



# Rhode Island Real Estate Law Lecture

# Rhode Island real estate license law Lecture

\*Students are advised to read the law book as written. You can find the sections on the school website by clicking “Student Resources”, from the drop down menu select “RI real estate law files”

## *Syllabus:*

**Section 1:** Agency Relationships in Residential Real Estate Transactions

**Section 2:** Real Estate Brokers and Salesperson

**Section 3:** Commercial Licensing Regulations

**Section 4:** Real Estate Sales Disclosure

**Section 5:** Residential Landlord and Tenant Act

**Section 6:** Fair Housing Act (Rhode Island protected classes)

**Section 7:** Lead Hazard Law (Lead paint law)

**Section 8:** Fire Safety Law (Smoke and Carbon Monoxide detectors)

**Section 9:** Agricultural Functions of Department of Environmental Management (DEM)

**Section 10:** The Rhode Island Cesspool Act of 2007

**Section 11:** Onsite Wastewater Treatment Systems OWTS (Septic Systems)

**Section 12:** Non-resident withholding tax

**Section 13:** Condominium Laws



\*The law portion of the exam will consist of 50 graded questions: Visit [www.InstituteRI.com](http://www.InstituteRI.com) and click on exam registration for a copy of the candidate handbook with more information on the exam format and other important information.

## Section 1

### Agency Relationships in Residential Real Estate transaction

# Agency Relationship in Residential Real Estate Transactions

Who do you represent in a Real Estate Transaction? The buyer or the seller? The landlord or the tenant? Or neither?

Is the consumer a ***client*** or a ***customer***?

When is the consumer a ***client*** or a ***customer***?

What are your legal duties if its a ***Client relationship***?

What are your legal duties if its a ***Customer relationship***?



*Ask the question, as a real estate agent who do I represent in a real estate transaction? Depending on the answer will determine your legal duties and responsibilities to the parties.*

## Agency: The Fiduciary Duties (Memory tip COLD-AC)

The **fiduciary** duties (Legal Responsibilities) required of a real estate professional acting as an agent for a buyer, seller, tenant or landlord in a real estate transaction will depend on the degree of representation agreed upon.

(C)are: The words "reasonable care" The level of knowledge and competency a consumer should expect from their agent.

(O)bedience: As an agent you must obey the consumers lawful instructions.

(L)oyalty: As the agent for the consumer, you must be loyal and keep their best interests ahead of those of any other party, including yourself.

(D)isclosure: Material facts are those that, if known by the buyer or seller, might have caused them to change their purchase or sale actions.

(A)ccounting: Accounting for all documents and funds in the transaction.

(C)onfidentiality: Your fiduciary duty of confidentiality means that you do not disclose anything that you learn about the consumer, their business, financial or personal affairs or motivation

***Depending on whether the consumer is a Client or a Customer of the real estate agent will determine which of the six fiduciary duties the real estate agent will owe them.***

## RHODE ISLAND MANDATORY REAL ESTATE RELATIONSHIP DISCLOSURE

R.I.G.L. § 5-206 allows a real estate broker or salesperson to provide real estate services to you whether you are a buyer, seller, tenant, or landlord. The minimum level of service required by law will depend on the type of relationship that you wish to have with a real estate licensee.

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care and responsibility of the principal broker. Only the real estate licensee(s) who have been specifically appointed by the principal broker or the principal broker's designee may represent you as a client. The other real estate licensees who are affiliated with the brokerage owe no duty to you except for confidentiality. If another licensee who is affiliated with the same brokerage becomes a Designated Client Representative for another party in a transaction with you, then that other affiliated licensee has no duty to protect any confidential information about you learned after he or she begins to represent the other party. In order for a real estate licensee to represent you as a Designated Client Representative, the licensee must obtain your informed written consent and provide you with a written notice.

### NEUTRAL DUAL FACILITATOR

A neutral Dual Facilitator is an individual real estate licensee who assists a buyer and seller or tenant and landlord in the same transaction and must be neutral as to any conflicting interests between the parties to the transaction.

A neutral Dual Facilitator relationship exists solely for a specific transaction between the parties. A Dual Facilitator must be neutral as to any conflicting interests between the parties to the transaction. A Dual Facilitator owes the following duties to all parties: protecting the confidential information of you and the other party except where disclosure is required or permitted by state law, and accounting for funds. This Mandatory Real Estate Relationship Form cannot be used to obtain your consent to a Dual Facilitator relationship. In order for a real estate licensee to assist you as a neutral Dual Facilitator, the licensee must obtain the informed, written consent from you, the other party and the principal broker on a separate Dual Facilitator consent form.

### TRANSACTION COORDINATOR

A Transaction Coordinator is a principal broker or his or her designee who supervises a real estate transaction.

The principal broker or his or her designee assumes this role in a transaction in which one affiliated licensee represents a buyer or tenant as a designated client representative and another affiliated licensee represents a seller or landlord as a designated client representative in the same transaction or if one affiliated licensee is assisting both the buyer and seller or landlord and tenant in the same transaction as a dual facilitator. A transaction coordinator does not owe any fiduciary duties to any party in a transaction except the duties to protect the confidential information of the parties and to properly account for money placed in his or her care. A principal broker or his or her designee becomes a Transaction Coordinator automatically, so a customer or client is not required to sign an additional disclosure form.

## Real Estate Licensee's Responsibilities

R.I.G.L. § 5-206-8 requires any real estate licensee who assists you to present this form to you prior to the disclosure of any confidential information. A real estate licensee must also disclose which party they represent, and obtain your written acknowledgement of that relationship. The law also requires real estate licensees to fulfill the duties of their relationship with you as

# Rhode Island Mandatory Real Estate Relationship Disclosure

*This form is used by a Rhode Island real estate agent to inform the Buyer/Seller or Tenant/Landlord about the type of relationship they will have with the agent.*

**Client or Customer?**

By signing below, I, the consumer, acknowledge that I have received and read the information in this Rhode Island Mandatory Relationship Disclosure Form. I understand and agree that the real estate licensee has disclosed that he or she will be working with me in the following capacity: (Check all that apply.)

