

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0360.01 Richard Sweetman x4333

HOUSE BILL 26-1287

HOUSE SPONSORSHIP

Boesenecker and Brooks,

SENATE SPONSORSHIP

Kolker and Jodeh,

House Committees

Transportation, Housing & Local Government

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CONTINUATION OF CERTAIN REGULATORY**
102 **FUNCTIONS OF THE DIVISION OF REAL ESTATE, AND, IN**
103 **CONNECTION THEREWITH, IMPLEMENTING THE**
104 **RECOMMENDATIONS CONTAINED IN THE 2025 SUNSET REPORT**
105 **BY THE DEPARTMENT OF REGULATORY AGENCIES.**

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 Transportation, Housing, and Local Government Committee. The bill implements the recommendations of

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

the department of regulatory agencies in its sunset review and report concerning certain regulatory functions of the division of real estate (division), including the real estate commission (commission), the registration of subdivision developers, and requirements for home warranty service contracts. Specifically:

- **Sections 1 through 5** of the bill continue the division, including the commission and subdivision developers, for 11 years, until 2037, and remove home warranty service contracts from the sunset schedule;
- **Section 6** authorizes the commission to deny a license to an applicant who has committed any of certain offenses;
- **Section 7** authorizes the commission to order a licensee who commits any of certain offenses to pay restitution. **Section 7** also extends the time that must elapse before the commission may consider an application for licensure from a person whose license was revoked from one year to 2 years. **Section 7** also updates gendered language to gender-neutral language.
- **Sections 7, 13, 14, and 21** allow the commission to communicate with licensees via electronic mail for certain purposes;
- **Section 8** authorizes the commission to inactivate the license of a licensee who fails to comply with continuing education requirements. **Section 8** also allows the division to charge a fee to each provider that submits a continuing education course.
- **Section 9** clarifies that any licensed broker may elect to have a license issued in a previously used legal name. **Section 9** also updates gendered language to gender-neutral language.
- **Sections 10 and 11** remove language requiring the commission to serve subpoenas in the same manner as subpoenas issued by a district court and substitute language stating that subpoenas may be enforced by a court with jurisdiction;
- **Section 12** requires the division to establish protocols addressing the security of electronic correspondence; and
- **Sections 15 through 21** update gendered language to gender-neutral language.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 12-10-227 as

1 follows:

2 **12-10-227. Repeal of part - subject to review.**

3 This part 2 is repealed, effective ~~September 1, 2026~~ SEPTEMBER
4 1, 2037. Before the repeal, the division, including the commission, is
5 scheduled for review in accordance with section 24-34-104.

6 **SECTION 2.** In Colorado Revised Statutes, **amend** 12-10-305 as
7 follows:

8 **12-10-305. Repeal of part - subject to review.**

9 This part 3 is repealed, effective ~~September 1, 2026~~ SEPTEMBER
10 1, 2037. Before the repeal, this part 3 is scheduled for review in
11 accordance with section 24-34-104.

12 **SECTION 3.** In Colorado Revised Statutes, **amend** 12-10-508 as
13 follows:

14 **12-10-508. Repeal of part - subject to review.**

15 This part 5 is repealed, effective ~~September 1, 2026~~ SEPTEMBER
16 1, 2037. Before the repeal, this part 5 is scheduled for review in
17 accordance with section 24-34-104.

18 **SECTION 4.** In Colorado Revised Statutes, **repeal** 12-10-906 as
19 follows:

20 **12-10-906. Repeal of part - subject to review.**

21 ~~This part 9 is repealed, effective September 1, 2026. Before the~~
22 ~~repeal, this part 9 is scheduled for review in accordance with section~~
23 ~~24-34-104.~~

24 **SECTION 5.** In Colorado Revised Statutes, 24-34-104, **repeal**
25 (27)(a)(VI) and (27)(a)(XVII); and **add** (38)(a)(II) as follows:

26 **24-34-104. General assembly review of regulatory agencies**
27 **and functions for repeal, continuation, or reestablishment - legislative**

1 **declaration - repeal.**

2 (27) (a) The following agencies, functions, or both, are scheduled
3 for repeal on September 1, 2026:

4 (VI) ~~The division of real estate, including the real estate~~
5 ~~commission, created in part 2 of article 10 of title 12, and its functions~~
6 ~~under parts 2, 3, and 5 of article 10 of title 12;~~

7 (XVII) ~~The legal requirements pertaining to home warranty~~
8 ~~service contracts under part 9 of article 10 of title 12.~~

9 (38) (a) The following agencies, functions, or both, are scheduled
10 for repeal on September 1, 2037:

11 (II) THE DIVISION OF REAL ESTATE, INCLUDING THE REAL ESTATE
12 COMMISSION, CREATED IN PART 2 OF ARTICLE 10 OF TITLE 12, AND ITS
13 FUNCTIONS UNDER PARTS 2, 3, AND 5 OF ARTICLE 10 OF TITLE 12.

