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FAVORABLE ON HB 920

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

House Economic Matters Committee

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The Appraisal Institute, the nation's largest organization of professional real estate appraisers, respectfully submits this written testimony in **support of HB 920** that would address a persistent deficiency in residential real estate market data by requiring that the final sale price of newly constructed homes be entered into a multiple listing service (MLS) or similarly accessible database within 30 days of closing.

While sales of existing homes are routinely captured in MLS systems, new construction sales are frequently absent or inconsistently reported. This lack of standardized reporting creates gaps in the marketplace that can impair valuation accuracy, particularly in areas experiencing significant residential development.

Importance of Reliable Market Data

The development of credible real estate appraisals depends on access to accurate, timely, and verifiable market data. Multiple listing services serve as a primary data source for appraisers, real estate professionals, and lenders, providing standardized and transparent information necessary for market analysis.

The absence of new construction sale prices in these systems results in:

- Incomplete comparable sales datasets
- Reduced visibility into builder pricing and concessions
- Increased reliance on less consistent or secondary data sources

Impact on Appraisal Practice and Valuation Accuracy

The provisions of HB 920 will materially improve the quality and reliability of residential appraisals by enabling appraisers to:

- Develop more credible and well-supported opinions of value
- Accurately analyze market trends, including builder incentives and concessions
- Utilize consistent and standardized data sources
- Reduce discrepancies that can lead to valuation disputes or reconsideration of value requests



In rapidly developing markets, where new construction often serves as the most relevant comparable data, access to this information is particularly critical.

Consumer Protection and Market Stability

Accurate appraisals are a cornerstone of safe and sound lending practices. By improving the availability and reliability of market data, HB 920 contributes to:

- More informed lending decisions
- Increased confidence in collateral valuation
- Enhanced consumer protection for homebuyers and property owners

Better data leads to better valuation outcomes, which in turn supports a more stable and transparent real estate market.

Conclusion

House Bill 920 represents a practical and necessary step toward improving residential market transparency in Maryland. By requiring the reporting of new home sale prices in widely utilized data systems, the legislation strengthens the foundation upon which credible appraisals and sound lending decisions are made.

For these reasons, the Appraisal Institute respectfully urges a favorable report on House Bill 920.

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