

Senate Bill 817 Written Testimony.pdf

Uploaded by: Antonio Hayes

Position: FAV

ANTONIO HAYES

Annapolis, Maryland 21401

Legislative District 40



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Bill: Senate Bill 817

Title: Real Property - Residential Sales - Communications During Appraisal Process

Committee: Judicial Proceedings

Sponsor: Senator Antonio Hayes

Good afternoon, Chair, Vice Chair, and members of the Judicial Proceedings Committee,

For the record, I am Senator Antonio Hayes, and I am here to present **Senate Bill 817**. This legislation establishes a structured, transparent communication process during residential real estate appraisals to ensure that valuations are based on the most complete and accurate market data available.

In many real estate transactions, the appraisal is a "black box" moment. Buyers, sellers, and agents often wait anxiously, only to find out after the fact that an appraisal has come in lower than the contract price. Once a final report is submitted to a lender, it is incredibly difficult to correct, even if the appraiser inadvertently missed a relevant comparable sale or recent market data. This can cause transactions to fall through or force families to lower their selling price unnecessarily, devaluing their greatest asset.

Senate Bill 817 creates a standard "pause and review" mechanism—often referred to in the industry as a "Tidewater" initiative—that allows for data sharing *before* an appraisal is finalized.

Under this bill:

1. **Notification:** If an appraiser makes a preliminary determination that the value of a home may be less than the contract price (or estimated value for a refinance), they must notify the designated point of contact .

2. **Opportunity to Submit Data:** Upon receiving this notice, interested parties—such as the buyer, seller, or their agents—have **2 days** to submit additional market data or comparable sales to the appraiser . To ensure this is efficient for the appraiser, this data must be submitted in a standardized format similar to the comparable sales grid used in appraisal reports .
3. **Mandatory Consideration:** The appraiser is required to consider this timely submitted information before finalizing the report.
4. **Accountability:** The final appraisal must include an addendum summarizing the information received and explaining whether it impacted the final value. If the value did not change, the appraiser must provide a brief explanation of why the data did not alter the estimate .

Crucially, SB 817 explicitly states that participating in this communication process does not constitute pressure or coercion. However, it strictly prohibits using this process to pressure or intimidate an appraiser, preserving their independence while ensuring they have all the facts .

This bill improves the accuracy of home valuations and protects the equity of Maryland homeowners by ensuring appraisals reflect the full picture of the market.

This Act will take effect on October 1, 2026. I respectfully request a favorable report on Senate Bill 817.

Position: Favorable

Personal testimony on SB 817.pdf

Uploaded by: Dan Reed

Position: FAV

Dan Reed
8120 Hartford Avenue
Silver Spring, Maryland 20910

March 9, 2026

Chair William C. Smith, Jr.
and Members, Judicial Proceedings Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

Senate Bill 817 – Communications During Appraisal Process – Favorable

Dear Chair Smith and Members of the Judicial Proceedings Committee:

My name is Dan Reed and I'm a homeowner in Montgomery County. I'm writing in strong support of Senate Bill 817, which would improve communications during the appraisal process, and hopefully protect homeowners from experiences like the one I had four years ago.

I grew up around real estate—my mother is a broker, and I have a license myself—and from an early age was made aware of racial bias in home appraisals. In 2022, I wrote a feature for Shelterforce Magazine, interviewing Black homeowners who had experienced racial bias in appraisals and what the lending industry could do about it¹. When I refinanced my home in Silver Spring that same year, I thought I knew what to do: I shopped around to different lenders, I asked about their appraisal processes, and I made sure my home was clean and well-tended for the day the appraiser came. I also went out for the day, leaving a key under the mat, so the appraiser would not meet me in person.

A few days later, the report came back. My home had been appraised at a lower value than any other townhome in my zip code had sold for in a year. To justify this value, the appraiser used comparable sales from neighborhoods several miles away. This meant a higher interest rate and the addition of private mortgage insurance, significantly raising my monthly payment. I went back and forth with my lender, Navy Federal Credit Union, asking for a second opinion. Only until I explicitly raised my concerns about racial bias did they relent and send another appraiser to my home, at my expense.