14 **SECTION 6.** In Colorado Revised Statutes, **amend** 12-10-202 as
15 follows:

16 **12-10-202. License required.**

17 (1) It is unlawful for ~~any~~ A person, A firm, A partnership, A limited
18 liability company, AN association, or A corporation to engage in the
19 business or capacity of real estate broker in this state without first having
20 obtained a license from the commission. ~~No~~ THE COMMISSION SHALL NOT
21 GRANT A person ~~shall be granted~~ a license until the person establishes
22 compliance with the provisions of this part 2 concerning education,
23 experience, and testing; truthfulness and honesty and otherwise good
24 moral character; and, in addition to any other requirements of this section,
25 competency to transact the business of a real estate broker in such A
26 manner as to safeguard the interest of the public and only after
27 satisfactory proof of the qualifications, together with the application for

1 the license, is filed in the office of the commission. In determining the
2 person's character, the commission shall be governed by section 24-5-101.

3 (2) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT FOR
4 LICENSURE IF THE APPLICANT IS GUILTY OF ANY OF THE OFFENSES LISTED
5 IN SECTION 12-10-217 (1)(n)(I).

6 **SECTION 7.** In Colorado Revised Statutes, 12-10-217, **amend**
7 (1) introductory portion, (1)(b), (7), and (9); and **add** (11) as follows:

8 **12-10-217. Investigation - revocation - actions against licensee**
9 **or applicant - definition.**

10 (1) The commission, upon its own motion, may, and, upon the
11 complaint in writing of any person, shall, investigate the activities of any
12 licensee or any person ~~who~~ THAT assumes to act in the capacity of a
13 licensee within the state, and the commission, after holding a hearing
14 pursuant to section 12-10-219, ~~has the power to~~ MAY impose an
15 administrative fine not to exceed two thousand five hundred dollars for
16 each separate offense, ~~and to~~ ORDER A LICENSEE TO PAY RESTITUTION,
17 censure a licensee, ~~to place the~~ A licensee on probation and ~~to~~ set the
18 terms of probation, or ~~to~~ temporarily suspend a license or ~~permanently~~
19 revoke a license ~~when~~ IF the licensee has performed, is performing, or is
20 attempting to perform any of the following acts and is guilty of:

21 (b) Making any promise of a character that influences, persuades,
22 or induces another person when ~~he or she~~ THE LICENSEE could not or did
23 not intend to keep the promise;

24 (7) When a complaint or an investigation discloses an instance of
25 misconduct that, in the opinion of the commission, does not warrant
26 formal action by the commission but that should not be dismissed as
27 being without merit, the commission may send a letter of admonition by

1 ELECTRONIC MAIL OR BY certified mail, return receipt requested, to the
2 licensee against whom a complaint was made and a copy thereof to the
3 person making the complaint. ~~but~~ The letter ~~shall~~ MUST advise the
4 licensee that the licensee has the right to request, in writing, within twenty
5 days after proven receipt, that formal disciplinary proceedings be initiated
6 to adjudicate the propriety of the conduct upon which the letter of
7 admonition is based. If the request is timely made, the letter of
8 admonition shall be deemed vacated, and the matter shall be processed by
9 means of formal disciplinary proceedings.

10 (9) Any application for licensure from a person whose license has
11 been revoked shall not be considered until the passage of ~~one year~~ TWO
12 YEARS from the date of revocation.

