

# Chapter 10: Appraiser Regulation

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

## I. The Board Office

The Board meets each month and consists of seven members who are appointed by the Governor. The overall objective of the Board is to protect the public. In order to do so, the legislature has granted the Board rule-making authority for matters related to the profession of real estate appraisers. Rules are made after notice and public hearing in which all interested parties may participate.

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

## II. Appraiser Licensing and Certification

The 1990 Legislature passed laws governing the practice of real estate appraisal in Colorado in response to the federal “Financial Institutions Reform, Recovery and Enforcement Act of 1989” (FIRREA). This enabling legislation was amended in 1992, 1994, 1996, 1997, 2000 and 2002. The full text of the statutes, C.R.S. 12-61-701 through 12-61-718 may be found at the end of this discussion.

The law created a seven-member Board of Real Estate Appraisers, within the Division of Real Estate, but separate from the Real Estate Commission. Composed of three appraisers, a county assessor, a banker with mortgage lending experience, and two public members, the Board has an administrator, and statutory authority for rule making and appraiser discipline. The Board’s rule making implements Colorado law in a manner consistent with federal regulations.

Colorado law defines an **appraisal** as a “written analysis, opinion or conclusion as to the nature, quality, value or utility of interests in or aspects of real estate.” Any person who performs real estate appraisals for federally related loans in Colorado must be registered, licensed or certified by the Board. Exceptions include licensed real estate brokers who make an estimate of value under Real Estate Commission Rule E-42. Other exceptions are provided for corporations valuing property they own, may purchase or may sell and for appraisers of personal property (chattels), water rights, or mineral rights. State, county and city right-of-way agents are exempt when they value properties worth five thousand dollars or less. Staff appraisers employed in county tax assessment offices must be licensed.

Colorado appraisal licensing and certification law, rules and practices must be reviewed and approved by the Federal Appraisal Subcommittee made up of representatives of the

Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the Comptroller of the Currency, the Federal Reserve System, the National Credit Union Administration and the Department of Housing and Urban Development. Also involved is the Appraisal Foundation, a private group of appraisal and financial organizations charged with developing the qualifications for appraisers and standards for appraisals.

Federal financial regulatory agencies (FDIC, etc.) have developed rules as to what classification of appraiser may be used for valuation of properties in “federally related transactions.” These rules vary slightly between agencies.

In general, the standards for the actual appraisal report are those of the Uniform Standards of Professional Appraisal Practice developed by The Appraisal Foundation.

The current Colorado appraiser law and Board rules establish four levels of licensure as follows (Please note that these requirements will change effective 1-1-08):

**Registered Appraiser (trainee level, works under supervision):** At least 75 hours of appraisal education including 15 hours of Uniforms Standards of Professional Appraisal Practice (USPAP) and pass the Registered Appraiser examination. The usual scope of practice for a Registered Appraiser is those properties the supervising appraiser is competent to appraise.

**Licensed Appraiser:** At least 90 hours of appraisal education including 15 hours of USPAP; 2000 hours of appraisal experience over not less than 12 months, and pass the Licensed Appraiser examination. The usual scope of practice for a Licensed Appraiser is non-complex 1-4 unit residential properties for which the appraiser is competent.

**Certified Residential Appraiser:** At least 120 hours appraisal education, including 15 hours of USPAP, 2500 hours of appraisal experience over not less than 24 months, and pass the Certified Residential Appraiser examination. The usual scope of practice for a Certified Residential Appraiser is 1-4 unit residential properties for which the appraiser is competent.

**Certified General Appraiser:** At least 180 hours of appraisal education including 15 hours of USPAP, 3000 hours of appraisal experience (including 1500 hours non-residential) over not less than 30 months, and pass the Certified General Appraiser examination. The scope of practice for a Certified General Appraiser is any property type for which the appraiser is competent.

Under its rule making authority, the Board of Real Estate Appraisers may specify subjects to be covered. Further, the Board rules define what constitutes acceptable quantity and quality of experience for each level of licensure. The adopted rules bring Colorado law into conformance with the requirements of FIRREA and the federal agencies that regulate lending institutions.

Real estate appraisal education may be obtained from a variety of sources, including nationally recognized appraisal organizations, community colleges, colleges, universities, and proprietary schools. It is the responsibility of the licensing applicant to be sure they have completed appraisal education that covers all of the required topics in the Board Rules, and at an appropriate level. Before taking a course, students should confer with the course provider to have a clear understanding of the topics and level of instruction.

### **A. Real Estate Appraiser Licensing Requirements (Major changes effective 1-1-2008)**

Major changes in real estate appraisal education and training requirements will go into effect on January 1, 2008. Please refer to the charts at the end of this section for a summary of the new requirements; see the Board Rules for details. The changes that go into effect in 2008 are most significant for the upper levels of licensure. Appraisal education requirements increase substantially. The two certified levels require a college degree, or in lieu of a degree, completion of specific college-level courses. 2008 licensing examinations are being revised to place greatest emphasis on application of appraisal knowledge and experience to solve everyday appraisal problems for that level of licensure. Trainee level licensees must obtain their appraisal experience under the active, diligent and personal supervision of a certified level appraiser.

