

# Chapter 6: Appraiser License Law

An \* in the left margin indicates a change in the statute, rule, or text since the last publication of the manual.

## I. The Colorado Board of Real Estate Appraisers

The Colorado Board of Real Estate Appraisers (“Board”) meets every other month and consists of seven members who are appointed by the Governor. The overall objective of the Board is to protect the public. In order to do so, the Colorado legislature has granted the Board rulemaking authority for matters related to the profession of real estate appraisers, and Appraisal Management Companies (AMC). Rules are made after notice and public hearings in which all interested parties may participate.

The Division of Real Estate (“Division”) is part of the Department of Regulatory Agencies and is responsible for budgeting, purchasing, and related management functions. The director of the Division is an administrative officer who executes the directives of the Board and is given statutory authority in all matters delegated by the Board. The Board exercises its duties and authority through licensing, certification, and enforcement.

## II. Appraiser Licensing and Certification

In 1990, the legislature passed laws governing the practice of real estate appraisal in Colorado in response to the federal “Financial Institutions Reform, Recovery and Enforcement Act of 1989” (“FIRREA”). This enabling legislation has been amended several times since being adopted. The full text of the statutes, §§ 12-10-601 through 12-10-623, C.R.S., are reprinted in this chapter.

The Colorado Board of Real Estate Appraisers is composed of three licensed or certified appraisers, one of whom shall have expertise in eminent domain matters; one shall be a county assessor in office; one shall be an officer or employee of a commercial bank experienced in real estate lending; one shall be an officer or employee of an appraisal management company; and one shall be member of the public at large not engaged in any of the businesses represented by the other members of the board. Members of the Board shall hold office for terms of three years. The Board has statutory authority to implement Colorado law in a manner consistent with federal regulations, including rulemaking and imposing discipline for violations of appraiser license law.

Unless a specific exemption applies, any person acting as a real estate appraiser in this state must be licensed as provided by §§ 12-10-601, *et seq.*, C.R.S. Exceptions to the definition of “real estate appraiser” are found in § 12-10-602(9)(b), C.R.S., and include, among others, licensed real estate brokers who perform broker price opinions and competitive market analyses that are not represented as appraisals and are not used for purposes of obtaining financing. Other exceptions are provided for corporations valuing property they own, may purchase or sell, and for appraisers of personal property, water or mineral rights.

The Appraisal Sub-Committee (ASC) oversees the real estate appraisal process as it relates to federally related transactions. The Appraisal Foundation (TAF), a private non-profit appraisal organization, is charged with developing the qualifications for appraisers and standards for appraisals through two of its independent Boards, the Appraisal Qualifications Board (AQB) and the Appraisal Standards Board (ASB). In general, the standards for the development and reporting of an appraisal are those of the Uniform Standards of Professional Appraisal Practice (USPAP) as developed, interpreted, and amended by the ASB. The AQB and ASB have no legislative power, but their recommendations have been adopted via § 12-10-613(1)(g) and Board Rule 11.1.

Federal financial regulatory agencies have developed rules as to the appraiser and appraisal related requirements that must be met for valuation of properties in “federally related transactions.” Additional standards are imposed by federal and/or state law for real estate appraisals, in particular, for eminent domain, conservation easements and appraisals used for income tax purposes.

### III. Levels of Appraiser Licensure

Colorado appraiser law and Board rules establish four levels of licensure, summarized in more detail below. A license or certification is issued when an individual meets the education, examination, and experience requirements for their level of licensure. The level of licensure determines what properties an appraiser, if competent for the assignment, may appraise.

**Licensed Ad Valorem Appraiser:** This level of licensure is only utilized for appraiser employees of county tax assessment offices. These individuals may also qualify for and hold a licensed or certified credential.

**Licensed Appraiser:** The licensed credential allows the appraiser to appraise non-complex 1-4 unit residential properties having a transaction value of less than \$1 million and complex 1-4 unit residential properties having a transaction value of less than \$400,000. The terms “Complex Residential Property” and “Transaction Value” are defined by Board Rule and the Real Property Appraiser Qualification Criteria of the AQB.

**Certified Residential Appraiser:** The certified residential credential allows the appraiser to appraise 1-4 unit residential properties without regard to transaction value or complexity. The credential includes the appraisal of vacant or unimproved land that is utilized for 1-4 residential units purposes or for which the highest and best use is for 1-4 residential units, but does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.

**Certified General Appraiser:** The certified general credential allows the appraiser to appraise all types of real property.

Colorado does not have trainee or supervisory appraiser classifications and there are no specific requirements for either in statute or Board rule.

### IV. Requirements for Appraiser Licensure

In general, there are three requirements that must be met for appraiser licensure: education, examination, and experience. The specific requirements in these areas for the

licensed, certified and ad valorem credentials are detailed under Board Rules 2.2, 2.3, 2.4 and 2.9.

## V. Continuing Education Requirements

An initial license or certification issued to an appraiser is valid through December 31 of the year issued. Appraisers who obtain their initial license or certification prior to July 1 of any calendar year must complete at least 14 hours of approved appraiser continuing education before December 31. Appraisers who renew their credential will be issued a two-year license and must complete at least 28 hours of approved appraiser continuing education during the two-year renewal cycle.

At a minimum, appraisers must successfully complete the 7-hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course every two calendar years. The update course will be credited towards the required 28 hours of continuing education for the renewal cycle. The 15-hour National USPAP course cannot be substituted for the required 7-hour National USPAP update course. Continuing education requirements are more fully detailed in Chapter 7 of the Board Rules.

## VI. Appraisal Management Companies

In accordance with the Dodd–Frank Wall Street Reform and Consumer Protection Act, the Colorado legislature passed HB 12-1110 which requires appraisal management companies (AMCs) that wish to provide appraisal management services in connection with Federally Related Transactions to be registered in the state of Colorado. Each appraisal management company must designate a Controlling Appraiser to supervise all licensed activities that occur in the state. The Board of Real Estate Appraisers shall not issue a license to an AMC until: the Controlling Appraiser and each individual that owns more than 10% of the company establishes that he or she is truthful and honest and has good moral character and has submitted a set of fingerprints to the Colorado Bureau of Investigations; the controlling appraiser confirm that no owner of any percentage has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State; and each AMC must maintain a surety bond for a minimum of \$25,000.

### **Title 12, Article 10, Part 6, Colorado Revised Statutes – Real Estate Appraisers<sup>1</sup>**

#### ***§ 12-10-601, C.R.S. Legislative declaration.***

*Editor’s note: This section is similar to former §12-61-701 as it existed prior to 2019.*

The general assembly finds, determines, and declares that sections 12-10-602 to 12-10-623 are enacted pursuant to the requirements of the “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, 12 U.S.C. secs. 3331 to 3351. The general assembly further finds, determines, and declares that sections 12-10-602 to 12-10-623 are intended to implement the requirements of federal law in the least

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<sup>1</sup> Colorado Revised Statutes are subject to change through the legislative process. Check the Division website for updates.

burdensome manner to real estate appraisers and appraisal management companies. Licensed ad valorem appraisers licensed under this article 10 are not regulated by the federal “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, 12 U.S.C. secs. 3331 to 3351.

**§ 12-10-602, C.R.S. Definitions.**

**Editor’s note:** (1) This section is similar to former §12-61-702 as it existed prior to 2019; except that §12-61-702 (7) and (8) were relocated to §12-10-101 (1) and (2), respectively.

(2) Before its relocation in 2019, this section was amended in SB 19-046. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from March 25, 2019, to October 1, 2019, see SB 19-046, chapter 50, Session Laws of Colorado 2019.

(3) Section 3(2) of chapter 17 (SB 20-047), Session Laws of Colorado 2020, provides that the act changing this section applies to appraisals made on or after September 14, 2020.

