

DEPARTMENT OF REGULATORY AGENCIES  
DIVISION OF REAL ESTATE  
BOARD OF REAL ESTATE APPRAISERS  
4 CCR 725-2

RULES GOVERNING THE PRACTICE OF REAL ESTATE APPRAISERS OF THE BOARD OF REAL ESTATE  
APPRAISERS

NOTICE OF PROPOSED PERMANENT RULEMAKING HEARING  
November 4, 2021 at 9:00 AM MST

Division of Real Estate Office  
1560 Broadway  
Denver, CO 80202

VIRTUAL MEETING REGISTRATION LINK:

<https://attendee.gotowebinar.com/register/3646400982079326987>

Pursuant to and in compliance with Title 12, Article 10 and Title 24, Article 4, C.R.S., as amended, notice of proposed rulemaking is hereby given, including notice to the Attorney General of the State of Colorado and to all persons who have requested to be advised of the intention of the Colorado Board of Real Estate Appraisers ("Board") to promulgate rules, or to amend, repeal, or repeal and re-enact the present rules of the Board.

The hearing more than likely will only be conducted in a virtual setting. All interested parties are urged to attend this public hearing by registering for the webinar on the Division's website at [www.dre.colorado.gov](http://www.dre.colorado.gov) and to submit written comments concerning the proposed amended rules in advance if possible for consideration.

In order to facilitate the review of comments by the Board, all interested parties are strongly encouraged to submit their written comments to Eric Turner via email at [eric.turner@state.co.us](mailto:eric.turner@state.co.us) on or before 5:00 p.m. on October 25, 2021. Any written comments not received by October 25, 2021, may be submitted via public testimony at the hearing on November 4, 2021.

**STATEMENT OF BASIS**

The statutory basis for the rules titled Rules of the Colorado Board of Real Estate Appraisers is Part 6 of Title 12, Article 10, Colorado Revised Statutes, as amended. The specific authority under which the Board shall establish these rules is set forth in section 12-10-604(1)(a)(I), C.R.S.

**STATEMENT OF PURPOSE**

The purpose of this rule is to effectuate the legislative directive to promulgate necessary and appropriate rules in conformity with the statute and the provisions of the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 as amended.

**SPECIFIC PURPOSE OF RULEMAKING**

The specific purpose of this rulemaking is modifying, adding, or repealing existing rules with respect to the applicable version of The Real Property Appraiser Qualification Criteria (Criteria) and amending the controlling appraiser responsibilities as recommended by the Appraisal Subcommittee (ASC). Among the

updates in the new edition of the Criteria include distinguishing between synchronous, asynchronous and hybrid education courses. The Appraiser Qualifications Board adopted a new edition of the Criteria on August 24, 2021 and will be effective January 1, 2022.

## PROPOSED NEW, AMENDED AND REPEALED RULES

Deleted material shown ~~struck through~~; new material is indicated by underline. Rules, or portions of rules, which are unaffected are reproduced. Readers are advised to obtain a copy of the complete rules of the Commission at [www.dre.colorado.gov](http://www.dre.colorado.gov).

