

## **DEPARTMENT OF REGULATORY AGENCIES**

### **Division of Real Estate**

## **BOARD OF REAL ESTATE APPRAISERS**

### **4 CCR 725-2**

*[Editor's Notes follow the text of the rules at the end of this CCR Document.]*

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## **CHAPTER 1: DEFINITIONS**

- 1.1 The Appraisal Foundation (TAF): TAF is the organization that is the source of appraisal standards, qualifications and ethical conduct in all valuation disciplines to assure public trust in the valuation profession.
- 1.2 Appraisal Qualifications Board (AQB) of The Appraisal Foundation: The AQB establishes the minimum education, experience and examination requirements for real property appraisers to obtain state certifications. In addition, the AQB performs a number of ancillary duties related to real property and personal property appraiser qualifications.
- 1.3 Appraiser Standards Board (ASB) of The Appraisal Foundation: The ASB develops, interprets and amends the Uniform Standards of Professional Appraisal Practice (USPAP).
- 1.4 Examination: The examination(s) developed or contracted for by the Board and issued or approved by the AQB.
- 1.5 FIRREA: The Financial Institutions Reform, Recovery and Enforcement Act of 1989.
- 1.6 Board: The Colorado Board of Real Estate Appraisers created and further defined pursuant to §12-61-703, C.R.S.
- 1.7 Applicant: Any person applying for a license or temporary practice permit, or applying for renewal of a license.
- 1.8 Initial License: The first license granted by the Board to an applicant pursuant to §12-61-706, C.R.S. An applicant may apply for an initial license at any credential level as long as all requirements for such credential level have been met pursuant to Chapter 3 of these Rules. An initial license is valid through December 31 of the year of issue.
- 1.9 Colorado Real Estate Appraiser Licensing Act: That portion of Colorado statutes known as Section 12 61 701, et seq., Colorado Revised Statutes, as amended.
- 1.10 Uniform Standards of Professional Appraisal Practice (USPAP): Those standards of professional practice promulgated by the Appraisal Standards Board of The Appraisal Foundation and adopted in Chapter 11 of these Rules through incorporation by reference.
- 1.11 Board Rules or Rules: Those rules adopted by the Colorado Board of Real Estate Appraisers pursuant to Section 12 61 704(1)(a), C.R.S., as amended.
- 1.12 Repealed.
- 1.13 Licensed Appraiser: A person who has been granted a license pursuant to §12-61-706(1)(b)(III),

C.R.S. as a Licensed Appraiser by the Board as a result of meeting the real estate appraisal education, experience, and examination requirements established by Board Rule 2.2, the AQB, or as a result of licensure through endorsement from another state as provided by Chapter 9 of these Rules. The usual scope of practice for the Licensed Appraiser shall be, if competent for the assignment, appraisal of non-complex one to four unit residential properties having a transaction value of less than \$1,000,000 and complex one to four unit residential properties having a transaction value of less than \$250,000, or as allowed by §12-61-706(5), C.R.S.

- 1.14 Certified Residential Appraiser: A person who has been granted a license pursuant to §12-61-706(1)(b)(II), C.R.S. as a Certified Residential Appraiser by the Board as a result of meeting the real estate appraisal education, experience, and examination requirements established by Board Rule 2.3, the AQB, or as a result of licensure through endorsement from another state as provided by Chapter 9 of these Rules. The usual scope of practice for the Certified Residential Appraiser shall be, if competent for the assignment, appraisal of one to four unit residential properties without regard to transaction value or complexity, or as allowed by §12-61-706(5), C.R.S. Such scope of practice includes vacant or unimproved land that is to be used for development for a one to four unit residential property, or vacant or unimproved land for which the highest and best use is a one to four unit residential property. The scope of practice for a Certified Residential Appraiser does not include vacant or unimproved land that has the potential for subdivision development for which the subdivision development analysis method of land valuation is necessary and applicable.
- 1.15 Certified General Appraiser: A person who has been granted a license pursuant to §12-61-706(1)(b)(I), C.R.S. as a Certified General Appraiser by the Board as a result of meeting the real estate appraisal education, experience, and examination requirements established by Board Rule 2.4, the AQB, or as a result of licensure through endorsement from another state as provided by Chapter 9 of these Rules. The scope of practice for the Certified General Appraiser shall be, if competent for the assignment, appraisal of all types of real property.
- 1.16 Residential Property: Properties comprising one to four residential units; also includes building sites suitable for development to one to four residential units. Residential property does not include land for which a subdivision analysis or appraisal is necessary.
- 1.17 Non Residential Property: Properties other than those comprised of one to four residential units and building sites suitable for development to one to four residential units. Non-residential property includes, without limitation, properties comprised of five or more dwelling units, farm and ranch, retail, manufacturing, warehousing, and office properties, large vacant land parcels and other properties not within the definition of residential property.
- 1.18 Temporary Practice Permit: A permit issued pursuant to Section 12 61 708 (2), C.R.S., (as amended) and Chapter 10 of these rules allowing an appraiser licensed in another jurisdiction to appraise property in Colorado under certain conditions without obtaining Colorado licensure.
- 1.19 Title XI, FIRREA: That part of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 known as the Appraisal Reform Amendments, and also known as 12 U.S.C. Section 3331 through 12 U.S.C. Section 3351.
- 1.20 Contingent Fee: Compensation paid to a person who is licensed as a licensed or certified appraiser, as a result of reporting a predetermined value or direction of value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the appraiser's opinion and specific to the assignment's purpose. A person licensed as a licensed or certified appraiser employed by a business entity which is compensated by a contingent fee is considered to be compensated by a contingent fee.
- 1.21 Licensee: A collective term used to refer to a person who has been licensed by the Board as a Licensed Ad Valorem Appraiser, Licensed Appraiser, Certified Residential Appraiser or Certified

General Appraiser.

- 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.
- 1.23 Complex Residential Property: Properties comprising one to four residential dwelling units, or land suitable for development to one to four residential units exhibiting complex appraisal factors such as atypical form of ownership, atypical size, atypical design characteristics, atypical locational characteristics, atypical physical condition characteristics, landmark designation, non-conforming zoning, lack of appraisal data, and other similar factors. Complex residential property does not include land for which a subdivision analysis or appraisal is necessary.
- 1.24 Signature: As defined in the Uniform Standards of Professional Appraisal Practice incorporated by reference in Board Rule 11.1, and including all methods of indicating a signature, such as, without limitation, a handwritten mark, digitized image, coded authentication number, stamped impression, embossed or applied seal, or other means.
- 1.25 Supervisory Appraiser: Any active licensee who acts in a supervisory role in the development and reporting of appraisals, appraisal reports, and other appraisal work products. Includes without limitation, any licensee who signs a report in a manner indicating they exert control over the action of any Trainee or Licensee, or who acts to guide or manage the work of any Trainee or Licensee. A supervisory appraiser must be state-certified and in good standing in the jurisdiction in which the trainee appraiser practices for a period of at least three (3) years. Supervisory appraisers must not have been subject to any disciplinary action within any jurisdiction within the last three (3) years that affects the supervisory appraiser's legal eligibility to engage in appraisal practice.
- 1.26 Qualifying Education: Real estate appraisal education courses completed for credit toward the licensing requirements set forth in Chapter 2 of these Rules and meeting the requirements of Chapter 3 of these Rules. Qualifying education courses must be at least 15 classroom hours in length and must include an examination.
- 1.27 Continuing Education: Real estate and real estate appraisal related courses completed for credit toward meeting the continuing education requirements set forth in Chapter 7 of these Rules.
- 1.28 Transaction value: for purposes of these rules transaction value means:
  - A. For appraisal assignments carried out as part of a loan transaction, the amount of the loan; or
  - B. For appraisal assignments carried out for other than a loan transaction, the market value of the real property interest.
- 1.29 Appraisal (Valuation) Process: The analysis of economic factors that create value to develop an opinion of value. Steps in the analytical process are: defining the problem; determining an appropriate scope of work; gathering and analyzing general and specific data; applying the appropriate analyses, procedures and methodology; the application of reconciliation criteria to reach a final defined value opinion; and correctly reporting that opinion in compliance with the uniform standards of professional appraisal practice.
- 1.30 Accredited college, junior college, community college or university: a higher education institution accredited by the Commission on Colleges, a regional or national accreditation association, or an accrediting agency that is recognized by the U. S. Secretary of Education.
- 1.31 REPEALED.

- 1.32 2008 Real Property Appraiser Qualification Criteria: Pursuant to Section 12-61-706, (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 2008 Real Property Appraiser Qualification Criteria adopted by the Appraiser Qualifications Board of The Appraisal Foundation on February 20, 2004, and as amended through May 5, 2006, including the Required Core Curricula, Guide Notes and Interpretations thereof. Amendments to the 2008 Real Property Appraiser Qualification Criteria adopted subsequent to May 5, 2006 are not included in this rule. A certified copy of the 2008 Real Property Appraiser Qualification Criteria is on file and available for public inspection with the Program Administrator at the offices of the Board of Real Estate Appraisers at 1560 Broadway, Suite 925, Denver, Colorado. Copies of the 2008 Real Property Appraiser Qualification Criteria incorporated under this rule may be examined at any state publications depository library. The 2008 Real Property Appraiser Qualification Criteria may be examined at the Internet website of The Appraisal Foundation at [www.appraisalfoundation.org](http://www.appraisalfoundation.org), and copies may be ordered through that mechanism. The Appraisal Foundation may also be contacted at 1155 15th Street, NW, Suite 1111, Washington, DC 20005, or by telephone at (202) 347-7722 or by telefax at (202) 347-7727. The 2008 Real Property Appraiser Qualification Criteria shall go into effect on January 1, 2008.
- 1.33 Credential Upgrade: A licensee, who has been granted a license pursuant to §12-61-706, C.R.S., may submit an application to the Board requesting an upgrade of the licensee's credential if the licensee has completed the real estate appraisal education, experience, and examination requirements as defined in Chapter 2 of these Rules for the credential for which the licensee is applying. If the Board grants the requested credential, the upgraded license will expire on the same date of the licensee's current license cycle, prior to the upgrade.
- 1.34 Draft Appraisal: An appraisal that does not bear the appraiser's signature and is identified and labeled as a "draft". The purpose of issuing a draft appraisal cannot be to allow the client and/or the intended user(s) to influence the appraiser.
- 1.35 Amendment: A written modification of any appraisal, which is dated and signed by the appraiser, and delivered to the client. An amendment is a true and integral component of an appraisal. Amendments may also be referred to as correction pages.
- 1.36 Good Standing: Not having been subject to a stipulation or final agency order, or a final agency order, the terms of which were completed no less than three years prior, or had a license revoked or permanently surrendered for any of the violations enumerated under § 12-61-710 or 12-61-712, C.R.S. A license will be considered to be in good standing three years following the completion of all terms of an executed stipulation and final agency order, or a final agency order. If a licensee has an executed stipulation for diversion, the license will not be in good standing with the Board until all terms of the stipulated agreement have been successfully completed.

