

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-1

§ 5-20.5-1. Definitions.

When used in this chapter, unless the context indicates otherwise:

- (1) "Associate broker" means any licensed real estate broker employed or engaged as an independent contractor by or on behalf of a licensed real estate broker to do or deal in any activity as included or comprehended by the definitions of a real estate broker in subsection (5) of this section, for compensation or otherwise.
- (2) "Director" means the director of business regulation for the state.
- (3) "Opinion of value" means an analysis, opinion, or conclusion prepared by a person licensed under this chapter, in the ordinary course of his or her business relating to the price of specified interests in or aspects of identified real estate or identified real property or by comparison to other real property currently or recently sold in the marketplace for the purpose of listing, purchase, or sale, excluding an appraisal prepared by a person licensed under the provisions of chapter 20.7 of this title, that conforms to the standards adopted by the uniform standards of professional appraisal practice ("USPAP").
- (4) "Real estate," as used in this chapter, includes leaseholds as well as any and every interest or estate in land, whether corporeal or incorporeal, freehold or non-freehold, and whether the property is situated in this state or elsewhere.
- (5) "Real estate broker":
 - (i) Within the meaning of this chapter, includes all persons, partnerships, associations, and corporations, foreign and domestic, who or that:
 - (A) For a fee, commission, or other valuable consideration, or with the intention or expectation of receiving or collecting a fee, commission, or other valuable consideration, lists, sells, purchases, exchanges, rents, leases, prepares an opinion of value, or auctions any real estate, or the improvements on real estate including options or who negotiates or attempts to negotiate any such activity;

(B) Advertises or holds himself or herself, itself, or themselves out as engaged in those activities;

(C) Directs or assists in the procuring of a purchaser or prospect calculated or intended to result in a real estate transaction.

(ii) Also includes any person, partnership, association, or corporation employed by or on behalf of the owner or owners of lots, or other parcels of real estate, at a stated salary, or upon a fee, commission or otherwise, to sell that real estate, or any parts, in lots or other parcels, and who or that sells, exchanges or leases, or offers or attempts or agrees to negotiate the sale, exchange, or lease of any such lot or parcel of real estate.

(6) "Real estate salesperson" means and includes any person employed or engaged as an independent contractor by or on behalf of a licensed real estate broker to do or deal in any activity as included or comprehended by the definitions of a real estate broker in subsection (5) of this section, for compensation or otherwise.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1989, ch. 141, § 1; P.L. 1994, ch. 266, § 1; P.L. 1998, ch. 115, § 1; P.L. 2017, ch. 68, § 1; P.L. 2017, ch. 158, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-2

§ 5-20.5-2. Persons exempt.

(a) Neither the term "real estate broker" nor "real estate salesperson" is held to include:

(1) Any person, partnership, association, or corporation, who or that, as a bona fide owner, lessee, or lessor, performs any of the previously stated acts as to property owned, or leased by them, or to their regular employees, where those acts are performed in the regular course of, or as an incident to the management of the property and the investment in the property; or

(2) Any person, partnership, association, or corporation, or any of their employees, who or that

seeks to acquire, lease, rent, sell, or deal in real estate that has been or will be used or held for investment by that person, partnership, association, or corporation.

(b) This chapter is also not to be construed to include:

(1) Any attorney at law licensed by the supreme court of the state nor any person holding in good faith an executed power of attorney from the owner, authorizing the final consummation and execution for the sale, purchase, leasing, or exchange of real estate;

(2) The acts of any person while acting as a receiver, trustee, administrator, executor, guardian, or under court order, or while acting under authority of a deed of trust or will;

(3) The acts of any person, partnership, association, or corporation who or that appraises real or personal property for the purpose of conducting a mass appraisal, municipal revaluation for tax purposes, or other forms of ad valorem appraisal; or

(4) Public officers while performing their duties as public officers.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-3

§ 5-20.5-3. Contents of application — Application fee — Recommendations required.

(a) Applicants applying for the first time for a license to act as a real estate broker or real estate salesperson shall file with the director an application for the license upon a printed or electronic form as determined by the director that, together with any additional information that the director requires, contains a statement under oath by the applicant giving his or her age; residence; place of

business; present occupation; and whether or not he or she has been refused a real estate broker's or salesperson's license in this or in any other state or had any real estate license suspended or revoked.

(b) All applicants for a license to act as a real estate broker or real estate salesperson shall accompany their applications with a fee of ten dollars (\$10.00) to cover costs of processing those applications.

(c) The application for a broker's license shall be accompanied by the names of at least three (3) Rhode Island residents who have known the applicant for three (3) years, and are not related to the applicant and will attest that the applicant bears a good reputation for honesty and trustworthiness, and who will recommend that a license be granted to the applicant. The applicant must be a citizen or legal resident of the United States and at least legal age of majority, if applicant for broker license, or at least eighteen (18) years of age for salesperson license. In the case of an applicant for a real estate salesperson's license, he or she must also file a statement under oath from the broker in whose employ the applicant desires to enter, that in his or her opinion, the applicant is competent and trustworthy and is recommended as a suitable person to be granted a salesperson's license.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1996, ch. 164, § 3; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-4

§ 5-20.5-4. Examination of applicants — Examination fee — Licensing without examination.
[Effective until January 1, 2022.]

(a) The director shall require any applicant for a real estate broker's or salesperson's license to submit to and pass a written examination to show the applicant's knowledge of the state statutes and the rules and regulations relating to real property, deeds, mortgages, leases, contracts, and agency.

An applicant shall not be required to take the uniform portion of the Rhode Island real estate licensing examination if the applicant provides sufficient evidence that the applicant possesses an existing valid real estate license from a state that has similar statutes or regulations in effect which provide for reciprocal waiver of the uniform portion of the real estate licensing examination for persons holding an existing valid Rhode Island real estate broker's or salesperson's license. An applicant for a real estate broker's or salesperson's license, prior to the taking of the examination, must pay an examination fee, the cost of which is limited to the charge as designated by the appropriate testing service's contract with the department of business regulation.

(b) An applicant for a real estate salesperson's license must submit satisfactory evidence of completion of a minimum of forty-five (45) classroom hours in a real estate course given by a school as defined in § 5-20.5-19. The applicant for a broker's license must also submit satisfactory proof that he or she: (i) Has been engaged full time as a real estate salesperson for at least two (2) years immediately prior to the date of application; and (ii) Has successfully completed at least ninety (90) hours of approved classroom study in a school as defined in § 5-20.5-19, or equivalent in a correspondence course offered by an extension department of an accredited college or university. The director, in his or her sole discretion, may require any additional evidence or proof as to the honesty, trustworthiness, integrity, good reputation, and competency of any applicant.

(c) Any successful applicant who fails to remit the original license fee as provided in § 5-20.5-11 within one year of the date of that examination may be required by the director to re-submit to and pass a written examination as provided in subsection (a) of this section.

(d) When an attorney-at-law licensed by the supreme court of the state desires to have a real estate broker's license or a real estate salesperson's license, the attorney, by application, and upon payment of the applicable fee as provided in § 5-20.5-11, shall be granted a license without examination.

(e) A certificate of licensure shall be issued by the real estate division of the department of business regulation within thirty (30) days after it is requested at a cost of not more than twenty-five dollars (\$25.00) for each certificate issued.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1986, ch. 75, § 1; P.L. 1988, ch. 353, § 1; P.L. 2003, ch. 376, art. 23, § 1; P.L. 2004, ch. 317, § 1; P.L. 2004, ch. 595, art. 30, § 3; P.L. 2004, ch. 608, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2017, ch. 459, § 1; P.L. 2017, ch. 476, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-4

§ 5-20.5-4. Examination of applicants — Examination fee — Licensing without examination.
[Effective January 1, 2022.]