This time, I took some advice from the homeowners in the story I reported: I took down every photo of myself and my family, I took down the pride flag on my porch, and I hid it all in a corner of the basement where I knew the appraiser wouldn't look. The appraisal came back \$54,000 higher, allowing me to move forward with my refinancing as I had originally planned. I won't forget, however, that the lender I put my trust and financial security in placed a literal dollar figure on the value of my Blackness and queerness.

¹ <https://shelterforce.org/2022/02/28/a-homes-true-worth-getting-beyond-appraisal-bias/>

Had Senate Bill 817 been in effect four years ago, I could have received information about the comps the appraiser used to give my home an artificially low value before the appraisal was finalized, allowing me to contest the valuation and provide additional information. This would have saved me—and no doubt countless other homeowners—money, time, and considerable heartache, while helping hold appraisers and lenders accountable for biased practices. For that reason, I ask the committee for a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Reed". The signature is fluid and cursive, with the first name "Dan" and the last name "Reed" clearly distinguishable.

Dan Reed
District 20 Resident

SB0817-JPR-FAV.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 0817

March 11, 2026

TO: Members of the Judicial Proceedings Committee

FROM: Nina Themelis, Director, Mayor's Office of Government Relations

RE: Senate Bill 0817 - Real Property - Residential Sales - Communications During Appraisal Process

POSITION: Support

Chair Smith, Vice Chair Waldstreicher and members of the committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 0817.

SB 817 would require an appraiser to provide a certain notice to certain parties to a residential real property appraisal under certain circumstances; authorizing certain persons to submit certain additional data to an appraiser before an appraisal is finalized for a certain purpose; and requiring an appraiser to include certain information in an addendum to a certain report.

SB 817 creates a process where a buyer or homeowner can challenge the appraisal prior to submission if the appraisal is going to come in below sales price or loan amount. If a buyer is able to provide additional info to "correct" the appraisal this will allow more people to secure loans or purchase properties. SB 817 may take some of the bias out of the appraisal process.

BCA supports efforts to make the homebuying process more accessible and equitable, particularly to those purchasing in undervalued (formerly redlined and/or disinvested) neighborhoods. Passage of SB 817 - Real Property - Residential Sales - Communications During Appraisal Process, could lower a significant barrier to homeownership for first-time buyers, young and single-income families, and lower socioeconomic status working-class households.

For these reasons, the BCA respectfully requests a **favorable** report on SB 817.

SB817

Uploaded by: Ufuoma Agarin

Position: FAV



LEGISLATIVE BLACK CAUCUS OF MARYLAND, INC.

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March 11, 2026

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

Dear Chair Valderrama and Members of the Committee,

The Legislative Black Caucus of Maryland offers its strong and favorable support for Senate Bill 817 -Real Property - Residential Sales - Communications During Appraisal Process. The bill seeks to create a Reconsideration of Value Process as recommended by the Task Force on Property Appraisal and Valuation Equity. **This bill is a 2026 legislative priority for the Black Caucus.**

Appraisals play a critical role in the homebuying process, yet countless studies have shown that properties in Black communities are consistently undervalued compared to similar homes in predominantly white neighborhoods. These inequities not only affect individual homeowners but also contribute to broader disparities in wealth accumulation and neighborhood investment.

Senate Bill 817 has been amended to provide clarity for potential reconsideration of value scenarios. In summary, when there is a 1. “Sales Transaction”, SB 817 provides the ability of the seller or seller’s agent to provide additional market data or comps as requested by a lender or lender’s appraiser-if the appraisal falls below the contract price. 2. “Home Equity Line of Credit or Refinance Transaction”, SB 817 gives the owner or representative the right to provide additional market data or comps if the appraisal value falls short of the expected appraised value.

SB 817 is one step to ensure that all Maryland homeowners receive fair and accurate property valuations.

For these reasons, the Legislative Black Caucus of Maryland strongly supports Senate Bill 817.