## **CHAPTER 2: REQUIREMENTS FOR LICENSURE AS A REAL ESTATE APPRAISER**

### **2.1 Repealed.**

2.2 An applicant for licensure as a Colorado Licensed Appraiser shall successfully complete the following requirements or the substantial equivalent thereof, as set forth in the Required Core Curriculum and Guide Note 1 of the 2008 Real Property Appraiser Qualification Criteria adopted by the Appraiser Qualifications Board of the Appraisal Foundation on February 20, 2004, and amended through May 5, 2006, with an effective date of January 1, 2008, and incorporated by reference in Rule 1.32:

#### **A. Real estate appraisal education:**

1. Basic Appraisal Principles: 30 hours;

2. Basic Appraisal Procedures: 30 hours
3. 15-Hour National USPAP Course: 15 hours;
4. Residential Market Analysis and Highest and Best Use: 15 hours;
5. Residential Appraiser Site Valuation and Cost Approach: 15 hours;
6. Residential Sales Comparison and Income Approaches: 30 hours; and
7. Residential Report Writing and Case Studies: 15 hours.

B. Real estate appraisal experience: An applicant shall demonstrate to the satisfaction of the Board that the applicant completed at least 2,000 hours of appraisal experience in conformance with the provisions of Chapter 5 of these Rules and all of the applicant's experience was obtained after January 30, 1989 and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Pursuant to §12-61-706(9), C.R.S., real estate appraisal experience shall be gained over a period of not less than 12 months.

C. Real estate appraisal examination: Successful completion of the Licensed Appraiser examination as provided in Chapter 4 of these Rules.

2.3 An applicant for licensure as a Colorado Certified Residential Appraiser shall successfully complete the following requirements or the substantial equivalent thereof, as set forth in the Required Core Curriculum and Guide Note 1 of the 2008 Real Property Appraiser Qualification Criteria adopted by the Appraiser Qualifications Board of the Appraisal Foundation on February 20, 2004, and amended through May 5, 2006, with an effective date of January 1, 2008, and incorporated by reference in Rule 1.32:

A. Real estate appraisal education:

1. Basic Appraisal Principles: 30 hours;
2. Basic Appraisal Procedures: 30 hours;
3. 15-hour National USPAP Course: 15 hours;
4. Residential Market Analysis and Highest and Best Use: 15 hours;
5. Residential Appraiser Site Valuation and Cost Approach: 15 hours;
6. Residential Sales Comparison and Income Approaches: 30 hours;
7. Residential Report Writing and Case Studies: 15 hours;
8. Statistics, Modeling and Finance: 15 hours;
9. Advanced Residential Applications and Case Studies: 15;
10. Appraisal Subject Matter Electives: 20; and
11. hold an associate degree, or higher, from an accredited college, junior college, community college or university as defined in Board Rule 1.30; or

12. Successfully complete at least 21 semester credit hours or 32 quarter credit hours in the following collegiate subject matter courses from an accredited college, junior college, community college or university as defined in Board Rule 1.30. Courses in all the listed topics shall be completed. No topics shall be omitted. Credits earned through the college level examination program ("CLEP") are acceptable to meet this requirement.

- A. English Composition;
- B. Principles of Economics;
- C. Finance;
- D. Algebra, Geometry or Higher Mathematics;
- E. Statistics;
- F. Computer Science; and
- G. Business or Real Estate Law.

B. Real estate appraisal experience:

An applicant for licensure as a Colorado Certified Residential Appraiser shall demonstrate to the satisfaction of the Board that the applicant completed at least 2,500 hours of appraisal experience in conformance with the provisions of Chapter 5 of these Rules and all of the applicant's experience was obtained after January 30, 1989 and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Real estate appraisal experience shall have been gained across a period of not less than 24 months.

C. Real estate appraisal examination: Successful completion of the Certified Residential Appraiser examination as provided in Chapter 4 of these Rules.

- 2.4 An applicant for licensure as a Colorado Certified General Appraiser shall successfully complete the following requirements or the substantial equivalent thereof, as set forth in the Required Core Curriculum and Guide Note 1 of the 2008 Real Property Appraiser Qualification Criteria adopted by the Appraiser Qualifications Board of the Appraisal Foundation on February 20, 2004, and amended through May 5, 2006, with an effective date of January 1, 2008, as incorporated by reference in Rule 1.32:

A. Real estate appraisal education:

1. Basic Appraisal Principles: 30 hours;
2. Basic Appraisal Procedures: 30 hours;
3. 15-hour National USPAP Course: 15 hours;
4. General Appraiser Market Analysis and Highest and Best Use: 30 hours;
5. Statistics, Modeling and Finance: 15 hours;
6. General Appraiser Sales Comparison Approach: 30 hours;

7. General Appraiser Site Valuation and Cost Approach: 30 hours;
8. General Appraiser Income Approach: 60 hours;
9. General Appraiser Report Writing and Case Studies: 30 hours;
10. Appraisal Subject Matter Electives: 30 hours; and
11. hold a bachelor's degree or higher from an accredited college or university as defined in Board Rule 1.30, or
12. successfully complete not less than 30 semester credit hours or 45 quarter credit hours in the following collegiate subject matter courses from an accredited college, junior college, community college or university as defined in Board Rule 1.30. Courses in all of the listed topics shall be successfully completed. No topics shall be omitted. Credits earned through the college level examination program ("CLEP") are acceptable to meet this requirement.
  - A. English Composition;
  - B. Macro Economics;
  - C. Micro Economics;
  - D. Finance;
  - E. Algebra, Geometry or Higher Mathematics;
  - F. Statistics;
  - G. Computer Science;
  - H. Business or Real Estate Law; and
  - I. Two elective courses in Accounting, Geography, Agricultural Economics, Business Management or Real Estate.

B. Real estate appraisal experience:

An applicant submitting an application received in the offices of the Board for licensure as a Colorado Certified General Appraiser shall demonstrate to the satisfaction of the Board that the applicant completed at least 3,000 hours of appraisal experience in conformance with the provisions of Chapter 5 of these Rules and all of the applicant's experience was obtained after January 30, 1989 and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Real estate appraisal experience shall have been gained across a period of not less than 30 months and shall include at least 1,500 hours of appraisal of non-residential property, as defined in Chapter 1 of these Rules.

C. Real estate appraisal examination: Successful completion of the Certified General Appraiser examination as provided in Chapter 4 of these Rules.

2.5 REPEALED.

2.6 REPEALED.

2.7 REPEALED.

2.8 An applicant for an Ad Valorem License must be a County Assessor, an employee of a County Assessor's Office or an employee of the Division of Property Taxation in the Department of Local Affairs.

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

3.1 REPEALED.

3.2 Qualifying appraisal education shall be taken from providers approved by the Board. In order to be approved, qualifying education courses and the providers shall meet the following standards at the time it is offered:

- A. Course content was developed by persons qualified in the subject matter and instructional design;
- B. Course content is current and corresponds with the current body of knowledge;
- C. The instructor is qualified with respect to content and teaching methods, and the body of knowledge;
- D. The number of participants and the physical facilities are consistent with the teaching method;
- E. An examination is included for measuring the information learned; and
- F. The educational offering shall be developed and communicated in a manner as to promote and maintain a high level of public trust in appraisal practice.

3.3 The following may be approved as providers of qualifying appraisal education provided that the standards set forth in Rule 3.2 are maintained and the education providers have complied with all other requirements of the State of Colorado:

- A. Universities, colleges, junior colleges or community colleges accredited by a regional accrediting body accredited by the council on post secondary accreditation;
- B. Professional appraisal and real estate related organizations;
- C. State or federal government agencies;
- D. Proprietary schools holding valid certificates of approval from the Colorado Division of Private Occupational Schools, Department of Higher Education;
- E. Providers approved by other jurisdictions, provided the jurisdiction's appraiser regulation program has been determined to be in compliance with FIRREA;
- F. Providers approved under the Course Approval Program of The Appraisal Foundation; and
- G. Such other providers as the Board may approve upon petition of the provider or the applicant in a form acceptable to the Board.

3.4 On or after January 1, 1991, in order to be approved by the Board, each education provider shall maintain, and provide to the Board upon request, information regarding the qualifying education course offerings including, but not limited to the following:



- A. Outline or syllabus;
- B. All texts, workbooks, hand outs or other course materials;
- C. Instructors and their qualifications, including selection, training and evaluation criteria;
- D. Course examinations;
- E. Dates and locations of course offerings; and
- F. Student attendance logs.

3.5 The number of hours credited shall be equivalent to the actual number of contact hours of in-class instruction and testing. An hour of education is defined as at least 50 minutes of instruction out of each 60-minute segment. For distance education, the number of hours credited shall be that number of hours allowed by the Course Approval Program of The Appraisal Foundation.

3.6 Each qualifying education course offering must be at least 15 hours in duration, include an examination pertinent to the material covered, and be comprised of segments of not less than one classroom hour.

3.7 Qualifying education courses and corresponding examinations must be successfully completed by the applicant. Successful completion means the applicant has attended the offering, participated in course activities and achieved a passing score on the course examination.

3.8 REPEALED.

3.9 It is the applicant's responsibility to verify that a qualifying educational course offering has been approved by the board, if the applicant wishes to claim credit for the course.

3.10 Each applicant shall provide a signed statement, under penalty of perjury, attesting to the successful completion of the required hours of qualifying appraisal education on a form prescribed by the Board. The Board reserves the right to require an applicant or licensee to provide satisfactory documentary evidence of completion of appropriate qualifying education course work.

3.11 Hours of qualifying education accepted in satisfaction of the education requirement of one level of licensure or certification may be applied toward the requirement for another level and need not be repeated. Applicants are responsible for demonstrating coverage of the required topics.

3.12 The following factors shall be used to convert university, college, junior college and community college course credits into qualifying education hours:

A. Semester Credits x 15.00 = Hours

B. Quarter Credits x 10.00 = Hours

3.13 Applicants shall successfully complete qualifying appraisal education which builds upon and augments previous courses. Qualifying education courses which substantially repeat or duplicate other course work in terms of content and level of instruction will not be accepted. The Board will give appropriate consideration to courses where substantive changes in content have occurred.

3.14 To be acceptable for qualifying appraisal education, 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. 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 rule.