(a) The director shall require any applicant for a real estate broker's or salesperson's license to submit to and pass a written examination to show the applicant's knowledge of the state statutes and the rules and regulations relating to real property, deeds, mortgages, leases, contracts, real estate relationships, and federal and state fair housing laws pertaining to fair housing and the treatment of any individual in a protected class as designated in chapter 37 of title 34. An applicant shall not be required to take the uniform portion of the Rhode Island real estate licensing examination if the applicant provides sufficient evidence that the applicant possesses an existing valid real estate license from a state that has similar statutes or regulations in effect that provide for reciprocal waiver of the uniform portion of the real estate licensing examination for persons holding an existing valid Rhode Island real estate broker's or salesperson's license. An applicant for a real estate broker's or salesperson's license, prior to the taking of the examination, must pay an examination fee, the cost of which is limited to the charge as designated by the appropriate testing service's contract with the department of business regulation.

(b) An applicant for a real estate salesperson's license must submit satisfactory evidence of completion of a minimum of forty-five (45) classroom hours in a real estate course given by a school as defined in § 5-20.5-19. The applicant for a broker's license must also submit satisfactory proof that he or she: (i) Has been engaged full time as a real estate salesperson for at least two (2) years immediately prior to the date of application; and (ii) Has successfully completed at least ninety (90) hours of approved classroom study in a school as defined in § 5-20.5-19, or equivalent in a correspondence course offered by an extension department of an accredited college or university. The director, in his or her sole discretion, may require any additional evidence or proof as to the honesty, trustworthiness, integrity, good reputation, and competency of any applicant.

(c) Any successful applicant who fails to remit the original license fee as provided in § 5-20.5-11 within one year of the date of that examination may be required by the director to re-submit to and pass a written examination as provided in subsection (a) of this section.

(d) When an attorney-at-law licensed by the supreme court of the state desires to have a real estate broker's license or a real estate salesperson's license, the attorney, by application, and upon

payment of the applicable fee as provided in § 5-20.5-11, shall be granted a license without examination.

(e) A certificate of licensure shall be issued by the real estate division of the department of business regulation within thirty (30) days after it is requested at a cost of not more than twenty-five dollars (\$25.00) for each certificate issued.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1986, ch. 75, § 1; P.L. 1988, ch. 353, § 1; P.L. 2003, ch. 376, art. 23, § 1; P.L. 2004, ch. 317, § 1; P.L. 2004, ch. 595, art. 30, § 3; P.L. 2004, ch. 608, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2017, ch. 459, § 1; P.L. 2017, ch. 476, § 1; P.L. 2021, ch. 211, § 1, effective January 1, 2022; P.L. 2021, ch. 322, § 1, effective January 1, 2022.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-5

§ 5-20.5-5. Real estate recovery account.

(a) (1) The department of business regulation shall establish and maintain a real estate recovery account from which any person aggrieved by an act, representation, transaction, or conduct of a licensed real estate broker or real estate salesperson, upon the grounds of fraud, misrepresentation, or deceit, may recover by order of the superior court of the county where the violation occurred, an amount of not more than fifty thousand dollars (\$50,000) for damages sustained by the fraud, misrepresentation, or deceit, as a result of any real estate transaction in which the real estate broker or salesperson has acted in his or her capacity as a real estate broker or salesperson. This account shall not be used to reimburse any real estate broker or salesperson for any commission, fee, or other valuable consideration due or owing from any other real estate broker or salesperson. Provided, that pursuant to subsection (h) of this section, the amount available for payments of claims is limited to fifty thousand dollars (\$50,000) for any one licensee. Payment of claims is made in order according to the date a judgment is awarded with that judgment awarded earliest in time being paid first.

(2) When any person makes application for an original license to practice as a real estate broker or salesperson he or she shall pay, in addition to his or her original license fee, a fee determined by the department for deposit in the real estate recovery account. If the department does not issue the license, this fee is returned to the applicant.

(b) If, on December 31 of any year, the balance remaining in the real estate recovery account is less than two hundred thousand dollars (\$200,000), every real estate broker, when renewing his or her license during the following calendar year, shall pay, in addition to his or her license renewal fee, a fee of twenty-five dollars (\$25.00) for deposit in the real estate recovery account, and every real estate salesperson, when renewing his or her license during that year, shall pay, in addition to his or her license renewal fee, a fee of twenty-five dollars (\$25.00) for deposit in the real estate recovery account.

(c) (1) No action for a judgment that subsequently results in an order for collection from the real estate recovery account shall be started later than two (2) years from the accrual of the cause of action. When any aggrieved person commences action for a judgment that may result in collection from the real estate recovery account, the aggrieved person shall notify the department of business regulation, in writing, to this effect at the time of the commencement of that action.

(2) When any aggrieved person recovers a valid judgment in any court of competent jurisdiction against any real estate broker or real estate salesperson, upon the grounds of fraud, misrepresentation, or deceit, that occurred on or after May 11, 1978, the aggrieved person may, upon the termination of all proceedings, including reviews and appeals in connection with the judgment, file a verified claim in the court in which the judgment was entered and, upon ten (10) days' written notice to the department, may apply to the court for an order directing payment out of the real estate recovery account, of the amount unpaid upon the judgment, subject to the limitations stated in this section.

(3) The court shall proceed upon the application in a summary manner, and, upon the hearing on the application, the aggrieved person shall be required to show:

(i) He or she is not a spouse of the debtor, or the personal representative of the spouse;

(ii) He or she has complied with all the requirements of this section;

(iii) He or she has obtained a judgment as set out in subsection (c)(2), stating the amount of the judgment and the amount owing on it on the date of the application;

(iv) He or she has made all reasonable searches and inquiries to ascertain whether the judgment debtor is possessed of real or personal property or other assets, liable to be sold or applied in satisfaction of the judgment; and

(v) That by the search pursuant to subsection (c)(3)(iv) he or she has discovered no personal or real property or other assets liable to be sold or applied, or that he or she has discovered certain of them, describing them, owned by the judgment debtor and liable to be so applied, and that he or she has taken all necessary action and proceedings for the realization, and that the amount realized was

insufficient to satisfy the judgment, stating the amount realized and the balance remaining due on the judgment after application of the amount realized.

(4) The court shall make an order directed to the department of business regulation requiring payment from the real estate recovery account of whatever sum it finds to be payable upon the claim, pursuant to and in accordance with the limitations contained in this section, if the court is satisfied, upon the hearing of the truth of all matters required to be shown by the aggrieved person by subsection (c)(3) and that the aggrieved person has fully pursued and exhausted all remedies available to him or her for recovering the amount awarded by the judgment of the court.

(5) Should the department of business regulation pay from the real estate recovery account any amount in settlement of a claim or toward satisfaction of a judgment against a licensed real estate broker or real estate salesperson, the license of the broker or salesperson shall be automatically revoked upon the issuance of a court order authorizing payment from the real estate recovery account. This broker or salesperson is not eligible to receive a new license until he or she has repaid in full, plus interest at the rate of twelve percent (12%) a year, the amount paid from the real estate recovery account on his or her account. A discharge in bankruptcy does not relieve a person from the penalties and disabilities provided in this subsection (c)(5).

(6) If, at any time, the money deposited in the real estate recovery account is insufficient to satisfy any authorized claim or portion of a claim, the department shall, when sufficient money has been deposited in the real estate recovery account, satisfy those unpaid claims or portions of claims, in the order that those claims or portions of claims were originally filed, plus accumulated interest at the rate of twelve percent (12%) a year.

(d) It is unlawful and constitutes a misdemeanor for any person or his or her agent to file with the department of business regulation any notice, statement, or other document required under this chapter that is false or untrue or contains any material misstatement of fact.

(e) When the department receives notice, as provided in subsection (c)(1), the department may enter an appearance, file an answer, appear at the court hearing, defend the action, or take whatever other action it deems appropriate on behalf and in the name of the defendant, and take recourse through any appropriate method of review on behalf of, and in the name of, the defendant.

(f) When, upon the order of the court, the department of business regulation has paid from the real estate recovery account any sum to the judgment creditor, the department is subrogated to all of the rights of the judgment creditor and the judgment creditor assigns all his or her right, title, and interest in the judgment to the department and any amount and interest recovered by the department on the judgment shall be deposited to the account.

