

THE DIVISION OF REAL ESTATE

New Broker Handbook



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



COLORADO
Department of
Regulatory Agencies
Division of Real Estate



COLORADO

**Department of
Regulatory Agencies**

Division of Real Estate

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DISCLAIMER

This Handbook was designed primarily to assist newly licensed Brokers with the general requirements to maintain licensure with the Colorado Real Estate Commission (“CREC”). It covers basic compliance requirements. It also addresses how Brokers can participate in the regulatory framework and provides key resources and tools. It is not intended to include all of a Broker’s obligations and responsibilities under relevant federal and state statutes and regulations. Additionally, it is not designed to provide Brokers with practice advice or interpret the license law and Rules. Brokers should seek guidance from their Employing Broker or Supervisory Broker and/or legal counsel for assistance with Broker legal responsibilities, regulations, and practices.

In the event of any conflict between this Handbook and current license law and Rules, the law and regulations will take precedence. Applicable laws and regulations are available on the Division’s website at dre.colorado.gov.



MESSAGE FROM THE DIVISION DIRECTOR



Congratulations on obtaining your real estate 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 market 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 transparent, simple, and user-friendly.

As part of our collaborative approach to regulation, the Division has 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 cover all obligations and responsibilities under relevant federal and state statutes and regulations. You should always seek guidance and assistance from your Employing Broker and/or Supervisory Broker to ensure compliance with the license law and Rules.

Once again, congratulations. We look forward to working with you along your journey!

Marcia Waters
Marcia Waters



DEFINITIONS

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

Active

A current, valid license that allows a person, firm, partnership, limited liability company, association, or corporation to engage in Real Estate Brokerage Services.

Associate Broker

A Broker who holds an Associate Broker level license and works under the supervision of an Employing Broker. An Associate Broker may also hold an Independent or Employing Broker level license if they are acting as an Associate Broker under an Employing Broker.

Broker

Any person licensed by the Commission to perform Real Estate Brokerage Services regardless of if the Broker is licensed as an Associate Broker, Independent Broker, or Employing Broker.

Brokerage Firm

Any sole proprietor, partnership, limited liability company, corporation, or any other authorized entity licensed by the Commission to employ or engage Brokers to perform Real Estate Brokerage Services. All Brokerage Firms that employ or engage Associate Brokers must have an Active Employing Broker.

Colorado Real Estate Commission ("Commission")

The Colorado Real Estate Commission as defined pursuant to section 12-10-201(1), C.R.S.

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 Commission may open a complaint on its own motion if information indicates a potential license law or Rule violation may have occurred and an investigation is necessary.



Consumer

A member of the public that has sought or is seeking to engage in Real Estate Brokerage Services provided by a Broker. A Consumer is either a buyer, seller, tenant, or landlord.

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.

Employing Broker

A Broker who is shown in the Commission records as employing or engaging another Broker.

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 or entity to perform any Real Estate Brokerage Services.

Inactive

A valid license shown in the Commission's records as inactive. An Inactive Broker is not permitted to engage in Real Estate Brokerage Services.

Initial License

The first license issued by the Commission.

Independent Broker

A Broker either holding an Independent Broker level license or Employing Broker level license acting as their own Brokerage Firm or sole proprietor and not employing or supervising any Associate Brokers.



Licensing Cycle

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

Licensee

A holder of a license issued by the Division.

Money Belonging to Others

Money Belonging to Others which is accepted by the Broker or Brokerage Firm for deposit in the Broker's or Brokerage Firm's trust or escrow account that includes, but is not limited to, money received in connection with management agreements, partnerships, limited liability companies, syndications, lease agreements, advance fee contracts, guest deposits for short term rentals, rental receipts, security deposits, earnest money deposits, or Money Belonging to Others received for any other purpose.

New Associate Broker

An Associate Broker with less than two (2) years of accumulative Active experience.

Real Estate Brokerage Services

Any of the activities pursuant to section 12-10-201(6)(a), C.R.S. when performed on behalf of a Consumer.

Respondent

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

Rules

4 CCR 725-1 Rules regarding Real Estate Brokers.

Supervisory Broker

A Broker, such as a managing broker, team lead, office manager, etc., who has been delegated in writing by an Employing Broker to assume some of the Employing Broker's duties and responsibilities as set forth in Rule 6.3.