- 3.15 As to qualifying education courses completed in other jurisdictions with appraiser regulatory programs established in conformance with Title XI, FIRREA, the Board will accept the number of hours of education accepted by that jurisdiction.
- 3.16 To be acceptable for qualifying real estate appraisal education, distance education courses shall meet the other requirements of this Chapter 3, and shall include a written, closed book final examination proctored by an independent third party, or other final examination testing procedure acceptable to the Board. 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.
- 3.17 All qualifying education courses in the Uniform Standards of Professional Appraisal Practice begun on and after January 1, 2003 shall be in the form of a course approved under the course approval program of the Appraiser Qualifications Board of The Appraisal Foundation, and taught by an instructor certified by the Appraiser Qualifications Board of The Appraisal Foundation and who is a state certified appraiser.
- 3.18 Course providers shall 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 certificates, however, the following information shall be included:
- A. Name of course provider;
  - B. Course title, which shall describe topical content, or 2008 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 distance education modalities shall be the principal place of business of the course provider;
  - H. Name of student; and
  - I. For all Uniform Standards of Professional Appraisal Practice courses begun on and after January 1, 2003, the name(s) and Appraiser Qualifications Board Uniform Standards of Professional Appraisal Practice instructor certification number(s) of the instructor(s).

Licensees are required to provide copies of course certificates to the Board upon request.

- 3.19 The provisions of Board Rule 3.3 notwithstanding, qualifying education courses begun on and after

January 1, 2004 and offered through distance education modalities must be approved through the Course Approval Program of The Appraisal Foundation. The Board will not accept distance education courses begun on and after January 1, 2004 that have not been approved through the Course Approval Program of The Appraisal Foundation.

- 3.20 All qualifying education courses in the Uniform Standards of Professional Appraisal Practice (USPAP) shall be presented using the most recent edition of the Uniform Standards of Professional Appraisal Practice and the most recent version of the National USPAP Course (real property) or equivalent as approved by the Course Approval Program of The Appraisal Foundation, with the exception that courses begun in the three months preceding the effective date of a new edition may be presented using the next succeeding USPAP edition and course version, if available from The Appraisal Foundation.
- 3.21 All qualifying education courses begun on or after January 1, 2008 must be approved through the Course Approval Program of the Appraisal Foundation, except as otherwise may be approved in advance and in writing by the Director of the Colorado Division of Real Estate (the "Director") on a limited case by case basis where the Director determines that the public would not be served if course approval were required through the Course Approval Program of the Appraiser Qualifications Board of the Appraisal Foundation for a particular course. Course providers seeking approval of qualifying education courses that have not been approved through the Course Approval Program of the Appraiser Qualifications Board of the Appraisal Foundation shall provide the Director with all requested information the Director deems necessary.
- 3.22 By offering real estate appraiser qualifying education in the state of Colorado, each provider agrees to comply with the relevant statutes and board rules and to permit the Board to audit said courses at any time and at no cost.

#### **CHAPTER 4: STANDARDS FOR REAL ESTATE APPRAISAL LICENSING EXAMINATIONS**

- 4.1 Any person wishing to apply for any appraiser's license shall register for and achieve a passing score on the appropriate level of examination with the testing service designated by the Board. No other examination results will be accepted. The appropriate levels of examination for the respective levels of licensure are as follows:

<u>License Level</u>	<u>Examination</u>
Licensed Appraiser	Licensed Appraiser
Certified Residential Appraiser	Certified Residential Appraiser
Certified General Appraiser	Certified General Appraiser

- 4.2 Examinees shall comply with the standards of test administration established by the Board and the testing service.
- 4.3 A passing score on an examination shall be valid for two years from the examination date. Failure to file a complete application within the two year period will result in the examination grade being void.
- 4.4 Examinations will be given only to duly qualified applicants for an appraiser's license; however, one instructor from each appraisal qualifying education course provider approved pursuant to Rule 3.3 may take the examination one time during any 12 month period in order to conduct research for course content.
- 4.5 Each examination for a license may, as determined by the Board, be a separate examination.

4.6 Examinations developed or contracted for by the Board for licensed and certified appraisers shall comply with Title XI, FIRREA.

4.7 Repealed

4.8 Examinees may use financial calculators during the examination process. The memory functions of any such calculator shall be cleared by the testing service staff prior to the beginning and after the conclusion of the examination.

## **CHAPTER 5: STANDARDS FOR REAL ESTATE APPRAISAL EXPERIENCE**

5.1 Acceptable experience includes appraisal, appraisal review, appraisal consulting and mass appraisal experience where the appraiser demonstrates proficiency in the development and reporting of the assignment results utilizing recognized appraisal principles and methodology during the appraisal process as defined by Board Rule 1.29. The Board may consider other experience upon petition by the applicant.

5.2 REPEALED.

5.3 Reports or file memoranda claimed as evidence of meeting experience requirements shall have been prepared in conformance with the edition of the Uniform Standards of Professional Appraisal Practice in effect as of the date of the appraisal report.

5.4 REPEALED.

5.5 The Board reserves the right to verify an applicant's or licensee's evidence of appraisal experience by such means as it deems necessary, including, but not limited to requiring the following:

- A. Submission of a detailed log of appraisal activity on the form or in the manner specified by the Board;
- B. Submission of appraisal reports, workfiles or file memoranda;
- C. Employer affidavits or interviews;
- D. Client affidavits or interviews; and
- E. Submission of appropriate business records.

5.6 REPEALED.

5.7 REPEALED.

5.8 Real estate appraisal experience gained by an unlicensed person shall be gained under the following conditions:

- A. The unlicensed person shall be under the active, diligent and personal supervision of a Certified Residential Appraiser as defined by Board Rule 1.14, or a Certified General Appraiser as defined by Board Rule 1.15;
- B. The Certified Residential Appraiser or Certified General Appraiser acting as supervisor shall be in good standing with the Board, as defined by Board Rule 1.36;
- C. The Certified Residential Appraiser or Certified General Appraiser acting as supervisor shall not supervise more than three (3) unlicensed persons at one time and will be required to:

1. Review the Trainee appraisal reports;
2. Accept responsibility for the appraisal by signing and certifying the appraisal complies with the Uniform Standards of Professional Appraisal Practice; and
3. Personally inspect each appraised property with the Trainee appraiser until the supervisory appraiser determines the Trainee appraiser is competent to inspect the property, in accordance with the Competency Rule of the Uniform Standards of Professional Appraisal Practice for the property type; and
4. Jointly maintain an appraisal experience log with the Trainee appraiser. It will be the responsibility of both the supervisory appraiser and the Trainee appraiser to ensure that the experience log is accurate, current and complies with the requirements of the Board. At a minimum, the appraisal log requirements are:

- A) Type of property;
- B) Date of report;
- C) Address of appraised property;
- D) Description of work performed by the Trainee appraiser and scope of the review and supervision of the supervisory appraiser;
- E) Number of actual work hours by the Trainee appraiser on the assignment;
- F) The signature and state certification number of the supervisory appraiser; and
- G) Separate appraisal logs shall be maintained by each supervisory appraiser, if applicable;

- D. Experience shall build upon itself and need not include the entire appraisal process including arriving at an opinion of value. Experience may include one or all of the steps taken in the appraisal process as defined by Board Rule 1.29; and
- E. Appraisal experience gained without a traditional client (i.e. a client hiring an appraiser for a business purpose) may be counted as experience for up to 50% of an applicant's total experience requirement. A non-traditional client may include practicum courses defined by the Real Property Appraiser Qualification Criteria published by the AQB or demonstration type reports.

5.9 Each application for licensure pursuant to Board Rules 2.2, 2.3, and 2.4 shall be accompanied by a log of real estate appraisal experience on a form or in the manner specified by the Board. Such log shall be subject to the following requirements:

- A. The log shall include statements certifying to the accuracy and truthfulness of the information therein;
- B. Signatures shall be original, individual handwritten marks. Photocopied, computer generated, stamped or other facsimile signatures are not acceptable. No one other than the applicant or supervisory appraiser shall sign the certifications.

5.10 REPEALED.

5.11 An applicant for licensure as a Colorado Licensed Appraiser, a Colorado Certified Residential

Appraiser or a Colorado Certified General Appraiser must demonstrate that the applicant is capable of performing appraisals that are compliant with USPAP. In accordance with Board Rule 5.5, the Board may verify an applicant's appraisal experience by such means as it deems necessary, including but not limited to requiring the applicant to submit a detailed log of appraisal experience, appraisal reports, and/or work files. Staff within the Division or appraisers selected by the Division may review an applicant's appraisal reports and work files to determine whether the applicant is capable of performing appraisals that are compliant with USPAP and in accordance with Board Rule 13.8.

## **CHAPTER 6: APPLICATION FOR LICENSURE**

6.1 An applicant for licensure as a licensed or certified appraiser shall complete all requirements prior to filing the application, including education, experience (if required) and examination.

6.2 Each applicant shall submit original documentary evidence of a passing score of the appropriate examination with the application.

6.3 An application is deemed complete at the time all required supporting documents and fees are received at the Board offices.

6.4 Repealed.

6.5 Upon receipt of a complete application, including the required fees and supporting documentation, the Board shall process and issue the license, if applicable, as soon as practical. The Board reserves the right to require additional information and documentation from an applicant, and to verify any information and documentation submitted.

6.6 Submission of an application does not guarantee issuance of a license, or issuance of a license within a specific period of time. Applicants shall observe the provisions of Section 12-61-714, C.R.S. and Board Rules Chapter 12. Applicants shall not represent themselves as being licensees of the Board until receipt of the Board issued license document.

6.7 Pursuant to Section 12-61-709(1), C.R.S., an applicant who has been convicted of, entered a plea of guilty to, or entered a plea of nolo contendere to a crime, shall file with his or her application an addendum to the application in a form prescribed by the Board. The Board may also evaluate an applicant's honesty and truthfulness based on the applicant's prior plea(s) of guilt, nolo contendere or conviction of a criminal offense. Such addendum shall be supported and documented by, without limitation, the following:

A. Court documents, including original charges, disposition, pre-sentencing report and certification of completion of terms of sentence;

B. Police officer's report(s);

C. Probation or parole officer's report(s);

D. A written personal statement explaining the circumstances surrounding each violation, and including the statement "I have no other violations either past or pending";

E. Letters of recommendation; and

F. Employment history for the preceding five years.

6.8 Prior to application for licensure, an individual may request that the Board issue a preliminary advisory opinion regarding the possible effect of convictions, pleas of guilt or nolo contendere for

criminal offenses, including those offenses that may be indicative of a person's truthfulness and honesty. A person requesting such an opinion is not applicant for licensure. The Board may, at its sole discretion, issue such an opinion, which shall not be binding on the Board or limit the authority of the Board to investigate a later application for licensure. The issuance of such an opinion shall not prohibit a person from submitting an application for licensure. A person requesting such an opinion shall do so in a request form prescribed by the Board. Such request form shall be supported and documented by, without limitation, the following:

- A. Court documents, including original charges, disposition, pre-sentencing report and certification of completion of terms of sentence;
- B. Police officer's report(s);
- C. Probation or parole officer's report(s);
- D. A written personal statement explaining the circumstances surrounding each violation, and including the statement "I have no other violations either past or pending";
- E. Letters of recommendation; and
- F. Employment history for the preceding five years.

