though unenforceable, deter homeowners from seeking to vindicate their rights.

79. Hometap is also barred by the doctrine of equitable estoppel or equitable tolling from alleging that this action is not timely or that any conditions precedent have not occurred or been met.

D. Plaintiffs' experience

A. Plaintiff Stevens borrowed money from Hometap.

80. Plaintiff Stevens and his wife purchased his home in St. Bonifacius, Minnesota in April 2018. It is his primary residence and asset, and he owns no other homes. It is encumbered by a first mortgage.

81. In 2021, due to a large consumer debt load incurred in part because of adoption expenses for their three children and home repairs, Plaintiff Stevens began looking for financing to consolidate some of that debt. Stevens learned he was not qualified for debt consolidation through a personal loan or HELOC. Stevens was (and is) not old enough to qualify for a reverse mortgage.

82. Stevens discovered Hometap through online advertisements.

83. At the time he discovered Hometap, Hometap was advertising that its product was "[t]he smart way to tap into your home's equity" and that he could "get an Estimate in less than 2 minutes."[1] Hometap stated that its product was a "smart new loan alternative for tapping into [your] home equity without taking on debt."[2] Hometap's only apparent requirement was that the homeowner had a minimum of 25% in equity in the home.

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[1] https://web.archive.org/web/20211104205854/https://www.hometap.com/ (last visited May 21, 2026).

[2] https://web.archive.org/web/20220109151755/https://www.hometap.com/how-it-works/(last visited May 21, 2026).

84. Stevens first contacted Hometap in or about April 2021. A Hometap "Investment Manager" opened an application for him. His primary mode of contact with Hometap after that was via email, with a few phone calls.

85. Stevens was required to get an appraisal on his property as part of the Hometap approval process. He disagreed with the valuation provided by the first appraisal, which was done solely online and without an appraiser visit, so he was required to object to it and ask for a second physical appraisal.

86. The appraisal cost $299 and was deducted by Hometap from the Investment Amount.

87. According to Hometap, Stevens did not have enough equity in the home in order to meet Hometap's 25% equity threshold. In order to meet that threshold, Hometap required Stevens to use a portion of his Investment Amount to pay down his first mortgage.

88. On or around November 3, 2021, a notary public from Hometap's chosen title company came to Plaintiff's home with the printed copy of the HEI documents. Hometap did not provide any of the HEI documents more than three business days in advance, whether by print or electronic copy. The notary did not explain any of the documents or answer any questions, and simply showed where the documents should be signed. Stevens felt rushed through the process. Stevens and his wife (from whom he is now separated) signed the documents.

89. Stevens' Option Purchase Agreement is attached as **Exhibit A.** Hometap determined the "Beginning Home Value" of the Property to be $464,789.00.

90. Hometap calculated a gross Investment Amount of $41,831.00.

91. Hometap reduced the Investment Amount by a $1,254.93 "Investment Fee"; $999.00 in "Third-Party Costs" (the appraisal and title charges); $197.39 in taxes and government fees, including a mortgage recording fee; as well as a paydown of his first mortgage in the amount of $7,922.00.

92. The resulting net final payment was $31,457.68.

93. Stevens used the money to pay off some debts, including debt incurred to repair a rotting back porch and water damage in the basement.

94. Unfortunately, the net payment was not enough and Stevens had to seek relief from certain creditors by filing Chapter 7 bankruptcy. Consistent with Minnesota law, his home was exempt property. The bankruptcy proceeding did not discharge the loan from Hometap.

95. Nevertheless, Hometap notified Stevens that his filing of the petition constituted an event of default under the Option Purchase Agreement. Stevens was surprised by this notice, because he believed that the money from Hometap was not a loan, and therefore not a debt, and so Hometap could not be a creditor.

96. In addition, Stevens and his wife attempted to sell their home in the summer of 2025, and received an offer. Stevens provided a copy of the Purchase and Sale Agreement to Hometap. By email, Hometap's representative rejected the offer as not "permitted," i.e., lower than what Hometap would approve, because the sale price was for "73.37 of [the] home's value at the initiation of your investment."

97. The sale price, however, would have been enough to repay the Investment Amount, plus interest, and the underlying first mortgage.

98. Hometap's representative also stated that the Option Purchase Agreement did not allow a sale for less than 90% of the alleged market value of the home. As it did in 2021, Hometap assessed the value of his home using an "Automated Valuation Model (AVM)," which according to Hometap meant his property was valued at $559,373.

