

March 11, 2026



Senator William C. Smith, Jr, Chair
Senator Jeff Waldstreicher, Vice Chair
Judicial Proceedings Committee
Maryland Senate
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Opposition to SB 817

Dear Chair Smith, Vice Chair Waldstreicher and honorable members of the Judicial Proceedings Committee:

The following comments are submitted on behalf of the members of the Real Estate Valuation Advocacy Association ([REVAA](https://www.revaa.org)) in opposition to SB 817.

REVAA is a national trade group representing appraisal management companies (AMC), lenders, and residential real estate valuation providers. Many REVAA members also develop and offer innovative technologies and valuation services such as evaluations, Broker Price Opinions (BPOs), Property Data Reports (PDRs), and Automated Valuation Models (AVMs). AMCs are licensed in compliance with federal minimum standards by the Maryland Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors.

The Federal PAVE Initiative Found the Tidewater Approach Would Not Work for Non-VA Lending Activity

We acknowledge the significance and support ensuring fair and accurate property valuations for everyone. REVAA was involved with the federal Property Appraisal and Valuation Equity (PAVE) task force with many other industry stakeholders, which suggested the Reconsideration of Value (ROV) concept and backed its adoption by the Federal Housing Agency (FHA), Federal Housing Finance Agency (FHFA), Fannie Mae, and Freddie Mac.

At that time, PAVE, federal agencies and industry stakeholders looked at the Tidewater approach as a possible national model for ROV. However, AMCs do not participate in VA appraisals, and there are specific factors unique to the VA process that made it unworkable for non-VA loans. Therefore, the Tidewater model was not adopted for VA lending and instead the federal agencies developed interagency guidelines adopted by FHA, FHFA, Fannie Mae, and Freddie Mac.

Though the Trump Administration rescinded the ROV policy for FHA, guidance from Fannie Mae and Freddie Mac is still intact and followed by America's lenders. REVAA recommends that Maryland's ROV policy aligns with Fannie Mae and Freddie Mac guidance, which is like the previous FHA ROV policy. Lenders have established ROV policies in place to follow these interagency guidelines and continue to adhere to Fannie Mae and Freddie Mac standards.

New Federal Bill Requires Agencies Confirm Lenders Have ROV Policies, Making SB 817 Unnecessary

Congress is wrapping up work on a landmark bipartisan housing package, which is expected to advance rapidly and be enacted soon. The House of Representatives has already approved H.R. 6644, known as the 21st Century Housing Act, and the Senate is currently reviewing it.

An [amendment from Senator Tim Scott and Senator Elizabeth Warren](#) will be integrated into H.R. 6644 to include several housing priorities for the Senate from The ROAD to Housing Act, which passed the Senate in 2025. Among these revisions is Section 704, which mandates the following:

The Secretary of Agriculture, the Secretary of Veterans Affairs, the Commissioner of the Federal Housing Administration, and the Director of the Federal Housing Finance Agency shall each implement and maintain requirements that creditors of a federally backed mortgage loan have a review and resolution procedure for a consumer-initiated reconsideration of value or subsequent appraisal in connection with a consumer credit transaction secured by a consumer's principal dwelling.

REVAA and many bank and non-bank mortgage lending organizations support the provision above becoming law. AMCs and lenders have long had informal ROV processes in place. They are already complying with the Fannie Mae and Freddie Mac guidance and were prepared to comply with the new FHA ROV requirement.

Uniform federal guidance, as proposed in H.R. 6644, is the best course for this type of requirement as it is applied equally across the country on all residential transactions and does not create an additional unique state program.

AMCs and Lenders Cannot Legally Comply with the Requirements Proposed in SB 817

REVAAs opposition to SB 817 is because the requirements outlined in the bill would place appraisers, AMCs, and mortgage lenders in violation of federal Appraiser Independence Requirements (AIR), Fannie Mae and Freddie Mac Appraisal Independence Requirements and state policies prohibiting undue influence of appraisers in an appraisal. Compliance with these requirements is not optional.

SB 817 Violates Federal Appraisal Independence Requirements

Federal Appraisal Independence Requirements, established by the Dodd-Frank Act, must be followed by lenders and their third-party agents (AMCs). Since SB 817's process takes place during the appraisal, it would directly conflict with these federal guidelines.

On the other hand, the ROV process, which lenders, AMCs, and federal agencies have used, is permitted under AIR because it happens after the appraisal has finished.

15 USC §1639e. Appraisal Independence Requirements

(a) In general

It shall be unlawful, in extending credit or in providing any services for a consumer credit transaction secured by the principal dwelling of the consumer, to engage in any act or practice that violates appraisal independence as described in or pursuant to regulations prescribed under this section.

