

Office of Regulatory Management
Economic Review Form

Agency name	Real Estate Board
Virginia Administrative Code (VAC) Chapter citation(s)	18 VAC 135-20
VAC Chapter title(s)	Virginia Real Estate Board Licensing Regulations
Action title	Universal License Recognition - Jurisprudential Exam Requirement
Date this document prepared	September 25, 2023 (revised 10-4-2023 and 10-5-23)
Regulatory Stage (including Issuance of Guidance Documents)	Exempt - Final

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Costs: The direct cost to the applicants will be the exam fee, which is \$60.00. To date, we are averaging five ULR applicants per month. This will result in \$300 per month or \$3,600/year in exam fees.</p> <p>Indirect Costs: The indirect costs will be the commuting costs to and from the exam site, which we estimate will be \$7.00, the average daily commuting cost in Virginia. This adds \$420/yr. of commuting costs.</p> <p>Direct Benefits: Universal License Recognition itself allows individuals to come into Virginia without necessarily having to meet its licensing education requirements. The pre-licensure course costs around \$250. At 60 ULR applicants per year, this would save applicants \$15,600 per year in training costs.</p> <p>Indirect Benefits: See section four below.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) \$18,963</p>	<p>(b) \$73,587</p>
<p>(3) Net Monetized Benefit</p>	<p>\$54,624</p>	
<p>(4) Other Costs & Benefits (Non-Monetized)</p>	<p>Potential indirect costs - Exam Review Course if desired (\$170). Time to study laws and regs (4 weeks) = up to \$5,600 is lost revenue per applicant (the average full time real estate salesperson sell one home per month).</p> <p>Indirect Benefits – This change ensures competency in state laws. State laws governing real estate transaction vary widely state by state. Deficiencies in following state law frequently result in real estate transactions falling through. These situations represent most of the board’s disciplinary cases. Median home price in Virginia is \$410,000. Negligent practice of real estate, particularly when not in compliance with state law, presents a high risk of the transaction failing, which would impose financial loss to the seller and the loss of the benefit to the purchaser.</p>	

(5) Information Sources	<p>Bureau of Labor and Statistics – average earnings for real estate salespersons.</p> <p>Virginia Realtors – average home price in Virginia 2022.</p> <p>https://www.homelight.com/blog/how-many-homes-does-a-realtor-sell-a-year/, August 15, 2023.</p> <p>Commuting Costs - https://workinnorthernvirginia.com/live/cost-of-living/#:~:text=It%20is%20estimated%20that%20the,%2C%20with%2077%25%20driving%20alone. Accessed August 22, 2023.</p> <p>Pre-licensure education: https://www.theceshop.com/virginia/pre-licensing/va-salesperson-pre-licensing-cost?utm_source=google&utm_medium=cpc&utm_campaign=pre_va0_adw_sea_cp_c_nbr_ces_res_nrt_dsk_nsl_c*18320090370_ag*_u*pregppc-virginia-performance-max-smart&marketingcode=pre_va0_adw_sea_cpc_nbr_ces_res_nrt_dsk_nsl_c*18320090370_ag*_u*pregppc-virginia-performance-max-smart&gclid=EA1aIQobChMItbKW04TxgAMVhtXIC2xBgfAEAAAYAiAAEgIsdPD_BwE Accessed July 22, 2023.</p>
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Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: \$0. There are no direct costs.</p> <p>Indirect Costs: As described in Table 1a, the indirect cost of licensing individuals lacking thorough understanding of state laws would be the cost of loss of a sale/rental of a home, lost commissions, legal fees, etc. Every transaction could risk hundreds of thousands of dollars.</p> <p>Direct Benefits: There are no direct benefits</p> <p>Indirect Benefits: There are no indirect benefits.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)		

(5) Information Sources	
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Table 1c: Costs and Benefits under Alternative Approach(es)

No Alternative under the statute.

Impact on Local Partners

It is not clear what the impact on local partners would be. Local commissioners of revenue have regular interaction with the real estate industry; however, DPOR does not have data showing whether ULR is generating higher volume of license transfers or simply creating an easier way for individuals to transfer that would have done so under an existing method.

Impacts on Families

This change will better protect families that engage in real estate transactions by ensuring their salespeople and brokers are competent. It is not likely that commissions or real estate transaction costs will change as a result of this action.

Impacts on Small Businesses

Most of the board's licensees are small businesses. There are no direct costs on business. Businesses may offer to pay for exam of prospective employees. They will benefit from access to larger pool of employees.

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved	Authority of Change	Initial Count	Additions	Subtractions	Net Change
18 VAC 135-20-65	Statutory:	0	6	0	6
	Discretionary:	0	1	0	1

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
18 VAC 135-20-65	Incorporate Universal License Recognition and requires state jurisprudential exam. Prior to ULR, applicants would need to take pre-licensure training and pass the real estate examination.	Pre-licensure training (\$250) plus examination (\$60). A total cost of \$310 per applicant.	Examination (\$60)	Applicants that otherwise would have needed pre-licensure education will no longer need it, a cost reduction of approximately 81% per applicant.

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Length	New Length	Net Change in Length

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