

LEGISLATIVE POSITION:

Favorable

Senate Bill 0441

Real Property - New Home Sales - Entry of Final Sale Price in Multiple Listing Service

Judicial Proceedings Committee

Tuesday, February 4, 2024

Good Afternoon Chairman Smith, Vice-Chair Waldstreicher and members of the Judicial Proceedings Committee.

My name is Jacquelyn Priestly. I am a resident of Prince George's County and co-founder of the Fair and Unbiased Appraisal Advocates, a grassroots coalition of community leaders, realtors, elected officials and other concerned citizens working to bring fair and unbiased appraisal practices to Prince George's County and to communities everywhere. I also recently served as chair of the Maryland Task Force on Property Appraisal and Valuation Equity.

I'm writing to express my support for SB0441 Real Property New Home Sales - Entry of Final Sale Price in Multiple Listing Service.

In 2021, as the construction of my family's new home was nearly complete, my husband and I prepared to move from a construction loan to a 30-year term loan. During that process, we received appraisals that we felt did not accurately reflect the actual market value of our home. In fact, our appraisal came in significantly below our cost to build, while new homes in neighboring counties generally appraise over build cost.

At the same time, several of our neighbors and others in nearby communities faced similar challenges. Some were also in the process of converting their construction loans to permanent loans. Others had their homes listed for sale for years, and while there were buyers ready and able to pay the asking price, appraisals would come in well below. Additionally, this reality negatively impacted homeowners who planned to use their homes for business collateral as well as those who wanted to refinance their homes for better interest rates.

To help families nearby struggling to get appraisals that reflect true market value, my husband and I decided to have our home listed on the Bright Multiple Listing Service after we closed on the purchase to reflect our build cost. While the MLS is traditionally used as a marketing tool for real estate agents to promote properties for sale, we knew adding our sales information to the MLS would allow our home to serve as a "comp" to provide a more complete picture of real estate sales. This was important because new construction sales are not customarily listed publicly. However, in listing our sales transaction, the families I mentioned who were in disputes with lenders or struggling to get asking price for the sale of their homes could order new appraisals and use our transaction as a comp. As a result, these homeowners secured new appraisals that reported their homes at higher value. In

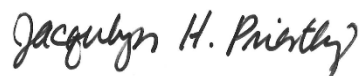
short, this approach worked. We were able to quickly correct inaccurate perceptions of value within our neighborhood and in nearby communities.

Additionally, as part of my work with the Maryland Task Force on Property Appraisal and Valuation Equity, we extensively examined the approach and impact of adding the final sale price of a new home into a multiple listing service or similarly accessible databases.

As noted in the Task Force report titled, Addressing the Persistent Misvaluation and Undervaluation of Property Owned by Minorities, as submitted to the Governor, and in accordance with § 2-1257 of the State Government Article, the General Assembly, on November 20, 2024, “The Task Force believes that timely reporting of new construction sales will increase transparency in sales prices and help provide sufficient comps in neighborhoods that would otherwise have insufficient sales data to determine an appropriate opinion of value.”

For these reasons, I urge the committee to issue a favorable report on Senate Bill 0441. Thank you for your time and consideration. I am happy to answer any questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Jacquelyn H. Priestly". The signature is written in a cursive, flowing style.

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