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## Proposed Regulation Agency Background Document

<b>Agency name</b>	Virginia Manufactured Housing Board
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	13 VAC6-20
<b>VAC Chapter title(s)</b>	Manufactured Housing Licensing Transaction Recovery Fund Regulations
<b>Action title</b>	Regulatory Reduction Consideration Pursuant to EO19
<b>Date this document prepared</b>	January 2025

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19, the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

### Brief Summary

*Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.*

This regulatory action is intended to consider amendments to the Manufactured Housing Licensing Transaction Recovery Fund (MHLTRF) regulations that will accomplish the directives related to regulatory reduction proscribed in Executive Order 19 (2022). This action has been initiated in accordance with the provisions of Chapter 4.2 of Title 36 of the Code of Virginia and Chapter 40 of Title 2.2, all as related to the development and amendment of regulations. The proposed changes consolidate the MHLTRF regulations, removing duplicative regulations and repetitive requirements. These proposed changes will help simplify the licensing process and save regulants time when complying with the licensing requirements.

## Acronyms and Definitions

*Define all acronyms used in this form, and any technical terms that are not also defined in the “Definitions” section of the regulation.*

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MHB – Manufactured Housing Board

MHLTRF – Manufactured Housing Licensing Transaction Recovery Fund

## Mandate and Impetus

*Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, “mandate” has the same meaning as defined in the ORM procedures, “a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part.”*

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The impetus for this regulatory action is Executive Directive Number One (2022), which directs Executive Branch entities under the authority of the Governor “...to initiate regulatory processes to reduce by at least 25 percent the number of regulatory requirements not mandated by federal or state statute, in consultation with the Office of the Attorney General, and in a manner consistent with the laws of the Commonwealth” as well as Executive Order 19 (2022) which requires every regulatory agency “to review all existing regulations...to reduce the overall regulatory burden on the public.”

This action is not the result of a mandate.

## Legal Basis

*Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia and Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency’s overall regulatory authority.*

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The Virginia Manufactured Housing Board is the promulgating agency. The MHB has authority to promulgate regulations through Sections 36-85.18 and 36-85.36 of the Code of Virginia.

Section 36-85.18 states that the MHB has the power and duty “to promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) as are necessary to carry out the provisions of this chapter [Title 36, Chapter 4.2. Manufactured Housing Licensing Transaction Recovery Fund Law], including but not limited to the licensure of manufactured home brokers, dealers, manufacturers, and salespersons and the relicensure of manufactured home brokers, dealers, manufacturers, or salespersons after license revocation or nonrenewal.”

Additionally, Section 36-85.36 states that “The Board is authorized to promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) consistent with this chapter [Title 36, Chapter 4.2. Manufactured Housing Licensing Transaction Recovery Fund Law] for the administration of the fund to assure the satisfaction of claims.”

The MHB approved of these proposed changes at its August 15, 2024 meeting.

## Purpose

*Explain the need for the regulatory change, including a description of: (1) the rationale or justification, (2) the specific reasons the regulatory change is essential to protect the health, safety or welfare of citizens, and (3) the goals of the regulatory change and the problems it is intended to solve.*

The purpose of this proposed regulatory change is to consolidate the MHLTRF regulations, removing duplicative regulations and repetitive requirements. While this proposed regulatory change is not essential to protect health, safety, or welfare of the citizens of the Commonwealth, the amended regulations will directly benefit regulants (manufacturers, dealers, brokers, and salespeople) by making it easier to understand the applicable requirements and by saving regulants time when complying with the requirements. The proposed changes create a more efficient, streamlined chapter of regulations without materially impacting the administration of the MHLTRF.

## Substance

*Briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the “Detail of Changes” section below.*

The most substantial proposed change to these regulations is the addition of new sections related to the licensing of regulants (manufacturers, dealers, brokers, and salespeople). These new sections (13VAC6-20-17, 13VAC6-20-18, and 13VAC6-20-19) consolidate requirements that currently appear separately for each license type. The relocation of these licensing requirements into new sections is a structural change and does not alter the licensing requirements but does simplify the licensing process and make the regulations easier to understand.

