Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 817 (Senator Hayes)
Judicial Proceedings

Real Property - Residential Sales - Communications During Appraisal Process

This bill requires an appraiser to provide a preliminary notice to the requestor of an appraisal and other interested parties when a preliminary determination indicates that the appraised value of a residential real property may fall below the contract price or, in the case of a refinance, the estimated value. Upon receiving a notice, the requestor or interested parties may submit additional market data or comparable sales data to an appraiser before an appraisal is finalized for the purpose of supporting the contract price or estimate value. A final appraisal report must include an addendum that includes (1) the date of the original notification by the appraiser; (2) the other interested parties notified, if any; (3) a summary of the information received on the market data or comparable sales data; and (4) the impact, if any, the additional information had on the appraiser's determination of the estimated value.

Fiscal Summary

State Effect: As the bill does not assign oversight or enforcement responsibilities to any State agency, it is not anticipated to materially affect State finances or operations. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Definitions

"Appraiser" means an individual licensed or certified to provide real estate appraisal services. "Requestor" means the lender, mortgage broker, or other interested party who requests an appraisal of residential real property.

"Point of contact" means an individual designated by the requestor to receive communication from the appraiser regarding valuation issues. "Interested party" includes a buyer, seller, a licensed real estate agent, or the property owner.

Submission of Additional Market Data

The additional data provided to an appraiser in response to the notification must (1) be in a format substantially similar to the comparable sales grid used in a Uniform Residential Appraisal Report; (2) be submitted within two days after the date the notice is received; and (3) include data on residential property sales that have been verified as closed. If pending sales are provided, the submission must include (1) all contract documentation and (2) a brief narrative explaining the similarities or differences between the sales provided and the residential real property that is in the contract.

Appraiser's Consideration and Documentation

If the additional information provided to an appraiser does not result in a change in the value, the appraiser must include a brief explanation describing why the information did not alter the estimated value.

Oversight and Implementation

Lenders and appraisal management companies must monitor appraisals of residential real property for compliance with the communication process required by the bill. The Commissioner of Financial Regulation may adopt regulations to implement the bill, including standards for documentation, notification, and deadlines.

Prohibition on Undue Influence

A person may not use the communication and review process established by the bill to pressure, influence, or coerce an appraiser in the development, determination, or reporting of an appraisal.

A person's participation in the communication and review process established under the bill may not alone constitute an act of pressure, influence, or corrosion under State or federal law.

Current Law: 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.

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, 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: HB 1299 (Delegate Taylor, *et al.*) - Economic Matters.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

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