

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

PREAMENDED

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

LLS NO. 12-0545.01 Chuck Brackney x2295

HOUSE BILL 12-1110

HOUSE SPONSORSHIP

Williams A.,

SENATE SPONSORSHIP

Carroll,

House Committees

Economic and Business Development
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

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

Bill Summary

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

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

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

subject to regulation under Colorado law.

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

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

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

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

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

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

1 MANAGEMENT COMPANIES.

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

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

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

1 (1.5) (a) "APPRAISAL MANAGEMENT COMPANY" MEANS, IN
2 CONNECTION WITH VALUING PROPERTIES COLLATERALIZING MORTGAGE
3 LOANS OR MORTGAGES INCORPORATED INTO A SECURITIZATION, ANY
4 EXTERNAL THIRD PARTY AUTHORIZED EITHER BY A CREDITOR IN A
5 CONSUMER CREDIT TRANSACTION SECURED BY A CONSUMER'S PRINCIPAL
6 DWELLING THAT OVERSEES A NETWORK OR PANEL OF LICENSED OR
7 CERTIFIED APPRAISERS OR BY AN UNDERWRITER OF, OR OTHER PRINCIPAL
8 IN, THE SECONDARY MORTGAGE MARKETS THAT OVERSEES A NETWORK OR
9 PANEL OF LICENSED OR CERTIFIED APPRAISERS.

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

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

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

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

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

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

1 and includes one who estimates value and who possesses the necessary
2 qualifications, ability, and experience to execute or direct the appraisal of
3 real property.

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

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

1 ~~shall have~~ HAS the authority to remove any member for misconduct,
2 neglect of duty, or incompetence.

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

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

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

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

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

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

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

27 **12-61-706. Qualifications for registration, licensing, and**

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

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

1 ~~continuing education credits for attendance at the board's meetings.~~

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

22 **SECTION 6.** In Colorado Revised Statutes, **add** 12-61-706.3,
23 12-61-706.5, and 12-61-706.7 as follows:

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

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

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

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

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

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

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

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

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

1 ACCORDANCE WITH COLORADO LAW.

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

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

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

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

24 (9) FINANCIAL INSTITUTIONS AND APPRAISAL MANAGEMENT
25 COMPANY SUBSIDIARIES THAT ARE OWNED AND CONTROLLED BY THE
26 FINANCIAL INSTITUTION AND REGULATED BY A FEDERAL FINANCIAL
27 INSTITUTION REGULATORY AGENCY ARE NOT REQUIRED TO REGISTER WITH

1 OR BE LICENSED BY THE BOARD. THIS EXEMPTION INCLUDES A PANEL OF
2 APPRAISERS WHO ARE ENGAGED TO PROVIDE APPRAISAL SERVICES AND
3 ARE ADMINISTERED BY A FINANCIAL INSTITUTION REGULATED BY A
4 FEDERAL FINANCIAL REGULATORY AGENCY.

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

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

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

26 (b) THE DIVISION SHALL SOLICIT AND CONSIDER INFORMATION AND
27 COMMENTS FROM INTERESTED PERSONS WHEN DETERMINING THE

1 REASONABLENESS OF ANNUAL PREMIUMS.

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

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

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

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

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

26 **12-61-707. Expiration of licenses - renewal - penalties.**
27 (1) (b) A person who fails to renew his or her REAL ESTATE APPRAISER'S

1 registration, license, or certificate ~~prior to~~ BEFORE the applicable renewal
2 date may have it reinstated if the person does any one of the following:

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

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

27 **SECTION 8.** In Colorado Revised Statutes, 12-61-709, **amend**

1 (1) as follows:

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

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

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

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

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

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

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

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

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

27 (a) FAILING TO EXERCISE DUE DILIGENCE WHEN HIRING OR

1 ENGAGING A REAL ESTATE APPRAISER TO ENSURE THAT THE REAL ESTATE
2 APPRAISER IS APPROPRIATELY CREDENTIALLED BY THE BOARD AND
3 COMPETENT TO PERFORM THE ASSIGNMENT;

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

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

17 (I) CONSIDER ADDITIONAL, APPROPRIATE PROPERTY INFORMATION;

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

20 (III) CORRECT ERRORS IN THE APPRAISAL REPORT.

