



HB 1151 – Residential Real Property Sales - Appraisals

Committee: Senate Judicial Proceedings Committee

Date: March 26, 2025

Position: Unfavorable

The Maryland Bankers Association (MBA) **OPPOSES** HB 1151 **AS AMENDED BY THE HOUSE**. HB 1151, as amended, creates a reconsideration of value (ROV) process for sellers of residential real property, and establishes a ROV process when a homeowner seeks refinancing or a home equity line of credit. MBA would like to see amendments that provide clarity on timelines and ensure that lenders are not caught in conflicts between buyers and sellers.

The Task Force on Property Appraisal and Valuation Equity, established via legislation in 2022, was tasked with identifying policy recommendations to reduce bias in the appraisal process. One of the recommendations was to create a ROV process similar in nature to the Tidewater Initiative implemented by the U.S. Department of Veterans Affairs. HB 1151, as passed out of the House, attempts to implement this recommendation, but includes language that puts lenders in precarious positions.

Appraisal Independence Requirements (AIR) were established under federal law to ensure that appraisers are not unduly influenced in their decision-making process. Provisions of HB 1151 increase the risk of undue influence, including giving the seller the ability to send documentation to the appraiser at any time.

In addition, there are several methodologies that appraisers use to determine the value of residential real property. The requirement that appraisers must consider cost approach during the ROV process may lead to increased errors in valuation as that method may not be the most suitable method to determine the value of an individual property.

Ultimately, HB 1151 as amended has the potential to slow down the appraisal process and raise the cost of mortgage lending in Maryland. MBA would appreciate the opportunity to work with the bill sponsor and members of the Judicial Proceedings Committee to address these outlying concerns. Accordingly, MBA urges issuance of an **UNFAVORABLE** report on HB 1151 **AS AMENDED BY THE HOUSE**.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than \$194 billion in deposits in almost 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.