#### Seller/Landlord

- ☐ Transaction Facilitator  
☐ Designated Client Representative

#### Buyer/Tenant

- ☐ Transaction Facilitator  
☐ Designated Client Representative

Consumer Signature

Printed Name

Date

Consumer Signature

Printed Name

Date

Consumer Signature

Printed Name

Date

By signing below, I, the real estate licensee, acknowledge that I have provided this disclosure form to the above consumer(s) as required by Rhode Island law.

Name of Brokerage Firm

Licensee Signature

Printed Name

License #

Date

Licensee: please initial here if the consumer declines to sign this notice and state the consumer's reason for refusal:

## Do you have a Client or Customer relationship with the consumer?

The consumer has a legal right to know the level of representation (Duties) of the real estate agent they choose to work with. A real estate agent will either have a **client** or **customer** relationship with the consumer, it is important that the consumer understand their options and the differences between the two.



### Designated Client Representative

*Client relationship*

- ✓ **C**are
- ✓ **O**bedience
- ✓ **L**oyalty
- ✓ **D**isclosure
- ✓ **A**ccounting
- ✓ **C**onfidentiality

Full COLD-AC



### Transaction Facilitator

*Customer Relationship*

- ✓ **C**are
- ✓ **O**bedience
- ✓ **D**isclosure (Limited)
- ✓ **A**ccounting

(No **L**oyalty or  
**C**onfidentiality)

**Vs.**





## RHODE ISLAND MANDATORY REAL ESTATE RELATIONSHIP DISCLOSURE

R.I.G.L. § 5-20.6 allows a real estate broker or salesperson to provide real estate services to you whether you are a buyer, seller, tenant, or landlord. **The minimum level of service required by law will depend on the type of relationship that you wish to have with a real estate licensee.** These relationships are defined on this form. **Although it is not legally required, you may also choose to sign a written contract** to further define your relationship. The principal broker of the real estate brokerage or a person designated by him or her must also agree to the type of relationship that you choose to have with the licensee.

### *Types of Real Estate Relationships*

#### TRANSACTION FACILITATOR

A Transaction Facilitator is a real estate licensee who provides assistance to a buyer, seller, tenant, or landlord, or both, in a real estate transaction but does not represent you.

A Transaction Facilitator owes the following duties to you as a customer: to perform agreed upon ministerial acts timely and competently; to perform these acts with honesty, good faith, and reasonable skill and care; and properly account for money or property placed in the care and responsibility of the principal broker. A licensee acting as a transaction facilitator does not owe confidentiality or any other fiduciary duties to a customer. A Transaction Facilitator does not represent you and cannot negotiate on your behalf.

#### DESIGNATED CLIENT REPRESENTATIVE

A Designated Client Representative is a real estate licensee who represents a buyer, seller, tenant, or landlord in a real estate transaction and advocates on your behalf.

A Designated Client Representative owes the following duties to you as a client: to perform the terms of the client representation contract, if any, with reasonable skill and care; to protect the client's confidential information during the relationship; to perform these acts with honesty, good faith, and reasonable skill and care; and to properly account for money or property placed in the care and responsibility of the principal broker. A licensee acting as a Designated Client Representative for another party in a transaction with you, then that other affiliated licensee has no duty to protect any confidential information about you learned after he or she begins to represent the other party. In order for a real estate licensee to represent you as a Designated Client Representative, the licensee must obtain your informed written consent and provide you with a written notice.

Customer  
Relationship

Client  
Relationship





## TRANSACTION FACILITATOR

A Transaction Facilitator is a real estate licensee who provides assistance to a buyer, seller, tenant, or landlord, or both, in a real estate transaction but **does not represent you.**

A Transaction Facilitator owes the following duties to you as a customer: to perform agreed upon ministerial acts timely and competently; to perform these acts with honesty, good faith, reasonable skill and care; and properly account for money or property placed in the care and responsibility of the principal broker. A licensee acting as a transaction facilitator **does not owe confidentiality or any other fiduciary duties** to a customer. **A Transaction Facilitator does not represent you and cannot negotiate on your behalf.**

**As a Transaction Facilitator you owe the following duties to the Customer:**



- ✓ Care
- ✓ Obedience
- ✓ Disclosure (Limited)
- ✓ Accounting

- **(No Loyalty or Confidentiality with this type of relationship)**

**Agent does not represent the customers best interest.**

## DESIGNATED CLIENT REPRESENTATIVE

A Designated Client Representative is a real estate licensee who represents a buyer, seller, tenant, or landlord in a real estate transaction and advocates on your behalf.

A Designated Client Representative owes the following duties to you as a client: to perform the terms of the client representation contract, if any, with reasonable skill and care; promote the client's best interest in good faith and honesty; protect the client's confidential information during the relationship and after its termination; perform agreed upon ministerial acts timely and competently; perform these acts with honesty, good faith, reasonable care and skill; and to properly account for money or property placed in the care and responsibility of the principal broker. Only the real estate licensee(s) who have been specifically appointed by the principal broker or the principal broker's designee may represent you as a client. The other real estate licensees who are affiliated with the brokerage owe no duty to you except for confidentiality. If another licensee who is affiliated with the same brokerage becomes a Designated Client Representative for another party in a transaction with you, then that other affiliated licensee has no duty to protect any confidential information about you learned after he or she begins to represent the other party. In order for a real estate licensee to represent you as a Designated Client Representative, the licensee must obtain your informed written consent and provide you with a

