

THE DIVISION OF REAL ESTATE

# New Appraiser Handbook



This handbook is designed for newly licensed appraisers with the general requirements to maintain their license.



**COLORADO**  
Department of  
Regulatory Agencies  
Division of Real Estate



**COLORADO**

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# TABLE OF CONTENTS

---

**4**

**Message from the Director**

---

**5**

**Definitions**

---

**8**

**Regulatory Framework**

---

**15**

**Resources**

---

**19**

**Compliance Requirements**

---

**29**

**Enforcement**

---

**40**

**Participation**

---

# DISCLAIMER

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This Handbook was prepared primarily to assist newly licensed appraisers with the general requirements to maintain their license issued by the Colorado Board of Real Estate Appraisers. It covers basic compliance requirements. It also addresses how appraisers can participate in the regulatory framework and provides key resources and tools. It is not intended to include all of an appraiser's obligations and responsibilities under relevant federal and state statutes and regulations. Additionally, it was not designed to provide appraisers with practice advice or interpret the license law, the Board Rules, and the Uniform Standards of Professional Appraisal Practice. Appraisers should seek guidance from legal counsel.

If there is any conflict between this Handbook and the license law and Board Rules, the law and regulations will take precedence. Applicable laws and regulations are available on the Division's website at [dre.colorado.gov/](https://dre.colorado.gov/).

March, 2025 Version,  
Colorado Department of Regulatory Agencies, Division of Real Estate

# MESSAGE FROM THE DIVISION DIRECTOR



Congratulations on your real estate appraiser license! The mission of the Division of Real Estate is to protect consumers through licensing, regulation, and enforcement of licensed real estate professionals and businesses. We aspire to create a balance between consumer protection and promoting a fair and competitive business environment.

Colorado's real estate is dynamic. As such, our regulatory work is critical to ensure that there is a balance between consumer protection and the integrity of the marketplace. To accomplish this balance, we apply a collaborative approach to regulation that is open, simple, and user-friendly.

As part of our collaborative approach to regulation, we have developed this Handbook to help you easily navigate through the regulatory landscape. In this Handbook, you will review basic compliance requirements and learn about key resources and tools, and how you can participate in the regulatory framework.

The Handbook does not include all of your obligations and responsibilities under relevant federal and state statutes and regulations. You should always seek guidance and assistance from legal counsel to ensure compliance with the relevant federal and state laws and regulations.

Congratulations!

  
Marcia Waters



# DEFINITIONS

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This section contains commonly defined terms that are used throughout this Handbook. The first letter of each term is capitalized throughout this Handbook so you can easily identify that the word or phrase is a defined term.

## **Active**

A current, valid license that allows a person to engage in appraisal-related activities.

## **Appraiser Qualifications Board (AQB) of The Appraisal Foundation**

The AQB establishes the minimum education, experience, and examination requirements for real property appraisers to obtain state licenses. In addition, the AQB performs a number of ancillary duties related to real property and personal property appraiser qualifications.

## **Appraisal Standards Board (ASB) of The Appraisal Foundation**

The ASB develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP).

## **Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council**

A subcommittee created within the Federal Financial Institutions Examination Council as a result of Title XI of FIRREA, or its successor entity, to provide oversight of the appraiser regulatory system.

## **Board Rules**

4 CCR 725-2 Rules Governing the Practice of Real Estate Appraisers of the Board of Real Estate Appraisers.

## **Colorado Board of Real Estate Appraisers (Board)**

The Colorado Board of Real Estate Appraisers created and further defined pursuant to section 12-10-603, C.R.S.

## **Colorado Real Estate Appraiser Licensing Act**

That portion of Colorado statutes known as sections 12-10-601 through 623, C.R.S. as amended.

## Colorado Revised Statutes (C.R.S.)

The codified general and permanent statutes of the Colorado General Assembly.

### Complainant

Any person who has filed a written complaint with the Division against a Licensee. The Board may open a complaint on its own motion if information indicates a potential license law or Board Rule violation may have occurred and an investigation is necessary.

### Department of Regulatory Agencies (DORA)

The Department of Regulatory Agencies as defined pursuant to section 24-1- 122, C.R.S.

### Division of Real Estate (Division)

The Division of Real Estate as defined pursuant to section 12-10-101(2), C.R.S.

### Errors and Omissions (E&O) Insurance

A type of insurance that protects the insured against liability for committing an error or omission in the performance of professional duties. Generally, such policies are designed to cover financial losses from inadvertent errors and omissions (i.e., those resulting from negligence) on the part of the insured rather than liability for bodily injury and property damage. It does not cover intentional wrongs.

### Expired

A license that was not renewed prior to the last day of the Licensing Cycle and is no longer valid for a person to perform any appraisal-related activities.

### Inactive

A valid license shown in the Board's records as inactive, but the appraiser is not permitted to engage in any appraisal-related activities.

### Initial License

The first license granted by the Board to an applicant pursuant to section 12- 10-606, C.R.S. An applicant may apply for an Initial License at any credential level as long as all requirements for such credential level have been met. An Initial License is valid through December 31 of the year of issuance.

## Licensing Cycle

A two-year licensing period commencing on January 1 of year one and expiring on December 31 of year two.

## Licensee

A collective term used to refer to a person who has been licensed by the Board as a Licensed Ad Valorem Appraiser, Licensed Appraiser, Certified Residential Appraiser, or Certified General Appraiser.

## Real Property Appraiser Qualification Criteria (Criteria)

The minimum education, experience, and examination requirements established by the AQB for real property appraisers to obtain a state license.

## Respondent

A Licensee to whom a complaint or formal charges has been filed against them.

## The Appraisal Foundation (Foundation)

An organization that is the source of appraisal standards, qualifications, and ethical conduct in all valuation disciplines to assure public trust in the valuation profession.

## The Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, 12 U.S.C. §§ 3331-3356, as amended.

## Title XI of FIRREA

That part of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 known as the Appraisal Reform Amendments, and also known as 12 U.S.C. §§ 3331-3355, as amended.

## Uniform Standards of Professional Appraisal Practice (USPAP)

The generally recognized ethical and performance standards for the appraisal profession in the United States that are promulgated by the ASB and are periodically updated. USPAP includes the Preamble, Definitions, Rules, Standards, and Standards Rules. USPAP also includes guidance in the form of Advisory Opinions and Frequently Asked Questions.

# REGULATORY FRAMEWORK

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## Title XI of FIRREA and the Appraisal Subcommittee

In 1989, Congress passed Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). FIRREA established a real estate appraiser regulatory system involving the federal government, the states, and The Appraisal Foundation (Foundation).

As required by federal law, each state or territory has a real estate appraiser regulatory agency that is responsible for licensing real estate appraisers and supervising their appraisal-related activities.