13 (11) IF AN INDIVIDUAL'S LICENSE WAS SUSPENDED OR REVOKED
14 DUE TO CONDUCT THAT RESULTED IN FINANCIAL LOSS TO ANOTHER
15 PERSON, AND THE COMMISSION ORDERS THE INDIVIDUAL TO PAY
16 RESTITUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION, A NEW
17 LICENSE SHALL NOT BE GRANTED, NOR SHALL A SUSPENDED LICENSE BE
18 REINSTATED, UNTIL FULL RESTITUTION HAS BEEN MADE TO THE PERSON
19 SUFFERING THE FINANCIAL LOSS. THE AMOUNT OF RESTITUTION SHALL
20 INCLUDE INTEREST, REASONABLE ATTORNEY FEES, AND COSTS OF ANY SUIT
21 OR OTHER PROCEEDING UNDERTAKEN IN AN EFFORT TO RECOVER THE
22 LOSS.

23 **SECTION 8.** In Colorado Revised Statutes, 12-10-213, **amend**
24 (5); and **add** (6) and (7) as follows:

25 **12-10-213. Renewal of license - continuing education**
26 **requirement - rules.**

27 (5) The commission ~~shall promulgate rules to implement this~~

1 ~~section~~ MAY INACTIVATE THE LICENSE OF A LICENSEE WHO FAILS TO
2 COMPLY WITH THE REQUIREMENTS OF THIS SECTION.

3 (6) THE DIVISION MAY CHARGE A FEE TO EACH PROVIDER THAT
4 SUBMITS A CONTINUING EDUCATION COURSE.

5 (7) THE COMMISSION SHALL ADOPT RULES TO IMPLEMENT THIS
6 SECTION.

7 **SECTION 9.** In Colorado Revised Statutes, 12-10-203, **amend**
8 (5)(b) and (8) as follows:

9 **12-10-203. Application for license - rules - definition.**

10 (5) (b) An applicant for a broker's license who has held a real
11 estate license in another jurisdiction that administers a real estate broker's
12 examination and who has been licensed for two or more years prior to
13 applying for a Colorado license may be issued a broker's license if the
14 applicant establishes that ~~he or she possesses~~ THEY POSSESS credentials
15 and qualifications that are substantively equivalent to the requirements in
16 Colorado for licensure by examination.

17 (8) ~~No~~ A license for a broker registered as being in the employ of
18 another broker shall NOT be issued to a partnership, a limited liability
19 company, or a corporation or under a fictitious name or trade name;
20 except that ~~a married woman~~ AN INDIVIDUAL may elect to use ~~her birth~~ A
21 PREVIOUSLY USED LEGAL name.

22 **SECTION 10.** In Colorado Revised Statutes, **amend** 12-10-224
23 as follows:

24 **12-10-224. Subpoena compelling attendance of witnesses and**
25 **production of records and documents.**

26 The commission, the director, or the administrative law judge
27 appointed for hearings may issue a subpoena compelling the attendance

1 and testimony of witnesses and the production of books, papers, or
2 records pursuant to an investigation or hearing of the commission. The
3 subpoenas ~~shall be served in the same manner as subpoenas issued by~~
4 ~~district courts~~ MAY BE ENFORCED BY A COURT OF COMPETENT
5 JURISDICTION IF NOT OBEYED and shall be issued without discrimination
6 between public or private parties requiring the attendance of witnesses
7 and the production of documents at hearings. If a person fails or refuses
8 to obey a subpoena issued by the commission, the director, or the
9 appointed administrative law judge, the commission may petition the
10 district court having jurisdiction for issuance of a subpoena in the
11 premises, and the court shall, in a proper case, issue its subpoena. ~~Any~~ A
12 person ~~who~~ THAT refuses to obey a subpoena shall be punished as
13 provided in section 12-10-225.

14 **SECTION 11.** In Colorado Revised Statutes, 12-10-506, **amend**
15 (4) as follows:

16 **12-10-506. Powers of commission - injunction - rules.**

17 (4) The commission, the director, or the administrative law judge
18 appointed for a hearing may issue a subpoena compelling the attendance
19 and testimony of witnesses and the production of books, papers, or
20 records pursuant to an investigation or hearing of the commission. Any
21 such subpoena ~~shall be served in the same manner as for subpoenas~~
22 ~~issued by district courts~~ MAY BE ENFORCED BY A COURT OF COMPETENT
23 JURISDICTION IF NOT OBEYED.