(b) Appraisal independence

For purposes of subsection (a), acts or practices that violate appraisal independence shall include-

- (1) any appraisal of a property offered as security for repayment of the consumer credit transaction that is conducted in connection with such transaction in which a person with an interest in the underlying transaction compensates, coerces, extorts, colludes, instructs, induces, bribes, or intimidates a person, appraisal management company, firm, or other entity conducting or involved in an appraisal, or attempts, to compensate, coerce, extort, collude, instruct, induce, bribe, or intimidate such a person, for the purpose of causing the appraised value assigned, under the appraisal, to the property to be based on any factor other than the independent judgment of the appraiser;*
- (2) mischaracterizing, or suborning any mischaracterization of, the appraised value of the property securing the extension of the credit;*
- (3) seeking to influence an appraiser or otherwise to encourage a targeted value in order to facilitate the making or pricing of the transaction; and*
- (4) withholding or threatening to withhold timely payment for an appraisal report or for appraisal services rendered when the appraisal report or services are provided for in accordance with the contract between the parties.*

(c) Exceptions

The requirements of subsection (b) shall not be construed as prohibiting a mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, consumer, or any other person with an interest in a real estate transaction from asking an appraiser to undertake 1 or more of the following:

- (1) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.
- (2) Provide further detail, substantiation, or explanation for the appraiser's value conclusion.
- (3) (3) Correct errors in the appraisal report.

SB 817 Violates Fannie Mae & Freddie Mac Appraisal Independence Requirements: Prohibits Loan Sales

Both [Fannie Mae](#) and [Freddie Mac](#) also have Appraisal Independence Requirements "that set forth standards to safeguard the independence, objectivity, and impartiality of appraisers and other Independent Parties throughout the valuation process for 1- to 4-unit residential properties."

As proposed, the new process in SB 817 violates Fannie Mae and Freddie Mac Appraisal Independence Requirements, making it impossible for a mortgage lender to sell a home loan if this new method is used.

Federal Law Prohibits Lenders from Providing "Estimated Values" to Appraisers in a Refinance Transaction

SB 817 mandates that "On receipt of this notice, a requestor or other interested party may submit additional market data or comparable sales data to the appraiser for the purpose of supporting the contract price or estimated value of the residential property." For refinance transactions, federal law prohibits lenders from providing "estimated values" or "target values" to appraisers of the residential property.

SB 817 Violates Maryland Law Prohibits Inappropriate Influence or Coercion

Per [§ 16-5B-11 \(Inappropriate influence or coercion prohibited\)](#):

(b) An employee, partner, director, officer, or agent of an appraisal management company may not influence or attempt to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or any other means, including:

(10) requesting that an appraiser provide:

(i) an estimated, predetermined, or desired valuation in an appraisal report; or

(ii) estimated values or comparable sales at any time before the appraiser's completion of an appraisal;

(11) except for a copy of the sales contract for purchase transactions, providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower

SB 817 Violates Maryland AMC Law Requiring Adherence to Appraisal Independence Requirements

Per [§ 16-5B-03. Registration required before providing appraisal management services](#):

(8) a certification that the person seeking registration will require appraisals to be conducted independently as required by the appraisal independence standards under Section 129E of the Truth in Lending Act, including the requirements of payment of a reasonable and customary fee to appraisers when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of a consume

As Written, SB 817 Creates Significant Operational and Technical Challenges

In addition to the points above, there are several operational and technical challenges.

- Most loan origination systems from lenders (LOS) do not pass the estimated value data on to their AMC. This means an AMC cannot pass this information on to an appraiser.
- If the appraisal was not complete, there can be no “change in the appraised value.” Therefore, the following terminology is incorrect: “If the additional information submitted to the appraiser did not result in a change in the appraised value the appraiser shall include in the addendum brief explanation describing why the information did not alter the estimated value of the residential real property.”
- If “lenders and AMCs shall monitor appraisals for compliance with communication process” then they must be included in the correspondence between the “point of contact and other interested parties.” The bill should be clear that the lender or AMC (client) are among the interested parties that must be included, along with the homeowner, realtor, or other person.
- The new review process is expected to add at least two extra days to the completion time for appraisals in Maryland. This extension will impact an appraiser’s turn-time metric, a key measure used by AMCs and lenders when assessing appraisers. If a Maryland appraiser’s vendor rating suffers as a result, it could lead to lost income—an issue not encountered by appraisers in other states.
- The inclusion of pending sales in the reconsideration process, contingent upon the availability of all contractual documentation, presents significant ethical, legal, and operational concerns related to the access and dissemination of this information among unrelated parties.
- SB 817’s new process requires more time and research from the appraiser but does not provide for any additional compensation, which could prove problematic.

Conclusion – Ensure Maryland’s ROV Policies Mirror those Already in Practice by Lenders Nationwide

As we shared with the House Economic Matters Committee last week, REVAA supports Maryland’s overall goal to ensure consumers have an ROV process that is consistent nationwide. If Maryland chooses to create a ROV process we believe it should mirror the existing ROV policies of Fannie Mae and Freddie, which lenders are already using nationwide and closely resemble the FHA ROV policy that was rescinded. With Tidewater for VA, and Fannie Mae and Freddie Mac guidance in place for loans it supports, it is short leap to a simple and consistent ROV policy in Maryland.

Thank you, please contact me with any questions. We look forward to ongoing collaboration.

Mark A. Schiffman

Mark Schiffman
Executive Director