(4) 2022:(5.5) and (10) added, (HB 22-1261), ch. 315, p. 2248, § 3, effective August 10

As used in this part 6, unless the context otherwise requires:

- (1) (a) “Appraisal”, “appraisal report”, or “real estate appraisal” means a written or oral analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate that is transmitted to the client upon the completion of an assignment. These terms include a valuation, which is an opinion of the value of real estate, and an analysis, which is a general study of real estate not specifically performed only to determine value; except that the terms include a valuation completed by an appraiser employee of a county assessor as defined in section 39-1-102 (2).
- (b) The terms do not include an analysis, valuation, opinion, conclusion, notation, or compilation of data by an officer, director, regularly salaried employee, or agent of a financial institution or its affiliate, made for internal use only by the financial institution or affiliate, concerning an interest in real estate that is owned or held as collateral by the financial institution or affiliate and that is not represented or deemed to be an appraisal except to the financial institution, the agencies regulating the financial institution, and any secondary markets that purchase real estate secured loans. An appraisal prepared by an officer, director, regularly salaried employee, or agent of a financial institution who is not licensed or certified under this part 6 must contain a written notice that the preparer is not licensed or certified as an appraiser under this part 6.
- (c) “Appraisal”, “appraisal report”, or “real estate appraisal” does not include a federally authorized “waiver valuation”, as defined in 49 CFR 24.2 (a)(33), as amended.
- (2) (a) “Appraisal management company” or “AMC” means, in connection with valuing properties collateralizing mortgage loans or mortgages incorporated into a securitization, any external third party authorized either by a creditor in a consumer credit transaction secured by a consumer’s principal dwelling that oversees an appraiser panel or by an underwriter of, or other principal in, the secondary mortgage markets that oversees an appraiser panel to:
  - (I) Recruit, select, and retain appraisers;
  - (II) Contract with licensed and certified appraisers to perform appraisal assignments;
  - (III) Manage the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed; or
  - (IV) Review and verify the work of appraisers.

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- (b) “Appraisal management company” or “AMC” does not include:
  - (I) A corporation, limited liability company, sole proprietorship, or other entity that directly performs appraisal services;
  - (II) A corporation, limited liability company, sole proprietorship, or other entity that does not contract with appraisers for appraisal services, but that solely distributes orders to a client-selected panel of appraisers; and
  - (III) A mortgage company, or its subsidiary, that manages a panel of appraisers who are engaged to provide appraisal services on mortgage loans either originated by the mortgage company or funded by the mortgage company with its own funds.
- (3) “Board” means the board of real estate appraisers created in section 12-10-603.
- (4) “Client” means the party or parties who engage an appraiser or an appraisal management company for a specific assignment.
- (5) “Consulting services” means services performed by an appraiser that do not fall within the definition of an “independent appraisal” in subsection (7) of this section. “Consulting services” includes marketing, financing and feasibility studies, valuations, analyses, and opinions and conclusions given in connection with real estate brokerage, mortgage banking, and counseling and advocacy in regard to property tax assessments and appeals thereof; except that, if in rendering the services the appraiser acts as a disinterested third party, the work is deemed an independent appraisal and not a consulting service. Nothing in this subsection (5) precludes a person from acting as an expert witness in valuation appeals.
- (5.5) “Evaluation” means an opinion about the market value of real estate that is:
  - (a) Made in accordance with the 2010 “Interagency Appraisal and Evaluation Guidelines” developed by the following federal agencies that regulate financial institutions:
    - (I) The federal reserve board;
    - (II) The office of the comptroller of the currency;
    - (III) The federal deposit insurance corporation;
    - (IV) The office of thrift supervision; and
    - (V) The national credit union administration; and
  - (b) Provided to a financial institution for use in a real-estate-related transaction for which an appraisal is not required by the federal agencies listed in subsection (5.5)(a) of this section.
- (6) “Financial institution” means any “bank” or “savings association”, as those terms are defined in 12 U.S.C. sec. 1813, any state bank incorporated under title 11, any state or federally chartered credit union, or any company that has direct or indirect control over any of those entities.
- (7) “Independent appraisal” means an engagement for which an appraiser is employed or retained to act as a disinterested third party in rendering an unbiased analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in or aspects of identified real estate.
- (8) (a) “Panel” or “appraiser panel” means a network, list, or roster of licensed or certified appraisers approved by an AMC to perform appraisals as independent contractors for the AMC.
  - (b) Appraisers on an AMC’s appraiser panel include both:
    - (I) Appraisers accepted by the AMC for consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions; and

- (II) Appraisers engaged by the AMC to perform one or more appraisals in covered transactions or for secondary mortgage market participants in connection with covered transactions.
- (c) An appraiser is an independent contractor for purposes of this subsection (8) if the appraiser is treated as an independent contractor by the AMC for purposes of federal income taxation.
- (9) (a) “Real estate appraiser” or “appraiser” means a person who provides an estimate of the nature, quality, value, or utility of an interest in, or aspect of, identified real estate and includes one who estimates value and who possesses the necessary qualifications, ability, and experience to execute or direct the appraisal of real property.
- (b) “Real estate appraiser” or “appraiser” does not include:
  - (I) A person who conducts appraisals strictly of personal property;
  - (II) A person licensed as a broker pursuant to part 2 of this article 10 who provides an opinion of value that is not represented as an appraisal and is not used for purposes of obtaining financing;
  - (III) A person licensed as a certified public accountant pursuant to article 100 of this title 12, and otherwise regulated, as long as the person does not represent his or her opinions of value for real estate as an appraisal;
  - (IV) A corporation, acting through its officers or regularly salaried employees, when conducting a valuation of real estate property rights owned, to be purchased, or sold by the corporation;
  - (V) A person who conducts appraisals strictly of water rights or of mineral rights;
  - (VI) A right-of-way acquisition agent, an appraiser who is licensed and certified pursuant to this part 6, or any other individual who has sufficient understanding of the local real estate market to be qualified to make a waiver valuation when the agent, appraiser, or other qualified individual is employed by or contracts with a public entity and provides an opinion of value that is not represented as an appraisal and when, for any purpose, the property or portion of property being valued is valued at twenty-five thousand dollars or less, as permitted by federal law and 49 CFR 24.102 (c)(2), as amended;
  - (VII) An officer, director, regularly salaried employee, or agent of a financial institution or its affiliate who makes, for internal use only by the financial institution or affiliate, an analysis, evaluation, opinion, conclusion, notation, or compilation of data with respect to an appraisal so long as the person does not make a written adjustment of the appraisal’s conclusion as to the value of the subject real property;
  - (VIII) An officer, director, regularly salaried employee, or agent of a financial institution or its affiliate who makes an internal analysis, valuation, opinion, conclusion, notation, or compilation of data concerning an interest in real estate that is owned or held as collateral by the financial institution or its affiliate; or
  - (IX) A person who represents property owners as an advocate in tax or valuation protests and appeals pursuant to title 39.
- (10) “Uniform standards of professional appraisal practice” means the standards for the appraisal profession in the United States, as adopted by congress in 1989 through the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, Pub.L. 101-73, as amended, and that the Appraisal Foundation periodically updates

**§ 12-10-603, C.R.S. Board of real estate appraisers – creation – compensation – immunity – legislative declaration – subject to review – repeal of part.**

*Editor's note: (1) This section is similar to former §12-61-703 as it existed prior to 2019.*

*(2) 2022:(2)(a) amended,(SB 22-162), ch. 469, p. 3392, § 111, effective August 10; (6) amended,(HB 22-1261), ch. 315, p. 2247, § 2, effective August 10.*

*(3) 2023:(2)(b) amended, (HB 23-1301), ch. 303, p. 1817, §10, effective August 7.*