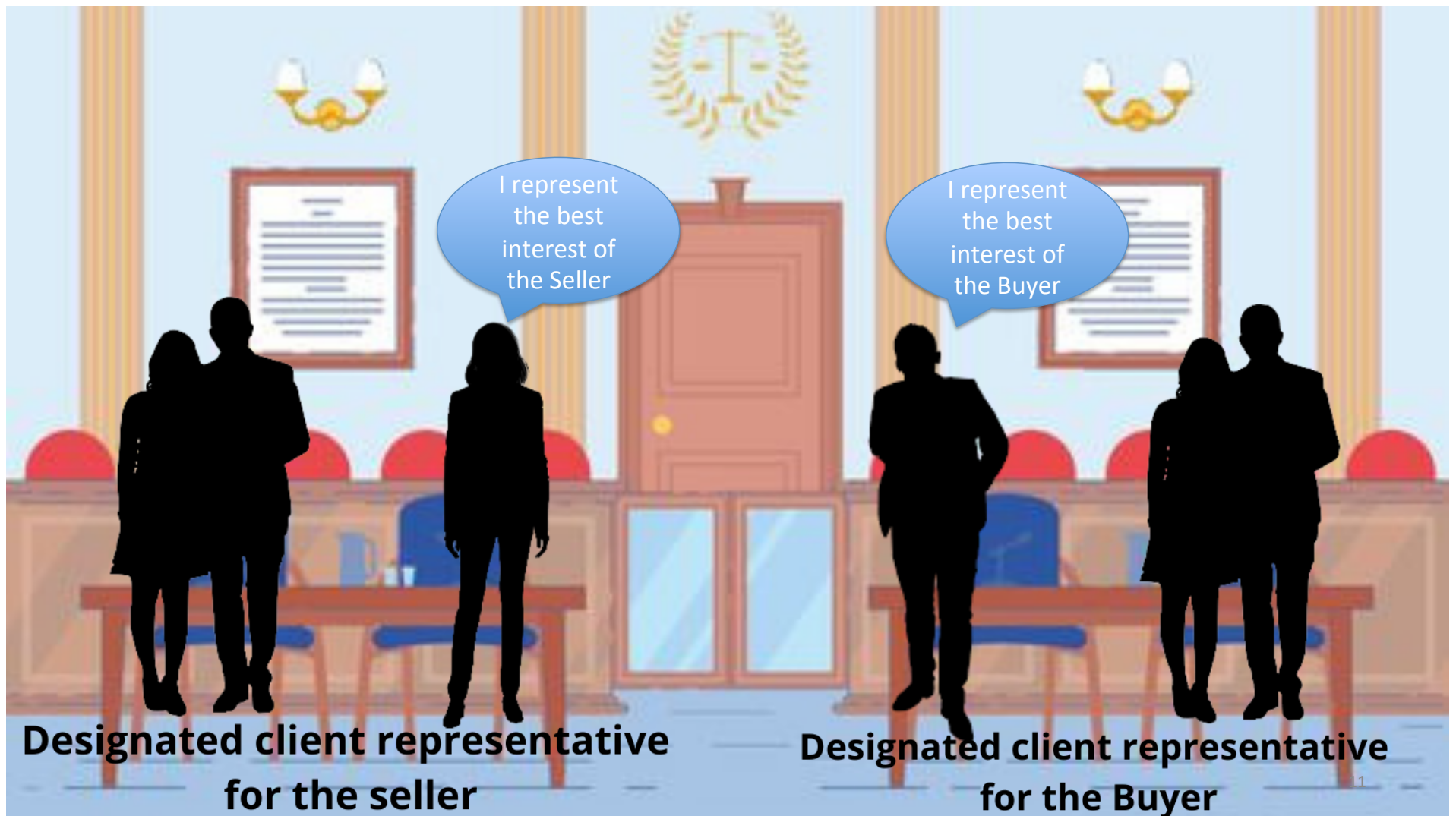
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- ✓ Care
- ✓ Obedience
- ✓ Loyalty
- ✓ Disclosure
- ✓ Accounting
- ✓ Confidentiality

## Full COLD-AC

Agent represents the clients best interest.





**When you represent the Seller as a client the Buyer is always treated as a customer.**

A customer is defined as a buyer who is:

- ✓ Assisted by an another agent.
- ✓ Unrepresented.

**When you represent the Buyer as a client the Seller is always treated as a customer.**

A customer is defined as a seller who is:

- ✓ Assisted by an another agent.
- ✓ Unrepresented. (For Sale By Owner)





## NEUTRAL DUAL FACILITATOR

A neutral Dual Facilitator is an individual real estate licensee who assists a buyer and seller or tenant and landlord in the same transaction and must be neutral as to any conflicting interests between the parties to the transaction.

A neutral Dual Facilitator relationship exists solely for a specific transaction between the parties. A Dual Facilitator must be neutral as to any conflicting interests between the parties to the transaction. A Dual Facilitator owes the following duties to all parties: protecting the confidential information of you and the other party except where disclosure is required or permitted by state law; and accounting for funds. This Mandatory Real Estate Relationship Form cannot be used to obtain your consent to a Dual Facilitator relationship. In order for a real estate licensee to assist you as a neutral Dual Facilitator, the licensee must obtain the informed, written consent from you, the other party and the principal broker on a separate Dual Facilitator consent form.



One agent who has two clients involved the same transaction

## Dual Facilitator Consent Form

One agent, two principles in the same transaction.

- ✓ Buyer & Seller must mutually agree to (temporarily become customers)
- ✓ Principle broker must consent



### DUAL FACILITATOR CONSENT FORM Rhode Island Association of REALTORS®



SELLER(S)/LANDLORD(S): \_\_\_\_\_

BUYER(S)/TENANT(S): \_\_\_\_\_

PROPERTY: \_\_\_\_\_

NAME OF INDIVIDUAL REAL ESTATE LICENSEE: \_\_\_\_\_

R.I.G.L. 5-20.6 allows an individual real estate licensee to act as a neutral dual facilitator and assist both the Buyer and Seller or Tenant and Landlord in the same transaction with the informed, written consent of both parties and the Principal Broker. State law requires consent to be given before the real estate licensee presents an offer to Seller or Landlord.