### Proposed New, Amended, Repealed, or Repealed and Re-Enacted Rules

#### CHAPTER 1: DEFINITIONS

- 1.22 Distance Education: ~~Educational methodologies and presentation techniques other than traditional classroom formats, including and without limitation, live teleconferencing, written or electronic correspondence courses, internet on-line learning, video, and audio tapes. Any education process based on the geographical separation of student and instructor. Components of distance education include synchronous, asynchronous, and hybrid.~~
- 1.32 Real Property Appraiser Qualification Criteria (Criteria): Pursuant to section 12-10-606(1) and (2), C.R.S. as amended, the Board incorporates by reference in compliance with section 24-4-103(12.5), C.R.S., the Real Property Appraiser Qualification Criteria adopted by the AQB of TAF on ~~May 15, 2020, August 24, 2021~~, including the Required Core Curricula, Guide Notes, and Interpretations relating to the real property appraiser classifications described in Board Rules 1.13, 1.14, and 1.15. This Board Rule 1.32 excludes and does not incorporate by reference the following: the trainee real property appraiser classification and qualification requirements, the supervisory appraiser requirements, ~~and~~ supervisory appraiser/trainee appraiser course objectives and outline; ~~or any later amendments or additions of the Criteria~~. A certified copy of the Real Property Appraiser Qualification Criteria is on file and available for public inspection at the Office of the Board at 1560 Broadway, Suite 925, Denver, Colorado 80202. Copies of the Real Property Appraiser Qualification Criteria may be examined at the Internet website of TAF at [www.appraisalfoundation.org](http://www.appraisalfoundation.org), and copies may be ordered through that mechanism. TAF may also be contacted at 1155 15th Street, NW, Suite 1111, Washington, DC 20005, or by telephone at (202) 347-7722 or telefax at (202) 347-7727. The Real Property Appraiser Qualification Criteria is effective as of January 1, ~~2021~~2022.
- 1.58 Synchronous Distance Education: The instructor and students interact simultaneously online, similar to a phone call, video chat, live webinar, or web-based meeting.
- 1.59 Asynchronous Distance Education: The instructor and student interaction is non-simultaneous; the students progress at their own pace and follow a structured course content and quiz/exam schedule.
- 1.60 Hybrid Course Education: Learning environments that allow for both in-person (synchronous) and online (asynchronous) interaction.
- 1.61 Bio-Metric Proctoring: A student's identity is continually verified through processes, such as facial recognition, consistency in keystroke cadence, and the observation of activity in the testing location. Aberrant behavior or activity can be readily observed.

### CHAPTER 3: STANDARDS FOR REAL ESTATE APPRAISAL QUALIFYING EDUCATION PROGRAMS

- 3.5 The number of hours credited must be equivalent to the actual number of contact hours of in-class or synchronous distance education instruction and testing. An hour of education is defined as at least fifty (50) minutes of instruction out of each 60-minute segment. For asynchronous distance education, the number of hours credited must be that number of hours allowed by the CAP as defined in Board Rule 1.39. For hybrid course education, the number of hours credited will be equivalent for each specific course delivery method. Parts of the course that are delivered in-class or synchronously and delivered asynchronously must meet their respective requirements as set forth in this Board Rule 3.5.
- 3.14 To be acceptable for qualifying appraisal education, asynchronous distance education offerings must incorporate methods and activities that promote active student engagement and participation in the learning process. Among those methods and activities acceptable are written exercises which are graded and returned to the student, required responses to computer based presentations, provision for students to submit questions during teleconferences, and examinations proctored by an independent third party, who is an official approved by the college or university, or by the sponsoring organization. Bio-metric proctoring is acceptable. Simple reading, viewing or listening to materials without active student engagement and participation in the learning process is not sufficient to satisfy the requirements of this Board Rule 3.14.
- 3.16 To be acceptable for qualifying real estate appraisal education, synchronous distance education and asynchronous distance education courses must meet the other requirements of Chapter 3 of these Rules, and must include a written, closed book final examination proctored by an independent third party, or other final examination testing procedure acceptable to the Board. Bio-metric proctoring is acceptable. Examples of acceptable examination proctors include public officials who do not supervise the student, secondary and higher education school officials, and public librarians. Failure to observe this requirement may result in rejection of the course and/or course provider by the Board for that applicant, and may result in the Board refusing or withdrawing approval of any courses offered by the provider.
- 3.18 Course providers must provide each student who successfully completes a qualifying real estate appraisal education course in the manner prescribed in Board Rule 3.7 a course completion certificate. The Board will not mandate the exact form of course completion certificates; however, the following information must be included:
- A. Name of course provider;
  - B. Course title, which must describe topical content, or the Real Property Appraiser Qualification Criteria Core Curriculum module title;
  - C. Course number, if any;
  - D. Course dates;
  - E. Number of approved education hours;
  - F. Statement that the required examination was successfully completed;
  - G. Course location, which for synchronous distance education and asynchronous distance education modalities must be the principal place of business of the course provider;
  - H. Name of student; and

- I. For all USPAP courses begun on and after January 1, 2003, the name(s) and AQB USPAP instructor certification number(s) of the instructor(s).
- 3.19 The provisions of Board Rule 3.3 notwithstanding, qualifying education courses begun on and after January 1, 2004 and offered through asynchronous distance education modalities must be approved through the CAP as defined in Board Rule 1.39. The Board will not accept asynchronous distance education courses begun on and after January 1, 2004 that have not been approved through the CAP.