(g) The failure of an aggrieved person to comply with this chapter relating to the real estate recovery account constitutes a waiver of any rights under this chapter.

(h) Notwithstanding any other provision, the liability of that portion of the real estate recovery account allocated for the purposes of the real estate recovery account shall not exceed fifty thousand dollars (\$50,000) for any one licensee.

(i) Nothing contained in this section limits the authority of the department of business regulation to take disciplinary action against any licensee for a violation of this chapter, or the rules and regulations of the department; nor does the repayment in full of all obligations to the real estate recovery account by any licensee nullify or modify the effect of any other disciplinary proceeding brought pursuant to this chapter.

History of Section.

P.L. 1978, ch. 169, § 2; P.L. 1982, ch. 429, § 1; P.L. 1985, ch. 181, art. 59, § 1; P.L. 1990, ch. 412, § 2; P.L. 1990, ch. 480, § 1; P.L. 1992, ch. 61, § 1; P.L. 1993, ch. 138, art. 6, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-6

§ 5-20.5-6. Duration of licenses — Rules and regulations — Suspension or revocation of licenses. [Effective until January 1, 2022.]

(a) If the director is satisfied that the applicant is competent and trustworthy and is reasonably familiar with the statutes and law relating to real estate, he or she shall issue to the applicant a license to act as a real estate broker or a real estate salesperson. The director shall promulgate rules and regulations mandating the term of license for each category of license issued pursuant to this chapter. No license shall remain in force for a period in excess of three (3) years. Any fee for the initial issuance of a license or for renewal of a license issued pursuant to this chapter is determined by multiplying the current annual fee by the term of years of the license or renewal. The fee for the total number of years of the initial license or of the renewal shall be paid in full prior to the issuance of the respective license. The license shall be renewed upon payment of the renewal fee and proof of completion of any continuing education requirements as set forth in the rules and regulations issued by the department of business regulation. Any license issued or renewed may be suspended or revoked by the director, for cause, prior to the expiration date. The director shall issue reasonable rules and regulations with the consent of the majority of the Rhode Island real estate commission governing the conduct of licensed real estate brokers and salespersons. These rules and regulations shall be designed to implement the laws and policies of this state and to protect the

interests of the public.

(b) Any rules or regulations promulgated with regard to the requirement of continuing education for the renewal of any real estate broker's or salesperson's license whose application for an initial broker's or salesperson's license is approved within one hundred eighty (180) days of the expiration date of his or her initial license is not subject to the continuing education requirement at the time of his or her first renewal. The director, after a due and proper hearing, may suspend, revoke, or refuse to renew any license upon proof that it was obtained by fraud or misrepresentation or that the holder of the license has been guilty of fraud or misrepresentation or criminal acts in the performance of his or her functions, or upon proof that the holder of the license has violated this statute or any rule or regulation issued pursuant to this statute.

(c) The director shall, for licenses issued or renewed after July 1, 2004, require proof of reasonable familiarity with and knowledge of duties and responsibilities established by the lead poisoning prevention act, chapter 24.6 of title 23, and the lead hazard mitigation act, chapter 128.1 of title 42. Notwithstanding the provisions of subsection (b) of this section, the requirements of this subsection shall apply to first renewals when licenses were initially issued before July 1, 2004. This subsection shall be put into force and effect by the director in the manner set forth in chapter 128.1 of title 42 and with the advice of the Rhode Island real estate commission.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1987, ch. 184, § 1; P.L. 1990, ch. 479, § 1; P.L. 1991, ch. 218, § 1; P.L. 2002, ch. 187, § 1; P.L. 2002, ch. 188, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-6

§ 5-20.5-6. Duration and renewal of licenses — Continuing education rules and regulations — Suspension or revocation of licenses. [Effective January 1, 2022.]

(a) If the director is satisfied that the applicant is competent and trustworthy and is reasonably familiar with the statutes and law relating to real estate, he or she shall issue to the applicant a

license to act as a real estate broker or a real estate salesperson. The director shall promulgate rules and regulations mandating the term of license for each category of license issued pursuant to this chapter. No license shall remain in force for a period in excess of three (3) years. Any fee for the initial issuance of a license or for renewal of a license issued pursuant to this chapter is determined by multiplying the current annual fee by the term of years of the license or renewal. The fee for the total number of years of the initial license or of the renewal shall be paid in full prior to the issuance of the respective license. The license shall be renewed upon payment of the renewal fee and proof of completion of any continuing education requirements as set forth in the rules and regulations issued by the department of business regulation. Any license issued or renewed may be suspended or revoked by the director, for cause, prior to the expiration date. The director shall issue reasonable rules and regulations with the consent of the majority of the Rhode Island real estate commission governing the conduct of licensed real estate brokers and salespersons. These rules and regulations shall be designed to implement the laws and policies of this state and to protect the interests of the public.

(b) Except as provided in subsection (d) of this section, all applicants for a renewal license for real estate brokers or real estate salespersons shall submit proof to the director that they have completed during the preceding two-year (2) period, a minimum of twenty-four (24) classroom hours of real estate oriented educational sessions or courses of instruction that have been previously approved by the director. A minimum of three (3) classroom hours shall be comprised of instruction about federal, Rhode Island, or local laws pertaining to fair housing and the treatment of any individual in a protected class as designated in chapter 37 of title 34.

(c) The license shall be renewed upon payment of the renewal fee and proof of completion of continuing education requirements as set forth in the rules and regulations issued by the department of business regulation. Any license issued or renewed may be suspended or revoked by the director, for cause, prior to the expiration date. The director shall issue reasonable rules and regulations with the consent of the majority of the Rhode Island real estate commission governing the conduct of licensed real estate brokers and salespersons. These rules and regulations shall be designed to implement the laws and policies of this state and to protect the interests of the public.

(d) Any rules or regulations promulgated with regard to the requirement of continuing education for the renewal of any real estate broker's or salesperson's license whose application for an initial broker's or salesperson's license is approved within one hundred eighty (180) days of the expiration date of his or her initial license is not subject to the continuing education requirement at the time of his or her first renewal. An attorney at law licensed by the supreme court of the state and granted a license pursuant to § 5-20.5-4(d) is not subject to the continuing education requirements. The director, after a due and proper hearing, may suspend, revoke, or refuse to renew any license upon proof that it was obtained by fraud or misrepresentation or that the holder of the license has been guilty of fraud or misrepresentation or criminal acts in the performance of his or her functions, or upon proof that the holder of the license has violated this statute or any rule or regulation issued pursuant to this statute.

(e) The director shall, for licenses issued or renewed after July 1, 2004, require proof of reasonable familiarity with and knowledge of duties and responsibilities established by the lead poisoning prevention act, chapter 24.6 of title 23, and the lead hazard mitigation act, chapter 128.1 of title 42.

Notwithstanding the provisions of subsection (b) of this section, the requirements of this subsection shall apply to first renewals when licenses were initially issued before July 1, 2004. This subsection shall be put into force and effect by the director in the manner set forth in chapter 128.1 of title 42 and with the advice of the Rhode Island real estate commission.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1987, ch. 184, § 1; P.L. 1990, ch. 479, § 1; P.L. 1991, ch. 218, § 1; P.L. 2002, ch. 187, § 1; P.L. 2002, ch. 188, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2021, ch. 211, § 1, effective January 1, 2022; P.L. 2021, ch. 322, § 1, effective January 1, 2022.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-7

§ 5-20.5-7. Fixed office required — Display of license — Notice of change of address and employment.

Each resident licensed real estate broker must maintain a fixed office within this state. All business records relating to real estate transactions and to the management of that office must be kept on the premises of the fixed office location. The original license as real estate broker and the original license of each real estate salesperson in the employ of or under contract with that real estate broker shall be prominently displayed in the office. A real estate broker shall communicate any change of fixed office location to the director, and a real estate salesperson shall communicate any change of employment or broker affiliation to the director, immediately upon or prior to such change.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1.