99. Stevens continues to live in the home and is hopeful he can sell it this year.

B. Plaintiffs the Kapellens borrowed money from Hometap.

100. Plaintiffs Joshua and Jerrolyn Kapellen purchased their home in Minneapolis, Minnesota in 2016. It is their primary residence, and they own no other homes. It is encumbered by a first mortgage.

101. In 2020, due to a desire to complete home improvement projects such as roof replacement and stucco repairs, Plaintiffs began looking at financing options. Neither is old enough to qualify for a revesrse mortgage.

102. Plaintiff Jerrolyn Kapellen learned about Hometap through a radio advertisement.

103. Plaintiff Jerrolyn Kapellen completed an online application. After that, the majority of Plaintiffs' contact with Hometap representatives was over the phone, with limited email communications.

104. Hometap knew of Plaintiffs' intent to sell their home in the short term based on the initial conversations between Hometap representatives and Plaintiffs.

105. Plaintiffs were required to get an appraisal on their property as part of the approval process. Plaintiffs submitted photos and videos of their home to Hometap and the appraisal was conducted virtually.

106. On or around September 2, 2020, the Kapellens entered into the Hometap contract.

107. A notary public from Hometap's chosen title company came to Plaintiffs' home with the printed copy of the contract. Hometap did not provided any of the documents more than one business day in advance, whether by print or electronic copy.

108. The notary arrived early and did not explain any of the documents or answer any questions from Plaintiffs. Plaintiffs signed the documents. The entire notarization process took approximately thirty minutes.

109. The Kapellens' Option Purchase Agreement is attached as **Exhibit B.** Hometap determined the "Beginning Home Value" of the Property to be $322,802.00.

110. Hometap calculated a gross Investment Amount of $25,000.00.

111. Hometap reduced the Investment Amount by a $750.00 "Investment Fee"; $999.00 in "Third-Party Costs" (the appraisal and title charges); and $208.00 in taxes and government fees, including a mortgage recording fee.

112. The resulting net final payment was $23,043.00.

113. After receiving the funds, Plaintiffs used the $23,043.00 net amount to complete the roof replacement and stucco repairs in anticipation of selling their home.

114. Due to changes in personal life plans and the housing market, Plaintiffs decided to not sell their home and continue to live there.

CLASS ACTION ALLEGATIONS

115. Plaintiffs bring this action pursuant to Rule 23 of the Minnesota Rules of Civil Procedure on behalf of the following proposed class:

> All individuals who entered into an Option Purchase Agreement with Hometap for a property located in Minnesota.

116. The requirements for class certification under to Rule 23 of the Federal Rules of Civil Procedure are met as follows:

a. **Numerosity**. Plaintiffs are informed and believes, and on that basis alleges, that there are hundreds of persons in the State of Minnesota who have entered into HEI Contracts with Hometap. As such, the members of the Class are so numerous that joinder of all members in one proceeding would be impracticable.

b. **Commonality**. There are common questions of law and fact common to the Class, including without limitation:

i. Whether Hometap's Option Purchase Agreements are mortgage loans;

ii. Whether Hometap's Option Purchase Agreements are subject to state consumer lending laws;

iii. Whether Hometap's Option Purchase Agreements violate state consumer protection laws;

iv. Whether Hometap violated the Minnesota Reverse Mortgage Statute and the Minnesota Residential Mortgage Loan ;

v. Whether Hometap engaged in deceptive or unfair trade practices;

vi. Whether Hometap acted willfully, intentionally and/or recklessly in violating federal or state consumer lending laws;

vii. Whether all consumers subject to Hometap's Option Purchase Agreements are entitled to declaratory judgment;

viii. Whether all consumers subject to Hometap's Option Purchase Agreements are entitled to rescission of their agreements, as well as statutory, actual and punitive damages;

ix. Whether the members of the Class are entitled to equitable relief, including injunctive and equitable monetary relief.

c. **Typicality**. The claims of Plaintiffs are typical of the claims of the members of the Class, as the proposed Class consists of members who have entered into Option Purchase Agreements with Hometap.

d. **Adequacy of Representation**. The Plaintiffs will fairly and adequately represent the members of the Class and have retained counsel who are competent and experienced in class action and complex litigation.

117. The damages sought by each Class member are such that individual prosecution would prove burdensome and excessively expensive given the complex and extensive litigation necessitated by Hometap's conduct.

118. It would be virtually impossible for the members of the Class to individually redress the wrongs done to them, and it would be an unnecessary burden to the Courts.

119. Additionally, individualized litigation presents a potential for

inconsistent and contradictory judgments and increases delay and expense to all parties and to the court system presented by the complex legal and factual issues raised by Hometap's conduct.