Title XI of FIRREA established the ASC, which has seven members that include the Board of Governors of the Federal Reserve System, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Federal Housing Finance Agency, and the U.S. Department of Housing and Urban Development. Some of the ASC's core functions include:

- Monitor the practices, procedures, activities, and organizational structure of the Foundation,
- Monitor the states and territories to ensure the minimum qualifying criteria to license real estate appraisers are implemented and that appraisers are held to a professional set of ethical standards,
- Maintain a national registry of certified and licensed appraisers who are eligible to perform appraisals in federally-related transactions, and
- Maintain a national registry of appraisal management companies (AMCs) that are either supervised by the states or territories or operating subsidiaries of a federally-regulated financial institution.

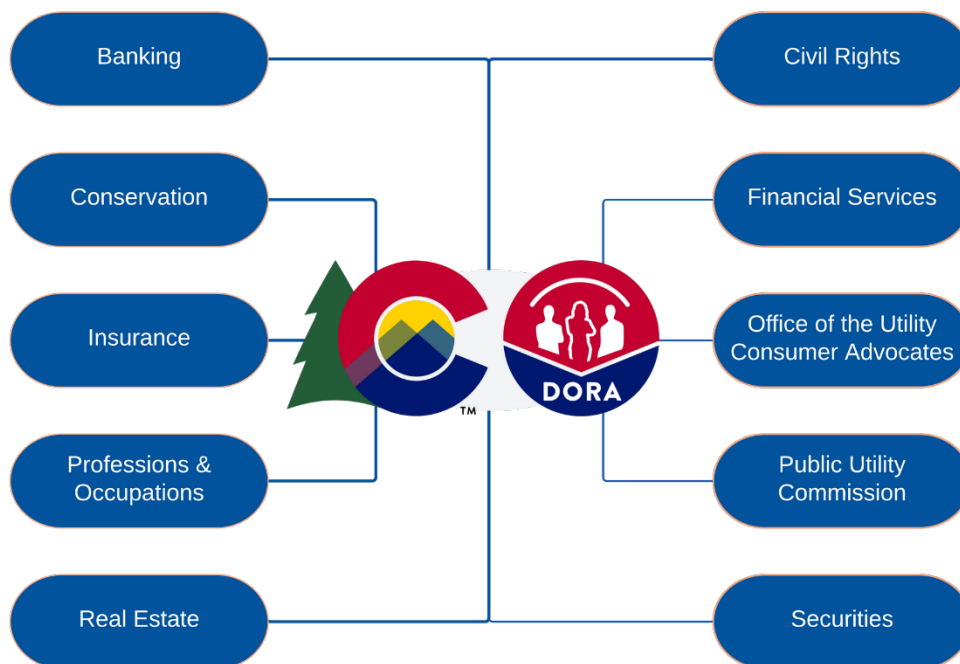


Title XI as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 expanded the ASC’s core functions to include monitoring of the requirements established by states that elect to register and supervise the operations and activities of AMCs.

In 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act further amended Title XI by providing an exemption to the appraisal requirements for certain transactions with values of less than \$400,000 involving real property or an interest in real property that is located in a rural area.

## Department of Regulatory Agencies

DORA was established pursuant to the Administrative Organization Act of 1968. As the state’s principal regulatory agency, DORA is committed to ensuring Colorado has an effective regulatory landscape where both consumers are protected and businesses can thrive in a competitive and fair marketplace.





DORA is an umbrella agency of ten divisions, which include: (1) Banking, (2) Civil Rights, (3) Conservation, (4) Financial Services, (5) Insurance, (6) Professions and Occupations, (7) Real Estate, (8) Securities, (9) the Office of the Utility Consumer Advocate, and (10) the Public Utilities Commission. The Executive Director's Office includes the Office of Policy, Research, and Regulatory Reform that independently reviews the continued need for regulation throughout state government (referred to as sunset reviews) and any new regulation requests (referred to as sunrise reviews).

Additionally, DORA is responsible for over 40 boards, commissions, and advisory committees, which are charged with administering more than 50 regulatory programs comprising over 886,000 individual licensees and approximately 65,000 businesses and institutions.

DORA is primarily cash funded by regulated professionals and entities through fees and assessments, which flow into cash funds. DORA is unique among state agencies with regard to the volume, complexity, and autonomy with which it sets industry fees based on appropriations made by the Colorado General Assembly. The cash-funding concept ensures programs must produce sufficient revenue to be self-supporting.

## Division of Real Estate

The Division is dedicated to consumer protection through the licensing and enforcement of real estate professionals and businesses. In addition, the Division licenses registered mortgage companies, subdivision developers and registers homeowner associations. The Division's mission is to create a balance between consumer protection and the business needs of licensed real estate professionals and entities.

With a budget of approximately \$6.5 million, the Division's oversight of licensed real estate professionals and businesses along with related programs include:

- Appraisal Management Companies
- Homeowner Associations ("HOAs")
- Appraisal Management Companies
- Mortgage Loan Originators and Mortgage Companies
- Real Estate Appraisers
- Real Estate Brokers and Brokerage Firms
- Subdivision Developers

## The Division includes seven working units and three statutorily created boards.



### Division Director's Office

The Division Director's Office oversees the general administration of the Division, the board member selection in conjunction with the Governor's Office, the regulatory agenda and report, rulemaking, legislative and media relations, policy research, stakeholder engagement, and budgeting and planning.

#### Contacts:

Marcia Waters, Division Director

Garred Lyle, Deputy Division Director



### Operations Center

The Operations Center provides information and resources to Licensees and consumers. The Operations Center also assists Licensees with general inquiries regarding licensing requirements such as insurance, renewals and reinstatements, continuing education, changing license level, activating or inactivating a license, and navigating eLicense.

#### Contact:

Tammy Baca, Budget & Operations Manager



### Licensing

The Licensing Unit processes individual and business real estate licenses and registrations. Licensing is also responsible for conducting fingerprint-based criminal background checks and E&O Insurance audits.

#### Contacts:

Sean Rhyne, Licensing Manager

Mary Lou Reyna, e-License Team Supervisor



## Investigations

The Investigations Unit is responsible for conducting criminal conviction and compliance investigations in response to formal complaints. This also includes regular random and risk-based financial audits of real estate brokerage firms.

### Contacts:

Sarah Halloran, Team Lead

Eddie Rose, Team Lead

Nicole Tribelhorn, Team Lead



## Expedited Settlement Program

The Expedited Settlement Program (ESP) attempts to resolve disciplinary actions imposed by the Division's boards through settlement as an alternative to referring the cases to the Office of the Attorney General for a formal hearing. It is the intent of ESP to save the Division both time and money in resolving disciplinary actions. On average, ESP resolves 90% of the disciplinary cases within 60 days of a disciplinary decision being made.