Note the following important points:

- Higher appraisal education requirements for licensed and certified levels
- College education requirements at the two certified appraiser levels
- Appraisal experience must be gained under a certified appraiser

In 2008 the appraisal education requirements will become much more specific. Students must review the Board Rules and the 2008 *Real Property Appraiser Qualification Criteria* published by The Appraisal Foundation. Students must obtain and maintain their own copy of the *Student Appraiser Guide* from Foundation website at: [www.appraisalfoundation.org](http://www.appraisalfoundation.org).

**Summary of Colorado Real Estate Appraiser Licensing Requirements**

**Applications Received Through December 31, 2007**

<b>License Level</b>	<b>Appraisal Education</b>	<b>Appraisal Experience</b>	<b>Exam Level</b>	<b>Continuing Education</b>
<b>Registered Appraiser</b> (trainee-AR prefix)	≥75 hrs covering required topics	None <sup>^</sup>	A, per C.R.S.	42 hrs/3 yrs USPAP Update every 2 years
<b>Licensed Appraiser</b> (AL prefix)	≥90 hrs covering required topics	≥2000 hrs, across ≥12 months, per C.R.S.	A	42 hrs/3 yrs USPAP Update every 2 years
<b>Certified Residential Appraiser</b> (CR prefix)	≥120 hrs covering required topics	≥2500 hrs, across ≥24 months	B	42 hrs/3 yrs USPAP Update every 2 years
<b>Certified General Appraiser</b> (CG prefix)	≥180 hours covering required topics	≥3000 hrs, across ≥30 months, ≥1500 hrs must be non-residential	C	42 hrs/3 yrs USPAP Update every 2 years

<sup>^</sup> 1/1/2005 – 12/31/2007 Reg. Appr. must earn experience under Licensed Appraiser with at least 2 years time in grade, or Cert. Residential or Cert. General Appraiser.

For applications and information please access the Board's website information at:  
<http://www.dora.state.co.us/real-estate>

**Summary of Colorado Real Estate Appraiser Licensing Requirements**

**Applications Received On/After January 1, 2008**

License Level	College Education	Appraisal Education	Appraisal Experience	Exam Level	Continuing Education	Supervision Required or Exercised
<b>Registered Appraiser</b> (trainee-AR prefix)	None	≥75 hrs covering required modules	None	A, per C.R.S.	42 hrs/3 yrs USPAP Update every 2 years	Must be supervised by CR or CG licensee*
<b>Licensed Appraiser</b> (AL prefix)	None	≥150 hrs covering required modules	≥ 2000 hrs across ≥12 months*	A	42 hrs/3 yrs USPAP Update every 2 years	May not supervise trainee licensees*
<b>Certified Residential Appraiser</b> (CR prefix)	College courses**, or associates degree	≥200 hrs covering required modules	≥2500 hrs, across ≥ 24 months*	B	42 hrs/3 yrs USPAP Update every 2 years	May supervise up to 3 trainee licensees*
<b>Certified General Appraiser</b> (CG prefix)	College courses***, or bachelors degree	≥300 hrs covering required modules	≥3000 hrs, across ≥30 months, ≥1500 hrs must be non-resdntl*	C	42 hrs/3 yrs USPAP Update every 2 years	May supervise up to 3 trainee licensees*

\* Experience on/after 1/1/2008 must be gained under active, diligent, and personal supervision of a Certified Residential or General Appraiser.

\*\* >21 semester credits including English composition, economic principles, finance, mathematics, statistics, computing, business/real estate law.

\*\*\* >30 semester credits including English comp, macro & micro econ, finance, math, statistics, computing, business/real estate law, two related electives.

**Comments on 2008 changes:**

- Existing licensees will be “grandfathered”- will not need to requalify for their current license.
- At the Registered Appraiser [trainee] level no change from current requirements, must gain experience under certified appraiser.
- At Licensed Appraiser level change is from 90 hours of appraisal education to 150 hours, gain experience under certified appraiser.
- At the Certified Residential level college courses or assoc. degree added, appraisal education increased from 120 hrs to 200 hrs.
- At the Certified General level college courses or bachelors degree added, appraisal education increases from 180 hrs to 300 hrs.

For applications and information please access the Board’s website information at:  
<http://www.dora.state.co.us/real-estate>

Rev. 02-16-2006

## **Title 12, Article 61, Part 7, Colorado Revised Statutes – Real Estate Appraisers**

### ***Colorado Revised Statutes § 12-61-701. Legislative declaration.***

The general assembly finds, determines, and declares that this part 7 is enacted pursuant to the requirements of the federal “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”. The general assembly further finds, determines, and declares that this part 7 is intended to implement the minimum requirements of federal law in the least burdensome manner to real estate appraisers.

