

REDLINE

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

NOTICE OF PROPOSED PERMANENT RULEMAKING HEARING
July 6, 2017

CHAPTER 1: DEFINITIONS

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 modify or add key terms pertaining to licensing and enforcement of real estate appraisers and appraisal management companies.

Proposed New, Amended and Repealed Rules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 1: DEFINITIONS

- 1.7 Applicant: Any person applying for a license, Credential Upgrade, or Temporary Practice Permit.
- 1.14 Certified Residential Appraiser: A person who has been granted a license pursuant to section 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 jurisdiction as provided by Chapter 9 of these Rules. The scope of practice for the Certified Residential Appraiser is limited to, if competent for the assignment, appraisal of one to four unit residential properties without regard to transaction value or complexity, or as allowed by section 12-61-706(4), 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. In compliance with Board Rule 1.16, the ~~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.

- 1.19 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 sections~~ 3331 through ~~12 U.S.C. Section 3351~~ 3355, as amended.
- 1.32 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 2015 Real Property Appraiser Qualification Criteria adopted by the AQB of TAF on December 9, 2011, including the Required Core Curricula, Guide Notes, and Interpretations thereof, and section VI, background checks of the criteria applicable relating to all the real property appraiser classifications described in Board Rules 1.13, 1.14, and 1.15. This Board Rule 1.32 excludes and does not incorporate by reference the following: the trainee real property appraiser classification and qualification requirements, the supervisory appraiser requirements, and supervisory appraiser/trainee appraiser course objectives and outline. A certified copy of the 2015 Real Property Appraiser Qualification Criteria is on file and available for public inspection at the Office of the Board at 1560 Broadway, Suite 925, Denver, Colorado 80202. Copies of the 2015 Real Property Appraiser Qualification Criteria may be examined at the Internet website of TAF at www.appraisalfoundation.org, and copies may be ordered through that mechanism. TAF may also be contacted at 1155 15th Street, NW, Suite 1111, Washington, DC 20005, or by telephone at (202) 347-7722 or telefax at (202) 347-7727. The 2015 Real Property Appraiser Qualification Criteria went into effect on January 1, 2015, with the exception of section IV regarding background checks which went into effect on January 1, 2017.
- 1.34 Draft Appraisal: An A draft appraisal that does not bear the appraiser's signature and is must be 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 improperly influence the appraiser.
- 1.36 Good Standing: A licensee, appraisal management company, or controlling appraiser must:
- A. Not ~~having have~~ been subject to a stipulation and a final agency order or final agency order, the terms of which were completed ~~no-not~~ less than three years prior, or had a license revoked or permanently surrendered for any of the violations enumerated under ~~§§sections~~ 12-61-713, 12-61-714, or 12-61-716 or

[12-61-717](#), 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 or final agency order.

B. ~~Not have been subject to a stipulation for diversion, the terms of which have not been fully completed. A licensee will be considered to be in good standing once all terms of the stipulation of diversion have been successfully completed. 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.~~

- 1.37 Licensed Ad Valorem Appraiser: A person who has been granted a license pursuant to section 12-61- 706(1)(b)(III), C.R.S., as a ~~licensed~~ Licensed Ad Valorem Appraiser by the Board as a result of meeting the real estate appraisal education and examination requirements established by Board Rule 2.9. A ~~licensed~~ Licensed Ad Valorem Appraiser cannot conduct appraisal assignments outside the scope of the appraiser's official duties as a County Assessor, an employee of a County Assessor's Office, or as an employee with the Division of Property Taxation within the Department of Local Affairs.
- 1.38 Review Appraiser: An appraiser, who is actively credentialed in a jurisdiction that is in compliance with Title XI, FIRREA, as determined by the ASC as defined in Board Rule 1.42, who performs a review of another appraiser's work subject to USPAP Standard 3. A review appraiser is not required to obtain a Colorado appraiser's license unless the review appraiser arrives at his or her own opinion of value for real property located in Colorado.
- 1.41- Director of the Division (Director): Has the same meaning as set forth in section 12-61-702(7), C.R.S.
- 1.42 Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council: A subcommittee created within the Federal Financial Institutions Examination Council as a result of Title XI, FIRREA, or its successor entity, to provide oversight of the appraiser regulatory system.

A hearing on the above subject matter will be held on Thursday, July 6, 2017, at the Colorado Division of Real Estate, 1560 Broadway, Suite 1250-C, Denver, Colorado 80202 beginning at 9:00 a.m.

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.