Team

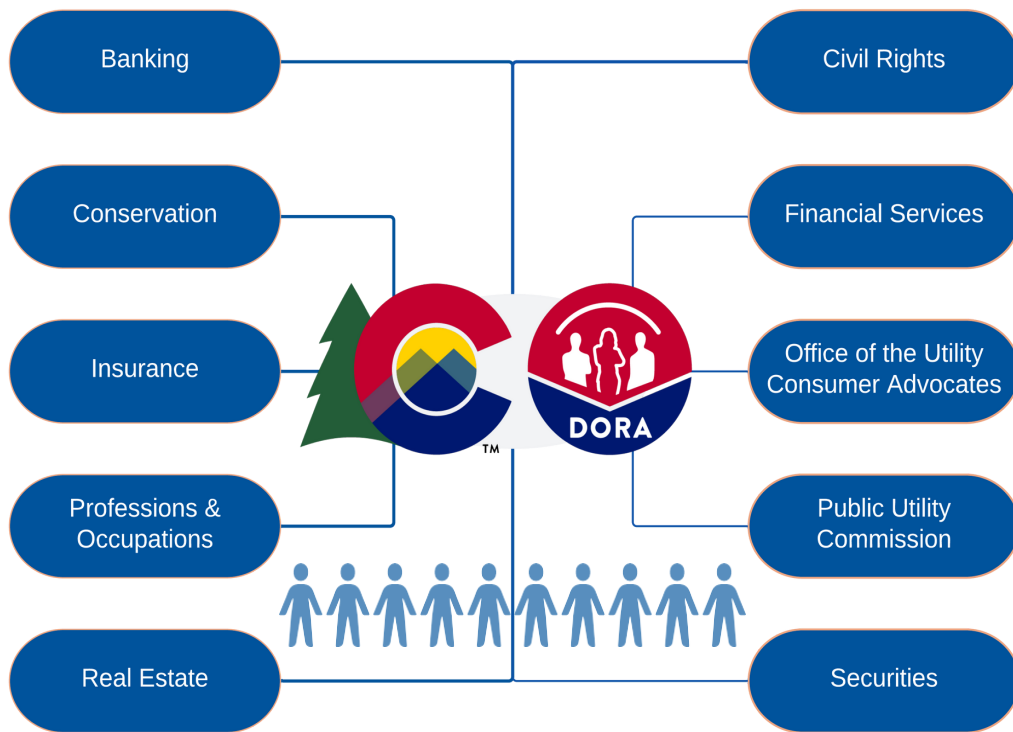
Two (2) or more Brokers within a Brokerage Firm that cooperate on an on-going basis to conduct a substantial portion of their Real Estate Brokerage Services together.



REGULATORY FRAMEWORK

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 that 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).



DORA is primarily cash funded by regulated 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.

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.



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, transferring a license to a new Brokerage Firm, activating or inactivating a license, and navigating the Division's licensing management system.

Contact:

Tammy Baca, Budget & Operations Manager



Licensing

The Licensing Unit processes individual and business real estate licenses and registrations. On average 95% of real estate licenses are issued within five business days making licensing fast, efficient and easy for those applicants who are qualified to provide real estate activities in Colorado. 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 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 and licensee 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 communications and advisories.

Contact:

David 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 ("BOREA") is a 7-member board appointed by the Governor with the consent of the senate. BOREA 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 appraisal management company, and a public member. BOREA conducts rulemaking, makes policy decisions, considers licensing matters, reviews complaints, and takes disciplinary action against real estate appraisers and appraisal management companies.



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 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 Real Estate Commission

The Commission derives its authority from Parts 2, 4, and 5 of Article 10 of Title 12 of the Colorado Revised Statutes.

In summary, the Commission's duties and responsibilities include the following:

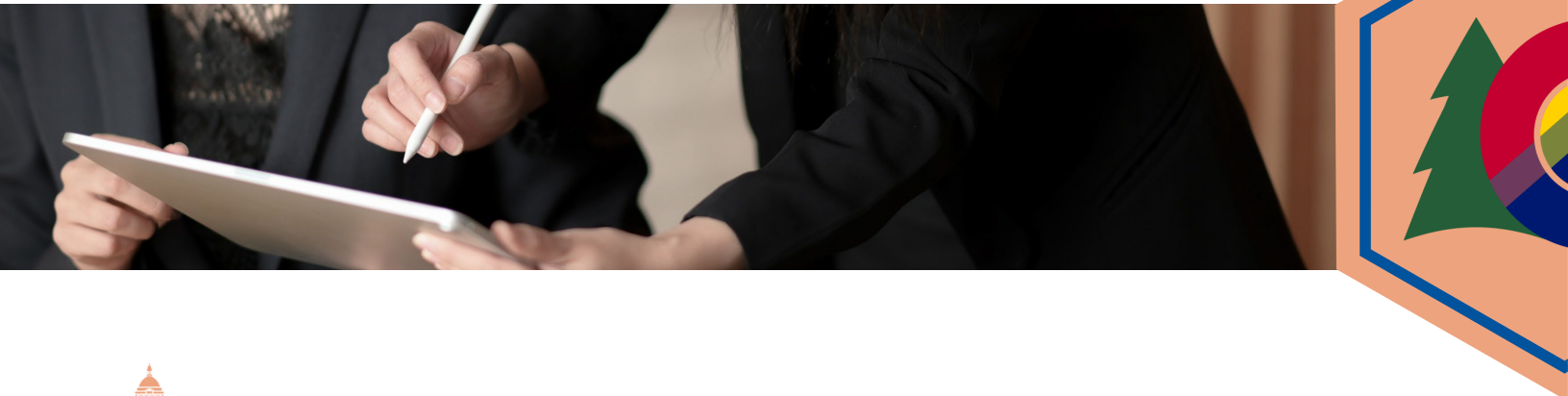
- Examine Broker applications for licensure to ensure only qualified individuals meet the requisite educational, experience, and testing requirements.
- Review criminal backgrounds of applicants for truthfulness, honesty, and good moral character to be licensed as Brokers.
- Investigate complaints against Brokers and subdivision developers and makes determinations regarding the need for discipline.
- Conduct regular random and risk-based financial audits of Brokerage Firms.
- Deny, grant, revoke, suspend, renew, or refuse to renew real estate licenses and subdivision developer registrations.
- Review and approve continuing education courses and providers. Conduct audits of the requirements for continuing education and E&O Insurance.
- Develop the Annual Commission Update Course.
- Prepare the Commission-Approved Contracts and Forms.
- Prescribe, amend, or repeal rules to establish and maintain the appropriate conduct and standards for Brokers and subdivision developers in Colorado.