Title 5
Businesses and Professions
Chapter 20.5
Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-8

§ 5-20.5-8. Corporations, partnerships, or associations engaging in business.

The real estate broker's license issued to any corporation, partnership, or association shall designate the name of the one principal active officer of the corporation, partnership, or association for whom that license is valid and every other active broker or salesperson of that corporation, partnership, or association is obliged to obtain an individual license as a real estate broker or salesperson.

History of Section.
P.L. 1973, ch. 215, § 2.

Title 5
Businesses and Professions
Chapter 20.5
Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-9

§ 5-20.5-9. Temporary license issued to representative of deceased broker.

In the event of the death of a licensed real estate broker who is the sole proprietor of a real estate business, the director shall, upon application by his or her legal representative, issue, without examination, a temporary license to that legal representative, or to an individual designated by him or her and approved by the director, upon filing of the required bond and the payment of the prescribed fee, that authorizes the temporary licensee to continue to transact the business for a period not to exceed one year from the date of death.

History of Section.
P.L. 1973, ch. 215, § 2.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-10

§ 5-20.5-10. Nonresident brokers — Employment of unlicensed brokers restricted — Nonresident salespersons — Service of process.

- (a) A nonresident of this state may become a real estate broker by conforming to all the provisions of this chapter, except that a nonresident real estate broker regularly engaged in the real estate business as a vocation and who maintains a definite place of business and is licensed in some other state that offers the same privileges to the licensed brokers of this state, is not required to maintain a place of business within this state. The director shall recognize the license issued to a real estate broker by another state as satisfactorily qualifying him or her for a license as a broker in this state; provided that the other state permits licenses to be issued to licensed brokers in this state without examination and provided that the licensing requirements set forth in § 5-20.5-4 have been met.
- (b) It is unlawful for any licensed real estate broker to employ or compensate directly or indirectly any person for performing any of the acts regulated by this chapter who is not a licensed real estate broker or licensed real estate salesperson; provided, that a licensed real estate broker may pay a commission to a licensed real estate broker of another state; provided, that the nonresident real estate broker does not conduct in this state any of the negotiations for which a fee, compensation, or commission is paid.
- (c) (1) A nonresident of this state may become a real estate salesperson by conforming to all the provisions of this chapter, including those set forth in § 5-20.5-4; provided that the nonresident real estate salesperson is regularly employed by a real estate broker licensed to do business within this state.
- (2) The director shall recognize the license issued to a real estate salesperson by another state as satisfactorily qualifying him or her for a license as a salesperson in this state and also that the other state permits licenses to be issued to licensed salespersons in this state without examination.
- (d) No license shall be issued to a nonresident until he or she has filed with the director a power of attorney constituting and appointing the director and his or her successor his or her true and lawful

attorney, upon whom all lawful processes in any action or legal proceeding against him or her may be served, and in the power of attorney agrees that any lawful process against him or her that may be served upon his or her attorney is of the same force and validity as if served on the nonresident, and that the authority continues irrevocably in force as long as any liability of the nonresident remains outstanding in the state. Service of that process shall be made by leaving duplicate copies of it in the hands or office of the director, and the director shall immediately send one of those copies by mail, postage prepaid, addressed to the defendant at his or her last address as appearing on the records of the commission. One of the duplicates of that process, certified by the director as having been served upon him or her, is deemed sufficient evidence of that service, and service upon that attorney is deemed service upon the principal.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-11

§ 5-20.5-11. Fees and license renewals.

(a) The following fees shall be charged by the director:

(1) For each application, a fee of ten dollars (\$10.00);

(2) For each examination, a fee, the cost of which is limited to the charge as designated by the appropriate testing service's contract with the department of business regulation;

(3) For each original broker's license issued, a fee of eighty-five dollars (\$85.00) per annum for the term of the license and for each annual renewal of the license, a fee of eighty-five dollars (\$85.00) per annum for the term of renewal. The total fees for the term of initial licensure and of renewal must be paid at the time of application for the license;

(4) For each original salesperson's license issued, a fee of sixty-five dollars (\$65.00) per annum for the term of the license and for each renewal of the license, a fee of sixty-five dollars (\$65.00) per

annum for the term of the license. The total fees for the term of initial licensure and of renewal must be paid at the time of application for the license;

(5) For each change from one broker to another broker by a salesperson, or a broker, a fee of twenty-five dollars (\$25.00), to be paid by the salesperson or the broker;

(6) For each broker's license reinstated after its expiration date, a late fee of one hundred dollars (\$100), in addition to the required renewal fee;

(7) For each salesperson's license reinstated after its expiration date, a late fee of one hundred dollars (\$100) in addition to the required renewal fee.

(b) Every licensed real estate broker and salesperson who desires to renew a license for the succeeding year term shall apply for the renewal of the license upon a form furnished by the director and containing information that is required by the director. Any renewal of a license is subject to the same provisions covering issuance, suspension, and revocation of any license originally issued. At no time shall any license be renewed without examination if the license has expired beyond a period of one year.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1983, ch. 70, § 1; P.L. 1987, ch. 184, § 2; P.L. 1988, ch. 129, art. 17, § 1; P.L. 1990, ch. 65, art. 73, § 1; P.L. 2003, ch. 376, art. 23, § 1; P.L. 2004, ch. 595, art. 30, § 3; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2015, ch. 82, § 6; P.L. 2015, ch. 105, § 6.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-12

§ 5-20.5-12. Commission — Creation — Composition — Appointment, terms, and compensation of members — Officers — Deputy directors — Seal.

(a) (1) Within the department of business regulation there is created the Rhode Island real estate

commission, subsequently referred to as "commission," to consist of nine (9) persons at least one from each county to be appointed by the governor, each of whom has been a citizen of this state for at least ten (10) years prior to the date of appointment, three (3) current licensed brokers each of whom have been engaged as a licensed broker in this state for at least five (5) years prior to the date of appointment, four (4) of whom are members of the general public, at least one of whom has substantial academic experience in real estate and at least one who has been active in citizen groups concerned with real estate practices and activities. Two (2) members appointed for one year; two (2) members shall be appointed for two (2) years; one member for three (3) years; one member for four (4) years; and one member for five (5) years; beginning on December 31, 1973. Successors of all members shall be appointed by the governor for terms of five (5) years each and until their successors are appointed and qualify by subscribing to the constitutional oath of office, which shall be filed with the secretary of state. Members to fill vacancies shall be appointed for the unexpired term. No member shall be appointed to succeed himself or herself for more than one full term. There are two (2) ex-officio members of the commission and they are the attorney general or his or her designee and the director of the department or his or her designee. All ex-officio members have full voting powers and serve without compensation. Upon qualification of the members appointed, the commission shall organize by selecting from its members a chairperson.

(2) The commission shall adopt reasonable rules and regulations to carry out its purposes. The department of business regulation with the assistance of the commission shall establish any reasonable rules and regulations that are appropriate for that program to ensure that education and practice requirements of license holders meet the public interest.

(b) The director shall employ a deputy director and any other employees that he or she deems necessary and proper to discharge the duties imposed by this chapter, and shall determine and prescribe their duties and fix their compensation, subject to the general laws of the state.

(c) No member of the commission shall receive compensation for his or her official duties but shall be reimbursed for his or her actual and necessary expenses incurred in the performance of his or her official duties.

(d) The commission shall adopt a seal of any design that it prescribes. Copies of all records and papers in the office of the commission, duly certified and authenticated by its seal, shall be received in evidence in all courts with like effect as the original. All records of the commission are open to public inspection under any reasonable rules and regulations that it prescribes.

