



## Final Regulation Agency Background Document

<b>Agency name</b>	Common Interest Community Board
<b>Virginia Administrative Code (VAC) citation</b>	18 VAC 48-50
<b>Regulation title</b>	Common Interest Community Manager Regulations
<b>Action title</b>	Amendment to Common Interest Community Manager Regulations to Provide for Individual Certification
<b>Date this document prepared</b>	June 22, 2011

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 14 (2010) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

### Brief summary

*Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation. Also, please include a brief description of changes to the regulation from publication of the proposed regulation to the final regulation.*

This is a revision to existing regulations to establish the certification requirements for supervisory and principal employees of common interest community managers, as well as the standards of practice and conduct for such employees. In addition, the regulations specific to common interest community managers were amended as the Board determined necessary during the review process.

The regulations were developed by a committee of Board members and members of the public with expertise in various areas related to common interest communities (common interest community managers, a community association attorney, and association member representatives) in order to aid in the development of regulations that ensure minimum competency without being overly burdensome or too costly.

### Statement of final agency action

*Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency or board taking the action, and (3) the title of the regulation.*

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On June 9, 2011, the Common Interest Community Board adopted final amended regulations for 18 VAC 48-50, Common Interest Community Manager Regulations, to establish the certification requirements for supervisory and principal employees and to amend the requirements for obtaining and maintaining a common interest community manager license.

In reviewing the proposed regulations for final adoption, the Board incorporated several amendments that were necessary as a result of legislation passed during the 2011 General Assembly Session that affected several provisions in the Common Interest Community Manager Regulations. Chapter 605 of the Acts of 2011 General Assembly, which became effective March 25, 2011, delayed the implementation of the certification program for principal and supervisory employees until July 1, 2012, and also extended the provisional manager license expiration date until June 30, 2012.

### Legal basis

*Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.*

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Section 54.1-2349 states in part that the Board shall have the power and duty to promulgate regulations to carry out the requirements of Chapter 23.3 of Title 54.1 of the Code of Virginia. In addition, 54.1-2349(A)(3) states that the Board shall establish criteria for the certification of employees of common interest community managers who have principal responsibility for management services provided to common interest communities or supervisory responsibility for employees who participate directly in the provision of management services. Section 54.1-201(E) states in part that regulatory boards shall promulgate regulations in accordance with the Administrative Process Act necessary to assure continued competence, to prevent deceptive or misleading practices by practitioners and to effectively administer the regulatory system administered by the regulatory board. The regulation is mandatory to implement Chapters 851 and 871 of the Acts of the 2008 General Assembly.

### Purpose

*Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons it is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.*

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This revision to existing regulations is necessary to establish the certification requirements for supervisory and principal employees of common interest community managers, as well as the standards of practice and conduct for such employees. In addition, the regulations specific to common interest community managers were amended as the Board determined necessary during the review process.

The amendment is necessary to fully implement Chapters 851 and 871 of the Acts of the 2008 General Assembly, which were the result of HB 516 and SB 301. The goal of the regulation is to establish qualifications and standards of practice and conduct for specific employees of common interest community managers in accordance with HB 516 and SB 301.

The General Assembly determined that regulatory oversight of common interest community managers is essential to protect the health, safety, and welfare of the citizens of Virginia. Minimum qualifications for

certification of supervisory and principal employees of common interest community managers, renewal requirements, and the standards of conduct and practice are the general items that will be addressed in the regulations.

## Substance

*Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. A more detailed discussion is required under the "All changes made in this regulatory action" section.*

The regulations were revised to incorporate provisions for individual certification of supervisory and principal employees of common interest community managers in accordance with § 54.1-2349(A)(3) of the Code of Virginia. In addition to qualifications for certification, renewal and reinstatement requirements for certificate-holders were added, as well as revision of the standards of conduct and practice to either incorporate new provisions for certified individuals or amend provisions that exist in the current regulations for common interest community managers to include certified individuals. The Board meticulously reviewed all provisions for common interest community managers to determine their applicability to certified supervisory and principal employees. Further, all existing regulations for common interest community managers were reviewed and amended as necessary to clarify provisions, and expand upon existing requirements to ensure minimum competency while not creating undue burdens and costs on the affected management firms. Based on comment received during the public comment period and discussion during the recent legislative session, the Board incorporated a requirement that applicants for certification must complete a fair housing training program that includes a minimum of two contact hours and focuses on Virginia fair housing laws as they relate to the management of common interest communities. Further, the Board incorporated a requirement that certified employees must complete a two-hour training program that encompasses Virginia laws and regulations related to common interest community management and the creation, governance, administration, and operations of associations. Both of these training programs must be completed biannually as a requirement for renewal. Finally, the existing training program requirements were reviewed and clarified based on experiences with processing training program approval applications under the regulatory provisions that became effective April 1, 2010.

