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An Act

HOUSE BILL 12-1110

BY REPRESENTATIVE(S) Williams A., Casso, Court, Fields, Fischer, Hulinghorst, Kerr A., Labuda, Pabon, Pace, Ryden, Schafer S., Tyler, Wilson;
also SENATOR(S) Carroll, Aguilar.

CONCERNING THE REGULATION OF APPRAISAL MANAGEMENT COMPANIES,
AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

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

12-61-701. Legislative declaration. The general assembly finds, determines, and declares that ~~this part 7 is~~ SECTIONS 12-61-702 TO 12-61-718 ARE 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", AS AMENDED. The general assembly further finds, determines, and declares that ~~this part 7 is~~ SECTIONS 12-61-702 TO 12-61-718 ARE intended to implement the ~~minimum~~ requirements of federal law in the least burdensome manner to real estate appraisers AND APPRAISAL MANAGEMENT COMPANIES.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

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

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

(1) "Appraisal", "appraisal report", or "real estate appraisal" means a written OR ORAL analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate ~~Such~~ THAT IS TRANSMITTED TO THE CLIENT UPON THE COMPLETION OF AN ASSIGNMENT. THESE 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~~ THE terms include ~~any~~ A valuation completed by ~~any~~ AN appraiser employee of a county assessor as defined in section 39-1-102 (2), C.R.S. ~~Such~~ THE 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~~ AND THAT 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~~ AN appraisal prepared by an officer, director, or regular salaried employee of ~~said~~ A 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.

(1.5) (a) "APPRAISAL MANAGEMENT COMPANY" MEANS, IN CONNECTION WITH VALUING PROPERTIES COLLATERALIZING MORTGAGE LOANS OR MORTGAGES INCORPORATED INTO A SECURITIZATION, ANY EXTERNAL THIRD PARTY AUTHORIZED EITHER BY A CREDITOR IN A CONSUMER CREDIT TRANSACTION SECURED BY A CONSUMER'S PRINCIPAL DWELLING THAT OVERSEES A NETWORK OR PANEL OF LICENSED OR CERTIFIED APPRAISERS OR BY AN UNDERWRITER OF, OR OTHER PRINCIPAL IN, THE SECONDARY MORTGAGE MARKETS THAT OVERSEES A NETWORK OR PANEL OF LICENSED OR CERTIFIED APPRAISERS.

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

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

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

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

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

(5) (a) "Real estate appraiser" or "appraiser" means ~~any~~ A person who provides ~~for a fee or a salary an opinion~~ 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.

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

12-61-703. Board of real estate appraisers - creation - compensation - immunity - repeal of part. (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~~ THE 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, ONE SHALL BE AN OFFICER OR EMPLOYEE OF AN APPRAISAL MANAGEMENT COMPANY, and ~~two~~ ONE shall be ~~members~~ A MEMBER 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 TERMS 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 the unexpired term. The governor shall have HAS the authority to remove any member for misconduct, neglect of duty, or incompetence.~~

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

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:

~~(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~~ IS not ~~be~~ required to maintain or preserve licensing history records of ~~any~~ A person licensed or certified under ~~the provisions of this part 7 for any~~ A period of time longer than seven years. COMPLAINTS OF RECORD IN THE OFFICE OF THE BOARD AND BOARD INVESTIGATIONS, INCLUDING BOARD INVESTIGATIVE FILES, ARE CLOSED TO PUBLIC INSPECTION. STIPULATIONS AND FINAL AGENCY ORDERS ARE PUBLIC RECORD AND SUBJECT TO SECTIONS 24-72-203 AND 24-72-204, C.R.S.

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

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

12-61-706. Qualifications for registration, licensing, and certification of appraisers - 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", AS AMENDED, 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.

(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", AS AMENDED. 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~~ ARE 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.~~

(10) THE BOARD SHALL NOT ISSUE A REGISTRATION, LICENSE, OR CERTIFICATION UNTIL THE APPLICANT ESTABLISHES THAT HE OR SHE IS TRUTHFUL AND HONEST AND HAS GOOD MORAL CHARACTER, AND SUBMITS A SET OF FINGERPRINTS TO THE COLORADO BUREAU OF INVESTIGATION FOR THE PURPOSE OF CONDUCTING A STATE AND NATIONAL FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK UTILIZING RECORDS OF THE COLORADO BUREAU OF INVESTIGATION AND THE FEDERAL BUREAU OF INVESTIGATION. EACH PERSON SUBMITTING A SET OF FINGERPRINTS SHALL PAY THE FEE ESTABLISHED BY THE COLORADO BUREAU OF INVESTIGATION FOR CONDUCTING THE FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK TO THE BUREAU. UPON COMPLETION OF THE CRIMINAL HISTORY RECORD

