

**Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 12-0545.01 Chuck Brackney x2295

**HOUSE BILL 12-1110**

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**HOUSE SPONSORSHIP**

**Williams A.,**

**SENATE SPONSORSHIP**

**Carroll,**

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**House Committees**

Economic and Business Development  
Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING THE REGULATION OF APPRAISAL MANAGEMENT**  
102 **COMPANIES.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

In compliance with federal law, Colorado currently requires the licensing of real estate appraisers. In order to promote enhanced consumer protection, recently adopted federal guidelines now require mortgage lenders to use entities known as appraisal management companies, which hire licensed real estate appraisers, to value property for lending purposes. Appraisal management companies are not currently subject to regulation under Colorado law.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

The bill authorizes the board of real estate appraisers in the division of real estate in the department of regulatory agencies to regulate appraisal management companies. Necessary terminology is defined and the registration of appraisal management companies is required. **Section 5** of the bill sets forth the requirements for registration and exemptions for certain types of activities. **Section 3** of the bill amends the section creating the board of real estate appraisers by adding a member who is an officer or employee of an appraisal management company and subtracting one public member. Requirements for owners and controlling persons of appraisal management companies are established, including a requirement that certain persons submit information, including fingerprints, for criminal history record checks. The bill sets forth prohibited activities and grounds for disciplinary action against appraisal management companies and owners and controlling persons. Administrative and criminal penalties for violations are established, and the board of real estate appraisers is granted the power to administer the provisions of the bill.

The bill requires real estate appraisers to maintain errors and omissions insurance. Appraisal management companies are required to post with the board a surety bond in the amount of \$25,000.

**Sections 12 through 15** of the bill make conforming amendments to existing statutes to make them consistent with the changes made in the bill.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 12-61-701 as  
3 follows:

4 **12-61-701. Legislative declaration.** The general assembly finds,  
5 determines, and declares that ~~this part 7 is~~ SECTIONS 12-61-702 TO  
6 12-61-718 ARE enacted pursuant to the requirements of the federal "Real  
7 Estate Appraisal Reform Amendments", Title XI of the federal "Financial  
8 Institutions Reform, Recovery, and Enforcement Act of 1989", AS  
9 AMENDED. The general assembly further finds, determines, and declares  
10 that ~~this part 7 is~~ SECTIONS 12-61-702 TO 12-61-718 ARE intended to  
11 implement the ~~minimum~~ requirements of federal law in the least  
12 burdensome manner to real estate appraisers AND APPRAISAL  
13 MANAGEMENT COMPANIES.

1           **SECTION 2.** In Colorado Revised Statutes, 12-61-702, **amend**  
2 (1) and (5) (a); and **add** (1.5) and (2.1) as follows:

3           **12-61-702. Definitions.** As used in this part 7, unless the context  
4 otherwise requires:

5           (1) "Appraisal", "appraisal report", or "real estate appraisal"  
6 means a written OR ORAL analysis, opinion, or conclusion relating to the  
7 nature, quality, value, or utility of specified interests in, or aspects of,  
8 identified real estate ~~Such~~ THAT IS TRANSMITTED TO THE CLIENT UPON THE  
9 COMPLETION OF AN ASSIGNMENT. THESE terms include a valuation, which  
10 is an opinion of the value of real estate, and an analysis, which is a  
11 general study of real estate not specifically performed only to determine  
12 value; except that ~~such~~ THE terms include ~~any~~ A valuation completed by  
13 ~~any~~ AN appraiser employee of a county assessor as defined in section  
14 39-1-102 (2), C.R.S. ~~Such~~ THE terms do not include an analysis,  
15 valuation, opinion, conclusion, notation, or compilation of data by an  
16 officer, director, or regular salaried employee of a financial institution or  
17 its affiliate, made for internal use only by the ~~said~~ financial institution or  
18 affiliate, concerning an interest in real estate that is owned or held as  
19 collateral by the ~~said~~ financial institution or affiliate ~~which~~ AND THAT is  
20 not represented or deemed to be an appraisal except to the ~~said~~ financial  
21 institution, the agencies regulating the ~~said~~ financial institution, and any  
22 secondary markets that purchase real estate secured loans. ~~Any such~~ AN  
23 appraisal prepared by an officer, director, or regular salaried employee of  
24 ~~said~~ A financial institution who is not registered, licensed, or certified  
25 under this part 7 shall contain a written notice that the preparer is not  
26 registered, licensed, or certified as an appraiser under this part 7.

27           (1.5) (a) "APPRAISAL MANAGEMENT COMPANY" MEANS, IN

1 CONNECTION WITH VALUING PROPERTIES COLLATERALIZING MORTGAGE  
2 LOANS OR MORTGAGES INCORPORATED INTO A SECURITIZATION, ANY  
3 EXTERNAL THIRD PARTY AUTHORIZED EITHER BY A CREDITOR IN A  
4 CONSUMER CREDIT TRANSACTION SECURED BY A CONSUMER'S PRINCIPAL  
5 DWELLING THAT OVERSEES A NETWORK OR PANEL OF LICENSED OR  
6 CERTIFIED APPRAISERS OR BY AN UNDERWRITER OF, OR OTHER PRINCIPAL  
7 IN, THE SECONDARY MORTGAGE MARKETS THAT OVERSEES A NETWORK OR  
8 PANEL OF LICENSED OR CERTIFIED APPRAISERS.

9 (b) "APPRAISAL MANAGEMENT COMPANY" DOES NOT INCLUDE:

10 (I) A CORPORATION, LIMITED LIABILITY COMPANY, SOLE  
11 PROPRIETORSHIP, OR OTHER ENTITY THAT DIRECTLY PERFORMS APPRAISAL  
12 SERVICES;

13 (II) A CORPORATION, LIMITED LIABILITY COMPANY, SOLE  
14 PROPRIETORSHIP, OR OTHER ENTITY THAT DOES NOT CONTRACT WITH  
15 APPRAISERS FOR APPRAISAL SERVICES, BUT SOLELY DISTRIBUTES ORDERS  
16 TO A CLIENT-SELECTED PANEL OF APPRAISERS; AND

17 (III) A MORTGAGE COMPANY, OR ITS SUBSIDIARY, THAT MANAGES  
18 A PANEL OF APPRAISERS WHO ARE ENGAGED TO PROVIDE APPRAISAL  
19 SERVICES ON MORTGAGE LOANS EITHER ORIGINATED BY THE MORTGAGE  
20 COMPANY OR FUNDED BY THE MORTGAGE COMPANY WITH ITS OWN FUNDS.

21 (2.1) "CLIENT" MEANS THE PARTY OR PARTIES WHO ENGAGE AN  
22 APPRAISER OR AN APPRAISAL MANAGEMENT COMPANY FOR A SPECIFIC  
23 ASSIGNMENT.

24 (5) (a) "Real estate appraiser" or "appraiser" means ~~any~~ A person  
25 who provides ~~for a fee or a salary an opinion~~ AN ESTIMATE of the nature,  
26 quality, value, or utility of an interest in, or aspect of, identified real estate  
27 and includes one who estimates value and who possesses the necessary

1 qualifications, ability, and experience to execute or direct the appraisal of  
2 real property.

3 **SECTION 3.** In Colorado Revised Statutes, 12-61-703, **amend**  
4 (1) as follows:

5 **12-61-703. Board of real estate appraisers - creation -**  
6 **compensation - immunity - repeal of part.** (1) There is hereby created  
7 in the division a board of real estate appraisers consisting of seven  
8 members appointed by the governor with the consent of the senate. Of  
9 ~~such~~ THE members, three shall be licensed or certified appraisers, one of  
10 whom shall have expertise in eminent domain matters, one shall be a  
11 county assessor in office, one shall be an officer or employee of a  
12 commercial bank experienced in real estate lending, ONE SHALL BE AN  
13 OFFICER OR EMPLOYEE OF AN APPRAISAL MANAGEMENT COMPANY, and  
14 ~~two~~ ONE shall be ~~members~~ A MEMBER of the public at large not engaged  
15 in any of the businesses represented by the other members of the board.  
16 ~~Of the members of the board appointed for terms beginning July 1, 1990,~~  
17 ~~the commercial bank member, the county assessor member, and two of~~  
18 ~~the appraiser members shall be appointed for terms of three years, and the~~  
19 ~~public member and the remaining appraiser members shall be appointed~~  
20 ~~for terms of one year. Members of the board appointed after July 1, 1990,~~  
21 ~~shall hold office for a term~~ TERMS of three years. ~~The additional public~~  
22 ~~member of the board of real estate appraisers authorized by this~~  
23 ~~subsection (1) shall not be appointed before the earliest date on which one~~  
24 ~~of the four appraiser members' terms expires after July 1, 1996.~~ In the  
25 event of a vacancy by death, resignation, removal, or otherwise, the  
26 governor shall appoint a member to fill the unexpired term. The governor  
27 ~~shall have~~ HAS the authority to remove any member for misconduct,

1 neglect of duty, or incompetence.