## Issues

*Please identify the issues associated with the proposed regulatory action, including:*

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

*If there are no disadvantages to the public or the Commonwealth, please indicate.*

The primary advantage to the public is that specified employees of common interest community managers will be regulated to ensure the health, safety, and welfare of the public, particularly those residing in common interest communities, is protected. The only foreseeable disadvantage is that the increased costs to managers and associations will likely be passed along to association members (i.e., homeowners, unit owners, etc.).

The primary advantage to the Commonwealth is that the regulation of common interest community managers and specified employees reflects the importance that Virginia places on ensuring that those providing management services to associations and their members have met specific minimum

requirements for licensure and must maintain certain standards of practice and conduct in order to provide those services.

**Changes made since the proposed stage**

*Please describe all changes made to the text of the proposed regulation since the publication of the proposed stage. For the Registrar’s office, please put an asterisk next to any substantive changes.*

<b>Section number</b>	<b>Requirement at proposed stage</b>	<b>What has changed</b>	<b>Rationale for change</b>
10	This section contains the definitions of certain terms used in the regulations. At the proposed stage, the definition of “responsible person” stated that the named person would receive all notices from the Board that may affect the firm or any certificate-holder with the firm.	The definition was amended to delete the provision that notices affecting the certificate-holder would be sent to the responsible person of the firm.	This requirement would be difficult to administer and would confuse the burden of responsibility for renewal and maintenance of certificates. The certificate-holder has the obligation to renew his certificate and would be subject to the consequences for failure to renew; therefore, it would create confusion to send all notices to the responsible person of the firm.
30	This section contains the minimum qualifications for obtaining a license as a common interest community manager.	The section has been amended to distinguish the requirements that will be effective before July 1, 2012, from those effective on and after July 1, 2012.	The 2011 General Assembly changed the implementation date of the employee certification requirements from July 1, 2011 to July 1, 2012 through the passage of HB 1674. Therefore, the provisions relating to certification had to be amended.
35	This section contains the minimum qualifications for obtaining a certificate as a principal or supervisory employee.	The section has been amended to establish the requirements that will be effective July 1, 2012.	The 2011 General Assembly changed the implementation date of the employee certification requirements from July 1, 2011 to July 1, 2012, through the passage of HB 1674. Therefore, the provisions relating to certification had to be amended.
35.K and L	These subsections contain the requirements for a	These subsections have been deleted from the final text.	These provisions were deleted as they were

	certificate applicant to complete common interest community-related fair housing training and common interest community law and regulation training within one year from the date of certification.		unnecessarily burdensome. The regulations require completion of common interest community-related fair housing training and common interest community law and regulation training with each renewal (every two years). Therefore, this requirement would have mandated training at 1 year from certification and submittal again at 2 years (first renewal) from certification.
37	This section contains the requirements for licensure and certification by reciprocity.	The section has been amended to add "effective July 1, 2012" to subsection B. In addition, citations have been updated based on other amendments in the regulations.	This section was amended to reflect the new implementation date for certification as a result of HB 1674 from the 2011 General Assembly Session.
80	This section contains the requirement for provisional licensees to submit the annual assessment fee and updates to bond/insurance information on an annual basis. The section was being repealed as provisional licenses expired on June 30, 2011, pursuant to 54.1-2346.F of the Code of Virginia.	The section is being unrepealed in the final regulations as SB 983 from the 2011 General Assembly Session extended the expiration date of provisional licenses until June 30, 2012. In addition, an incorrect citation was updated.	The 2011 legislative change mandated that the expiration date for provisional license is June 30, 2012; therefore, provisional licensees will need to submit the annual assessment and bond/insurance information for an additional year.
90	These section states that renewal is required for certificates and licenses issued by the Board. In addition, the section stated that provisional licenses expire on June 30, 2011.	The section is being amended in the final regulations as SB 983 from the 2011 General Assembly Session extended the expiration date of provisional licenses until June 30, 2012.	The 2011 legislative change mandated that the expiration date for provisional license is June 30, 2012.
110	This section provides the requirements regarding reinstatement of a license or certificate.	The section is being amended to transpose "individual or firm" in subsection C in order to make it match "license or certificate" at the beginning of the sentence.	This is a clarifying change in order to make the subjects agree.
150	This section provides the requirements related to maintaining a license or certificate and notifying the Board of changes that may affect the license or certificate.	Subsection F was added to ensure that responsibility was appropriately placed with the certificate-holder for notifying the Board when he has a change in employing common interest community manager.	In order to change an address of record on a certificate, we must receive notice of the change from the certificate-holder. Without subsection F, the