## CHAPTER 5: STANDARDS FOR REAL ESTATE APPRAISAL EXPERIENCE

- 5.8 There need not be a client in a traditional sense (~~i.e.e.g.~~, a client hiring an appraiser for a business purpose) in order for an appraisal to qualify for experience. ~~but experience~~ Experience gained for work without a traditional client ~~cannot exceed fifty percent (50%)~~ can meet any portion of the total experience requirement. ~~A client may include a government entity or a court of competent jurisdiction.~~

Practicum courses that are approved by the CAP or the Board can satisfy the nontraditional client experience requirement. A practicum course must include the generally applicable methods of appraisal practice for the credential level. Content includes, but is not limited to: requiring the student to produce credible appraisals that utilize an actual subject property; performing market research, containing sales analysis; and applying and reporting the applicable appraisal approaches in conformity with the USPAP. Assignments must require problem solving skills for a variety of property types for the credential level. Experience credit will be granted for the actual classroom hours of instruction, and hours of documented research and analysis as awarded from the practicum course approval process.

## CHAPTER 7: CONTINUING EDUCATION REQUIREMENTS

- 7.6 Continuing appraisal education must be at least two (2) class hours in duration including examination time (if any). Continuing appraisal education programs and courses are intended to maintain and improve the appraiser's skill, knowledge, and competency. Continuing appraisal education courses and programs may include, without limitation, these real estate and real estate appraisal topics:
- A. Ad valorem taxation;
  - B. Arbitration, dispute resolution;
  - C. Courses related to the practice of real estate appraisal or consulting;
  - D. Development cost estimating;
  - E. Ethics and standards of professional practice, USPAP;
  - F. Valuation bias, fair housing, and/or equal opportunity;
  - ~~FG.~~ Land use planning, zoning;
  - ~~GH.~~ Management, leasing, timesharing;
  - ~~HJ.~~ Property development, partial interests;
  - ~~IJ.~~ Real estate law, easements, and legal interests;

- ~~JK~~. Real estate litigation, damages, condemnation;
- ~~KL~~. Real estate financing and investment;
- ~~LM~~. Real estate appraisal related computer applications;
- ~~MN~~. Real estate securities and syndication;
- ~~NO~~. Developing opinions of real property value in appraisals that also include personal property and/or business value;
- ~~OP~~. Seller concessions and impact on value;
- ~~PQ~~. Energy efficient items and “green building” appraisals; and/or
- ~~QR~~. Other topics as the Board may approve, upon its own motion or upon petition by the course provider or the licensee in a form acceptable to the Board.

7.12 Continuing real estate appraisal education must be successfully completed by the licensee. Successful completion means either in-class or synchronous distance education attendance at the offering and participation in class activities. Successful completion of courses undertaken through asynchronous distance education requires compliance with the provisions of Board Rule 7.14. ~~Teaching~~ The teaching of continuing real estate appraisal education will constitute successful completion, if also in compliance with Board Rule 7.8; however, credit will be given for only one (1) presentation of a particular offering during each licensing period.

7.13 The number of hours credited will be equivalent to the actual number of contact hours of in-class or synchronous distance education instruction and testing. An hour of appraisal education and training is defined as at least fifty (50) minutes of instruction out of each 60-minute segment. For asynchronous distance education offerings, the number of hours credited must be that number of hours allowed by the CAP as defined in Board Rule 1.39. For hybrid course education, the number of hours credited will be equivalent for each specific course delivery method. Parts of the course that are delivered in-class or synchronously and delivered asynchronously must meet their respective requirements as set forth in this Board Rule 7.13.

