

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

DRAFT  
1.28.22

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LLS NO. 22-0320.01 Jennifer Berman x3286

SUNSET BILL

Sunset Process - House Business Affairs and Labor Committee

**BILL TOPIC: "Sunset Board of Real Estate Appraisers"**

**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.

**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

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

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 (*Recommendation 1, 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 (*Recommendation 2, sections 3 and 4*);
- 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 (*Recommendation 3, sections 5 to 8*);
- Repeals the requirement that the board send letters of admonition by certified mail (*Recommendation 4, 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 (*Recommendation 5, section 11*); and
- Directs the state treasurer to credit penalties and fines collected to the general fund instead of the division of real estate cash fund (*Recommendation 6, section 12*).

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

2 ***Recommendation 1***

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

5 **24-34-104. General assembly review of regulatory agencies**

1 **and functions for repeal, continuation, or reestablishment - legislative**  
2 **declaration - repeal.** (23) (a) The following agencies, functions, or both,  
3 are scheduled for repeal on September 1, 2022:

4 (VI) ~~The board of real estate appraisers created in part 6 of article~~  
5 ~~10 of title 12;~~

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

8 (VII) THE BOARD OF REAL ESTATE APPRAISERS CREATED IN PART  
9 6 OF ARTICLE 10 OF TITLE 12.

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

12 **12-10-603. Board of real estate appraisers - creation -**  
13 **compensation - immunity - legislative declaration - subject to review**  
14 **- repeal of part.** (6) This part 6 is repealed, effective September 1, 2022  
15 2031. Before the repeal, this part 6 is scheduled for review in accordance  
16 with section 24-34-104.

17 ***Recommendation 2***

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

20 **12-10-602. Definitions.** As used in this part 6, unless the context  
21 otherwise requires:

22 (5.5) "EVALUATION" MEANS AN OPINION ABOUT THE MARKET  
23 VALUE OF REAL ESTATE THAT IS:

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

27 (I) THE FEDERAL RESERVE BOARD;

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

2 (III) THE FEDERAL DEPOSIT INSURANCE CORPORATION;

3 (IV) THE OFFICE OF THRIFT SUPERVISION; AND

4 (V) THE NATIONAL CREDIT UNION ADMINISTRATION; AND

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

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

15 **SECTION 4.** In Colorado Revised Statutes, 12-10-606, **add** (7)  
16 as follows:

17 **12-10-606. Qualifications for licensing and certification of**  
18 **appraisers - continuing education - definitions - rules - evaluations.**

19 (7) (a) THE BOARD SHALL, BY RULE, AUTHORIZE AN EXEMPTION FROM  
20 COMPLIANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL  
21 APPRAISAL PRACTICE FOR A LICENSED APPRAISER PERFORMING AN  
22 EVALUATION; EXCEPT THAT THE BOARD'S RULES MUST NOT EXEMPT A  
23 LICENSED APPRAISER PERFORMING AN EVALUATION FROM COMPLYING  
24 WITH THE ETHICS, RECORD-KEEPING, COMPETENCY, AND SCOPE-OF-WORK  
25 STANDARDS OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL  
26 PRACTICE.

27 (b) A LICENSED APPRAISER MAY PERFORM AN EVALUATION IF

1 CONDUCTED IN ACCORDANCE WITH BOARD RULES PROMULGATED UNDER  
2 SUBSECTION (7)(a) OF THIS SECTION.

3 ***Recommendation 3***

4 **SECTION 5.** In Colorado Revised Statutes, 12-10-604, **amend**  
5 (1)(a)(IV) as follows:

6 **12-10-604. Powers and duties of the board - rules.** (1) In  
7 addition to all other powers and duties imposed upon it by law, the board  
8 has the following powers and duties:

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

14 **SECTION 6.** In Colorado Revised Statutes, 12-10-606, **amend**  
15 (5) as follows:

16 **12-10-606. Qualifications for licensing and certification of**  
17 **appraisers - continuing education - definitions - rules.** (5) The board  
18 shall not issue an appraiser's license as referenced in subsection  
19 (1)(b)(IV) of this section unless the applicant has ~~at least twelve months~~  
20 MET THE MINIMUM appraisal experience REQUIREMENT ESTABLISHED BY  
21 THE APPRAISER QUALIFICATIONS BOARD OF THE APPRAISAL FOUNDATION  
22 OR ITS SUCCESSOR ORGANIZATION.