- (1) (a) There is hereby created in the division of real estate a board of real estate appraisers consisting of seven members appointed by the governor with the consent of the senate. Of the members, three shall be licensed or certified appraisers, one of whom shall have expertise in eminent domain matters; one shall be a county assessor in office; one shall be an officer or employee of a commercial bank experienced in real estate lending; one shall be an officer or employee of an appraisal management company; and one shall be a member of the public at large not engaged in any of the businesses represented by the other members of the board.
- (b) Members of the board shall hold office for terms of three years. In the event of a vacancy by death, resignation, removal, or otherwise, the governor shall appoint a member to fill the unexpired term. The governor has the authority to remove any member for misconduct, neglect of duty, or incompetence.
- (2) (a) The board is a **type 1** entity, as defined in section 24-1-105, and exercises its powers and performs its duties and functions under the division of real estate.
- (b) The general assembly finds, determines, and declares that the organization of the board under the division as a type 1 entity will provide the autonomy necessary to avoid potential conflicts of interest between the responsibility of the board in the regulation of real estate appraisers and the responsibility of the division in the regulation of real estate brokers and salespersons. The general assembly further finds, determines, and declares that the placement of the board as a type 1 entity under the division is consistent with the organizational structure of state government.
- (3) Each member of the board shall receive the same compensation and reimbursement of expenses as is provided for members of boards and commissions in the division of professions and occupations pursuant to section 12-20-103 (6). Payment for all per diem compensation and expenses shall be made out of annual appropriations from the division of real estate cash fund provided for in section 12-10-605.
- (4) Members of the board, consultants, and expert witnesses are immune from liability in any civil action based upon any disciplinary proceedings or other official acts they performed in good faith pursuant to this part 6.
- (5) A majority of the board constitutes a quorum for the transaction of all business, and actions of the board require a vote of a majority of the members present in favor of the action taken.
- (6) This part 6 is repealed, effective September 1, 2031. Before the repeal, this part 6 is scheduled for review in accordance with section 24-34-104.

**§ 12-10-604, C.R.S. Powers and duties of the board – rules.**

*Editor's note: (1) This section is similar to former §12-61-704 as it existed prior to 2019.*

*(2) Before its relocation in 2019, this section was amended in HB 19-1264. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from June 30, 2019, to October 1, 2019, see HB 19-1264, chapter 420, Session Laws of Colorado 2019.*

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*(3) Section 17 of chapter 420 (HB 19-1264), Session Laws of Colorado 2019, provides that the act changing this section takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.*

*(4) 2022:(1)(a)(IV) amended,(HB 22-1261), ch. 315, p. 2248, § 4, effective August 10.*

- (1) In addition to all other powers and duties imposed upon it by law, the board has the following powers and duties:
  - (a)
    - (I) To promulgate and amend, as necessary, rules pursuant to article 4 of title 24 for the implementation and administration of this part 6 and as required to comply with the federal “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, 12 U.S.C. secs. 3331 to 3351, and with any requirements imposed by amendments to that federal law.
    - (II) The board shall not establish any requirements that are more stringent than the requirements of any applicable federal law.
    - (III) Licensed ad valorem appraisers are not regulated by the federal “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, 12 U.S.C. secs. 3331 to 3351, but the board shall adopt rules regarding minimum qualifications and standards of practice for licensed ad valorem appraisers.
    - (IV) In any list or registry it maintains, the board shall identify or separately account for any appraisal management company that oversees a panel of more than fifteen certified or licensed appraisers in Colorado, or twenty-five or more certified or licensed appraisers in all states in which it does business, within a given year.
  - (b) To charge application, examination, and license and certificate renewal fees established pursuant to section 12-10-215 from all applicants for licensure, certification, examination, and renewal under this part 6. The board shall not refund any fees received from applicants seeking licensure, certification, examination, or renewal.
  - (c) Through the department and subject to appropriations made to the department, to employ administrative law judges, appointed pursuant to part 10 of article 30 of title 24, on a full-time or part-time basis to conduct any hearings required by this part 6;
  - (d) To issue, deny, or refuse to renew a license or certificate pursuant to this part 6;
  - (e) To take disciplinary actions in conformity with this part 6;
  - (f) To delegate to the director the administration and enforcement of this part 6 and the authority to act on behalf of the board on occasions and in circumstances that the board directs;
  - (g)
    - (I) To develop, purchase, or contract for any examination required for the administration of this part 6, to offer each examination at least twice a year or, if demand warrants, at more frequent intervals, and to establish a passing score for each examination that reflects a minimum level of competency.
    - (II) If study materials are developed by a testing company or other entity, the board shall make the materials available to persons desiring to take examinations pursuant to this part 6. The board may charge fees for the materials to defray any costs associated with making the materials available.
  - (h) In compliance with article 4 of title 24, to make investigations; subpoena persons and documents, which subpoenas may be enforced by a court of competent jurisdiction if not obeyed; hold hearings; and take evidence in all matters relating to the exercise of the board’s power under this part 6;



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- (i) Pursuant to section 1119 (b) of Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, Pub.L. 101-73, as amended, to apply, if necessary, for a federal waiver of the requirement relating to certification or licensing of a person to perform appraisals and to make the necessary written determinations specified in that section for purposes of making the application; and
  - (j) If the board has reasonable cause to believe that a person, partnership, limited liability company, or corporation is violating this part 6, to enter an order requiring the individual or appraisal management company to cease and desist the violation.
  - (k) Repealed.
- (2) The board shall maintain or preserve, for seven years, licensing history records of a person licensed or certified under this part 6. Complaints of record in the office of the board and board investigations, including board investigative files, are closed to public inspection. Stipulations and final agency orders are public record and are subject to sections 24-72-203 and 24-72-204.

### **§ 12-10-605, C.R.S. Fees, penalties, and fines collected under part 6.**

*Editor’s note: This section is similar to former §12-61-705 as it existed prior to 2019.*

All fees, penalties, and fines collected pursuant to this part 6, not including fees retained by contractors pursuant to contracts entered into in accordance with section 12-10-203, 12-10-606, or 24-34-101, shall be transmitted to the state treasurer, who shall credit the same to the division of real estate cash fund, created in section 12-10-215.

### **§ 12-10-606, C.R.S. Qualifications for licensing and certification of appraisers – continuing education – definitions – rules.**

*Editor’s note: (1) This section is similar to former §12-61-706 as it existed prior to 2019.*

*(2) Before its relocation in 2019, this section was amended in HB 19-1166. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from April 18, 2019, to October 1, 2019, see HB 19-1166, chapter 125, Session Laws of Colorado 2019.*

*(3) Section 78 of chapter 125 (HB 19-1166), Session Laws of Colorado 2019, provides that the act changing this section takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.*

*(4) 2022:(6) amended,(HB 22-1270), ch. 114, p. 515, § 10, effective April 21; (5) amended and (7) added,(HB 22-1261), ch. 315, p. 2248, § 5, effective August 10.*

- (1) (a) The board shall, by rule, prescribe requirements for the initial licensing or certification of persons under this part 6 to meet the requirements of the “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, 12 U.S.C. secs. 3331 to 3351, and shall develop, purchase, or contract for examinations to be passed by applicants. The board shall not establish any requirements for initial licensing or certification that are more stringent than the requirements of any applicable federal law; except that all applicants shall pass an examination offered by the board. If there is no applicable federal law, the board shall consider and may use as guidelines the most recent available criteria published by the Appraiser Qualifications Board of the Appraisal Foundation or its successor organization.
- (b) The four levels of appraiser licensure and certification, pursuant to subsection (1)(a) of this section, are defined as follows:
  - (I) “Certified general appraiser” means an appraiser meeting the requirements set by the board for general certification.
  - (II) “Certified residential appraiser” means an appraiser meeting the requirements set by the board for residential certification.

