

**Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 18-1098.01 Duane Gall x4335

**SENATE BILL 18-210**

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**SENATE SPONSORSHIP**

**Tate,**

**HOUSE SPONSORSHIP**

**Arndt and Hooton,**

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**Senate Committees**

Business, Labor, & Technology  
Finance  
Appropriations

**House Committees**

Business Affairs and Labor  
Finance  
Appropriations

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**A BILL FOR AN ACT**

101     **CONCERNING THE REGULATION OF REAL ESTATE APPRAISAL**  
102             **MANAGEMENT COMPANIES, AND, IN CONNECTION THEREWITH,**  
103             **ALIGNING STATE LAW WITH CURRENT FEDERAL LAW AND**  
104             **REGULATIONS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

**Section 1** of the bill amends the definition of "appraisal management company" to contain all of the elements specified in recent amendments to Title XI of the federal "Financial Institutions Reform,

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

HOUSE  
3rd Reading Unamended  
May 7, 2018

HOUSE  
2nd Reading Unamended  
May 4, 2018

SENATE  
3rd Reading Unamended  
April 12, 2018

SENATE  
2nd Reading Unamended  
April 11, 2018

Recovery, and Enforcement Act of 1989" (FIRREA) and regulations adopted in furtherance of FIRREA. Section 1 also adds a definition of "appraiser panel" to include appraisers working as independent contractors.

**Section 2** requires the state board of real estate appraisers to maintain a separate list of appraisal management companies (AMCs) that have an appraiser panel larger than the federal jurisdictional threshold of 15 appraisers in Colorado or 25 appraisers in all states in which the company operates.

**Section 3** directs the board to require that an AMC establish processes and controls to ensure compliance with the federal "Truth in Lending Act" and applicable federal regulations.

**Section 4** directs the board to:

- ! Collect an annual registry fee from appraisal management companies that operate as subsidiaries of federally regulated financial institutions; and
- ! Transmit that fee to the federal financial institutions examinations council.

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-61-702, **amend**  
3 (2)(a); and **add** (10.5) as follows:

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

6 (2) (a) "Appraisal management company" OR "AMC" means, in  
7 connection with valuing properties collateralizing mortgage loans or  
8 mortgages incorporated into a securitization, any external third party  
9 authorized either by a creditor in a consumer credit transaction secured by  
10 a consumer's principal dwelling that oversees ~~a network or~~ AN APPRAISER  
11 panel ~~of licensed or certified appraisers~~, or by an underwriter of, or other  
12 principal in, the secondary mortgage markets that oversees ~~a network or~~  
13 AN APPRAISER panel ~~of licensed or certified appraisers~~ TO:

14 (I) RECRUIT, SELECT, AND TRAIN APPRAISERS;

15 (II) CONTRACT WITH LICENSED AND CERTIFIED APPRAISERS TO

1 PERFORM APPRAISAL ASSIGNMENTS;  
2 (III) MANAGE THE PROCESS OF HAVING AN APPRAISAL PERFORMED,  
3 INCLUDING PROVIDING ADMINISTRATIVE DUTIES SUCH AS RECEIVING  
4 APPRAISAL ORDERS AND APPRAISAL REPORTS, SUBMITTING COMPLETED  
5 APPRAISAL REPORTS TO CREDITORS AND UNDERWRITERS, COLLECTING  
6 FEES FROM CREDITORS AND UNDERWRITERS FOR SERVICES PROVIDED, AND  
7 REIMBURSING APPRAISERS FOR SERVICES PERFORMED; OR  
8 (IV) REVIEW AND VERIFY THE WORK OF APPRAISERS.

9 (10.5) (a) "PANEL" OR "APPRAISER PANEL" MEANS A NETWORK,  
10 LIST, OR ROSTER OF LICENSED OR CERTIFIED APPRAISERS APPROVED BY AN  
11 AMC TO PERFORM APPRAISALS AS INDEPENDENT CONTRACTORS FOR THE  
12 AMC.

13 (b) APPRAISERS ON AN AMC'S APPRAISER PANEL INCLUDE BOTH:

14 (I) APPRAISERS ACCEPTED BY THE AMC FOR CONSIDERATION FOR  
15 FUTURE APPRAISAL ASSIGNMENTS IN COVERED TRANSACTIONS OR FOR  
16 SECONDARY MORTGAGE MARKET PARTICIPANTS IN CONNECTION WITH  
17 COVERED TRANSACTIONS; AND

18 (II) APPRAISERS ENGAGED BY THE AMC TO PERFORM ONE OR  
19 MORE APPRAISALS IN COVERED TRANSACTIONS OR FOR SECONDARY  
20 MORTGAGE MARKET PARTICIPANTS IN CONNECTION WITH COVERED  
21 TRANSACTIONS.