RESOURCES

Several resources exist to assist you in maintaining your license and having a compliant real estate 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 can always contact the Division at (303) 894-2166. The Division does not provide legal advice or interpretation of the license law and/or Rules. Brokers should seek guidance from their Employing Broker or Supervisory Broker and/or legal counsel.



Statutes

The Colorado General Assembly enacted the Colorado Real Estate Brokerage Practice Act (also referred to as the real estate broker license law) found at Parts 2 through 5 of Article 10 of Title 12 of the Colorado Revised Statutes. The Colorado Real Estate Brokerage Practice Act governs the licensure of Brokers and real estate brokerage activities in Colorado. Part 2 covers Brokers and Salespersons; Part 3 covers Brokers' Commissions; and Part 4 covers Brokerage Relationships. Additionally, the Colorado Real Estate Brokerage Practice Act governs the registration of subdivision developers within Part 5. You can access the Colorado Revised Statutes through a site hosted by LexisNexis from [the Colorado General Assembly's website](#). The Colorado Real



Estate Brokerage Practice Act can be found in Chapter One of the Colorado Real Estate Manual, which is posted on [the Division's website](#). It is your responsibility to be familiar with and compliant with the Colorado Real Estate Brokerage Practice 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 Rules promulgated by the Commission are published at 4 CCR 725-1 in the Colorado Code of Regulations. The Rules are divided into nine chapters specifying the requirements for licensure, insurance, continuing education, trust or escrow accounts and accounting, practice standards, standard forms, declaratory orders, and initial decisions and exceptions. It is your responsibility to be familiar with and compliant with the Rules.

You can also find the 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 and effective rules.



Position Statements

The Commission publishes position statements to help define standards or expectations that are part of the license law or Rules. Position statements are guidance and do not carry the force of law like administrative rules. Position statements serve many important functions in the regulatory framework. The Commission often uses position statements to help interpret existing law, provide the current Commission's "thinking" on an issue, or clarify how the Commission might treat or enforce an existing law or rule. You can find the position statements on [the Division's website](#) to be downloaded for free. It is your responsibility to be familiar with the position statements.



Colorado Real Estate Commission Approved Forms

Pursuant to section 12-10-403(4)(b), C.R.S. and Rule 7.1., a standard form includes Commission-Approved Forms, attorney forms, client forms, government and lender forms, Colorado Bar Association forms, disclosure forms, title company forms, and letters of intent.

As a licensed Broker, you must use a Commission-Approved Form when such form is available and is appropriate for the transaction as set forth in Rule 7.1.A. Commission-Approved Forms create uniformity in the contracting of real estate transactions and ensure Brokers are in compliance with the Colorado Supreme Court's Conway-Bogue decision.

The Commission established the Forms Committee, which is a multi-member task force that includes Brokers, attorneys, a title representative, a mortgage lending representative, and Division staff. The Forms Committee takes direction from the Commission regarding whether the Commission-Approved Forms should be continued in their current form, modified, or repealed. If modifications are needed to a particular form, the Forms Committee prepares the revised form for the Commission's approval at a public non-rulemaking hearing. Once a form has been revised, a 3-year moratorium is put into place to prevent revisions and the circulation of multiple versions of the form. There are three (3) exceptions to the moratorium:

- any new laws that required changes to the form;
- a court case decision mandating any change to the form; or
- an issue identified by the Office of the Attorney General that requires a change to the form.

The Commission-Approved Forms are published on [the Division's website](#).



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 to ensure your contact information (e.g., 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 selecting “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 in conjunction with LexisNexis 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 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 real estate 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. You are not authorized to perform Real Estate Brokerage Services if your license shows the status as Inactive. A license on Active status means that you have a current, valid license that allows you to engage in Real Estate Brokerage Services. 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.





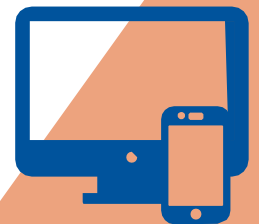
Renewal and Reinstatement

For your first license 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, 2025, you must renew your license prior to December 31, 2025. Your Initial License is issued for less than a year to merge your renewal date into a three-year Licensing Cycle.

However, moving forward, you will be required to renew your license on a three-year Licensing Cycle commencing January 1 of year one and expiring on December 31 of year three. 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 two (2) email notifications from the Division regarding renewing your license.

You must renew your license through eLicense by following these steps:

- 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.





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. The following scenarios apply:

- 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-half of the renewal fee.
- Reinstatement more than 1 year but within 3 years after the expiration date of your license, you will pay the renewal fee and a reinstatement late fee in the amount of the renewal fee.

Practice Pointer

To avoid expensive reinstatement late fees and not being authorized to perform Real Estate Brokerage Services in Colorado, please renew prior to the expiration date of your license. If you reinstate your license after the grace period of 31 days, you will also be required to activate your license.

