

**Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO**

**REVISED**

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 22-0320.01 Jennifer Berman x3286

**HOUSE BILL 22-1261**

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**HOUSE SPONSORSHIP**

**Roberts and Ricks,** Snyder, Jodeh, Lindsay, McLachlan

**SENATE SPONSORSHIP**

**Hansen and Priola,**

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**House Committees**

Business Affairs & Labor  
Finance  
Appropriations

**Senate Committees**

Business, Labor, & Technology  
Appropriations

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**A BILL FOR AN ACT**

101      **CONCERNING THE CONTINUATION OF THE BOARD OF REAL ESTATE**  
102              **APPRAISERS, AND, IN CONNECTION THEREWITH, IMPLEMENTING**  
103              **THE RECOMMENDATIONS CONTAINED IN THE 2021 SUNSET**  
104              **REPORT BY THE DEPARTMENT OF REGULATORY AGENCIES**  
105              **REGARDING THE BOARD OF REAL ESTATE APPRAISERS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Sunset Process - House Business Affairs and Labor Committee.** The bill implements the recommendations of the department

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

SENATE  
2nd Reading Unamended  
April 25, 2022

HOUSE  
3rd Reading Unamended  
April 4, 2022

HOUSE  
Amended 2nd Reading  
April 1, 2022

of regulatory agencies, as contained in the department's sunset review of the board of real estate appraisers (board), as follows:

- Continues the board for 9 years, until September 1, 2031 (**sections 1 and 2** of the bill);
- Requires the board to adopt rules to authorize an exemption from compliance with the uniform standards of professional appraisal practice that would allow an appraiser to perform an evaluation instead of a full appraisal for a federally regulated financial institution and authorizes an appraiser to conduct an evaluation in accordance with the board's rules (**sections 3 and 6**);
- Amends statute to comport with federal law, including updating the number of appraisers with which a licensed appraisal management company does business, updating the qualifications for licensure to require the minimum appraisal experience required by the Appraiser Qualifications Board of the Appraisal Foundation or its successor organization, clarifying the federal regulating authorities that regulate a financial institution exempted from state registration or licensure, and aligning the hours of continuing education required for reactivation of an inactive license with the number of hours required by the Appraiser Qualifications Board (**sections 4 and 6 to 8**);
- Repeals the requirement that the board send letters of admonition by certified mail (**sections 9 and 10**);
- Clarifies that fines are assessed on a per-violation basis and reduces the maximum penalty from \$2,000 to \$1,000, which maximum penalty applies to any violation (**section 9**); and
- Directs the state treasurer to credit penalties and fines collected to the general fund instead of the division of real estate cash fund (**section 5**).

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

2           **SECTION 1.** In Colorado Revised Statutes, 24-34-104, **repeal**  
3 (23)(a)(VI); and **add** (32)(a)(VII) as follows:

4           **24-34-104. General assembly review of regulatory agencies**  
5 **and functions for repeal, continuation, or reestablishment - legislative**  
6 **declaration - repeal.** (23) (a) The following agencies, functions, or both,  
7 are scheduled for repeal on September 1, 2022:

1 (VI) ~~The board of real estate appraisers created in part 6 of article~~  
2 ~~10 of title 12;~~

3 (32) (a) The following agencies, functions, or both, are scheduled  
4 for repeal on September 1, 2031:

5 (VII) THE BOARD OF REAL ESTATE APPRAISERS CREATED IN PART  
6 OF ARTICLE 10 OF TITLE 12.

7 **SECTION 2.** In Colorado Revised Statutes, 12-10-603, **amend**  
8 (6) as follows:

9 **12-10-603. Board of real estate appraisers - creation -**  
10 **compensation - immunity - legislative declaration - subject to review**  
11 **- repeal of part.** (6) This part 6 is repealed, effective September 1, ~~2022~~  
12 2031. Before the repeal, this part 6 is scheduled for review in accordance  
13 with section 24-34-104.