The dual facilitator can assist both parties in a transaction but shall be neutral as to any conflicting interests between the parties to the transaction. When an affiliated licensee acts as a dual facilitator, the principal broker or his or her designee shall act as a transaction coordinator in the transaction and shall protect the parties' confidential information except where disclosure is required or permitted by state law.

A dual facilitator owes the following duties to all parties:

- Accounting for funds.
- Protecting the confidential information of all parties except if disclosure is expressly authorized by the party who shared the confidential information; required by law; intended to prevent illegal conduct; or is necessary to prosecute a claim against a person represented or to defend a claim against the licensee. The duty to protect confidential information shall continue after the completion of the transaction.

A dual facilitator cannot act as an advocate for either party.

"If a comparative market analysis was prepared for a seller client or a buyer client and a dual facilitation situation subsequently arises, the dual facilitator may only provide the comparative market analysis to the other party with the prior consent of the party for whom it was initially prepared. A dual facilitator shall not be able to prepare a comparative market analysis for either party after a dual facilitation situation arises as it may adversely affect one party's bargaining position relative to the other party."

"In the event that either the seller client or buyer client in the case of a sale of property, or the landlord client and the tenant client in the case of a rental of property, does not consent to dual facilitation, then the principal broker or his or her designee, may, with the consent of the party(ies) withholding consent designate another licensee to represent one of the parties as a designated client representative."

NOTICE: THIS IS A LEGAL DOCUMENT THAT CREATES BINDING OBLIGATIONS.  
IF NOT UNDERSTOOD, CONSULT AN ATTORNEY.

BUYER'S/TENANT'S INITIALS \_\_\_\_\_ SELLER'S/LANDLORD'S INITIALS \_\_\_\_\_



## TRANSACTION COORDINATOR

A Transaction Coordinator is a principal broker or his or her designee who supervises a real estate transaction.

The principal broker or his or her designee assumes this role in a transaction in which one affiliated licensee represents a buyer or tenant as a designated client representative and another affiliated licensee represents a seller or landlord as a designated client representative in the same transaction or if one affiliated licensee is assisting both the buyer and seller or landlord and tenant in the same transaction as a dual facilitator. A transaction coordinator does not owe any fiduciary duties to any party in a transaction except the duties to protect the confidential information of the parties and to properly account for money placed in his or her care. A principal broker or his or her designee becomes a Transaction Coordinator automatically, so a customer or client is not required to sign an additional disclosure form.

The principal broker or their designee will oversee a transaction as a Transaction Coordinator when;

- 1) One agent from the brokerage represents the seller and another agent from the same brokerage represents the buyer or;
- 2) One agent from the brokerage is assisting both the buyer/seller as a dual facilitator.

### ***Real Estate Licensee's Responsibilities***

R.I.G.L. § 5-20.6-8 requires any real estate licensee who assists you to present this form to you prior to the disclosure of any confidential information. A real estate licensee must also disclose which party they represent, and obtain your written acknowledgement of that relationship. The law also requires real estate licensees to fulfill the duties of their relationship with you as defined by state law and/or in a written contract. Failure to comply with this law is a violation of Rhode Island license law and can result in disciplinary action to the licensee.

### ***Consumer Information and Responsibilities***

**If you wish to have a real estate licensee represent you, this relationship must be established no later than the preparation of an offer to purchase, purchase and sales agreement or lease.** Rhode Island law presumes that all real estate licensees are acting as Transaction Facilitators unless otherwise stated on this form. A real estate licensee can act as your designated client representative only if that real estate licensee obtains your informed written consent to that relationship on this form.

A principal broker may only appoint a real estate licensee to represent you as a Designated Client Representative with your informed, written consent acknowledged on this Mandatory Relationship Disclosure Form. This designation as your representative applies only to the real estate licensee(s) listed below. An inherent conflict of interest may exist if a buyer chooses a designated client representative affiliated with the same principal broker as the seller's designated client representative. Other licensees affiliated with the company do not represent you or owe you any duties, except for confidentiality in accordance with R.I.G.L. § 5-20.6-5(e), unless disclosed to you in writing. Also, these other licensees may represent or assist another party in your real estate transaction.

If the real estate licensee who provided this disclosure is a member of a team, 230-RICR-30-20-2.31(B) states "When a Team is working with a prospective buyer, seller, tenant or landlord, the relationship of each licensee on the team to the client(s) must be disclosed in accordance with R.I. Gen. Laws § 5-20.6-8." **[Sign and attach an Addendum for teams.]**

230-RICR-30-20-2.2 (A)(13) defines a team as "two (2) or more licensees who: (a) Work under the supervision of the same principal broker to perform activities that require a license; (b) Represent themselves to the public as being part of a team or group; and (c) Are designated by a team name that is both approved by the principal broker and different from the brokerage name of their principal broker."

### Consumer and Broker Acknowledgement

By signing below, I, the consumer, acknowledge that I have received and read the information in this Rhode Island Mandatory Relationship Disclosure Form. I understand and agree that the real estate licensee has disclosed that he or she will be working with me in the following capacity. (Check all that apply.)

#### Seller/Landlord

- ☐ Transaction Facilitator  
☒ Designated Client Representative

#### Buyer/Tenant

- ☐ Transaction Facilitator  
☐ Designated Client Representative

\_\_\_\_\_  
Consumer Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Consumer Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Consumer Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

By signing below, I, the real estate licensee, acknowledge that I have provided this disclosure form to the above consumer(s) as required by Rhode Island law.