### Contact:

Penny Elder, Chief Settlement & Enforcement Officer



## Education, Communication, and Policy

Education, Communication, and Policy (ECP) is responsible for the development of the Annual Commission Update course in conjunction with education providers, continuing education course and provider approvals, and continuing education audits. ECP also sends out email blasts and advisories.

### Contact:

David L. Donnelly, Education, Communication & Policy Manager



## HOA Information and Resource Center

The HOA Information and Resource Center collects information via registrations directly from unit owner's associations and from inquiries and complaints filed by unit owners. The Center provides education, assistance, and information to unit owners, HOA boards, declarants, and other interested parties concerning their rights and responsibilities in the Colorado Common Interest Ownership Act.

### Contact:

Nick Altmann, HOA Information Officer



## The Board of Real Estate Appraisers

The Board of Real Estate Appraisers is a 7-member board appointed by the Governor with the consent of the senate. The Board includes 3 licensed or certified appraisers, a county assessor, an officer or employee of a commercial bank experienced in real estate lending, an officer or employee of an AMC, and a public member. One of the appraisers must have expertise in eminent domain. The Board conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against real estate appraisers and AMCs.



## The Board of Mortgage Loan Originators

The Board of Mortgage Loan Originators (BMLO) is a 5-member board appointed by the Governor with the consent of the senate. The BMLO consists of 3 originators and 2 public members. The BMLO conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against mortgage loan originators. The BMLO is also responsible for the registration of mortgage companies.



## The Colorado Real Estate Commission

The Colorado Real Estate Commission (Commission) is a 5-member board appointed by the Governor. The Commission consists of 3 brokers and 2 public members. The brokers must have at least 5 years of real estate experience in Colorado to serve on the Commission. One of the brokers also needs to have substantial experience in property management. The Commission conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against brokers. The Commission also registers subdivision developers.



## Colorado Board of Real Estate Appraisers

The Board derives its authority from Part 6 of Article 10 of Title 12 of the Colorado Revised Statutes. The Board cannot establish any requirements that are more stringent than the requirements of any applicable federal law.

### **In summary, some of the Board's duties and responsibilities include the following:**

- Promulgate, amend, and repeal rules to comply with requirements imposed by any federal law for real property appraisers and AMCs and the minimum qualifications and standards of practice for licensed ad valorem appraisers.
- Identify any AMC that oversees a panel of more than 15 appraisers in Colorado, or 25 or more appraisers in all states in which it does business, within a given year.
- Transmit to the ASC, no less than annually, a roster listing appraisers (excluding licensed ad valorem appraisers) and AMCs that have received a license.
- Collect and transmit, on an annual basis, to the ASC an annual registry fee from appraisers (excluding ad valorem appraisers), and AMCs that are either licensed in Colorado or operating subsidiaries of a federally-regulated financial institution.
- Issue, deny, or refuse to renew a license of an appraiser or AMC.
- Examine applications for licensure to ensure only qualified individuals and entities that meet the requirements obtain a license.
- Review criminal backgrounds of applicants to ensure only individuals and entities that meet the fitness standards are licensed as appraisers and AMCs.
- Investigate complaints against appraisers and AMCs and make determinations regarding the need for discipline.
- Review and approve continuing education courses and providers.
- Conduct audits of the requirements for continuing education and E&O Insurance.
- Issue a cease and desist order with reasonable cause that an individual or entity is conducting appraisal-related activities without an appraiser or AMC license.

# RESOURCES

Several resources exist to assist you in maintaining your license and having a compliant appraisal practice in Colorado. This section provides a general overview of the existing resources and tools available. These resources will be referenced throughout this Handbook.

If you cannot find the information that you need, you may consider contacting the Division at (303) 894-2166. The Division does not provide legal advice or interpretation of the license law and/or Board Rules. Appraisers should seek guidance from their legal counsel.



## Statutes

The Colorado General Assembly enacted the Colorado Real Estate Appraiser Licensing Act (also referred to as the appraiser license law) found at Part 6 of Article 10 of Title 12 of the Colorado Revised Statutes. The Colorado Real Estate Appraiser Licensing Act governs the licensure and enforcement of real estate appraisers and AMCs in Colorado. You can access the Colorado Revised Statutes through a site hosted by LexisNexis from [the Colorado General Assembly's website](#). Additionally, the Colorado Real Estate Appraiser Licensing Act can be found in Chapter Six of the Colorado Real Estate Manual, which is posted on [the Division's website](#). The most current version of the Colorado Real Estate Appraiser Licensing Act will be found on the Colorado General Assembly's website. It is your responsibility to be familiar with and compliant with the Colorado Real Estate Appraiser Licensing Act.



## Administrative Rules

All state agencies' administrative rules are promulgated under authority delegated from the Colorado General Assembly and have the effect of law.

Generally, administrative rules elaborate the requirements of the law and/or policy.

Administrative rules are published by the Colorado Secretary of State in the Colorado Code of Regulations. You can search or browse the Colorado Code of Regulations. If you browse the Colorado Code of Regulations, you will find the Division's regulatory programs under the Department of Regulatory Agencies at 700 then the Division of Real Estate at 725.

The administrative rules promulgated by the Board are published at 4 CCR 725-2 in the Colorado Code of Regulations and are divided into sixteen chapters.

Chapters 2 through 14 of the Board Rules specify the requirements for appraisers regarding licensure, qualifying education, examination, experience, continuing education, renewal, reinstatement, activation, licensure by endorsement, temporary practice, professional standards, disciplinary procedures, declaratory orders, and initial decisions and exceptions. Chapters 17 and 18 of the Board Rules specify the licensing requirements and professional standards for AMCs. It is your responsibility to be familiar with and compliant with the Board Rules.

You can also find the Board Rules on the Division's website, which links directly to the Colorado Secretary of State's website to ensure that you have access to the most current rules.

## Uniform Standards of Professional Appraisal Practice

### (USPAP)

USPAP contains standards for all types of appraisal services, including real estate, personal property, business, and mass appraisal. USPAP includes the Preamble, Definitions, Rules, Standards, and Standards Rules. Additionally, USPAP includes guidance in the form of Advisory Opinions and Frequently Asked Questions. The Colorado General Assembly codified USPAP into state law, which is found in section 12-10-602(10), C.R.S. You can purchase an electronic or print version of USPAP on the Foundation's website. It is your responsibility to be familiar with USPAP.







## [Real Property Appraiser Qualification Criteria \(Criteria\)](#)

The AQB establishes the minimum education, experience, and examination requirements for real property appraisers to obtain a state license. Additionally, the Criteria includes requirements for continuing education and background checks. The Board cannot establish any requirements that are more stringent than the Criteria. You can find the Criteria on [the Foundation's website](#) to be downloaded for free.



