



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**18 VAC 130-20 – Real Estate Appraiser Board Regulations**  
**Department of Professional and Occupational Regulation**  
December 6, 2012

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### **Summary of the Proposed Amendments to Regulation**

The Real Estate Appraiser Board (Board) proposes amendments to its regulations that 1) clarify the assessment value limitations for each category of certification or licensure, 2) specify that experience in real estate appraisal cited when applying for licensure must be accrued within five years of licensure application and 3) add a list of prohibited acts for certified real estate appraiser instructors.

### **Result of Analysis**

Benefits likely outweigh costs for two of these proposed changes. There is insufficient information to accurately gauge whether benefits are likely to outweigh costs for one of these proposed changes.

### **Estimated Economic Impact**

Under current regulations, certified residential real estate appraisers are allowed to appraise nonresidential properties with a transaction value of up to \$250,000. Licensed residential real estate appraisers are allowed to appraise residential properties that comprise four or fewer residential units with a transaction value of less than \$1,000,000 and are also allowed to appraise nonresidential properties with a transaction value of up to \$250,000. The Board proposes to add language that specifies the lesser value of either the transaction value or market value should be used to meet the dollar value limitations set for licensure or certification. Board staff reports that market value can vary widely away from transaction value and the Board wishes to make certain licensees and certificate holders know what limitations they are expected

to hold to. Individuals that are subject to the Board's authority will likely benefit from the clarity that this additional language brings to these regulations.

Currently, individuals who wish to be licensed or certified by the Board must meet certain experience requirements before they can apply for a license or certificate. The Board proposes to add language requiring that qualifying experience be accrued within five years of application for licensure or certification. This proposed requirement may offer some benefit to the public if appraiser practice changes quickly. However, applicants are also required to take an exam presumably to ensure proficiency in current practice. Given that applicants do have to pass an exam, putting limitations on when they have gained their experience may be unnecessarily burdensome. There is insufficient information to ascertain whether benefits will outweigh costs for this proposed change.

Current regulations have a list of prohibited acts that are grounds for disciplinary action against licensed or certified residential real estate appraisers but do not contain grounds for disciplinary actions against offending instructors that are certified by the Board. As a consequence, instructors may be denied renewal of certification but may not be disciplined or kept from legally offering instruction between initial certification and renewal or between renewal periods. The Board now proposes to add a list of prohibited acts which include being convicted of a misdemeanor involving moral turpitude or any felony once any appeal window has closed or having a license or certificate to practice real estate appraisal surrendered, suspended or revoked on account of disciplinary action. This will change will likely benefit the public and, more specifically, benefit individuals who are being instructed in real estate appraisal practice by limiting the ability of bad actors to continue being instructors in this field. These benefits likely outweigh the costs to instructors who will likely lose income when they are forced to stop offering instruction more quickly than they current regulations allow.

### **Businesses and Entities Affected**

Board staff reports that the Board currently regulates 4,243 real estate appraisers and instructors.

### **Localities Particularly Affected**

No locality will be particularly affected by this proposed regulatory action.

## **Projected Impact on Employment**

These proposed regulations are unlikely to significantly affect employment in Board regulated professions.

## **Effects on the Use and Value of Private Property**

These regulations are unlikely to affect the use or value of private property in the Commonwealth.

## **Small Businesses: Costs and Other Effects**

Board staff reports that most of the entities regulated by the Board likely qualify as small businesses. Affected small businesses are unlikely to incur extra costs on account of these proposed changes.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

Affected small businesses are unlikely to incur extra costs on account of these proposed changes.

## **Real Estate Development Costs**

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other

administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.