(e) The commission shall have a policy-making role in the preparation and composition of the examinations to be administered by the real estate division within the department of business regulation. Subsequent to the administration of the examination, the commission shall review the examinations to evaluate their effectiveness. The commission shall supervise the operations of the real estate division within the department of business regulation in an advisory capacity in promulgating any policy that is necessary to improve the operations of the real estate division within the department of business regulation in their areas of expertise. The promulgation of that policy is subject to the approval of the director.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1980, ch. 226, § 14; P.L. 1982, ch. 414, § 15; P.L. 1985, ch. 181, art. 59, § 1; P.L. 2005, ch. 117, art. 21, § 7; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2014, ch. 92, § 1; P.L. 2014, ch. 93, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-14

§ 5-20.5-14. Revocation, suspension of license — Probationary period — Penalties. [Effective until January 1, 2022.]

(a) The director may, upon his or her own motion, and shall, upon the receipt of the written verified complaint of any person initiating a cause under this section, ascertain the facts and, if warranted, hold a hearing for the suspension or revocation of a license. The director has power to refuse a license for cause or to suspend or revoke a license or place a licensee on probation for a period not to exceed one year where it has been obtained by false representation, or by fraudulent act or conduct, or where a licensee, in performing or attempting to perform any of the acts mentioned in this chapter, is found to have committed any of the following acts or practices:

(1) Making any substantial misrepresentation;

(2) Making any false promise of a character likely to influence, persuade, or induce any person to enter into any contract or agreement when he or she could not or did not intend to keep that promise;

(3) Pursuing a continued and flagrant course of misrepresentation or making of false promises through salespersons, other persons, or any medium of advertising, or otherwise;

(4) Any misleading or untruthful advertising;

(5) Failing to deposit money or other customers' funds received by a broker or salesperson into an escrow account maintained by the broker that complies with the requirements set forth in § 5-20.5-26, upon execution of a purchase and sales agreement;

- (6) Failing to preserve for three (3) years following its consummation records relating to any real estate transaction as described in the regulations issued by the department;
- (7) Acting for more than one party in a transaction without the knowledge and consent, in writing, of all parties for whom he or she acts;
- (8) Placing a "for sale" or "for rent" sign on any property without the written consent of the owner, or his or her authorized agent;
- (9) Failing to furnish a copy of any listing, sale, lease, or other contract relevant to a real estate transaction to all signatories of the contract at the time of execution;
- (10) Failing to specify a definite termination date that is not subject to prior notice, in any listing contract;
- (11) Inducing any party to a contract, sale, or lease to break that contract for the purpose of substitution in lieu of that contract a new contract, where that substitution is motivated by the personal gain of the licensee;
- (12) Accepting a commission or any valuable consideration by a salesperson for the performance of any acts specified in this chapter, from any person, except the licensed real estate broker with whom he or she is affiliated;
- (13) Failing to disclose to an owner his or her intention or true position if he or she, directly or indirectly through a third party, purchases for himself or herself or acquires or intends to acquire any interest in or any option to purchase property that has been listed with his or her office to sell or lease;
- (14) Being convicted of any criminal felony in a court of competent jurisdiction of this or any other state or federal court involving dishonesty, breach of trust, forgery, embezzlement, obtaining money under false pretenses, bribery, larceny, extortion, conspiracy to defraud, fraud, false dealing, or any similar offense(s) or by pleading guilty or nolo contendere to any such criminal offense or offenses;
- (15) Violating any rule or regulation promulgated by the department in the interest of the public and consistent with the provisions of this chapter;
- (16) In the case of a broker licensee, failing to exercise adequate supervision over the activities of his or her licensed salesperson within the scope of this chapter;
- (17) Failing or refusing to provide information requested by the commission or director as the result of a formal or informal complaint to the director that would indicate a violation of this chapter;
- (18) Soliciting, selling, or offering for sale real property by offering free lots or conducting lotteries

or contests or offering prizes for the purpose of influencing a purchaser or prospective purchaser of real property;

(19) Paying or accepting, giving, or charging any undisclosed commission, rebate, compensation, or profit or expenditures for a principal or in violation of this chapter;

(20) Any conduct in a real estate transaction that demonstrates bad faith, dishonesty, untrustworthiness, or incompetence;

(21) Failing to have all listing agreements in writing, properly identifying the property and containing all of the terms and conditions of the sale, including the commission to be paid, the signatures of all parties concerned, and a definite expiration date in that contract that shall not require an owner to notify a broker of his or her intention to terminate. An exclusive agency listing or exclusive right to sell listing shall be clearly indicated in the listing agreement;

(22) Accepting a listing based on "net price." In cases where the owner wishes to list in this manner, the agreed-upon commission is added and listings made in the usual manner;

(23) Negotiating, or attempting to negotiate, the sale, exchange, or lease of any real property directly with an owner or lessor knowing that the owner or lessor has an outstanding exclusive listing contract with another licensee covering the same property, except when the real estate broker or salesperson is contacted by the client of another broker regarding a real estate service, and the broker or salesperson has not directly or indirectly initiated those discussions, they may discuss the terms under which they might enter into a future agency agreement; or they may enter into an agency agreement that becomes effective upon termination of any existing exclusive agreement; or they may enter into an agreement for other real estate service not covered by an existing agency relationship;

(24) Accepting an exclusive right to sell or lease or an exclusive agency and subsequently failing to make a diligent effort to sell or lease the listed property;

(25) Advising against the use of the services of an attorney in any real estate transaction;

(26) Representing to any lender or any other party in interest, either verbally or through the preparation of a false sales contract, an amount other than the true and actual sales price;

(27) Submitting to an owner a written offer to purchase or lease unless that offer contains the essential terms and conditions of the offer, including the manner in which the purchase price is to be paid, and if that offer is contingent upon certain conditions, those conditions shall be clearly stated in the offer, or unless the offer is conditioned upon the later execution of a complete agreement for sale;

(28) Paying any sums of money being held in an escrow account to any person, or converting the sums of money for his or her own use, in the event of a failed real estate transaction, without having complied with the department's rules and regulations relative to the transfer of disputed deposit funds to the office of the general treasurer;

(29) Advertising to sell, buy, exchange, rent, or lease the property of another in a manner indicating that the offer to sell, buy, exchange, rent, or lease that property is being made by a private party not engaged in the real estate business, or inserting advertisements in any publication containing only a post office or other box number, telephone number, or street address. No salesperson shall advertise the property of another under his or her own name;

(30) As a licensed salesperson, failing upon termination of his or her employment or affiliation with a real estate broker and upon demand by the broker to immediately turn over to the broker any and all information, records, or other materials obtained during his or her employment, whether the information or records were originally given to him or her by the broker or copied from the records of that broker or affiliation or acquired by the salesperson during his or her employment;

(31) Offering, promising, giving, or paying, directly or indirectly, any part or share of his or her commission or compensation arising or accruing from any real estate transaction to any person who is not licensed as a real estate broker, but who, by law, should be licensed, or who is not a real estate salesperson employed by that licensee;

(32) Soliciting the sale, lease, or the listing for sale or lease, of residential property on the ground of loss of value due to the present or prospective entry in the neighborhood of a person or persons of another race, religion, or ethnic origin, nor shall he or she distribute, or cause to be distributed, material or make statements designed to induce a residential property owner to sell or lease his or her property due to these factors;

(33) Failure of the employing broker to notify the director, in writing, within ten (10) days of the termination of a salesperson's employment or contractual relationship, or failure of a salesperson to notify the director, in writing, within ten (10) days of any change in his or her broker affiliation;

(34) Failure to report all written offers to the owner prior to the signing of a purchase and sale agreement by the owner;

(35) Failure of agents to provide buyers and sellers of real property with disclosure regarding real estate agency relationships as specified in chapter 20.6 of this title;

(36) Failure of an associate broker to inform the public of associate broker status by not listing associate broker on business cards and correspondence or by informing the public that his or her status in the real estate firm is that of broker; or

(37) Failure to pay sums of money being held in an escrow account, pursuant to § 5-20.5-26, within ten (10) days of receipt of a written release that has been signed by all parties to a failed real estate transaction.

