

3/9/2026

SB0817



Testimony offered on behalf of:
MARYLAND MORTGAGE BANKERS & BROKERS ASSOCIATION, INC.

IN OPPOSITION TO:
**SB0817 – Real Property – Residential Sales –
Communications During Appraisal Process**

Senate Judicial Proceeding Committee
Hearing – 3/11/2026 at 1:00 PM

On behalf of the Maryland Mortgage Bankers and Brokers Association (MMBBA), we respectfully **OPPOSE SENATE BILL 0817.**

While we appreciate the intent of this legislation to enhance transparency in the appraisal process, SB0817 creates serious conflicts with existing federal Appraiser Independence Requirements (AIR), which govern lender and appraiser communications nationwide.

The AIR framework—adopted following the Dodd-Frank Act—strictly limits communications that could influence, or appear to influence, an appraiser’s independent judgment. These standards are embedded in the selling guides of Fannie Mae and Freddie Mac and are mandatory for loans sold in the secondary mortgage market.

SB0817 establishes a state-mandated communication structure during the appraisal process that may conflict with AIR or create the appearance of undue influence. Even the perception of non-compliance can render a loan ineligible for purchase by Fannie Mae or Freddie Mac.

Because the overwhelming majority of Maryland mortgage loans are sold to or backed by the secondary market, any legislation that jeopardizes loan salability directly threatens liquidity in Maryland’s housing finance system.

If lenders face repurchase risk due to state-mandated appraisal communication requirements, the likely consequences include:

- Increased mortgage pricing
- Reduced product availability
- Additional underwriting overlays
- Limited access to credit, particularly for first-time and moderate-income

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- Maryland should not create a statutory framework that places lenders in the untenable position of complying with state law while risking non-compliance with federal secondary market requirements.

Existing federal reconsideration-of-value (ROV) processes already provide structured, compliant avenues for addressing appraisal concerns without compromising independence standards.

For these reasons, MMBBA respectfully requests an **UNFAVORABLE REPORT ON SENATE BILL 0817**. However, we remain committed to working with the sponsor and the Committee to develop a solution that protects consumers while preserving compliance with federal law and access to mortgage financing in Maryland.

Respectfully submitted,

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