CAUSES OF ACTION

COUNT I
VIOLATION OF MINNESOTA RESIDENTIAL MORTGAGE ORIGINATOR AND SERVICER LICENSING ACT ("MOSLA") MINN. STAT. § 58.13-58.18

120. The Residential Mortgage Originator and Servicer Licensing Act provides a "borrower injured by a violation of the standards, duties, prohibitions, or requirements of sections 58.13, 58.136, 58.137, 58.16, and 58.161" with a private right of action.

121. A residential mortgage loan is "a loan secured primarily by... a mortgage, deed of trust, or other equivalent security interest on residential real estate..." Minn. Stat. § 58.02.

122. Section 58.13 provides the Standards of Conduct for those acting as residential mortgage originators or servicers. These guidelines prohibit originators and services from "[m]aking or causing to be made, directly or indirectly, any false, deceptive, or misleading statement or representation in connection with a residential loan transaction including, without limitation, a false, deceptive, or misleading statement or representation regarding the borrower's ability to qualify for any mortgage product."

123. In addition, residential mortgage originators or servicers may not "make, provide, or arrange for a residential mortgage loan without verifying the

borrower's reasonable ability to pay the scheduled payments of the following, as applicable: principal; interest; real estate taxes; homeowner's insurance, assessments, and mortgage insurance premiums."

124. As stated in paragraphs 2-11, 32-114 above, Hometap has engaged in this prohibited conduct.

125. Residential mortgage lenders may not exceed the applicable limits on the rate and amount of interest, discount points, finance charges, fees, and other charges for any consumer loan.

126. Hometap has engaged in this prohibited conduct because it is not a licensed lender and even if it were, it is not permitted to charge interest of more than four percentage points above the applicable average prime offer rate.

127. Residential mortgage lenders may not include in the principal amount of any residential mortgage loan all or any portion of any lender fee in an aggregate amount exceeding five percent of the loan amount. Minn. Stat. § 58.137.

128. As stated in paragraphs 2-11, 32-114 above, Hometap has engaged in this prohibited conduct.

129. Plaintiffs and members of the Class may enforce the provisions of the Minnesota Residential Mortgage Originator and Servicer licensing act under Minnesota's Private Attorney General Statute, Minn. Stat. § 8.31, subd. 3a, and § 58.18.

130. Plaintiffs and the Class are entitled to disgorgement, restitution or actual damages, costs, civil penalties, and reasonable attorneys' fees pursuant to Minn. Stat. § 8.31, subd. 3a and § 58.18.

COUNT II
VIOLATION OF MINNESOTA REVERSE MORTGAGE ACT ("MRMA")
MINN. STAT. § 47.58

131. Plaintiffs incorporate by reference each and every paragraph above as though fully set forth herein.

132. Hometap's Option Purchase Agreement functions as a reverse mortgage under Minnesota law because it involves a "committed principal amount" paid to the borrower over a specified term that is secured by a mortgage. *See* Minn. Stat § 47.58(1)(2).

133. Minnesota's Reverse Mortgage Statute provides guidelines that lenders must follow in order to be valid, including, but not limited to:

a. Restrictions on lender eligibility, limiting lenders to banks, credit unions, savings banks, savings associations, residential mortgage originators, and insurance companies;

b. Mandatory communication with a third-party designee; and

c. Interest rate limitations and limitations on share of future appreciation.

134. Hometap is not an eligible lender under the statute.

135. Hometap does not provide or require any independent counseling to homeowners prior to signing to ensure they understand the contract they are entering.

136. In addition, the Reverse Mortgage Loan statute sets the maximum allowable interest rate that may be charged for a reverse mortgage, which is the average prime offer rate, plus four percentage points. Minn. Stat. § 47.58.

137. Hometap's HEI documents exceed the rate cap.

138. Hometap further violated the provisions of MRMA by advertising its product as an "investment" and not a loan, lending money to Plaintiffs and Class members who are under the age of 60.

139. As stated in paragraphs 2-11, 32-114 above, Hometap has engaged in conduct prohibited by the MRMA.

140. Plaintiffs and members of the Class may enforce the provisions of the Minnesota Reverse Mortgage Statute under Minnesota's Private Attorney General Statute, Minn. Stat. § 8.31, subd. 3a and § 58.18.

141. Plaintiffs and the Class are entitled to disgorgement, restitution or actual damages, costs, civil penalties, and reasonable attorneys' fees pursuant to Minn. Stat. § 8.31, subd. 3a, § 47.58, and § 58.18.

