

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Board for Asbestos, Lead, and Home Inspectors
Virginia Administrative Code (VAC) Chapter citation(s)	18 VAC 15-40
VAC Chapter title(s)	Home Inspector Licensing Regulations
Action title	2020-2021 General Review of Home Inspector Licensing Regulations
Date this document prepared	June 12, 2024
Regulatory Stage (including Issuance of Guidance Documents)	Proposed (Action 5658 / Stage 9548)

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>1. The regulatory change significantly revises the provisions for qualifications for licensure to move to a points-based system. Currently, most applicants must provide proof of having completed a combination of a minimum number of hours of Board-approved pre-license education and completed home inspections. Under the new system, applicants can qualify by receiving points for a combination of various types of education and experience. Applicants must meet a minimum threshold of points and must have a minimum amount of points for the education and experience categories. All applicants will still be required to pass the Board-approved license examination.</p> <p>2. The regulatory change provides that a licensee may receive continuing education credit for training completed to maintain other professional credentials that are related to home inspection services, such as radon testing certification, or asbestos or lead inspection.</p> <p>3. The regulatory change will require licensees to provide documentation of completing continuing education requirements in order to renew licensure.</p> <p>4. The regulatory change provides for revised standards for home inspection contracts, including required disclosures, that are intended to enhance consumer protection.</p> <p>5. The regulatory change provides for revised standards for conflicts of interest that are intended to enhance consumer protection.</p> <p>Agency staff are evaluating the regulatory changes to determine if there are any monetizable impacts. More information will be provided at the final stage of this action.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) TBD</p>	<p>(b) TBD</p>
<p>(3) Net Monetized Benefit</p>	<p>TBD</p>	
<p>(4) Other Costs & Benefits (Non-Monetized)</p>	<p>Costs:</p> <ul style="list-style-type: none"> • The change to require licensees to provide documentation of completing continuing education in order to renew licensure may increase an administrative burden on licensees. • Changes to standards for home inspection contracts and conflicts of interest may increase administrative burdens on licensees. <p>Benefits:</p>	

	<ul style="list-style-type: none"> • The change to home inspector entry qualifications potentially increases the number of individuals who may qualify for licensure, and, therefore, be available to members of the public to provide home inspection services, including individuals licensed in neighboring states that currently have difficulty meeting Virginia requirements. <ul style="list-style-type: none"> ○ This change be of particular benefit to members of the public located in more rural areas of the Commonwealth where there are fewer licensed home inspectors whose services are available. • The change to continuing education provisions allowing for licensees to use training for other professional credentials related to home inspection services to satisfy continuing education requirements may result in a cost and time savings for licensees. • The change to renewal requirements for licensees will permit the agency to more ably administer the licensure program.
(5) Information Sources	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	Agency staff are evaluating whether there are any additional monetizable impacts resulting from maintaining the status quo. More information will be provided at the final stage of this action.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) TBD	(b) TBD
(3) Net Monetized Benefit	TBD	
(4) Other Costs & Benefits (Non-Monetized)	<p>Costs:</p> <ul style="list-style-type: none"> • Individuals who perform home inspections in neighboring states may continue to have difficulty in obtaining licensure in Virginia. • Consumers, particularly in more rural parts of the state, may have difficulty in finding available home inspectors. • The agency may continue to consume substantial time and resources to pursue compliance for licensees who fail to meet continuing education requirements. <p>Benefits: No non-monetizable benefits to maintaining the status quo have been identified.</p>	

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

(1) Direct & Indirect Costs & Benefits (Monetized)	Refer to Box #4.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	No less intrusive or less costly alternatives to achieve the purpose of the regulatory change were identified.	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	N/A – See Box #3.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	There are no anticipated direct or indirect costs to local partners. There are no anticipated direct or indirect benefits to local partners.	

(4) Assistance	N/A
(5) Information Sources	N/A

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	N/A – See Box #3.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	There are no anticipated direct or indirect costs to families. There are no anticipated direct or indirect benefits to families.	
(4) Information Sources	N/A	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	See Box #3.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A

<p>(3) Other Costs & Benefits (Non-Monetized)</p>	<p>As noted in the ABD, licenses issued under this regulation are issued to individuals, and not to business entities. However, many licensees are likely owners or employees of business entities that meet the definition of "small business" in § 2.2-4007.1 of the Code of Virginia.</p> <p>In addition, training providers who must obtain approval from the Board for certain training courses are likely business entities that meet the definition of "small business" in § 2.2-4007.1 of the Code of Virginia.</p> <p>The costs and benefits of this regulatory change are identified in Table 1(a). To the extent that any additional costs are assumed by a small business entities owned by licensees or that employ licensees, this regulatory change would impact small businesses.</p>
<p>(4) Alternatives</p>	<p>No less intrusive or less costly alternatives to achieve the purpose of the regulatory change were identified.</p>
<p>(5) Information Sources</p>	<p>N/A</p>

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	Total Net Change in Requirements
40-20	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	3	0	1	-1
	(D/R):	0	0	0	0
40-30	(M/A):	2	0	0	0
	(D/A):	2	0	2	-2
	(M/R):	0	0	0	0
	(D/R):	13	1	2	-1
40-32	(M/A):	0	0	0	0
	(D/A):	0	4	0	+4
	(M/R):	1	1	1	0
	(D/R):	4	7	4	+3
40-35	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	1	0	0	0
	(D/R):	23	2	0	+2
40-80	(M/A):	0	0	0	0
	(D/A):	3	0	0	0
	(M/R):	0	0	0	0
	(D/R):	10	2	2	0
40-120	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	37	15	25	-10
40-130	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	2	0	0	0
	(D/R):	74	4	3	+1
40-140	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	10	3	0	+3