CHECK, THE BUREAU SHALL FORWARD THE RESULTS TO THE BOARD. THE BOARD MAY REQUIRE A NAME-BASED CRIMINAL HISTORY RECORD CHECK FOR AN APPLICANT WHO HAS TWICE SUBMITTED TO A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK AND WHOSE FINGERPRINTS ARE UNCLASSIFIABLE. THE BOARD MAY DENY AN APPLICATION FOR REGISTRATION, LICENSURE, OR CERTIFICATION BASED ON THE OUTCOME OF THE CRIMINAL HISTORY RECORD CHECK AND MAY ESTABLISH CRIMINAL HISTORY REQUIREMENTS MORE STRINGENT THAN THOSE ESTABLISHED BY ANY APPLICABLE FEDERAL LAW.

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

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

(2) THE BOARD MAY GRANT APPRAISAL MANAGEMENT COMPANY LICENSES TO INDIVIDUALS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, OR CORPORATIONS. A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION, IN ITS APPLICATION FOR A LICENSE, SHALL DESIGNATE A CONTROLLING APPRAISER WHO IS ACTIVELY CERTIFIED IN A STATE RECOGNIZED BY THE APPRAISAL SUBCOMMITTEE OF THE FEDERAL FINANCIAL INSTITUTIONS EXAMINATIONS COUNCIL OR ITS SUCCESSOR ENTITY. THE CONTROLLING APPRAISER IS RESPONSIBLE FOR THE LICENSED PRACTICES OF THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION AND ALL PERSONS EMPLOYED BY THE ENTITY. THE APPLICATION OF THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION AND THE APPLICATION OF THE APPRAISER DESIGNATED BY IT AS THE CONTROLLING APPRAISER SHALL BE FILED WITH THE BOARD. THE BOARD HAS JURISDICTION OVER THE APPRAISER SO DESIGNATED AND OVER THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION.

(3) THE BOARD SHALL NOT ISSUE A LICENSE TO ANY PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION UNLESS AND UNTIL THE APPRAISER DESIGNATED BY THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION AS CONTROLLING APPRAISER AND EACH INDIVIDUAL THAT OWNS MORE THAN TEN PERCENT OF THE ENTITY ESTABLISHES THAT HE OR SHE IS TRUTHFUL AND HONEST AND HAS GOOD MORAL CHARACTER, AND

SUBMITS A SET OF FINGERPRINTS TO THE COLORADO BUREAU OF INVESTIGATION FOR THE PURPOSE OF CONDUCTING A STATE AND NATIONAL FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK UTILIZING RECORDS OF THE COLORADO BUREAU OF INVESTIGATION AND THE FEDERAL BUREAU OF INVESTIGATION. EACH PERSON SUBMITTING A SET OF FINGERPRINTS SHALL PAY THE FEE ESTABLISHED BY THE COLORADO BUREAU OF INVESTIGATION FOR CONDUCTING THE FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK TO THE BUREAU. UPON COMPLETION OF THE CRIMINAL HISTORY RECORD CHECK, THE BUREAU SHALL FORWARD THE RESULTS TO THE BOARD. THE BOARD MAY REQUIRE A NAME-BASED CRIMINAL HISTORY RECORD CHECK FOR AN APPLICANT WHO HAS TWICE SUBMITTED TO A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK AND WHOSE FINGERPRINTS ARE UNCLASSIFIABLE. THE BOARD MAY DENY AN APPLICATION FOR LICENSURE OR REFUSE TO RENEW A LICENSE BASED ON THE OUTCOME OF THE CRIMINAL HISTORY RECORD CHECK. THE BOARD MAY REQUIRE CRIMINAL HISTORY REQUIREMENTS MORE STRINGENT THAN THOSE ESTABLISHED BY ANY APPLICABLE FEDERAL LAW.