24 **SECTION 12.** In Colorado Revised Statutes, 12-10-207, **amend**
25 (2) as follows:

26 **12-10-207. Division of real estate - creation - director, clerks,**
27 **and assistants.**

1 (2) It is the duty of the director, personally, or the director's
2 designee to:

3 (a) Aid in the administration and enforcement of ~~parts 2~~ THIS PART
4 2 and PART 5 of this article 10 and in the prosecution of all persons
5 charged with violating any of their provisions; ~~to~~

6 (b) Conduct audits of business accounts of licensees; ~~to~~

7 (c) ESTABLISH PROTOCOLS TO ADDRESS THE SECURITY OF
8 ELECTRONIC CORRESPONDENCE, INCLUDING WHEN ELECTRONIC
9 CORRESPONDENCE MAY BE USED FOR THE PURPOSES OF THIS ARTICLE 10;

10 (d) Perform such duties of the commission as the commission
11 prescribes; and ~~to~~

12 (e) Act ~~in~~ ON behalf of the commission on such occasions and in
13 such circumstances as the commission directs.

14 **SECTION 13.** In Colorado Revised Statutes, 12-10-208, **amend**
15 (2) as follows:

16 **12-10-208. Resident licensee - nonresident licensee - consent**
17 **to service.**

18 (2) If a broker has no registered agent registered in this state, the
19 registered agent is not located under its registered agent name at its
20 registered agent address, or the registered agent cannot with reasonable
21 diligence be served, the broker may be served by ELECTRONIC MAIL,
22 registered mail, or ~~by~~ certified mail, return receipt requested, addressed
23 to the entity at its principal address. Service is perfected under this
24 subsection (2) at the earliest of:

25 (a) The date the broker receives the process, notice, or demand;

26 (b) The date shown on the return receipt, IF ANY, IF THE RETURN
27 RECEIPT IS signed by or on behalf of the broker; or

1 (c) Five days after ~~mailing~~ THE SERVICE IS SENT.

2 **SECTION 14.** In Colorado Revised Statutes, 12-10-219, **amend**
3 (2) as follows:

4 **12-10-219. Hearing - administrative law judge - review - rules.**

5 (2) The proceedings shall be held in the county where the
6 commission has its office or in such other place as the commission may
7 designate. If the licensee is an employed broker, the commission shall
8 also notify the broker employing the licensee by mailing, by ELECTRONIC
9 MAIL OR first-class mail, a copy of the written notice required under
10 section 24-4-104 (3) to the employing broker's last-known business
11 address.

12 **SECTION 15.** In Colorado Revised Statutes, 12-10-201, **amend**
13 (6)(b)(II), (6)(b)(V), (6)(b)(XII), and (6)(b)(XIII) as follows:

14 **12-10-201. Definitions.**

15 As used in this part 2, unless the context otherwise requires:

16 (6) (b) "Real estate broker" or "broker" does not apply to any of
17 the following:

18 (II) Any public official in the conduct of ~~his or her~~ THE PUBLIC
19 OFFICIAL'S official duties;

20 (V) An attorney-at-law in connection with ~~his or her~~ THE
21 ATTORNEY'S representation of clients in the practice of law;

22 (XII) A regularly salaried employee of an owner of an apartment
23 building or complex who acts as an on-site manager of ~~such~~ an apartment
24 building or complex. This exemption applies only ~~in~~ WITH respect to the
25 customary duties of an on-site manager performed for ~~his or her~~ THE
26 ON-SITE MANAGER'S employer.

27 (XIII) A regularly salaried employee of an owner of condominium

1 units who acts as an on-site manager of ~~such~~ THE units. For purposes of
2 AS USED IN this subsection (6)(b)(XIII) only, the term "owner" includes
3 ~~a homeowners' association~~ AN HOA formed and acting pursuant to its
4 recorded condominium declaration and bylaws. This exemption applies
5 only ~~in~~ WITH respect to the customary duties of an on-site manager
6 performed for ~~his or her~~ THE ON-SITE MANAGER'S employer.

7 **SECTION 16.** In Colorado Revised Statutes, 12-10-212, **amend**
8 (3) as follows:

9 **12-10-212. License fees - partnership, limited liability**
10 **company, and corporation licenses - rules.**

11 (3) Each real estate broker's license ~~granted to an individual shall~~
12 ~~entitle~~ ENTITLES the individual to perform all the acts contemplated by
13 this part 2 without any further application on ~~his or her~~ THE INDIVIDUAL'S
14 part and without the payment of any fee other than the fees specified in
15 this section.