Legislative Black Caucus of Maryland

SB817.FAV.CFUF.pdf

Uploaded by: Zachary Alberts

Position: FAV



TESTIMONY IN SUPPORT OF SENATE BILL 817

TO: Chair Smith and Members of the Senate Judicial Proceedings Committee

FROM: Zachary Alberts, Director of Advocacy and Strategic Initiatives at the Center for Urban Families

DATE: March 9th, 2026

Good afternoon, my name is Zachary Alberts. I am the Director of Advocacy and Strategic Initiatives at the Center for Urban Families, a West Baltimore based workforce and family strengthening organization.

At CFUF, we operate a workforce development program focused on building the skills for un- and underemployed Baltimoreans in order to connect them to the workforce. Owning a home is one of the most common long-term motivators and goals our members have. Through years of hard work, budgeting, and sacrifice many of our members have been able to do so.

A 2022 analysis by the non-partisan Economic Policy Institute concludes that even “controlling for racial differences in education, experience, and the fact that black workers are more likely to live in lower-wage Southern states leaves an unexplained [wage] gap of 14.9%.” Put another way, that means the average black worker would have to work 15% more hours a week to afford the same house as the average white worker.

A 2025 report by the Abell Foundation found that houses in predominantly black Baltimore neighborhoods are almost twice as likely to be appraised below the sales price as those in predominantly white Baltimore neighborhoods. This means many of the members we serve must overcome systemic underinvestment in their education, the negative employment effects of mass incarceration, the systemic racism plaguing the hiring process, having to work extra hours to afford the same home as their white coworkers, only to purchase an asset whose value is likely to be eroded by even *more* systemic racism.

Research and guidance from companies like Fannie Mae and the Appraisers Institute point to several places in the Uniform Residential Appraisal Report where conscious and/or subconscious bias can occur:

Page 1: Neighborhood Description. A [briefing from Fannie Mae](#) shows their concerns that some appraisers' personal bias affects their description of the neighborhood. E.g. do not use phrases like "Desirable neighborhood," "Affordable neighborhood," or "Integrated community." [The Federal Housing Finance Agency found](#) examples of phrases used like "The most common language spoken is English. Other important languages spoken here include Italian and Spanish," "commercial strip featuring storefronts supplying Jewish Households" and "Noting an area's "decline in population,



which transitioned from being predominately Eastern European to having a substantial amount of Black and Hispanic people."

Page 1: Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.): this obviously requires an appraiser's judgment. Fannie has shown examples as to how this process can undermine the value of a house, e.g.:

Inaccurate Condition Ratings

CU contains MLS photos that can be used to validate quality and condition ratings. The appraiser rated the subject condition as C5, but based on photos (kitchen examples below), a higher rating is warranted. The appraiser made a \$37k downward adjustment to the comparable, but side by side comparison of the photos in CU shows that the two are equal condition and no adjustment is warranted. **Inaccurate condition ratings resulted in inappropriate condition adjustments for all comparables used in the report.**



Subject Property

An Hour with Fannie Mae | September 2022



Appraisal Comparable Sale

Page 2: Selection of Comps: the appraiser has discretion as to which comps they choose for a home. While that process is not necessarily biased of course, it can allow a bias to creep in, e.g. visiting the home, seeing pictures of black families on the walls, and then choosing comps from primarily adjacent black enclaves (which, at least in Baltimore, have a history of price depression as a result of redlining and other systemic issues)

Page 2: Quality of Construction: this is again, another example where the appraiser must make a qualitative assessment, it is not simply recording quantitative data.

And the problem compounds. Each low appraisal becomes a comparable for the next one. It does not just hurt the individual homeowner; it suppresses the value of the entire neighborhood over time, with direct consequences for what families can borrow, refinance, and leave behind. Small wonder the wealth of the median white household is 6x higher than the median black household in Maryland.



25 YEARS OF SEEDING
LEGACIES FOR THE FUTURE

SB 817 creates an early warning and a formal opportunity for interested parties to submit additional comparable sales data before an appraisal is finalized. It requires the appraiser to document what was submitted and explain why it did or did not affect the outcome.

The people we serve work hard to get to homeownership. This bill helps ensure that when they get there, the system does not quietly work against them. We urge a favorable report.