## [eLicense](#)

The Division maintains an electronic database (called “eLicense”) that contains licensing and enforcement records. This is the database where you applied for your Initial License from the Division. Each account is secure and password-protected. It is your responsibility and required by Board Rule 8.6 to ensure your contact information (i.e. email address, phone number, and mailing address) is current and up to date in your eLicense account. **Failure to update your contact information can result in you missing and not responding to vital communications regarding your license.** You can access eLicense from [the Division's website](#) then select “Online Services” from the main navigation menu.



## [Colorado Real Estate Manual](#)

Every year, the Division prepares a new version of the Colorado Real Estate Manual that contains the practice act and accompanying rules and position statements for each regulatory program within the Division. A printed copy of the manual is available to purchase through LexisNexis from [the Division's website](#). The abridged manual chapters are also posted on [the Division's website](#) to be downloaded for free. However, the most current versions of the Board Rules are available on [the Colorado Secretary's website](#).



## The Division's Website

As a new Licensee, you have around-the-clock access to important information through the Division's website. You can learn about the Division and the regulatory programs within the Division. You can also access eLicense by selecting "Online Services" from the main navigation menu to manage your account and renew your license. Most importantly, you will have access to valuable information concerning renewal, continuing education requirements, practice guidance, and other pertinent information. Finally, you can sign up to receive the Division's quarterly newsletter and bi-monthly updates.



# COMPLIANCE REQUIREMENTS

This section provides an overview of basic compliance requirements to assist you in maintaining your license and having a compliant appraisal practice in Colorado. Please remember that this Handbook is not intended to include all of your obligations and responsibilities under relevant federal and state statutes and regulations. Throughout this section, the Division has identified some practice pointers for you.

As proof of your licensure, the Division will electronically send a wallet card and a larger license to you. You can also print your license any time through your eLicense account by visiting [the Division's website](#) and selecting "Online Services" from the main navigation menu.

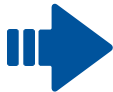
Your license shows important information, such as your license number, status, and expiration date. A license on Active status means that you have a current, valid license that allows you to engage in appraisal-related activities.

You are not authorized to perform any appraisal-related activities if your license shows the status as Inactive. Regardless of whether your license is on Active or Inactive status, you must renew your license prior to the expiration date shown on your license.



You will be required to renew your license on a two-year Licensing Cycle commencing January 1 of year one and expiring on December 31 of year two.

You can renew your license starting 45 days prior to the expiration date of your license on December 31. You will receive a minimum of 2 email notifications from the Division regarding renewing your license and the USPAP Audit.



### **Practice Pointer**

For your first renewal, you must renew your license prior to December 31 of the year that your license was first issued to you. As an example, if your Initial License was issued on March 9, 2023, you must renew your license prior to December 31, 2023. This allows the Division to merge your renewal date into a two-year Licensing Cycle. Depending on what month your Initial License was issued, you could be required to complete continuing education hours as a condition of renewal.

## **USPAP Audit**

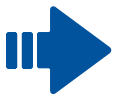
All licensed and certified appraisers renewing a license at the end of the two-year Licensing Cycle must complete the USPAP Audit. As required by Board Rule 7.2, all licensed and certified appraisers must successfully complete a 7-hour National USPAP Update Course, or its equivalent, every two (2) calendar years. The 7-hour National USPAP Update Course must be in the form of a course approved by the AQB, and taught by an instructor certified by the AQB and who is also a state-certified appraiser.

### **You must complete the USPAP audit via eLicense by following these steps:**

1. Log into your eLicense account to start the USPAP Audit.
2. Select "Online Services" from the upper right-hand corner of the screen. From that menu, select "Application/Renewal/Reinstatement" and then select "USPAP Audit".



3. Start the USPAP Audit by following the various prompts. You will either upload your 7-hour National USPAP Course certificate or pay a noncompliance fee.
4. If you did not take the 7-hour National USPAP Course during your Licensing Cycle, you must pay the noncompliance fee. Once payment has been submitted, print your receipt. A receipt will also be sent to the email address designated during the payment process. Please note that the Division will not provide payment receipts.
5. Please wait for the Division to notify you in 7-10 business days to complete your renewal application online.



### **Practice Pointers**

For your first renewal, you are not subject to the USPAP Audit since your Initial License was only issued for a year or less. Once your renewal date is on a two-year Licensing Cycle, you must comply with the USPAP Audit prior to renewing your license.

To ensure your license is timely renewed prior to December 31, please submit your certificate as proof of completion of the 7-hour National USPAP Update Course as soon as possible. If you wait to submit your 7-hour National USPAP Update Course certificate until mid to late December, there is no guarantee that your license will be renewed prior to December 31.

## Renewal

After completing the USPAP Audit and receiving notification from the Division that you can complete your renewal application, you must follow these steps to renew your license:

- 1 Log into your eLicense account to start the renewal process.
- 2 Select "Online Services" from the upper right-hand corner of the screen. From that menu, select "Renew/Reinstate Your License".
- 3 Complete the renewal application by following the various prompts.
- 4 Pay the renewal fee. Once payment has been submitted, print your receipt. A receipt will also be sent to the email address designated during the payment process. Please note that the Division will not provide payment receipts.
- 5 Please allow 24 to 48 hours for your new license to be generated in the online portal. You may confirm the update to your expiration date within your eLicense account by selecting the "License Information" tab in the "Home" area of your account.





## Reinstatement

If you fail to renew your license prior to January 1, you must reinstate your license.

Depending on when you reinstate your license, you may incur penalty fees and may need to re-activate your license.

- Reinstatement within 31 days after the expiration date of your license, you will pay the renewal fee without incurring any penalty fees.
- Reinstatement more than 31 days but within 1 year after the expiration date of your license, you will pay the renewal fee and a reinstatement late fee in the amount of one-third of the renewal fee.
- Reinstatement for more than 1 year but within 2 years after the expiration date of your license, you will pay the renewal fee and a reinstatement late fee in the amount of two-thirds of the renewal fee.



### **Practice Pointers**

To avoid reinstatement late fees and not being authorized to perform appraisal-related activities, please renew prior to the expiration date of your license.

Please be prepared to possibly submit course certificates as proof of completion of the required continuing education hours as a condition of your reinstatement.



## Continuing Education Requirement

To maintain and improve your skills, knowledge, and competency in real property appraising, you are required to complete continuing education prior to renewing an Active license, activating an Inactive license, and reinstating an Expired license.

For your first renewal, you could be required to complete continuing education hours as a condition of renewal depending on when your Initial License was issued. If your Initial License was issued before July 1 of any year, there will be an obligation to complete 14 hours of continuing education as a condition of renewal. For example, if your Initial License was issued on May 15, 2023, that expires on December 31, 2023, you would be required to complete 14 continuing education hours for 2023. On the other hand, if your Initial License was issued on or after July 1 of any year, there will be no continuing education requirement as a condition of renewal. For example, if your Initial License was issued on August 15, 2023, that expires on December 31, 2023, you would not be required to have any continuing education hours for 2023.