(b) The director is authorized to levy an administrative penalty not exceeding two thousand dollars (\$2,000) for any violation under this section or the rules and regulations of the department of business regulation.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1985, ch. 417, § 1; P.L. 1986, ch. 317, § 1; P.L. 1989, ch. 141, § 1; P.L. 1991, ch. 424, § 1; P.L. 1993, ch. 397, § 2; P.L. 1996, ch. 185, § 1; P.L. 2001, ch. 114, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2017, ch. 47, § 1; P.L. 2017, ch. 55, § 1; P.L. 2018, ch. 38, § 1; P.L. 2018, ch. 41, § 1; P.L. 2019, ch. 308, art. 1, § 11.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-14

§ 5-20.5-14. Revocation, suspension of license — Probationary period — Penalties. [Effective January 1, 2022.]

(a) The director may, upon his or her own motion, and shall, upon the receipt of the written verified complaint of any person initiating a cause under this section, ascertain the facts and, if warranted, hold a hearing for the suspension or revocation of a license. The director has power to refuse a license for cause or to suspend or revoke a license or place a licensee on probation for a period not to exceed one year where it has been obtained by false representation, or by fraudulent act or conduct, or where a licensee, in performing or attempting to perform any of the acts mentioned in this chapter, is found to have committed any of the following acts or practices:

(1) Making any substantial misrepresentation;

(2) Making any false promise of a character likely to influence, persuade, or induce any person to enter into any contract or agreement when he or she could not or did not intend to keep that promise;

(3) Pursuing a continued and flagrant course of misrepresentation or making of false promises through salespersons, other persons, or any medium of advertising, or otherwise;

(4) Any misleading or untruthful advertising;

(5) Failing to deposit money or other customers' funds received by a broker or salesperson into an escrow account maintained by the broker that complies with the requirements set forth in § 5-20.5-

26, upon execution of a purchase and sales agreement;

- (6) Failing to preserve for three (3) years following its consummation records relating to any real estate transaction as described in the regulations issued by the department;
- (7) Acting for more than one party in a transaction without the knowledge and consent, in writing, of all parties for whom he or she acts;
- (8) Placing a "for sale" or "for rent" sign on any property without the written consent of the owner, or his or her authorized agent;
- (9) Failing to furnish a copy of any listing, sale, lease, or other contract relevant to a real estate transaction to all signatories of the contract at the time of execution;
- (10) Failing to specify a definite termination date that is not subject to prior notice, in any listing contract;
- (11) Inducing any party to a contract, sale, or lease to break that contract for the purpose of substitution in lieu of that contract a new contract, where that substitution is motivated by the personal gain of the licensee;
- (12) Accepting a commission or any valuable consideration by a salesperson for the performance of any acts specified in this chapter, from any person, except the licensed real estate broker with whom he or she is affiliated;
- (13) Failing to disclose to an owner his or her intention or true position if he or she, directly or indirectly through a third party, purchases for himself or herself or acquires or intends to acquire any interest in or any option to purchase property that has been listed with his or her office to sell or lease;
- (14) Being convicted of any criminal felony in a court of competent jurisdiction of this or any other state or federal court involving dishonesty, breach of trust, forgery, embezzlement, obtaining money under false pretenses, bribery, larceny, extortion, conspiracy to defraud, fraud, false dealing, or any similar offense(s) or by pleading guilty or nolo contendere to any such criminal offense or offenses;
- (15) Violating any rule or regulation promulgated by the department in the interest of the public and consistent with the provisions of this chapter;
- (16) In the case of a broker licensee, failing to exercise adequate supervision over the activities of his or her licensed salesperson within the scope of this chapter;
- (17) Failing or refusing to provide information requested by the commission or director as the result of a formal or informal complaint to the director that would indicate a violation of this chapter;

(18) Soliciting, selling, or offering for sale real property by offering free lots or conducting lotteries or contests or offering prizes for the purpose of influencing a purchaser or prospective purchaser of real property;

(19) Paying or accepting, giving, or charging any undisclosed commission, rebate, compensation, or profit or expenditures for a principal or in violation of this chapter;

(20) Any conduct in a real estate transaction that demonstrates bad faith, dishonesty, untrustworthiness, or incompetence;

(21) Failing to have all listing agreements in writing, properly identifying the property and containing all of the terms and conditions of the sale, including the commission to be paid, the signatures of all parties concerned, and a definite expiration date in that contract that shall not require an owner to notify a broker of his or her intention to terminate. An exclusive agency listing or exclusive right to sell listing shall be clearly indicated in the listing agreement;

(22) Accepting a listing based on "net price." In cases where the owner wishes to list in this manner, the agreed-upon commission is added and listings made in the usual manner;

(23) Negotiating, or attempting to negotiate, the sale, exchange, or lease of any real property directly with an owner or lessor knowing that the owner or lessor has an outstanding exclusive listing contract with another licensee covering the same property, except when the real estate broker or salesperson is contacted by the client of another broker regarding a real estate service, and the broker or salesperson has not directly or indirectly initiated those discussions, they may discuss the terms under which they might enter into a future agency agreement; or they may enter into an agency agreement that becomes effective upon termination of any existing exclusive agreement; or they may enter into an agreement for other real estate service not covered by an existing agency relationship;

(24) Accepting an exclusive right to sell or lease or an exclusive agency and subsequently failing to make a diligent effort to sell or lease the listed property;

(25) Advising against the use of the services of an attorney in any real estate transaction;

(26) Representing to any lender or any other party in interest, either verbally or through the preparation of a false sales contract, an amount other than the true and actual sales price;

(27) Submitting to an owner a written offer to purchase or lease unless that offer contains the essential terms and conditions of the offer, including the manner in which the purchase price is to be paid, and if that offer is contingent upon certain conditions, those conditions shall be clearly stated in the offer, or unless the offer is conditioned upon the later execution of a complete agreement for sale;

(28) Paying any sums of money being held in an escrow account to any person, or converting the sums of money for his or her own use, in the event of a failed real estate transaction, without having complied with the department's rules and regulations relative to the transfer of disputed

deposit funds to the office of the general treasurer;

(29) Advertising to sell, buy, exchange, rent, or lease the property of another in a manner indicating that the offer to sell, buy, exchange, rent, or lease that property is being made by a private party not engaged in the real estate business, or inserting advertisements in any publication containing only a post office or other box number, telephone number, or street address. No salesperson shall advertise the property of another under his or her own name;

(30) As a licensed salesperson, failing upon termination of his or her employment or affiliation with a real estate broker and upon demand by the broker to immediately turn over to the broker any and all information, records, or other materials obtained during his or her employment, whether the information or records were originally given to him or her by the broker or copied from the records of that broker or affiliation or acquired by the salesperson during his or her employment;

(31) Offering, promising, giving, or paying, directly or indirectly, any part or share of his or her commission or compensation arising or accruing from any real estate transaction to any person who is not licensed as a real estate broker, but who, by law, should be licensed, or who is not a real estate salesperson employed by that licensee;

(32) Violating chapter 37 of title 34 in his or her capacity as a real estate licensee, including, but not limited to, soliciting the sale, lease, or the listing for sale or lease, of residential property on the ground of loss of value due to the present or prospective entry in the neighborhood of a person or persons of another race, religion, or ethnic origin, nor shall he or she distribute, or cause to be distributed, material or make statements designed to induce a residential property owner to sell or lease his or her property due to these factors;

(33) Failure of the employing broker to notify the director, in writing, within ten (10) days of the termination of a salesperson's employment or contractual relationship, or failure of a salesperson to notify the director, in writing, within ten (10) days of any change in his or her broker affiliation;

(34) Failure to report all written offers to the owner prior to the signing of a purchase and sale agreement by the owner;

(35) Failure of agents to provide buyers and sellers of real property with disclosure regarding real estate agency relationships as specified in chapter 20.6 of this title;

(36) Failure of an associate broker to inform the public of associate broker status by not listing associate broker on business cards and correspondence or by informing the public that his or her status in the real estate firm is that of broker; or

(37) Failure to pay sums of money being held in an escrow account, pursuant to § 5-20.5-26, within ten (10) days of receipt of a written release that has been signed by all parties to a failed real estate transaction.

