

REDLINE

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

DATE RESCHEDULED

NOTICE OF PROPOSED PERMANENT RULEMAKING HEARING

~~July 5, 2018~~
July 20, 2018

CHAPTER 2: REQUIREMENTS FOR LICENSURE AS A REAL ESTATE
APPRAISER

Pursuant to and in compliance with Title 12, Article 61 and Title 24, Article 4, C.R.S. as amended, notice of proposed rulemaking is hereby given, including notice to the Attorney General of the State of Colorado and to all persons who have requested to be advised of the intention of the Colorado Board of Real Estate Appraisers (the "Board") to promulgate rules, or to amend, repeal or repeal and re-enact the present rules of the Board.

STATEMENT OF BASIS

The statutory basis for the rules titled the Board of Real Estate Appraisers is Part 7 of Title 12, Article 61, Colorado Revised Statutes, as amended.

STATEMENT OF PURPOSE

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

SPECIFIC PURPOSE OF THIS RULEMAKING

The specific purpose of this rule is to add, modify and amend language adhering to the adoption of new Real Property Appraiser Qualification Criteria by the Appraisal Qualifications Board of The Appraisal Foundation, as it pertains to licensure as a real estate appraiser.

Proposed New, Amended and Repealed Rules

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

CHAPTER 2: REQUIREMENTS FOR LICENSURE AS A REAL ESTATE APPRAISER

- 2.2 An ~~a~~Applicant for licensure as a Colorado Licensed Appraiser must successfully complete the following requirements or the substantial equivalent thereof, as set forth in the Real Property Appraiser Qualification Criteria as defined and incorporated by reference in Board 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. College-level education:~~

- ~~1. An applicant must successfully complete thirty (30) semester hours of college-level education from an accredited college, junior college, community college, or university as defined in Board Rule 1.30. If an accredited college or university accepts the college-level examination program® (CLEP) and examination(s) and issues a transcript for the exam showing its approval, it will be considered as credit for the college course.~~
- ~~2. An applicant holding an Associate degree, or higher, from an accredited college, junior college, community college, or university as defined in Board Rule 1.30 satisfies the thirty (30) hour college-level education requirement.~~
- ~~3. An applicant with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:

 - ~~a. An accredited, degree-granting domestic college or university;~~
 - ~~b. The American Association of Collegiate Registrars and Admission Officers;~~
 - ~~c. A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services; or~~
 - ~~d. A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.~~~~

~~BC. Real estate appraisal experience: An aApplicant must demonstrate to the satisfaction of the Board that the aApplicant completed at least ~~two~~one thousand (21,000) hours of appraisal experience in no fewer than six (6) months, in conformance with the provisions of Chapter 5 of these Rules and all of the aApplicant's experience was obtained after January 30, 1989 and in compliance with the USPAP. Pursuant to section 12-61-706(5), C.R.S., real estate appraisal experience must be gained over a period of not less than twelve (12) months.~~

~~CD. Real estate appraisal examination:~~

1. The prerequisites to taking the Licensed Appraiser examination are:
 - a. One hundred fifty (150) creditable class hours as specified in Board Rule 2.2(A); and
 - ~~b. Completion of the college-level education requirements as specified in Board Rule 2.2(B); and~~
 - be. TwoOne thousand (21,000) hours of qualifying experience completed in no fewer than ~~twelvesix~~ (126) months.
2. After receiving approval from the Board, an aApplicant, who is not currently licensed or certified and in good standing in another jurisdiction, has up to twenty-four (24) months to take and pass the Licensed Appraiser examination.

3. An ~~a~~Applicant must successfully complete the Licensed Appraiser examination as provided in Chapter 4 of these Rules. The only alternative to successful completion of the Licensed Appraiser examination is the successful completion of the Certified Residential Appraiser or Certified General Appraiser examination.

2.3 An ~~a~~Applicant for licensure as a Colorado Certified Residential Appraiser must successfully complete the following requirements or the substantial equivalent thereof, as set forth in the Real Property Appraiser Qualification Criteria as defined and incorporated by reference in Board 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 hours; and
10. Appraisal Subject Matter Elective: 20 hours.

B. College-level or in lieu of education options:

~~1. An applicant for the Certified Residential credential must hold a Bachelor's degree, or higher, from an accredited college or university as defined by Board Rule 1.30.~~

1. An Applicant for the Certified Residential Appraiser credential must satisfy at least one (1) of the following six (6) options:

a. Hold a Bachelor's Degree in any field of study from an accredited college or university as defined by Board Rule 1.30;

b. Hold an Associate's Degree from an accredited college or university as defined by Board Rule 1.30, in a field of study related to:

i. Business Administration;

ii. Accounting;

iii. Finance;

iv. Economics; or

v. Real Estate.

c. Successful completion of thirty (30) semester hours of college-level courses that cover each of the following specific topic areas and hours:

i. English Composition (3 semester hours);

ii. Macroeconomics (3 semester hours);

iii. Microeconomics (3 semester hours);

iv. Finance (3 semester hours);

v. Algebra, Geometry, or higher mathematics (3 semester hours);

vi. Statistics (3 semester hours);

vii. Computer Science (3 semester hours);