- (III) “Licensed ad valorem appraiser” means an appraiser meeting the requirements set by the board for ad valorem appraiser certification. Only a county assessor, employee of a county assessor’s office, or employee of the division of property taxation in the department of local affairs may obtain or possess an ad valorem appraiser certification.
- (IV) “Licensed appraiser” means an appraiser meeting the requirements set by the board for a license.
- (c) A county assessor or employee of a county assessor’s office who is a licensed ad valorem appraiser may not perform real estate appraisals outside of his or her official duties.
- (d) The board shall transfer persons employed in a county assessor’s office or in the division of property taxation in the department of local affairs who are registered appraisers as of July 1, 2013, to the category of licensed ad valorem appraiser. The board shall allow these persons, until December 31, 2015, to meet any additional requirements imposed by the board pursuant to section 12-10-604 (1)(a).
- (2) (a) The board shall, by rule, prescribe continuing education requirements for persons licensed or certified as certified general appraisers, certified residential appraisers, or licensed appraisers as needed to meet the requirements of the “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, 12 U.S.C. secs. 3331 to 3351. The board shall not establish any continuing education requirements that are more stringent than the requirements of any applicable federal law; except that all persons licensed or certified under this part 6 are subject to continuing education requirements. If there is no applicable federal law, the board shall consider and may use as guidelines the most recent available criteria published by the Appraiser Qualifications Board of the Appraisal Foundation or its successor organization.
- (b) The board shall, by rule, prescribe continuing education requirements for licensed ad valorem appraisers.
- (3) Notwithstanding any provision of this section to the contrary, the criteria established by the board for the licensing or certification of appraisers pursuant to this part 6 shall not include membership or lack of membership in any appraisal organization.
- (4) (a) Subject to section 12-10-619 (2), all appraiser employees of county assessors shall be licensed or certified as provided in subsections (1) and (2) of this section. Obtaining and maintaining a license or certificate under either subsection (1) or (2) of this section entitles an appraiser employee of a county assessor to perform all real estate appraisals required to fulfill the person’s official duties.
- (b) Appraiser employees of county assessors who are employed to appraise real property are subject to this part 6; except that appraiser employees of county assessors who are employed to appraise real property are not subject to disciplinary actions by the board on the ground that they have performed appraisals beyond their level of competency when appraising real estate in fulfillment of their official duties. County assessors, if licensed or certified as provided in subsections (1) and (2) of this section, are not subject to disciplinary actions by the board on the ground that they have performed appraisals beyond their level of competency when appraising real estate in fulfillment of their official duties.
- (c) The county in which an appraiser employee of a county assessor is employed shall pay all reasonable costs incurred by the appraiser employee of the county assessor to obtain and maintain a license or certificate pursuant to this section.
- (5) The board shall not issue an appraiser’s license as referenced in subsection (1)(b)(IV) of this section unless the applicant has met the minimum appraisal experience requirement established

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by the Appraiser Qualifications Board of the Appraisal Foundation or its successor organization.

- (6) (a) The board shall not issue a license or certification until the applicant demonstrates that the applicant meets the fitness standards established by board rule and submits a set of fingerprints to the Colorado bureau of investigation for the purpose of conducting a state and national fingerprint-based criminal history record check utilizing records of the Colorado bureau of investigation and the federal bureau of investigation. Each person submitting a set of fingerprints shall pay the fee established by the Colorado bureau of investigation for conducting the fingerprint-based criminal history record check to the bureau. Upon completion of the fingerprint-based criminal history record check, the bureau shall forward the results to the board. The board shall require a name-based judicial record check, as defined in section 22-2-119.3 (6)(d), for an applicant who has a record of arrest without a disposition. The applicant shall pay the costs associated with a name-based judicial record check. The board may deny an application for licensure or certification based on the outcome of the record check and may establish criminal history requirements more stringent than those established by any applicable federal law. At a minimum, the board shall adopt the criminal history requirements established by any applicable federal law.
- (b) An applicant for certification as a licensed ad valorem appraiser is not subject to the fingerprinting and background check requirements of subsection (6)(a) of this section.
- (7) (a) The board shall, by rule, authorize an exemption from compliance with the uniform standards of professional appraisal practice for a licensed appraiser performing an evaluation; except that the board's rules must not exempt a licensed appraiser performing an evaluation from complying with the ethics, record-keeping, competency, and scope-of-work standards of the uniform standards of professional appraisal practice.
- (b) A licensed appraiser may perform an evaluation if conducted in accordance with board rules promulgated under subsection (7)(a) of this section.

### **§ 12-10-607, C.R.S. Appraisal management companies – application for license – exemptions.**

**Editor's note:** (1) This section is similar to former §12-61-707 as it existed prior to 2019.

(2) Before its relocation in 2019, this section was amended in HB 19-1166. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from April 18, 2019, to October 1, 2019, see HB 19-1166, chapter 125, Session Laws of Colorado 2019.

(3) Section 78 of chapter 125 (HB 19-1166), Session Laws of Colorado 2019, provides that the act changing this section takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

(4) 2022:(3) amended,(HB 22-1270), ch. 114, p. 515, § 11, effective April 21; (9) amended,(HB 22-1261), ch. 315, p. 2249, § 6, effective August 10.

- (1) An applicant shall apply for a license as an appraisal management company, or as a controlling appraiser, to the board in a manner prescribed by the board.
- (2) The board may grant appraisal management company licenses to individuals, partnerships, limited liability companies, or corporations. A partnership, limited liability company, or corporation, in its application for a license, shall designate a controlling appraiser who is actively certified in a state recognized by the appraisal subcommittee of the federal financial institutions examination council or its successor entity. The controlling appraiser is responsible for the licensed practices of the partnership, limited liability company, or corporation and all persons employed by the entity. The application of the partnership, limited liability company, or corporation and the application of the appraiser designated by it as the controlling appraiser

shall be filed with the board. The board has jurisdiction over the appraiser so designated and over the partnership, limited liability company, or corporation.

- (3) The board shall not issue a license to any partnership, limited liability company, or corporation unless and until the appraiser designated by the partnership, limited liability company, or corporation as controlling appraiser and each individual who owns more than ten percent of the entity demonstrates that the person meets the fitness standards established by board rule and submits a set of fingerprints to the Colorado bureau of investigation for the purpose of conducting a state and national fingerprint-based criminal history record check utilizing records of the Colorado bureau of investigation and the federal bureau of investigation. Each person submitting a set of fingerprints shall pay the fee established by the Colorado bureau of investigation for conducting the fingerprint-based criminal history record check to the bureau. Upon completion of the fingerprint-based criminal history record check, the bureau shall forward the results to the board. The board shall require a name-based judicial record check, as defined in section 22-2-119.3 (6)(d), for an applicant who has a record of arrest without a disposition. The applicant shall pay the costs associated with a name-based judicial record check. The board may deny an application for licensure or refuse to renew a license based on the outcome of the record check. The board may require criminal history requirements more stringent than those established by any applicable federal law. At a minimum, the board shall adopt the criminal history requirements established by any applicable federal law.
- (4) The board shall not issue a license to any partnership, limited liability company, or corporation if the appraiser designated by the entity as controlling appraiser has previously had, in any state, an appraiser registration, license, or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked. A disciplinary action resulting in refusal, denial, cancellation, surrender in lieu of revocation, or revocation relating to a registration, license, or certification as an appraiser registered, licensed, or certified under this part 6 or any related occupation in any other state, territory, or country for disciplinary reasons is prima facie evidence of grounds for denial of a license by the board.
- (5) The board shall not issue a license to any partnership, limited liability company, or corporation if it is owned, in whole or in part, directly or indirectly, by any person who has had, in any state, an appraiser license, registration, or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked. A disciplinary action resulting in refusal, denial, cancellation, surrender in lieu of revocation, or revocation relating to a license, registration, or certification as an appraiser licensed, registered, or certified under this part 6 or any related occupation in any other state, territory, or country for disciplinary reasons is prima facie evidence of grounds for denial of a license by the board.
- (6) The board may deny an application for a license for any partnership, limited liability company, or corporation if the partnership, limited liability company, or corporation has previously had a license revoked or surrendered a license in lieu of revocation. A disciplinary action resulting in the surrender in lieu of revocation or the revocation of a license as an appraisal management company under this part 6 or any related occupation in any other state, territory, or country for disciplinary reasons may be deemed to be prima facie evidence of grounds for denial of a license by the board.
- (7) Each appraisal management company must maintain a definite place of business. If the appraisal management company is domiciled in another state, the appraiser designated by the appraisal management company as controlling appraiser is responsible for supervising all licensed activities that occur in Colorado. All licensed actions occurring within the state of Colorado must occur under the name under which the appraisal management company is licensed or its trade name adopted in accordance with Colorado law.