SB0817 - MBA - FWA - GR26.pdf

Uploaded by: Evan Richards

Position: FWA



SB 817 – Real Property - Residential Sales - Communications During Appraisal Process

Committee: Senate Judicial Proceedings Committee

Date: March 11, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS SB 817 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 SB 817 as drafted 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 SB 817 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, SB 817 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 SB 817.

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.

SB 817 - Appraisal Communication - FWA - REALTORS.

Uploaded by: Lisa May

Position: FWA



SB 817 – Real Property - Residential Sales - Communications During Appraisal Process

Position: Support with Amendments

Maryland REALTORS® supports a formal Reconsideration of Value (ROV) process in residential real estate appraisals that is in keeping with federal lending guidelines, thereby ensuring transparency and fairness for Maryland consumers.

While REALTORS® have not made a determination on how this bill functions between appraisers and the lending community, we respectfully request amendments to SB 817 clarify two provisions to ensure the bill functions for Maryland consumers.

First, on page 2, lines 26–28, the bill requires that additional data submitted as part of a reconsideration request be provided in the format of the comparable sales grid used by the appraiser. While a licensed real estate professional may have the knowledge and tools necessary to compile and present information in this format, a homeowner, buyer, or seller who is not represented by a real estate licensee may not—particularly within two business days.

Additionally, the bill does not clearly state whether other relevant supporting documentation may be submitted. Photographs demonstrating property condition, documentation of recent improvements, contractor invoices, or other market-based evidence may be highly relevant to an appraiser’s analysis but would not necessarily fit within a comparable sales grid format. We respectfully request that the bill be amended to clarify that supporting information may be submitted in a reasonable and accessible format and explicitly permit submission of other relevant documentation.

Second, on page 3, lines 5–8, the bill requires submission of “all contract documentation” related to pending sales, which no homeowner, buyer, or seller would be able to access. Even real estate professionals would only have such documentation if they were a party to that transaction. This creates a standard that is impractical and unattainable. We respectfully request that this language be amended to reflect submission of “available information” regarding pending sales, or similar wording that recognizes the practical limitations on access to confidential transaction documents.

With the clarifying amendments outlined above, SB 817 will better serve Maryland consumers, promote transparency, and ensure that the process is workable for represented and unrepresented parties alike. We respectfully urge a favorable report with amendments.

**For more information contact lisa.may@mdrealtor.org
or christa.mcgee@mdrealtor.org**

Appraisal Institute Favorable with Amendments on S

Uploaded by: Scott DiBiasio

Position: FWA



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FAVORABLE WITH AMENDMENTS ON SB 817

Real Property - Residential Sales - Communications During Appraisal Process

Senate Judicial Proceedings Committee

March 11, 2026

Chair Smith, Vice Chair Waldstreicher, and members of the Senate Judicial Proceedings Committee,

The Appraisal Institute, the nation's largest organization of professional real estate appraisers, is **Opposed to SB 817**, as introduced, which would establish a Maryland-specific reconsideration of value (ROV) process for residential mortgage transactions. We would be **Favorable if the bill is amended** to create a reconsideration of value process that mirrors what is currently required by the federal bank regulatory agencies and the government sponsored enterprises, Fannie Mae and Freddie Mac.

We share the sponsor's goal of addressing real estate value inequities that stem from past discriminatory government policies, including redlining, exclusionary zoning, and environmental injustices. These systemic harms have had lasting impacts on communities and housing markets, particularly in communities of color. However, professional appraisers did not create these policies, and individual appraisers do not have the authority or ability to unilaterally correct the structural inequities embedded in broader market forces and public policy. Meaningful reform must be comprehensive and policy-driven, not imposed through mechanisms that compromise the valuation process.

We oppose SB 817 as drafted due to concerns regarding appraiser independence, conflicts with established professional standards, and the creation of an inconsistent and unworkable framework. That said, we would welcome the opportunity to collaborate with the sponsor and the Committee on amendments that would align Maryland's reconsideration of value requirements with the policies already established by the government-sponsored enterprises and federal bank regulators. A consistent, nationally harmonized approach would better protect appraiser independence, reduce confusion in the marketplace, and promote fairness, transparency, and public trust without creating unnecessary duplication or unintended consequences.

