



COLORADO
Department of
Regulatory Agencies

DIVISION OF
Real Estate
FY 2015/2016 ANNUAL REPORT



Message from the Executive Director

The Colorado Department of Regulatory Agencies (DORA) is the state's chief regulatory agency. Although the agency is comprised of nine separate and unique divisions, we stand together, unified by our critically important mission of consumer protection. Our charge – to preserve the integrity of the marketplace and promote a fair and competitive business environment in Colorado – is one each of our roughly 600 employees takes very seriously.

In this annual report, you'll read how our Division of Real Estate, led by Director Marcia Waters, is doing just that—protecting Colorado consumers from real estate professionals who engage in dishonest, unfair and deceptive practices, modernizing licensing processes and cutting red-tape—and all the while staying true to our core values of Dedication, Openness, Respect and Accountability. As such, I'm delighted to present to you the Division of Real Estate's annual report for fiscal year 2015-2016.



Joe Neguse, Executive Director
Colorado Department of Regulatory Agencies

Message from the Division Director

For the past few years, Colorado's real estate economy has been booming. The regulatory work of the Division of Real Estate is even more critical to ensure that there is a balance between consumer protection and the business of licensed professionals.

The division achieves this balance by staying principled to our mission and core values. In this annual report, you'll read about:

DEDICATION - Meet some of the faces who help achieve the mission.

OPENNESS - Discover how the division is transparent and innovative.

RESPECT - Understand how the division works and communicates.

ACCOUNTABILITY - Learn how the division is responsible and dependable.



Marcia Waters
Director, Division of Real Estate

All actual numbers reference fiscal year 2015-2016.

About the Division of Real Estate

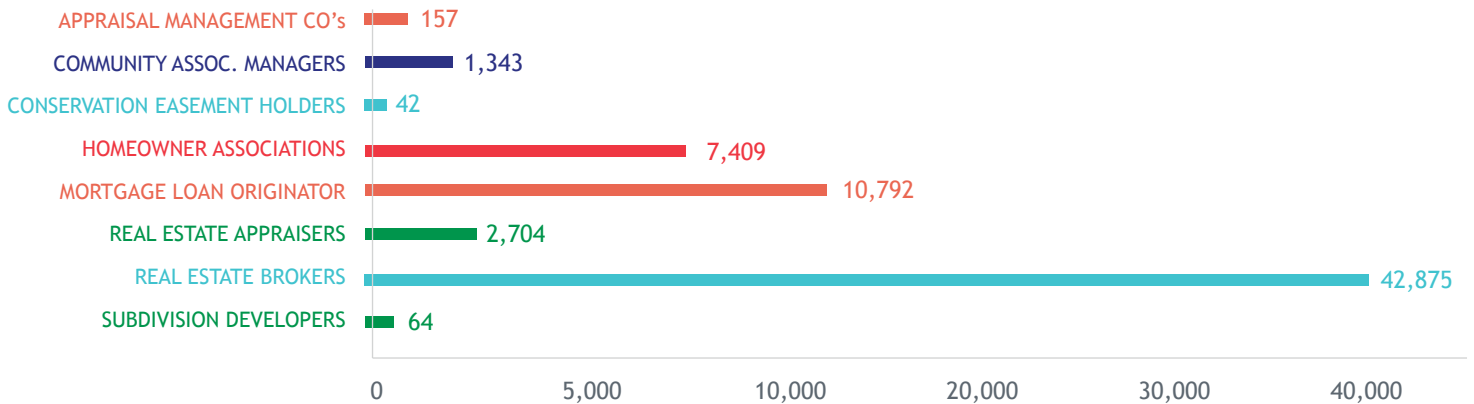
The Division of Real Estate within the Department of Regulatory Agencies is dedicated to preserving the integrity of the marketplace along with promoting a fair and competitive business environment in Colorado. This balance is accomplished by establishing professional standards through appropriate and meaningful regulations.