### ***12-61-702. Definitions.***

As used in this part 7, unless the context otherwise requires:

- (1) “Appraisal”, or “real estate appraisal” means an analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate. Such terms include a valuation, which is an opinion of the value of real estate, and an analysis, which is a general study of real estate not specifically performed only to determine value; except that such terms include any valuation completed by any appraiser employee of a county assessor as defined in section 39-1-102 (2), C.R.S. Such terms do not include an analysis, valuation, opinion, conclusion, notation, or compilation of data by an officer, director, or regular salaried employee of a financial institution or its affiliate, made for internal use only by the said financial institution or affiliate, concerning an interest in real estate that is owned or held as collateral by the said financial institution or affiliate which is not represented or deemed to be an appraisal except to the said financial institution, the agencies regulating the said financial institution, and any secondary markets that purchase real estate secured loans. Any such appraisal prepared by an officer, director, or regular salaried employee of said financial institution who is not registered, licensed, or certified under this part 7 shall contain a written notice that the preparer is not registered, licensed, or certified as an appraiser under this part 7.
- (2) “Board” means the board of real estate appraisers created in section 12-61-703.
- (2.5) “Consulting services” means services performed by an appraiser that do not fall within the definition of an “independent appraisal” in subsection 4.5 of this section. “Consulting services” includes, but is not limited to, marketing, financing and feasibility studies, valuations, analyses, and opinions and conclusions given in connection with real estate brokerage, mortgage banking, and counseling and advocacy in regard to property tax assessments and appeals thereof; except that, if in rendering such services, the appraiser acts as a disinterested third party, the work shall be deemed an independent appraisal and not a consulting service. Nothing in this subsection (2.5) shall be construed to preclude a person from acting as an expert witness in valuation appeals.
- (3) “Division” means the division of real estate.
- (4) “Director” means the director of the division of real estate.
- (4.3) “Financial Institution” means any “bank” or “savings association” as such terms are defined in 12 U.S.C. Sec. 1813, Any state or industrial bank incorporated under Title XI, C.R.S., any state or federally chartered credit union, or any company which has direct or indirect control over any of such entities.
- (4.5) “Independent appraisal” means an engagement for which an appraiser is employed or retained to act as a disinterested third party in rendering an unbiased analysis, opinion, or conclusion relating to the nature, quality, value or utility of specified interests in or aspects of identified real estate.

- (5) (a) “Real estate appraiser” or “appraiser” means any person who provides for a fee or a salary an estimate of the nature, quality, value, or utility of an interest in, or aspect of, identified real estate and includes one who estimates value and who possesses the necessary qualifications, ability, and experience to execute or direct the appraisal of real property.
- (b) “Real estate appraiser” does not include:
- (I) Any person who conducts appraisals strictly of personal property;
  - (II) Any person licensed as a broker or salesperson pursuant to part 1 of this article who provides an opinion of value that is not represented as an appraisal and is not used for purposes of obtaining financing.
  - (III) Any person licensed as a certified public accountant pursuant to article 2 of title 12, C.R.S., and otherwise regulated, provided such opinions of value for real estate are not represented as an appraisal;
  - (IV) Any corporation, which is acting through its officers or regular salaried employees, when conducting a valuation of real estate property rights owned, to be purchased, or sold by the corporation;
  - (V) Any person who conducts appraisals strictly of water rights or of mineral rights;
  - (VI) Any right-of-way acquisition agent employed by a public entity who provides an opinion of value that is not represented as an appraisal when the property being valued is five thousand dollars or less;
  - (VII) Any officer, director, or regular salaried employee of a financial institution or its affiliate who makes, for internal use only by the said financial institution or affiliate, an analysis, evaluation, opinion, conclusion, notation, or compilation of data with respect to an appraisal so long as such person does not make a written adjustment of the appraisal’s conclusion as to the value of the subject real property;
  - (VIII) Any officer, director, or regular salaried employee of a financial institution or its affiliate who makes such an internal analysis, valuation, opinion, conclusion, notation, or compilation of data concerning an interest in real estate that is owned or held as collateral by the financial institution or its affiliate.
- (6) Repealed.

***12-61-703. Board of real estate appraisers – creation – compensation – immunity – subject to termination.***

- (1) There is hereby created in the division a board of real estate appraisers consisting of seven members appointed by the governor with the consent of the senate. Of such members, three shall be licensed or certified appraisers, one of whom shall have expertise in eminent domain matters, one shall be a county assessor in office, one shall be an officer or employee of a commercial bank experienced in real estate lending, and two shall be members of the public at large not engaged in any of the businesses represented by the other members of the board. Of the members of the board appointed for terms beginning July 1, 1990, the commercial bank member, the county assessor member, and two of the appraiser members shall be appointed for terms of three years, and the public member and the remaining appraiser members shall be appointed for terms of one year. Members of the board appointed after July 1, 1990, shall hold office for a term of three years. The additional public member of the board of real estate appraisers authorized by this subsection (1) shall not be appointed before the earliest date on which one of the four appraiser members’ terms expires after July 1, 1996. In the event of a vacancy by death, resignation, removal, or otherwise, the governor shall appoint a member to fill out the unexpired term. The governor shall have the authority to remove any member for misconduct, neglect of duty, or incompetence.