2 **SECTION 4.** In Colorado Revised Statutes, 12-61-704, **amend**  
3 (1) (c); and **add** (1) (k) as follows:

4 **12-61-704. Powers and duties of the board.** (1) In addition to  
5 all other powers and duties imposed upon it by law, the board has the  
6 following powers and duties:

7 (c) (I) ~~To keep all records of proceedings and activities of the~~  
8 ~~board conducted under authority of this part 7, which records shall be~~  
9 ~~open to public inspection at such time and in such manner as may be~~  
10 ~~prescribed by rules and regulations formulated by the board.~~

11 (II) The board ~~shall~~ IS not ~~be~~ required to maintain or preserve  
12 licensing history records of ~~any~~ A person licensed or certified under ~~the~~  
13 ~~provisions of this part 7 for any~~ A period of time longer than seven years.

14 COMPLAINTS OF RECORD IN THE OFFICE OF THE BOARD AND BOARD  
15 INVESTIGATIONS, INCLUDING BOARD INVESTIGATIVE FILES, ARE CLOSED TO  
16 PUBLIC INSPECTION. STIPULATIONS AND FINAL AGENCY ORDERS ARE  
17 PUBLIC RECORD AND SUBJECT TO SECTIONS 24-72-203 AND 24-72-204,  
18 C.R.S.

19 (k) IF THE BOARD HAS REASONABLE CAUSE TO BELIEVE THAT A  
20 PERSON, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IS  
21 VIOLATING THIS PART 7, TO ENTER AN ORDER REQUIRING THE INDIVIDUAL  
22 OR APPRAISAL MANAGEMENT COMPANY TO CEASE AND DESIST THE  
23 VIOLATIONS.

24 **SECTION 5.** In Colorado Revised Statutes, 12-61-706, **amend**  
25 (1) (a) and (2); and **add** (10) as follows:

26 **12-61-706. Qualifications for registration, licensing, and**  
27 **certification of appraisers - continuing education.** (1) (a) The board

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

14 (2) The board shall, by rule, prescribe continuing education  
15 requirements for persons registered, licensed, or certified under this part  
16 7 as needed to meet the requirements of the ~~federal~~ "Real Estate  
17 Appraisal Reform Amendments", Title XI of the federal "Financial  
18 Institutions Reform, Recovery, and Enforcement Act of 1989", AS  
19 AMENDED. The board shall not establish any continuing education  
20 requirements that are more stringent than the requirements of any  
21 applicable law; except that all persons registered, licensed, or certified  
22 under this part 7 ~~shall be~~ ARE subject to continuing education  
23 requirements. If there is no applicable federal law, the board shall  
24 consider and may use as guidelines the most recent available criteria  
25 published by the appraiser qualifications board of the appraisal  
26 foundation or its successor organization. ~~The board shall not grant~~  
27 ~~continuing education credits for attendance at the board's meetings.~~

1           (10) THE BOARD SHALL NOT ISSUE A REGISTRATION, LICENSE, OR  
2 CERTIFICATION UNTIL THE APPLICANT ESTABLISHES THAT HE OR SHE IS  
3 TRUTHFUL AND HONEST AND HAS GOOD MORAL CHARACTER, AND SUBMITS  
4 A SET OF FINGERPRINTS TO THE COLORADO BUREAU OF INVESTIGATION  
5 FOR THE PURPOSE OF CONDUCTING A STATE AND NATIONAL  
6 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK UTILIZING  
7 RECORDS OF THE COLORADO BUREAU OF INVESTIGATION AND THE  
8 FEDERAL BUREAU OF INVESTIGATION. EACH PERSON SUBMITTING A SET OF  
9 FINGERPRINTS SHALL PAY THE FEE ESTABLISHED BY THE COLORADO  
10 BUREAU OF INVESTIGATION FOR CONDUCTING THE FINGERPRINT-BASED  
11 CRIMINAL HISTORY RECORD CHECK TO THE BUREAU. UPON COMPLETION  
12 OF THE CRIMINAL HISTORY RECORD CHECK, THE BUREAU SHALL FORWARD  
13 THE RESULTS TO THE BOARD. THE BOARD MAY REQUIRE A NAME-BASED  
14 CRIMINAL HISTORY RECORD CHECK FOR AN APPLICANT WHO HAS TWICE  
15 SUBMITTED TO A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK  
16 AND WHOSE FINGERPRINTS ARE UNCLASSIFIABLE. THE BOARD MAY DENY  
17 AN APPLICATION FOR REGISTRATION, LICENSURE, OR CERTIFICATION BASED  
18 ON THE OUTCOME OF THE CRIMINAL HISTORY RECORD CHECK AND MAY  
19 ESTABLISH CRIMINAL HISTORY REQUIREMENTS MORE STRINGENT THAN  
20 THOSE ESTABLISHED BY ANY APPLICABLE FEDERAL LAW.

21           **SECTION 6.** In Colorado Revised Statutes, **add** 12-61-706.3,  
22 12-61-706.5, and 12-61-706.7 as follows:

23           **12-61-706.3. Appraisal management companies - application**  
24 **for license - exemptions.** (1) AN APPLICANT SHALL APPLY FOR A LICENSE  
25 AS AN APPRAISAL MANAGEMENT COMPANY, OR AS A CONTROLLING  
26 APPRAISER, TO THE BOARD IN A MANNER PRESCRIBED BY THE BOARD.

27           (2) THE BOARD MAY GRANT APPRAISAL MANAGEMENT COMPANY



1 LICENSES TO INDIVIDUALS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES,  
2 OR CORPORATIONS. A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR  
3 CORPORATION, IN ITS APPLICATION FOR A LICENSE, SHALL DESIGNATE A  
4 CONTROLLING APPRAISER WHO IS ACTIVELY CERTIFIED IN A STATE  
5 RECOGNIZED BY THE APPRAISAL SUBCOMMITTEE OF THE FEDERAL  
6 FINANCIAL INSTITUTIONS EXAMINATIONS COUNCIL OR ITS SUCCESSOR  
7 ENTITY. THE CONTROLLING APPRAISER IS RESPONSIBLE FOR THE LICENSED  
8 PRACTICES OF THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR  
9 CORPORATION AND ALL PERSONS EMPLOYED BY THE ENTITY. THE  
10 APPLICATION OF THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR  
11 CORPORATION AND THE APPLICATION OF THE APPRAISER DESIGNATED BY  
12 IT AS THE CONTROLLING APPRAISER SHALL BE FILED WITH THE BOARD. THE  
13 BOARD HAS JURISDICTION OVER THE APPRAISER SO DESIGNATED AND OVER  
14 THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION.