			manager was required to notify the Board of the departure of a certified employee, but the Board would be unable to use the information to update records without having the notification requirement for the certificate-holder as well.
180	This section provides the disciplinary or criminal acts that must be reported to the Board.	The section has been amended to state that a certificate-holder must notify the Board of actions against the "certified principal or supervisory employee" instead of "themselves."	This was a change for clarification purposes only.
190	This section provides a list of acts that are prohibited and which may result in disciplinary action by the Board.	This section has been amended to renumber the last item from "B" to "20." In addition, the wording in new subsection 20 has been amended.	The renumbering was to correct previous regulations as the provision contained therein is a prohibited act. Changes to the wording were made in order to make new item 20 grammatically consistent with the provisions of 1 through 19.
250	This section provides the requirements for Board-approved introductory and comprehensive training programs.	The regulation references were updated to coincide with changes to 18 VAC 48-50-30 and the addition of 18 VAC 48-50-35.	The citations needed to be updated based on changes to 18 VAC 48-50-30 and the addition of 18 VAC 48-50-35.

**Public comment**

*Please summarize all comments received during the public comment period following the publication of the proposed stage, and provide the agency response. If no comment was received, please so indicate.*

#	REGULATION #	SUMMARY OF COMMENT(S)
	COMMENTOR'S NAME	BOARD RESPONSE
1	18 VAC 48-50-30.K	The use of the words "license" along with "licensed" could create confusion.
	Armstrong Management Services, Inc.; Community Associations Institute Virginia Legislative Action Committee and National Board of Certification for Community Association Managers	<i>The Board concurs with the suggested change and 18 VAC 48-50-30.J has been amended accordingly.</i>
2	18 VAC 48-50-30.K.2, 3, and 4	Delete "the quality of which demonstrates to the board that the individual is competent to provide management

		services” as the comprehensive training program has already been approved by the Board and determined to meet its requirements.
	Community Associations Institute Virginia Legislative Action Committee and National Board of Certification for Community Association Managers	<i>The phrase the commenter recommends deleting relates to the applicant’s experience in providing management services. The language in the applicable subsection (18 VAC 48-50-30.K) has been amended to clarify the minimum standards of acceptable experience.</i>
3	18 VAC 48-50-30.K.3	The commenters indicate that this option is a significant variance from the other options and makes the supervisory employee/officer requirements nearly the same as the requirements for the certified employee.
	Armstrong Management Services, Inc.; Community Associations Institute Virginia Legislative Action Committee and National Board of Certification for Community Association Managers	<i>This requirement provides an additional alternative to the qualifications for licensure that a supervisory employee or officer of each firm must fulfill. The current regulations were found to be overly burdensome and costly, resulting in the termination of management services by several firms. In order to foster the growth of businesses and jobs in Virginia, while ensuring adequate protection of the health, safety, and welfare of the public, the Board acted to amend the regulations to provide additional alternatives that include a sliding scale of experience and training. Further, the language in the applicable subsection (18 VAC 48-50-30.K) has been clarified to indicate the minimum standards of acceptable experience include supervisory or principal responsibility of management services. Finally, the certification requirements mandate two years of qualifying experience with an introductory training program, whereas the similar requirement for the supervisory employee or officer requires five years of experience.</i>
4	18 VAC 48-50-180.B.1	The disciplinary action included in this section is too broad and may be interpreted to include situations that are irrelevant or potentially insignificant to the provision of management services. The subsection should be amended to require disclosure of information only as a disciplinary action relates to the provision of management services.
	Armstrong Management Services, Inc.; Community Associations Institute Virginia Legislative Action Committee and National Board of Certification for Community Association Managers	<i>The Board’s ability to enforce its regulations in every circumstance is paramount in drafting regulatory language, which necessitates broader terms in some instances in order to be able to fulfill the Board’s responsibility to protect the health, safety, and welfare of the public. Pursuant to this regulation, the Board, not the regulant, will have discretion in determining whether the prior disciplinary action warrants additional review.</i>
5	18 VAC 48-50-180.B.2	The disciplinary action included in this section is too broad and may be interpreted to include situations that are irrelevant or potentially insignificant to the provision of management services. The subsection should be amended to require disclosure of information only as a disciplinary action relates to the provision of management services.