- (2) The board shall exercise its powers and perform its duties and functions under the division as if transferred thereto by a type 1 transfer as such transfer is defined in the “Administrative Organization Act of 1968”, article 1 of title 24, C.R.S.
- (2.5) (a) The general assembly finds, determines, and declares that the organization of the board under the division as a type 1 agency will provide the autonomy necessary to avoid potential conflicts of interest between the responsibility of the board in the regulation of real estate appraisers and the responsibility of the division in the regulation of real estate brokers and salesmen. The general assembly further finds, determines, and declares that the placement of the board as a type 1 agency under the division is consistent with the organizational structure of state government.
  - (b) (I) Repealed
  - (II) Repealed
  - (III) Repealed
- (c) Repealed
- (3) Each member of the board shall receive the same compensation and reimbursement of expenses as those provided for members of board and commissions in the division of registrations pursuant to section 24-34-102 (13), C.R.S. Payment for all such per diem compensation and expenses shall be made out of annual appropriations from the division of real estate cash fund provided for in section 12-61-705.
- (4) Members of the board, consultants, and expert witnesses shall be immune from suit in any civil action based upon any disciplinary proceedings or other official acts they performed in good faith pursuant to this part 7.
- (5) A majority of the board shall constitute a quorum for the transaction of all business, and actions of the board shall require a vote of a majority of such members present in favor of the action taken.
- (6) This part 7 is repealed, effective July 1, 2013. Prior to such repeal, the board of real estate appraisers shall be reviewed as provided in section 24-34-104, C.R.S.

***12-61-704. Powers and duties of the board.***

- (1) In addition to all other powers and duties imposed upon it by law, the board has the following powers and duties:
  - (a) To promulgate and amend, as necessary, rules and regulations pursuant to article 4 of title 24, C.R.S., for the implementation and administration of this part 7 and as required to comply with the federal “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”; and with any requirements imposed by amendments to such federal law. The board shall not establish any requirements that are more stringent than the requirements of any applicable federal law.
  - (b) To charge application, examination, and registration license and certificate renewal fees established pursuant to section 12-61-111.5 from all applicants for registration, licensure, certification, examination, and renewal under this part 7. No fees received from applicants seeking registration, licensure, certification, examination, or renewal shall be refunded.
  - (c) (I) To keep all records of proceedings and activities of the board conducted under authority of this part 7, which records shall be open to public inspection at such time and in such manner as may be prescribed by rules and regulations formulated by the board.



- (II) The board shall not be required to maintain or preserve licensing history records of any person licensed or certified under the provisions of this part 7 for any period of time longer than seven years.
- (d) Through the department of regulatory agencies and subject to appropriations made to the department of regulatory agencies, to employ administrative law judges on a full-time or part-time basis to conduct any hearings required by this part 7. Such administrative law judges shall be appointed pursuant to part 10 of article 30 or title 24, C.R.S.
- (e) To issue, deny, or refuse to renew a registration, license or certificate pursuant to this part 7;
- (f) To take disciplinary actions in conformity with this part 7;
- (g) To delegate to the director the administration and enforcement of this part 7 and the authority to act on behalf of the board on such occasions and in such circumstances as the board directs;
- (h) (I) To develop, purchase or contract for any examination required for the administration of this part 7, to offer each such examination at least twice a year or, if demand warrants, at more frequent intervals, and to establish a passing score for each examination that reflects a minimum level of competency;  
(II) If study materials are developed by a testing company or other entity, the board shall make such materials available to persons desiring to take examinations pursuant to this part 7. The board may charge fees for such materials to defray any costs associated with making such materials available.
- (i) In compliance with the provisions of Article 4 of Title 24, C.R.S., to make investigations, subpoena persons and documents, which subpoenas may be enforced by a court of competent jurisdiction if not obeyed, hold hearings, and take evidence in all matters relating to the exercise of the board's power under this part 7.
- (j) Pursuant to Section 1119 (b) of Title XI of the federal "Financial Reform, Recovery, and Enforcement Act of 1989", to apply, if necessary, for a federal waiver of the requirement relating to certification or licensing of a person to perform appraisals and to make the necessary written determinations specified in said section for purposes of making such application.

***12-61-705. Fees, penalties and fines collected under part 7.***

All fees, penalties, and fines collected pursuant to this part 7, not including fees retained by contractors pursuant to contracts entered into in accordance with section 12-61-103, 12-61-706, or 24-34-101, shall be transmitted to the state treasurer, who shall credit the same to the division of real estate cash fund, created in Section 12-61-111.5.

***12-61-706. Qualifications for appraiser's license and certification – continuing education.***

- (1) (a) The board shall, by rule, prescribe requirements for the initial registration, licensing, or certification of persons under this part 7 to meet the requirements of the federal "Real Estate Appraisal Reform Amendments", Title XI of the federal "Financial Institutions Reform, Recovery, and Enforcement Act of 1989" and shall develop, purchase or contract for examinations to be passed by applicants. The board shall not establish any requirements for initial registration, licensing, or certification that are more stringent than the requirements of any applicable federal law; except that all applicants shall pass an examination offered by the board. If there is no applicable federal law, the board shall consider and may use as guidelines the most recent available criteria published by the appraiser qualifications board of the Appraisal Foundation or its successor organization.