- viii. Business Law or Real Estate Law (3 semester hours); and
 - ix. Two (2) elective courses in any of the topics listed above or in Accounting, Geography, Agricultural Economics, Business Management, or Real Estate (3 semester hours each).
- d. Successful completion of at least thirty (30) semester hours of examinations created and administered by the CLEP, as defined in Board Rule 1.43, from each of the following specific subject matter areas and hours:
- i. College Algebra (3 semester hours);
 - ii. College Composition (6 semester hours);
 - iii. College Composition Modular (3 semester hours);
 - iv. College Mathematics (6 semester hours);
 - v. Principles of Macroeconomics (3 semester hours);
 - vi. Principles of Microeconomics (3 semester hours);
 - vii. Introductory Business Law (3 semester hours); and
 - viii. Information Systems (3 semester hours).
- e. Any combination of Board Rule 2.3(B)(1)(c) and Board Rule (B)(1)(d) above that ensures coverage of all topics and hours identified in Board Rule (B)(1)(c).
- f. As an alternative to the college-level education requirements in Board Rule (B)(1)(a through e) above, an Applicant that has held a Licensed Appraiser credential for a minimum of five (5) years may qualify for a Certified Residential Appraiser credential if the Applicant has had no record of any adverse, final, and non-appealable disciplinary action affecting the Licensed Appraiser's legal eligibility to engage in appraisal practice within the five (5) years immediately preceding the date of application for a Certified Residential Appraiser credential.
2. All college-level education must be obtained from a degree-granting institution by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the US Secretary of Education.
32. An ~~a~~Applicant with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:
- a. An accredited, degree-granting domestic college or university;
 - ~~b. The American Association of Collegiate Registrars and Admissions Officers;~~
 - be. A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or
 - cd. A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.

- C. Real estate appraisal experience: An **a**Applicant for licensure as a Certified Residential Appraiser must demonstrate to the satisfaction of the Board that the **a**Applicant completed at least ~~two~~one thousand five hundred (~~21,500~~) hours of appraisal experience in conformance with the provisions of Chapter 5 of these Rules and all of the **a**Applicant's experience was obtained after January 30, 1989 and in compliance with the USPAP. Real estate appraisal experience must have been gained across a period of not less than ~~twenty-four~~twelve (~~2412~~) months.
- D. Real estate appraisal examination:
 - 1. The prerequisites to taking the Certified Residential Appraiser examination are:
 - a. Two hundred (200) creditable class hours as specified in Board Rule 2.3(A);
 - b. Completion of the college-level education requirements as specified in Board Rule 2.3(B); and
 - c. ~~Two~~One thousand five hundred (~~21,500~~) hours of qualifying experience completed in no fewer than ~~twenty-four~~twelve (~~2412~~) months.
 - 2. After receiving approval from the Board, an **A**pplicant, who is not currently licensed or certified and in good standing in another jurisdiction, has up to twenty-four (24) months to take and pass the Certified Residential Appraiser examination.
 - 3. An **a**Applicant must successfully complete the Certified Residential Appraiser examination as provided in Chapter 4 of these Rules. The only alternative to successful completion of the Certified Residential Appraiser examination is the successful completion of the Certified General Appraiser examination.

2.4 An **a**Applicant for licensure as a Colorado Certified General Appraiser must successfully complete the following requirements or the substantial equivalent thereof, as set forth in the Real Property Appraiser Qualification Criteria as defined and incorporated by reference in Board 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; and
 - 10. Appraisal Subject Matter Electives: 30 hours.
- B. College-level education:
 - 1. An **a**Applicant for the Certified General Appraiser credential must hold a Bachelor's degree, or higher, from an accredited college or university as defined by Board Rule 1.30.
 - 2. An **a**Applicant with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:
 - a. An accredited, degree-granting domestic college or university;

- ~~b. The American Association of Collegiate Registrars and Admissions Officers;~~
~~be.~~ A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or
~~cd.~~ A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.
- C. Real estate appraisal experience: An aApplicant for licensure as a Certified General Appraiser must demonstrate to the satisfaction of the Board that the aApplicant completed at least three thousand (3,000) hours of appraisal experience, of which one thousand five hundred (1,500) hours must be in non-residential appraisal work, in conformance with the provisions of Chapter 5 of these Rules and all of the aApplicant's experience was obtained after January 30, 1989 and in compliance with the USPAP. Real estate appraisal experience must have been gained across a period of not less than thirtyeighteen (3018) months.
- D. Real estate appraisal examination:
1. The prerequisites to taking the Certified General Appraiser examination are:
 - a. Three hundred (300) creditable class hours as specified in Board Rule 2.4(A);
 - b. Completion of the college-level education requirements as specified in Board Rule 2.4(B); and
 - c. Three thousand (3,000) hours of qualifying experience, of which no less than one thousand five hundred (1,500) hours must be in non-residential appraisal work, completed in no fewer than thirtyeighteen (3018) months.
 2. After receiving approval from the Board, an Applicant, who is not currently licensed or certified and in good standing in another jurisdiction, has up to twenty-four (24) months to take and pass the Certified General Appraiser examination.
 3. An aApplicant must successfully complete the Certified General Appraiser examination as provided in Chapter 4 of these Rules.
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Friday, July 20, 2018
~~Thursday, July 5, 2018~~

A hearing on the above subject matter will be held on ~~Thursday, July 5, 2018~~, at the Colorado Division of Real Estate, 1560 Broadway, Suite ~~1250-C~~, Denver, Colorado 80202 beginning at 9:00 a.m.

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

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