However, moving forward, you must complete twenty-eight (28) hours of real estate appraisal continuing education during the two-year period preceding expiration of your License. As part of the total 28 hours of continuing education, you must successfully complete the 7-Hour National USPAP Update Course within your Licensing Cycle.

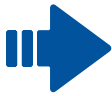






## Please remember:

- Before registering for a continuing education course, verify that the course and provider are approved by the Board by visiting [the Division's website](#).
- Register for courses that improve your skills, knowledge, and competency in appraising real estate.
- You cannot repeat courses or programs previously completed within the same Licensing Cycle.



### Practice Pointer

An appraiser desiring to activate an Inactive license must complete all required continuing education hours that would have been required if the licensee had been on Active status for the entire period of inactivation, including the most recent version of the National USPAP Course as set forth in Board Rule 8.18.

## Continuing Education Audits

Once the renewal period ends, the Division's ECP Unit conducts random audits to assess compliance with the continuing education requirement starting on January 1. If you are randomly selected for a continuing education audit, you will be notified via email and asked to provide your course certificates for the Licensing Cycle that you just completed. To ensure you timely respond to the continuing education audit, please be certain your email address in your eLicense account is current and up to date. Board Rule 8.6 mandates you update your contact information within 10 calendar days of any change in your contact information.

If you are found non-compliant with the continuing education requirement, you will be presented with a Stipulation for Diversion with the Division to complete the required and supplemental coursework and pay a fine ranging from \$250 to \$500. You can easily avoid this common and potentially costly mistake by completing your continuing education requirement during your Licensing Cycle.



### Practice Pointer

Make certain to secure a certificate or official transcript as proof of course completion from your course provider. Also, retain your continuing education course completion certificates for 5 years from your most recent renewal as set forth in Board Rule 7.21.

## Errors and Omissions (E&O) Insurance Requirements

Pursuant to section 12-10-608, C.R.S. and as set forth in Board Rule 6.10, every appraiser, except an appraiser who is employed by a local, state, or federal governmental entity or an Inactive appraiser, must have in effect a policy of E&O Insurance to cover all activities requiring a license. Appraisers can be covered under their appraisal firm's umbrella E&O Insurance policy. The E&O Insurance requirement does not apply to appraisers on Inactive status since they are not authorized to perform any appraisal-related activities.

The Division has contracted with a qualified insurance carrier to administer the state group E&O Insurance policy for appraisers. The qualified insurance carrier of the state group E&O Insurance policy may be found on [the Division's website](#). If you choose to obtain coverage through a different company, you must submit a "Certificate of Independent Coverage" form, which can be found on [the Division's website](#), with your license application or to activate your license.

Your license will be immediately placed on Inactive status if certification of your current insurance coverage is not provided to the Division or upon expiration of insurance coverage without certification of continued coverage. **Failure to renew your E&O Insurance coverage could result in your license being placed on Inactive status and/or the loss of prior acts coverage.**



### **Practice Pointer**

Most E&O Insurance policies expire on January 1 of each year. Please be sure you know when your E&O Insurance policy expires so you can timely renew to avoid making the common mistake of letting your E&O Insurance lapse.

## **Reportable Actions**

Board Rule 13.7 requires you to provide written notification within 30 days of a conviction of, entering a plea of guilty to, entering a plea of nolo contendere to, or receiving a deferred judgment and sentence to any felony or misdemeanor offense, excluding misdemeanor traffic offenses, municipal code violations or petty offenses. This written notification also includes any disciplinary action taken against any professional licenses held by you in Colorado or another jurisdiction such as the imposition of fines, required or remedial education, probation, suspension, revocation, letters of censure, debarment, mandatory supervision, and the like.



### **Practice Pointers**

You must self-report any of the above actions regardless of whether your license is on Active or Inactive status.

To self-report any of the above actions, you must file a complaint via eLicense against yourself. When filing the complaint, please identify yourself as both the Complainant and Respondent. Failure to report may result in additional discipline against your license.



## Using the Services of an Unlicensed Assistant or Another Appraiser

Rule 11.2 requires that an appraiser using the unlicensed assistant or another appraiser in the preparation of appraisals or other work products will supervise such assistant or Licensee in an active, diligent and personal manner that is consistent with USPAP. When any portion of the work involves significant real property appraisal assistance, the appraiser must describe and summarize the research, analysis, and reporting contributions of each such assistant or Licensee within each report or other work product in a manner specified in USPAP Standard 2.



### **Practice Pointer**

Please be sure to document any appraisal assistance in accordance with USPAP Standard 2.





# ENFORCEMENT

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This section provides an overview of the complaint and investigative process and defines the various actions that the Board may take regarding a complaint. Additionally, the Division has identified some common practice violations.



## Complaint and Investigative Process

The Division investigates written complaints on behalf of the Board regarding alleged appraisal-related activities performed by unlicensed individuals/entities or alleged misconduct by appraisers or AMCs.

All complaints must be submitted in writing to the Division and can be anonymous. The Board has the authority to open complaints against appraisers and AMCs on their own motion.

The process for handling complaints, unlicensed activity, and discipline are governed by the State Administrative Procedure Act found in sections 24-4-104, 24-4-105, and 24-4-106, C.R.S., the Colorado Real Estate Appraiser Licensing Act, and Board Rules.



## The complaint and investigative process is as follows:

- The Division receives the complaint in writing regarding the alleged activity performed by an unlicensed individual/entity or misconduct of an appraiser or AMC.
- The allegations in the complaint are reviewed for jurisdiction.
- If it is determined that the Board lacks jurisdiction over the allegations, the complaint will be dismissed and the Complainant will be notified in writing.
- On the other hand, if it is determined that the Board has jurisdiction regarding the allegations, the complaint is assigned to an investigator for a formal investigation.
- The Respondent is sent a copy of the complaint and is typically given 21 days to provide a written response and supporting documentation to address the allegations in the complaint.
- The investigator conducts the investigation by collecting and examining the appraisal(s) and workfile, preparing subpoenas, and conducting interviews of the Complainant, Respondent, and any witnesses, and drafting a written report to detail the elements of the investigation and document the presence or absence of a license law and/or Board Rule violation. Barring any unforeseen circumstances, the investigator's goal is to complete the investigation within a period of 8 months.
- If the allegations in the complaint present an imminent risk of harm to the public, the matter will become a high-priority investigation.
- When the investigation is completed and there is sufficient evidence to prove that a Respondent has violated the license law and/or Board Rules, the Board may impose discipline. The Board reviews investigative cases at their regularly scheduled public meetings to determine the appropriate outcome.
- Staff will provide a brief summary of the complaint and alleged violations and provide a recommendation to the Board. After discussion, the Board will act upon the complaint.