\_\_\_\_\_  
Name of Brokerage Firm

\_\_\_\_\_  
Licensee Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
License #

\_\_\_\_\_  
Date

\_\_\_\_\_ **Licensee: please initial here if the consumer declines to sign this notice and state the consumer's reason for refusal:**


## **Section 2 & 3 Combined**

### **Real Estate Brokers and Salespersons**

### **Commercial Licensing Regulations**

#### **Real Estate Brokers and Salespersons definitions**

- ☐ Real Estate Broker (Broker of record)- Supervisor of the brokerage and all salespersons and associate brokers.
- ☐ Associate Broker- Holds a brokers license but is not in a supervisory capacity and must work under a brokers license. (May be elevated by broker to become a managing broker or if desired can open their own brokerage)
- ☐ Real estate salesperson- Holds a salespersons license and must work under a brokers license.
- ☐ Director of Real Estate Licensing- Rhode Island Department of Business Regulation Commercial Licensing Rules and Regulations.
- ☐ Real Estate Appraisal- An opinion of a property value prepared by a licensed appraiser
- ☐ Comparative Market Analysis ("CMA")- An opinion of value prepared by a salesperson or broker
- ☐ Broker Price Opinion ("BPO")- An Opinion of value prepared by a salesperson or broker
- ☐ Department means Department of Business Regulation (DBR)- State licensing authority
- ☐ Promptly means 10 days

#### **Persons Exempt from Licensing**

- Private property owner
- Any attorney at law licensed by the Supreme Court of the State
- Power of Attorney
- Receiver
- Trustee
- Administrator
- Guardian
- Deed of Trust or Will
- Municipal Revaluation/Ad Valorem Appraisal
- Public Officers



State of Rhode Island and Providence Plantations  
DEPARTMENT OF BUSINESS REGULATION  
1511 Pontiac Avenue, Bldg. 69-1  
Cranston, Rhode Island 02920

Division of Commercial Licensing  
Real Estate Section

**REQUIREMENTS FOR REAL ESTATE SALESPERSON APPLICANTS**

All candidates applying for a Real Estate Salesperson license **must first contact Pearson VUE** at (800) 274-8922 or by visiting their website at [www.pearsonvue.com](http://www.pearsonvue.com), to schedule an examination. The examination must be taken **before** submitting an application to the Department of Business Regulation (DBR), Division of Commercial Licensing, Real Estate Section. All licenses expire biennially (every two years) on even years.

Upon successfully passing the examination, candidates must submit the following:

- The Original Test Score Report from Pearson VUE, both pages
- A completed Real Estate Salesperson Application
- A Certificate of Completion for 45 hours of Pre-Licensing Sales education including three (3) hours of a New Agency Law course
- A Criminal History Record (CHR) from the Rhode Island Department of the Attorney General located at 4 Howard Avenue, Cranston, RI 02920. Hours of operation are 8:30 am to 4:30 pm. For further questions about this process, you may contact the DAG at (401) 274-4400.
- A Lead Poisoning/Lead Hazard Mitigation Certificate of Completion for three (3) hours (an approved Real Estate Pre-Licensing and Continuing Education Course List can be found on the DBR website at [www.dbr.ri.gov](http://www.dbr.ri.gov))
- A Certificate of Errors and Omissions Insurance

In addition to the above required documentation, Non-resident applicants ONLY, must also provide:

- A Letter of Good Standing from the home-state's licensing authority
- A CHR or CORI from the home state law enforcement agency
- An irrevocable Power of Attorney Form for service of process (included in application package)

**FEES: Remit TWO separate Checks or Money Orders**

- 1<sup>st</sup> Check - Applying on or after May 1<sup>st</sup> of an odd numbered year, submit \$75, payable to the "RI General Treasurer", **OR**; Applying on or after May 1<sup>st</sup> of an even numbered year, submit \$140, payable to the "RI General Treasurer"
- AND;**
- 2<sup>nd</sup> Check - \$25, payable to the "Real Estate Recovery Account."

**Contents and requirements of Real Estate Salesperson Application**

- ✓ 18 years of age
- ✓ 45 hour licensing course certificate
- ✓ Exam certificate
- ✓ Lead paint certificate
- ✓ Background check
- ✓ Proof of Errors and Omissions insurance
- ✓ An Employing Broker
- ✓ 3 RI resident endorsements

[www.InstitutRI.com](http://www.InstitutRI.com) "Student Resource" section for a downloadable copy of the Application.

## **Examination of Applicants**



- ☐ 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. (License Reciprocity agreement with Massachusetts, Connecticut and Florida)
- ☐ Broker's license applicants must have two years (2) as a full time real estate salesperson and completed at least ninety (90) hours of approved classroom study.
- ☐ 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 to re-submit to and pass a written examination.
- ☐ A licensed real estate salesperson must be affiliated with a licensed principal broker in order to engage in any real estate activity requiring licensure.
- ☐ There shall be a one (1) year time limit for reexamination with regard to failure of any section of the Broker or Salesperson examination.
- ☐ An attorney at law licensed by the Supreme Court of the State desires to have a real estate broker's license or real estate salesperson license shall be granted a license without examination.

### **Real Estate Recovery Fund**

- ☐ On the grounds of a licensee committing fraud, misrepresentation or deceit and the Errors and Omissions Insurance Carrier denies coverage an aggrieved person may recover by order up to \$50,000 in damages for the Recovery Account.
- ☐ License automatically revoked and is not eligible for a new license until he or she has repaid in full, plus twelve percent (12%) a year, the amount paid from the real estate recovery account on his or her account.
- ☐ Broker or salesperson shall pay, in addition to his or her original licensee fee, a fee determined by the Department for deposit in the Real Estate Recovery Account. (Currently \$25.00 one time fee to fund the recovery account)

### **Duration of license and other rules**

- ☐ Licenses are renewed every 2 years.
- ☐ No license shall remain in force for a period in excess of three (3) years.
- ☐ If you fail to renew your license you will have no more than one year to reactivate it.
- ☐ Complete a 3 hour lead poisoning prevention class to earn a Rhode Island real estate license
- ☐ Must complete 24 hours of continuing education every 2 years in order to renew a license.