#### 6.9 Repealed

6.10 Every active appraiser, or applicant for an active appraiser's credential, must have in effect a policy of errors and omissions insurance to cover all acts requiring a license.

- A. The Division will enter into a contract with a qualified insurance carrier to make available to all licensees and license applicants a group policy of insurance under the following terms and conditions:
  - 1. The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of errors and omissions insurance in this state.
  - 2. The insurance carrier maintains an A.M. best rating of "B" or better.
  - 3. The insurance carrier will collect premiums, maintain records and report names of those insured and a record of claims to the Board on a timely basis and at no expense to the Board.
  - 4. The insurance carrier has been selected through a competitive bidding process.
  - 5. The contract and policy are in conformance with this rule and all relevant Colorado statutory requirements.
- B. The group policy shall provide, at a minimum, the following terms of coverage:
  - 1. Coverage for all acts for which a real estate appraiser's license is required, except those illegal, fraudulent, or other acts which are normally excluded from such coverage.
  - 2. That the coverage cannot be canceled by the insurance carrier except for nonpayment of the premium or in the event a licensee becomes inactive, is revoked or an applicant is denied a license.

3. Pro-ration of premiums for coverage which is purchased during the course of a calendar year but with no provision for refunds of unused premiums.
  4. Not less than \$100,000 coverage per claim with an aggregate limit of not less than \$300,000 per individual.
  5. A deductible amount for each occurrence of not more than \$1,000 for claims and no deductible for legal expenses and defense.
  6. The obligation of the carrier to defend all covered claims and the ability of the insured licensee to select counsel of choice subject to the written permission of the carrier, which shall not be unreasonably withheld.
  7. The ability of a licensee, upon payment of an additional premium, to obtain higher or excess coverage or to purchase additional coverage from the group carrier as may be determined by the carrier.
  8. The ability of a licensee, upon payment of an additional premium to obtain an extended reporting period of not less than 365 days.
  9. A conformity endorsement allowing a Colorado resident licensee to meet the errors and omissions insurance requirement for an active license in another group mandated state without the need to purchase separate coverage in that state.
- C. Licensees or applicants may obtain errors and omissions coverage independent of the group plan from any insurance carrier subject to the following terms and conditions:
1. The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of errors and omissions insurance in this state and is in conformance with all Colorado statutes.
  2. The insurance carrier maintains an A.M. best rating of "B" or better.
  3. The policy, at a minimum, complies with all relevant conditions set forth in this rule and the insurance carrier so certifies in an affidavit issued to the insured licensee or applicant in a form specified by the director and agrees to immediately notify the Division of any cancellation or lapse in coverage. Independent coverage must provide, at a minimum, the following:
    - A. The contract and policy are in conformance with all relevant Colorado statutory requirements.
    - B. Coverage includes all acts for which an appraiser's credential is required, except those illegal, fraudulent or other acts which are normally excluded from such coverage.
    - C. Coverage cannot be canceled by the insurance provider, except pursuant to and in conformance with 10-4-109.7 C.R.S.
    - D. Coverage is for not less than \$100,000 per claim, with an annual aggregate limit of not less than \$300,000 per individual.
    - E. Payment of claims by the provider shall be on a first dollar basis and the provider shall look to the insured for payment of any deductible.



- F. The ability of a licensee, upon payment of an additional premium to obtain an extended reporting period of not less than 365 days.
  - G. That the provider of the independent policy has executed an affidavit in a form or manner specified by the Board attesting that the independent policy is in force and, at a minimum, complies with all relevant conditions set forth herein and that the provider will immediately notify the in writing of any cancellation or lapse in coverage of any independent policy.
- D. Applicants for licensure, activation, renewal, and reinstatement shall certify compliance with this rule and 12-61-706.5 C.R.S. on forms or in a manner prescribed by the Board. Any active licensee who so certifies and fails to obtain errors and omissions coverage or to provide proof of continuous coverage, either through the group carrier or directly to the Board, shall be placed on inactive status:
- 1. Immediately, if certification of current insurance coverage is not provided to the Board;  
or
  - 2. Immediately upon the expiration of any current insurance when certification of continued coverage is not provided.
- E. Appraisers employed by a local, state or federal government entity are exempt from the errors and omissions insurance requirements.

## **CHAPTER 7: CONTINUING EDUCATION REQUIREMENTS**

- 7.1 For initial licenses issued on or after July 1 of any year, there shall be no continuing education requirement as a condition of renewal of such initial license that expires December 31 of the year of issue as defined in Board Rule 1.8. For initial licenses issued before July 1 of any year, there shall be an obligation to complete 14 hours of continuing education as a condition of renewal before the initial license expires on December 31 of the year of issue as defined in Board Rule 1.8. Continuing education requirements established by this Chapter 7 shall apply to all other license renewals.
- 7.2 Except as provided under Board Rule 7.1, each applicant for renewal of a license shall complete at least 42 hours of real estate appraisal continuing education during the three-year period preceding expiration of the license to be renewed. All licensees renewing a license at the end of a three-year licensing period shall complete the National Uniform Standards of Professional Appraisal Practice Update Courses set forth in Board Rule 7.19. Continuing education requirements must be completed after the effective date of the license to be renewed and prior to the expiration of such license. Upon written request and receipt of the supporting documentation established by the Board, the Board may grant a deferral for continuing education compliance for licensees returning from active military duty. Credential holders returning from active military duty may be placed on active status for up to 90 days pending completion of all continuing education requirements established pursuant to Chapter 7.
- 7.3 Continuing real estate appraisal education shall be taken from providers approved by the Board. In order to be approved by the Board, continuing education shall meet the following standards:
- A. It shall have been developed by persons qualified in the subject matter and instructional design;
  - B. It shall be current;
  - C. The instructor shall be qualified with respect to content and teaching methods; and

- D. The number of participants and the physical facilities are consistent with the teaching method(s).

The Board, at its discretion, may require an evaluation in a manner determined by the Board of an educational offering to ensure compliance with the above standards. By offering real estate appraisal continuing education in Colorado, each provider agrees to comply with relevant statutes and Board rules and to permit Board audit of said courses at any time and at no cost. If the Board determines that the offering fails to comply with the standards set above, the Board will notify the provider of such deficiency and work with the provider to correct such deficiency prior to the next class offering. If such deficiency is not corrected, then the Board may withdraw approval of the provider, instructor and/or the class.

- 7.4 The following may be approved as providers of continuing appraisal education provided the standards set forth in Board Rule 7.3 are maintained and provided they have complied with all other requirements of the State of Colorado:

- A. Universities, colleges, junior colleges or community colleges accredited by a regional accrediting body accredited by the Council on Post Secondary Accreditation;
- B. Professional appraisal and real estate related organizations;
- C. State or federal government agencies;
- D. Proprietary schools holding valid certificates of approval from the Colorado Division of Private Occupational Schools, Department of Higher Education
- E. Continuing education completed in other jurisdictions, providers approved by such other jurisdiction, provided that the jurisdiction's appraiser regulation program has been determined to be in compliance with Title XI, FIRREA;
- F. The providers of continuing education approved under the Course Approval Program of The Appraisal Foundation; and
- G. Such other providers as the Board may approve upon petition of the education provider or the applicant in a form acceptable to the Board.

- 7.5 Continuing education providers shall, at their own expense, maintain and provide to the Board on request, information regarding the educational offerings including, but not limited to the following:

- A. Outline or syllabus;
- B. All texts, workbooks, handouts or other materials;
- C. Instructors and their qualifications, including selection, training and evaluation criteria;
- D. Examinations (if any);
- E. Dates and locations of offerings; and
- F. Record of participation;

- 7.6 Continuing appraisal education shall be at least 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

related topics:

- A. Ad valorem taxation;
- B. Arbitration;
- C. Business courses related to practice of real estate appraisal;
- D. Construction cost estimating;
- E. Ethics and standards of professional practice;
- F. Land use planning, zoning and taxation;
- G. Management, leasing, brokerage and timesharing;
- H. Property development;
- I. Real estate appraisal (valuation/evaluation);
- J. Real estate law;
- K. Real estate litigation;
- L. Real estate financing and investment;
- M. Real estate appraisal related computer applications;
- N. Real estate securities and syndication;
- O. Real property exchange; and
- P. Such 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.

Failure to request and receive approval of continuing real estate appraisal education prior to commencement of the course may result in Board refusal to accept the offering for continuing education credit.

7.8 The Board may consider alternatives to continuing real estate appraisal education such as teaching, authorship of textbooks or articles, educational programs development or similar activities for up to one-half of the required continuing education. Licensees desiring continuing education credit for alternative activities must petition the Board for approval in writing and prior to commencement of the alternative activity.

7.9 The act of applying for renewal or reinstatement shall constitute a statement under penalty of perjury in the second degree that the licensee had the present intent of affirmatively stating the licensee had complied with the continuing education requirements of Colorado statutes and Board Rules. The Board reserves the right to require a renewal applicant or licensee to provide satisfactory documentary evidence of completion of continuing appraisal education requirements. The Board may at its option require such submission as part of the renewal process or subsequent to renewal.

7.10 With the exception of the 7-hour National USPAP Update Course(s), or its equivalent, required pursuant to Board Rule 7.19, applicants for renewal of a license may complete the required hours

of continuing real estate appraisal education at any time during the licensing period preceding expiration.