<p>Armstrong Management Services, Inc.; Community Associations Institute Virginia Legislative Action Committee and National Board of Certification for Community Association Managers</p>	<p><i>The Board's ability to enforce its regulations in every circumstance is paramount in drafting regulatory language, which necessitates broader terms in some instances in order to be able to fulfill the Board's responsibility to protect the health, safety, and welfare of the public. Pursuant to this regulation, the Board, not the regulant, will have discretion in determining whether the prior disciplinary action warrants additional review.</i></p>
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**All changes made in this regulatory action**

*Please list all changes that are being proposed and the consequences of the proposed changes. Describe new provisions and/or all changes to existing sections.*

<b>Current section number</b>	<b>Proposed new section number, if applicable</b>	<b>Current requirement</b>	<b>Proposed change, rationale, and consequences</b>
10		This section provides the definitions of various terms used in the regulations.	This section was amended to add the following definitions related to certification: active status (as the term is used in § 54.1-2346.C), certified principal or supervisory employee, direct supervision, principal responsibility, and supervisory responsibility. In addition, the following definitions were amended to reference certification: applicant, regulant, renewal, and responsible person. The following definition was deleted as it is not used in the regulations: full time employee.
20		This section provides the application procedures for applicants seeking licensure as a common interest community manager or certification as a certified principal or supervisory employee, includes timeframes for review of applications, and explains what constitutes a completed application.	The section was amended to include applicants for certification in the application procedures provisions.
30		This section provides the qualifications for licensure. The requirements include: proper registration of business and/or trade names; disclosure of mailing and physical addresses and address from which management services for Virginia common interest communities	The qualifications for licensure for common interest community managers were amended as follows: ❖ Clarification in subsection E that the required bond or employee dishonesty policy must be issued in the name of