Errors and Omissions (E&O) Insurance Requirements

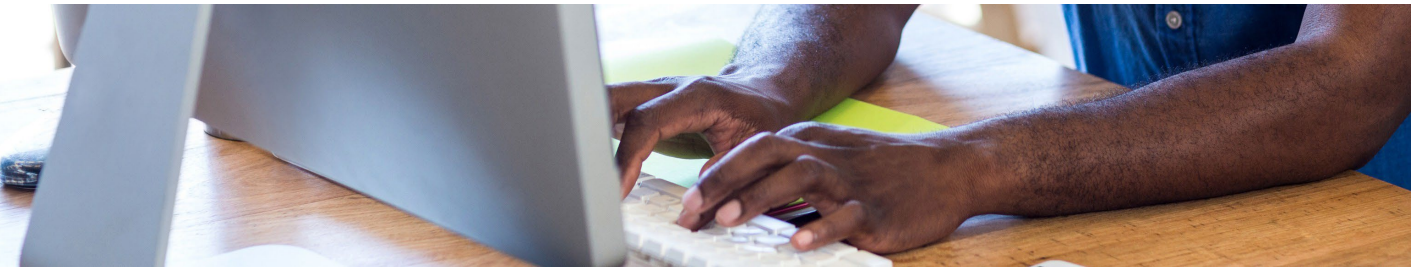
Pursuant to section 12-10-204, C.R.S., and as set forth in Rule 3.9., every Active Broker, including Brokerage Firms with more than one Broker, must have in effect a policy of E&O Insurance to cover all activities requiring a license. Brokers can be covered under their Brokerage Firm's umbrella E&O Insurance policy. The E&O Insurance requirement does not apply to Brokers on Inactive status since they are not authorized to perform Real Brokerage Services.

The Division has contracted with a qualified insurance carrier to administer the state group E&O Insurance policy for Brokers. The qualified insurance carrier of the state group E&O Insurance policy can 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. Each year, the Division finds a significant amount of non-compliance among Brokers with the E&O Insurance requirement. **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.** If placed on Inactive status, you will need to pay the fee to activate your license and provide proof that your E&O Insurance policy is in effect.

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.



Continuing Education Requirement

To maintain and improve your skills, knowledge, and competency in regard to the practice of real estate, you are required to complete continuing education during your Licensing Cycle prior to renewing an Active license, to activate an Inactive license, and to reinstate an Expired license.

You must complete your continuing education by one of the following methods:

1. Twenty-four Hours of Continuing Education
2. Twenty-four Hour Broker Reactivation Course
3. Colorado Portion of the Real Estate Licensing Exam
4. 48 Hours in Colorado Real Estate Contracts and 24 Hours in Real Estate Closings



Continuing Education Methods Overview

Option 1

24 Hours of Continuing Education

Complete 3 different versions of the Annual 4-Hour Commission Update ("ACU") course during your Licensing Cycle for 12 total hours along with 12 hours of elective credits.

You cannot take the same version of the ACU course more than once in the same year. If your license expires on December 31, 2024, you must complete the ACU in 2022, 2023, and 2024 along with 12 hours of electives.

Option 2

24-Hour Broker Reactivation Course

Complete the Commission Approved 24-Hour Broker Reactivation Course only if your license is Active and you did not use the reactivation course in your previous Licensing Cycle for compliance with the continuing education requirement.

If your license has been Inactive or Expired for an accumulated period of up to 36 months, you can complete the 24-Hour Broker Reactivation Course to activate or reinstate your license.

Option 3

Colorado Portion of the Real Estate Licensing Exam

Pass the Colorado portion of the Real Estate Licensing Examination.

Option 4

48 Hours in Colorado Real Estate Contracts and 24 Hours in Real Estate Closings

Complete 48 hours in Colorado Real Estate Contracts and 24 hours in Real Estate Closings (total of 72 hours).



If you choose to complete 24 hours of continuing education, please remember:

- A new Annual 4-Hour Commission Update ("ACU") course is developed each year. You can find a list of approved ACU course providers on [the Division's website](#).
- You cannot repeat the ACU and elective courses within the same calendar year.
- Before registering for an elective course, verify that the course and provider are approved by the Commission by visiting [the Division's website](#).
- Register for elective courses that improve your skills, knowledge, and competency in the practice of real estate.
- You must complete the entire course to receive any continuing education credit. You cannot receive partial credit for partial attendance.
- You can only earn 8 hours of continuing education credits a day.
- Hours in excess of 24 hours cannot be carried forward to satisfy subsequent continuing education requirements in your next Licensing Cycle.

Practice Pointers

- For your first license renewal, remember you are not required to complete any continuing education prior to renewing your license for the first time in the year that you were initially licensed. If your Initial License was issued on February 21, 2022, and expires on December 31, 2022, you are not required to complete continuing education.
- If you cannot complete Options 1 or 2 for your continuing education requirements, you must complete either Options 3 or 4 to be compliant with your continuing education requirement.
- If you did not comply with the continuing education requirement, you must submit written notification to the Division's ECP Unit prior to renewing, activating, or reinstating your license as set forth in Rule 4.5.K. You can submit your written notification to DORA_DRE_Audits@state.co.us.



Continuing Education Audits

The Division's ECP Unit conducts random audits to assess compliance with the continuing education requirement. If you are randomly selected for a continuing education audit, you will be notified via email and asked to provide your course certificates or passing examination score of the Colorado portion of the Real Estate Licensing Examination for the Licensing Cycle that you just completed. Typically, the ECP Unit processes audits within 3 to 5 business days. 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.



The Division finds a significant amount of non-compliance among Brokers with the continuing education requirement.

The Division finds a significant amount of non-compliance among Brokers with the continuing education requirement. On average, the Division typically finds a non-compliance rate of between 25% and 30%. If you are found non-compliant with the continuing education requirement, you will face disciplinary action which commonly can be resolved by signing a Stipulation for Diversion with the Division, complete required and supplemental coursework, and pay a fine. 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 an affidavit, certificate, or official transcript as proof of course completion from your course provider. Also, retain your continuing education course completion certificates for 4 years from your most recent renewal as set forth in Rule 4.5.J.