Since there are a variety of actions that the Board may take regarding a complaint, it is important that appraisers understand the below terms.

## **Dismissed**

If the Board determines that the Respondent did not violate the license law and/or Board Rules or that there is insufficient evidence to substantiate a violation of the license law and/or Board Rules, then the case is dismissed. If the Board does not have jurisdiction over the person or facts that were the basis of the complaint, the complaint will be dismissed.

## **Dismissed With a Letter of Concern**

If the Board is concerned about the Respondent's conduct and/or activities and there is a supportable violation, the Board may issue a letter of concern to the Respondent and the case is dismissed.

## **Letter of Admonition (LOA)**

If the Board finds the Respondent violated the license law and/or Board Rules, the Board can issue an LOA admonishing the Respondent for their conduct. Within twenty (20) days of receipt of the letter, the Respondent may request the initiation of an administrative proceeding to adjudicate the appropriateness of the conduct on which the LOA is based.

## **Cease and Desist**

The Board may issue a cease and desist order requiring certain activities performed by an unlicensed individual or entity to stop.

## **License Downgrade**

A reduction in the level of licensure intended to limit the capacity in which a Respondent may practice.

## **Practice Restriction**

A restriction placed upon a Respondent's ability to practice within the full licensed capacity.



## **Probation**

A specified period of time in which a Respondent agrees to certain terms and conditions, and is allowed to continue to practice so that the Board can test the Respondent's compliance with the license law and the fitness standards associated with an appraiser license.

## **Restricted License**

A restriction placed upon an Initial License that enables the Board to test the Respondent's compliance with the license law and the fitness standards associated with a license.

## **Supervision**

A specified period of time in which the Respondent must have their licensed activities monitored, and if necessary modified, by an appropriately credentialed supervisor capable of identifying and correcting the practice deficiencies of the Respondent.

## **Fine**

A monetary penalty imposed as a result of a license law and/or Board Rule violation.

## **Diversion**

A stipulated agreement between the Board and the Respondent in which remedial action must be taken by the Respondent before a complaint is dismissed. Stipulations for Diversion are public records and the Board may consider these agreements as administrative proceedings in subsequent cases.

## **Suspension**

A punitive action where the Respondent is prohibited from performing any activities that require an appraiser license for a specified period of time.

## **Public Censure**

Public notification of the Respondent's misconduct and resulting discipline that is published in the Division's newsletter and website.





## **Re-qualification**

A Respondent must re-apply for the credential level by completing the minimum education, experience, and examination requirements under the current Criteria established by the AQB.

## **Revocation**

The punitive loss of a license as a result of misconduct.

## **Voluntary Surrender**

As a result of misconduct, the Respondent surrenders a license and the abandonment of the ability to perform the acts that require an appraiser license. A voluntary surrender is equivalent to a revocation.

## **Final Agency Order (FAO)**

The final order is issued by the Board documenting the disciplinary or licensure terms imposed against a Respondent for misconduct. The FAO is a public record available for inspection.

## **Common Practice Violations**

Appraisers must exercise reasonable skill and care when performing appraisal-related activities. Although USPAP recognizes that perfection is impossible, appraisers must not render appraisal-related activities in a careless or negligent manner.

## **Competency**

The Competency Rule of USPAP requires an appraiser must (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment.

Prior to accepting an assignment, an appraiser must determine that they can perform the assignment competently.



## Being competent means the following:

1. The ability to properly identify the problem to be addressed;
2. The knowledge and experience to complete the assignment competently; and
3. Recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.

This section illustrates the two most common practice violations made by appraisers. The Division has also identified some practice pointers.

## Workfile

The majority of complaints investigated by the Division result in a violation of the Record Keeping Rule of USPAP, which requires an appraiser prepare a workfile for each appraisal or appraisal review assignment. The workfile must be in existence prior to the issuance of any report or other communication of assignment results. Workfiles must be retained for at least 5 years or 2 years after the final deposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires later.

## The workfile must contain:

- The name of the client and identity, by either name or type, of any other intended user;
- True copies of all written reports;
- If relevant, summaries of all oral reports or testimony (or transcript of the testimony) including the appraiser's signed and dated certification; and
- All data, information, and documentation that are necessary to support the appraiser's opinions and conclusions or references to the location of such data, information, or documentation.

## Some examples of standard data, information, and documentation included in the workfile are:

- Any data regarding the subject,
- Any paired sale analysis,
- Notes from the discussion with any real estate professionals,
- Details of comparable sales,
- Any building plans,
- Any cost data, and
- Any data considered but not used.

For Restricted Appraisal Reports and Oral Appraisal Reports, the workfile must include sufficient information, data or documentation for the appraiser to produce the appraisal report. It must also include a signed and dated certification.

## To be compliant with the Record Keeping Rule of USPAP, you should avoid committing these common workfile mistakes:

- Workfile has missing data or documents necessary to support your opinions and conclusions;
- Workfile is prepared after the assignment is completed or upon notification of a complaint sent by the Division;
- Data is stored in a location that is not retrievable during the retention period;
- There is no workfile for canceled assignments; and
- The signed and dated certification is missing.

**Failure to be compliant with the Record Keeping Rule may result in discipline from possible violations of the Record Keeping Rule and the Ethics Rule of USPAP.**



### Practice Pointer

Do not wait to prepare a workfile upon receiving the notification by the Division that a complaint has been filed. The workfile must be in existence prior to the issuance of any report or other communication of assignment results.



## Lack of Support for Adjustments

The Board typically receives numerous complaints alleging the appraiser made improper adjustments within the sales comparison approach.

### Common issues found by Division investigators include:

- Using generic boilerplate language to describe adjustment support. For example, “Adjustments were determined with paired sales analysis, regression, or discussions with market participants”. This results in a Scope of Work violation because the specific techniques were not discussed in the report. This could be more serious if none of this supporting documentation is located within the workfile.
- Using predetermined adjustments. Generic adjustments used over and over despite contradictory market data are easy to spot.
- Using cost data. Cost data may skew results since it isn’t a measure of market reaction. Some cost items may not contribute significantly to the value. When cost data is used to support adjustments, but no cost approach is employed due to “insufficient cost data” or due to difficulty determining depreciation because the improvements are too old, the appraisal may appear to be inconsistent, resulting in the absence of the cost approach being unsupported.
- Using average values instead of comparing sales to find the differences. Averaging a contributory value of an element of comparison and using that as an adjustment can cause skewed results. An adjustment is meant to measure the difference due to a difference between sales.
- Adjusting within the direct sales comparison grid and then manipulating adjustments to make the range tighter can result in accusations of predetermined values.
- Some appraisal software uses appraiser surveys as support for an adjustment. This type of information should be used with caution as the source of the data and sources of the survey may not be known. Such surveys may also be based on national surveys and may not apply to the local market.