Colorado consumers are protected by the division's oversight of licensed professionals and related programs, which include:

- Appraisal Management Companies
- Community Association Managers
- Conservation Easement Holders
- Conservation Easement Tax Credits
- Homeowner Associations
- Mortgage Loan Originators
- Real Estate Appraisers
- Real Estate Brokers
- Subdivision Developers



Active Licenses and Registrations



The Division's Commissions and Boards

THE REAL ESTATE COMMISSION

Established by Colorado Revised Statutes (C.R.S.) section 12-61-105, the Real Estate Commission is comprised of five members appointed by the Governor, three real estate brokers and two public members. The Commission conducts rule-making hearings, makes policy decisions, considers licensing matters, reviews complaints and takes disciplinary action against real estate brokers.

Commissioners include: Richard H. Krohn (Chair), Jarrod Nixon (Vice Chair), Christopher McElroy, Julia T. Waggener, and Amy Jo Dorsey

THE BOARD OF REAL ESTATE APPRAISERS

The Board of Real Estate Appraisers, established by section 12-61-703, C.R.S., is a seven-member board appointed by the Governor with consent of the senate. The Board includes three 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 one public member. The Board has authority to conduct rulemaking hearings, make policy decisions, consider licensing matters, review complaints and take disciplinary action against real estate appraisers.

Board Members include: Deane Davenport (Chair), Richard Shields (Vice Chair), Mark Chapin, Peter Muccio, Mark Pope, Scot Rose, and Bruce Willard

THE BOARD OF MORTGAGE LOAN ORIGINATORS

Created by section 12-61-902.5, C.R.S., the Board of Mortgage Loan Originators, is a five-member board appointed by the Governor with consent of the senate. The Board includes three mortgage loan originators and two public members. The Board conducts rulemaking hearings, makes policy decisions, considers licensing matters, reviews, complaints and takes disciplinary actions against mortgage loan originators.

Board Members include: Bruce M. Jordan (Chair), Fred Joseph (Vice Chair), Leslie Mitchell, Charles "Buzz" Moore, and Julie Piepho

THE CONSERVATION EASEMENT OVERSIGHT COMMISSION

The Conservation Easement Oversight Commission, created by section 12-61-725, C.R.S., gives advice and recommendations to the division on the certification of conservation easement holders and reviews applications for tax credit certificates and optional preliminary advisory opinions for conservation purposes. The Commission is comprised of nine members: three permanent members from state agencies with responsibilities for conservation and six members appointed by the Governor for three-year terms.

Commissioners include: Nancy Fishbein (Chair), William Boertz (Vice Chair), Lyle Hood, John Carney, Ann Johnston, Peter Ericson, Cindy Lair, and John Swartout



Cutting Red Tape for Colorado's Real Estate Licensees

Working in Colorado's booming real estate industry became more efficient and effective thanks to eLicense, a new online licensing management system implemented by the Division of Real Estate in July of 2015.

Mailing in written applications, using checks for payment, or waiting for a license to arrive in the mail is now history. Approximately 56,000 licensed real estate professionals in Colorado can use eLicense to submit their applications online, update their accounts, renew or reinstate their license, and print their licenses on demand.

Modernizing licensing processes through technologies like eLicense helps relieve some of the regulatory burdens on licensed industry professionals.

The eLicense system allows licensed professionals to spend less time worrying about keeping their licenses up to date and more time dedicated to their businesses.

The eLicense system also creates efficiencies for the division. Approximately 10,000 transfer and change applications are received by the division per year for real estate brokers. These transfers and changes can now be completed by the licensee at their convenience.

In addition, the system's database allows consumers to get instant information on licensees, such as disciplinary actions, and use the system to file a complaint. The public database serves as an invaluable resource for consumers to become more empowered and informed. Taking just five minutes to research licensees before using their services could save consumers from unnecessary issues later.

Visit dora.colorado.gov to access eLicense.



Saving Mortgage Loan Originator Applicants Time and Money

As Colorado's housing market has been "red hot" over the last several years, the Division of Real Estate has seen an increase in mortgage professionals seeking to do business in the state. The division has seen a yearly average of 2,510 new applicants applying for a license.