- (b) The four levels of appraiser licensure, pursuant to paragraph (a) of this subsection (1), shall be defined as follows:
  - (I) “Certified General Appraiser” means an appraiser meeting the requirements set by the board for general certification;
  - (II) “Certified Residential Appraiser” means an appraiser meeting the requirements set by the board for residential certification;
  - (III) “Licensed Appraiser” means an appraiser meeting the requirements set by the board for a license;
  - (IV) “Registered Appraiser” means an appraiser meeting the requirements set by the board for registration.
- (2) The board shall, by rule, prescribe continuing education requirements for persons registered, licensed, or certified under this part 7 as needed to meet the requirements of the federal “Real Estate Appraisal Reform Amendments”, Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”. The board shall not establish any continuing education requirements that are more stringent than the requirements of any applicable law; except that all persons registered, licensed, or certified under this part 7 shall be subject to continuing education requirements. If there is no applicable federal law, the board shall consider and may use as guidelines the most recent available criteria published by the appraiser qualifications board, of the Appraisal Foundation or its successor organization. The Board shall not grant continuing education credits for attendance at the Board’s meetings.
- (3) Any provision of this section to the contrary notwithstanding, the criteria established by the board for the registration, licensing, or certification of appraisers pursuant to this part 7 shall not include membership or lack of membership in any appraisal organization.
- (4) Repealed (effective 7-1-96)
- (5)
  - (a) Subject to section 12-61-714 (2), all appraiser employees of county assessors shall be registered, licensed, or certified as provided in subsections (1) and (2), of this section. Obtaining and maintaining a registration, license or certificate under any one of said subsections (1) and (2), shall entitle an appraiser employee of a county assessor to perform all real estate appraisals required to fulfill such person’s official duties.
  - (b) Appraiser employees of county assessors shall be subject to all provisions of this part 7; except that appraiser employees of county assessors who are employed to appraise real property shall not be subject to disciplinary actions by the board on the ground that they have performed appraisals beyond their level of competency when appraising real estate in fulfillment of their official duties. County assessors, if registered, licensed or certified as provided in subsections (1) and (2) of this section shall not be subject to disciplinary actions by the board on the ground that they have performed appraisals beyond their level of competency when appraising real estate in fulfillment of their official duties.
  - (c) All reasonable costs incurred by an appraiser employee of a county assessor to obtain and maintain a registration, license, or certificate pursuant to this section shall be paid by the county.
- (6) Repealed
- (7) Repealed
- (8) Repealed
- (9) The board shall not issue an appraiser’s license as referenced in subparagraph (III) of paragraph (b) of subsection (1) of this section unless the applicant has at least twelve months appraisal experience.

**12-61-707. Expiration of licenses – renewal.**

- (1) (a) All registrations, licenses or certificates shall expire pursuant to a schedule established by the director and shall be renewed or reinstated pursuant to this section. Upon compliance with this section and any applicable rules of the board regarding renewal, including the payment of a renewal fee plus a reinstatement fee established pursuant to paragraph (b) of this subsection (1) the expired registration, license or certificate shall be reinstated. No real estate appraiser's registration, license or certificate that has not been renewed for a period greater than two years shall be reinstated, and such person shall be required to make new application for registration, license or certification.
- (b) A person who fails to renew his or her registration, license, or certificate prior to the applicable renewal date may have it reinstated if the person does any one of the following:
  - (I) Makes proper application, within thirty-one days after the date of expiration, by payment of the regular three-year renewal fee;
  - (II) If proper application is made after thirty one days after the date of expiration, but within one year, after the date of expiration, by payment of the regular three year renewal fee and payment of a reinstatement fee equal to one-third of the regular three year renewal fee; or
  - (III) If proper application is made more than one year, but within two years, after the date of expiration, by payment of the regular three year renewal fee and payment of a reinstatement fee equal to two-thirds of the regular three year renewal fee.
- (2) In the event the federal registry fee to be collected by the board and transmitted to the federal financial institutions examination council is adjusted during the period prior to expiration of a registration, license or certificate, the board shall collect the amount of the increase in such fee from the holder of the registration, license or certificate and shall forward such amount to the said council on an annual basis.
- (3) (a) If the applicant has complied with this section and any applicable rules and regulations of the board regarding renewal, except for the continuing education requirements pursuant to section 12-61-706, the licensee may renew the license on inactive status. An inactive license may be activated if the licensee submits written certification of compliance with section 12-61-706 for the previous licensing period. The board may adopt rules establishing procedures to facilitate such a reactivation.
- (b) The holder of an inactive license shall not perform a real estate appraisal in conjunction with a debt instrument that is federally guaranteed, in the federal secondary market, or regulated pursuant to Title 12, U.S.C.
- (c) The holder of an inactive license shall not hold himself or herself out as having an active license pursuant to this Part 7.

**12-61-708. Licensure or certification by endorsement.**

- (1) (a) The board may issue a license or certification to an appraiser by endorsement to engage in the occupation of real estate appraisal to any applicant who has a license, registration, or certification in good standing as a real estate appraiser under the laws of another jurisdiction if the applicant presents proof satisfactory to the board that, at the time of application for a Colorado registration, license or certificate by endorsement, the applicant possesses credentials and qualifications which are substantially equivalent to the requirements of this part 7; or
- (b) The jurisdiction that issued the applicant a license or certificate to engage in the occupation of real estate appraisal has a law similar to this subsection (1) pursuant to which it licenses or certifies persons who are licensed real estate appraisers in this state.