Additionally, the proposed changes include the removal of provisions/requirements that are outdated and unenforceable, such as:

- Removing a filing requirement for manufacturers related to dealer/manufacture sales agreements
- Removing the records retention requirements for advertisers
- Amending the provisions related to warranty claims
- Amending provisions regarding manufacturer authorized alterations by a homeowner
- Removing unnecessary language related to the minimum information required to be furnished with a claim
- Removing requirements for a salesperson working for more than one company or locations with different owners to be licensed separately for each and pay a separate assessment for each license

## Issues

*Identify the issues associated with the regulatory change, 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, include a specific statement to that effect.*

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The primary benefit of these proposed changes is the consolidation of the MHLTRF regulations, removing duplicative regulations and repetitive requirements. These changes will result in time savings for regulants as the regulations will be easier to understand and they will save time complying with the licensing requirements. Additionally, the proposed changes remove some requirements which will lessen the administrative burden of regulants.

A proposed change removes the requirement that regulants must pay licenses fees for separate locations. The agency, and subsequently consumers, may incur minor indirect costs for the loss in fees collected in the Transaction Recovery Fund which carries out the consumer protection program, payment of claims for damages, and disciplinary actions against license holders. However, regulants with multiple locations would experience cost savings. The agency does not anticipate the lost fee revenue would affect the solvency of the fund.

Additionally, these proposed changes would help prevent overly burdensome regulatory costs from being passed on to families in Virginia. As producers of manufactured houses save time/money from simpler and easy-to-understand licensing requirements, families will in-turn benefit from more affordable housing options.

**Requirements More Restrictive than Federal**

*Identify and describe any requirement of the regulatory change which is more restrictive than applicable federal requirements. Include a specific citation for each applicable federal requirement, and a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements, or no requirements that exceed applicable federal requirements, include a specific statement to that effect.*

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There are not applicable federal requirements.

**Agencies, Localities, and Other Entities Particularly Affected**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify any other state agencies, localities, or other entities particularly affected by the regulatory change. Other entities could include local partners such as tribal governments, school boards, community services boards, and similar regional organizations. "Particularly affected" are those that are likely to bear any identified disproportionate material impact which would not be experienced by other agencies, localities, or entities. "Locality" can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulation or regulatory change are most likely to occur. If no agency, locality, or entity is particularly affected, include a specific statement to that effect.*

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Other State Agencies Particularly Affected

None

Localities Particularly Affected

None

Other Entities Particularly Affected

Small businesses that require manufactured housing licenses would be particularly affected.

**Economic Impact**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify all specific economic impacts (costs and/or benefits) anticipated to result from the regulatory change. When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo.*

**Impact on State Agencies**

<i>For your agency:</i> projected costs, savings, fees, or revenues resulting from the regulatory change, including: a) fund source / fund detail; b) delineation of one-time versus on-going expenditures; and c) whether any costs or revenue loss can be absorbed within existing resources.	The MHLTRF may experience a decrease in revenues attributable to licensing fees due to removing the requirement for certain regulants to obtain multiple licenses. The agency does not anticipate the lost fee revenue will affect the solvency of the fund.
<i>For other state agencies:</i> projected costs, savings, fees, or revenues resulting from the regulatory change, including a delineation of one-time versus on-going expenditures.	None
<i>For all agencies:</i> Benefits the regulatory change is designed to produce.	None

**Impact on Localities**

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a or 2) on which it was reported. Information provided on that form need not be repeated here.*

Projected costs, savings, fees, or revenues resulting from the regulatory change.	None
Benefits the regulatory change is designed to produce.	None

**Impact on Other Entities**

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a, 3, or 4) on which it was reported. Information provided on that form need not be repeated here.*

See ORM Economic Impact form – Tables 3 & 4

**Alternatives to Regulation**

*Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.*

See ORM Economic Impact form – Tables 1b & 1c

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.*

### **Regulatory Flexibility Analysis**

*Consistent with § 2.2-4007.1 B of the Code of Virginia, 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) establishing less stringent compliance or reporting requirements; 2) establishing less stringent schedules or deadlines for compliance or reporting requirements; 3) consolidation or simplification of compliance or reporting requirements; 4) establishing 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 regulatory change.*