15 (3) THE BOARD SHALL NOT ISSUE A LICENSE TO ANY PARTNERSHIP,  
16 LIMITED LIABILITY COMPANY, OR CORPORATION UNLESS AND UNTIL THE  
17 APPRAISER DESIGNATED BY THE PARTNERSHIP, LIMITED LIABILITY  
18 COMPANY, OR CORPORATION AS CONTROLLING APPRAISER AND EACH  
19 INDIVIDUAL THAT OWNS MORE THAN TEN PERCENT OF THE ENTITY  
20 ESTABLISHES THAT HE OR SHE IS TRUTHFUL AND HONEST AND HAS GOOD  
21 MORAL CHARACTER, AND SUBMITS A SET OF FINGERPRINTS TO THE  
22 COLORADO BUREAU OF INVESTIGATION FOR THE PURPOSE OF CONDUCTING  
23 A STATE AND NATIONAL FINGERPRINT-BASED CRIMINAL HISTORY RECORD  
24 CHECK UTILIZING RECORDS OF THE COLORADO BUREAU OF INVESTIGATION  
25 AND THE FEDERAL BUREAU OF INVESTIGATION. EACH PERSON SUBMITTING  
26 A SET OF FINGERPRINTS SHALL PAY THE FEE ESTABLISHED BY THE  
27 COLORADO BUREAU OF INVESTIGATION FOR CONDUCTING THE

1 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK TO THE BUREAU.  
2 UPON COMPLETION OF THE CRIMINAL HISTORY RECORD CHECK, THE  
3 BUREAU SHALL FORWARD THE RESULTS TO THE BOARD. THE BOARD MAY  
4 REQUIRE A NAME-BASED CRIMINAL HISTORY RECORD CHECK FOR AN  
5 APPLICANT WHO HAS TWICE SUBMITTED TO A FINGERPRINT-BASED  
6 CRIMINAL HISTORY RECORD CHECK AND WHOSE FINGERPRINTS ARE  
7 UNCLASSIFIABLE. THE BOARD MAY DENY AN APPLICATION FOR LICENSURE  
8 OR REFUSE TO RENEW A LICENSE BASED ON THE OUTCOME OF THE  
9 CRIMINAL HISTORY RECORD CHECK. THE BOARD MAY REQUIRE CRIMINAL  
10 HISTORY REQUIREMENTS MORE STRINGENT THAN THOSE ESTABLISHED BY  
11 ANY APPLICABLE FEDERAL LAW.

12 (4) THE BOARD SHALL NOT ISSUE A LICENSE TO ANY PARTNERSHIP,  
13 LIMITED LIABILITY COMPANY, OR CORPORATION IF THE APPRAISER  
14 DESIGNATED BY THE ENTITY AS CONTROLLING APPRAISER HAS PREVIOUSLY  
15 HAD, IN ANY STATE, AN APPRAISER REGISTRATION, LICENSE, OR  
16 CERTIFICATE REFUSED, DENIED, CANCELLED, SURRENDERED IN LIEU OF  
17 REVOCATION, OR REVOKED. A DISCIPLINARY ACTION RESULTING IN  
18 REFUSAL, DENIAL, CANCELLATION, SURRENDER IN LIEU OF REVOCATION,  
19 OR REVOCATION RELATING TO A REGISTRATION, LICENSE, OR  
20 CERTIFICATION AS AN APPRAISER REGISTERED, LICENSED, OR CERTIFIED  
21 UNDER THIS PART 7 OR ANY RELATED OCCUPATION IN ANY OTHER STATE,  
22 TERRITORY, OR COUNTRY FOR DISCIPLINARY REASONS IS PRIMA FACIE  
23 EVIDENCE OF GROUNDS FOR DENIAL OF A LICENSE BY THE BOARD.

24 (5) THE BOARD SHALL NOT ISSUE A LICENSE TO ANY PARTNERSHIP,  
25 LIMITED LIABILITY COMPANY, OR CORPORATION IF IT IS OWNED, IN WHOLE  
26 OR IN PART, DIRECTLY OR INDIRECTLY, BY ANY PERSON WHO HAS HAD, IN  
27 ANY STATE, AN APPRAISER LICENSE, REGISTRATION, OR CERTIFICATE

1 REFUSED, DENIED, CANCELLED, SURRENDERED IN LIEU OF REVOCATION, OR  
2 REVOKED. A DISCIPLINARY ACTION RESULTING IN REFUSAL, DENIAL,  
3 CANCELLATION, SURRENDER IN LIEU OF REVOCATION, OR REVOCATION  
4 RELATING TO A LICENSE, REGISTRATION, OR CERTIFICATION AS AN  
5 APPRAISER LICENSED, REGISTERED, OR CERTIFIED UNDER THIS PART 7 OR  
6 ANY RELATED OCCUPATION IN ANY OTHER STATE, TERRITORY, OR  
7 COUNTRY FOR DISCIPLINARY REASONS IS PRIMA FACIE EVIDENCE OF  
8 GROUNDS FOR DENIAL OF A LICENSE BY THE BOARD.

9 (6) THE BOARD MAY DENY AN APPLICATION FOR A LICENSE FOR  
10 ANY PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IF THE  
11 PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION HAS  
12 PREVIOUSLY HAD A LICENSE SURRENDERED IN LIEU OF REVOCATION OR  
13 REVOKED. A DISCIPLINARY ACTION RESULTING IN THE SURRENDER IN LIEU  
14 OF REVOCATION OR THE REVOCATION OF A LICENSE AS AN APPRAISAL  
15 MANAGEMENT COMPANY UNDER THIS PART 7 OR ANY RELATED  
16 OCCUPATION IN ANY OTHER STATE, TERRITORY, OR COUNTRY FOR  
17 DISCIPLINARY REASONS MAY BE DEEMED TO BE PRIMA FACIE EVIDENCE OF  
18 GROUNDS FOR DENIAL OF A LICENSE BY THE BOARD.

19 (7) EACH APPRAISAL MANAGEMENT COMPANY MUST MAINTAIN A  
20 DEFINITE PLACE OF BUSINESS. IF THE APPRAISAL MANAGEMENT COMPANY  
21 IS DOMICILED IN ANOTHER STATE, THE APPRAISER DESIGNATED BY THE  
22 APPRAISAL MANAGEMENT COMPANY AS CONTROLLING APPRAISER IS  
23 RESPONSIBLE FOR SUPERVISING ALL LICENSED ACTIVITIES THAT OCCUR IN  
24 COLORADO. ALL LICENSED ACTIONS OCCURRING WITHIN THE STATE OF  
25 COLORADO MUST OCCUR UNDER THE NAME UNDER WHICH THE APPRAISAL  
26 MANAGEMENT COMPANY IS LICENSED OR ITS TRADE NAME ADOPTED IN  
27 ACCORDANCE WITH COLORADO LAW.

1           (8) AN APPLICATION THAT IS SUBMITTED FOR AN APPRAISAL  
2 MANAGEMENT COMPANY THAT IS:

3           (a) A PARTNERSHIP MUST BE PROPERLY REGISTERED WITH THE  
4 COLORADO DEPARTMENT OF REVENUE OR PROPERLY FILED WITH THE  
5 COLORADO SECRETARY OF STATE AND IN GOOD STANDING, PROOF OF  
6 WHICH SHALL BE INCLUDED IN THE APPLICATION. IF AN ASSUMED OR  
7 TRADE NAME IS TO BE USED, IT MUST BE PROPERLY FILED WITH THE  
8 COLORADO DEPARTMENT OF REVENUE OR FILED AND ACCEPTED BY THE  
9 COLORADO SECRETARY OF STATE, PROOF OF WHICH WILL BE INCLUDED  
10 WITH THE APPLICATION.

11           (b) A LIMITED LIABILITY COMPANY MUST BE PROPERLY  
12 REGISTERED WITH THE COLORADO SECRETARY OF STATE AND IN GOOD  
13 STANDING, PROOF OF WHICH MUST BE INCLUDED WITH THE APPLICATION.  
14 IF AN ASSUMED OR TRADE NAME IS TO BE USED, IT MUST BE PROPERLY  
15 FILED WITH THE COLORADO SECRETARY OF STATE, PROOF OF WHICH MUST  
16 BE INCLUDED WITH THE APPLICATION.

17           (c) A CORPORATION MUST BE REGISTERED AS A FOREIGN  
18 CORPORATION OR PROPERLY INCORPORATED WITH THE COLORADO  
19 SECRETARY OF STATE AND IN GOOD STANDING, PROOF OF WHICH MUST BE  
20 INCLUDED WITH THE APPLICATION. IF AN ASSUMED OR TRADE NAME IS TO  
21 BE USED, IT MUST BE PROPERLY FILED WITH THE COLORADO SECRETARY  
22 OF STATE, PROOF OF WHICH MUST BE INCLUDED WITH THE APPLICATION.

23           (9) FINANCIAL INSTITUTIONS AND APPRAISAL MANAGEMENT  
24 COMPANY SUBSIDIARIES THAT ARE OWNED AND CONTROLLED BY THE  
25 FINANCIAL INSTITUTION AND REGULATED BY A FEDERAL FINANCIAL  
26 INSTITUTION REGULATORY AGENCY ARE NOT REQUIRED TO REGISTER WITH  
27 OR BE LICENSED BY THE BOARD. THIS EXEMPTION INCLUDES A PANEL OF

1 APPRAISERS WHO ARE ENGAGED TO PROVIDE APPRAISAL SERVICES AND  
2 ARE ADMINISTERED BY A FINANCIAL INSTITUTION REGULATED BY A  
3 FEDERAL FINANCIAL REGULATORY AGENCY.