(4) THE BOARD SHALL NOT ISSUE A LICENSE TO ANY PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IF THE APPRAISER DESIGNATED BY THE ENTITY AS CONTROLLING APPRAISER HAS PREVIOUSLY HAD, IN ANY STATE, AN APPRAISER REGISTRATION, LICENSE, OR CERTIFICATE REFUSED, DENIED, CANCELLED, SURRENDERED IN LIEU OF REVOCATION, OR REVOKED. A DISCIPLINARY ACTION RESULTING IN REFUSAL, DENIAL, CANCELLATION, SURRENDER IN LIEU OF REVOCATION, OR REVOCATION RELATING TO A REGISTRATION, LICENSE, OR CERTIFICATION 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 IS PRIMA FACIE EVIDENCE OF GROUNDS FOR DENIAL OF A LICENSE BY THE BOARD.

(5) THE BOARD SHALL NOT ISSUE A LICENSE TO ANY PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IF IT IS OWNED, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, BY ANY PERSON WHO HAS HAD, IN ANY STATE, AN APPRAISER LICENSE, REGISTRATION, OR CERTIFICATE REFUSED, DENIED, CANCELLED, SURRENDERED IN LIEU OF REVOCATION, OR REVOKED. A DISCIPLINARY ACTION RESULTING IN REFUSAL, DENIAL, CANCELLATION, SURRENDER IN LIEU OF REVOCATION, OR REVOCATION RELATING TO A LICENSE, REGISTRATION, OR CERTIFICATION AS AN APPRAISER LICENSED, REGISTERED, OR CERTIFIED UNDER THIS PART 7 OR ANY RELATED

OCCUPATION IN ANY OTHER STATE, TERRITORY, OR COUNTRY FOR DISCIPLINARY REASONS IS PRIMA FACIE EVIDENCE OF GROUNDS FOR DENIAL OF A LICENSE BY THE BOARD.

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

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

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

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

(b) A LIMITED LIABILITY COMPANY MUST BE PROPERLY REGISTERED WITH THE COLORADO SECRETARY OF STATE AND IN GOOD STANDING, PROOF OF WHICH MUST BE INCLUDED WITH THE APPLICATION. IF AN ASSUMED OR

TRADE NAME IS TO BE USED, IT MUST BE PROPERLY FILED WITH THE COLORADO SECRETARY OF STATE, PROOF OF WHICH MUST BE INCLUDED WITH THE APPLICATION.

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

(9) FINANCIAL INSTITUTIONS AND APPRAISAL MANAGEMENT COMPANY SUBSIDIARIES THAT ARE OWNED AND CONTROLLED BY THE FINANCIAL INSTITUTION AND REGULATED BY A FEDERAL FINANCIAL INSTITUTION REGULATORY AGENCY ARE NOT REQUIRED TO REGISTER WITH OR BE LICENSED BY THE BOARD. THIS EXEMPTION INCLUDES A PANEL OF APPRAISERS WHO ARE ENGAGED TO PROVIDE APPRAISAL SERVICES AND ARE ADMINISTERED BY A FINANCIAL INSTITUTION REGULATED BY A FEDERAL FINANCIAL REGULATORY AGENCY.

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

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

(2)(a) IF THE DIVISION IS UNABLE TO OBTAIN ERRORS AND OMISSIONS INSURANCE COVERAGE TO INSURE ALL LICENSEES WHO CHOOSE TO PARTICIPATE IN THE GROUP PROGRAM AT A REASONABLE ANNUAL PREMIUM, AS DETERMINED BY THE DIVISION, A LICENSEE SHALL INDEPENDENTLY

OBTAIN THE ERRORS AND OMISSIONS INSURANCE REQUIRED BY THIS SECTION.

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

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

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

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

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

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

12-61-707. Expiration of licenses - renewal - penalties. (1) (b) A person who fails to renew his or her REAL ESTATE APPRAISER'S registration, license, or certificate ~~prior to~~ BEFORE the applicable renewal date may have it reinstated if the person does any one of the following:

(3) (b) The holder of an inactive license shall not perform a real

estate appraisal OR APPRAISAL MANAGEMENT DUTIES in conjunction with a debt instrument that is federally guaranteed, in the federal secondary market, or regulated pursuant to title 12, U.S.C.