See ORM Economic Impact form – Tables 1b & 1c

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.*

### **Periodic Review and Small Business Impact Review Report of Findings**

*If you are using this form to report the result of a periodic review/small business impact review that is being conducted as part of this regulatory action, and was announced during the NOIRA stage, indicate whether the regulatory change meets the criteria set out in EO 19 and the ORM procedures, e.g., is necessary for the protection of public health, safety, and welfare; minimizes the economic impact on small businesses consistent with the stated objectives of applicable law; and is clearly written and easily understandable. In addition, as required by § 2.2-4007.1 E and F of the Code of Virginia, discuss the agency's consideration of: (1) the continued need for the regulation; (2) the nature of complaints or comments received concerning the regulation; (3) the complexity of the regulation; (4) the extent to which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and (5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation. Also, discuss why the agency's decision, consistent with applicable law, will minimize the economic impact of regulations on small businesses.*

This Proposed Regulation is not being used to announce a periodic review or a small business impact review.

### **Public Comment**

*Summarize all comments received during the public comment period following the publication of the previous stage, and provide the agency's response. Include all comments submitted: including those received on Town Hall, in a public hearing, or submitted directly to the agency. If no comment was received, enter a specific statement to that effect.*

Commenter	Comment	Agency response
Aimal Rasheed	The commenter stated there is insufficient funding as compared to other countries.	The agency does not have a response to the comment as the comment does not seem to be related to this specific regulation/action.

## Public Participation

*Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below.*

The Virginia Manufactured Housing Board is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal, (ii) any alternative approaches, (iii) the potential impacts of the regulation, and (iv) the agency's regulatory flexibility analysis stated in that section of this background document.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at: <https://townhall.virginia.gov>. Comments may also be submitted by mail, email or fax to Chase Sawyer: 600 E. Main Street, Suite 300, Richmond, VA 23219 (mail); [chase.sawyer@dhcd.virginia.gov](mailto:chase.sawyer@dhcd.virginia.gov) (email); or 804-371-7090 (fax). In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will be held following the publication of this stage, and notice of the hearing will be posted on the Virginia Regulatory Town Hall website (<https://townhall.virginia.gov>) and on the Commonwealth Calendar website (<https://commonwealthcalendar.virginia.gov/>). Both oral and written comments may be submitted at that time.

## Detail of Changes

*List all regulatory changes and the consequences of the changes. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. For example, describe the intent of the language and the expected impact. Describe the difference between existing requirement(s) and/or agency practice(s) and what is being proposed in this regulatory change. Use all tables that apply, but delete inapplicable tables.*

*If an existing VAC Chapter(s) is being amended or repealed, use Table 1 to describe the changes between the existing VAC Chapter(s) and the proposed regulation. If the existing VAC Chapter(s) or sections are being repealed and replaced, ensure Table 1 clearly shows both the current number and the new number for each repealed section and the replacement section.*

