MARYLAND BANKERS ASSOCIATION

HB 1299 – Real Property - Residential Sales - Communications During Appraisal Process
Committee: House Economic Matters Committee
Date: March 6, 2026
Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS** HB 1299 **WITH AMENDMENTS**. This legislation seeks to give sellers of residential real property the ability to provide additional information to an appraiser if an appraisal is projected to be lower than a contract price or expected value. MBA believes many provisions of HB 1299 run afoul of state and federal appraisal independence requirements but remains committed to working with the bill sponsor to combat appraisal bias.

Independent real estate appraisals are essential to the lending process because they provide an unbiased, third-party assessment of a property's market value. These independent appraisals help lenders manage risk, maintain regulatory compliance, and safeguard the integrity of their portfolios by preventing inflated property values that could lead to borrower default or financial loss.

Here are some of the provisions in HB 1299 that are problematic for lenders:

- 14-1004 (A) requires lenders and appraisal management companies to monitor appraisals for compliance with the communication process outlined in the bill. Given that an appraiser would have the ability to contact more than just the lender or requestor, it is impossible for lenders to track this information. MBA believes that 14-1004 (A) should be stricken in its entirety.

- 14-1002 (A) requires an appraiser to notify a point of contact and interested parties if a preliminary determination is made that the appraised value may be less than the contract price or, for refinancing, the estimated price. Not only could sharing this information with multiple parties lead to discussions that the lender is unaware of, but Maryland law explicitly prohibits requesting an appraiser to share an estimated appraisal value before the completion of an appraisal. MBA believes this provision should be amended to limit appraiser communications to lenders or requestors.

- 14-1002 (B)(1) allows requestors or any interested parties to submit market data or comparable sales data to the appraiser. Allowing interested parties to submit information without notifying the lender can compromise a lender's ability to ensure appraisal independence. To maintain transparency, avoid any perception of coercion, and ensure a fair, unbiased valuation, all information intended for the appraiser should be routed through the lender or the lender's designated appraisal management company. MBA believes this information should first be submitted to the lender, and then the lender can share this information with the appraiser.

For Maryland banks, combatting appraisal bias is essential as it strengthens risk management, supports fair lending practices, and protects long-term asset quality. When property valuations are distorted—whether through conscious bias or systemic factors—banks face greater credit risk, inaccurately priced collateral, and potential losses in the event of default. Appraisal bias can also create legal liability under fair housing and fair lending laws. By ensuring that valuations are objective, consistent, and data-driven, banks not only uphold compliance standards but also reinforce public trust, improve portfolio reliability, and contribute to a more equitable and transparent lending ecosystem.

As stated above, MBA remains committed to working with the bill sponsor on initiatives to help combat appraisal bias. However, HB 1299 as drafted creates great uncertainty for lenders and could ultimately do what this bill is intended to combat, which is distort property values. While addressing the concerns raised above would be beneficial for lenders, MBA believes continued joint discussions with the bill sponsor and all players in the real estate transaction space could lead to better legislation that combats appraisal bias while maintaining the integrity of appraisals. Accordingly, the Maryland Bankers Association respectfully urges a **FAVORABLE** report **WITH AMENDMENTS** on HB 1299.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding $194.8 billion in deposits in over 1,100 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.