**Corporation's, partnership's or associations engaging in Real Estate**

- ☐ Must name one principal broker

**Temporary License Issued to Representative of Deceased Broker**

- ☐ For a 1 year period.

**Non-Resident Brokers**

- ☐ A nonresident of this state may become a real estate broker, is not required to maintain a place of business within the state.
- ☐ A 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.
- ☐ A nonresident of this state may become a real estate salesperson if they are employed by a real estate broker licensed to do business in this state.

### **Fees and License Renewals**

- ☐ Each examination, a fee, the cost of which is determined by the appropriate testing service's contract with the Department of Business Regulation.
- ☐ For each original salesperson's license issued, a fee of \$140
- ☐ 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;
- ☐ For each salesperson's license reinstated after its expiration date, a late fee of one hundred dollars \$100.00 in addition to the required renewal fee.

### **R.I. Real Estate Commission – Creation-Composition**

- ☐ Consists of nine **(9) persons** with at least one (1) from each county to be appointed by the Governor who must have been a citizen of this state for at least ten (10) years, three (3) current licensed brokers each of whom have at least five (5) years experience, four (4) of whom are members of the general public, with at least one of whom has substantial academic experience in real estate and at least one (1) who has been active in citizen groups concerned with real estate practices and activities. Plus as ex-officio the attorney general and or his/her designee and the Director of the Department of Business regulation and or his/her designee.
- ☐ The Commission shall adopt reasonable rules and regulations to carry out its purposes to insure that education and practice requirements of license holders meet the public interest.
- ☐ The Commission shall have a policy-making role in the preparation and composition of the examinations for licensure.

**§ 5-20.5-14. Revocation, suspension of license – Probationary period – Penalties.**

- (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;
- (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.

- 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 put forth 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.

(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.

**Commercial Licensing Regulations Principal Broker and Brokerages shall assume responsibility for**

- ☐ Each resident licensed real estate broker must maintain a fixed office within the state.
- ☐ Maintain an Escrow Account
- ☐ The adequate supervision of each affiliated licensee and compliance of his or her affiliated licensees with the Rhode Island general laws pertaining to real estate licensure.
- ☐ Compliance of non-licensed employees
- ☐ The filing of any change of business address or trade name of the brokerage;
- ☐ The notification in writing of any change of his or her status as principal broker
- ☐ Proper display of all licenses affiliated with the brokerage
- ☐ Verification that each licensee affiliated with brokerage has a license in good standing
- ☐ Proper retention and maintenance of records relating to transaction and escrow account records for 3 years

**Disaffiliation of Licensee** Employing broker is required to notify the Department of Business Regulations that the licensee is no longer affiliated with the brokerage.

**Dissolution of Brokerage** Notice to Department of Business Regulations within 10 days of the closing of a brokerage.

**Property Management Companies**

- ☐ Property management companies are required to be a licensed real estate broker.
- ☐ This section does not apply to a bona fide owner, lessor, or lessee of the real property being managed.

**Reporting Convictions and Disciplinary Actions**

- ☐ Must within 60 days file a report with Department of Business Regulation of such actions.

### **Additional Grounds for Disciplinary Action**

- ☐ No person shall engage in the business of licensed real estate activity while his or license is expired, revoked, suspended, or otherwise not valid.
- ☐ A licensee who fraudulently certifies to the Department completion of the 24 hour continuing education requirement may be subject to the suspension of his or her license.

### **Cases brought before Department of Business Regulations**

- ☐ Anyone can file a complaint with DBR (Consumers and licensees)
- ☐ DBR right to investigate and take action

### **License Restoration**

- ☐ The conditions and restrictions that can be placed on the restoration of license after suspension or revocation.

### **Client Funds (Escrow Account)**

- ☐ The Principal Broker shall be responsible for maintaining an Escrow account.
- ☐ Detailed escrow records must be maintained to properly identify the parties and property of the transaction.
- ☐ Broker must maintain escrow records for 3 years on office premises.
- ☐ Dual Activities. In the case where broker holds more than one title (e.g., Builder, insurance agent) all funds received must be placed in the brokers real estate escrow account unless agreed otherwise.
- ☐ Escrow accounts shall be so designated/named as "Escrow".
- ☐ Funds designated for escrow shall be deposited into the escrow account only.
- ☐ The maintenance of nominal amounts of the licensee's funds in escrow accounts solely to provide continuity in such accounts or to meet bank service charges shall not be construed as commingling.
- ☐ Disputed deposits may be turned over to the General Treasurer State Of Rhode Island within 180 days of receipt of the original deposit unless the parties agree in writing to extend such time.
- ☐ Unlawful appropriation. Licensees shall not use any monies deposited in escrow for personal use (conversion) or deposit escrow monies into a personal account not designated as an escrow account (commingling).
- ☐ Release of funds. An escrow agent can pay sums of money held in escrow within 10 days of written release signed by all parties.
- ☐ The Department of Business regulation has the authority to inspect escrow records.

### **Client Funds (Continued)**

Sales person prohibited from holding client funds, deposits to be turned over promptly to the broker who agrees to hold such funds in a designated escrow account.

#### **A licensee may permit a buyer to draft a deposit check payable to seller only if**

- 1). The listing agreement so provides; and the seller's designated client representative informs the buyer in writing that the seller does not have any obligation to place the deposit monies in an escrow account.
- 2). Any contractual agreement that provides for the deposit funds to be placed in an account other than the principal broker's escrow account must comport the following:
  1. Agreement must be in writing;
  2. The agreement must include language that informs the buyer that they forfeits the protections for monies placed in an escrow account.
  3. All parties to the real estate transaction must sign the agreement

Security Deposits: For rentals/leases the broker can release security deposits to property owner without need for agreement.