Reportable Actions

Rule 6.23. requires a Broker to provide written notification within 30 calendar days of any of the following actions:



A plea of guilty, a plea of nolo contendere, or a conviction of any crime pursuant to section 12-10-217(1)(n), C.R.S. Conviction includes a deferred judgment or deferred sentence.

Examples of crimes that must be reported to the Division include:

- Offenses Against the Person: homicide, assaults, kidnapping, unlawful sexual behavior, human trafficking and slavery, and stalking.
- Offenses against Property: arson, burglary, robbery, and theft.
- Offenses involving fraud: forgery, simulation, impersonation, obtaining a signature by deception, offering a false instrument for recording, fraud in obtaining property or services, fraudulent and deceptive sales and business practices, bribery and rigging of contests.
- Offenses relating to the Uniform Commercial Code.
- Financial transaction device crime act (ATM's, et. al.). Equity skimming.
- Identity theft.
- Computer crime offenses.
- Offenses involving family relations. Offenses relating to morals.
- Governmental operations: specifically bribery and corrupt influences.
- Making, financing, or collection of loans.
- Colorado Organized Crime Control Act.
- Uniform Controlled Substances Act.
- Any other like crime under Colorado law, federal law, or the laws of other states.



If you are licensed as a real estate broker in another state, any disciplinary action taken against you in the other state that would constitute a violation of Colorado's Real Estate Brokerage Practice Act and Rules.



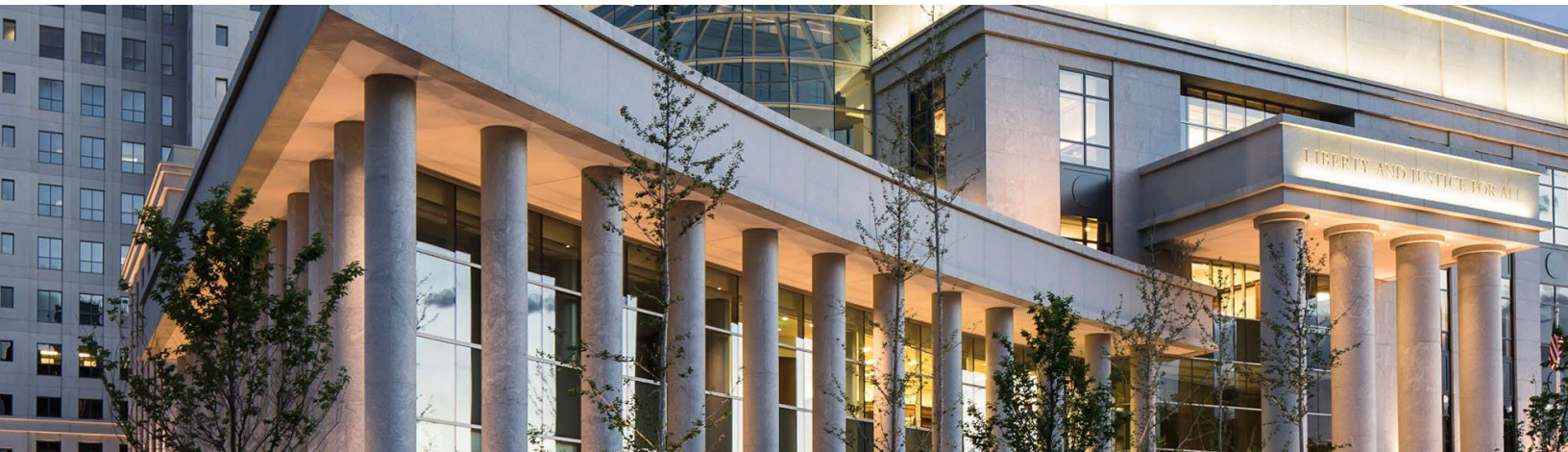
A suspension or revocation of a license, registration, or certification by Colorado or another state within the last 5 years for fraud, deceit, material misrepresentation, theft, or breach of fiduciary duty that denied you authorization to practice as a mortgage loan originator, a real estate broker or salesperson, a real estate appraiser, an insurance provider, an attorney, a securities broker-dealer, a securities sales representative, or an investment adviser.



A violation of aiding or abetting in a violation of the Colorado or federal housing laws.

Practice Pointer

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.





Advertising

You and your Brokerage Firm are responsible for ensuring that all advertising is accurate and complies with copyright laws and other applicable laws and regulations.

Additionally, all advertising must be done in the name of your Brokerage Firm. It is important that your or your Team's advertising does not mislead the public concerning the identity of your Brokerage Firm.

Practice Pointer

Please be sure to review and follow the requirements concerning advertising found in Rule 6.10.

Recordkeeping

Rule 6.20. requires that you and your Brokerage Firm retain transaction files for all transactions for a period of 4 years from the consummation date of the transaction or the expiration of any listing contracts that do not consummate. You are not required to obtain or retain copies of existing public records, title commitments, loan applications, lender required disclosures, or related affirmations from independent third-party closing entities after closing. The required documents for transaction files are designated in the Commission's [Transaction File Checklist on the Division's website](#).

Rule 6.24. allows files to be retained in either hard copy or electronic format as long as the files can be inspected during the 4-year retention period. Additionally, Rules 5.21. and 6.24. require a Broker to produce transaction files for inspection when requested by the Division on behalf of the Commission.

Practice Pointers

- If you change Brokerage Firms, you must still retain transaction files from your previous Brokerage Firm for the 4-year retention period.
- It is recommended that text messages and emails be retained as part of the transaction file.



