

# **XHB1151\_DHCD\_SUPPORT.pdf**

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Position: FAV

**DATE:** March 26, 2025  
**BILL NO.:** House Bill 1151  
**TITLE:** Residential Real Property Sales – Appraisal  
**COMMITTEE:** Senate Judicial Proceedings Committee

### Letter of Support

#### **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 the taskforce’s findings, including 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 complement an appraisal with more accurate and timely information directly from the seller 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.

# **HB 1151x - Appraisal Reconsideration - FWA - REALT**

Uploaded by: Lisa May

Position: FWA



## **HB 1151 – Residential Real Property Sales – Appraisals**

### **Position: Support with Amendments**

Maryland REALTORS® supports the intent of HB 1151, to allow homeowners and sellers to have a recourse should errors be made in the valuation of a residential property. However, recent events have complicated efforts to keep this bill in line with federal lending and valuation guidelines.

HB 1151 was heavily amended in the House to more closely align to the federal reconsideration of value process (ROV), as instituted in October 2024. A reconsideration of value (ROV) is a request from a financial institution to the appraiser or other preparer of the valuation report to reassess the report based upon potential deficiencies or other information that may affect the value conclusion.

Maryland REALTORS® supported amendments to bring HB 1151 more in line with federal lending guidelines, so that federal loan products would continue to be offered to Maryland purchasers and the real estate transaction process would not be further complicated or made more expensive.

However, on March 19, the U.S. Department of Housing and Urban Development (HUD) issued Mortgagee Letter 2025-8, which rescinded current guidance and processes on reconsideration of value and requirements for appraisers. We understand that similar actions from Fannie Mae and Freddie Mac may soon follow.

This complicates the ability of Maryland to construct a framework that will work in concert with a rapidly changing federal lending environment, and one which may remain unclear through the remainder of the 2025 General Assembly Session. Further amendments to HB 1151 are necessary, though what those amendments may be is difficult to determine at this time given federal level uncertainties.

We are happy to continue conversations with stakeholders on HB 1151 and its provisions in the interim to ensure a fair and orderly process for appraisal reconsideration which protects the full range of mortgage availability for Maryland homeowners, buyers, and sellers.

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# **HB1151 - MBA - UNF - GR25.pdf**

Uploaded by: Evan Richards

Position: UNF



## **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.*