A new regulatory rule saves applicants seeking a mortgage loan originator license time and money. Previously, applicants pursuing a career in the mortgage industry had to successfully pass a two-part examination consisting of both a national and a Colorado state-specific component. The components could be taken concurrently or separately by applicants, but each came with its own test enrollment fee.

required to successfully pass one examination, the national test with uniform state content. The new rule eliminates the 30-day waiting period for retaking the state-specific test, and shortens the length of the licensing examination by two hours.

Additionally, the new rule directly reduces an applicant's cost to obtain a mortgage loan originator license in Colorado by reducing test enrollment fees. Currently, the cost for the national testing component is \$110 and the state-specific testing component is \$69. The new rule eliminates that \$69 fee for the state specific testing component. Mortgage companies will also benefit from the reduction in testing enrollment fees because they typically cover the cost of their employees seeking licenses in multiple states. The division estimates the new rule will save individuals and businesses wanting to do business in Colorado more than \$173,190 per year.

To ensure consumers continue to work with licensed professionals competent in the state requirements for originating loans, the new rule requires two hours of state specific education content. The new rule maintains the 20 hours of pre-licensing education, by replacing the required general elective hours with state-specific education.

Without compromising consumer protection, this new rule is successfully reducing the regulatory burden for applicants seeking a mortgage loan originator license in Colorado.



Effective March 1, 2016, the new rule repeals the Colorado state-specific testing portion of the examination. Applicants for licensure are now only

Dedication

We are committed to our mission.

Meet a few of the Division of Real Estate's approximately 48 employees who work on behalf of Colorado consumers and licensees.



Erin Seaman is a Conservation Easement Appraisal Examiner. She reviews conservation easement appraisals included in tax credit certificate applications. Her unparalleled commitment directly correlates with the program's improved effectiveness at preventing abusive conservation easement transactions.

Garred Lyle is a Lead Investigator in the Mortgage and Real Estate programs. He investigates complaints of potential license law violations by real estate brokers and mortgage loan originators. Garred serves as a mentor for the Investigations Section. He fields approximately 300 consumer inquiries per month and he always delivers platinum level customer service.



Gary Kujawski is the HOA Information Officer for the Colorado HOA Information and Resource Center. He conducts and participates in roughly 60 HOA forums annually throughout Colorado. To make the forums more accessible for Colorado homeowners to attend, Gary

graciously hosts the majority of them in the evening hours and on Saturdays.

Martha Torres-Recinos is the Education Specialist and Rulemaking Administrator. She conducts a Uniform Standards of Professional Appraisal Practice coursework audit before appraisers can renew their licenses. Martha developed work-arounds ensuring a timely audit when several appraisers struggled transitioning to the new elicensing system. By enhancing the audit's effectiveness, she was nominated for State employee recognition.



Paul Martinez is an investigator in the Mortgage and Real Estate programs. During his impressive nine-year tenure, Paul has advanced from a temporary administrative employee to his current status as an investigator. Paul is routinely recognized by consumers and team members for his work and commitment to customer service.

Shirley Martinez has been a Licensing Specialist for nine years. She processes pre-licensing fingerprinting applications, handles criminal background applications, and answers phone inquiries in the Call Center. Shirley continually handles more phone calls than her peers while maintaining the fingerprinting data in a manner that ensures efficient processing.



The Division is boldly inquisitive and receptive to new ideas by maintaining transparency to establish a reputation of fairness that consumers can trust.

Access to the Cloud

The division now uses Google cloud to disseminate the board and commission agenda packets. Utilizing the secure cloud ensures commissioners and board members are always able to access the agenda packet in real time; programmatic costs are reduced; and the State’s natural resources are conserved.