14 **SECTION 3.** In Colorado Revised Statutes, 12-10-602, **add** (5.5)  
15 and (10) as follows:

16 **12-10-602. Definitions.** As used in this part 6, unless the context  
17 otherwise requires:

18 (5.5) "EVALUATION" MEANS AN OPINION ABOUT THE MARKET  
19 VALUE OF REAL ESTATE THAT IS:

20 (a) MADE IN ACCORDANCE WITH THE 2010 "INTERAGENCY  
21 APPRAISAL AND EVALUATION GUIDELINES" DEVELOPED BY THE  
22 FOLLOWING FEDERAL AGENCIES THAT REGULATE FINANCIAL INSTITUTIONS:

23 (I) THE FEDERAL RESERVE BOARD;

24 (II) THE OFFICE OF THE COMPTROLLER OF THE CURRENCY;

25 (III) THE FEDERAL DEPOSIT INSURANCE CORPORATION;

26 (IV) THE OFFICE OF THRIFT SUPERVISION; AND

27 (V) THE NATIONAL CREDIT UNION ADMINISTRATION; AND

1 (b) PROVIDED TO A FINANCIAL INSTITUTION FOR USE IN A  
2 REAL-ESTATE-RELATED TRANSACTION FOR WHICH AN APPRAISAL IS NOT  
3 REQUIRED BY THE FEDERAL AGENCIES LISTED IN SUBSECTION (5.5)(a) OF  
4 THIS SECTION.

5 (10) "UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL  
6 PRACTICE" MEANS THE STANDARDS FOR THE APPRAISAL PROFESSION IN  
7 THE UNITED STATES, AS ADOPTED BY CONGRESS IN 1989 THROUGH THE  
8 FEDERAL "FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND  
9 ENFORCEMENT ACT OF 1989", PUB.L. 101-73, AS AMENDED, AND THAT  
10 THE APPRAISAL FOUNDATION PERIODICALLY UPDATES.

11 **SECTION 4.** In Colorado Revised Statutes, 12-10-604, **amend**  
12 (1)(a)(IV) as follows:

13 **12-10-604. Powers and duties of the board - rules.** (1) In  
14 addition to all other powers and duties imposed upon it by law, the board  
15 has the following powers and duties:

16 (a) (IV) In any list or registry it maintains, the board shall identify  
17 or separately account for any appraisal management company that  
18 oversees a panel of more than fifteen certified or licensed appraisers in  
19 Colorado, or ~~more than~~ twenty-five OR MORE CERTIFIED OR LICENSED  
20 APPRAISERS in all states in which it does business, within a given year.

21

22 **SECTION 5.** In Colorado Revised Statutes, 12-10-606, **amend**  
23 (5); and **add** (7) as follows:

24 **12-10-606. Qualifications for licensing and certification of**  
25 **appraisers - continuing education - definitions - rules - evaluations.**

26 (5) The board shall not issue an appraiser's license as referenced in  
27 subsection (1)(b)(IV) of this section unless the applicant has ~~at least~~

1 ~~twelve months~~ MET THE MINIMUM appraisal experience REQUIREMENT  
2 ESTABLISHED BY THE APPRAISER QUALIFICATIONS BOARD OF THE  
3 APPRAISAL FOUNDATION OR ITS SUCCESSOR ORGANIZATION.

4 (7) (a) THE BOARD SHALL, BY RULE, AUTHORIZE AN EXEMPTION  
5 FROM COMPLIANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL  
6 APPRAISAL PRACTICE FOR A LICENSED APPRAISER PERFORMING AN  
7 EVALUATION; EXCEPT THAT THE BOARD'S RULES MUST NOT EXEMPT A  
8 LICENSED APPRAISER PERFORMING AN EVALUATION FROM COMPLYING  
9 WITH THE ETHICS, RECORD-KEEPING, COMPETENCY, AND SCOPE-OF-WORK  
10 STANDARDS OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL  
11 PRACTICE.

12 (b) A LICENSED APPRAISER MAY PERFORM AN EVALUATION IF  
13 CONDUCTED IN ACCORDANCE WITH BOARD RULES PROMULGATED UNDER  
14 SUBSECTION (7)(a) OF THIS SECTION.

15 **SECTION 6.** In Colorado Revised Statutes, 12-10-607, **amend**  
16 (9) as follows:

17 **12-10-607. Appraisal management companies - application for**  
18 **license - exemptions.** (9) Financial institutions and appraisal  
19 management company subsidiaries that are owned and controlled by ~~the~~  
20 ~~financial institution and regulated by a federal financial institution~~  
21 ~~regulatory agency~~ AN INSURED DEPOSITORY INSTITUTION, AS DEFINED IN  
22 12 U.S.C. SEC. 1813 (c)(2), AS AMENDED, AND REGULATED BY THE  
23 FEDERAL OFFICE OF THE COMPTROLLER OF THE CURRENCY, THE BOARD OF  
24 GOVERNORS OF THE FEDERAL RESERVE SYSTEM, OR THE FEDERAL DEPOSIT  
25 INSURANCE CORPORATION are not required to register with or be licensed  
26 by the board. This exemption includes a panel of appraisers who are  
27 engaged to provide appraisal services and are administered by a financial

1 institution regulated by a ONE OF THE federal financial regulatory agency  
2 AGENCIES LISTED IN THIS SUBSECTION (9).