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

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

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

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

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

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

1 FIDE DISPUTE EXISTS REGARDING THE PERFORMANCE OR QUALITY OF THE
2 APPRAISAL;

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

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

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

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

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

1 SUCH CONVICTION OR PLEA IN ANY HEARING UNDER THIS PART 7.

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

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

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

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

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

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(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

1 HAD PERSONAL KNOWLEDGE THEREOF AND WHETHER OR NOT THE BOARD
2 SUSPENDS OR REVOKES THE INDIVIDUAL LICENSE OF THE CONTROLLING
3 APPRAISER.

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

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

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

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

26 (2) THE BOARD MAY APPLY TO A COURT OF COMPETENT
27 JURISDICTION FOR AN ORDER ENJOINING AN ACT OR PRACTICE THAT

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

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

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

26 **12-61-713. Injunctive proceedings.** (1) The board may, in the
27 name of the people of the state of Colorado, through the attorney general

1 of the state of Colorado, apply for an injunction in any court of competent
2 jurisdiction to perpetually enjoin ~~any~~ A person OR APPRAISAL
3 MANAGEMENT COMPANY from committing ~~any~~ AN act prohibited by ~~the~~
4 ~~provisions of~~ this part 7.

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

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

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

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

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

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

1 Reform, Recovery, and Enforcement Act of 1989", AS AMENDED, such
2 provision ~~shall be~~ IS null and void, but the remaining provisions of this
3 part 7 ~~shall be~~ ARE valid unless ~~such~~ THE remaining provisions alone are
4 incomplete and are incapable of being executed in accordance with the
5 legislative intent of this part 7.

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

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

17 **12-61-103.6. Errors and omissions insurance required - rules.**

18 (1) Every licensee under this part 1, except an inactive broker or an
19 attorney licensee who maintains a policy of professional malpractice
20 insurance that provides coverage for errors and omissions for their
21 activities as a licensee under this part 1, shall maintain errors and
22 omissions insurance to cover all activities contemplated under parts 1 to
23 8 of this article. The ~~commission~~ DIVISION OF REAL ESTATE shall make the
24 errors and omissions insurance available to all licensees by contracting
25 with an insurer for a group policy after a competitive bid process in
26 accordance with article 103 of title 24, C.R.S. ~~Any~~ A group policy
27 obtained by the ~~commission~~ shall DIVISION OF REAL ESTATE MUST be

1 available to all licensees with no right on the part of the insurer to cancel
2 ~~any~~ A licensee. ~~Any~~ A licensee may obtain errors and omissions insurance
3 independently if the coverage complies with the minimum requirements
4 established by the ~~commission~~ DIVISION OF REAL ESTATE.

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

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

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

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

26 **12-61-113. Investigation - revocation - actions against licensee**
27 **- repeal.** (5) Complaints of record in the office of the commission and

1 ~~the results of staff~~ COMMISSION investigations, ~~may, in the discretion of~~
2 ~~the commission, be~~ INCLUDING COMMISSION INVESTIGATIVE FILES, ARE
3 closed to public inspection. ~~except as provided by court order, during the~~
4 ~~investigatory period and until dismissed or until notice of hearing and~~
5 ~~charges are served on a licensee~~ STIPULATIONS AND FINAL AGENCY
6 ORDERS ARE PUBLIC RECORDS SUBJECT TO SECTIONS 24-72-203 AND
7 24-72-204, C.R.S.

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

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

27 (2) (a) IF THE DIVISION IS UNABLE TO OBTAIN ERRORS AND

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

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

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

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

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

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

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

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

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

18 (2) In addition to any other appropriation, there is hereby
19 appropriated to the department of law, for the fiscal year beginning July
20 1, 2012, the sum of \$62,839 and 0.5 FTE, or so much thereof as may be
21 necessary, for the provision of legal services for the department of
22 regulatory agencies related to the implementation of this act. Said sum is
23 from reappropriated funds received from the department of regulatory
24 agencies out of the appropriation made in paragraph (d) of subsection (1)
25 of this section.

26 (3) In addition to any other appropriation, there is hereby
27 appropriated, out of any moneys in the Colorado bureau of investigation

1 identification unit fund created in section 24-33.5-426, Colorado Revised
2 Statutes, not otherwise appropriated, to the department of public safety,
3 for allocation to the Colorado bureau of investigation, for the Colorado
4 crime information center, identification, for the fiscal year beginning July
5 1, 2012, the sum of \$23,700, or so much thereof as may be necessary for
6 fingerprint-based criminal history checks related to the implementation
7 of this act.

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

9 **SECTION 20. Safety clause.** The general assembly hereby finds,
10 determines, and declares that this act is necessary for the immediate
11 preservation of the public peace, health, and safety.