4 **12-61-706.5. Errors and omissions insurance - duties of the**  
5 **division - certificate of coverage - group plan made available - rules.**

6 (1) EVERY LICENSEE UNDER THIS PART 7, EXCEPT AN APPRAISER WHO IS  
7 EMPLOYED BY A STATE OR LOCAL GOVERNMENTAL ENTITY OR AN  
8 INACTIVE APPRAISER OR APPRAISAL MANAGEMENT COMPANY, SHALL  
9 MAINTAIN ERRORS AND OMISSIONS INSURANCE TO COVER ALL ACTIVITIES  
10 CONTEMPLATED UNDER THIS PART 7. THE DIVISION SHALL MAKE THE  
11 ERRORS AND OMISSIONS INSURANCE AVAILABLE TO ALL LICENSEES BY  
12 CONTRACTING WITH AN INSURER FOR A GROUP POLICY AFTER A  
13 COMPETITIVE BID PROCESS IN ACCORDANCE WITH ARTICLE 103 OF TITLE  
14 24, C.R.S. A GROUP POLICY OBTAINED BY THE DIVISION SHALL BE  
15 AVAILABLE TO ALL LICENSEES WITH NO RIGHT ON THE PART OF THE  
16 INSURER TO CANCEL ANY LICENSEE. A LICENSEE MAY OBTAIN ERRORS AND  
17 OMISSIONS INSURANCE INDEPENDENTLY IF THE COVERAGE COMPLIES WITH  
18 THE MINIMUM REQUIREMENTS ESTABLISHED BY THE DIVISION.

19 (2) (a) IF THE DIVISION IS UNABLE TO OBTAIN ERRORS AND  
20 OMISSIONS INSURANCE COVERAGE TO INSURE ALL LICENSEES WHO CHOOSE  
21 TO PARTICIPATE IN THE GROUP PROGRAM AT A REASONABLE ANNUAL  
22 PREMIUM, AS DETERMINED BY THE DIVISION, A LICENSEE SHALL  
23 INDEPENDENTLY OBTAIN THE ERRORS AND OMISSIONS INSURANCE  
24 REQUIRED BY THIS SECTION.

25 (b) THE DIVISION SHALL SOLICIT AND CONSIDER INFORMATION AND  
26 COMMENTS FROM INTERESTED PERSONS WHEN DETERMINING THE  
27 REASONABLENESS OF ANNUAL PREMIUMS.

1 (3) THE DIVISION SHALL DETERMINE THE TERMS AND CONDITIONS  
2 OF COVERAGE REQUIRED UNDER THIS SECTION BASED ON RULES  
3 PROMULGATED BY THE BOARD. EACH LICENSEE SHALL BE NOTIFIED OF THE  
4 REQUIRED TERMS AND CONDITIONS AT LEAST THIRTY DAYS BEFORE THE  
5 ANNUAL PREMIUM RENEWAL DATE AS DETERMINED BY THE DIVISION.  
6 EACH LICENSEE SHALL FILE A CERTIFICATE OF COVERAGE SHOWING  
7 COMPLIANCE WITH THE REQUIRED TERMS AND CONDITIONS WITH THE  
8 DIVISION BY THE ANNUAL PREMIUM RENEWAL DATE, AS DETERMINED BY  
9 THE DIVISION.

10 (4) IN ADDITION TO ALL OTHER POWERS AND DUTIES CONFERRED  
11 UPON THE BOARD BY THIS PART 7, THE BOARD IS AUTHORIZED AND  
12 DIRECTED TO ADOPT SUCH RULES AS IT DEEMS NECESSARY OR PROPER TO  
13 CARRY OUT THE PROVISIONS OF THIS SECTION.

14 **12-61-706.7. Bond required.** (1) AN APPLICANT FOR AN  
15 APPRAISAL MANAGEMENT COMPANY LICENSE SHALL POST WITH THE  
16 BOARD A SURETY BOND IN THE AMOUNT OF TWENTY-FIVE THOUSAND  
17 DOLLARS BEFORE A LICENSE MAY BE ISSUED BY THE BOARD. A LICENSED  
18 APPRAISAL MANAGEMENT COMPANY SHALL MAINTAIN THE REQUIRED  
19 BOND AT ALL TIMES.

20 (2) THE SURETY BOND SHALL REQUIRE THE SURETY TO PROVIDE  
21 NOTICE TO THE BOARD WITHIN THIRTY DAYS IF PAYMENT IS MADE FROM  
22 THE SURETY BOND OR IF THE BOND IS CANCELLED.

23 **SECTION 7.** In Colorado Revised Statutes, 12-61-707, **amend**  
24 (1) (b) introductory portion and (3) (b); and **add** (4) as follows:

25 **12-61-707. Expiration of licenses - renewal - penalties.**  
26 (1) (b) A person who fails to renew his or her REAL ESTATE APPRAISER'S  
27 registration, license, or certificate ~~prior to~~ BEFORE the applicable renewal

1 date may have it reinstated if the person does any one of the following:

2 (3) (b) The holder of an inactive license shall not perform a real  
3 estate appraisal OR APPRAISAL MANAGEMENT DUTIES in conjunction with  
4 a debt instrument that is federally guaranteed, in the federal secondary  
5 market, or regulated pursuant to title 12, U.S.C.

6 (4) AT THE TIME OF RENEWAL OR REINSTATEMENT, EVERY  
7 REGISTRANT, LICENSEE, AND CERTIFICATE HOLDER, AND EACH PERSON OR  
8 INDIVIDUAL THAT OWNS MORE THAN TEN PERCENT OF AN APPRAISAL  
9 MANAGEMENT COMPANY, UNDER THIS PART 7 SHALL SUBMIT A SET OF  
10 FINGERPRINTS TO THE COLORADO BUREAU OF INVESTIGATION FOR THE  
11 PURPOSE OF CONDUCTING A STATE AND NATIONAL FINGERPRINT-BASED  
12 CRIMINAL HISTORY RECORD CHECK UTILIZING RECORDS OF THE COLORADO  
13 BUREAU OF INVESTIGATION AND THE FEDERAL BUREAU OF INVESTIGATION,  
14 IF THE PERSON HAS NOT PREVIOUSLY DONE SO FOR ISSUANCE OF A  
15 REGISTRATION, LICENSE, OR CERTIFICATION BY THE BOARD. EACH PERSON  
16 SUBMITTING A SET OF FINGERPRINTS SHALL PAY THE FEE ESTABLISHED BY  
17 THE COLORADO BUREAU OF INVESTIGATION FOR CONDUCTING THE  
18 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK TO THE BUREAU.  
19 THE BUREAU SHALL FORWARD THE RESULTS TO THE BOARD. THE BOARD  
20 MAY REQUIRE A NAME-BASED CRIMINAL HISTORY RECORD CHECK FOR AN  
21 APPLICANT WHO HAS TWICE SUBMITTED TO A FINGERPRINT-BASED  
22 CRIMINAL HISTORY RECORD CHECK AND WHOSE FINGERPRINTS ARE  
23 UNCLASSIFIABLE. THE BOARD MAY REFUSE TO RENEW OR REINSTATE A  
24 REGISTRATION, LICENSE, OR CERTIFICATION BASED ON THE OUTCOME OF  
25 THE CRIMINAL HISTORY RECORD CHECK.

26 **SECTION 8.** In Colorado Revised Statutes, 12-61-709, **amend**  
27 (1) as follows:

1           **12-61-709. Denial of registration, license, or certificate -**  
2 **renewal.** (1) The board is empowered to determine whether an applicant  
3 for registration, licensure, or certification possesses the necessary  
4 qualifications for registration, licensure, or certification required by this  
5 part 7. The board may consider such qualities as the applicant's  
6 truthfulness, ~~and~~ honesty, AND MORAL CHARACTER, and whether the  
7 applicant has been convicted of a crime. ~~involving moral turpitude~~ AS  
8 USED IN THIS SUBSECTION (1), "APPLICANT" INCLUDES ANY INDIVIDUAL  
9 WHO OWNS, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, AN  
10 APPRAISAL MANAGEMENT COMPANY AND ANY APPRAISER DESIGNATED AS  
11 A CONTROLLING APPRAISER BY A PARTNERSHIP, LIMITED LIABILITY  
12 COMPANY, OR CORPORATION ACTING AS AN APPRAISAL MANAGEMENT  
13 COMPANY.

