

**DATE:** February 25, 2025

**BILL NO.:** House Bill 1151

**TITLE:** Residential Real Property Sales – Appraisal

**COMMITTEE:** House Environment & Transportation Committee

### Letter of Support

#### **Description of Bill:**

House Bill 1151 establishes the right of a borrower to request a lender provide a written copy of an appraisal of a prospective residential property. House Bill 1151 also establishes the right of the seller of residential real property to request an additional appraisal of the property if the first appraisal was lower than the current market value. In addition, a written copy of the additional appraisal will be provided to the seller at no cost to the seller.

#### **Background and Analysis:**

In 2022, House Bill 1097 created the Taskforce on Property Appraisal and Valuation Equity to address the persistent undervaluation of minority-owned property. The taskforce focused on several areas to address and improve equity, one of the focus areas being creating government oversight and industry standards to ensure equitable practices. House Bill 1151 incorporates some of taskforce's findings, including allowing additional appraisals and incorporating increased transparency into the appraisal process, to prevent discriminatory appraisals.

Though discriminatory housing practices are illegal on a state and federal level, these legal protections do not wholly prevent discriminatory biases disrupting certain housing-related processes, such as property appraisals and borrowing. Implementing the taskforce's recommendations for increased valuation equity, as House Bill 1151 does, will target biased and inequitable practices within the housing industry that still exist despite legal protections against housing discrimination.

Passage of House Bill 1151 introduces accountability and transparency into the property appraisal process for both borrowers and sellers. Providing the right to request appraisal information and additional appraisals increases protections for those who are being subject to discriminatory appraisals and ensures a better industry standard as Maryland continues to address valuation equity.

#### **DHCD Position:**

The Department of Housing and Community Development respectfully requests a **favorable** report on House Bill 1151.