Supervision

Rule 6.3. requires your Employing Broker to be responsible for the supervision of all Associate Brokers under them to ensure conformance with the license law and Rules. Your Employing Broker is also responsible for the supervision of all unlicensed employees.

Your Employing Broker must perform the following duties:

- Maintain all trust and escrow accounts,
- Maintain all transaction records,
- Develop written policies and procedures in an Office Policy Manual, such as a Brokerage Relationship Policy,
- Provide for a “Reasonable-Level of Supervision” for all Associate Brokers,
- Ensure all executed contracts are reviewed for competent preparation,
- Ensure all transaction records are reviewed for required documentation and properly maintained,
- Provide for a “High-Level of Supervision” for New Associate Brokers,
- Take reasonable steps to ensure violations of the license law, Rules, and office policies do not occur or reoccur, and
- Provide for adequate supervision of all branches or offices operated by the Employing Broker.

As a New Associate Broker, your Employing Broker must provide you with a High Level of Supervision, which includes:

- Providing specific training regarding the Brokerage Firm’s policies and procedures,
- Being reasonably available for consultation,
- Assisting in preparing contracts,
- Monitoring transactions from contracting to closing,
- Reviewing documents in preparation for closing, and
- Ensuring that either they or an experienced Associate Broker with more than 2 years experience attends closing or is available for assistance.



Your Employing Broker may delegate their supervisory duties to a Supervisory Broker. Any delegation of authority must be in writing and signed by the Supervisory Broker. While an Employing Broker may delegate supervision duties, the Employing Broker is still ultimately responsible for the supervision provided.



Practice Pointer

Please be sure to read and comply with the written Office Policy Manual established by your Employing Broker. Office Policy Manuals must be signed by each Associate Broker.





Money Belonging to Others for Activities not Involving Real Estate Brokerage Services

Brokers who accept monies for deposit for activities not involving Real Estate Brokerage Services (e.g., Broker owned properties, short-term rentals, etc.) must deposit the funds into the Broker's or Brokerage Firm's trust or escrow accounts, and those funds are subject to recordkeeping requirements.

A Broker who is engaged in activities not involving Real Estate Brokerage Services must first check their Brokerage Firm's Office Policy Manual to determine whether the conduct is permissible. If the Office Policy Manual states that all deposits must go into the Brokerage Firm's trust or escrow account, then the Broker must deposit all Money Belonging to Others into the Brokerage Firm's trust or escrow account and the Brokerage Firm must follow all the accounting requirements as set forth in Chapter 5 of the Rules. If the Office Policy Manual does not require use of the Brokerage Firm's trust or escrow account, the Broker must establish a trust or escrow account outside of the Brokerage Firm. Rule 5.11. specifies that a Broker:

- cannot divert or convert monies,
- maintain a journal of the account,
- perform a two-way reconciliation monthly to show that on the date of reconciliation the cash balance shown in the journal and the reconciled bank balance are the same, and
- be able to produce documents and records if requested by the Division for inspection.

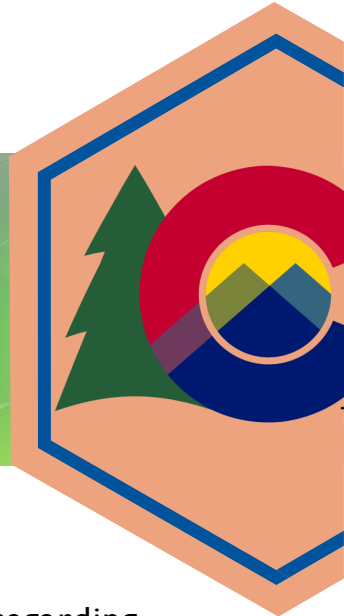
Practice Pointers

- • If you accept monies for deposit for activities not involving Real Estate Brokerage Services, review your Brokerage Firm's Office Policy Manual and consult with your Employing Broker and/or Supervisory Broker.
- • Please be sure to read and be familiar with the non-Real Estate Brokerage Service Practice Guidance found on [the Division's Website](#).



ENFORCEMENT

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



Complaint and Investigative Process

The Division investigates written complaints on behalf of the Commission regarding alleged real estate activities performed by unlicensed individuals/entities or the alleged misconduct of licensed Brokers.

All complaints must be submitted in writing to the Division and can be anonymous. The Commission has the authority to open complaints against Brokers 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 Real Estate Brokerage Practice Act, and 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 a Broker.
- The allegations in the complaint are reviewed for jurisdiction.
- If it is determined that the Commission 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 Commission 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 transaction documents, 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 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 presents 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 Rules, the Commission may impose discipline. The Commission 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 Commission. After discussion, the Commission will act upon the complaint.



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

Dismissed

If the Commission determines that the Respondent did not violate the license law and/or Rules or that there is insufficient evidence to substantiate a violation of the license law and/or Rules, then the case is dismissed. If the Commission 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 Commission is concerned about the Respondent's conduct and/or activities and there is a supportable violation, the Commission may issue a letter of concern to the Respondent and the case is dismissed.

Letter of Admonition ("LOA")

If the Commission finds the Respondent violated the license law and/or Rules, the Commission 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.

Injunction

The Commission requests a district court to issue an order to stop the unlicensed person or entity from intending to engage or engage in activities requiring a real estate license.

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 Commission can test the Respondent's compliance with the license law and the character standards associated with a real estate license.

Restricted License

A restriction placed upon an Initial License that enables the Commission to test the Respondent's compliance with the license law and the character standards associated with a real estate 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 or Rule violation.

