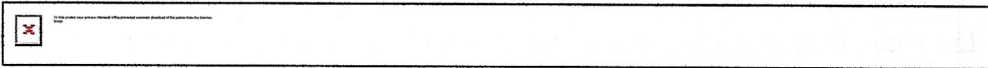


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Van Lewis

From: Colorado Association of Realtors <NOREPLY@coloradorealtors.com>
Sent: Friday, August 7, 2026 1:12 PM
To: Van Lewis
Subject: New Colorado Real Estate License Laws Take Effect August 12: Here's What You Need to Know



CAR Fought for Key Improvements —and Here's What Changes for Your Business

On August 12, 2026, several important updates to Colorado real estate license law will take effect following the passage of two important pieces of legislation passed by our state's legislature and signed by Governor Polis earlier this year.

House Bill 26-1287 – "Sunset Division of Real Estate"

This legislation modernizes several areas of Colorado license law, it also represents one of the Colorado Association of REALTORS®' biggest advocacy victories of the 2026 legislative session.

Throughout the legislative process, CAR worked closely with lawmakers and stakeholders to ensure the final bill protected both consumers and real estate professionals. As a result, REALTORS® secured several important improvements—and successfully stopped provisions that would have significantly increased liability for licensees.

CAR's Advocacy Wins

Protecting REALTORS® from Administrative Restitution

One of CAR's highest priorities was removing language that would have allowed the Colorado Real Estate Commission to discipline licensees by requiring them to pay financial restitution as part of Division of Real Estate disciplinary proceedings.

Had this provision remained, licensees could have faced substantial financial penalties outside of the court system, with restitution obligations that would not have been covered by a licensee's mandatory Errors &

Omissions insurance. This change would have been detrimental to both licensees and consumers. CAR successfully fought to remove this proposed change, preserving due process protections and ensuring these disputes remain in civil court, where well established and appropriate legal remedies already exist for licensees and consumers.

Modernizing Colorado Real Estate Law

CAR also secured several meaningful improvements that make Colorado law more practical while maintaining strong consumer protections.

What Changes on August 12?

Confidential Information & Broker Supervision

Colorado law now has a clear standard by which licensees may share their client's confidential transaction information with their Employing or Supervising Broker when necessary for supervision.

In the past couple of years, the Attorney General's office and the Division of Real Estate criticized the previous practice of brokers receiving "express written consent" to share a client's confidential information with employing brokers in the preprinted language of the Commission approved forms claiming that the statute required "informed consent," which they believed to be a much higher (and impossible) standard. This change reinstates the standard that brokers have been complying with for over 30 years.

What this means for REALTORS®

- Employing and Supervising Brokers can meet their legal obligations on supervisory duties and more effectively oversee transactions.
- "Express written consent" is an explicit and written authorization from a consumer for the disclosure of their "confidential information" (as defined in Paragraph 5.2 in each of the Commission-approved listing contracts) related to the transaction.

Trust Account Requirements

The law clarifies that trust account requirements apply only to money received by a licensee in connection with their licensed real estate activities.

Previously, Colorado statute required licensees to place any funds belonging to another person into a real estate trust account—even money completely unrelated to their real estate license. The new law eliminates that unnecessary and onerous requirement unique to real estate licensees while preserving existing and necessary safeguards for money that is actually received and maintained in connection with their real estate brokerage activities.

What this means for REALTORS®

- Money belonging to others that is received and held by a licensee in connection with their real estate brokerage activities (property management, earnest money deposits, and other money held for clients) continue to be handled exactly as required today.
- Money belonging to others that is NOT received in connection with licensed brokerage activities (security deposits on personal investment property, short term rental guest deposits, or any other non-real estate brokerage activity) are no longer subject to real estate trust account requirements.

Affiliated Business Arrangement (AfBA) Disclosures

Colorado law has been updated to align with federal ("RESPA") requirements.

Beginning August 12, affiliated business arrangement disclosures only need to be signed by the client who receives the referral, rather than every party involved in the transaction. Other parties will continue to receive disclosure information, but obtaining signatures from individuals represented by another brokerage is no longer required.

What this means for REALTORS®

- Straight-forward compliance obligations
- Less confusion to the consumers involved in the transaction
- Better alignment between Colorado law and federal RESPA requirements

What REALTORS® Should Do Now

Before August 12, REALTORS® should:

- Review office policies regarding confidential information and client consent.
- Ensure client forms reflect the new express written consent requirement if confidential information will be shared with any third parties.
- Confirm trust account policies and procedures align with the updated statute.

Update affiliated business disclosure practices to reflect the new requirements.

House Bill 26-1426 – “Department of Law Legislative Report”

While CAR did review this bill, this legislation was initiated entirely by the Colorado Attorney General's office to address a wide variety of Colorado businesses and services. Included in this legislation is an expansion of the Colorado Consumer Protection Act (“CCPA”) as it relates to real estate brokerage.

Colorado license law now requires a licensee to obtain a **written** agreement with a consumer “to establish a Transaction-Broker or Single-Agency relationship...before performing any activities [that require a real estate license].” In addition, such written agreement must “specify and conspicuously disclose the amount of any compensation to be paid to the broker.”

This is a very significant change from previous license law. Prior to this modification, which goes into effect August 12, 2026, a Colorado licensee could “default” into a Transaction-Broker relationship with a buyer by merely delivering a Brokerage Disclosure to Buyer. No written “agreement” was required and state law did not mandate any agreement related to brokerage compensation. That is no longer the case.

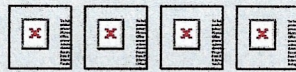
After August 12, 2026, a Colorado real estate licensee is REQUIRED to enter into a WRITTEN AGREEMENT with EITHER a seller OR buyer that establishes the licensee’s compensation BEFORE performing any brokerage services on the seller or buyer’s behalf. Failure to do so would be a violation of the CCPA which carries significant civil liability for a licensee. In addition, CCPA liability is NOT covered by errors & omissions insurance policies.

What this means for REALTORS®

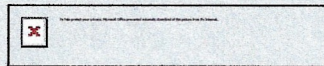
- Obtain WRITTEN agreements with any Colorado real estate consumer (buyer/seller/landlord/tenant) BEFORE providing any real estate brokerage services to the consumer (regardless of whether you are acting as an Agent or Transaction-Broker in the transaction).
- Ensure agreements are fully executed by all parties (consumers and brokers) and that the amount of any compensation the broker is to be paid is clearly disclosed to the consumer in the agreement.

CAR will continue providing education and resources to help members understand these updates and remain compliant.

Thank you for helping CAR protect the real estate profession while advancing practical, common-sense reforms for Colorado REALTORS®.



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If you have questions or comments concerning this email contact the Colorado Association of REALTORS®.

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