- 7.11 An appraiser may repeat courses or programs previously completed, subject to the limitation that no course or program may be repeated more frequently than once every two (2) years, except as authorized by the Board. Education in appraisal ethics and the Uniform Standards of Professional Appraisal Practice are not subject to this limitation.
- 7.12 Continuing real estate appraisal education shall be successfully completed by the holder of the license to be renewed. Successful completion means attendance at the offering and participation in class activities. Successful completion of courses undertaken through distance education requires compliance with the provisions of Board Rule 7.14. Teaching of continuing real estate appraisal education shall constitute successful completion, however credit shall be given for only one presentation of a particular offering during each renewal period.
- 7.13 The number of hours credited shall be equivalent to the actual number of contact hours of in class instruction and testing. An hour of appraisal education and training is defined as at least 50 minutes of instruction out of each 60-minute segment. For distance education offerings, the number of hours credited shall be that number of hours allowed by the Course Approval Program of The Appraisal Foundation.
- 7.14 Distance education offerings shall 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. Simple reading, viewing or listening to materials is not sufficient engagement in the learning process to satisfy the requirements of this rule.
- 7.15 As to continuing education completed in other jurisdictions with appraiser regulatory programs established in conformance with Title XI, FIRREA, the Board shall accept the number of hours of continuing education accepted by that jurisdiction.
- 7.16 REPEALED.
- 7.17 REPEALED.
- 7.18 Continuing education content must have a clear application to real estate appraisal practice. Motivational courses, personal growth or self-improvement courses, general business courses and general computing courses are unacceptable to satisfy the continuing education requirements established by these rules.
- 7.19 All licensees shall successfully complete a 7-hour National USPAP Update Course, or its equivalent, every two calendar years. Such 7-hour National USPAP Update Course shall be in the form of a course approved by the Appraiser Qualifications Board of The Appraisal Foundation, and taught by an instructor certified by the Appraiser Qualifications Board of The Appraisal Foundation and who is also a state certified appraiser. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board.
- 7.20 A licensee who is a resident of a jurisdiction other than the State of Colorado may comply with the continuing education requirements of this Chapter 7 by documenting, at the request of the Board, compliance with the continuing education requirements of their jurisdiction of residence. In the event the jurisdiction of residence does not impose continuing education requirements consistent with the criteria promulgated by the Appraiser Qualifications Board of The Appraisal Foundation,

the licensee shall comply with the continuing education requirements established by this Chapter 7.

- 7.21 A licensee who renews a license subject to a continuing education requirement shall retain documentary evidence of compliance with these continuing education requirements for a period of not less than five (5) years after the expiration of the license being renewed.
- 7.22 Course providers shall 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 shall be included:
- A. Name of course provider;
  - B. Course title, which shall 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 distance education modalities shall be the principal place of business of the course provider;
  - H. Name of student; and
  - I. For Uniform Standards of Professional Appraisal Practice courses begun on and after January 1, 2003, the name and Appraiser Qualifications Board Uniform Standards of Professional Appraisal Practice instructor certification number of the instructor.
- 7.23 The provisions of Board Rule 7.4 notwithstanding, real estate appraisal continuing education offered through distance education must be approved through the Course Approval Program of The Appraisal Foundation, unless the provider is a government agency that has sought an exemption from the Board.
- 7.24 AQB certified USPAP instructors successfully completing the Instructor Recertification Course and exam, if required, within the current continuing education cycle, have satisfied the 7-Hour National USPAP Update Course continuing education requirement if equivalency has been determined by the AQB Course Approval Program or by an alternative method established by the AQB. If two 7-Hour National USPAP Update Courses are required during the current continuing education cycle, the AQB certified USPAP instructor must successfully complete one of the following:
- A. Two Instructor Recertification Courses and exams, if required, within the current continuing education cycle to have satisfied the 7-Hour National USPAP Update Course requirements for the license cycle; or
  - B. One Instructor Recertification Course and exam, if required, within the current continuing education cycle to have satisfied the requirement of one 7-Hour National USPAP Update Course and teach the 7-Hour National Update Course within the current continuing education cycle; or

- C. One Instructor Recertification Course, and exam, if required, within the current continuing education cycle to have satisfied the requirement of one 7-Hour National USPAP Update Course and complete one 7-Hour National USPAP Update course, or its equivalent.

## **CHAPTER 8: RENEWAL, REINSTATEMENT, INACTIVATION, SURRENDER OR REVOCATION OF LICENSURE**

8.1 REPEALED.

8.2 REPEALED.

8.3 REPEALED.

8.4 REPEALED.

8.5 No holder of an expired license which may be reinstated may apply for a new license of the same type. Such person shall reinstate the expired license as provided in these rules. Nothing in this Rule 8.5 shall act to prevent a person from applying for and receiving a license or certificate with higher qualification requirements than those of the expired license.

8.6 Each licensee shall provide the Board with the following information: (1) a current mailing address and phone number for the licensee; (2) a current email address for the licensee or a letter explaining why the licensee cannot provide an email address; and (3) such other contact information as may be required by the Board from time to time. Each licensee shall inform the Board within ten (10) calendar days of any change in such contact information on a form or in the manner prescribed by the Board. A mailing address for the licensee will be posted on the Division of Real Estate's public website, and it is the licensee's responsibility to inform the Division of Real Estate of any required changes to the mailing address shown for the licensee on the Division of Real Estate's public website. The address shown for the licensee on the Division of Real Estate's public website shall be considered the licensee's address of record. A change of mailing address without notification to the Board will result in the inactivation of the appraiser's license.

8.7 Repealed.

8.8 The holder of a license, certificate or temporary practice permit may surrender such to the Board. The Board may deem a surrendered license, certificate or temporary practice permit as permanently relinquished. Such surrender shall not remove the holder from the jurisdiction of the Board for acts committed while holding a license, certificate or temporary practice permit. A license, certificate or temporary practice permit that is surrendered during the pendency of an investigation or a disciplinary action will be reported to the National Registry as having been surrendered in lieu of discipline. A person who surrenders a license, certificate or temporary practice permit may not reinstate the same, but must reapply and meet the current requirements for initial licensure.

8.9 Upon inactivation, revocation, suspension, surrender or expiration of a license or temporary practice permit the holder shall:

- A. Immediately cease all activities requiring licensure or a temporary practice permit;
- B. In the instance of revocation, suspension or surrender, immediately return the license document or temporary practice permit to the Board;
- C. Immediately cease all actions which represent the holder to the public as actively being licensed or being the holder of a temporary practice permit, including, without limitation, the use of advertising materials, forms, letterheads, business cards, correspondence,

internet website content, statements of qualifications and the like.

8.10 A licensee who has not completed continuing education requirements established pursuant to Chapter 7 of these rules may not renew or reinstate licensure on inactive status unless the Board determines that extenuating circumstances existed which caused the deficiency in the continuing education requirements. The Board may require a written request and supporting documentation to determine that an extenuating circumstance exists or existed. A licensee desiring to renew or reinstate licensure on inactive status must submit their renewal or reinstatement on an inactive status application to the Board.

8.11 A licensee may, without limitation, renew or reinstate licensure on inactive status for subsequent renewal periods by complying with the requirements of Rule 8.10.

8.12 REPEALED.

8.13 REPEALED.

8.14 REPEALED.

8.15 REPEALED.

8.16 REPEALED.

## **CHAPTER 9: LICENSURE AND CERTIFICATION BY ENDORSEMENT**

9.1 Pursuant to Section 12-61-708(1), C.R.S. (as amended), licensure by endorsement shall be subject to the following restrictions and requirements:

- A. The Board may issue registrations, licenses or certifications by endorsement only to those persons holding an active registration, license or certificate from another jurisdiction which is substantially equivalent to those described in Board Rules 1.12, 1.13, 1.14 or 1.15, with qualification requirements substantially equivalent to those in Board Rules 2.1, 2.2, 2.3 or 2.4, respectively.
- B. The applicant must be the holder of an active registration, license or certificate in good standing under the laws of another jurisdiction;
- C. The appraiser regulatory program of the jurisdiction where the applicant holds an active registration, license or certificate in good standing must not have been disapproved by the appropriate authority under 12 U.S.C.A., Section 3347, FIRREA;
- D. The applicant must apply for licensure by endorsement on a form provided by the Board, pay the specified fees and meet all other Board requirements;
- E. The applicant must apply for and be issued by the Board a registration, license or certificate by endorsement prior to undertaking appraisal activities in Colorado that would require licensure in Colorado; and
- F. A registration, license or certificate issued by endorsement shall be subject to the same renewal requirements as a registration, license or certificate issued pursuant to Section 12-61-706, C.R.S. (as amended), and Board Rules Chapters 7 and 8.

## **CHAPTER 10: TEMPORARY PRACTICE IN COLORADO**

10.1 Pursuant to Sections 12-61-701, 12-61-704(1)(a), 12-61-715(1)(c), C.R.S. (as amended) and in

conformance with 12 U.S.C.A. Section 3351(a), FIRREA, a Temporary Practice Permit may be issued to the holder of an active appraiser's license from another state. Such Temporary Practice Permit shall be subject to the following restrictions and requirements:

- A. The applicant must apply for and be issued a Temporary Practice Permit prior to his or her commencement of a real property appraisal in Colorado that is part of a federally related transaction;
- B. The applicant's business is temporary in nature and the applicant shall identify in writing the appraisal assignment(s) to be completed under the Temporary Practice Permit prior to being issued a Temporary Practice Permit;
- C. The Temporary Practice Permit shall be valid only for the appraisal assignment(s) listed thereon;
- D. The applicant must be the holder of an active license in good standing under the laws of another state;
- E. The state in which the applicant holds an active license in good standing must impose licensure requirements that are in conformance with FIRREA;
- F. The appraiser regulatory program of the state where the applicant holds a license in good standing must not have been disapproved by the appropriate authority under the provisions of 12 U.S.C.A. Section 3347, FIRREA;
- G. The applicant must apply for a Temporary Practice Permit on a form provided by the Board, pay the specified fees, and meet all other Board requirements; and
- H. Pursuant to Section 12-61-708 (1.2), C.R.S., Temporary Practice Permits are available only to persons holding active licensure in another jurisdiction at levels substantially equivalent to those defined in Board Rules 1.13, 1.14 and 1.15. Temporary Practice Permits are not available to persons holding licensure in another jurisdiction at a trainee, apprentice, associate, intern or other entry level similar to that defined in Board Rule 1.12.

10.2 No person may be issued more than two Temporary Practice Permits in any rolling twelve-month period.

10.3 A Temporary Practice Permit issued pursuant to this Chapter 10 shall be valid for the period of time necessary to complete the original assignment(s) listed thereon, including time for client conferences and expert witness testimony. A Temporary Practice Permit issued pursuant to this Chapter 10 shall not be valid for completion of additional or update assignments involving the same property or properties. Additional or update assignments involving the same property or properties are new assignments, requiring a new Temporary Practice Permit or licensure by endorsement as provided in Chapter 9 of these Rules.