3 **SECTION 7.** In Colorado Revised Statutes, 12-10-610, **amend**  
4 (3)(a) as follows:

5 **12-10-610. Expiration of licenses - renewal - penalties - fees -**  
6 **rules.** (3) (a) If the applicant has complied with this section and any  
7 applicable rules of the board regarding renewal, except for the continuing  
8 education requirements pursuant to section 12-10-606, the licensee may  
9 renew the license on inactive status. An inactive license may be activated  
10 if the licensee submits written certification of compliance with ~~section~~  
11 ~~12-10-606 for the previous licensing period~~ THE REQUIRED NUMBER OF  
12 CONTINUING EDUCATION HOURS AS DETERMINED BY THE APPRAISER  
13 QUALIFICATIONS BOARD OF THE APPRAISAL FOUNDATION OR ITS  
14 SUCCESSOR ORGANIZATION. The board may adopt rules establishing  
15 procedures to facilitate reactivation of licenses.

16 **SECTION 8.** In Colorado Revised Statutes, 12-10-613, **amend**  
17 (3) and (7) as follows:

18 **12-10-613. Prohibited activities - grounds for disciplinary**  
19 **actions - procedures.** (3) When a complaint or an investigation discloses  
20 an instance of misconduct by a licensed or certified appraiser that, in the  
21 opinion of the board, does not warrant formal action by the board but  
22 should not be dismissed as being without merit, the board may send a  
23 letter of admonition ~~by certified mail~~ to the appraiser against whom a  
24 complaint was made. The letter ~~shall~~ MUST advise the appraiser of the  
25 right to make a written request, within twenty days after receipt of the  
26 letter of admonition, to the board to begin formal disciplinary proceedings  
27 as provided in this section to adjudicate the conduct or acts on which the

1 letter was based.

2 (7) In addition to any other discipline imposed pursuant to this  
3 section, ~~any~~ A person who violates this part 6 or the rules promulgated  
4 pursuant to this article 10 may be penalized by the board, upon a finding  
5 of a violation MADE pursuant to article 4 of title 24, ~~as follows:~~

6 ~~(a) In the first administrative proceeding against a person BY~~  
7 ~~IMPOSITION OF a fine of not less than three hundred dollars but not more~~  
8 ~~than five hundred ONE THOUSAND dollars per violation.~~

9 ~~(b) In any subsequent administrative proceeding against a person~~  
10 ~~for transactions occurring after a final agency action determining that a~~  
11 ~~violation of this part 6 has occurred, a fine of not less than one thousand~~  
12 ~~dollars but not more than two thousand dollars.~~

13 **SECTION 9.** In Colorado Revised Statutes, 12-10-614, **amend**  
14 (2) as follows:

15 **12-10-614. Appraisal management companies - prohibited**  
16 **activities - grounds for disciplinary actions - procedures - rules.**

17 (2) When a complaint or an investigation discloses an instance of  
18 misconduct that, in the opinion of the board, does not warrant formal  
19 action by the board but should not be dismissed as being without merit,  
20 the board may send a letter of admonition ~~by certified mail, return receipt~~  
21 ~~requested,~~ to the licensee against whom the complaint was made. The  
22 letter ~~shall~~ **MUST** advise the licensee of the right to make a written request,  
23 within twenty days after receipt of the letter of admonition, to the board  
24 to begin formal disciplinary proceedings as provided in this section to  
25 adjudicate the conduct or acts on which the letter was based.

26 **SECTION 10. Act subject to petition - effective date.** This act  
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly; except  
2 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
3 of the state constitution against this act or an item, section, or part of this  
4 act within such period, then the act, item, section, or part will not take  
5 effect unless approved by the people at the general election to be held in  
6 November 2022 and, in such case, will take effect on the date of the  
7 official declaration of the vote thereon by the governor.