

Office of Regulatory Management
Economic Review Form

Agency name	Common Interest Community Board
Virginia Administrative Code (VAC) Chapter citation(s)	18 VAC 48-50 18 VAC 48-60 18 VAC 48-70
VAC Chapter title(s)	Common Interest Community Manager Regulations (18VAC48-50) Common Interest Community Association Registration Regulations (18VAC48-60) Common Interest Community Ombudsman Regulations (18VAC48-70)
Action title	Resale Disclosure Act Amendments
Date this document prepared	September 13, 2023 (revised October 3, 2023)
Regulatory Stage (including Issuance of Guidance Documents)	Final (Exempt)

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. This action amends the CIC Manager Regulations (18VAC48-50) to provide that the CIC Board may assess a monetary penalty or impose a cease and desist order, in accordance with § 55.1-2314(D) of the Code of Virginia against a common interest community manager for failure to deliver a resale certificate or updated resale certificate as required by Chapter 23.1 of Title 55.1 of the Code of Virginia (Resale Disclosure Act). This action also amends one of the Board’s prohibited acts to include Chapter 23.1 in the “catch all” prohibited act.</p> <p>2. This action amends the CIC Association Registration Regulations (18VAC48-60) to conform general registration provisions in the regulation to the new law. This includes changes to provisions which tie the ability for associations to collect fees for resale certificates to registration with the CIC Board.</p> <p>3. This action amends the CIC Ombudsman Regulations (18VAC48-70) to conform requirements for distribution of an association complaint procedure to the new law.</p> <p>Direct Costs: There are no anticipated new monetizable direct costs associated with these changes to the regulations.</p> <p>Indirect Costs: There are no anticipated new monetizable direct costs associated with these changes to the regulations.</p> <p>Direct Benefits: There are no anticipated monetizable direct benefits associated with these changes to the regulations.</p> <p>Indirect Benefits:</p> <ul style="list-style-type: none"> • The regulatory change may result in an increase in new association registrations with the CIC Board. The registration of additional associations would result in an increase of revenue to the CIC Management Information Fund and the CIC Management Recovery Fund. These additional funds may be considered a transfer payment. <ul style="list-style-type: none"> ○ Prior to July 1, 2023, a property owners’ association was prohibited from collecting fees for preparation of association disclosure packets (now called resale certificates) if the association was not registered with the CIC Board as required by applicable provisions of the Property Owners’ Association Act (Refer to §§ 55.1-1808 through 55.1-1814 of the Code of Virginia, repealed effective July 1, 2023). However, this prohibition did not apply to condominium unit owners’ associations or proprietary lessees’ (real estate cooperative) associations.
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	<ul style="list-style-type: none"> ○ Section 55.1-2316 of the Code of Virginia, effective July 1, 2023, provides that associations may not collect fees for preparation of resale certificates. The prohibition no longer appears to be applicable to just property owners' associations. ○ Associations that were previously unregistered may register with the CIC Board in order to be eligible to collect fees for preparation of resale certificates. <ul style="list-style-type: none"> ● Median registration fee is \$135. Recovery Fund assessment is \$25. ● Average number of initial filings is about 26 per month. Between 7/1/22 and 6/30/23, the Board issued 635 new registrations. Number of new registrations / 24 months. ● Between 7/1/23 and 8/31/23, the Board issued 88 new registrations, an average of 44 per month. ● Since 7/1/23, the Board appears to be receiving an additional 18 initial applications per month. This may be indicative of an effect from the change in the law. Amending the regulation may result in increased compliance over time. ● Number of new filings per month x median registration fee: \$2,430 additional revenue per month. \$2,430 x 12 months: \$29,160 additional revenue per year to CIC Management Information Fund. ● Number of new filings per month x Recovery Fund assessment: \$450 additional revenue per month. \$450 x 12 months: \$5,400 additional revenue per year to CIC Management Recovery Fund.
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$163,023

(3) Net Monetized Benefit	\$163,023
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(4) Other Costs & Benefits (Non-Monetized)	<p>Costs:</p> <ul style="list-style-type: none"> ● The regulatory change may result in additional complaints to the Department against common interest community managers. There may be additional administrative and time costs for staff to review, process, and investigate such complaints. Since 7/1/23, there does not appear to have been an increase in complaints. (Indirect.) ● To the extent complaints against licensed common interest community managers are received for failure to comply with the Resale Disclosure Act, such regulators will assume time and administrative costs to respond to complaints. Some respondents
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	<p>may choose to have legal counsel respond to complaints. (Indirect.)</p> <ul style="list-style-type: none"> To the extent the Board imposes discipline against a licensee for a violation of the Resale Disclosure Act, the licensee may be subject to monetary penalties or required to take corrective action. (Indirect.) <p>Benefits:</p> <ul style="list-style-type: none"> The Board’s regulations will be consistent with the current provisions of the Code of Virginia. (Direct.) To the extent that the Board imposes a monetary penalty against a licensee for a violation of the Resale Disclosure Act, such monetary penalty would credit toward the CIC Management Information Fund. (Indirect.)
(5) Information Sources	<ol style="list-style-type: none"> CIC Board registration records. CIC Board program staff. Office of the Common Interest Community Ombudsman.

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

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no new monetizable direct costs associated with maintaining the status quo.</p> <p>Indirect Costs: There are no new monetizable indirect costs associated with maintaining the status quo.</p> <p>Direct Benefits: There are no new monetizable direct benefits associated with maintaining the status quo.</p> <p>Indirect Benefits: There are no new monetizable indirect benefits associated with maintaining the status quo.</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)	There are no new costs or benefits associated with maintaining the status quo.	

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

(1) Direct & Indirect Costs & Benefits (Monetized)	See 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)	This regulatory change is the result of a legislative change where no agency discretion is involved.	
(5) Information Sources		

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	

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		

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)	(b)

(3) Other Costs & Benefits (Non-Monetized)	<p>This regulatory change affects (i) licensed common interest community management managers; and (ii) registered common interest community associations. Common interest community manager licenses are issued to firms. Common interest community associations may be either incorporated or unincorporated entities. Many of these entities would likely fall within the meaning 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 additional costs are assumed by a small business entities, this regulatory change would impact small businesses.</p>
(4) Alternatives	<p>This regulatory change is the result of a legislative change where no agency discretion is involved. Therefore, no alternatives were considered.</p>
(5) Information Sources	

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
48-50-140	Statutory:	0	0	0	0
	Discretionary:	0	0	0	0
48-60-14	Statutory:	2	0	1	-1
	Discretionary:	0	0	0	0
48-70-60	Statutory:	0	0	0	0
	Discretionary:	2	0	0	0

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
N/A	N/A	N/A

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

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