COUNT III
VIOLATION OF MINNESOTA CONSUMER FRAUD ACT ("CFA")

MINN. STAT. §§ 325F.68–.70

142. Plaintiffs incorporate by reference each and every paragraph above as though fully set forth herein.

143. Plaintiffs and the Hometap Defendants are "persons" under the definition of Minn. Stat. § 325F.68, subd. 3.

144. Hometap's violations of MOSLA and MMRA constitute per se violations

of the CFA,

145. As stated in paragraphs 2-11, 32-114 above, Hometap has engaged in other prohibited conduct. Hometap further engaged in unfair, misleading and deceptive practices, omissions, and misrepresentations by conducting a predatory scheme to induce consumers into entering the high-risk HEI contracts.

146. Hometap engaged in unfair, unconscionable, abusive, or deceptive practices, including but not limited to, and as described above: claiming that the "option" agreement is not a right that Hometap intends to exercise; falsely claiming that the product is not a loan, when it is a loan; failing to adequately or properly disclose the true cost of the transaction; assessing improper and excessive fees, finance charges, and costs; marketing the loan as being able to be paid off in multiple forms, when Hometap knows that the loan will most likely have to be paid through sale of the home, the terms of which Hometap attempts to dictate; falsely claiming that the homeowner has no monthly obligations when the contract imposes monthly obligations on the homeowner; representing or implying by its conduct that it was authorized to engage in their transaction; falsely claiming that it provides freedom to the homeowner while obscuring the fact that it restricts the homeowner's freedom to engage with their home as they wish; failing to underwrite the loan for ability to repay it without loss of the home; purporting to restrict the homeowner's rights; drafting the contract in an intentionally confusing manner that makes it impossible to understand; and failing to comply with applicable statutes and regulations.

147. Hometap intends that consumers will rely on its misleading omissions

and misstatements at the time consumers sign an Option Purchase Agreement. Consumers actually relied on Hometap's misleading omissions and misstatements.

148. Hometap further engaged in unfair acts or practices by drafting an unconscionable contract.

149. Plaintiffs reasonably believed that Hometap's contracts would provide them with an equitable option for obtaining financing. Plaintiffs would not have entered into the contracts with Hometap if they had known that Hometap was engaging in unauthorized practices, as detailed in paragraphs 2-11, 32-114 above.

150. Plaintiffs have been damaged by Hometap's additional unfair and unconscionable use of anticompetitive valuation models that restrict Plaintiffs' ability to sell their homes.

151. Plaintiff was damaged by Hometap's deceptive or misleading statements and omissions and unfair practices. Plaintiff suffered an ascertainable loss of money or property as the result of Hometap's conduct, including but not limited to fees, improper encumbrance of title, and diminution of value of Plaintiffs' interest in the property.

152. Minnesota law expressly permits private citizens to enforce the laws "respecting unfair, discriminatory, and other unlawful practices" through Minn. Stat. § 8.31, subd. 3a, and award to the Plaintiffs their equitable or other damages, costs, and disbursements, including the costs of investigation and reasonable attorneys' fees, together with any other equitable relief to be determined by this Court.

153. This lawsuit benefits the public at large because Hometap has engaged in a systematic violation of Minnesota state laws specifically enacted to protect consumers from predatory loan schemes. This action benefits the Minnesota general public because it seeks to remedy Hometap's unfair, confusing, and deceptive practices and conduct with respect to its HEI contracts.

154. Plaintiffs and the Class are entitled to disgorgement, restitution or actual damages, costs, and reasonable attorneys' fees pursuant to Minn. Stat. § 8.31, subd. 3a.

155. Plaintiffs also are entitled to recover injunctive relief or other equitable relief, including but not limited to reformation of the contracts.

COUNT IV
VIOLATION OF DECEPTIVE TRADE PRACTICES ACT ("DTPA"), MINN. STAT. §§ 325D.43, ET SEQ.

156. Plaintiffs incorporate by reference each and every paragraph above as though fully set forth herein.

157. Hometap engages in unfair, deceptive, confusing, or unconscionable acts or practices when it misrepresents the true nature of its product, including that:

a. Its product is not a loan;

b. Its product is an "option";

c. It does not charge interest; and

d. There are no payments or monthly payments required for ten years.

158. In addition, Hometap engages in unfair, deceptive, confusing, or unconscionable acts or practices when it restricts homeowners' ability to sell their homes and employs unfair and potentially anticompetitive valuation models.

159. Hometap's conduct, representations, and contracts create a likelihood of confusion or misunderstanding because its contracts and products do not comply with applicable laws and regulations.