23 **SECTION 7.** In Colorado Revised Statutes, 12-10-607, **amend**  
24 (9) as follows:

25 **12-10-607. Appraisal management companies - application for**  
26 **license - exemptions.** (9) Financial institutions and appraisal  
27 management company subsidiaries that are owned and controlled by ~~the~~

1 ~~financial institution and regulated by a federal financial institution~~  
2 ~~regulatory agency~~ AN INSURED DEPOSITORY INSTITUTION, AS DEFINED IN  
3 12 U.S.C. SEC. 1813 (c)(2), AS AMENDED, AND REGULATED BY THE  
4 FEDERAL OFFICE OF THE COMPTROLLER OF THE CURRENCY, THE BOARD OF  
5 GOVERNORS OF THE FEDERAL RESERVE SYSTEM, OR THE FEDERAL DEPOSIT  
6 INSURANCE CORPORATION are not required to register with or be licensed  
7 by the board. This exemption includes a panel of appraisers who are  
8 engaged to provide appraisal services and are administered by a financial  
9 institution regulated by a ONE OF THE federal financial regulatory agency  
10 AGENCIES LISTED IN THIS SUBSECTION (9).

11 **SECTION 8.** In Colorado Revised Statutes, 12-10-610, **amend**  
12 (3)(a) as follows:

13 **12-10-610. Expiration of licenses - renewal - penalties - fees -**  
14 **rules.** (3) (a) If the applicant has complied with this section and any  
15 applicable rules of the board regarding renewal, except for the continuing  
16 education requirements pursuant to section 12-10-606, the licensee may  
17 renew the license on inactive status. An inactive license may be activated  
18 if the licensee submits written certification of compliance with ~~section~~  
19 ~~12-10-606 for the previous licensing period~~ THE REQUIRED NUMBER OF  
20 CONTINUING EDUCATION HOURS AS DETERMINED BY THE APPRAISER  
21 QUALIFICATIONS BOARD OF THE APPRAISAL FOUNDATION OR ITS  
22 SUCCESSOR ORGANIZATION. The board may adopt rules establishing  
23 procedures to facilitate reactivation of licenses.

24 ***Recommendation 4***

25 **SECTION 9.** In Colorado Revised Statutes, 12-10-613, **amend**  
26 (3) as follows:

27 **12-10-613. Prohibited activities - grounds for disciplinary**

1     **actions - procedures.** (3) When a complaint or an investigation discloses  
2     an instance of misconduct by a licensed or certified appraiser that, in the  
3     opinion of the board, does not warrant formal action by the board but  
4     should not be dismissed as being without merit, the board may send a  
5     letter of admonition ~~by certified mail~~ to the appraiser against whom a  
6     complaint was made. The letter ~~shall~~ MUST advise the appraiser of the  
7     right to make a written request, within twenty days after receipt of the  
8     letter of admonition, to the board to begin formal disciplinary proceedings  
9     as provided in this section to adjudicate the conduct or acts on which the  
10    letter was based.

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

13           **12-10-614. Appraisal management companies - prohibited**  
14    **activities - grounds for disciplinary actions - procedures - rules.**

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

24    ***Recommendation 5***

25           **SECTION 11.** In Colorado Revised Statutes, 12-10-613, **amend**  
26    (7) as follows:

27           **12-10-613. Prohibited activities - grounds for disciplinary**

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

14 **SECTION 12.** In Colorado Revised Statutes, **amend** 12-10-605  
15 as follows:

16 **12-10-605. Fees, penalties, and fines collected under part 6.** (1)  
17 All fees ~~penalties, and fines~~ collected pursuant to this part 6, not  
18 including fees retained by contractors pursuant to contracts entered into  
19 in accordance with section 12-10-203, 12-10-606, or 24-34-101, shall be  
20 transmitted to the state treasurer, who shall credit the ~~same~~ MONEY to the  
21 division of real estate cash fund created in section 12-10-215.

22 (2) ALL PENALTIES AND FINES COLLECTED PURSUANT TO THIS PART  
23 6 SHALL BE TRANSMITTED TO THE STATE TREASURER, WHO SHALL CREDIT  
24 THE MONEY TO THE GENERAL FUND.

25 **SECTION 13. Act subject to petition - effective date.** This act  
26 takes effect at 12:01 a.m. on the day following the expiration of the  
27 ninety-day period after final adjournment of the general assembly; except



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