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

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

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

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

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:

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

~~(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.~~

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

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

12-61-710.5. Appraisal management companies - prohibited activities - grounds for disciplinary actions - procedures. (1) THE BOARD, UPON ITS OWN MOTION, MAY, AND UPON THE COMPLAINT IN WRITING OF ANY PERSON, SHALL, INVESTIGATE THE ACTIVITIES OF A LICENSED APPRAISAL MANAGEMENT COMPANY; AN APPRAISER DESIGNATED AS A CONTROLLING APPRAISER BY A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION ACTING AS AN APPRAISAL MANAGEMENT COMPANY; OR A PERSON OR ENTITY WHO ASSUMES TO ACT IN THAT CAPACITY WITHIN THE STATE. THE BOARD, UPON A FINDING OF A VIOLATION, MAY IMPOSE AN ADMINISTRATIVE FINE, NOT TO EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS FOR EACH SEPARATE OFFENSE, AND TO CENSURE A LICENSEE, TO

PLACE THE LICENSEE ON PROBATION AND TO SET THE TERMS OF PROBATION, OR TO TEMPORARILY SUSPEND OR PERMANENTLY REVOKE A LICENSE WHEN THE LICENSEE HAS PERFORMED, IS PERFORMING, OR IS ATTEMPTING TO PERFORM ANY OF THE FOLLOWING ACTS:

(a) FAILING TO EXERCISE DUE DILIGENCE WHEN HIRING OR ENGAGING A REAL ESTATE APPRAISER TO ENSURE THAT THE REAL ESTATE APPRAISER IS APPROPRIATELY CREDENTIALLED BY THE BOARD AND COMPETENT TO PERFORM THE ASSIGNMENT;

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

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

(I) CONSIDER ADDITIONAL, APPROPRIATE PROPERTY INFORMATION;

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

(III) CORRECT ERRORS IN THE APPRAISAL REPORT.

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

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

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

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

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

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

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

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

(k) USING AN APPRAISAL REPORT FOR A CLIENT OTHER THAN THE ONE

ORIGINALLY CONTRACTED WITH, WITHOUT THE ORIGINAL CLIENT'S WRITTEN CONSENT;

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

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

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

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

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

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

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

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

(2) WHEN A COMPLAINT OR AN INVESTIGATION DISCLOSES AN INSTANCE OF MISCONDUCT 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, RETURN RECEIPT REQUESTED, TO THE LICENSEE AGAINST WHOM THE COMPLAINT WAS MADE. THE LETTER SHALL ADVISE THE LICENSEE 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) DISCIPLINARY PROCEEDINGS SHALL BE CONDUCTED IN THE MANNER PRESCRIBED BY THE "STATE ADMINISTRATIVE PROCEDURE ACT", ARTICLE 4 OF TITLE 24, C.R.S.

(4) IF A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION OPERATING UNDER THE LICENSE OF AN APPRAISER DESIGNATED AND LICENSED AS A CONTROLLING APPRAISER BY THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IS GUILTY OF ANY OF THE FOREGOING ACTS, THE BOARD MAY SUSPEND OR REVOKE THE RIGHT OF THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION

TO CONDUCT ITS BUSINESS UNDER THE LICENSE OF THE CONTROLLING APPRAISER, WHETHER OR NOT THE CONTROLLING APPRAISER HAD PERSONAL KNOWLEDGE THEREOF AND WHETHER OR NOT THE BOARD SUSPENDS OR REVOKES THE INDIVIDUAL LICENSE OF THE CONTROLLING APPRAISER.

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

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

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

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

(2) THE BOARD MAY APPLY TO A COURT OF COMPETENT JURISDICTION FOR AN ORDER ENJOINING AN ACT OR PRACTICE THAT CONSTITUTES A VIOLATION OF THIS PART 7, AND, UPON A SHOWING THAT A PERSON, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION IS ENGAGING OR INTENDS TO ENGAGE IN ANY SUCH ACT OR PRACTICE, AN INJUNCTION, RESTRAINING ORDER, OR OTHER APPROPRIATE ORDER SHALL BE GRANTED BY THE COURT REGARDLESS OF THE EXISTENCE OF ANOTHER REMEDY THEREFOR. ANY NOTICE, HEARING, OR DURATION OF AN INJUNCTION OR RESTRAINING ORDER SHALL BE MADE IN ACCORDANCE WITH THE

COLORADO RULES OF CIVIL PROCEDURE.

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

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

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~~ A person OR APPRAISAL MANAGEMENT COMPANY from committing ~~any~~ AN act prohibited by ~~the provisions of~~ this part 7.

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

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 OR ITS SUCCESSOR ENTITY, no less than annually, a roster listing individuals AND APPRAISAL MANAGEMENT COMPANIES who have received a certificate or license as provided in this part 7;

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

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

12-61-717. Provisions found not to comply with federal law null and void - severability. (1) 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", AS AMENDED, such provision ~~shall be~~ IS null and void, but the remaining provisions of this part 7 ~~shall be~~ ARE valid unless ~~such~~ THE remaining provisions alone are incomplete and are incapable of being executed in accordance with the legislative intent of this part 7.