7.14 ~~Distance~~ Asynchronous distance education offerings must include methods and activities which promote active student engagement and participation in the learning process. Among those methods and activities acceptable are written exercises which are graded and returned to the student, required responses in computer based presentations, provision for students to submit questions during teleconferences, and examinations proctored by an independent third party. Bio-metric proctoring is acceptable. Simple reading, viewing, or listening to materials is not sufficient engagement in the learning process to satisfy the requirements of this Board Rule 7.14.

7.22 Course providers must provide each student who successfully completes a continuing education course in the manner prescribed in Board Rule 7.12 a course completion certificate. The Board will not mandate the exact form of course certificates; however, the following information must be included:

- A. Name of course provider;
- B. Course title, which must describe topical content;
- C. Course number, if any;
- D. Course dates;

- E. Number of continuing education hours;
- F. Statement that the required examination was successfully completed, if an examination is a regular part of the course;
- G. Course location, which for synchronous distance education and asynchronous distance education modalities must be the principal place of business of the course provider;
- H. Name of student; and
- I. For USPAP courses begun on and after January 1, 2003, the name and AQB USPAP instructor certification number of the instructor.

7.23 The provisions of Board Rule 7.4 notwithstanding, real estate appraisal continuing education offered through asynchronous distance education must be approved through the CAP, unless the provider is a government agency that has sought an exemption from the Board.

### CHAPTER 13: DISCIPLINARY PROCEDURES

13.12 A controlling appraiser, or an approved designee of a licensed appraisal management company, must inform the Board in writing within ten (10) days regarding the following:

A. ~~when an~~An owner of an appraisal management company, possessing more than ten percent ownership of the licensed entity, has been convicted of, entered a plea of guilty to, entered a plea of nolo contendere, entered an alford plea, or receiving a deferred judgment and sentence to any misdemeanor or felony relating to the conduct of an appraisal, theft, embezzlement, bribery, fraud, misrepresentation, or deceit, or any other like crime under Colorado law, federal law, or the laws of other jurisdictions-; and

B. An owner of an appraisal management company, possessing any percentage ownership of the licensed entity, has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any jurisdiction.

### CHAPTER 17: LICENSING REQUIREMENTS FOR APPRAISAL MANAGEMENT COMPANIES

17.7 The controlling appraiser, or an authorized representative, must notify the Board within ten (10) business days of ~~a any~~ change in ownership of the appraisal management company ~~that results in a new owner who owns more than ten (10) percent of the entity, or including~~ a change in ownership that increases an existing individual's total ownership to more than ten (10) percent.

17.19 Applicants for licensure, renewal, or reinstatement as an appraisal management company must complete the following:

- A. The controlling appraiser must report and certify:
  1. The number of licensed or certified appraisers that provided an appraisal in connection with a Covered Transaction on the appraisal management company's Panel in Colorado during the Reporting Period;
  2. The total number of licensed or certified appraisers on the Panel in Colorado, whether or not the appraisers provided an appraisal in connection with a Covered Transaction, during the Reporting Period; and
  3. The total number of licensed or certified appraisers on the Panel in all states that the appraisal management company is licensed during the Reporting Period.

- B. Submit to the Division the AMC Registry Fee for appraisal management companies that meet the Panel Size Threshold and the appraisal management company minimum requirements as set forth in section 12-10-607(9), C.R.S., along with the application for initial licensure, renewal, or reinstatement.

A hearing on the above subject matter will be held on Thursday, November 4, 2021 at the Colorado Division of Real Estate, 1560 Broadway, Colorado 80202 beginning at 9:00 a.m. Also, the virtual webinar of the meeting may be accessed at the following link:

<https://attendee.gotowebinar.com/register/3646400982079326987>

Any interested person may participate in the rule making through submission of written data, views and arguments to the Division of Real Estate. Persons are requested to submit data, views and arguments to the Division of Real Estate in writing no less than ten (10) days prior to the hearing date and time set forth above. However, all data, views and arguments submitted prior to or at the rulemaking hearing or prior to the closure of the rulemaking record (if different from the date and time of hearing), shall be considered.

Please be advised that the rule being considered is subject to further changes and modifications after public comment and formal hearing.