In developing a real property appraisal, Standards Rule 1-4 of USPAP requires that an appraiser must collect, verify, and analyze all information necessary for credible assignment results. When a sales comparison approach is necessary for credible assignment results, Standards Rule 1- 4(a) specifies that an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.

### **Some common techniques used to support quantitative and qualitative adjustment include:**

- Paired Sales Analysis.
- Group Sales Analysis.
- Regression Analysis.
- Cost Analysis - Consider all different types of depreciation.
- Income Analysis - Use of gross rent multiplier may be useful.
- Bracketing.
- Buyer Interviews - Include documentation of conversation(s).
- Sensitivity Analysis - Adjustments moving based on results. This is a form of qualitative analysis based on a quantitative result and typically requires an additional explanation.
- Ratio - Used most often for gross living area adjustments, based on the portion of the sale price that represents the gross living area. Must have support for the ratio used.
- Use of Regression or Other Software - Remember that appraisers are responsible for the inputs, understanding how the data is synthesized, the degree of accuracy, and relevance to the analysis.

**Please remember that all of the above techniques should have sufficient data for support.**

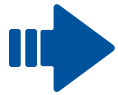


As for reporting assignment results, Standards Rule 2-2 of USPAP states, in part, “[t]he report content and level of information requirements in this Standards Rule are minimums for each type of report. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements.” Standards Rule 2-2(a)(viii) further requires that the appraisal report contain a summary of the scope of work used to develop the appraisal which includes the disclosure of research and analyses performed but may also include the disclosure of research and analyses not performed. Additionally, Standards Rule 2-2(a)(x)(5) requires the appraisal report provide sufficient information to indicate that the appraiser complied with the requirements of Standard I by summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches.

**Failure to sufficiently support adjustments may result in discipline from a violation of the Scope of Work Rule, Competency Rule, Standards I, 2, and/or 3 and 4. Violation of the Ethics Rule is also possible depending on the severity of the violations.**

**Practice Pointer**

Always provide sufficient adjustment support to allow the client and other intended users to understand the scope of work performed. The information disclosed must be appropriate for the intended use of the assignment results. Sufficient information includes disclosure of research and analysis performed and possibly disclosure of relevant research and analysis not performed.



### Practice Pointers

Recognize your obligations. The scope of work carries with it the burden of proof to support conclusions. Appraisers cannot meet their obligations with a market value assignment without having competently identified and completed a scope of work that enables the development of credible opinions and conclusions (USPAP Advisory Opinion 22).

Perform with compliance in mind. The assignment elements necessary for problem identification in an appraisal assignment also serve as reference points in determining whether the scope of work performed was appropriate to provide credible assignment results.

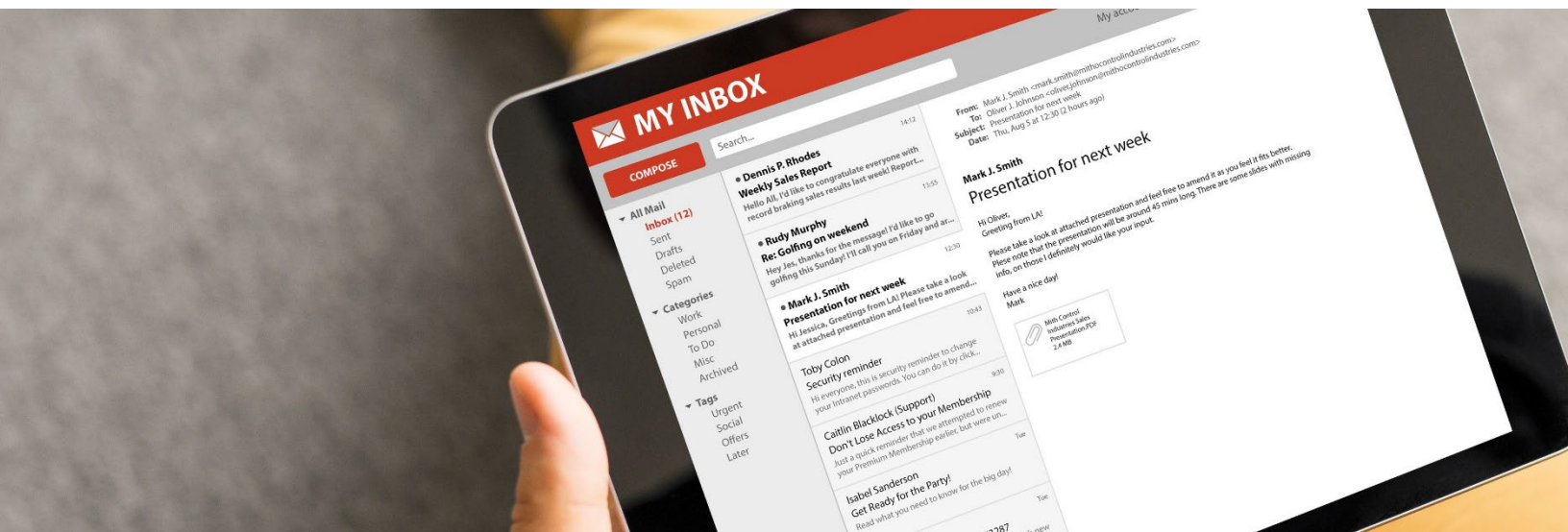


# YOUR PARTICIPATION

The Division takes a collaborative approach in creating a balance between consumer protection and promoting a fair and competitive business environment. You can help in creating this balance through your participation as discussed in this section.

## Stay Informed

We understand that you are continually bombarded by information, sometimes making it difficult to hear your regulating agency. In an effort to lessen email fatigue, you will receive two monthly email updates regarding Division news, information regarding public meetings and rulemaking hearings, renewal deadlines, compliance requirements, opportunities for engagement, and practice guidance. The Division periodically sends advisories and alerts regarding deceptive and predatory practices. Finally, the Division publishes a quarterly digital newsletter that is posted on the Division's website and sent electronically to interested parties. You can sign up to receive the Division's newsletter within the footer on the homepage of [the Division's website](#).





Our goal is to deliver concise and impactful communications so you can stay alert, well-informed, and current. To avoid missing any communications from the Division, please make certain that your email address in your eLicense account is current and up to date.



Attending a Board meeting is a valuable opportunity to understand the regulatory environment.

Attending a Board meeting is a valuable opportunity to understand the regulatory environment. You will observe first-hand the Board making policy decisions, considering licensing matters, reviewing complaints, and taking disciplinary action against appraisers and AMCs. Since complaints and investigations are closed to public inspections pursuant to the Colorado Real Estate Appraiser Licensing Act, individual or business names will not be discussed for all licensing and complaint matters. Additionally, individuals are not permitted to address the Board during the discussion of licensing and complaints matters for confidentiality. However, at each Board meeting, there is an opportunity for public comment. This is the portion of the meeting where attendees may address the Board regarding any concerns they may have, except for any licensing and complaint matters.