## **Release of Deposits**

### **Provision of Deposit release 1**

● (A) *Forfeiture of Deposit.* A principal broker may release a deposit to a seller, buyer or landlord and or renter, only after the following steps have been taken:

- (1) The principal broker makes a good faith determination that one of the parties forfeited his or her rights to the deposit's return;
- (2) (2) The principal broker provides written notice by certified mail, return receipt requested, of his or her intent to release the deposit sixty (60) days from the date of receipt of the written notice; and
- (3) The individual fails to notify the principal broker in writing within the sixty (60) day period that he or she disputes the ownership of the deposit.

### **Provision of Deposit release 2**

● Disputed Deposits 180 day provision.

- (1) The principal broker shall deposit the monies with the general treasurer no later than 180 days of the date of the original deposit.
- (2) As soon as the principal broker determines that an unresolved dispute over ownership of the deposit funds exists will 30 days prior to the transfer of the funds shall by written letter inform the parties to the transaction the statutory requirements regarding disputed deposits.

### **Commissions payable to licensee by principle broker**

- ☐ All commissions due to a licensee from the principal broker shall be paid no later than ten (10) calendar days from the receipt of such commission by the principal broker.
- ☐ Principal broker must put forth a written policy for the payment of commissions to affiliated licensees upon their termination.
- ☐ An affiliated licensee of a principal broker may create a wholly owned corporation or limited liability company for the purpose of receiving commission payments from principal broker.

### **Disclosure of personal interest**

- In any real estate transaction, a licensee must disclose that he or she is licensed as a real estate broker or salesperson, even if no commission is at issue, when he or she is a party to the transaction as the following:
  1. A buyer (regardless of percentage of ownership)
  2. A Seller (regardless of percentage of ownership)
  3. An owner of a business entity that is a buyer or seller; or
  4. A representative of a family member, which includes anyone that is related to the licensee, whether by blood, marriage or adoption.
  5. A representative of an adult that resides in the licensees household



### **Disclosure of personal interest (Continued)**

- A licensee shall, at first point of personal contact, disclose in writing whether:
  1. He or she has an ownership interest in the property being sold (regardless of the percentage or type of ownership);
  2. He or she is or will be purchasing any portion of the property being sold (regardless of the percentage or type of potential ownership)
  3. He or she has a business interest (ownership or otherwise) in a business entity that is a buyer or seller.
  4. Is acting on behalf of a family member.
  5. Is acting on behalf of an adult that resides in the licensee's household.

And if a licensee fails to disclose they are subject to a \$2,000.00 penalty

### **Advance Fees**

- Any principal broker who charges or collects an advance fee for services must furnish his/her buyer or seller a list of services to be rendered. (Excluding the preparation of a CMA)

### **Prohibition Against Lending Name**

- No licensee will allow their license to be used by a third party

## **Advertising**

- A licensee shall not advertise in any way that is false or misleading.
- All advertising shall include the name of the brokerage.
- When the name of a licensee is contained in any advertising, except on business cards, it shall be in print smaller and less conspicuous than that of the brokerage.
- The business card of any licensed salesperson shall clearly indicate that his or her license is a Salesperson or Associate Broker.
- An advertisement that sets forth amounts of down payment, monthly payment, carrying charges, taxes or mortgage money obtainable shall contain appropriate qualifying words such as “approximate” or “estimated”. The qualifying words shall be clearly associated with the amounts set forth. If such amounts are mentioned without qualification, the licensee shall maintain written proof of the validity of such statements in his or her files.
- With the exception of magazine or newspaper advertisements published under municipality headings shall designate the municipality containing the property.
- Any licensee advertising the trade name of an affiliated franchisor shall include in a conspicuous manner the operating name of the brokerage that owns the franchise. Must also include in a conspicuous manner the statement, “Each office independently owned and operated.”
- A licensee may not advertise or distribute promotional material offering rebates or discounts

### Listing Agreements

- No listing agreement or contract for the sale of real property, or any interest therein, shall contain a pre-printed fee, commission rate or commission amount.
- Upon request, the principal broker shall advise the seller of the rate or amount of any commission split or distribution.
- No licensee shall enter into a “net listing” contract for the sale of real property or any interest therein.
- A listing agreement that provides for the principal broker’s retention of any portion of the deposit monies upon default by the buyer shall specifically state such as to inform the seller of this contingency.

### Use of term Appraisal(s) Prohibited Unless Licensed

- Licensed real estate brokers and real estate salespersons not certified or licensed as an appraiser are prohibited from describing or referring to any evaluation of real estate as an appraisal.
- A real estate salesperson or real estate broker may provide a client with a Broker Price Opinion (BPO) or a Comparative Market Analysis (CMA) if he or she discloses that the BPO or CMA is not an appraisal and must include the **following disclaimer**:

***“This opinion or analysis is not a certified appraisal or an appraisal that conforms to the Uniform Standards of the Professional Appraisal Practice (USPAP). It is intended only for the benefit of the addressee for the purpose of assisting buyers or sellers or prospective buyers or sellers in deciding the listing offering, or sale price of the real property and not for any other purpose, including but not limited to lending purposes.”***

## Team Regulations

### Q. What is a Team or Group?

**A. One or more agents within a brokerage that hold themselves out to the public as working together.**

- ☐ Teams and Groups are *not* recognized under Rhode Island law. Brokers must adhere to all laws regarding supervision of all licensees within the brokerage, the handling of money and paying of commissions as if each member of a team or group was working separately from anyone else within the brokerage.
- ☐ Broker of record must maintain a supervisory role of any teams or groups and is fully responsible for their actions and conduct.
- ☐ Teams or Groups can not hold clients funds.
- ☐ Teams and Groups cannot form a Corporation or limited liability company for the purpose of collecting a commission and paying team or group members from said Corp or LLC. The broker must pay each individual separately for any commissions earned. (any individual may collect a commission from a solely owned corporation).
- ☐ Agency relationships must be disclosed in writing with the consumer for every Team or Group member involved in working with the consumer. The Agency relationship can be changed.
- ☐ In advertising, the name of a Team or Group shall not be larger than the name of the brokerage they are affiliated with or mislead the consumer in to thinking the Team or Group is a brokerage.
- ☐ Any Team or Group Logos or Insignia must contain the words "Team or Group" as shall not include such words as "realty" "real estate" in advertisement so as to not give the impression it is a brokerage.