## **CHAPTER 11: STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**

11.1 Pursuant to Section 12-61-710(1)(g), C.R.S. (as amended), the Board adopts, and incorporates by reference in compliance with Section 24-4-103(12.5), C.R.S., as the generally accepted standards of professional appraisal practice the definitions, preamble, rules, standards and standards rules and statements of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation on January 30, 1989 and amended through April 8, 2011 and known as the 2012-2013 edition. Amendments to the Uniform Standards of Professional Appraisal Practice subsequent to April 8, 2011 are not included in this Rule. A certified copy of the Uniform Standards of Professional Appraisal Practice



is on file and available for public inspection with the Program Manager at the offices of the Board of Real Estate Appraisers at 1560 Broadway, Suite 925, Denver, Colorado. Copies of the Uniform Standards of Professional Appraisal Practice adopted under this rule may be examined at any state publications depository library. The 2012-2013 edition of the Uniform Standards of Professional Appraisal Practice may be examined at the Internet website of The Appraisal Foundation at [www.appraisalfoundation.org](http://www.appraisalfoundation.org), and copies may be ordered through that mechanism. The Appraisal Foundation may also be contacted at 1155 15th Street, NW, Suite 1111, Washington, DC 20005, or by telephone at (202) 347-7722 or by telefax at (202) 347-7727. The 2010 edition of the Uniform Standards of Professional Appraisal Practice, incorporating the amendments made through April 3, 2009 shall remain in effect through December 31, 2011. Beginning January 1, 2012, the 2012-2013 edition of the Uniform Standards of Professional Appraisal Practice shall be in effect.

11.2 A licensee appraiser using the services of an unlicensed assistant under the provisions of Section 12-61-716, C.R.S. (as amended), or the services of another licensee in the preparation of appraisals or other work products shall, consistent with the Uniform Standards of Professional Appraisal Practice, supervise each such assistant or licensee in an active, diligent and personal manner. When any portion of the work involves significant real property appraisal assistance, the licensee appraiser must describe and summarize the research, analysis and reporting contributions of each such assistant or other licensee within each such report or other work product in a manner specified in USPAP standard 2.

11.3 When disclosing a contingent fee arrangement pursuant to Section 12-61-702(2.5), Section 12-61-710(1)(g), and Section 12-61-712(1)(b), (c) and (d), C.R.S. (as amended), Board Rule 1.20, a licensee shall disclose the contingent compensation agreement in a clear and unequivocal manner in any oral report, and in the letter of transmittal, summary of salient facts and conclusions, statement of limiting conditions, and certifications of any written report. The licensee is not required to disclose the amount of the contingent fee, but is not prohibited from full disclosure of the amount of the contingent fee. A licensee must not have a compensation arrangement for an assignment that is based on his or her opinion of value.

## **CHAPTER 12: LICENSE TITLES, LICENSE DOCUMENTS, AND SIGNATURES**

12.1 The descriptive license titles defined in Board Rules 1.12, 1.13, 1.14, 1.15 and 1.18 shall only be used by persons who hold such Board issued license or permit in good standing. The descriptive license titles may only be used by an individual license holder and may not be used by any other person or group of persons, including a corporation, partnership or other business entity.

12.2 REPEALED.

12.3 REPEALED.

12.4 In each appraisal report or other appraisal related work product the license held by the appraiser(s) shall be clearly identified by using the license titles defined in Board rules 1.13, 1.14 and 1.15 and including the license number. Such license titles and numbers shall be identified wherever the licensee signs, by any means or method, the report or other work product, including, but not limited to the:

A. Letter of transmittal;

B. Certification of the appraiser(s); and

C. Appraisal or other work product report form or document, including addenda thereto.

12.5 Repealed

12.6 An appraiser practicing in Colorado under authority of a Temporary Practice Permit shall identify the state where they hold licensure, the type of license and the license number, and shall further state they hold a Temporary Practice Permit and state the permit number in all instances where license type and number are required under this Chapter 12.

12.7 The real estate appraiser's license or temporary practice permit document and identification card issued to an initial or renewal applicant shall remain the property of the Board. Such document and card shall be surrendered to the Board immediately upon demand. The reasons for such demand may include, but are not limited to, suspension, revocation, stipulated settlement or failure to pay required fees.

12.8 When complying with Rule 12.4 an appraiser shall use the full license or permit title in Rules 1.13, 1.14, 1.15, and 1.18, or shall use the appropriate abbreviation as listed below, followed by the license or permit number. Use of initials only, such as the alphabetical prefix included with each board issued license number to identify the type of license or permit is prohibited except when necessary to comply with federally implanted data collection or reporting requirements (for example FNMA ("Fannie Mae") or FHLMC ("Freddie Mac") implemented policies or guidelines).

Licensed Appraiser:	Lic. App. or Lic. Appr.
Certified Residential	Crt. Res. App. or Cert.
Appraiser:	Res. Appr.
Certified General	Crt. Gen. App. or Cert.
Appraiser:	Genl. Appr.
Temporary Practice	Temp. Prac. Pmt.
Permit:	

12.9 Repealed

12.10 When stating the type of license or permit held, and the number thereof, an appraiser may make use of an impression, provided such impression is legible on each copy of the appraisal report or other work product.

12.11 Where appraisal report forms or other work product forms do not allow space for placing the information required by Rule 12.4 immediately following the name and signature of the appraiser the required information shall be placed in the closest reasonable available space on the same page.

12.12 The holder of a license or permit in good standing may copy the license or permit document for inclusion in an appraisal report or other appraisal work product. Such copy shall have the word "COPY" prominently displayed so as to substantially overlay the printed portions of the license or permit document.

12.13 The requirements of this chapter shall be complied with in any electronic copy or transmittal of an appraisal report or other appraisal related work product.

12.14 No holder of a license or temporary practice permit, or any other person, shall make or cause to be made or allow to be made, any alteration to a Board-issued license or permit document or copy thereof, other than as provided in Board Rule 12.12.

12.15 No licensee may affix or allow to be affixed the name or signature of a licensee to an appraisal report or other appraisal related work product without the express permission of the licensee for that specific assignment, report or other work product. Licensees shall not give blanket permission for affixing their signature to appraisal reports or other work products and may only authorize the use of his or her signature on an assignment-by-assignment basis.

- 12.16 No licensee shall permit, through action or inaction, their name or signature to be affixed to an appraisal report or other appraisal related work product without their first personally examining and approving the final version of such report or other work product.

## **CHAPTER 13: DISCIPLINARY PROCEDURES**

- 13.1 Complaints alleging violation of Section 12-61-701, et seq., C.R.S. or the Rules of the Board of Real Estate Appraisers shall be in writing on a form or in the manner prescribed by the Board. Nothing in this rule shall act to prevent the Board from acting upon its own motion to open a complaint.
- 13.2 Pursuant to Section 12-61-704(1)(d), C.R.S., and Section 24-4-105(3), C.R.S., any disciplinary hearing conducted on behalf of the Board may, at the discretion of the Board, be conducted by an Administrative Law Judge from the Office of Administrative Courts of the Department of Personnel & Administration.
- 13.3 REPEALED.
- 13.4 When a licensee has received written notification from the Board that a complaint has been filed against the licensee, the licensee must submit a written response to the Board. Failure to submit a written response within the time set by the Board in its notification shall be grounds for disciplinary action unless the Board has granted an extension of time for the response in writing and regardless of the question of whether the underlying complaint warrants further investigation or subsequent action by the Board. The licensee's written response must contain the following:
- A. A complete and specific answer to the factual recitations, allegations or averments;
  - B. A complete and specific response to any additional questions, allegations or averments presented in the notification letter;
  - C. Any documents or records requested in the notification letter; and
  - D. Any further information relative to the complaint that the licensee believes to be relevant or material to the matters addressed in the notification letter.
- 13.5 The holder of a Board-issued license or permit, including an owner of more than ten (10) percent of a licensed appraisal management company, shall inform the Board in writing within ten (10) days of any disciplinary action taken by any other state, district, territorial, or provincial real estate appraiser or appraisal management company licensing authority. For purposes of this rule, disciplinary action shall include, without limitation, actions such as fines, required education, probation, suspension, revocation, letters of censure, debarment, required supervision, and the like.
- 13.6 Pursuant to Section 24-34-106, C.R.S., when a licensee is required to complete real estate appraisal education as part of a disciplinary action, no portion of any such courses or programs completed to satisfy the terms of a disciplinary action shall be creditable toward continuing education or qualifying education requirements.
- 13.7 An appraiser licensed or permitted by the Board must inform the Board in writing within ten (10) days of conviction of, entering a plea of guilty to, or entering a plea of nolo contendere to any felony, or any other like crime under Colorado law, federal law, or the laws of other states.
- 13.8 Board members, division staff and contractors hired by the Division of Real Estate to perform official division business are not required to comply with USPAP Standards, Standards Rules and/or Statements in performance of the following official duties:

- A. Investigations;
- B. Work experience reviews conducted during license application processing; or
- C. The review or analysis of investigative findings, experience reviews, and/or work product reviews resulting from Board case resolutions.

An investigation or review conducted by staff, a member of the Board or a contractor hired by the Division of Real Estate is not considered an "appraisal review" or an "appraisal" as defined by USPAP.

13.9 A licensee shall respond in writing to any correspondence from the Board requiring a response. The written response shall be submitted within the time period provided by the Board. The Board shall send such correspondence to the licensee's address of record with the Board. Failure to submit a timely written response shall be grounds for disciplinary action.

13.10 Exceptions and Board Review of Initial Decisions:

a. Written form, service, and filing requirements

1. All designations of record, requests, exceptions, and responsive pleadings ("pleadings") must be in written form, mailed with a certificate of mailing to the board and the opposing party.
2. All pleadings must be filed with the board by 5:00 p.m. on the date the filing is due. These rules do not provide for any additional time for service by mail. Filing is the receipt of a pleading by the board.
3. Any pleadings must be served on the opposing party by mail or by hand delivery on the date on which the pleading is filed with the board.
4. All pleadings must be filed with the board and not the office of administrative courts. Any designations of record, requests, exceptions or responsive pleadings filed in error with the office of administrative courts will not be considered. The board's address is:

Colorado Board of Real Estate Appraisers

1560 Broadway, Suite 925

Denver, CO 80202

b. Authority to Review

1. The board hereby preserves the board's option to initiate a review of an initial decision on its own motion pursuant to § 24-4-105(14)(a)(ii) and (b)(iii), C.R.S. outside of the thirty day period after service of the initial decision upon the parties without requiring a vote for each case.
2. This option to review shall apply regardless of whether a party files exceptions to the initial decision.

c. Designation of Record and Transcripts

1. Any party seeking to reverse or modify the initial decision of the administrative law judge shall file with the board a designation of the relevant parts of the record for

review ("designation of record"). Designations of record must be filed with the board within twenty days of the date on which the board mails the initial decision to the parties' address of record with the board.