14           **SECTION 9.** In Colorado Revised Statutes, 12-61-710, **repeal** (7)  
15 and (9); and **add** (1) (j) as follows:

16           **12-61-710. Prohibited activities - grounds for disciplinary**  
17 **actions - procedures.** (1) A real estate appraiser is in violation of this  
18 part 7 if the appraiser:

19           (j) ~~HAS FAILED TO DISCLOSE IN THE APPRAISAL REPORT THE FEE~~  
20 ~~PAID TO THE APPRAISER FOR A RESIDENTIAL REAL PROPERTY APPRAISAL IF~~  
21 ~~THE APPRAISER WAS ENGAGED BY AN APPRAISAL MANAGEMENT COMPANY~~  
22 ~~TO COMPLETE THE ASSIGNMENT.~~

23           (7) ~~Complaints of record in the office of the board and the results~~  
24 ~~of staff investigations shall be closed to public inspection during the~~  
25 ~~investigatory period and until dismissed or until notice of hearing and~~  
26 ~~charges are served on a licensee, except as provided by court order.~~  
27 ~~Complaints of record that are dismissed by the board and the results of~~



1 ~~investigation of such complaints shall be closed to public inspection,~~  
2 ~~except as provided by court order. The board's records shall be subject to~~  
3 ~~sections 24-72-203 and 24-72-204, C.R.S., regarding public records and~~  
4 ~~confidentiality.~~

5 (9) ~~Any board member having an immediate personal, private, or~~  
6 ~~financial interest in any matter pending before the board shall disclose the~~  
7 ~~fact to the board and shall not vote upon such matter.~~

8 **SECTION 10.** In Colorado Revised Statutes, **add** 12-61-710.5  
9 and 12-61-712.5 as follows:

10 **12-61-710.5. Appraisal management companies - prohibited**  
11 **activities - grounds for disciplinary actions - procedures.** (1) THE  
12 BOARD, UPON ITS OWN MOTION, MAY, AND UPON THE COMPLAINT IN  
13 WRITING OF ANY PERSON, SHALL, INVESTIGATE THE ACTIVITIES OF A  
14 LICENSED APPRAISAL MANAGEMENT COMPANY; AN APPRAISER  
15 DESIGNATED AS A CONTROLLING APPRAISER BY A PARTNERSHIP, LIMITED  
16 LIABILITY COMPANY, OR CORPORATION ACTING AS AN APPRAISAL  
17 MANAGEMENT COMPANY; OR A PERSON OR ENTITY WHO ASSUMES TO ACT  
18 IN THAT CAPACITY WITHIN THE STATE. THE BOARD, UPON A FINDING OF A  
19 VIOLATION, MAY IMPOSE AN ADMINISTRATIVE FINE, NOT TO EXCEED TWO  
20 THOUSAND FIVE HUNDRED DOLLARS FOR EACH SEPARATE OFFENSE, AND  
21 TO CENSURE A LICENSEE, TO PLACE THE LICENSEE ON PROBATION AND TO  
22 SET THE TERMS OF PROBATION, OR TO TEMPORARILY SUSPEND OR  
23 PERMANENTLY REVOKE A LICENSE WHEN THE LICENSEE HAS PERFORMED,  
24 IS PERFORMING, OR IS ATTEMPTING TO PERFORM ANY OF THE FOLLOWING  
25 ACTS:

26 (a) FAILING TO EXERCISE DUE DILIGENCE WHEN HIRING OR  
27 ENGAGING A REAL ESTATE APPRAISER TO ENSURE THAT THE REAL ESTATE

1 APPRAISER IS APPROPRIATELY CREDENTIALLED BY THE BOARD AND  
2 COMPETENT TO PERFORM THE ASSIGNMENT;

3 (b) REQUIRING AN APPRAISER TO INDEMNIFY THE APPRAISAL  
4 MANAGEMENT COMPANY AGAINST LIABILITY, DAMAGES, LOSSES, OR  
5 CLAIMS OTHER THAN THOSE ARISING OUT OF THE SERVICES PERFORMED BY  
6 THE APPRAISER, INCLUDING PERFORMANCE OR NONPERFORMANCE OF THE  
7 APPRAISER'S DUTIES AND OBLIGATIONS, WHETHER AS A RESULT OF  
8 NEGLIGENCE OR WILLFUL MISCONDUCT;

9 (c) INFLUENCING OR ATTEMPTING TO INFLUENCE THE  
10 DEVELOPMENT, REPORTING, RESULT, OR REVIEW OF A REAL ESTATE  
11 APPRAISAL OR THE ENGAGEMENT OF AN APPRAISER THROUGH COERCION,  
12 EXTORTION, COLLUSION, COMPENSATION, INDUCEMENT, INTIMIDATION,  
13 BRIBERY, OR IN ANY OTHER MANNER. THIS PROHIBITION SHALL NOT BE  
14 CONSTRUED AS PROHIBITING AN APPRAISAL MANAGEMENT COMPANY FROM  
15 REQUESTING AN APPRAISER TO:

16 (I) CONSIDER ADDITIONAL, APPROPRIATE PROPERTY INFORMATION;

17 (II) PROVIDE FURTHER DETAIL, SUBSTANTIATION, OR EXPLANATION  
18 FOR THE APPRAISER'S VALUE CONCLUSION; OR

19 (III) CORRECT ERRORS IN THE APPRAISAL REPORT.

20 (d) PROHIBITING AN APPRAISER, IN THE COMPLETION OF AN  
21 APPRAISAL SERVICE, FROM COMMUNICATING WITH THE CLIENT, ANY  
22 INTENDED USERS, REAL ESTATE BROKERS, TENANTS, PROPERTY OWNERS,  
23 MANAGEMENT COMPANIES, OR ANY OTHER ENTITIES WHOM THE APPRAISER  
24 REASONABLY BELIEVES HAS INFORMATION PERTINENT TO THE COMPLETION  
25 OF AN APPRAISAL ASSIGNMENT; EXCEPT THAT THIS PROVISION DOES NOT  
26 APPLY TO COMMUNICATIONS BETWEEN AN APPRAISER AND AN APPRAISAL  
27 MANAGEMENT COMPANY'S CLIENT IF SUCH CLIENT HAS ADOPTED AN

1 EXPLICIT POLICY PROHIBITING SUCH COMMUNICATION. IF THE CLIENT HAS  
2 ADOPTED AN EXPLICIT POLICY PROHIBITING COMMUNICATION BY THE  
3 APPRAISER WITH THE CLIENT, COMMUNICATION BY AN APPRAISER TO THE  
4 CLIENT MUST BE MADE IN WRITING AND SUBMITTED TO THE APPRAISAL  
5 MANAGEMENT COMPANY.

6 (e) ALTERING OR MODIFYING A COMPLETED APPRAISAL REPORT  
7 WITHOUT THE AUTHORIZING APPRAISER'S KNOWLEDGE AND WRITTEN  
8 CONSENT, AND THE CONSENT OF THE INTENDED USER, EXCEPT TO MODIFY  
9 THE FORMAT OF THE REPORT SOLELY FOR TRANSMISSION TO THE CLIENT  
10 AND IN A MANNER ACCEPTABLE TO THE CLIENT;

11 (f) REQUIRING AN APPRAISER TO PROVIDE ACCESS TO THE  
12 APPRAISER'S ELECTRONIC SIGNATURE TO THE APPRAISAL MANAGEMENT  
13 COMPANY;

14 (g) FAILING TO VALIDATE OR VERIFY THAT THE WORK COMPLETED  
15 BY AN APPRAISER WHO IS HIRED OR ENGAGED BY THE APPRAISAL  
16 MANAGEMENT COMPANY COMPLIES WITH STATE AND FEDERAL  
17 REGULATIONS, INCLUDING THE UNIFORM STANDARDS OF PROFESSIONAL  
18 APPRAISAL PRACTICE, BY CONDUCTING AN ANNUAL AUDIT OF A RANDOM  
19 SAMPLE OF THE APPRAISALS RECEIVED WITHIN THE PREVIOUS YEAR BY  
20 THE APPRAISAL MANAGEMENT COMPANY. THE BOARD SHALL ESTABLISH  
21 ANNUAL APPRAISAL REVIEW REQUIREMENTS BY RULE AND SHALL SOLICIT  
22 AND CONSIDER INFORMATION AND COMMENTS FROM INTERESTED PERSONS.