16 **SECTION 17.** In Colorado Revised Statutes, 12-10-218, **amend**
17 (2)(g) introductory portion and (2)(g)(II) as follows:

18 **12-10-218. Affiliated business arrangements - definitions -**
19 **disclosures - enforcement and penalties - reporting - rules -**
20 **investigation information shared with the division of insurance.**

21 (2) (g) It ~~shall~~ IS not ~~be~~ a violation of this section for an affiliated
22 business arrangement:

23 (II) If an attorney or law firm represents a client in a real estate
24 transaction and issues or arranges for the issuance of a policy of title
25 insurance in the transaction directly as agent or through a separate
26 corporate title insurance agency that may be established by that attorney
27 or law firm and operated as an adjunct to ~~his or her~~ THE ATTORNEY'S OR

1 LAW FIRM'S law practice.

2 **SECTION 18.** In Colorado Revised Statutes, **amend** 12-10-225
3 as follows:

4 **12-10-225. Failure to obey subpoena - penalty.**

5 ~~Any~~ A person ~~who~~ THAT willfully fails or neglects to appear and
6 testify or to produce books, papers, or records required by subpoena, duly
7 served upon ~~him or her~~ THE PERSON in any matter conducted under ~~parts~~
8 ~~2 and~~ THIS PART 2 AND PART 5 of this article 10, commits a petty offense.
9 Each day a person so refuses or neglects constitutes a separate offense.

10 **SECTION 19.** In Colorado Revised Statutes, **amend** 12-10-302
11 as follows:

12 **12-10-302. Objections on account of title.**

13 ~~No~~ A real estate agent or broker is NOT entitled to a commission
14 when a proposed purchaser fails or refuses to complete ~~his or her~~ THE
15 PROPOSED PURCHASER'S contract of purchase because of defects in the
16 title of the owner, unless the owner, within a reasonable time, has the
17 defects corrected by legal proceedings or otherwise.

18 **SECTION 20.** In Colorado Revised Statutes, **amend** 12-10-303
19 as follows:

20 **12-10-303. When owner must perfect title.**

21 ~~The~~ AN owner ~~shall~~ IS not ~~be~~ required to begin legal or other
22 proceedings for the correction of a title until the agent or broker secures
23 from the proposed purchaser an enforceable contract in writing, binding
24 ~~him or her~~ THE PROPOSED PURCHASER to complete the purchase whenever
25 the defects in the title are corrected.

26 **SECTION 21.** In Colorado Revised Statutes, 12-10-505, **amend**
27 (1) introductory portion, (1)(a), and (4) as follows:

1 **12-10-505. Refusal, revocation, or suspension of registration**
2 **- letter of admonition - probation.**

3 (1) The commission may impose an administrative fine not to
4 exceed two thousand five hundred dollars for each separate offense; may
5 issue a letter of admonition; may place a registrant on probation under its
6 close supervision on such terms and for such time as ~~it~~ THE COMMISSION
7 deems appropriate; and may refuse, revoke, or suspend the registration of
8 any developer or registrant if, after an investigation and after notice and
9 a hearing pursuant to ~~the provisions of~~ section 24-4-104, the commission
10 determines that the developer or any director, officer, or stockholder with
11 controlling interest in the corporation:

12 (a) Has used false or misleading advertising or has made a false
13 or misleading statement or a concealment in ~~his or her~~ THE DEVELOPER'S
14 OR OTHER PERSON'S application for registration;

15 (4) When a complaint or investigation discloses an instance of
16 misconduct that, in the opinion of the commission, does not initially
17 warrant formal action by the commission but ~~that~~ should not be dismissed
18 as being without merit, the commission may send a letter of admonition
19 by ELECTRONIC MAIL OR BY certified mail, return receipt requested, to the
20 registrant who is the subject of the complaint or investigation and a copy
21 thereof to any person making the complaint. The letter ~~shall~~ MUST advise
22 the registrant that ~~he or she~~ THE REGISTRANT has the right to request in
23 writing, within twenty days after proven receipt, that formal disciplinary
24 proceedings be initiated against ~~him or her~~ THE REGISTRANT to adjudicate
25 the propriety of the conduct upon which the letter of admonition is based.
26 If the request is timely made, the letter of admonition shall be deemed
27 vacated, and the matter shall be processed by means of formal

1 disciplinary proceedings.

2 **SECTION 22. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly (August
5 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part will not take effect
9 unless approved by the people at the general election to be held in
10 November 2026 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.