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- (8) An application that is submitted by an appraisal management company that is:
- (a) A partnership must be properly registered with the Colorado department of revenue or properly filed with the Colorado secretary of state and in good standing, proof of which must be included in the application. If an assumed or trade name is to be used, it must be properly filed with the Colorado department of revenue or filed and accepted by the Colorado secretary of state, proof of which must be included with the application.
  - (b) A limited liability company must be properly registered with the Colorado secretary of state and in good standing, proof of which must be included with the application. If an assumed or trade name is to be used, it must be properly filed with the Colorado secretary of state, proof of which must be included with the application.
  - (c) A corporation must be registered as a foreign corporation or properly incorporated with the Colorado secretary of state and in good standing, proof of which must be included with the application. If an assumed or trade name is to be used, it must be properly filed with the Colorado secretary of state, proof of which must be included with the application.
- (9) Financial institutions and appraisal management company subsidiaries that are owned and controlled by an insured depository institution, as defined in 12 U.S.C. sec. 1813 (c)(2), as amended, and regulated by the federal office of the comptroller of the currency, the board of governors of the federal reserve system, or the federal deposit insurance corporation are not required to register with or be licensed by the board. This exemption includes a panel of appraisers who are engaged to provide appraisal services and are administered by a financial institution regulated by one of the federal financial regulatory agencies listed in this subsection (9).

***§ 12-10-608, C.R.S. Errors and omissions insurance – duties of the division – certificate of coverage – group plan made available – rules.***

***Editor's note:*** This section is similar to former §12-61-708 as it existed prior to 2019.

- (1) Every licensee under this part 6, except an appraiser who is employed by a state or local governmental entity or an inactive appraiser or appraisal management company, shall maintain errors and omissions insurance to cover all activities contemplated under this part 6. The division shall make the errors and omissions insurance available to all licensees by contracting with an insurer for a group policy after a competitive bid process in accordance with article 103 of title 24. A group policy obtained by the division must be available to all licensees with no right on the part of the insurer to cancel any licensee. A licensee may obtain errors and omissions insurance independently if the coverage complies with the minimum requirements established by the division.
- (2) (a) If the division is unable to obtain errors and omissions insurance coverage to insure all licensees who choose to participate in the group program at a reasonable annual premium, as determined by the division, a licensee shall independently obtain the errors and omissions insurance required by this section.
- (b) The division shall solicit and consider information and comments from interested persons when determining the reasonableness of annual premiums.
- (3) The division shall determine the terms and conditions of coverage required under this section based on rules promulgated by the board. Each licensee shall be notified of the required terms and conditions at least thirty days before the annual premium renewal date as determined by the division. Each licensee shall file a certificate of coverage showing compliance with the required terms and conditions with the division by the annual premium renewal date, as determined by the division.

- (4) In addition to all other powers and duties conferred upon the board by this part 6, the board is authorized and directed to adopt rules it deems necessary or proper to carry out the requirements of this section.

**§ 12-10-609, C.R.S. Bond required.**

*Editor's note: This section is similar to former §12-61-709 as it existed prior to 2019.*

- (1) Before the board issues a license to an applicant for an appraisal management company license, the applicant shall post with the board a surety bond in the amount of twenty-five thousand dollars. A licensed appraisal management company shall maintain the required bond at all times.
- (2) The surety bond shall require the surety to provide notice to the board within thirty days if payment is made from the surety bond or if the bond is cancelled.

**§ 12-10-610, C.R.S. Expiration of licenses – renewal – penalties – fees – rules.**

*Editor's note: (1) This section is similar to former §12-61-710 as it existed prior to 2019.*

*(2) Before its relocation in 2019, this section was amended in HB 19-1166. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from April 18, 2019, to October 1, 2019, see HB 19-1166, chapter 125, Session Laws of Colorado 2019.*

*(3) Section 78 of chapter 125 (HB 19-1166), Session Laws of Colorado 2019, provides that the act changing this section takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.*

*(4) 2022:(4) amended,(HB 22-1270), ch. 114, p. 516, § 12, effective April 21; (3)(a) amended,(HB 22-1261), ch. 315, p. 2249, § 7, effective August 10.*

- (1) (a) All licenses or certificates expire pursuant to a schedule established by the director and may be renewed or reinstated pursuant to this section. Upon compliance with this section and any applicable rules of the board regarding renewal, including the payment of a renewal fee plus a reinstatement fee established pursuant to subsection (1)(b) of this section, the expired license or certificate shall be reinstated. A real estate appraiser's license or certificate that has not been renewed for a period greater than two years shall not be reinstated, and the person must submit a new application for licensure or certification.
- (b) A person who fails to renew his or her license or certificate before the applicable renewal date may have it reinstated if the person submits an application as prescribed by the board:
  - (I) Within thirty-one days after the date of expiration, by payment of the regular renewal fee;
  - (II) More than thirty-one days, but within one year, after the date of expiration, by payment of the regular renewal fee and payment of a reinstatement fee equal to one-third of the regular renewal fee; or
  - (III) More than one year, but within two years, after the date of expiration, by payment of the regular renewal fee and payment of a reinstatement fee equal to two-thirds of the regular renewal fee.
- (2) If the federal registry fee collected by the board and transmitted to the federal financial institutions examination council is increased prior to expiration of a license or certificate, the board shall collect the amount of the increase in the fee from the holder of the license or certificate and forward the amount to the council annually. The federal registry fee does not apply to licensed ad valorem appraisers licensed under this article 10.

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- (3) (a) If the applicant has complied with this section and any applicable rules of the board regarding renewal, except for the continuing education requirements pursuant to section 12-10-606, the licensee may renew the license on inactive status. An inactive license may be activated if the licensee submits written certification of compliance with the required number of continuing education hours as determined by the Appraiser Qualifications Board of the Appraisal Foundation or its successor organization. The board may adopt rules establishing procedures to facilitate reactivation of licenses.
- (b) The holder of an inactive license shall not perform a real estate appraisal or appraisal management duties.
- (c) The holder of an inactive license shall not hold himself or herself out as having an active license pursuant to this part 6.
- (4) At the time of renewal or reinstatement, every licensee, certificate holder, and person or individual who owns more than ten percent of an appraisal management company shall submit a set of fingerprints to the Colorado bureau of investigation for the purpose of conducting a state and national fingerprint-based criminal history record check utilizing records of the Colorado bureau of investigation and the federal bureau of investigation, if the person has not previously done so for issuance of a license or certification by the board. Each person submitting a set of fingerprints shall pay the fee established by the Colorado bureau of investigation for conducting the fingerprint-based criminal history record check to the bureau. The bureau shall forward the results to the board. The board shall require a name-based judicial record check, as defined in section 22-2-119.3 (6)(d), for an applicant who has a record of arrest without a disposition. The applicant shall pay the costs associated with a name-based judicial record check. The board may refuse to renew or reinstate a license or certification based on the outcome of the record check.