Diversion

A stipulated agreement between the Commission 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 Commission 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 a real estate 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.



Revocation

The punitive loss of a real estate 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 a real estate license. A voluntary surrender is equivalent to a revocation.

Final Agency Order (“FAO”)

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

Common Practice Violations

As a Broker, you must be competent to provide Real Estate Brokerage Services to the public. Rule 6.2. requires that you possess the necessary experience, training, and knowledge to provide Real Estate Brokerage Services and maintain compliance with the applicable federal, state, and local laws, rules and regulations, and ordinances. If you are not competent to provide a specific Real Estate Brokerage Service, Rule 6.2. requires you take one or more of the following steps:

- Decline to provide the Real Estate Brokerage Service;
- Obtain the necessary experience, training, and knowledge;
- Obtain assistance from your Employing Broker or a Broker who is competent in providing the specific Real Estate Brokerage Service, or legal counsel; or
- Co-list with another Broker who is competent in providing the specific Real Estate Brokerage Service.





This section illustrates complaints regarding common practice violations made by New Associate Brokers and the discipline levied by the Commission for the misconduct. As a Broker, you must exercise reasonable skill and care when performing Real Estate Brokerage Services. Through these examples, it is important to learn from the mistakes of these Brokers. Always remember to consult and seek guidance from your Employing Broker or Supervisory Broker.



Brokerage Relationship Disclosure In Writing

The Respondent assisted a repeat buyer in the purchase of a new construction property as a buyer's agent. The Sales Purchase Agreement for the new build was executed on February 1, 2020, despite the Exclusive Right to Buy Listing Contract expiring on November 1, 2019, after the buyer's recent previous purchase of an investment property. The Exclusive Right to Buy was not extended until September 3, 2020, on the closing date for the buyer's new build. Rule 6.5, titled "Brokerage Relationships Disclosures in Writing" says written disclosures must be made to a Consumer prior to eliciting or discussing confidential information from a Consumer for Real Estate Brokerage Services. The Commission found that the Respondent disregarded or violated any provision of the license law or Rules under section 12-10-217(1)(m), C.R.S. and violated Rule 6.5.

The Commission levied the following discipline against the Respondent:

- Stipulation for Diversion and
- a \$250 fine.



Lockbox

After executing the Contract to Buy and Sell on July 16, 2020, the Respondent's buyers requested to see the property again on July 19, 2020, from 3:00 to 4:00 pm. Upon leaving a previous appointment, the Respondent became detained in traffic on his way to the showing. The Respondent called the buyers informing them that he would be late and, during that conversation, he provided the buyers with the entry code. The Seller's Ring Video showed the buyers entering and leaving the property without the Respondent's presence. Rule 6.16, titled "Access Information for a Property" says a Broker who is not the owner's Broker is prohibited from sharing access information to a property with any third party without prior authorization from the owner's Broker. As a result, the Commission found that the Respondent demonstrated unworthiness or incompetency to act as a Broker by **conducting business** in such a manner as to endanger the interest of the public under section 12-10- 217(1)(q), C.R.S., disregarded or violated any provision of the license law or Rules under section 12-10-217(1)(m), C.R.S., and violated Rule 6.16.

The Commission levied the following discipline against the Respondent:

- Stipulation for Diversion and
- a \$500 fine.





MLS Entry Only

The Respondent listed roughly 200 new builds in 2020 and 80 new builds for the first half of 2021 in the MLS for various homebuilders. The Respondent executed Exclusive Right to Sell Listing Contracts with the homebuilders saying the Respondent would provide transaction brokerage services and would not receive a sale commission but rather be compensated \$150 for each home the Respondent listed in the MLS. During the investigation, it was identified that the Respondent was not performing all of the uniformed duties found at section 12-10-407(2), C.R.S. A Broker must exercise reasonable skill and care concerning the duties as follows:

- Performing the terms of any written or oral agreement with the client;
- Presenting all offers to and from the client in a timely manner;
- Advising the client regarding the transaction and advising them to obtain expert advice as to material matters about which the Broker knows but the specifics of which are beyond the expertise of the Broker;
- Accounting in a timely manner for all money and property received;
- Keeping the client fully informed regarding the transaction;
- Assisting the parties in complying with the terms and conditions of the contract including closing the transaction;
- Disclosing to the client adverse material facts actually known by the Broker; and
- Informing the parties that they are not vicariously liable for any acts of the Broker.

The Commission found the Respondent failed to perform all of the uniform duties under section 12-10-407(2), C.R.S., demonstrated unworthiness or incompetency to act as a Broker by conducting business in such a manner as to endanger the interest of the public under section 12-10-217(1)(q), C.R.S., and disregarded or violated any provision of the license law or Rules under section 12-10-217(1)(m), C.R.S.



The Commission's finding is supported by the Colorado Court of Appeals' decision in the *Colorado Real Estate Commission v. Vizzi*, 2019 COA 33, 17CA2388 (Colo. App. 2019) holding that Brokers cannot contract away any of their mandatory duties.

The Commission levied the following discipline against the Respondent:

- a Stipulation for a Final Agency Order
- public censure
- a six-month suspension
- coursework: six hours in Brokerage Relationships, six hours in Contracts, and four hours in Ethics, and
- a \$5,000 fine.

You can avoid these mistakes by seeking guidance from your Employing Broker and/or Supervisory Broker. You should always make sure that you follow the steps in Rule 6.2. to make certain that you are competent to perform Real Estate Brokerage Services.