Collaboration

Working together produces the best results in creating and sustaining an effective, efficient and elegant regulatory framework. The division collaboratively worked to streamline processes, reduce “red tape” and create and maintain fair and balanced professional standards. The following task forces were implemented to address specific regulatory issues:

- Board of Real Estate Appraiser Rule Review Task Force
- Colorado Inter-Industry TILA-RESPA Integrated Disclosures Task Force
- Conservation Easement Appraisal Review Task Force
- Conservation Easement Holder Certification Task Force
- Future of Appraisal Profession Task Force
- Real Estate Education Task Force
- Reducing Regulatory Burdens Task Force

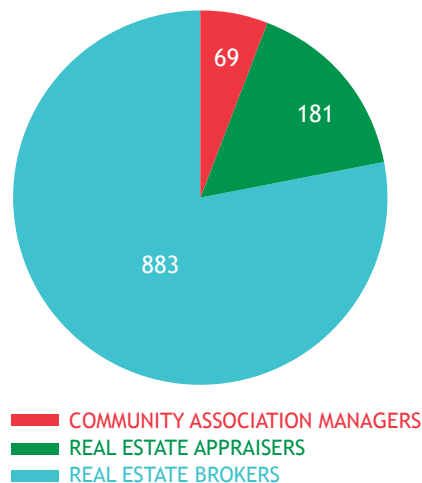
Public Reports

To promote transparency and accountability, the HOA Information and Resource Center and the Conservation Easement Program publish annual public reports. The data is compiled and analyzed throughout the calendar year and is the official numbers published for those programs. The public reports can be found on the division’s website.

Continuing Education Course Approvals

To maintain and improve the skill, knowledge and competency of real estate brokers, community association managers and real estate appraisers, **1,133 continuing education courses** were approved. The public reports can be found on the division’s website: dora.colorado.gov/dre.

CONTINUING EDUCATION COURSE APPROVALS



The Division values teamwork and diversity to different views and interests. Communication is clear and effective.

Teamwork

Early stakeholder engagement was the key to success in the implementation of the Community Association Manager Program. The division worked collaboratively with interested parties in developing the administrative rules for the program. **Over 800 public comments were solicited and considered** throughout the rule-making process. The meaningful input from industry and consumer groups resulted in open, simple and user-friendly regulation.

Call Center

The division handled **56,647** phone calls from the public and licensees.



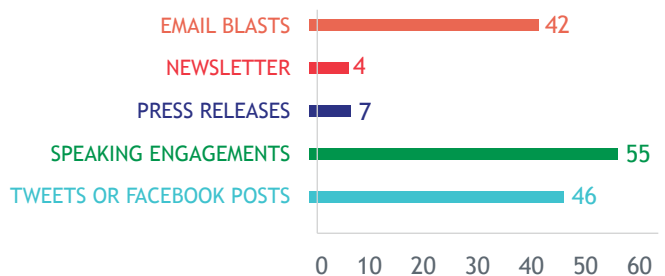
User-Friendly Website

In the summer of 2015, a new user-friendly website was launched that is easy to navigate and utilizes advanced technologies. The new site serviced **410,935** visitors in fiscal year 2015-2016.

Effective Communication

Licensed professionals, industry groups and consumers are continually bombarded by information, sometimes making it difficult to “hear” their regulating agency. As a result, the division’s communications are concise, impactful and delivered via various mediums. The division also values face-to-face communication.

COMMUNICATION MEDIUMS



Leveraging Partnerships

The legalization of marijuana has introduced new challenges for homeowners. For example, this year there was an increase in illegal residential-based grow operations. The division’s HOA Information and Resource Center partnered with the Drug Enforcement Agency (DEA) and the Colorado Springs Police Department to sponsor educational presentations for real estate industry stakeholders and consumers. These presentations sparked a larger multi-disciplinary outreach effort across Colorado. Due to the success of the presentations, the Council of Neighbors and Organizations, as well as the Colorado Association Realtors, have also sponsored them.

Accountability

The Division is mission and result driven, and committed to being responsible, dependable and demonstrating leadership.