- (1.2) The board may specify by rules and regulation what shall constitute substantially equivalent credentials and qualifications and the manner in which credentials and qualifications of an applicant will be reviewed by the board.
- (2) Pursuant to Section 1122 (a) of Title XI of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, the board shall recognize, on a temporary basis, the license or certification of an appraiser issued by another state if:
  - (a) Repealed (effective 7-1-96)
  - (b) The appraiser’s business is of a temporary nature; and
  - (c) The appraiser applies for and is granted a temporary practice permit by the board.

***12-61-709. Denial of license or certificate – renewal.***

- (1) The board is empowered to determine whether an applicant for registration, licensure or certification possesses the necessary qualifications to perform appraisals. The board may consider such qualities as the applicant’s truthfulness, honesty and whether the applicant has been convicted of a crime involving moral turpitude.
- (2) If the board determines that an applicant does not possess the applicable qualifications required by this part 7, or such applicant has violated any provision of this part 7 or the rules and regulations promulgated by the board or any board order, the board may deny the applicant a registration, license or certificate pursuant to section 12-61-707; and, in such instance, the board shall provide such applicant with a statement in writing setting forth the basis of the board’s determination that the applicant does not possess the qualifications or professional competence required by this part 7. Such applicant may request a hearing on such determination as provided in section 24-4-104 (9), C.R.S.

***12-61-710. Prohibited activities – grounds for disciplinary actions – procedures.***

- (1) A real estate appraiser is in violation of this part 7 if the appraiser:
  - (a) Has been convicted of a felony or has had accepted by a court a plea of guilty or nolo contendere to a felony if the felony is related to the ability to act as a real property appraiser. A certified copy of the judgment of court of competent jurisdiction of such conviction or plea shall be conclusive evidence of such conviction or plea. In considering the disciplinary action, the board shall be governed by the provisions of section 24-5-101, C.R.S.
  - (b) Has violated, or attempted to violate, directly or indirectly, or assisted in or abetted the violation of, or conspired to violate any provision or term of this part 7 or rule or regulation promulgated pursuant to this part 7 or any order of the board established pursuant to this part 7;
  - (c) Has accepted any fees, compensation, or other valuable consideration to influence the outcome of an appraisal;
  - (d) Has used advertising which is misleading, deceptive, or false;
  - (e) Has used fraud or misrepresentation in obtaining a license or certificate under this part 7;
  - (f) Has conducted an appraisal in a fraudulent manner or used misrepresentation in any such activity;
  - (g) Has acted or failed to act in a manner which does not meet the generally accepted standards of professional appraisal practice as adopted by the board by rule and regulation. A certified copy of a malpractice judgment of a court of competent jurisdiction shall be conclusive evidence of such act or omission, but evidence of such act or omission shall not be limited to a malpractice judgment;
  - (h) Has performed appraisal services beyond his level of competency;

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- (i) Has been subject to an adverse or disciplinary action in another state, territory, or country relating to a license, certification, registration, or other authorization to practice as an appraiser. A disciplinary action relating to a registration, license or certificate as an appraiser registered, licensed or certified under this part 7 or any related occupation in any other state, territory, or country for disciplinary reasons shall be deemed to be prima facie evidence of grounds for disciplinary action or denial of registration, licensure or certification by the board. This paragraph (i) shall apply only to violations based upon acts or omissions in such other state, territory, or country that are also violations of this part 7.
- (2) If an applicant, a registrant, a licensee, or a certified person has violated any of the provisions of this section, the board may deny or refuse to renew any registration, license or certificate, or, as specified in subsections (2.5) and (5) of this section, revoke or suspend any registration, license or certificate, issue a letter of admonition to an applicant, a registrant, a licensee or a certified person, place a registrant, licensee or certified person on probation, or impose public censure.
- (2.5) When a complaint or an investigation discloses an instance of misconduct by a registered, licensed, or certified appraiser that in the opinion of the board does not warrant formal action by the board but should not be dismissed as being without merit, the board may send a letter of admonition by certified mail to the appraiser against whom a complaint was made. The letter shall advise the appraiser of the right to make a written request, within twenty days after receipt of the letter of admonition, to the board to begin formal disciplinary proceedings as provided in this section to adjudicate the conduct or acts on which the letter was based.
- (3) A proceeding for discipline of a registrant, licensee or certified person may be commenced when the board has reasonable grounds to believe that a registrant, licensee or a certified person has committed any act or failed to act pursuant to the grounds established in subsection (1) of this section or when a request for a hearing is timely made under subsection (2.5) of this section.
- (4) Disciplinary proceedings shall be conducted in the manner prescribed by the “State Administrative Procedure Act”, article 4 or title 24, C.R.S.
- (5) As authorized in subsection (2) of this section, disciplinary actions by the board may consist of the following:
  - (a) Revocation of a registration, license or certificate.
    - (I) Revocation of a registration, license or certificate by the board shall mean that the registered, licensed or certified person shall surrender his or her registration, license or certificate immediately to the board.
    - (II) Any person whose registration, license or certificate to practice is revoked is rendered ineligible to apply for any registration, license or certificate issued under this part 7 until more than two years have elapsed from the date of surrender of the registration, license or certificate. Any re-application after such two-year period shall be treated as a new application.
  - (b) Suspension of a license. Suspension of a registration, license or certificate by the board shall be for a period to be determined by the board.
  - (c) Probationary status. Probationary status may be imposed by the board. If the board places a registrant, licensee or certified person on probation, it may include such conditions for continued practice as the board deems appropriate to assure that the registrant, licensee or certified person is otherwise qualified to practice in accordance with generally accepted professional standards of professional appraisal practice as adopted by rule and regulation of the board, including any or all of the following:
    - (I) The taking by him of such courses of training or education as may be needed to correct deficiencies found in the hearing;