Undermines Appraiser Independence

The appraisal process is designed to produce an independent, objective opinion of value. SB 817 fundamentally alters that process by requiring appraisers to notify multiple parties, including buyers, sellers, and real estate agents, when a value may fall below a contract price or estimated value.

This requirement introduces non-client parties into the appraisal development process and compels appraisers to engage with stakeholders who have a direct financial interest in the



outcome. This structure is inconsistent with the long-standing framework governing appraiser independence and risks undermining public trust in appraisal results.

Conflicts with USPAP Requirements

Appraisers in Maryland must comply with the Uniform Standards of Professional Appraisal Practice (USPAP), which establish clear obligations regarding independence, confidentiality, and the appraiser's relationship with the client.

SB 817 creates tension with USPAP by:

- Requiring communications with parties other than the appraiser's client.
- Encouraging disclosure of preliminary value conclusions before the appraisal report is completed.
- Mandating engagement with value-influencing information during development.

USPAP does not contemplate a process in which appraisers provide pre-decisional value signals or participate in iterative feedback loops with non-client stakeholders. The bill therefore places appraisers in a position where compliance with state law may conflict with professional standards.

Creating a State-Mandated Influence Mechanism

Although framed as an opportunity to submit additional data, the bill effectively creates a state-sanctioned mechanism for parties to advocate for a particular value outcome during the appraisal process.

By requiring appraisers to pause their analysis, consider submissions intended to support a contract price, and respond in a formal addendum, the bill transforms the appraisal process into a negotiated or adversarial exercise. This is inconsistent with the role of the appraiser as a disinterested third party.

Misidentifies the Appraiser's Role in the Mortgage Process

In mortgage lending transactions, the lender, not the appraiser, controls the reconsideration of value process. Federal guidance from the GSEs and federal banking regulators requires that requests for reconsideration of value be submitted to the lender or appraisal management company, which then determines whether the information warrants review by the appraiser.

SB 817 instead requires the appraiser to directly notify and interact with transaction participants, including buyers, sellers, and real estate agents. This fundamentally alters the established structure of the mortgage process by assigning responsibilities to appraisers that properly belong to the lender or client.

This shift creates confusion regarding accountability and increases the likelihood that appraisers will be placed in adversarial positions with parties who have a direct financial interest in the transaction outcome.



Conflicts with Existing Federal ROV Frameworks

Federal banking regulators, including the OCC, Federal Reserve, FDIC, NCUA, and CFPB, have issued [Interagency Guidance: Reconsiderations of Value of Residential Real Estate Valuations](#), which defines an ROV as a request from a financial institution for an appraiser to reassess a completed valuation based on potential deficiencies or additional information that may affect the value conclusion.

Under this framework, ROV requests occur after the appraisal is completed, are initiated and managed by the lender or client, and are designed to preserve appraiser independence.

SB 817 would create a separate state process allowing reconsideration requests before completion of the appraisal, involving parties other than the client, and imposing timelines inconsistent with the federal framework. This would create regulatory inconsistency and increase compliance risk.

The Appraisal Institute supports ROV processes but believes they should align with the uniform federal framework, rather than creating differing state requirements.

Pending Federal Legislation Further Establishes a National ROV Framework

It is also important to note that pending federal legislation ([S. Amdt. 4308](#) to [HR 6644](#)) would require the Government Sponsored Enterprises, the Federal Housing Administration, the Department of Veterans Affairs, and the U.S. Department of Agriculture to each implement and maintain requirements ensuring that creditors of federally backed mortgage loans establish a review and resolution procedure for a consumer-initiated reconsideration of value or subsequent appraisal in connection with a consumer credit transaction secured by the borrower's principal dwelling. In other words, a national ROV framework is already being developed at the federal level. Enacting a Maryland-specific pre-completion process now risks creating a duplicative and potentially conflicting structure just as a uniform federal standard is being implemented.

Prevents Affected Loans from Being Sold to the GSEs

Secondary market standards impose strict requirements to protect appraiser independence. The Appraiser Independence Requirements (AIR) established by Fannie Mae and Freddie Mac explicitly prohibit influence over the appraisal process.