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

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

12-61-103.6. Errors and omissions insurance required - rules. (1) Every licensee under this part 1, except an inactive broker or an attorney licensee who maintains a policy of professional malpractice insurance that provides coverage for errors and omissions for their activities as a licensee under this part 1, shall maintain errors and omissions insurance to cover all activities contemplated under parts 1 to 8 of this article. The

~~commission~~ DIVISION OF REAL ESTATE shall make the errors and omissions insurance available to all licensees by contracting with an insurer for a group policy after a competitive bid process in accordance with article 103 of title 24, C.R.S. ~~Any~~ A group policy obtained by the ~~commission~~ shall DIVISION OF REAL ESTATE MUST be available to all licensees with no right on the part of the insurer to cancel ~~any~~ A licensee. ~~Any~~ A licensee may obtain errors and omissions insurance independently if the coverage complies with the minimum requirements established by the ~~commission~~ DIVISION OF REAL ESTATE.

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

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

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

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

12-61-113. Investigation - revocation - actions against licensee - repeal. (5) Complaints of record in the office of the commission and ~~the results of staff~~ COMMISSION investigations, ~~may, in the discretion of the commission, be~~ INCLUDING COMMISSION INVESTIGATIVE FILES, ARE closed to public inspection. ~~except as provided by court order, during the~~

~~investigatory period and until dismissed or until notice of hearing and charges are served on a licensee~~ STIPULATIONS AND FINAL AGENCY ORDERS ARE PUBLIC RECORDS SUBJECT TO SECTIONS 24-72-203 AND 24-72-204, C.R.S.

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

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

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

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

(3) THE DIVISION SHALL DETERMINE THE TERMS AND CONDITIONS OF COVERAGE REQUIRED UNDER THIS SECTION BASED ON RULES PROMULGATED BY THE BOARD. EACH LICENSEE SHALL BE NOTIFIED OF THE REQUIRED TERMS AND CONDITIONS AT LEAST THIRTY DAYS BEFORE THE ANNUAL PREMIUM

RENEWAL DATE AS DETERMINED BY THE DIVISION. EACH LICENSEE SHALL FILE A CERTIFICATE OF COVERAGE SHOWING COMPLIANCE WITH THE REQUIRED TERMS AND CONDITIONS WITH THE DIVISION BY THE ANNUAL PREMIUM RENEWAL DATE, AS DETERMINED BY THE DIVISION.

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

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

12-61-905.5. Disciplinary actions - grounds - procedures - rules.

(5) ~~Complaints of record in the office of the board and the results of staff BOARD investigations, shall be INCLUDING BOARD INVESTIGATIVE FILES, ARE 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~~ STIPULATIONS AND FINAL AGENCY ORDERS ARE PUBLIC RECORD AND subject to sections 24-72-203 and 24-72-204, C.R.S. ~~regarding public records and confidentiality.~~

SECTION 18. Appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the division of real estate cash fund created in section 12-61-111.5 (2) (b), Colorado Revised Statutes, not otherwise appropriated, to the department of regulatory agencies, for the fiscal year beginning July 1, 2012, the sum of \$265,104 and 2.0 FTE, or so much thereof as may be necessary, to be allocated for the implementation of this act as follows:

- (a) \$90,959 and 2.0 FTE for personal services;
- (b) \$11,306 for operating expenses;
- (c) \$100,000 for information technology system modifications; and
- (d) \$62,839 for the purchase of legal services.

(2) In addition to any other appropriation, there is hereby appropriated to the department of law, for the fiscal year beginning July 1, 2012, the sum of \$62,839 and 0.5 FTE, or so much thereof as may be necessary, for the provision of legal services for the department of regulatory agencies related to the implementation of this act. Said sum is from reappropriated funds received from the department of regulatory agencies out of the appropriation made in paragraph (d) of subsection (1) of this section.

(3) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado bureau of investigation identification unit fund created in section 24-33.5-426, Colorado Revised Statutes, not otherwise appropriated, to the department of public safety, for allocation to the Colorado bureau of investigation, for the Colorado crime information center, identification, for the fiscal year beginning July 1, 2012, the sum of \$23,700, or so much thereof as may be necessary for fingerprint-based criminal history checks related to the implementation of this act.

SECTION 19. Effective date. This act takes effect July 1, 2013.

SECTION 20. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Frank McNulty
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Brandon C. Shaffer
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO