

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Real Estate Appraiser Board
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	18 VAC 130-20
<b>VAC Chapter title(s)</b>	Real Estate Appraiser Board Rules and Regulations
<b>Action title</b>	HB 1418 – Incorporating PAREA Training Program
<b>Date this document prepared</b>	September 29, 2023 (revised October 5, 2023)
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	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 &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p>Direct Costs: There are no direct costs of this action. Currently, appraiser candidates must obtain experience under a licensed appraiser. This statute creates a bypass of this 'apprenticeship' type model. It creates an alternative method to obtain experience via a simulated computer program, that, theoretically, could be completed in a 'night school' type model where you maintain other employment while completing this training.</p> <p>The cost of the program appears to be around \$4,000, though no PAREA programs have ever been offered to date. There are no approved programs in Virginia and it is not clear whether Virginians will have access to any approved programs in other states. There is no way to estimate if anyone would or even could participate in PAREA at this time. This cost is entirely theoretical at the moment.</p> <p>Indirect Costs: There are no indirect costs.</p> <p>Direct Benefits: The alternative does not create an immediate direct benefit.</p> <p>Indirect Benefits: See section four below.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct &amp; Indirect Costs</p>	<p>Direct &amp; Indirect Benefits</p>
	<p>(a) \$0</p>	<p>(b) \$0</p>
<p>(3) Net Monetized Benefit</p>	<p>\$0</p>	
<p>(4) Other Costs &amp; Benefits (Non-Monetized)</p>	<p>Potential indirect benefits – the appeal of PAREA is that it will create expanded options for entering the profession of appraising. The long-term goal is to increase the number of appraisers. If that occurred, market prices of appraisal may, in theory, drop due to an increase in supply. However, there is no reliable way to determine whether people will use it or whether it will have an impact, much less what type of impact it would have on prices.</p>	
<p>(5) Information Sources</p>	<p>PAREA Cost - <a href="https://www.talcb.texas.gov/public/news-articles/x#:~:text=Cost%20of%20the%20program%20starts,from%20around%20the%20country%20participated.">https://www.talcb.texas.gov/public/news-articles/x#:~:text=Cost%20of%20the%20program%20starts,from%20around%20the%20country%20participated.</a></p> <p>Accessed September 29, 2023.</p>	

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

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: \$0. There are no direct costs. Indirect Costs: \$0 Direct Benefits: There are no direct benefits. Indirect Benefits: There are no indirect benefits.	
(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		

**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 tax assessors are not required to be licensed appraisers, and very few seek licensure.

**Impacts on Families**

There does not appear to be an impact on families from this statutory change.

**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 PAREA 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*

*Note that this creates an alternative to existing requirements, not any new requirements.*

VAC Section(s) Involved	Authority of Change	Initial Count	Additions	Subtractions	Net Change
18 VAC 130-20-30	<b>Statutory:</b>	<b>16</b>	0	0	0
	<b>Discretionary:</b>	<b>24</b>	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

*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
18 VAC 130-20-30	Allows for the use of PAREA training to substitute for certain amounts of experience for certain license types.	<p>This could in theory expand options and reduce the burden of obtaining experience under a licensed appraiser. It allows PAREA, computer simulated training to substitute for varying amounts of live, peer training.</p> <p>For individuals who cannot locate a licensee to work under, it affords them the opportunity to gain experience and enter the profession. However, PAREA’s availability is limited and projects to costs several thousand dollars, which replaces paid experience gained working under a licensee.</p>

		There is no way to calculate the costs or benefits of this change.

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

<b>Title of Guidance Document</b>	<b>Original Length</b>	<b>New Length</b>	<b>Net Change in Length</b>