		<p>are provided, and includes prohibition against using a post office box as the sole address; disclosure of all felony convictions, misdemeanor convictions, and any plea of nolo contendere; evidence of a blanket fidelity bond or employee dishonesty bond; certification that the applicant complies with standards of conduct and practice contained in regulations; the applicant, responsible person, and any principals shall be in good standing and disclose any disciplinary action by any board or administrative body in any jurisdiction; disclosure of any relevant information about the firm, responsible person, and any principals of the firm for the past seven years prior to the application on any outstanding judgments, past-due assessments, defaults on bonds, or pending or past bankruptcies, specifically those that relate to management services; disclosure if any principals who owned more than 50% equity interest in the firm are or were equity owners holding a 10% or greater interest in any entity licensed by any agency of the Commonwealth that was subject to any adverse disciplinary action within the seven years preceding application; the applicant must hold an active designation as an Accredited Association Management Company by the Community Associations Institute or must certify that the applicant has i.) at least one supervisory employee or officer with five years of experience in providing management services and who has successfully completed a comprehensive training program as described in 18 VAC 48-50-250.B, as approved by the board, involved in all aspects of the management services offered and provided by the firm, and ii.) at least 50% of persons who have principal responsibility for management services meet one of the following: hold an active designation as a Professional Community Association Manager and certify having provided management services for a period of</p>	<p>the firm. <i>This change was necessary to clearly differentiate the bond/insurance policy required to be held in the name of the association from the bond/insurance policy required to be held by the manager.</i></p> <ul style="list-style-type: none"> <li>❖ Insertion of a new subsection to include the statutory requirement that beginning July 1, 2012, the manager shall attest that all employees of the firm in a principal or supervisory capacity shall, within two years of employment, hold a certificate or shall be under the direct supervision of a certificated employee. <i>This change was necessary to ensure that the manager complies with the requirements of § 54.1-2346.C of the Code of Virginia.</i></li> <li>❖ Subsection J was revised to reflect that the requirements specific to 50% of the employees of the firm (including the experiential and designation requirements) are in effect until July 1, 2012, at which time subsection L will prevail as the individual employee certification requirements will be in effect. In addition, the requirements for the supervisory employee/officer of the firm have been expanded to include requirements other than the comprehensive training program and five years of qualifying experience that were previously contained in the regulations. Specifically, the supervisory employee or officer may complete one of the following: the Professional Community Association Manager</li> </ul>
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		<p>12 months immediately preceding application; or hold an active designation as a Certified Manager of Community Associations by the National Board of Certification for Community Association Managers and certify having two years of experience in providing management services of which a minimum of 12 months of experience must have been gained immediately preceding application; or hold an active designation as an Association Management Specialist and certify having two years of experience in providing management services of which a minimum of 12 months of experience must have been gained immediately preceding application; or have completed an introductory training program, as set forth in 18 VAC 48-50-250.A, and certifying examination approved by the board and certify having two years experience in providing management services of which a minimum of 12 months of experience must have been gained immediately preceding application; and the applicant shall name a responsible person for the firm.</p>	<p>designation offered by Community Associations Institute; a comprehensive training program and three years of qualifying experience; an introductory training program and five years of qualifying experience; or has not completed a board-approved program but can document, for approval by the Board, the equivalent of a comprehensive training program through documented coursework, and has at least ten years of qualifying experience.</p> <p><i>This change was determined necessary after the implementation of the CIC manager regulations effective April 1, 2010, resulted in a number of firms being unable to meet the qualifications for licensure as completion of the comprehensive training program and five years of experience appears to be too restrictive. Further, the Board received feedback from a number of provisional licensees that they will likely be unable to fulfill the current requirements prior to the expiration date of the provisional license, June 30, 2011<sup>1</sup>. In an effort to balance public protection with ensuring minimum competency, the Board established a tiered system to qualify for a license that includes provisions that require more qualifying experience and less hours of approved training as well as provisions requiring more hours of approved training and less experience. The Board further instituted a provision that would allow the Board to consider on a case-</i></p>
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<sup>1</sup> This date has since changed to June 30, 2012, as a result of the enactment of Chapter 605 of the 2011 Acts of Assembly.

			<p><i>by-case basis the qualifications of an individual who has ten years of experience and has completed coursework, for which documentation can be supplied with the application, that is equivalent to a comprehensive training program.</i></p>
	35	N/A	<p>This is a new section containing the provisions for certification of certified principal and supervisory employees that will be effective July 1, 2012. The substantive provisions include:</p> <ul style="list-style-type: none"> <li>❖ Conviction and adverse financial information as well as good-standing provisions that must be reported.</li> <li>❖ Experiential and training requirements including: Professional Community Association Manager designation issued by the Community Associations Institute and three months of qualifying experience; Certified Manager of Community Associations designation issued by the National Board of Certification for Community Association Managers and two years of qualifying experience; Association Management Specialist designation issued by the Community Associations Institute and two years of qualifying experience; or completion of an introductory training program and two years of qualifying experience.</li> </ul>
	37	N/A	<p>This is a new section that establishes the requirements for an applicant for licensure or certification to apply by reciprocity. An applicant for licensure may have the experience and/or training requirements, as applicable, waived if the applicant holds an equivalent license or certificate in</p>

			another state, the District of Columbia, or any other territory or possession of the United States. Other requirements not related to experience and/or training must still be met by the applicant.
40		This section details the provisions for denial of an application for licensure by the Board and reference to the Code applicable to the appeal process.	This section was amended to include certification in the provision regarding the Board's authority to deny a license and delete text deemed unnecessary. <i>The section was condensed to eliminate unnecessary text that referenced a code citation that was only applicable to certain situations, and applies even without the reference in the regulation. The reference to the appeal process is unnecessary as it is applicable in all cases where a license or certificate is denied, and the language regarding the appeal process is contained in the orders issued by the Board in such instances.</i>
60		The schedule of fees is provided in this section, including the types of fees, amount of fees, when recovery fund fees are applicable, and when the specified fee is due.	This section was amended to incorporate the fees for certification.
80		This section provides the requirements for maintaining a provisional license, including stipulating that the annual assessment is due each year the provisional license is in effect as well as the documentation necessary for confirming the annual assessment due and the waiver of such documentation if the maximum annual assessment is submitted. Further, this section requires that proof of current bond or insurance policy must be submitted and that the bond/policy must be maintained in accordance with the Board's regulations and applicable statutes.	This section was repealed at the proposed stage but has been reinstated as a result of the extension of the provisional license expiration date until June 30, 2012 pursuant to Chapter 605 of the Acts of the 2011 General Assembly.
90		This section contains the general provisions related to renewal, including that licenses expire one year from the last day of the month in which the license was issued, fees required for renewal, the expiration of provisional licenses on June 30, 2011, and the non-renewability of	This section was amended to include the provision that the certificate shall expire two years from the last day of the month in which it was issued. <i>As the certificate-holder is not required to submit an annual assessment, as is required of</i>