(b) The director is authorized to levy an administrative penalty not exceeding two thousand dollars (\$2,000) for any violation under this section or the rules and regulations of the department of

business regulation.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1981, ch. 249, § 1; P.L. 1985, ch. 417, § 1; P.L. 1986, ch. 317, § 1; P.L. 1989, ch. 141, § 1; P.L. 1991, ch. 424, § 1; P.L. 1993, ch. 397, § 2; P.L. 1996, ch. 185, § 1; P.L. 2001, ch. 114, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2017, ch. 47, § 1; P.L. 2017, ch. 55, § 1; P.L. 2018, ch. 38, § 1; P.L. 2018, ch. 41, § 1; P.L. 2019, ch. 308, art. 1, § 11; P.L. 2021, ch. 211, § 1, effective January 1, 2022; P.L. 2021, ch. 322, § 1, effective January 1, 2022.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-15

§ 5-20.5-15. Hearings before revocation or suspension of license.

(a) (1) Before refusing to issue a license or suspending or revoking a license on its own motion, the division of professional regulation shall notify the applicant or licensee of its intended action and the grounds for the action. The applicant or licensee may, within twenty (20) days, file with the division a request for a hearing stating his or her answer to the grounds specified in the notification.

The division shall consider the answer and set a date for a hearing, notifying the applicant or licensee of the date at least twenty (20) days prior to the hearing date.

(2) Before refusing to issue a license or suspending or revoking an existing license upon the verified written complaint of any person stating a cause of action under § 5-20.5-17, the department of business regulation shall, in writing, notify the accused applicant or licensee of its receipt of the complaint, enclosing a copy of the complaint. The accused applicant or licensee shall, within twenty (20) days, file his or her answer to the complaint or complaints with the department.

(3) The division shall transmit a copy of the answer to the complainant or complainants and set a time and place for a hearing, which is at least twenty (20) days prior to the hearing date.

(4) All notices and answers required or authorized to be made or filed under this section may be served or filed personally, or by certified mail to the last known business address of the addressee.

If served personally, the time runs from the date of service; if by registered mail, from the

postmarked date of the letter enclosing the document.

(5) Hearings are open to the public, and are conducted in accordance with the provisions of chapter 35 of title 42, relating to administrative procedures, and the department's rules of procedure for administrative hearings, and the applicant or licensee has an opportunity to be heard in person or by counsel. A hearing officer appointed by the director shall render a decision on any application or complaint within sixty (60) days after the final hearing in the matter and shall immediately notify the parties to the proceedings, in writing, of its ruling, order, or decision. In the event the matter contained in the complaint has been filed or made a part of a case pending in any court in this state, the division may then withhold its decision until the court action has been concluded. Hearings shall be held in accordance with rules promulgated by the division in conformity with law.

(b) Any unlawful act or violation of any of the provisions of this chapter by any salesperson is not cause for the suspension or revocation of the license of the broker with whom he or she is affiliated unless it appears to the satisfaction of the division of professional regulation that the broker had knowledge of the unlawful act or violation.

(c) The division of professional regulation is authorized and empowered to issue subpoenas for the attendance of witnesses and the production of records or documents. The process issued by the division may extend to all parts of the state, and process may be served by any person designated by the division. The person serving that process shall receive any compensation that is allowed by the division, not to exceed the fee prescribed by law for similar services. All witnesses subpoenaed who appear in any proceedings before the division shall receive the same fees and mileage allowances allowed by law, and all those fees and allowances are taxed as part of the cost of the proceedings.

(d) Where, in any proceeding before the division of professional regulation, any witness fails or refuses to attend upon subpoena issued by the division, or refuses to testify, or refuses to produce any records or documents, the production of which is called for by the subpoena, the attendance of the witness and the giving of his or her testimony and the production of the documents and records shall be enforced by any court of competent jurisdiction of this state in the same manner as are enforced the attendance, testimony of witnesses, and production of records in civil cases in the courts of this state.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1985, ch. 181, art. 59, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2014, ch. 92, § 1; P.L. 2014, ch. 93, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-16

§ 5-20.5-16. Appeals.

- (a) The provisions of the administrative procedures act, chapter 35 of title 42, and all amendments and modifications to that act and the rules adopted pursuant to the act, apply to and govern all proceedings for the judicial review of final administrative decisions of the department of business regulation. Any party aggrieved by a final administrative decision of the department may seek review of that decision in the superior court of the county of his or her residence.
- (b) Any person aggrieved has the right of appeal from any adverse ruling, order, or decision of the department of business regulation to a court of competent jurisdiction in the county where the hearing was held within thirty (30) days from the service of notice of the action of the department upon the parties to the hearing.
- (c) Notice of appeal shall be filed in the office of the clerk of the court, which shall issue a writ of certiorari directed to the department of business regulation, commanding it, within fifteen (15) days after service of the writ, to certify to the court its entire record in the matter in which the appeal has been taken. The appeal shall be heard, in due course, by the court, which shall review the record and, after a hearing on the matter, make its determination of the cause.
- (d) A final administrative decision of the department of business regulation shall not become effective until time for appeal has expired. If an appeal is taken, it shall not act as a supersedeas unless the court so directs.
- (e) Any person taking an appeal shall post a bond in the amount of one thousand dollars (\$1,000) for the payment of any costs that may be assessed against him or her.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1985, ch. 181, art. 59, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-17

§ 5-20.5-17. Penalties for violations.

(a) Any person acting as a broker or as a salesperson without first obtaining a license is guilty of a misdemeanor and, upon conviction, is punishable by a fine of not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500), or by imprisonment for a term not to exceed one year, or both; and if a corporation, is punishable by a fine of not less than one thousand dollars (\$1,000) nor more than two thousand dollars (\$2,000). Any person upon conviction of a second or subsequent offense is punishable by a fine of not less than five hundred dollars (\$500) nor more than one thousand dollars (\$1,000), or by imprisonment for a term not to exceed two (2) years, or both; and if a corporation, by a fine of not less than two thousand dollars (\$2,000) nor more than five thousand dollars (\$5,000).

(b) In case any person has received any money, or the equivalent, as a fee, commission, compensation, or profit by or in consequence of a violation of any provision of this chapter, he or she, in addition, is liable to a penalty of not less than the amount of the sum of money received and not more than three (3) times the sum received, as may be determined by the court, which penalty may be recovered in any court of competent jurisdiction by any person aggrieved.

History of Section.

P.L. 1973, ch. 215, § 2.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-18

§ 5-20.5-18. Department assistance in educational programs.

(a) The department of business regulation is authorized to conduct, hold, or assist in conducting or holding, real estate clinics, meetings, courses, or institutes, and to incur the necessary expenses limited by connection therewith, which are open to all licensees.

(b) The department is authorized to assist educational institutions within this state in sponsoring studies, research, and programs for the purpose of raising the standards of professional practice in real estate and the competence of licensees in the public interest.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1985, ch. 181, art. 59, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-19

§ 5-20.5-19. Real estate courses and schools — Regulation — Issue and revocation of permits — Exceptions.

(a) The division of professional regulation is authorized and empowered to formulate rules and

regulations relative to the establishment and operation of schools, courses of study, instruction, grades and grading systems, and related matters. The division and the council on postsecondary education have the power at any time to review the curriculum of those courses.

(b) Any school, individual, or organization that offers or conducts any course or courses of study in real estate, or any course or courses designed or represented to enable or assist non-licensees or applicants for license to pass examinations conducted by the division of professional regulation, shall first obtain a permit from, and subsequently abide by the rules and regulations of, the division covering those schools.