The Board holds regularly scheduled public meetings on the first Thursday of every other month. All regularly scheduled Commission meetings are posted on the Division's calendar on the website. Generally, the Commission meetings are conducted via webinar to allow attendance from interested parties anywhere. To attend, you must register through the link provided the calendar on the Division's website.



You can earn continuing education credit for attending one Board meeting per Licensing Cycle as set forth in Rule 7.7. Once in-person meetings resume, the Board will continue to award two (2) hours of continuing education credit to appraisers who attend a Board's public meeting in-person. The meeting must be open to the public and must be a minimum of two hours in length. For meetings longer than two hours in length, you must be present for at least a 2- hour segment of the meeting to be eligible for the continuing education credit.

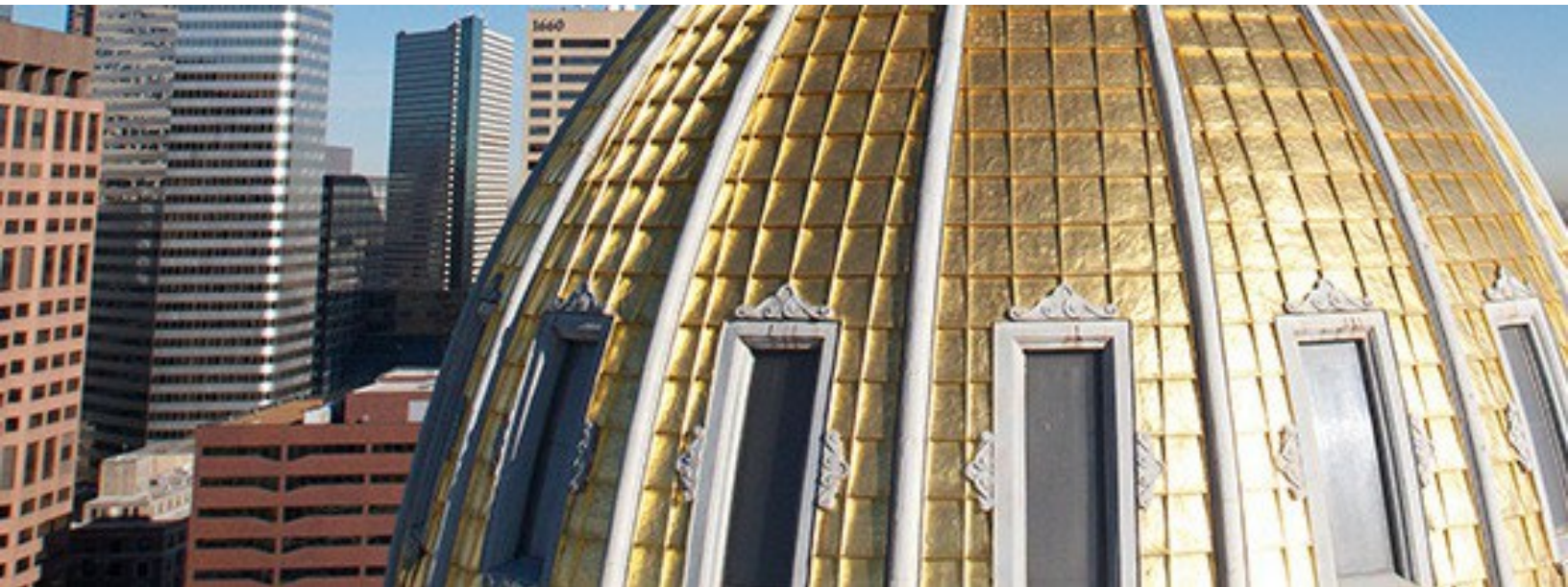
## [Sign up to Join a Task Force](#)

The Division understands that working collaboratively produces the best results in creating and sustaining an effective and efficient regulatory landscape. Regularly, the Division seeks appraisers to participate in task forces or working groups for rulemaking or other specific regulatory initiatives. The Division solicits engagement through various methods such as notification in the Division's bimonthly updates or other communications, nominations from trade associations, and invitations. The Division seeks members who will bring different points of view and perspectives to the task force or working group. Participating in a task force or working group is a valuable opportunity to be part of creating and sustaining an effective and efficient regulatory landscape.

## Engage in Rulemaking

Administrative rules are adopted through a process called rulemaking, which is governed by the State Administrative Procedure Act (APA) found at section 24-4-103, C.R.S. Typically, when rulemaking is contemplated, Division staff, on behalf of the Board, conducts early stakeholder engagement to solicit input from representatives of various stakeholder interests that may be affected positively or negatively by the proposed rules pursuant to section 24-4-103(2), C.R.S. This can be accomplished through committees, working groups, task forces, or workshops so stakeholders can submit views or otherwise participate informally in conferences on the proposed rules under consideration or to participate in the public hearing on the proposed rules.

Additionally, the rulemaking process includes a public hearing and the opportunity for the public to provide testimony and submit comments on the proposed rules prior to the rules becoming effective. You can testify at the rulemaking hearing, submit written comments on the proposed rules, or both. The Division and the Board are committed to conducting rulemaking in a manner that is open, transparent, and in accordance with the State Administrative Procedure Act. Through collaboration, the Board Rules can be meaningful and written in plain language to be easy to understand and follow.





## Become a Member of a Trade Association

You may want to consider joining a trade association and taking advantage of the opportunities the association offers. Some of the benefits include:

- **Keeping Current** - Many associations offer continuing education, seminars, and lectures along with other opportunities for learning.
- **Building your Professional Network** - Many associations offer events throughout the year that allow for networking with peers and other professionals.
- **Access to Resources** - Many associations offer newsletters, magazines, and other publications to keep you abreast of market trends and best industry practices. Additionally, some associations track and monitor federal and state legislative developments that may impact your real estate appraisal practice.

Many associations require annual dues from their membership. The list of organizations is not exhaustive and the Division does not endorse or sponsor any of the below organizations.

- Colorado Coalition of Appraisers
- The Appraisal Institute - Colorado Chapter The American Society of Appraisers
- The American Society of Farm Managers and Rural Appraisers The Colorado Association of Real Estate Appraisers
- Northern Colorado Association of Real Estate Appraisers National Association of Appraisers
- Colorado Association of Tax Appraisers
- The Real Estate Valuation Advocacy Association International Association of Assessing Officers

# CONTACT US

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## Website

[dre.colorado.gov/real-estate-appraiser-program](http://dre.colorado.gov/real-estate-appraiser-program)

The Division does not provide legal advice or interpretation of the license law and/or Board Rules. Licensees should seek guidance from their legal counsel.