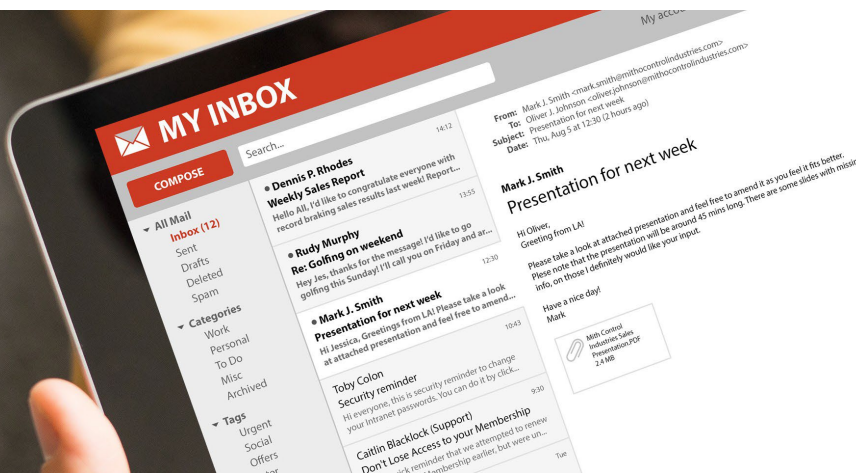


YOUR PARTICIPATION

The Division takes a collaborative approach in creating 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 only a few 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 to 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.





The Division's 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 Commission meeting is a valuable opportunity to understand the regulatory environment.

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





The Commission holds regularly scheduled public meetings on the first Tuesday 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 elective continuing education credit for attending one Commission meeting per calendar year as set forth in Rule 4.5.H. The Commission awards two (2) hours of elective continuing education credit to Brokers who attend a Commission's public meeting. 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](#)

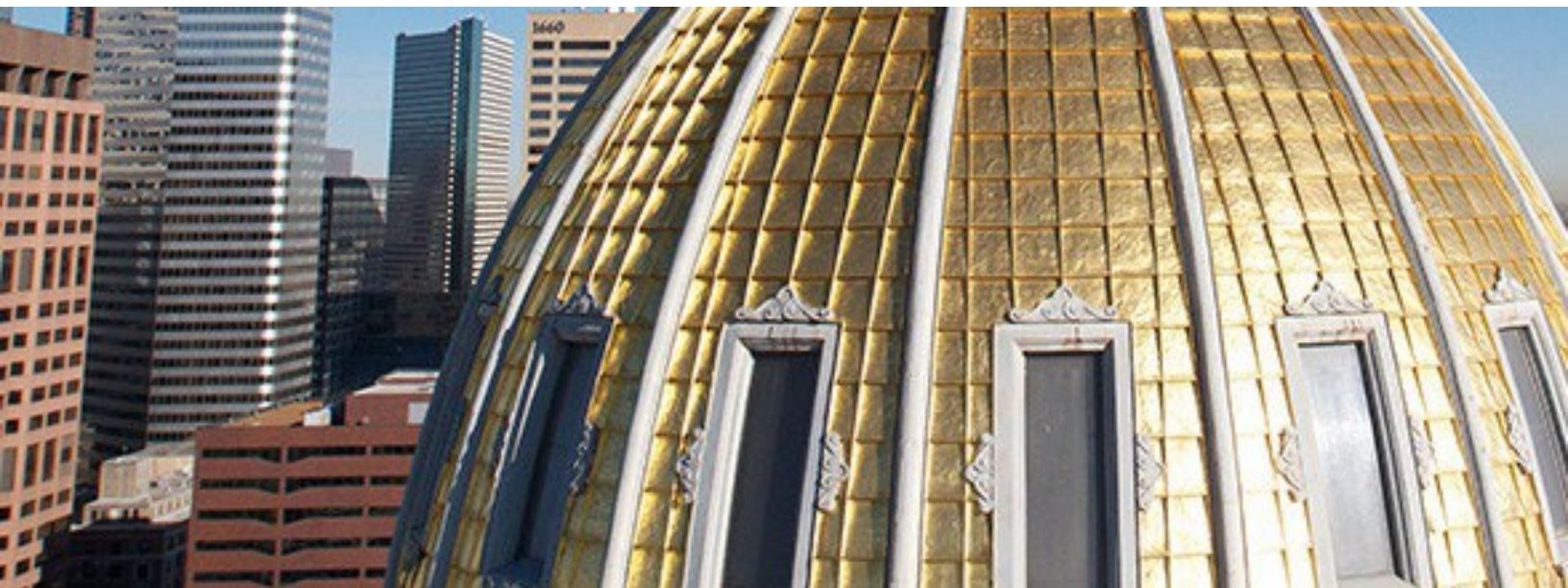
The Division understands that working collaboratively produces the best results in creating and sustaining an effective and efficient regulatory landscape. Regularly, the Division seeks Brokers to participate in task forces or working groups for rulemaking or other specific regulatory initiatives. The 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 Commission, 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 also testify at the rulemaking hearing, submit written comments on the proposed rules, or both. The Division and the Commission are committed to conducting rulemaking in a manner that is open, transparent, and in accordance with the State Administrative Procedure Act. Through collaboration, the 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 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 Association of Realtors
- 30 Local Associations of Colorado Association of Realtors
- Denver Metro Commercial Association of Realtors
- Institute of Real Estate Management
- National Association of Residential Property Managers
- Denver Metro Building Owners & Managers Association
- National Association of Real Estate Brokers
- National Association of Hispanic Real Estate Professionals
- Asian American Real Estate Association of America



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