		provisional licenses.	<i>common interest community manager licensees, it would be less burdensome on the certificate-holder to renew every two years as opposed to every year.</i>
100		This section details the provisions related to expiration and renewal of a license. This includes the requirement that proof of current bond/insurance policy be submitted. In addition, the section stipulates that a renewal notice will be mailed but failure to receive the renewal notice does not relieve the regulant of the obligation to renew. Further, this section provides the procedures for renewing if the renewal notice is not received, including the stipulation that submitting the application for renewal constitutes certification that the regulant continues to comply with the standards of conduct and practice of the Board. Finally, the section provides that all applicants for renewal shall continue to meet all of the Board's qualifications for licensure.	This section was amended to include the requirements for renewal of a certificate. Specifically, the certificate-holder is required to complete the renewal application, submit proof of completion of fair housing training as it relates to the management of common interest communities and two hours of Virginia common interest community law and regulation training, both approved by the Board and completed within the certificate period. <i>The Board determined that it is necessary for a certificate-holder to complete the Board-approved fair housing training and common interest community law and regulation training to ensure the certificate-holder remains up-to-date on the laws and regulations affecting Virginia applicants and regulants as they are amended.</i>
110		This section provides the requirements for reinstatement. Reinstatement is required when the requirements for renewal of a license are not completed within 30 days of the license expiration date. The license may be reinstated up to six months following the expiration date. After that time, the license may not be reinstated and the regulant must apply as a new applicant and meet all entry requirements in effect at that time. Further, the section explains that any regulated activity conducted subsequent to the license expiration date may constitute unlicensed activity and subject to prosecution.	This section was amended to include the requirements for reinstatement of a certificate. Specifically, reinstatement is required if renewal is not completed within 30 days of the certificate expiration date. Reinstatement requires submittal of the reinstatement fee and completion of all requirements for renewal of the certificate. Further, the section was amended to replace text that is repeated from section 100 to simply reference the applicable subsection. <i>The requirements for reinstatement of certificates were established to be consistent with the reinstatement requirements for common interest community manager licenses, as well as other professions and occupations within the Department.</i>

120		<p>This section provides for the status of a license prior to the reinstatement of the license. A regulant who applies for reinstatement of a license shall be subject to all of the laws and regulations as if the regulant had been continuously licensed and remains under the Board's authority during the entire period.</p>	<p>This section was amended to incorporate certificates in provisions related to the status of the license or certificate during the period prior to reinstatement. <i>This amendment is necessary to clearly state the Board's authority over certificate-holders during the period that the certificate is expired prior to reinstatement.</i></p>
130		<p>This section provides the circumstances in which renewal or reinstatement of a license may be denied. These circumstances include any of the reasons that initial licensure may be denied, failure to meet the terms of an agreement for licensure, failure to satisfy sanctions, or failure to fully pay any monetary penalty or costs imposed by the Board.</p>	<p>This section was amended to incorporate certificates into the provision related to the Board's discretion to deny renewal or reinstatement. <i>This amendment is necessary to ensure the Board's authority to deny renewal or reinstatement of a certificate in specific circumstances.</i></p>
140		<p>This section provides the possible sanctions that may be imposed in the event that a regulant is found in violation of the Board's regulations or statutes.</p>	<p>This section was amended to incorporate certificates into the provision related to the grounds for disciplinary action. <i>This amendment is necessary to clearly identify the Board's authority to impose sanctions for findings of violations of the Board's regulations and/or statutes.</i></p>
150		<p>This section provides the requirements for maintaining a license as a common interest community manager. These provisions include prohibition of assigning or transferring a license; requirement to report, in writing, all changes of address to the Board within 30 days; requirement to notify the Board of any change in the qualifications for licensure within 30 days of the change; and the requirement to notify the Board of the cancellation, amendment, expiration, or any other change of any bond or insurance policy within five days of the change.</p>	<p>This section was amended to incorporate certificates into the notification requirements for maintaining the license or certificate. In addition, a subsection was added to require the licensee to report to the Board the discharge or termination of active status of an employee holding a certificate within 30 days of such discharge or termination. A subsection was also added to require the certified principal or supervisory employee to notify the Board of a change in employing common interest community manager. <i>These amendments were necessary to ensure that the certificate-holder is provided with specific information that must be reported to the Board in the event of a change. The addition of the subsection requiring a common</i></p>