23  
24 (h) FAILING TO MAKE PAYMENT TO AN APPRAISER WITHIN SIXTY  
25 DAYS AFTER COMPLETION OF THE APPRAISAL, UNLESS OTHERWISE AGREED  
26 OR UNLESS THE APPRAISER HAS BEEN NOTIFIED IN WRITING THAT A BONA  
27 FIDE DISPUTE EXISTS REGARDING THE PERFORMANCE OR QUALITY OF THE

1 APPRAISAL;

2 (i) FAILING TO PERFORM THE TERMS OF A WRITTEN AGREEMENT  
3 WITH AN APPRAISER HIRED OR ENGAGED TO COMPLETE AN APPRAISAL  
4 ASSIGNMENT;

5 (j) FAILING TO DISCLOSE TO AN APPRAISER, AT THE TIME OF  
6 ENGAGEMENT, THE IDENTITY OF THE CLIENT;

7 (k) USING AN APPRAISAL REPORT FOR A CLIENT OTHER THAN THE  
8 ONE ORIGINALLY CONTRACTED WITH, WITHOUT THE ORIGINAL CLIENT'S  
9 WRITTEN CONSENT;

10 (l) FAILING TO MAINTAIN POSSESSION OF, FOR FUTURE USE OR  
11 INSPECTION BY THE BOARD, FOR A PERIOD OF AT LEAST FIVE YEARS OR AT  
12 LEAST TWO YEARS AFTER FINAL DISPOSITION OF ANY JUDICIAL  
13 PROCEEDING IN WHICH A REPRESENTATIVE OF THE APPRAISAL  
14 MANAGEMENT COMPANY PROVIDED TESTIMONY RELATED TO THE  
15 ASSIGNMENT, WHICHEVER PERIOD EXPIRES LAST, THE DOCUMENTS OR  
16 RECORDS PRESCRIBED BY THE RULES OF THE BOARD OR TO PRODUCE SUCH  
17 DOCUMENTS OR RECORDS UPON REASONABLE REQUEST BY THE BOARD;

18 (m) HAVING BEEN CONVICTED OF, ENTERING A PLEA OF GUILTY TO,  
19 ENTERING AN ALFORD PLEA, OR ENTERING A PLEA OF NOLO CONTENDERE  
20 TO ANY MISDEMEANOR OR FELONY RELATING TO THE CONDUCT OF AN  
21 APPRAISAL, THEFT, EMBEZZLEMENT, BRIBERY, FRAUD,  
22 MISREPRESENTATION, OR DECEIT, OR ANY OTHER LIKE CRIME UNDER  
23 COLORADO LAW, FEDERAL LAW, OR THE LAWS OF OTHER STATES. A  
24 CERTIFIED COPY OF THE JUDGMENT OF A COURT OF COMPETENT  
25 JURISDICTION OF SUCH CONVICTION OR OTHER OFFICIAL RECORD  
26 INDICATING THAT SUCH A PLEA WAS ENTERED IS CONCLUSIVE EVIDENCE OF  
27 SUCH CONVICTION OR PLEA IN ANY HEARING UNDER THIS PART 7.

1           (n) HAVING BEEN THE SUBJECT TO AN ADVERSE OR DISCIPLINARY  
2 ACTION IN ANOTHER STATE, TERRITORY, OR COUNTRY RELATING TO A  
3 LICENSE, REGISTRATION, CERTIFICATION, OR OTHER AUTHORIZATION TO  
4 PRACTICE AS AN APPRAISAL MANAGEMENT COMPANY. A DISCIPLINARY  
5 ACTION RELATING TO A REGISTRATION, LICENSE, OR CERTIFICATE AS AN  
6 APPRAISAL MANAGEMENT COMPANY UNDER THIS PART 7 OR ANY RELATED  
7 OCCUPATION IN ANY OTHER STATE, TERRITORY, OR COUNTRY FOR  
8 DISCIPLINARY REASONS IS PRIMA FACIE EVIDENCE OF GROUNDS FOR  
9 DISCIPLINARY ACTION OR DENIAL OF A REGISTRATION, LICENSE, OR  
10 CERTIFICATION BY THE BOARD. THIS PARAGRAPH (n) APPLIES ONLY TO  
11 VIOLATIONS BASED UPON ACTS OR OMISSIONS IN SUCH OTHER STATE,  
12 TERRITORY, OR COUNTRY THAT WOULD VIOLATE THIS PART 7 IF  
13 COMMITTED IN COLORADO.

14           (o) VIOLATING THE "COLORADO CONSUMER PROTECTION ACT",  
15 ARTICLE 1 OF TITLE 6, C.R.S.;

16           (p) PROCURING, OR ATTEMPTING TO PROCURE, AN APPRAISAL  
17 MANAGEMENT COMPANY LICENSE OR RENEWING, REINSTATING, OR  
18 REACTIVATING, OR ATTEMPTING TO RENEW, REINSTATE, OR REACTIVATE,  
19 AN APPRAISAL MANAGEMENT COMPANY LICENSE BY FRAUD,  
20 MISREPRESENTATION, OR DECEIT OR BY MAKING A MATERIAL  
21 MISSTATEMENT OF FACT IN AN APPLICATION FOR A LICENSE;

22           (q) KNOWINGLY MISREPRESENTING OR MAKING FALSE PROMISES  
23 THROUGH AGENTS, ADVERTISING, OR OTHERWISE;

24           (r) FAILING TO DISCLOSE TO A CLIENT THE FEE AMOUNT PAID TO  
25 THE APPRAISER HIRED OR ENGAGED TO COMPLETE THE APPRAISAL UPON  
26 COMPLETION OF THE ASSIGNMENT; OR

27

1           (s) DISREGARDING, VIOLATING, OR ABETTING, DIRECTLY OR  
2           INDIRECTLY, IN THE VIOLATION OF ANY PROVISION OF THIS PART 7, ANY  
3           RULE PROMULGATED BY THE BOARD PURSUANT TO THIS PART 7, OR ANY  
4           ORDER OF THE BOARD ESTABLISHED PURSUANT TO THIS PART 7.

5           (2) WHEN A COMPLAINT OR AN INVESTIGATION DISCLOSES AN  
6           INSTANCE OF MISCONDUCT THAT, IN THE OPINION OF THE BOARD, DOES  
7           NOT WARRANT FORMAL ACTION BY THE BOARD BUT SHOULD NOT BE  
8           DISMISSED AS BEING WITHOUT MERIT, THE BOARD MAY SEND A LETTER OF  
9           ADMONITION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE  
10          LICENSEE AGAINST WHOM THE COMPLAINT WAS MADE. THE LETTER SHALL  
11          ADVISE THE LICENSEE OF THE RIGHT TO MAKE A WRITTEN REQUEST,  
12          WITHIN TWENTY DAYS AFTER RECEIPT OF THE LETTER OF ADMONITION, TO  
13          THE BOARD TO BEGIN FORMAL DISCIPLINARY PROCEEDINGS AS PROVIDED  
14          IN THIS SECTION TO ADJUDICATE THE CONDUCT OR ACTS ON WHICH THE  
15          LETTER WAS BASED.

16          (3) DISCIPLINARY PROCEEDINGS SHALL BE CONDUCTED IN THE  
17          MANNER PRESCRIBED BY THE "STATE ADMINISTRATIVE PROCEDURE ACT",  
18          ARTICLE 4 OF TITLE 24, C.R.S.

19          (4) IF A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR  
20          CORPORATION OPERATING UNDER THE LICENSE OF AN APPRAISER  
21          DESIGNATED AND LICENSED AS A CONTROLLING APPRAISER BY THE  
22          PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IS GUILTY  
23          OF ANY OF THE FOREGOING ACTS, THE BOARD MAY SUSPEND OR REVOKE  
24          THE RIGHT OF THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR  
25          CORPORATION TO CONDUCT ITS BUSINESS UNDER THE LICENSE OF THE  
26          CONTROLLING APPRAISER, WHETHER OR NOT THE CONTROLLING APPRAISER  
27          HAD PERSONAL KNOWLEDGE THEREOF AND WHETHER OR NOT THE BOARD

1 SUSPENDS OR REVOKES THE INDIVIDUAL LICENSE OF THE CONTROLLING  
2 APPRAISER.

3 (5) THIS PART 7 SHALL NOT BE CONSTRUED TO RELIEVE ANY  
4 PERSON FROM CIVIL LIABILITY OR CRIMINAL PROSECUTION UNDER THE  
5 LAWS OF THIS STATE.