- (II) Such review or supervision of his practice as may be necessary to determine the quality of his practice and to correct deficiencies therein; and
  - (III) The imposition of restrictions upon the nature of his appraisal practice to assure that he does not practice beyond the limits of his capabilities.
- (d) Repealed
  - (e) Public censure. If after notice and hearing the director or the director's designee determines that the licensee has committed any of the acts specified in this section, the board may impose public censure.
- (6) In addition to any other discipline imposed pursuant to this section, any person who violated the provisions of this part 7 or the rules and regulations of the board promulgated pursuant to this article may be penalized by the board upon a finding of a violation pursuant to article 4 or title 24, C.R.S., as follows:
    - (a) In the first administrative proceeding against any person, a fine of not less than three hundred dollars but not more than five hundred dollars per violation;
    - (b) In any subsequent administrative proceeding against any person for transactions occurring after a final agency action determining that a violation of this part 7 has occurred, a fine of not less than one thousand dollars but not more than two thousand dollars.
  - (7) Complaints of record in the office of the board and the results of staff investigations shall be closed to public inspection, during the investigatory period and until dismissed or until notice of hearing and charges are served on a licensee, except as provided by court order. Complaints of record that are dismissed by the Board and the results of investigation of such complaints shall be closed to public inspection, except as provided by court order. The Board's records shall be subject to sections 24-72-203 and 24-72-204, C.R.S., regarding public records and confidentiality.
  - (8) Any person participating in good faith in the making of complaint or report or participation in any investigative or administrative proceeding before the board pursuant to this article shall be immune from any liability, civil or criminal, that otherwise might result by reason of such action.
  - (9) Any board member having an immediate personal, private, or financial interest in any matter pending before the board shall disclose that fact to the board and shall not vote upon such matter.
  - (10) Any registrant, licensee or certified person having direct knowledge that any person has violated any of the provisions of this part 7 shall report such knowledge to the board.
  - (11) The board, on its own motion or upon application, at any time after the imposition of any discipline as provided in this section may reconsider its prior action and reinstate or restore such registration, license or certificate or terminate probation or reduce the severity of its prior disciplinary action. The taking of any such further action or the holding of a hearing with respect thereto shall rest in the sole discretion of the board.

***12-61-711. Judicial review of final board actions and orders.***

Final actions and orders of the board under sections 12-61-709 and 12-61-710 appropriate for judicial review shall be judicially reviewed in the court of appeals, in accordance with section 24-4-106 (11), C.R.S.

***12-61-712. Unlawful acts – real estate appraiser license required.***

- (1) It is unlawful for any person to:
  - (a) Violate any provision of this part 7, or, on and after July 1, 1997, to perform a real estate appraisal in conjunction with a debt instrument that is federally guaranteed or in the

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federal secondary market or regulated pursuant to title 12, U.S.C., without first having obtained a registration, license or certificate from the board pursuant to this part 7.

- (b) Accept a fee for an independent appraisal that is contingent upon:
    - (I) The reporting of a predetermined analysis, opinion, or conclusion; or
    - (II) The analysis, opinion, or conclusion reached; or
    - (III) The consequences resulting from the analysis, opinion, or conclusion
  - (c) Misrepresent a consulting service as an independent appraisal;
  - (d) Fail to disclose, in connection with a consulting service for which a contingent fee is or will be paid, the fact that a contingent fee is or will be paid.
- (2) Any person who violates any provision of subsection (1) of this section commits a class 3 misdemeanor and shall be punished as provided in Section 18-1-106, C.R.S. Any person who subsequently violates any provision of subsection (1) of this section within three years after the date of a conviction for a violation of subsection (1) of this section commits a class 1 misdemeanor and shall be punished as provided in Section 18-1-106, C.R.S.
- (3) A person who represents property owners in tax or valuation protests and appeals pursuant to Title 39, C.R.S., shall be exempt from the licensing requirements of this part 7.