### ***§ 12-10-611, C.R.S. Licensure or certification by endorsement – temporary practice.***

***Editor’s note:*** This section is similar to former §12-61-711 as it existed prior to 2019.

- (1) The board may issue a license or certification to an appraiser by endorsement to engage in the occupation of real estate appraisal to any applicant who has a license or certification in good standing as a real estate appraiser under the laws of another jurisdiction if:
  - (a) The applicant presents proof satisfactory to the board that, at the time of application for a Colorado license or certificate by endorsement, the applicant possesses credentials and qualifications that are substantially equivalent to the requirements of this part 6; or
  - (b) The jurisdiction that issued the applicant a license or certificate to engage in the occupation of real estate appraisal has a law similar to this subsection (1) pursuant to which it licenses or certifies persons who are licensed real estate appraisers in this state.
- (2) The board may specify, by rule, what constitutes substantially equivalent credentials and qualifications and the manner in which the board will review credentials and qualifications of an applicant.
- (3) Pursuant to section 1122 (a) of Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, Pub.L. 101-73, as amended, the board shall recognize, on a temporary basis, the license or certification of an appraiser issued by another state if:
  - (a) The appraiser’s business is of a temporary nature; and
  - (b) The appraiser applies for and is granted a temporary practice permit by the board.

**§ 12-10-612, C.R.S. Denial of license or certificate – renewal – definition.**

*Editor's note: This section is similar to former §12-61-712 as it existed prior to 2019.*

- (1) The board may determine whether an applicant for licensure or certification possesses the necessary qualifications for licensure or certification required by this part 6. The board may consider such qualities as the applicant's fitness and prior professional licensure and whether the applicant has been convicted of a crime. As used in this subsection (1), "applicant" includes any individual who owns, in whole or in part, directly or indirectly, an appraisal management company and any appraiser designated as a controlling appraiser by a partnership, limited liability company, or corporation acting as an appraisal management company.
- (2) If the board determines that an applicant does not possess the applicable qualifications required by this part 6, or the applicant has violated this part 6, rules promulgated by the board, or any board order, the board may deny the applicant a license or certificate or deny the renewal or reinstatement of a license or certificate pursuant to section 12-10-610, and, in such instance, the board shall provide the applicant with a statement in writing setting forth the basis of the board's determination that the applicant does not possess the qualifications or professional competence required by this part 6. The applicant may request a hearing on the determination as provided in section 24-4-104 (9).

**§ 12-10-613, C.R.S. Prohibited activities – grounds for disciplinary actions – procedures.**

*Editor's note: (1) This section is similar to former §12-61-713 as it existed prior to 2019.*

*(2) 2022:(3) and (7) amended,(HB 22-1261), ch. 315, p. 2249, § 8, effective August 10.*

- (1) A real estate appraiser is in violation of this part 6 if the appraiser:
  - (a) Has been convicted of a felony or has had accepted by a court a plea of guilty or nolo contendere to a felony if the felony is related to the ability to act as a real property appraiser. A certified copy of the judgment of a court of competent jurisdiction of the conviction or plea is conclusive evidence of the conviction or plea. In considering the disciplinary action, the board shall be governed by the provisions of section 24-5-101.
  - (b) Has violated, or attempted to violate, directly or indirectly, or assisted in or abetted the violation of, or conspired to violate this part 6, a rule promulgated pursuant to this part 6, or an order of the board issued pursuant to this part 6;
  - (c) Has accepted any fees, compensation, or other valuable consideration to influence the outcome of an appraisal;
  - (d) Has used advertising that is misleading, deceptive, or false;
  - (e) Has used fraud or misrepresentation in obtaining a license or certificate under this part 6;
  - (f) Has conducted an appraisal in a fraudulent manner or used misrepresentation in any such activity;
  - (g) Has acted or failed to act in a manner that does not meet the generally accepted standards of professional appraisal practice as adopted by the board by rule. A certified copy of a malpractice judgment of a court of competent jurisdiction is conclusive evidence of the act or omission, but evidence of the act or omission is not limited to a malpractice judgment.
  - (h) Has performed appraisal services beyond his or her level of competency;
  - (i) Has been subject to an adverse or disciplinary action in another state, territory, or country relating to a license, certificate, or other authorization to practice as an appraiser. A disciplinary action relating to a license or certificate as an appraiser licensed or certified under this part 6 or any related occupation in any other state, territory, or country for disciplinary reasons is prima facie evidence of grounds for disciplinary action or denial of



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licensure or certification by the board. This subsection (1)(i) applies only to violations based upon acts or omissions in the other state, territory, or country that are also violations of this part 6.

- (j) Has failed to disclose in the appraisal report the fee paid to the appraiser for a residential real property appraisal if the appraiser was engaged by an appraisal management company to complete the assignment; or
  - (k) Has engaged in conduct that would be grounds for the denial of a license or certification under section 12-10-612.
- (2) If an applicant, a licensee, or a certified person has violated any provision of this section, the board may deny or refuse to renew the license or certificate, or, as specified in subsections (3) and (6) of this section, revoke or suspend the license or certificate, issue a letter of admonition to a licensee or certified person, place a licensee or certified person on probation, or impose public censure.
- (3) When a complaint or an investigation discloses an instance of misconduct by a licensed or certified appraiser that, in the opinion of the board, does not warrant formal action by the board but should not be dismissed as being without merit, the board may send a letter of admonition to the appraiser against whom a complaint was made. The letter must advise the appraiser of the right to make a written request, within twenty days after receipt of the letter of admonition, to the board to begin formal disciplinary proceedings as provided in this section to adjudicate the conduct or acts on which the letter was based.
- (4) The board may start a proceeding for discipline of a licensee or certified person when the board has reasonable grounds to believe that a licensee or certified person has committed any act or failed to act pursuant to the grounds established in subsection (1) of this section or when a request for a hearing is timely made under subsection (3) of this section.
- (5) Disciplinary proceedings shall be conducted in the manner prescribed by the “State Administrative Procedure Act”, article 4 of title 24.
- (6) As authorized in subsection (2) of this section, disciplinary actions by the board may consist of the following:
- (a) **Revocation of a license or certificate.**
    - (I) Revocation of a license or certificate by the board means that the licensed or certified person shall surrender his or her license or certificate immediately to the board.
    - (II) Any person whose license or certificate to practice is revoked is ineligible to apply for a license or certificate issued under this part 6 until more than two years have elapsed from the date of surrender of the license or certificate. A reapplication after the two-year period is treated as a new application.
  - (b) **Suspension of a license or certificate.** Suspension of a license or certificate by the board is for a period to be determined by the board.
  - (c) **Probationary status.** The board may impose probationary status on a licensee or certified person. If the board places a licensee or certified person on probation, the board may include conditions for continued practice that the board deems appropriate to assure that the licensee or certified person is otherwise qualified to practice in accordance with generally accepted professional standards of professional appraisal practice, as specified in board rules, including any or all of the following:
    - (I) A requirement that the licensee or certified person take courses of training or education as needed to correct deficiencies found in the hearing;
    - (II) A review or supervision of his or her practice as may be necessary to determine the quality of the practice and to correct deficiencies in the practice; and

- (III) The imposition of restrictions upon the nature of his or her appraisal practice to assure that he or she does not practice beyond the limits of his or her capabilities.
- (d) **Public censure.** If, after notice and hearing, the director or the director's designee determines that the licensee or certified person has committed any of the acts specified in this section, the board may impose public censure.
- (7) In addition to any other discipline imposed pursuant to this section, a person who violates this part 6 or the rules promulgated pursuant to this article 10 may be penalized by the board, upon a finding of a violation made pursuant to article 4 of title 24, by imposition of a fine of not more than one thousand dollars per violation.
- (8) A person participating in good faith in making a complaint or report or participating in an investigative or administrative proceeding before the board pursuant to this article 10 is immune from any liability, civil or criminal, that otherwise might result by reason of the action.
- (9) A licensee or certified person who has direct knowledge that a person has violated this part 6 shall report his or her knowledge to the board.
- (10) The board, on its own motion or upon application at any time after the imposition of discipline as provided in this section, may reconsider its prior action and reinstate or restore a license or certificate, terminate probation, or reduce the severity of its prior disciplinary action. The decision of whether to take any further action or hold a hearing with respect to a prior disciplinary action rests in the sole discretion of the board.

