

February 11, 2024

The Honorable Marc Korman
Chairman, Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, Maryland 21401

RE: Letter of Opposition HB606 - Real Property - New Home Sales - Entry of Final Sale Price in Multiple Listing Service

Dear Chairman Korman:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding Real Property - New Home Sales - Entry of Final Sale Price in Multiple Listing Service. MBIA **Opposes** the Act in its current version.

HB606 would require a developer, builder, broker, or real estate agent to enter the final sale price of a new home into a multiple listing service or similarly accessible database. The industry has serious concerns with this legislation, there seems to be a perception that what is currently recorded through SDAT is not sufficient for appraisals. For starters, MLS is a private, proprietary product that is owned by the Realtors. We have significant concerns with mandating a private product. Additional concerns below:

- All sold data is verified and on SDAT website.
- Builders do not have access to Bright MLS (the service that covers Maryland) or any MLS service. Builders and Developers would need to join the Service.
- Appraisers are often using settlements in the MLS for homes that did not reflect the change in the market over the building process that reflected higher pricing. Even the builder's own product. What settled today, likely went under contract 6+ months ago when pricing could be drastically different than today. Mandating MLS use will not account for the immediate adjustments for increased material costs, supply shortages, vendor limitations etc.
- MLS required listings would enforce an extra overlay of process and procedures on listings to comply with general brokerage. In turn, this would require additional staffing and overhead costs to meet standards required by MLS users, specifically with keeping up with the additional paperwork requirements from general brokerage.
- Bright MLS system is a tool built for predominantly general brokerage. The tool itself and its rules and regulations and data entry does not conform to the new home industry, leaving builders vulnerable to fines for listings not perfectly fitting into the general brokerage "norm".
- The appraiser is going to determine whether the new homes are comps for existing homes or not. Even if all the data is in MLS, it would still be up to the appraiser to determine if the new homes were comps or not based upon their own requirements.

For the reasons stated above we would strongly encourage a UN Favorable committee report on House Bill 606.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House E&T Committee