2. Even if no party files a designation of record, the record shall include the following:
  - A. All pleadings;
  - B. All applications presented or considered during the hearing;
  - C. All documentary or other exhibits admitted into evidence;
  - D. All documentary or other exhibits presented during the hearing;
  - E. All matters officially noticed;
  - F. Any findings of fact and conclusions of law proposed by any party; and
  - G. Any written brief filed.
3. Transcripts: transcripts will not be deemed part of a designation of record unless specifically identified and ordered. Should a party wish to designate a transcript or portion thereof, the following procedures apply:
  - A. The designation of record must identify with specificity the transcript or portion thereof to be transcribed. For example, a party may designate the entire transcript, or may identify witness(es) whose testimony is to be transcribed, the legal ruling or argument to be transcribed, or other information necessary to identify a portion of the transcript.
  - B. Any party who includes a transcript or a portion thereof as part of the designation of record must order the transcript or relevant portions by the date on which the designation of record must be filed (within twenty days of the date on which the board mails the initial decision to the parties).
  - C. When ordering the transcript, the party shall request a court reporter or transcribing service to prepare the transcript within thirty days. The party shall timely pay the necessary fees to obtain and file with the board an original transcription and one copy within thirty days.
  - D. The party ordering the transcript shall direct the court reporter or transcribing service to complete and file with the board the transcript and one copy of the transcript within thirty days.
  - E. If a party designates a portion of the transcript, the opposing party may also file a supplemental designation of record, in which the opposing party may designate additional portions of the transcript. This supplemental designation of record must be filed with the board and served on the other party within ten days after the date on which the original designation of record was due.
  - F. An opposing party filing a supplemental designation of record must order and pay for such transcripts and portions thereof within the deadlines set forth above. An opposing party must also cause the court reporter to

complete and file with the board the transcript and one copy of the transcript within thirty days.

- G. Transcripts that are ordered and not filed with the board in a timely manner by the reporter or transcription service due to non-payment, insufficient payment or failure to direct as set forth above will not be considered by the board.

D. Filing of Exceptions and Responsive Pleadings

- 1. Any party wishing to file exceptions shall adhere to the following timelines:

- A. If no transcripts are ordered, exceptions are due within thirty days from the date on which the board mails the initial decision to the parties. Both parties' exceptions are due on the same date.
- B. If transcripts are ordered by either party, the following procedure shall apply. Upon receipt of transcripts identified in all designations of record, the board shall mail notification to the parties stating that the transcripts have been received by the board. Exceptions are due within thirty days from the date on which such notification is mailed. Both parties' exceptions are due on the same date.

- 2. Either party may file a responsive pleading to the other party's exceptions. All responsive pleadings shall be filed within 10 days of the date on which the exceptions were filed with the board. No other pleadings will be considered except for good cause shown.
- 3. The board may in its sole discretion grant an extension of time to file exceptions or responsive pleadings, or may delegate the discretion to grant such an extension of time to the board's designee.

E. Request for Oral Argument

- 1. All requests for oral argument must be in writing and filed by the deadline for responsive pleadings. Requests filed after this time will not be considered.
- 2. It is within the sole discretion of the board to grant or deny a request for oral argument. If oral argument is granted, both parties shall have the opportunity to participate.
- 3. Each side shall be permitted ten minutes for oral argument unless such time is extended by the board or its designee.

13.11 A controlling appraiser must inform the Board in writing within ten days of conviction of, entering a plea of guilty to, entering a plea of nolo contendere, or entering an alford plea 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 states.

13.12 A controlling appraiser, or an approved designee of a licensed appraisal management company, must inform the Board in writing within ten days when 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, or entered an alford plea 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 states.

#### **CHAPTER 14: DECLARATORY ORDERS PURSUANT TO SECTION 24-4-105(11), C.R.S.**

- 14.1 Any person may petition the Board for a declaratory order to terminate controversies or to remove uncertainties as to the applicability to the petitioner of any statutory provisions or of any rule or order of the Board.
- 14.2 The Board will determine, in its discretion and without prior notice to petitioner, whether to rule upon any such petition. If the Board determines that it will not rule upon such a petition, the Board shall issue its written order disposing of the same stating the reason for its action. A copy of the order shall be provided to the petitioner.
- 14.3 In determining whether to rule upon a petition filed pursuant to this rule, the Board will consider the following matters, among others:
- A. Whether a ruling on the petition will terminate a controversy or remove uncertainties as to the applicability to petitioner of any statutory provision or rule or order of the Board.
  - B. Whether the petition involves any subject, question or issue which is the subject of a formal or informal matter or investigation currently pending before the Board or a court involving one or more of the petitioners.
  - C. Whether the petition involves any subject, question or issue which is the subject of a formal or informal matter or investigation currently pending before the Board or a court but not involving any petitioner.
  - D. Whether the petition seeks a ruling on a moot or hypothetical question or will result in an advisory ruling or opinion.
  - E. Whether the petitioner has some other adequate legal remedy, other than an action for declaratory relief pursuant to Rule 57, C.R.C.P., which will terminate the controversy or remove any uncertainty as to the applicability to the petitioner of the statute, rule or order in question.
- 14.4 Any petition filed pursuant to this rule shall set forth the following:
- A. The name and address of the petitioner and whether the petitioner holds a registration, license or certificate issued pursuant to Section 12-61-701 et. seq. C.R.S. (as amended).
  - B. The statute, rule or order to which the petition relates.
  - C. A concise statement of all of the facts necessary to show the nature of the controversy or uncertainty and the manner in which the statute, rule or order in question applies or potentially applies to the petitioner.
- 14.5 If the Board determines that it will rule on the petition, the following procedures shall apply:
- A. The Board may rule upon the petition based solely upon the facts presented in the petition. In such a case:
    - 1. Any ruling of the Board will apply only to the extent of the facts presented in the petition and any amendment to the petition.

2. The Board may order the petitioner to file a written brief, memorandum or statement of position.
3. The Board may set the petition, upon due notice to the petitioner, for a non-evidentiary hearing.
4. The Board may dispose of the petition on the sole basis of the matters set forth in the petition.
5. The Board may request the petitioner to submit additional facts, in writing. In such event, such additional facts will be considered as an amendment to the petition.
6. The Board may take administrative notice of facts pursuant to the Administrative Procedures Act, Section 24-4-105 (8), C.R.S., (as amended), and may utilize its experience, technical competence and specialized knowledge in the disposition of the petition.
7. If the Board rules upon the petition without a hearing, it shall promptly notify the petitioner of its decision.

B. The Board may, in its discretion, set the petition for hearing, upon due notice to petitioner, for the purpose of obtaining additional facts or information or to determine the truth of any facts set forth in the petition or to hear oral argument on the petition. The notice to the petitioner setting such hearing shall set forth, to the extent known, the factual or other matters into which the Board intends to inquire. For the purpose of such a hearing, to the extent necessary, the petitioner shall have the burden of proving all of the facts stated in the petition, all of the facts necessary to show the nature of the controversy or uncertainty and the manner in which the statute, rule or order in question applies or potentially applies to the petitioner and any other facts the petitioner desires the Board to consider.

14.6 The parties to any proceeding pursuant to this rule shall be the Board and the petitioner. Any other person may seek leave of the Board to intervene in such a proceeding, and leave to intervene will be granted at the sole discretion of the Board. A petition to intervene shall set forth the same matters as required by section 14.4 of this Rule. Any reference to a "petitioner" in this Rule also refers to any person who has been granted leave to intervene by the Board.

14.7 Any declaratory order or other order disposing of a petition pursuant to this Rule shall constitute agency action subject to judicial review pursuant to Section 24-4-106, C.R.S., (as amended).

## **CHAPTER 15: REPEALED.**

15.1 REPEALED.

15.2 REPEALED.

15.3 REPEALED.

15.4 REPEALED.

15.5 REPEALED.

## **CHAPTER 16: CONSERVATION EASEMENT APPRAISALS**

16.1 Affidavit for Conservation Easement Appraisals



Pursuant to § 12-61-719(1), C.R.S. any appraiser who conducts an appraisal for a conservation easement shall submit a copy of the completed appraisal to the Board within thirty days following signature and delivery of the appraisal to the client. The appraisal shall be accompanied by an affidavit from the appraiser. Pursuant to Section 12-61-719(2), the affidavit submitted with a conservation easement appraisal shall be in a form approved by the Board. The form entitled, "Affidavit for Conservation Easement Appraisals" has been approved by the Board and must be submitted to the Division of Real Estate by an appraiser who conducts an appraisal for a conservation easement, together with a copy of the conservation easement appraisal. The affidavit for conservation easement appraisals is posted to the Division of Real Estate's website. Specimen forms are also available for review and inspection in the Colorado Real Estate manual and in the office of the Division of Real Estate. The Board will no longer post the form in the Code of Colorado Regulations and hereby withdraws any forms previously posted in the Code of Colorado Regulations.

16.2 A draft appraisal, as defined by board rule 1.34, does not have to be submitted to the Division of Real Estate pursuant to §12-61-719(1), C.R.S.

16.3 Pursuant to §12-61-719(1), C.R.S, the following appraisals are required to be submitted to the Division of Real Estate with the prescribed fee:

- A. Any and all appraisals that assess the value of a conservation easement;
- B. Any and all amendments to appraisals that assess the value of a conservation easement; or
- C. Any review of an appraisal that contains an opinion of value of a conservation easement.

16.4 All licensees who prepare and sign an appraisal for a conservation easement pursuant to section 39-22-522, C.R.S., on or after July 1, 2011, shall have completed the "Conservation Easement Appraiser Update Course" once every other year. The content of the "Conservation Easement Appraiser Update Course" shall be developed by the Division of Real Estate and presented by the Division of Real Estate or a provider approved by the Division of Real Estate.

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

17.1 Prior to application for licensure for an appraisal management company or as a controlling appraiser, a person who has been convicted of, entered a plea of guilty to, or entered a plea of nolo contendere to a misdemeanor or felony, or any like municipal code violation, may request the Board to issue a preliminary advisory opinion regarding the possible effect of such conduct on an application for licensure. A person requesting such an opinion is not an applicant for licensure. The Board may, at its sole discretion, issue such an opinion, which shall not be binding upon the Board or limit the authority of the Board to investigate a later application for licensure. The issuance of such an opinion by the Board shall not act to prohibit a person from submitting an application for licensure. A person requesting such an opinion shall do so in a request form prescribed by the Board. Such request form shall be supported and documented by, without limitation, the following:

- A. Court documents, including original charges, disposition, pre-sentencing report and certification of completion of terms of sentence;
- B. Police officer's report(s);
- C. Probation or parole officer's report(s);
- D. A written personal statement explaining the circumstances surrounding each violation, and including the statement "I have no other violations either past or pending";

E. Letters of recommendation; and

F. Employment history for the preceding five years.

17.2 Pursuant to section 12-61-706.3, C.R.S. an applicant for an appraisal management company's or a controlling appraiser's license who has been convicted of, entered a plea of guilty to, or entered a plea of nolo contendere to a misdemeanor or a felony, or any other like municipal code violation, shall, with his or her application, include an addendum to the application in a form prescribed by the Board. Such addendum shall be supported and documented by, without limitation, the following:

A. Court documents, including original charges, disposition, pre-sentencing report and certification of completion of terms of sentence;

B. Police officer's report(s);

C. Probation or parole officer's report(s);

D. A written personal statement explaining the circumstances surrounding each violation, and including the statement "I have no other violations either past or pending";

E. Letters of recommendation; and

F. Employment history for the preceding five years.

17.3 Initial licenses will expire on December 31st of the year of issue. All appraisal management company and controlling appraiser licenses expire annually on December 31st.