(c) The division has authority to suspend or revoke the permit of any school, individual, or organization for violation of the provisions of this chapter or of the rules and regulations promulgated pursuant to this chapter. The provisions of this section do not apply to any college or university that has been accredited by any accrediting body approved by the council on postsecondary education.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1974, ch. 173, § 1; P.L. 1985, ch. 181, art. 59, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-20

§ 5-20.5-20. Real estate school permit — Fees — Penalty for operation without permit prohibited.

(a) It is unlawful for any school to offer courses or to conduct classes of instruction in real estate subjects without first procuring a permit; or having obtained a permit, to represent that its students are assured of passing examinations given by the division of professional regulation, or to represent that the issuance of a permit is a recommendation or endorsement of the school to which it is issued, or of any course of instruction given by it.

(b) The application of each school shall be accompanied by a first-year license fee of two hundred fifty dollars (\$250) and a further fee of one hundred dollars (\$100) multiplied by the remaining term of licensure. If issued, the license is renewable on the payment of a renewal fee assessed at the

rate of one hundred fifty dollars (\$150) per annum. The total fee for the entire term of initial licensure and renewal shall be paid at the time of application.

(c) In the event that any person is found guilty of violating this section in the operation of a school, or any rule or regulation adopted pursuant to this section, or attempts to continue to operate as a school after the revocation or during a period of suspension of a permit, he or she is guilty of a misdemeanor.

(d) The department of business regulation shall promulgate rules and regulations mandating the term of license and the term of renewal of each permit issued. No license shall remain in force for a period in excess of three (3) years.

History of Section.

P.L. 1973, ch. 215, § 2; P.L. 1985, ch. 181, art. 59, § 1; P.L. 1987, ch. 184, § 3; P.L. 2004, ch. 595, art. 30, § 3.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-21

§ 5-20.5-21. Actions for recovery of fee or commission.

Except as provided in this chapter, no person shall maintain an action in any court of this state for the recovery of a commission, fee, or compensation for any act done, the doing of which is prohibited under this chapter to other than licensed brokers, unless that person was licensed under this chapter as a broker at the time of the doing of the act.

History of Section.

P.L. 1973, ch. 215, § 2.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-22

§ 5-20.5-22. Severability.

If any provision of this chapter is held invalid, that provision is deemed to be excised from this chapter and its invalidity does not affect any of the other provisions of this chapter. If the application of any provision of this chapter to any person or circumstance is held invalid, it does not affect the application of that provision to those persons or circumstances other than those to which it is held invalid.

History of Section.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-25

§ 5-20.5-25. Errors and omissions insurance required of real estate licensees.

- (a) All holders of real estate brokers' and salespersons' licenses issued by the state department of business regulation shall, as a condition of retaining that license, carry and maintain errors and omissions insurance covering all business activities contemplated.
- (b) Licensees shall obtain errors and omissions insurance independently. The coverage contained in the policy shall comply with the minimum requirements established by the department of business

regulation.

(c) The department of business regulation shall determine the terms and conditions of coverage mandated under this section, including, but not limited to, the minimum limits of coverage; the permissible deductible; and permissible exemptions. The department of business regulation shall seek the assistance of the real estate commission as to the terms and conditions of coverage.

(d) A certificate of coverage must be filed with the department of business regulation by the annual license renewal date by each licensee.

History of Section.

P.L. 1990, ch. 412, § 1; P.L. 1993, ch. 66, § 1; P.L. 2000, ch. 202, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-26

§ 5-20.5-26. Escrows.

(a) Escrow.

(1) Escrow accounts.

(i) Each real estate firm shall maintain an escrow account under the supervision of the broker qualified to do business in the name and on behalf of the corporate, partnership, or association licensee. All those funds paid to a salesperson or paid directly to a broker shall be segregated on the broker's books and deposited in an account in a recognized federally insured financial institution in Rhode Island separate from any account containing funds owned by the broker. A broker or salesperson shall not commingle deposit money or other customers' funds and his or her own funds; use a customer's fund as his or her own; or fail to keep an escrow or trustee account of funds deposited with him or her relating to a real estate transaction, for a period of three (3) years, showing to whom the money belongs; date deposited; date of withdrawal; to whom paid; and any other pertinent information that the commission requires. Those records are to be available to the commission and the department or their representatives, on demand, or upon written notice given to

the depository. Each broker/office supervisor shall maintain a monthly report as to the status of that office's escrow account and is responsible for its accuracy.

(ii) A multi-office firm may either have an escrow account for each office or one central escrow account for the firm.

(iii) Funds held in escrow may be applied to the commission when earned by the listing company.

(iv) Whenever the ownership of any deposit monies received by a broker or salesperson pursuant to this section is in dispute by the parties to a real estate transaction, the broker or salesperson shall deposit the monies with the general treasurer within one hundred eighty (180) days of the date of the original deposit, those monies to be held in trust by the general treasurer until the dispute is mediated, arbitrated, litigated, or otherwise resolved by the parties. The parties to a real estate transaction may agree in writing to extend the time period by which the monies must be deposited with the general treasurer in accordance with regulations promulgated by the department of business regulation.

(v) The department of business regulation shall have the authority to promulgate rules and regulations with respect to such escrow accounts and the deposit of monies with the general treasurer.

(2) **Escrow agents.** Funds or deposits placed in escrow may be held by any person or entity legally authorized to hold funds in that capacity, e.g., the real estate broker or attorney.

(b) **Dual activities.** In all real estate transactions in which a broker holds more than one title, e.g., builder, contractor, or insurance agent, all deposit monies received must be placed in the broker's real estate escrow account, unless there is a contractual agreement between the principals to the contrary.

(c) **Unlawful appropriation.** Pursuant to § 11-41-11.1, any licensee to whom any money or other property is entrusted as escrow funds, who intentionally appropriates to the licensee's own use that money or property, or transfers the funds from an escrow account to a company or personal account prior to a closing, is guilty of unlawful appropriation.

(d) **Release of funds.** An escrow agent shall pay sums of money being held in an escrow account as instructed by the parties to a failed real estate transaction, within ten (10) days of receipt of a written release that has been signed by all the parties to the failed real estate transaction.

History of Section.

P.L. 1996, ch. 185, § 2; P.L. 2001, ch. 114, § 1; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1; P.L. 2017, ch. 47, § 1; P.L. 2017, ch. 55, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-27

§ 5-20.5-27. License required for ownership.

No person, firm, or corporation shall have an ownership interest in a real estate brokerage firm nor participate in the operation of the real estate brokerage firm unless the person, firm, or corporation holds a valid real estate broker's license, issued pursuant to the provisions of this chapter.

History of Section.

P.L. 1998, ch. 115, § 2; P.L. 2011, ch. 102, § 1; P.L. 2011, ch. 113, § 1.

Title 5

Businesses and Professions

Chapter 20.5

Real Estate Brokers and Salespersons

R.I. Gen. Laws § 5-20.5-28

§ 5-20.5-28. Order to cease unsafe practices — Appeal.

If the department of business regulation has reason to believe that any person, firm, corporation, or association is conducting any activities requiring licensure under this chapter without obtaining a license, or who after the denial, suspension, or revocation of a license conducts any activities requiring licensure under this chapter, the department may issue its order to that person, firm, corporation, or association commanding them to appear before the department at a hearing to be held not sooner than ten (10) days nor later than twenty (20) days after issuance of that order to show cause why the department should not issue an order to that person to cease and desist from

the violation of the provisions of this chapter. The order to show cause may be served on any person, firm, corporation, or association named in the order in the same manner that a summons in a civil action may be served, or by mailing a copy of the order, certified mail, return receipt requested, to that person at any address at which he or she has done business or at which he or she lives. If upon that hearing the department is satisfied that the person is in fact violating any provision of this chapter, then the department may order that person, in writing, to cease and desist from that violation. All hearings shall be governed in accordance with the administrative procedures act, chapter 35 of title 42. If that person fails to comply with an order of the department after being afforded a hearing, the superior court in the county where the land or real estate is located has jurisdiction upon complaint of the department to restrain and enjoin that person from violating this chapter.

History of Section.

P.L. 1999, ch. 183, § 1.