6 (6) A REGISTRANT, LICENSEE, OR CERTIFIED PERSON HAVING  
7 DIRECT KNOWLEDGE THAT A PERSON OR LICENSED PARTNERSHIP, LIMITED  
8 LIABILITY COMPANY, OR CORPORATION HAS VIOLATED THIS PART 7 SHALL  
9 REPORT SUCH KNOWLEDGE TO THE BOARD.

10 (7) THE BOARD, ON ITS OWN MOTION OR UPON APPLICATION, AT  
11 ANY TIME AFTER THE IMPOSITION OF DISCIPLINE AS PROVIDED IN THIS  
12 SECTION, MAY RECONSIDER ITS PRIOR ACTION AND REINSTATE OR RESTORE  
13 A LICENSE OR TERMINATE PROBATION OR REDUCE THE SEVERITY OF ITS  
14 PRIOR DISCIPLINARY ACTION. THE TAKING OF ANY FURTHER ACTION OR  
15 THE HOLDING OF A HEARING WITH RESPECT TO THE ACTION RESTS IN THE  
16 SOLE DISCRETION OF THE BOARD.

17 **12-61-712.5. Appraisal management company license required**  
18 **- violations - injunction.** (1) EXCEPT AS PROVIDED IN SECTION  
19 12-61-706.3 (9), IT IS UNLAWFUL FOR ANY PERSON, PARTNERSHIP, LIMITED  
20 LIABILITY COMPANY, OR CORPORATION TO ENGAGE IN THE BUSINESS OF  
21 APPRAISAL MANAGEMENT IN THIS STATE WITHOUT FIRST HAVING  
22 OBTAINED A LICENSE FROM THE BOARD. NO PERSON, PARTNERSHIP,  
23 LIMITED LIABILITY COMPANY, OR CORPORATION SHALL BE GRANTED A  
24 LICENSE UNTIL COMPLIANCE WITH THIS PART 7 IS ESTABLISHED.

25 (2) THE BOARD MAY APPLY TO A COURT OF COMPETENT  
26 JURISDICTION FOR AN ORDER ENJOINING AN ACT OR PRACTICE THAT  
27 CONSTITUTES A VIOLATION OF THIS PART 7, AND, UPON A SHOWING THAT

1 A PERSON, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION  
2 IS ENGAGING OR INTENDS TO ENGAGE IN ANY SUCH ACT OR PRACTICE, AN  
3 INJUNCTION, RESTRAINING ORDER, OR OTHER APPROPRIATE ORDER SHALL  
4 BE GRANTED BY THE COURT REGARDLESS OF THE EXISTENCE OF ANOTHER  
5 REMEDY THEREFOR. ANY NOTICE, HEARING, OR DURATION OF AN  
6 INJUNCTION OR RESTRAINING ORDER SHALL BE MADE IN ACCORDANCE  
7 WITH THE COLORADO RULES OF CIVIL PROCEDURE.

8 (3) ANY PERSON, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR  
9 CORPORATION VIOLATING THIS PART 7 BY ACTING AS AN APPRAISAL  
10 MANAGEMENT COMPANY WITHOUT HAVING OBTAINED A LICENSE OR BY  
11 ACTING AS AN APPRAISAL MANAGEMENT COMPANY AFTER THE APPRAISAL  
12 MANAGEMENT COMPANY'S LICENSE HAS BEEN REVOKED OR DURING ANY  
13 PERIOD FOR WHICH THE LICENSE WAS SUSPENDED IS GUILTY OF A  
14 MISDEMEANOR AND, UPON CONVICTION THEREOF, IF A NATURAL PERSON,  
15 SHALL BE PUNISHED BY A FINE OF NOT MORE THAN FIVE HUNDRED  
16 DOLLARS, OR BY IMPRISONMENT IN THE COUNTY JAIL FOR NOT MORE THAN  
17 SIX MONTHS, OR BY BOTH SUCH FINE AND IMPRISONMENT AND, IF AN  
18 ENTITY, SHALL BE PUNISHED BY A FINE OF NOT MORE THAN FIVE  
19 THOUSAND DOLLARS. A SECOND VIOLATION, IF BY A NATURAL PERSON,  
20 SHALL BE PUNISHABLE BY A FINE OF NOT MORE THAN ONE THOUSAND  
21 DOLLARS, OR BY IMPRISONMENT IN THE COUNTY JAIL FOR NOT MORE THAN  
22 SIX MONTHS, OR BY BOTH SUCH FINE AND IMPRISONMENT.

23 **SECTION 11.** In Colorado Revised Statutes, 12-61-713, **amend**  
24 (1) as follows:

25 **12-61-713. Injunctive proceedings.** (1) The board may, in the  
26 name of the people of the state of Colorado, through the attorney general  
27 of the state of Colorado, apply for an injunction in any court of competent



1 jurisdiction to perpetually enjoin ~~any~~ A person OR APPRAISAL  
2 MANAGEMENT COMPANY from committing ~~any~~ AN act prohibited by ~~the~~  
3 ~~provisions of~~ this part 7.

4 **SECTION 12.** In Colorado Revised Statutes, 12-61-715, **amend**  
5 (1) (a) and (1) (b) as follows:

6 **12-61-715. Duties of board under federal law.** (1) The board  
7 shall:

8 (a) Transmit to the appraisal subcommittee of the federal financial  
9 institutions examinations council OR ITS SUCCESSOR ENTITY, no less than  
10 annually, a roster listing individuals AND APPRAISAL MANAGEMENT  
11 COMPANIES who have received a certificate or license as provided in this  
12 part 7;

13 (b) Collect from individuals ~~who have received a certificate or~~  
14 ~~license as provided in~~ AND APPRAISAL MANAGEMENT COMPANIES THAT  
15 ARE LICENSED OR CERTIFIED PURSUANT TO this part 7 an annual registry  
16 fee ~~of not more than twenty-five dollars, unless~~ AS PRESCRIBED BY the  
17 appraisal subcommittee of the federal financial institutions examinations  
18 council ~~adjusts the fee up to a maximum of fifty dollars~~ OR ITS SUCCESSOR  
19 ENTITY, and transmit ~~such~~ THE fee to the federal financial institutions  
20 examinations council on an annual basis; and

21 **SECTION 13.** In Colorado Revised Statutes, **amend** 12-61-717  
22 as follows:

23 **12-61-717. Provisions found not to comply with federal law**  
24 **null and void - severability.** (1) If any provision of this part 7 is found  
25 by a court of competent jurisdiction or by the appropriate federal agency  
26 not to comply with any provision of the federal "Financial Institutions  
27 Reform, Recovery, and Enforcement Act of 1989", AS AMENDED, such

1 provision ~~shall be~~ IS null and void, but the remaining provisions of this  
2 part 7 ~~shall be~~ ARE valid unless ~~such~~ THE remaining provisions alone are  
3 incomplete and are incapable of being executed in accordance with the  
4 legislative intent of this part 7.

5 (2) IF THE REGULATION OF APPRAISAL MANAGEMENT COMPANIES  
6 IS REPEALED FROM TITLE XI OF THE FEDERAL "FINANCIAL INSTITUTIONS  
7 REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989", AS AMENDED,  
8 THE BOARD'S JURISDICTION OVER THESE ENTITIES IS ALSO REPEALED.  
9 BEFORE SUCH REPEAL, THE DIVISION SHALL REVIEW THE REGULATION OF  
10 APPRAISAL MANAGEMENT COMPANIES AS PROVIDED IN SECTION  
11 24-34-104, C.R.S. IF THE BOARD'S JURISDICTION IS REPEALED, THE  
12 DIRECTOR SHALL NOTIFY THE REVISOR OF STATUTES OF THE DATE OF THE  
13 REPEAL.