22 (c) AN APPRAISER IS AN INDEPENDENT CONTRACTOR FOR PURPOSES  
23 OF THIS SUBSECTION (10.5) IF THE APPRAISER IS TREATED AS AN  
24 INDEPENDENT CONTRACTOR BY THE AMC FOR PURPOSES OF FEDERAL  
25 INCOME TAXATION.

26 **SECTION 2.** In Colorado Revised Statutes, 12-61-704, **add**  
27 (1)(a)(IV) as follows:

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

4           (a) (IV) IN ANY LIST OR REGISTRY IT MAINTAINS, THE BOARD  
5 SHALL IDENTIFY OR SEPARATELY ACCOUNT FOR ANY APPRAISAL  
6 MANAGEMENT COMPANY THAT OVERSEES A PANEL OF MORE THAN FIFTEEN  
7 CERTIFIED OR LICENSED APPRAISERS IN COLORADO, OR MORE THAN  
8 TWENTY-FIVE IN ALL STATES IN WHICH IT DOES BUSINESS, WITHIN A GIVEN  
9 YEAR.

10           **SECTION 3.** In Colorado Revised Statutes, 12-61-714, **amend**  
11 (1)(a) as follows:

12           **12-61-714. Appraisal management companies - prohibited**  
13 **activities - grounds for disciplinary actions - procedures - rules.**

14 (1) The board, upon its own motion, may, and upon a complaint  
15 submitted to the board in writing by any person, shall, investigate the  
16 activities of a licensed appraisal management company; an appraiser  
17 designated as a controlling appraiser by a partnership, limited liability  
18 company, or corporation acting as an appraisal management company; or  
19 a person or entity that assumes to act in that capacity within the state. The  
20 board, upon finding a violation, may impose an administrative fine not to  
21 exceed two thousand five hundred dollars for each separate offense;  
22 censure a licensee; place the licensee on probation and set the terms of  
23 probation; or temporarily suspend or permanently revoke a license, when  
24 the licensee has performed, is performing, or is attempting to perform any  
25 of the following acts:

26           (a) Failing to:

27           (I) Exercise due diligence when hiring or engaging a real estate

1 appraiser to ensure that the real estate appraiser is appropriately  
2 credentialed by the board and competent to perform the assignment; AND

3 (II) IN THE CASE OF AN AMC, ESTABLISH AND COMPLY WITH  
4 PROCESSES AND CONTROLS REASONABLY DESIGNED TO ENSURE THAT THE  
5 AMC CONDUCTS ITS APPRAISAL MANAGEMENT SERVICES IN ACCORDANCE  
6 WITH THE REQUIREMENTS OF THE FEDERAL "TRUTH IN LENDING ACT", 15  
7 U.S.C. SEC.1639e (a) TO (i), AND REGULATIONS ADOPTED PURSUANT TO  
8 THAT ACT.

9 **SECTION 4.** In Colorado Revised Statutes, 12-61-720, **amend**  
10 (1)(b) as follows:

11 **12-61-720. Duties of board under federal law.** (1) The board  
12 shall:

13 (b) ~~Collect from individuals and appraisal management companies~~  
14 ~~that are licensed or certified pursuant to this part 7~~ AND TRANSMIT, ON AN  
15 ANNUAL BASIS, TO THE FEDERAL FINANCIAL INSTITUTIONS EXAMINATIONS  
16 COUNCIL an annual registry fee, as prescribed by the appraisal  
17 subcommittee of the federal financial institutions examinations council  
18 or its successor entity, ~~and transmit the fee to the federal financial~~  
19 ~~institutions examinations council on an annual basis~~ FROM THE  
20 FOLLOWING INDIVIDUALS AND ENTITIES:

21 (I) INDIVIDUALS AND APPRAISAL MANAGEMENT COMPANIES THAT  
22 ARE LICENSED OR CERTIFIED PURSUANT TO THIS PART 7; AND

23 (II) APPRAISAL MANAGEMENT COMPANIES THAT OPERATE AS  
24 SUBSIDIARIES OF FEDERALLY REGULATED FINANCIAL INSTITUTIONS; and

25 **SECTION 5. Act subject to petition - effective date.** This act  
26 takes effect at 12:01 a.m. on the day following the expiration of the  
27 ninety-day period after final adjournment of the general assembly (August

1 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a  
2 referendum petition is filed pursuant to section 1 (3) of article V of the  
3 state constitution against this act or an item, section, or part of this act  
4 within such period, then the act, item, section, or part will not take effect  
5 unless approved by the people at the general election to be held in  
6 November 2018 and, in such case, will take effect on the date of the  
7 official declaration of the vote thereon by the governor.