17.4 An appraisal management company must have a controlling appraiser, with an active controlling appraiser's license, to perform services requiring a license. If the controlling appraiser leaves the employment of the appraisal management company, the controlling appraiser or an authorized representative of the appraisal management company must notify the Board within three business days in a manner acceptable to the Board. Upon such notification or discovery by the Board, the license of the appraisal management company will be placed on inactive status unless or until a replacement controlling appraiser has been identified by the appraisal management company and approved by the Board or a temporary controlling appraiser license is timely processed by the Division.

17.5 The controlling appraiser license will be placed on inactive status upon notification to the Board that the controlling appraiser has left the employ of the appraisal management company. The controlling appraiser license will remain on inactive status until the license expires or the controlling appraiser is designated to be the responsible party for an appraisal management company.

17.6 An individual or company license cannot be transferred for use of the licensed name or license for the benefit of another person, partnership, limited liability company or corporation.

17.7 The controlling appraiser, or an authorized representative, must notify the Board within ten business days of a 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 a change in ownership that increases an existing individual's total ownership to more than ten (10) percent.

17.8 The Board may refuse to issue a license to a partnership, limited liability company or corporation if the name of said corporation, partnership liability company is the same as that of any person or entity whose license has been suspended or revoked in any jurisdiction or is so similar as to be

easily confused with that of the suspended or revoked person or entity by members of the general public.

- 17.9 No license will be issued to an appraisal management company under a trade name, corporate name, partnership name or limited liability company name which is identical to another licensed appraisal management company. A license will not be issued to an individual proprietorship that adopts a trade name which includes the following words: corporation, partnership, limited liability company, limited, incorporated, or the abbreviations thereof.
- 17.10 All applications will contain a certification that the controlling appraiser is responsible for the appraisal management company. All applications will require the appraisal management company to identify at least one authorized representative responsible for contacting the Board when there has been a change in the employment of the controlling appraiser or there is a change in the ownership of the entity.
- 17.11 When an application for licensure as an appraisal management company is submitted, the controlling appraiser must certify the following:
- A. If the appraisal management company is a corporation, that the corporation complies with section 12-61-706.3(8)(c), C.R.S. and that the controlling appraiser has been authorized by the corporation as the controlling appraiser for the corporation.
  - B. If the appraisal management company is a partnership, that the partnership complies with section 12-61-706.3(8)(a), C.R.S. and that the controlling appraiser has been authorized by the partnership as the controlling appraiser for the partnership.
  - C. If the appraisal management company is a limited liability company, that the company complies with section 12-61-706.3(8)(b), C.R.S. and that the controlling appraiser has been authorized by the company as the controlling appraiser for the limited liability company.
- 17.12 An appraisal management company is not required to be domiciled in Colorado in order to obtain a license, if the company maintains a definite place of business in another state and is registered as a foreign entity with the Colorado Secretary of State.
- 17.13 If the appraisal management company has no registered agent registered in Colorado, such registered agent is not located under its registered agent name at its registered agent address, or the registered agent cannot with reasonable diligence be served, the controlling appraiser, on behalf of the appraisal management company, may be served by registered mail or by certified mail, return receipt requested, addressed to the entity at its principal address and to the controlling appraiser's address of record. Service is perfected at the earliest of:
- A. The date the controlling appraiser receives the process, notice, or demand;
  - B. The date shown on the return receipt, if signed by or on behalf of the controlling appraiser; or
  - C. Five days after mailing.
- 17.14 Applicants for licensure, activation, renewal or reinstatement as an appraisal management company shall certify compliance with section 12-61-706.7, C.R.S. in a manner prescribed by the Board. The surety bond must:
- A. Be for a minimum of \$25,000.00;
  - B. Be in conformance with all relevant Colorado statutory requirements; and

- C. Cover acts contemplated for appraisal management companies under part 7 of article 61 of title 12 during the period of licensure by the appraisal management company.

Any licensed appraisal management company that certifies compliance and fails to maintain a surety bond, or to provide proof of continuous coverage, shall be placed on inactive status:

- A. Immediately if a current surety bond is not provided to the Board; or
- B. Immediately upon the expiration of any current surety bond when certification of continued coverage is not provided.

17.15 An appraisal management company or controlling appraiser whose license has been placed on inactive status must:

- A. Cease any activities requiring a license.
- B. Cease all advertising of licensed services.
- C. If an appraisal management company, inform all clients of the company's license status and inability to provide any services requiring a license.
- D. If an appraisal management company, ensure that all appraisal fees collected from the client(s) have been accounted for and dispersed pursuant to section 12-61-710.5(1)(h), C.R.S.
- E. If an appraisal management company, fees for services requiring a license can be collected for licensed services performed prior to inactivation of the license.

17.16 Licenses shall be issued by the Board as soon as possible after the receipt of a complete application, including required fees and all supporting documentation. The Board reserves the right to require additional information and documentation from an applicant in order to determine compliance with applicable laws and regulations, and to verify any information or documentation submitted.

17.17 If the fee(s) accompanying any application or registration made to the Board is paid by check and the check is not immediately drawn upon presentment to the bank upon which the check was drawn, the application will be cancelled. The application may be reinstated only at the discretion of the Board and upon full payment of any outstanding fees. A fee will be assessed that is equal to the additional bank charges incurred by the division of real estate and may include up to an additional 25% of the additional bank charges to cover the Division of Real Estate's administrative costs.

17.18 A temporary controlling appraiser's license maybe issued to a corporation, partnership or limited liability company to prevent hardship. No application for a temporary controlling appraiser's license will be approved unless the designated individual is a certified appraiser, in good standing. The temporary license is valid for 90 days. Upon application and showing of good cause, the Board may extend a temporary license for one additional 90 day period.

## **CHAPTER 18: PROFESSIONAL STANDARDS – APPRAISAL MANAGEMENT COMPANIES**

18.1 An appraisal management company must have and follow a written policy in place regarding the annual audit of appraisals completed for Colorado assignments during the previous year. The policy must have an effective date and memorialize the dates any modifications are made. The policy must outline, at a minimum, the following:

- A. Appraisal Selection. The audit sample must be randomly selected and consist of not less than two USPAP standard 3 reviews for each appraiser who completed Colorado appraisal assignments during the previous year. If an appraiser completed only one appraisal assignment in Colorado, the appraisal management company must complete a USPAP standard 3 review of the appraisal.
- B. Risk-Based Reviews. If an appraisal management company maintains a risk-based review process, the appraisal management company is required to comply with subsection (a) only for those appraisers for whom a USPAP standard 3 review was not performed under the risk-based appraisal review process.
- C. Review Criterion. The appraisals must be evaluated for compliance with state and federal regulations, including the Uniform Standards of Professional Appraisal Practice (USPAP).
- D. Reviewer Qualifications. The individual(s) performing the audit of the appraisals must possess a certified credential in this state or any state and be competent to appraise residential real estate.
- E. Appraisal Deficiencies. The appraisal management company must have procedures in place to address material deficiencies that affect the value conclusion or the credibility of the report with the appraiser. Material violations of USPAP or the license law must be reported to the Board.

The Board may evaluate an appraisal management company's compliance with its own audit policies during an investigation.

18.2 For each Colorado appraisal assignment, an appraisal management company must maintain the following documents or records for a period of at least five years, or at least two years after the final disposition of any judicial proceeding in which a representative of the appraisal management company provided testimony related to the assignment, whichever period expires last:

- A. Contractual agreements with clients.
- B. Any documents associated with the engagement of an appraiser used to appraise Colorado real estate.
- C. All correspondence with a client or an appraiser regarding a specific assignment, including an accounting of payments received from the client and paid to the appraiser.
- D. Appraisals, appraisal reviews, appraisal updates, recertifications of value, certificates of completion, broker price opinions or competitive market analyses, comparable property checks, rent schedules or income analyses, measurements, building sketches and any client approved forms (Colorado Real Estate only).
- E. A list of all approved appraisers for Colorado real property appraisals, including a list of all appraisers engaged during each calendar year.
- F. Copies of final appraisal reports reviewed in accordance with Board rule 18.1, findings and any subsequent correspondence with the appraiser, client or Board.

Records may be maintained in electronic format, but must be produced upon request by the Board and must be in a format that has the continued capability to be retrieved and legibly printed. Upon request by the Board, printed records shall be produced.

18.3 For all Colorado appraisal assignments, an appraisal management company must disclose its

Colorado license number in writing in the engagement letter with an appraiser.

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## **Editor's Notes**

### **History**

Chapters 1, 2, 3, 7, 8, 15 eff. 09/30/2007.

Chapters 5, 7, 8, 11, 13 emer. rule eff. 12/07/2007.

Chapters 5, 7, 8, 11, 13 eff. 03/01/2008.

Chapter 16 emer. rule eff. 08/08/2008.

Chapter 16 emer. rule eff. 11/07/08.

Chapter 16 eff. 01/30/2009.

Sections 1.8, 1.25, 1.33, 7.2, 7.19, 8.10, 13.6 eff. 08/31/2009.

Sections 11.1; Chapter 16 emer. rules eff. 12/07/2009.

Sections 1.34 – 1.35, 13.10, 16.2 – 16.3 eff. 02/03/2010.

Section 16.1 eff. 03/02/2010.

Section 11.1 emer. rule eff. 03/15/2010.

Section 11.1 eff. 04/14/2010.

Section 12.8 emer. rule eff. 08/19/2010.

Section 16.4 eff. 08/30/2010.

Section 7.6 emer. rule eff. 10/14/2010.

Section 12.8 eff. 12/15/2010.

Section 7.6 eff. 12/30/2010.

Chapters 1, 2 eff. 10/30/2011.

Chapter 3 eff. 11/30/2011.

Chapters 5, 6, 7, 8, 9, 10.1, 11, 12, 13.8, 14.2, 16.3 - 16.4; Repealed Chapter 15 eff. 12/30/2011.

Section 7.24 eff. 09/14/2012.

Sections 3.7, 6.7 – 6.8 eff. 12/30/2012.

Sections 1.25, 1.36, 6.10, 13.3 – 13.5, 13.7, 13.11, 13.12; Chapters 17, 18 eff. 06/30/2013.

Sections 1.12, 1.20, 1.21, 2.1, 2.8, 3.11, 4.1, 5.8, 6.1, 6.7, 6.8, 8.8, 12.4, 12.8 emer. rule eff. 07/01/2013.