40-152	(M/A):	1	0	0	0
	(D/A):	2	0	2	-2
	(M/R):	0	0	0	0
	(D/R):	8	0	1	-1
40-155	(M/A):	1	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	13	9	9	0
Grand Total of Changes in Requirements:					(M/A): (D/A): +4 (M/R): -1 (D/R): -3

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
N/A	N/A	N/A	N/A	N/A

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
40-30	<p>Applicants for licensure will be required to disclose misdemeanor convictions occurring within three (3) years prior to applying for licensure.</p> <p>The current misdemeanor conviction disclosure requirement requires disclosure of misdemeanors for the prior five (5) years prior to applying for licensure.</p>	<p>The change will reduce the stringency of the current requirement by 40%.</p>

<p>40-30</p>	<p>Applicants for licensure will be required to disclose all misdemeanor convictions, except marijuana convictions.</p> <p>The current misdemeanor disclosure requirement requires disclosure of misdemeanors involving moral turpitude, sexual offense, non-marijuana drug distribution, or physical injury.</p>	<p>The change will marginally increase the stringency of the current requirement. The change should be offset by the reduction of the “look back” period for misdemeanor convictions.</p>
<p>40-32</p>	<p>Applicants for licensure will be able to qualify for licensure using a “points-based” system that assigns a point value for certain education and experience qualifications. Individuals may qualify based on a combination of education and experience.</p> <p>The current regulation requires that all applicants take a Board-approved pre-license education course and complete a minimum number of home inspections under the direct supervision of a licensed home inspector.</p> <p>Under the proposed regulation, individuals may use college course work or home inspector training toward meeting education requirements.</p> <p>Under the proposed regulation, individuals may use other credentials (such as licensure as an architect or professional engineer) and other types of experience in addition to completion of home inspections</p>	<p>The change significantly reduces the stringency of the current education and experience requirements.</p>

	to meet experience requirements.	
40-73	<p>Licenseses will be able to receive up to four (4) hours of continuing education credit for license renewal for training that is required to maintain credentials related to home inspection services, including asbestos and lead inspection, and radon testing.</p> <p>Licenseses are required to complete 16 hours of continuing education every two years in order to renew a license.</p>	<p>The change reduces the stringency of the current requirement and allows licenseses holding other professional credentials to use training related to those credentials to satisfy up to 25% of the home inspection continuing education requirement.</p>
40-80	<p>Licenseses must provide proof of completing continuing education to the Board as part of the license renewal process.</p> <p>Currently, licenseses who renew a license certify their compliance with continuing education requirements. DPOR staff conduct regular random audits of the licensee population to verify compliance with continuing education requirements. Those who are not in compliance, either because they did not actually complete the required training or did not respond to the audit, are referred for disciplinary action.</p>	<p>The change marginally increases an administrative burden on licenseses. Licenseses are already required to retain and maintain documentation of completing continuing education.</p> <p>The change would better ensure licensee compliance with the continuing education requirement. Licenseses would not be able to renew their licenses until providing documentation of completing required training.</p> <p>The current auditing process consumes substantial agency time and resources to pursue compliance. The change would likely end the need for regular audits.</p>
40-120	The minimum requirements for a home inspection contract are revised to provide that a	This change reduces the stringency of the current requirement and provides more

	<p>contract provide telephone number, email address, or other contact information for the home inspector.</p> <p>The current requirement is that a contract must include the home inspector’s telephone number.</p>	<p>flexibility for home inspectors in making their contracts.</p>
40-120	<p>The minimum requirements for a home inspection contract are revised to provide that a home inspection contract disclose any exclusions to the home inspection.</p> <p>Currently, the regulation requires that a home inspection contract specifically note certain exclusions, when applicable, to the home inspection contract. The regulation lists 16 specific items that must be noted in the contract as exclusions.</p>	<p>The change replaces a fairly prescriptive requirement with a more general standard.</p>
40-130	<p>The minimum requirements for a home inspection report are revised to provide that a report provide telephone number, email address, or other contact information for the home inspector.</p> <p>The current requirement is that a report must include the home inspector’s telephone number.</p>	<p>This change reduces the stringency of the current requirement and provides more flexibility for home inspectors in making their reports.</p>
40-130	<p>The minimum requirements for a home inspection report are revised to provide that a report include the contact information of the home inspector’s client or the client’s authorized representative.</p>	<p>This change reduces the stringency of the current requirement and provides more flexibility for home inspectors in making their reports.</p>

	The current requirement is that a report must include the telephone number of the client or the client’s authorized representative.	
40-140	<p>Conflict of interest provisions are revised to provide that a home inspector cannot represent the interests of any parties to the transfer or sale of a residential building on which the home inspector has performed a home inspection without disclosing such information to the client.</p> <p>Currently, the regulation prohibits a home inspector from representing the interests of any parties to the transfer or sale of a residential building.</p>	This change reduces the stringency of the regulation by eliminating a strict prohibition and requiring a disclosure to the consumer in its place. The less restrictive requirement should still achieve the consumer protection purpose of the rule.
40-152	<p>Licenses will be required to notify the Board of any misdemeanor conviction, except marijuana convictions.</p> <p>The current misdemeanor disclosure requirement requires disclosure of misdemeanors involving moral turpitude, sexual offense, non-marijuana drug distribution, or physical injury.</p>	The change will marginally increase the stringency of the current reporting requirement.

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

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count
N/A	N/A	N/A	N/A

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).