

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1151

(Delegate Taylor, *et al.*)

Environment and Transportation

Judicial Proceedings

Residential Real Property Sales – Appraisals

This bill establishes procedures related to property appraisals in residential real estate transactions. The bill authorizes sellers (and sellers' agents) to provide valuation information to appraisers making an appraisal under certain circumstances; the appraisers are required to consider the information. The bill also (1) outlines a process for the reconsideration of appraised values in certain real property transactions; (2) requires lenders to provide written *copies* of appraisals or reconsiderations to requesting parties at no cost; and (3) requires any training or continuing education for licensed appraisers in the State to include information on the bill's requirements.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: A seller or seller's agent, at any time during the sale process, may provide to an appraiser making an appraisal under § 14-104.1 of the Real Property Article information obtained by the seller relating to the value of the seller's residential real property, including comparable sales and cost approach information. After consideration of any information provided by the seller or the seller's agent, if an appraiser concludes that the appraisal value of residential real property is lower than the contract

price for the sale of the property, the appraiser must notify the lender. The lender must promptly notify the prospective buyer and the prospective buyer's agent.

After being notified by the lender, the buyer must promptly notify the seller. The buyer and the seller then have two business days to provide additional information on the residential real property to the lender for submission to, and reconsideration by, the appraiser. An appraiser who receives additional information must also consider a cost approach as part of a reconsideration of the appraised value.

When refinancing a mortgage or establishing a home equity line of credit on residential real property, if the appraised value is lower than the owner's expected value, the owner is entitled to provide additional information, including comparable sales data, to the lender. The lender must then provide this information to the appraiser for reconsideration.

Current Law: Generally, the Maryland Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors licenses and regulates individuals who perform real estate appraisal services in connection with federally related transactions. As defined in the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, this includes appraisal management companies. The commission also regulates appraisal management companies and individuals who provide appraisal or home inspection services pursuant to the Business Occupations and Professions Article.

Typically, real estate appraisers provide estimates of the value of commercial and residential real property to their clients. Real estate appraisals are most often associated with the purchase of a home and are often shared with the buyer, seller, and broker involved in a real estate transaction. Generally, however, an appraiser's client is a mortgage lender seeking an accurate value for the home that serves as collateral in the loan transaction. Appraisal services are also used for a variety of other purposes, including estate planning and property insurance.

Under § 14-104.1 of the Real Property Article, if a bank, mortgage banker, savings and loan association, or any other lender has an appraisal made on residential real property to establish a market value for lending purposes, the lender must give a copy of any written appraisal to the borrower on request if the borrower pays the cost of the appraisal. The appraisal may be submitted to another lender if the original lender has rejected the borrower's loan application.

Additional Comments: The Task Force on Property Appraisal and Valuation Equity, as originally established by Chapter 654 of 2022, included in its [final report](#) various recommendations to address concerns in the appraisal process.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Housing and Community Development; Maryland Department of Labor; Department of Legislative Services

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