			<i>interest community manager to report to the Board the discharge or termination of active status of an employee is consistent with the requirements of § 54.1-2346(C).</i>
160		This section provides the requirements for maintaining and managing funds from associations. This includes the requirement that all managers that hold funds that belong to others as a result of the fiduciary relationship between them be labeled as such to clearly distinguish funds that belong to others from those funds of the common interest community manager.	This section was amended to clarify that only licensed firms have responsibilities related to maintenance and management of accounts. <i>Section 54.1-2353(A) imposes fiduciary responsibilities on a manager (firm) for associations it manages as opposed to individual employees; therefore, the change was necessary to identify applicability of the section on licensed firms and not certified principal or supervisory employees.</i>
180		This section requires that regulants notify the Board of any adverse action, including: any disciplinary action taken by another jurisdiction, board, or administrative body of competent jurisdiction; any voluntary surrendering of a license, certificate, or registration done in connection with a disciplinary action in another jurisdiction; or any conviction, finding of guilt, or plea of guilty of any felony or misdemeanor in any jurisdiction. The section requires that the Board be notified within 30 days of the action and specifies the documentation that must be submitted relating to the action.	This section was amended to create a new subsection with the provisions under which a certificate-holder must notify the Board and the responsible person of the employing firm of certain disciplinary and conviction information against the certificate-holder. <i>The reporting requirements for certificate-holders contained in this amendment are consistent with the reporting requirements for common interest community manager licensees. In addition, the Board determined that the certificate-holder must be required to report such action to the responsible person, as the responsible person is required to receive communications and notices from the Board that may affect the firm or any certificate-holder with the firm.</i>
190		This section details the acts that regulants are prohibited from engaging in and the violations from which disciplinary action may result. The prohibited actions include, in summary, violating, inducing another to violate, or cooperating with others in violating any of the provisions of any of the regulations of the Board or statutes applicable to the Board;	This section was amended to add the term "certificate" to the subsection, where appropriate, to indicate that the prohibited act was applicable to certificate-holders. In addition, subsection 10 regarding incompetence was amended to clarify that the prohibited act by which the Board has authority to take disciplinary