For example, Fannie Mae's AIR provides that every person in a transaction is prohibited from:

“Requesting from or providing to an [appraiser] an anticipated, estimated, encouraged, or desired value or value range for a property except that a copy of the sales contract for purchase transactions may be provided to an [appraiser] that has been engaged to complete an appraisal assignment;” and

“Providing to an [appraiser] a proposed or targeted loan amount except that a copy of the sales contract for purchase transactions may be provided to an Independent Party that has been engaged to complete an appraisal assignment”



SB 817 raises serious concerns in this regard. By requiring appraisers to consider and respond to information submitted by interested parties, often for the purpose of supporting a contract price or estimated value, the bill risks facilitating communications that could be viewed as impermissible influence under AIR.

In particular, the bill's application to refinance transactions could expose appraisers to target or benchmark values during the development of the appraisal. Under GSE requirements, such practices may prevent lenders and appraisers from representing compliance with AIR, a prerequisite for selling loans to Fannie Mae and Freddie Mac.

As a result, loans subject to this framework may be rendered ineligible for sale on the secondary market, creating unintended risk for Maryland lenders and borrowers.

Potential Impacts on Mortgage Availability

Because the bill creates a process that may conflict with federal appraisal independence requirements, lenders may face uncertainty about whether loans originated under this framework can be sold to the secondary market.

If loans cannot be readily sold to Fannie Mae, Freddie Mac, or other secondary market participants, lenders may limit the types of loans they originate in Maryland or impose additional risk premiums. These consequences could ultimately reduce mortgage availability or increase borrowing costs for Maryland consumers.

Conclusion

For these reasons, the Appraisal Institute respectfully urges the Committee to issue an unfavorable report on SB 817 in its current form. We welcome the opportunity to collaborate with the Senate and House sponsors and committees on alternative approaches that enhance transparency while preserving the independence and integrity of the appraisal process.

Submitted by:

Scott DiBiasio
Director of Government Affairs
Appraisal Institute
sdibiasio@appraisalinstitute.org
(202) 298-5593

SB0817 - MMBBA - Green - UNF.pdf

Uploaded by: DENNIS RASMUSSEN

Position: UNF

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

3/9/2026

SB0817

borrowers

- 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,

Rich Green

Richard J. Green
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MBIA Letter of Opposition SB 817.pdf

Uploaded by: Lori Graf

Position: UNF

March 9th, 2026

The Honorable William C. Smith, Jr.
Chair, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: MBIA Letter of Opposition SB 817 Real Property - Residential Sales - Communications During Appraisal Process

Dear Chair Smith,

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding **SB 817 Real Property - Residential Sales - Communications During Appraisal Process**.

This bill requires appraisers to notify the point of contact and interested parties when a residential property may appraise below the contract price or estimated value and allows interested parties to submit additional market data for the appraiser to consider before the appraisal is finalized. MBIA is concerned that this bill will bring unintended consequences and add unnecessary steps to real estate transactions.

Appraisers are already required under federal standards and the Uniform Standards of Professional Appraisal Practice (USPAP) to consider relevant market data when appraising a property and forming an opinion of value. Requiring appraisers to review and document all submitted information in a mandated addendum is a duplicative process that will increase compliance costs.

The bill also establishes a two-day window for the submission of additional comparable sales data and requires it to be presented in a format similar to the comparable sales grid used in a uniform residential appraisal report. This timeframe is too narrow and will be difficult for smaller builders who do not have immediate access to professionally formatted market data to deliver the data in time. This process will create an advantage for larger builders who can easily access the market data and procedural hurdles for smaller builders.

Although the bill states that the communication process may not be used to “pressure, influence or coerce” an appraiser, the structure of the process will inadvertently encourage additional attempts to challenge or influence valuation conclusions before they are finalized. It is important for our state to maintain appraiser independence.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Judicial Proceedings Committee

031126 REVAA Comments on S 817.pdf

Uploaded by: Mark Schiffman

Position: UNF

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 ([REVA](https://www.revaa.org)) in opposition to SB 817.

REVA is a national trade group representing appraisal management companies (AMC), lenders, and residential real estate valuation providers. Many REVA 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. REVA 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. REVA 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.

REVA 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