14 **SECTION 14.** In Colorado Revised Statutes, 12-61-103.6,  
15 **amend** (1), (2), and (3) as follows:

16 **12-61-103.6. Errors and omissions insurance required - rules.**

17 (1) Every licensee under this part 1, except an inactive broker or an  
18 attorney licensee who maintains a policy of professional malpractice  
19 insurance that provides coverage for errors and omissions for their  
20 activities as a licensee under this part 1, shall maintain errors and  
21 omissions insurance to cover all activities contemplated under parts 1 to  
22 8 of this article. The ~~commission~~ DIVISION OF REAL ESTATE shall make the  
23 errors and omissions insurance available to all licensees by contracting  
24 with an insurer for a group policy after a competitive bid process in  
25 accordance with article 103 of title 24, C.R.S. ~~Any~~ A group policy  
26 obtained by the ~~commission~~ shall DIVISION OF REAL ESTATE MUST be  
27 available to all licensees with no right on the part of the insurer to cancel

1 ~~any~~ A licensee. ~~Any~~ A licensee may obtain errors and omissions insurance  
2 independently if the coverage complies with the minimum requirements  
3 established by the ~~commission~~ DIVISION OF REAL ESTATE.

4 (2) (a) If the ~~commission~~ DIVISION OF REAL ESTATE is unable to  
5 obtain errors and omissions insurance coverage to insure all licensees  
6 who choose to participate in the group program at a reasonable annual  
7 premium, as determined by the ~~commission~~ DIVISION OF REAL ESTATE, a  
8 licensee shall independently obtain the errors and omissions insurance  
9 required by this section.

10 (b) The ~~commission~~ DIVISION OF REAL ESTATE shall solicit and  
11 consider information and comments from interested persons when  
12 determining the reasonableness of annual premiums.

13 (3) The ~~commission~~ DIVISION OF REAL ESTATE shall determine the  
14 terms and conditions of coverage required under this section ~~including the~~  
15 ~~minimum limits of coverage, the permissible deductible, and permissible~~  
16 ~~exemptions~~ BASED ON RULES PROMULGATED BY THE COMMISSION. THE  
17 COMMISSION SHALL NOTIFY each licensee ~~shall be notified~~ of the required  
18 terms and conditions at least thirty days ~~prior to~~ BEFORE the annual  
19 premium renewal date as determined by the commission. Each licensee  
20 shall file a certificate of coverage showing compliance with the required  
21 terms and conditions with the commission by the annual premium  
22 renewal date, as determined by the ~~commission~~ DIVISION OF REAL ESTATE.

23 **SECTION 15.** In Colorado Revised Statutes, 12-61-113, **amend**  
24 (5) as follows:

25 **12-61-113. Investigation - revocation - actions against licensee**  
26 **- repeal.** (5) Complaints of record in the office of the commission and  
27 ~~the results of staff~~ COMMISSION investigations, ~~may, in the discretion of~~

1 ~~the commission, be~~ INCLUDING COMMISSION INVESTIGATIVE FILES, ARE  
2 closed to public inspection. ~~except as provided by court order, during the~~  
3 ~~investigatory period and until dismissed or until notice of hearing and~~  
4 ~~charges are served on a licensee~~ STIPULATIONS AND FINAL AGENCY  
5 ORDERS ARE PUBLIC RECORDS SUBJECT TO SECTIONS 24-72-203 AND  
6 24-72-204, C.R.S.

7 **SECTION 16.** In Colorado Revised Statutes, **repeal and reenact,**  
8 **with amendments,** 12-61-903.5 as follows:

9 **12-61-903.5. Errors and omissions insurance - duties of the**  
10 **board - certificate of coverage - when required - group plan made**  
11 **available - effect - rules.** (1) EVERY LICENSEE UNDER THIS PART 9,  
12 EXCEPT AN INACTIVE MORTGAGE LOAN ORIGINATOR OR AN ATTORNEY  
13 LICENSEE WHO MAINTAINS A POLICY OF PROFESSIONAL MALPRACTICE  
14 INSURANCE THAT PROVIDES COVERAGE FOR ERRORS AND OMISSIONS  
15 INSURANCE FOR THEIR ACTIVITIES AS A LICENSEE UNDER THIS PART 9,  
16 SHALL MAINTAIN ERRORS AND OMISSIONS INSURANCE TO COVER ALL  
17 ACTIVITIES CONTEMPLATED UNDER THIS PART 9. THE DIVISION SHALL  
18 MAKE THE ERRORS AND OMISSIONS INSURANCE AVAILABLE TO ALL  
19 LICENSEES BY CONTRACTING WITH AN INSURER FOR A GROUP POLICY  
20 AFTER A COMPETITIVE BID PROCESS IN ACCORDANCE WITH ARTICLE 103 OF  
21 TITLE 24, C.R.S. A GROUP POLICY OBTAINED BY THE DIVISION MUST BE  
22 AVAILABLE TO ALL LICENSEES WITH NO RIGHT ON THE PART OF THE  
23 INSURER TO CANCEL A LICENSEE. A LICENSEE MAY OBTAIN ERRORS AND  
24 OMISSIONS INSURANCE INDEPENDENTLY IF THE COVERAGE COMPLIES WITH  
25 THE MINIMUM REQUIREMENTS ESTABLISHED BY THE DIVISION.

26 (2) (a) IF THE DIVISION IS UNABLE TO OBTAIN ERRORS AND  
27 OMISSIONS INSURANCE COVERAGE TO INSURE ALL LICENSEES WHO CHOOSE

1 TO PARTICIPATE IN THE GROUP PROGRAM AT A REASONABLE ANNUAL  
2 PREMIUM, AS DETERMINED BY THE DIVISION, A LICENSEE SHALL  
3 INDEPENDENTLY OBTAIN THE ERRORS AND OMISSIONS INSURANCE  
4 REQUIRED BY THIS SECTION.

5 (b) THE DIVISION SHALL SOLICIT AND CONSIDER INFORMATION AND  
6 COMMENTS FROM INTERESTED PERSONS WHEN DETERMINING THE  
7 REASONABLENESS OF ANNUAL PREMIUMS.

8 (3) THE DIVISION SHALL DETERMINE THE TERMS AND CONDITIONS  
9 OF COVERAGE REQUIRED UNDER THIS SECTION BASED ON RULES  
10 PROMULGATED BY THE BOARD. EACH LICENSEE SHALL BE NOTIFIED OF THE  
11 REQUIRED TERMS AND CONDITIONS AT LEAST THIRTY DAYS BEFORE THE  
12 ANNUAL PREMIUM RENEWAL DATE AS DETERMINED BY THE DIVISION.  
13 EACH LICENSEE SHALL FILE A CERTIFICATE OF COVERAGE SHOWING  
14 COMPLIANCE WITH THE REQUIRED TERMS AND CONDITIONS WITH THE  
15 DIVISION BY THE ANNUAL PREMIUM RENEWAL DATE, AS DETERMINED BY  
16 THE DIVISION.

17 (4) IN ADDITION TO ALL OTHER POWERS AND DUTIES CONFERRED  
18 UPON THE BOARD BY THIS PART 9, THE BOARD SHALL ADOPT SUCH RULES  
19 AS IT DEEMS NECESSARY OR PROPER TO CARRY OUT THIS SECTION.

20 **SECTION 17.** In Colorado Revised Statutes, 12-61-905.5,  
21 **amend** (5) as follows:

22 **12-61-905.5. Disciplinary actions - grounds - procedures -**  
23 **rules.** (5) Complaints of record in the office of the board and ~~the results~~  
24 ~~of staff~~ BOARD investigations, ~~shall be~~ INCLUDING BOARD INVESTIGATIVE  
25 FILES, ARE closed to public inspection. ~~during the investigatory period and~~  
26 ~~until dismissed or until notice of hearing and charges are served on a~~  
27 ~~licensee, except as provided by court order.~~ Complaints of record that are

1 ~~dismissed by the board and the results of investigation of such complaints~~  
2 ~~shall be closed to public inspection, except as provided by court order.~~  
3 ~~The board's records shall be~~ STIPULATIONS AND FINAL AGENCY ORDERS  
4 ARE PUBLIC RECORD AND subject to sections 24-72-203 and 24-72-204,  
5 C.R.S. regarding public records and confidentiality.

6 **SECTION 18. Effective date.** This act takes effect July 1, 2013.

7 **SECTION 19. Safety clause.** The general assembly hereby finds,  
8 determines, and declares that this act is necessary for the immediate  
9 preservation of the public peace, health, and safety.