		<p>allowing the common interest community manager license to be used by another; obtaining or attempting to obtain a license by false or fraudulent representation, or maintaining, renewing, or reinstating a license by false or fraudulent representation;</p> <p>a regulant having been convicted, found guilty, or disciplined in any jurisdiction of any offense or violation enumerated in 18 VAC 48-50-180 of the regulation; failing to inform the board in writing within 30 days that the regulant was convicted, found guilty, or disciplined in any jurisdiction of any offense or violation enumerated in 18 VAC 48-50-180 of the regulation; failing to report a change as required by 18 VAC 48-50-150 or 18 VAC 48-50-170; the intentional and unjustified failure to comply with the terms of the contract, operating agreement, or governing documents; engaging in dishonest or fraudulent conduct in providing management services; failing to satisfy any judgments or restitution orders entered by a court or arbiter of competent jurisdiction; incompetence in providing management services; failing to handle association funds in accordance with the provisions of § 54.1-2353(A) or 18 VAC 48-50-160; failing to account in a timely manner for all money and property received by the regulant in which the association has or may have an interest; failing to disclose to the association material facts related to the association's property or concerning management services of which the regulant has actual knowledge; failing to provide complete records related to the association's management services to the association within 30 days of any written request by the association or within 30 days of the termination of the contract unless otherwise agreed to in writing by both the association and the common interest community manager; failing upon written request of the association to provide books and records such that the association</p>	<p>action must involve egregious or repeated violations of generally accepted standards for the provision of management services. In addition, a provision was added requiring that the name used on advertising must correspond with the name on the license.</p> <p><i>This section was meticulously reviewed to determine each provision's applicability to licensees, certificate-holders, or both. As this section contains the prohibited acts for which the Board can take disciplinary action, each subsection was reviewed to ensure that public protection was balanced with not creating unrealistic and overly burdensome requirements.</i></p>
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		<p>can perform pursuant to § 55-510 (Property Owners Association Act), § 55-79.74:1 (Condominium Act), and § 55-474 (Virginia Real Estate Cooperative Act); commingling the funds of any association by a principal, his employees, or his associates with the principal's own funds, or those of his firm; failing to act in providing management services in a manner that safeguards the interests of the public; failing to make use of a legible, written contract clearly specifying the terms and conditions of the management services to be performed by the common interest community manager. The contract shall include, but not be limited to, the following: beginning and ending dates of the contract; cancellation rights of the parties; records retention and distribution policy; a general description of the records to be kept and the bookkeeping system to be used; and the common interest community manager's license number. Prior to commencement of the terms of the contract or acceptance of payments, the contract shall be signed by the regulant and the client or the client's authorized agent.</p>	
220		<p>This section requires that regulants respond to inquiries by the board or any of its agents regarding any complaint filed with the Department within 10 days of the request; that the regulant produce any documents requested by the board or any of its agents within 10 days, unless extended by the board upon a showing of extenuating circumstances prohibiting delivery within 10 days; the regulant may not provide a false, misleading, or incomplete response to the board or its agents seeking information in the investigation of a complaint filed with the board; and the regulant must respond to any inquiry by the board or its agents, other than requested by the previous subsections, within 21 days.</p>	<p>Subsection B of this section was amended to require production of records by a regulant within 10 days as it concerns any transaction pertaining a complaint filed with the Board. <i>This amendment was deemed necessary to ensure that the regulant is not overburdened with providing records within ten days to any request by the Board; instead the request must be related to a transaction pertaining to a complaint filed with the Board.</i></p>
250		<p>This section provides the requirements for introductory and</p>	<p>This section was amended to correct the regulation citations</p>

		comprehensive training programs required pursuant to 18 VAC 48-50-30.K. The introductory training program must include a minimum of 16 contact hours and encompass the subject areas set forth in the section. The comprehensive training program must include a minimum of 80 contact hours and the syllabus shall include at least 40 contact hours encompassing all of the subject areas set forth in the section and may include up to 40 contact hours in other subject areas approved by the Board. The subject areas that must be included in each training program are: governance, legal matters, and communications; financial matters, including budgets, reserves, investments, internal controls and assessments; contracting; risk management and insurance; management ethics for common interest community managers; facilities maintenance; and human resources. The section also requires that all training programs have a final, written examination.	that changed as a result of amendments to the entry requirements. In addition, a statement that the time allocated to each subject must be sufficient to ensure adequate coverage of the subject was added as a result of the Training Program Review Committee's recommendations to the Board. Subsection E was deleted to place it in a new section, 257, for clarity. <i>After the effective date of the permanent Common Interest Community Manager Regulations, April 1, 2010, the Training Program Review Committee charged by the Board with reviewing all applications for training program approval made several recommendations to the Board based on its review of the initial applications received. One of these recommendations was to ensure that training programs were required to devote adequate time to coverage of the required subject areas.</i>
	253	N/A	This new section was added to provide the requirements for approval of a two-hour training program on common interest community law and regulation required to be taken by certificate applicants and certificate-holders.
	255	N/A	This new section was added to provide the requirements for approval of a two-hour training program on fair housing as it relates to the management of common interest communities required to be taken by certificate applicants and certificate-holders.
	257	N/A	This is a new section consisting of language previously found in subsection E of section 250.
290	290	This section provides the requirements for examinations for licensure.	This section was amended to include certification in the provision for examinations.

**Regulatory flexibility analysis**

*Please describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while*

*minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent schedules or deadlines for compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.*

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The regulations were developed with consideration that the affected industries consist of small businesses. The Board considers that the regulatory methods implemented were promulgated to accomplish the applicable law while minimizing the adverse impact on small businesses and are consistent with the regulation of small businesses of other professions.

### Family impact

*Please assess the impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.*

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No impact on families in Virginia has been identified as resulting from the proposed regulation.