***§ 12-10-614, C.R.S. Appraisal management companies – prohibited activities – grounds for disciplinary actions – procedures – rules.***

**Editor's note:** (1) This section is similar to former §12-61-714 as it existed prior to 2019.

(2) 2022:(2) amended, (HB 22-1261), ch. 315, p. 2250, § 9, effective August 10.

- (1) The board, upon its own motion, may, and upon a complaint submitted to the board in writing by any person, shall, investigate the activities of a licensed appraisal management company; an appraiser designated as a controlling appraiser by a partnership, limited liability company, or corporation acting as an appraisal management company; or a person or an entity that assumes to act in that capacity within the state. The board, upon finding a violation, may impose an administrative fine not to exceed two thousand five hundred dollars for each separate offense; censure a licensee; place the licensee on probation and set the terms of probation; or temporarily suspend or permanently revoke a license, when the licensee has performed, is performing, or is attempting to perform any of the following acts:
- (a) Failing to:
- (I) Exercise due diligence when hiring or engaging a real estate appraiser to ensure that the real estate appraiser is appropriately credentialed by the board and competent to perform the assignment; and
- (II) In the case of an AMC, establish and comply with processes and controls reasonably designed to ensure that the AMC conducts its appraisal management services in accordance with the requirements of the federal "Truth in Lending Act", 15 U.S.C. sec. 1639e (a) to (i), and regulations adopted pursuant to that act;
- (b) Requiring an appraiser to indemnify the appraisal management company against liability, damages, losses, or claims other than those arising out of the services performed by the appraiser, including performance or nonperformance of the appraiser's duties and obligations, whether as a result of negligence or willful misconduct;
- (c) Influencing or attempting to influence the development, reporting, result, or review of a real estate appraisal or the engagement of an appraiser through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner. This

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prohibition does not prohibit an appraisal management company from requesting an appraiser to:

- (I) Consider additional, appropriate property information;
  - (II) Provide further detail, substantiation, or explanation for the appraiser's value conclusion; or
  - (III) Correct errors in the appraisal report.
- (d) Prohibiting an appraiser, in the completion of an appraisal service, from communicating with the client, any intended users, real estate brokers, tenants, property owners, management companies, or any other entity that the appraiser reasonably believes has information pertinent to the completion of an appraisal assignment; except that this subsection (1)(d) does not apply to communications between an appraiser and an appraisal management company's client if the client has adopted an explicit policy prohibiting the communication. If the client has adopted an explicit policy prohibiting communication by the appraiser with the client, communication by an appraiser to the client must be made in writing and submitted to the appraisal management company.
  - (e) Altering or modifying a completed appraisal report without the authoring appraiser's knowledge and written consent, and the consent of the intended user, except to modify the format of the report solely for transmission to the client and in a manner acceptable to the client;
  - (f) Requiring an appraiser to provide to the appraisal management company access to the appraiser's electronic signature;
  - (g) Failing to validate or verify that the work completed by an appraiser who is hired or engaged by the appraisal management company complies with state and federal regulations, including the uniform standards of professional appraisal practice, by conducting an annual audit of a random sample of the appraisals received within the previous year by the appraisal management company. The board shall establish annual appraisal review requirements by rule and shall solicit and consider information and comments from interested persons.
  - (h) Failing to make payment to an appraiser within sixty days after completion of the appraisal, unless otherwise agreed or unless the appraiser has been notified in writing that a bona fide dispute exists regarding the performance or quality of the appraisal;
  - (i) Failing to perform the terms of a written agreement with an appraiser hired or engaged to complete an appraisal assignment;
  - (j) Failing to disclose to an appraiser, at the time of engagement, the identity of the client;
  - (k) Using an appraisal report for a client other than the one originally contracted with, without the original client's written consent;
  - (l) Failing to maintain possession of, for future use or inspection by the board, for a period of at least five years or at least two years after final disposition of any judicial proceeding in which a representative of the appraisal management company provided testimony related to the assignment, whichever period expires last, the documents or records prescribed by the rules of the board or to produce the documents or records upon reasonable request by the board;
  - (m) Having been convicted of, or entering a plea of guilty, an Alford plea, or a plea of nolo contendere to, any misdemeanor or felony relating to the conduct of an appraisal, theft, embezzlement, bribery, fraud, misrepresentation, or deceit, or any other like crime under Colorado law, federal law, or the laws of other states. A certified copy of the judgment of a court of competent jurisdiction of the conviction or other official record indicating that a plea was entered is conclusive evidence of the conviction or plea in any hearing under this part 6.

- (n) Having been the subject of an adverse or disciplinary action in another state, territory, or country relating to a license, registration, certification, or other authorization to practice as an appraisal management company. A disciplinary action relating to a registration, license, or certificate as an appraisal management company under this part 6 or any related occupation in any other state, territory, or country for disciplinary reasons is prima facie evidence of grounds for disciplinary action or denial of a license by the board. This subsection (1)(n) applies only to violations based upon acts or omissions in the other state, territory, or country that would violate this part 6 if committed in Colorado.
  - (o) Violating the “Colorado Consumer Protection Act”, article 1 of title 6;
  - (p) Procuring, or attempting to procure, an appraisal management company license or renewing, reinstating, or reactivating, or attempting to renew, reinstate, or reactivate, an appraisal management company license by fraud, misrepresentation, or deceit or by making a material misstatement of fact in an application for a license;
  - (q) Knowingly misrepresenting or making false promises through agents, advertising, or otherwise;
  - (r) Failing to disclose to a client the fee amount paid to the appraiser hired or engaged to complete the appraisal upon completion of the assignment; or
  - (s) Disregarding, violating, or abetting, directly or indirectly, a violation of this part 6, a rule promulgated by the board pursuant to this part 6, or an order of the board entered pursuant to this part 6.
- (2) When a complaint or an investigation discloses an instance of misconduct that, in the opinion of the board, does not warrant formal action by the board but should not be dismissed as being without merit, the board may send a letter of admonition to the licensee against whom the complaint was made. The letter must advise the licensee of the right to make a written request, within twenty days after receipt of the letter of admonition, to the board to begin formal disciplinary proceedings as provided in this section to adjudicate the conduct or acts on which the letter was based.
  - (3) Disciplinary proceedings must be conducted in the manner prescribed by the “State Administrative Procedure Act”, article 4 of title 24.
  - (4) If a partnership, limited liability company, or corporation operating under the license of an appraiser designated and licensed as a controlling appraiser by the partnership, limited liability company, or corporation is guilty of any act listed in subsection (1) of this section, the board may suspend or revoke the right of the partnership, limited liability company, or corporation to conduct its business under the license of the controlling appraiser, whether or not the controlling appraiser had personal knowledge of the violation and whether or not the board suspends or revokes the individual license of the controlling appraiser.
  - (5) This part 6 does not relieve any person from civil liability or criminal prosecution under the laws of this state.
  - (6) A licensee or certified person having direct knowledge that a person or licensed partnership, limited liability company, or corporation has violated this part 6 shall report his or her knowledge to the board.
  - (7) The board, on its own motion or upon application, at any time after the imposition of discipline as provided in this section, may reconsider its prior action and reinstate or restore a license, terminate probation, or reduce the severity of its prior disciplinary action. The decision of whether to take any further action or hold a hearing with respect to the action rests in the sole discretion of the board.

**§ 12-10-615, C.R.S. Judicial review of final board actions and orders.**

*Editor's note: This section is similar to former §12-61-715 as it existed prior to 2019.*

Final actions and orders of the board under sections 12-10-612, 12-10-613, and 12-10-614 appropriate for judicial review are subject to judicial review in the court of appeals in accordance with section 24-4-106 (11).