160. Hometap has repeatedly violated DTPA, by engaging in the unfair and unconscionable conduct described in this Complaint.

161. Plaintiffs and members of the Class are thus entitled to declaratory or injunctive relief, including reformation of the contracts because based on Hometap's conduct to date, it is unlikely that Hometap will follow the laws applicable to the business of residential real estate mortgage lending laws.

162. Plaintiffs and the Class seek an order declaring and enjoining Hometap's unfair and deceptive acts or practices in violation of the DTPA and awarding their costs and attorneys' fees.

COUNT VI
DECLARATORY RELIEF – FEE SHIFTING PROVISION UNENFORCEABLE

163. Plaintiffs incorporate by reference each and every paragraph above as though fully set forth herein.

164. The Deeds of Trust executed between Hometap and Plaintiffs contains a unilateral "Attorneys' Fees" provision that required the homeowner to pay all costs, fees, and expenses incurred by Hometap in connection with interpreting, administering, or enforcing the agreement. This provision is not limited to litigation costs, but also extends to any dispute-related expenses and in-house counsel payments.

165. Further, the Hometap Option Purchase Agreement also includes a provision that requires the homeowner to "pay any reasonable fees imposed or incurred by [Hometap] from time to time related to the Option during the Effective Period." The provision explicitly states that the homeowner is required to pay any fees incurred in "any dispute relating to the Property."

166. These fee-shifting provisions are procedurally and substantively unconscionable, against public policy, and unenforceable due to their inconspicuous nature, buried within the many pages of documents, in addition to their unilateral nature.

167. There is an actual dispute between the parties regarding whether Plaintiffs would be responsible for paying Hometap's attorneys' fees in the event that Hometap prevails in the present action.

168. A judicial declaration is necessary because the attorneys' fees associated with litigation of this nature can reach hundreds of thousands of dollars.

169. Plaintiffs seek a declaration that this fee-shifting provision is unconscionable and unenforceable in this action.

COUNT VII
DECLARATORY JUDGMENT

170. Plaintiffs incorporate by reference each and every paragraph above as though fully set forth herein.

171. An actual controversy exists between Plaintiffs and Hometap concerning the legality of Hometap's Option Purchase Agreements and the rights and obligations of the parties thereunder.

172. Plaintiffs seek a declaratory judgment under Minn. Stat. § 555.01-555.02 declaring that:

a. Hometap's Option Purchase Agreements constitute mortgage loans in Minnesota;

b. Hometap's Option Purchase Agreements are subject to Minnesota consumer lending statutes;

c. The mandatory arbitration clause, class action waiver, and jury trial waiver in Hometap's contracts are invalid, unenforceable, and null and void.

173. A declaratory judgment is necessary and appropriate to determine the respective rights and obligations of the parties and to provide guidance for future conduct.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, on behalf of themselves and members of the Class, respectfully request relief from this Court as follows:

1. Certification of this case as a class action under Rule 23 on behalf of the proposed class and designation of Plaintiffs as class representatives and their counsel as class counsel;

2. Declaratory or injunctive relief in favor of Plaintiffs and the members of the class against Hometap, finding Hometap's practices as described herein violate the MOSLA, MRMA, DTPA, CFA, and common laws;

3. Find that Hometap's actions, as set forth above, constitute multiple violations of law alleged;

4. For the relief authorized by the violations of law alleged;

5. An Order awarding equitable disgorgement or restitution, or other damages, including but not limited to any civil penalties, statutory, actual, punitive and treble damages, in an amount to be determined by the Court or jury;

6. Pre-award or prejudgment interest;

7. An award of attorneys' fees, costs, and disbursements; and

8. All other relief as the Court finds just and equitable.

JURY DEMAND

Pursuant to Minn. R. Civ. P. 38, Plaintiffs hereby demand trial by jury to all issues in the above matter.

Date: June 2, 2026

Respectfully submitted,

HELLMUTH & JOHNSON, PLLC

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ACKNOWLEDGMENT

Pursuant to Minn. Stat. §549.211 (1) and (3), the party or parties represented by the undersigned attorneys acknowledge(s) that costs, disbursements, and reasonable attorney and witness fees may be awarded to the opposing party or parties for actions in bad faith; the assertion of a claim or a defense that is frivolous and that is costly to the other party; the assertion of an unfounded position solely to delay the ordinary course of the proceedings or to harass; or the commission of a fraud upon the Court.

Date: June 2, 2026

Respectfully submitted,

HELLMUTH & JOHNSON, PLLC

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