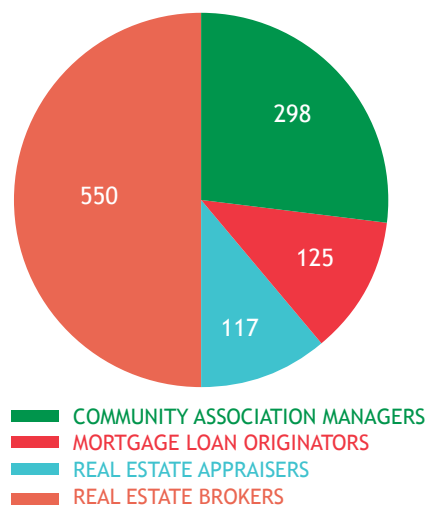
Online Applications

26,108 renewals and 19,764 applications were processed during fiscal year 2015-2016.

Investigations

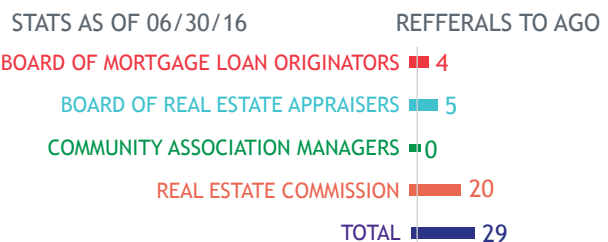
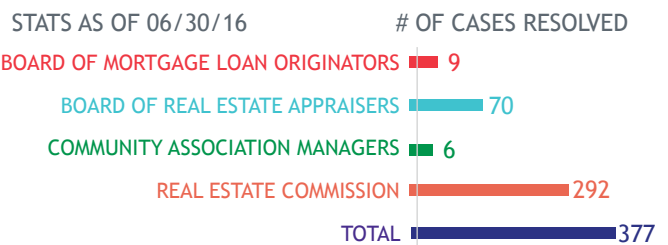
During fiscal year 2015-2016, the division completed a total of **1,090 investigations**. In addition, the division conducted **85 financial audits** of real estate brokerages.

NUMBER OF COMPLETED INVESTIGATIONS



Enforcement

The division's Expedited Settlement Program resolved **377 cases (92%)**. Of those cases, **324 (86%)** were resolved in less than 60 days. Through this program, the division saved **\$339,300 in legal services** by preempting litigation. Currently, Twenty-nine cases are pending resolution in the Colorado Attorney General's Office (AGO).



Conservation Easement Tax Credits

During fiscal year 2015-2016, **28 tax credit certificates** were issued in the total amount of **\$8,533,213**. Of these certificates, **27,892 acres** were protected for agriculture, wildlife habitat, and scenic enjoyment.

Budget

The Division of Real Estate Cash Fund

(Includes the real estate broker, appraiser and community association manager programs)

Beginning Fund Balance	(\$81,142)
Revenue	\$5,639,879
Expenditures	\$5,260,813
Ending Fund Balance	\$297,924

Mortgage Company and Loan Originator Licensing Cash Fund

Beginning Fund Balance	\$103,210
Revenue	\$1,017,041
Expenditures	\$983,262
Ending Fund Balance	\$136,989

HOA Information and Resource Center Cash Fund

Beginning Fund Balance	\$72,428
Revenue	\$177,336
Expenditures	\$238,601
Ending Fund Balance	\$13,952

Conservation Easement Holder Certification Cash Fund

Beginning Fund Balance	\$4,389
Revenue	\$154,880
Expenditures	\$152,951
Ending Fund Balance	\$6,318

Conservation Easement Tax Credit Certificate Review Cash Fund

Beginning Fund Balance	\$41,589
Revenue	\$243,896
Expenditures	\$275,137
Ending Fund Balance	\$10,715

TOTAL REVENUE	\$7,233,032
TOTAL EXPENDITURES	\$6,911,913
TOTAL FTEs	48.6



COLORADO

Department of
Regulatory Agencies

The Division of Real Estate is the licensing, regulation and enforcement agency for the real estate broker, appraiser, community association manager, and mortgage loan originator industries in Colorado.

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