### ***12-61-713. Injunctive proceedings.***

- (1) The board may, in the name of the people of the state of Colorado, through the attorney general of the state of Colorado, apply for an injunction in any court of competent jurisdiction to perpetually enjoin any person from committing any act prohibited by the provisions of this part 7.
- (2) Such injunctive proceedings shall be in addition to and not in lieu of all penalties and other remedies provided in this part 7.
- (3) When seeking an injunction under this section, the board shall not be required to allege or prove either that an adequate remedy at law does not exist or that substantial or irreparable damage would result from a continued violation.

### ***12-61-714. Requirement for appraisers to be licensed – special provisions for certain public employees.***

- (1) Except as provided in subsection (2) of this section, unless a federal waiver is applied for and granted pursuant to section 12-61-704 (1) (j), on and after July 1, 1991, any person acting as a real estate appraiser in this state shall be licensed as provided in this part 7, and, on and after said date, no person shall practice without such a registration, license or certificate or hold himself out to the public as a real estate appraiser unless registered, licensed or certified pursuant to this part 7.
- (2) Any appraiser employee of any county assessor who is employed to appraise real property shall be registered, licensed or certified as provided in the part 7, and shall have two years from the date of taking office or the beginning of employment to comply with the provisions of this part 7.

### ***12-61-715. Duties of board under federal law.***

- (1) The board shall:
  - (a) Transmit to the appraisal subcommittee of the federal financial institutions examinations council, no less than annually, a roster listing individuals who have received a registration, certificate or license as provided in this part 7;
  - (b) Collect from individuals who have received a certificate or license as provided in this part 7 an annual registry fee of not more than twenty-five dollars, unless the appraisal subcommittee of the federal financial institutions examinations council adjusts the fee up

to a maximum of fifty dollars, and transmit such fee to the federal financial institutions examinations council on an annual basis; and

- (c) Conduct its business and promulgate rules and regulations in a manner not inconsistent with Title XI of the federal “Financial Institutions Reform, Recovery and Enforcement Act of 1989”, as amended.

**12-61-716. Business entities.**

- (1) A corporation, partnership, bank, savings and loan association, savings bank, credit union, or other business entity may provide appraisal services if such appraisal is prepared by individuals registered, certified or licensed in accordance with this part 7. An individual who is not a registered, certified or licensed appraiser may assist in the preparation of an appraisal if:
  - (a) The assistant is under the direct supervision of a registered, certified or licensed appraiser; and
  - (b) The final appraisal document is approved and signed by an individual who is a registered, certified or licensed appraiser.

**12-61-717. Provisions found not to comply with federal law null and void - severability.**

If any provision of this part 7 is found by a court of competent jurisdiction or by the appropriate federal agency not to comply with any provision of the federal “Financial Institutions Reform, Recovery, and Enforcement Act of 1989”, such provision shall be null and void, but the remaining provisions of this part 7 shall be valid unless such remaining provisions alone are incomplete and are incapable of being executed in accordance with the legislative intent of this part 7.

**12-61-718. Scope of article – regulated financial institutions – de minimis exemption.**

- (1) (a) The provisions of this article shall not apply to an appraisal relating to any real estate related transaction or loan made or to be made by a financial institution or its affiliate if such real estate related transaction or loan is excepted from appraisal regulations established by the primary federal regulator of said financial institution and the appraisal is performed by:
    - (I) An officer, director or regular salaried employee of the financial institution or its affiliate; or
    - (II) A real estate broker or salesperson licensed under this article with whom said institution or affiliate has contracted for performance of the appraisal,
  - (b) Such appraisal shall not be represented or deemed to be an appraisal except to the said financial institution, the agencies regulating the said financial institution, and any secondary markets that purchase real estate secured loans. Such appraisal shall contain a written notice that the preparer is not registered, licensed, or certified as an appraiser under this part 7.
- (2) Nothing in this article shall be construed to limit the ability of any federal or state regulator of a financial institution to require the financial institution to obtain appraisals as specified by the regulator.
  - (3) Repealed



### III. Rule Making of the Board of Real Estate Appraisers

Pursuant to § 12-61-704(l)(a), Colorado Revised Statutes, the Colorado Board of Real Estate Appraisers engages in rule making to implement Colorado law in a manner consistent with the requirements of Title XI of the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989.

The rule making process is set by § 24-4-103, CRS, and involves notice to the public, hearing(s), adoption of rules and publication. General notice is accomplished through filing with the Secretary of State and publication in the Colorado Register. Specific notice is provided by mail to interested parties. To request mailing of rule-making notices, send a written request for placement on the rule-making notice list to: Rule Making Notice List, Colorado Board of Appraisers, 1560 Broadway, Suite 925, Denver, CO 80202.

While rule making may occur at any time, the Board prefers to adopt new and amended rules in the fall, with January 1 of the next year as the effective date. Rules are published in the Colorado Real Estate Manual. Rules becoming effective between manual editions are published on the Division of Real Estate Website and in the *Appraiser Update* newsletter.

**DEPARTMENT OF REGULATORY AGENCIES  
DIVISION OF REAL ESTATE  
BOARD OF REAL ESTATE APPRAISERS  
4 CCR 725-2**

### **RULES OF THE COLORADO BOARD OF REAL ESTATE APPRAISERS**

Click here to view the Rules of the Colorado Board of Real Estate Appraisers.