**Table 1: Changes to Existing VAC Chapter(s)**

Current chapter-section number	New chapter-section number, if applicable	Current requirements in VAC	Change, intent, rationale, and likely impact of new requirements
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N/A	13VAC6-20-17	N/A – new section	Section added for application to all licenses; this language previously appeared separately for each license type; consolidating the language into a single section will simplify the licensing process and make the regulations easier to understand
N/A	13VAC6-20-18	N/A – new section	Section added for application to all licenses; this language previously appeared separately for each license type; consolidating the language into a single section will simplify the licensing process and make the regulations easier to understand
N/A	13VAC6-20-19	N/A – new section	Section added for application to all licenses; this language previously appeared separately for each license type; consolidating the language into a single section will simplify the licensing process and make the regulations easier to understand
13VAC6-20-20	Same	Contains requirements related to the licensing of manufactures	Repetitive and unnecessary language was removed; removed language can be found in new sections added to apply to all licenses (13VAC6-20-17)
13VAC6-20-30	N/A - Repeal	Contains requirements related to the renewal of licenses for manufacturers	Repetitive and unnecessary language was removed; removed language can be found in new sections added to apply to all licenses (13VAC6-20-18)
13VAC6-20-40	N/A - Repeal	Contains requirements related to the Statement of Compliance for manufacturers	Repetitive and unnecessary language was removed; removed language can be found in new sections added to apply to all licenses (13VAC6-20-19)
13VAC6-20-50	Same	Contains requirements related to the licensing of dealers	Repetitive and unnecessary language was removed; removed language can be found in new sections added to apply to all licenses (13VAC6-20-17)
13VAC6-20-60	N/A - Repeal	Contains requirements related to the renewal of licenses for dealers	Repetitive and unnecessary language was repealed; repealed language can be found in new sections added to apply to all licenses (13VAC6-20-18)
13VAC6-20-70	N/A - Repeal	Contains requirements related to the Statement of Compliance for dealers	Repetitive and unnecessary language was repealed; repealed language can be found in new sections added to apply to all licenses (13VAC6-20-19)
13VAC6-20-90	Same	Contains requirements related to the licensing of brokers	Repetitive and unnecessary language was removed; removed language can be found in new sections added to apply to all licenses (13VAC6-20-17)
13VAC6-20-100	N/A - Repeal	Contains requirements related to the renewal of licenses for brokers	Repetitive and unnecessary language was repealed; repealed language can be found in new sections added to apply to all licenses (13VAC6-20-18)

13VAC6-20-110	N/A - Repeal	Contains requirements related to the Statement of Compliance for brokers	Repetitive and unnecessary language was repealed; repealed language can be found in new sections added to apply to all licenses (13VAC6-20-19)
13VAC6-20-130	Same	Contains requirements related to the licensing of salespeople	Repetitive and unnecessary language was removed; removed language can be found in new sections added to apply to all licenses (13VAC6-20-17); also removes requirement for a salesperson working for more than one company or locations with different owners to be licensed separately for each and pay a separate assessment for each license
13VAC6-20-140	N/A - Repeal	Contains requirements related to the renewal of licenses for salespeople	Repetitive and unnecessary language was repealed; repealed language can be found in new sections added to apply to all licenses (13VAC6-20-18)
13VAC6-20-201	Same	Contains requirements related to license reinstatement	Repetitive language relating to each license type was removed since the referenced sections have been repealed and the requirements consolidated into new sections related to all license types
13VAC6-20-210	Same	Contains requirements relating to dealer or manufacturer sales agreements	Removes a filing requirement for manufacturers related to dealer/manufacturer sales agreements; the section title is also updated to reflect this change
13VAC6-20-230	Same	Contains requirements relating to dealer or manufacturer sales agreements	Removes a requirement for manufacturers to provide continued parts and service support for a discontinued line of homes
13VAC6-20-280	N/A - Repeal	Contains records retention requirements related to advertisers	Removes the records retention requirements for advertisers; this change will reduce administrative burden
13VAC6-20-310	Same	Contains requirements and provisions relating to warranties for manufactured homes	Removes a requirement relating to modifications or alterations language in a dealer's warranty
13VAC6-20-330	Same	Contains requirements related to presenting warranty claims to regulants	Removes the requirement that warranty claims must be made in writing by the claimant upon request by the regulant; however, the requirement remains that regulants must document/record any warranty claims received; claimants would still have the option to file a claim in writing, but the regulant cannot require it
13VAC6-20-370	Same	Contains requirements related to alterations of a manufactured home by either a dealer or by an owner	Removes language regarding manufacturer authorized alterations by a homeowner; also removes language regarding a warning statement related to alterations being done by qualified personnel
13VAC6-20-380	N/A - Repeal	Contains a statement about the qualifications of	This section was repealed because it became unnecessary with the removal of

		personnel performing alterations	language in 13VAC6-20-370 related to alterations of the manufactured home
13VAC6-20-430	Same	Contains instructions and requirements for the filing of claims	Removes unnecessary language related to the minimum information required to be furnished with a claim; the section states the Department will provide a form for filing claims; the minimum information requirements would already be included on the forms provided by the Department