**§ 12-10-616, C.R.S. Unlawful acts – penalties.**

*Editor's note: This section is similar to former §12-61-716 as it existed prior to 2019.*

- (1) It is unlawful for a person to:
  - (a) Violate section 12-10-613 (1)(c), (1)(e), or (1)(f) or perform a real estate appraisal without first having obtained a license or certificate from the board pursuant to this part 6;
  - (b) Accept a fee for an independent appraisal assignment that is contingent upon:
    - (I) Reporting a predetermined analysis, opinion, or conclusion; or
    - (II) The analysis, opinion, or conclusion reached; or
    - (III) The consequences resulting from the analysis, opinion, or conclusion;
  - (c) Misrepresent a consulting service as an independent appraisal; or
  - (d) Fail to disclose, in connection with a consulting service for which a contingent fee is or will be paid, the fact that a contingent fee is or will be paid.
- (2) Any person who violates any provision of subsection (1) of this section commits a class 2 misdemeanor and shall be punished as provided in section 18-1.3-501. Any person who subsequently violates any provision of subsection (1) of this section within five years after the date of a conviction for a violation of subsection (1) of this section commits a class 5 felony and shall be punished as provided in section 18-1.3-401.

**§ 12-10-617, C.R.S. Appraisal management company license required – violations – injunction.**

*Editor's note: This section is similar to former §12-61-717 as it existed prior to 2019.*

- (1) Except as provided in section 12-10-607 (9), it is unlawful for any person, partnership, limited liability company, or corporation to engage in the business of appraisal management in this state without first having obtained a license from the board. The board shall not grant a license to a person, partnership, limited liability company, or corporation until the person, partnership, limited liability company, or corporation demonstrates compliance with this part 6.
- (2) The board may apply to a court of competent jurisdiction for an order enjoining an act or practice that constitutes a violation of this part 6, and, upon a showing that a person, partnership, limited liability company, or corporation is engaging or intends to engage in an act or practice that violates this part 6, the court shall grant an injunction, restraining order, or other appropriate order, regardless of the existence of another remedy for the violation. Any notice, hearing, or duration of an injunction or restraining order shall be made in accordance with the Colorado rules of civil procedure.
- (3) Any person, partnership, limited liability company, or corporation violating this part 6 by acting as an appraisal management company without having obtained a license or acting as an appraisal management company after the appraisal management company's license has been revoked or during any period for which the license was suspended commits a class 2 misdemeanor.

**§ 12-10-618, C.R.S. Injunctive proceedings.**

*Editor's note: This section is similar to former §12-61-718 as it existed prior to 2019.*

- (1) The board may, in the name of the people of the state of Colorado, through the attorney general of the state of Colorado, apply for an injunction in any court of competent jurisdiction to perpetually enjoin a person or appraisal management company from committing an act prohibited by this part 6.
- (2) Injunctive proceedings under this section are in addition to and not in lieu of penalties and other remedies provided in this part 6.
- (3) When seeking an injunction under this section, the board is not required to allege or prove either that an adequate remedy at law does not exist or that substantial or irreparable damage would result from a continued violation.

**§ 12-10-619, C.R.S. Special provision for appraiser employees of county assessors.**

*Editor's note: This section is similar to former §12-61-719 as it existed prior to 2019.*

- (1) Except as provided in subsection (2) of this section, unless a federal waiver is applied for and granted pursuant to section 12-10-604 (1)(i), a person acting as a real estate appraiser in this state shall be licensed or certified as provided in this part 6. No person shall practice without a license or certificate or hold himself or herself out to the public as a licensed or certified real estate appraiser unless licensed or certified pursuant to this part 6.
- (2) An appraiser employee of a county assessor who is employed to appraise real property shall be licensed or certified as provided in this part 6 and shall have two years from the date of taking office or the beginning of employment to comply with this part 6.

**§ 12-10-620, C.R.S. Duties of board under federal law.**

*Editor's note: This section is similar to former §12-61-720 as it existed prior to 2019.*

- (1) The board shall:
  - (a) Transmit to the appraisal subcommittee of the federal financial institutions examination council or its successor entity, no less than annually, a roster listing individuals and appraisal management companies that have received a certificate or license as provided in this part 6;
  - (b) Collect and transmit, on an annual basis, to the federal financial institutions examination council an annual registry fee, as prescribed by the appraisal subcommittee of the federal financial institutions examination council or its successor entity, from the following individuals and entities:
    - (I) Individuals and appraisal management companies that are licensed or certified pursuant to this part 6; and
    - (II) Appraisal management companies that operate as subsidiaries of federally regulated financial institutions; and
  - (c) Conduct its business and promulgate rules in a manner consistent with Title XI of the federal "Financial Institutions Reform, Recovery, and Enforcement Act of 1989", as amended, Pub.L. 101-73.
- (2) The board shall not collect or transmit the information required by this section for licensed ad valorem appraisers.

**§ 12-10-621, C.R.S. Business entities.**

*Editor's note:* This section is similar to former §12-61-721 as it existed prior to 2019.

- (1) A corporation, partnership, bank, savings and loan association, savings bank, credit union, or other business entity may provide appraisal services if the appraisal is prepared by a certified general appraiser, a certified residential appraiser, or a licensed appraiser. An individual who is not a certified general appraiser, a certified residential appraiser, or a licensed appraiser may assist in the preparation of an appraisal if:
  - (a) The assistant is under the direct supervision of a certified or licensed appraiser; and
  - (b) The final appraisal document is approved and signed by an individual who is a certified or licensed appraiser.

**§ 12-10-622, C.R.S. Provisions found not to comply with federal law null and void – severability.**

*Editor's note:* (1) This section is similar to former §12-61-722 as it existed prior to 2019.

(2) As of publication date, the revisor of statutes has not received the notice referred to in subsection (2).

- (1) If any provision of this part 6 is found by a court of competent jurisdiction or by the appropriate federal agency not to comply with the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, Pub.L. 101-73, the provision is null and void, but the remaining provisions of this part 6 are valid unless the remaining provisions alone are incomplete and are incapable of being executed in accordance with the legislative intent of this part 6.
- (2) If the regulation of appraisal management companies is repealed from Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, as amended, Pub.L. 101-73, the board’s jurisdiction over these entities is also repealed. Before the repeal, the division shall review the regulation of appraisal management companies as provided in section 24-34-104. If the board’s jurisdiction is repealed, the director shall notify the revisor of statutes of the date of the repeal.

**§ 12-10-623, C.R.S. Scope of article – regulated financial institutions – de minimis exemption.**

*Editor's note:* (1) This section is similar to former §12-61-723 as it existed prior to 2019.

(2) Section 3(2) of chapter 17 (SB 20-047), Session Laws of Colorado 2020, provides that the act changing this section applies to appraisals made on or after September 14, 2020.

- (1) (a) This article 10 does not apply to an appraisal relating to any real-estate-related transaction or loan made or to be made by a financial institution or its affiliate if the real-estate-related transaction or loan is excepted from appraisal regulations established by the primary federal regulator of the financial institution and the appraisal is performed by:
  - (I) An officer, director, regularly salaried employee, or agent of the financial institution or its affiliate; or
  - (II) A real estate broker licensed under this article 10 with whom the institution or affiliate has contracted for performance of the appraisal.
- (b) The appraisal must not be represented or deemed to be an appraisal except to the financial institution, the agencies regulating the financial institution, and any secondary markets that purchase real estate secured loans. The appraisal must contain a written notice that the preparer is not licensed or certified as an appraiser under this part 6.

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Nothing in this subsection (1) exempts a person licensed or certified as an appraiser under this part 6 from regulation as provided in this part 6.

- (2) Nothing in this article 10 limits the ability of any federal or state regulator of a financial institution to require the financial institution to obtain appraisals as specified by the regulator.