*Words to avoid in advertising a Team or Group: Advisors, Agency, Associates, Brokers, Company, Consultants, Corporation, Corp, INC, LLC, LP, LLP, Partners, Partnerships, Properties, Property, Real Estate, Realty.*

- ☐ Penalties for violation. \$2,000.00 per violation and or suspension or revocation of license and or 1 year probation.
- ☐ Team or Group leaders are not required to have a brokers license

**E&O**  
REAL ESTATE  
PROFESSIONAL  
LIABILITY INSURANCE



**Errors and Omissions Insurance**

- In the case of an individual licensee, the insurance amount shall be in an amount for each claim of at least \$50,000 and in an aggregate amount of at least \$150,000.
- The insurance shall cover negligence, wrongful acts, and errors and omissions committed by the licensee.
- The insurance required by Rhode Island General Law may provide that it does not apply to any dishonest, fraudulent, criminal or malicious act or omission of the insured licensee.
- Cancellation or any other interruption in required insurance coverage shall require the licensee to cease any real estate activities requiring licensure immediately and notify the department.

**Continuing Education for license renewal**

- ☐ Each licensee must have attend and successfully complete during the preceding two (2) year period, twenty-four (24) clock hours of real estate oriented education sessions or courses of instruction.
- ☐ At least six (6) of the twenty-four (24) clock hours must come from classes designated as CORE classes.
- ☐ 3 hour Fair housing class must be taken every two years to renew a real estate license

## Section 4

### Rhode Island Sales Disclosure



#### Key points:

- Real Estate Disclosure requirements, required on transfer of residential real property 1-4 units & Land.
- Seller is required to disclose any know defects and deficiencies in the property.
- Sales disclosure to be acknowledged prior to signing of a contract to purchase.
- Exemptions: By operation of law, estate sales, foreclosure, between family members.
- The real estate disclosure will have acknowledgment-Inclusion in real estate sale agreements.

**Buyer's rights to inspections, 10 Day right to perform inspections.**

- ☐ Mechanical & Structural
- ☐ Lead
- ☐ Pest
- ☐ Cesspool/Septic
- ☐ Radon
- ☐ Wetlands/Flood
- ☐ Environmental (See unit 22 in the national portion of your studies for a complete list of all potential environmental hazards)



**Expert reporting (anyone who performs inspections must)**

- ☐ Must be qualified inspectors/experts
- ☐ Inspectors/experts can not solicit work or perform work for inspections performed

**Disclosure of psychologically impacted property.**

- ☐ Crimes
- ☐ Suicide
- ☐ Diseases

\*A real estate agent is not required to disclose if a property has been psychologically impacted but is required to answer truthfully if asked and the agent has knowledge.

## Section 5

### Residential Landlord Tenant Act

\*Landlord & tenant handbook supplemental provided on website



## Residential Landlord (Lessor) and Tenant (Lessee) Act

**Exclusions** from application of chapter.

1. Residence at the institution, public or private, medical, geriatric, educational, counseling, religious, or similar service;
2. Occupancy by a member of a fraternal or social organization in the portion of a structure operated for the benefit of the organization;
4. Transient occupancy in a hotel, motel, or other lodging which is subject to the state sales and use tax, or lodgings tax as allowed by state enabling legislation;
5. Residence at a transitional housing facility.



## Terms and conditions of rental agreement

1. A landlord and a tenant may include in a rental agreement terms and conditions not prohibited by this chapter or other rule of law. **Rental agreements can contain any lawful provision agreed by and between the landlord/tenant**
2. Rent is payable without demand
3. Unless the rental agreement fixes a definite term (Estate for years) the tenancy is week-to-week in the case of a roomer who pays weekly rent, in all other cases month to month (Estate for period to period).
4. A tenant who is sixty-five (65) years of age or older or who will turn sixty-five (65) during the term of a rental agreement may terminate a rental agreement in order to enter a residential care and assisted living facility. The notice shall be accompanied by documentation of admission.
5. A lease of premises occupied, or intended to be occupied, by a service member or a service member's dependents may be unilaterally terminated.
6. A landlord can **only** collect a first months rent and security deposit equal to the first months rent.

### **Rent increases – Notice requirements**

1. Prior to an increase in rent, notice of the increase shall be given in writing to any tenant by a landlord at least **(30) days** prior to the effective date of the increase.
2. A landlord must give sixty **(60) days** notice to month to month tenants over the **age of sixty-two (62)**, before raising the rent.

### **Disclosures**

A landlord or any person authorized to enter into a rental agreement shall disclose to the tenant in writing the name, address and number of:

1. The person authorized to manage the premises
2. An owner of the premises or a person authorized for the purpose of service of process and receiving and receipting for notices and demands.
3. A landlord who becomes delinquent on a mortgage for a period of one hundred twenty (120) days shall **notify the tenant that the property may be subject to foreclosure**; and until the foreclosure occurs the tenant must continue to pay rent to the landlord as provided under the rental agreement.

### **Landlord to maintain premises, A landlord shall**

1. Comply with the requirements of building and housing codes affecting health and safety
2. Make all repairs and keep the premises in a fit and habitable condition
3. Keep all common areas of the premises in a clean and safe condition
4. Maintain in good and safe working order and condition all electrical, plumbing, sanitary, heating, ventilating, air conditioning, and other facilities and appliances, including elevators, supplied or required by him or her
5. Provide and maintain appropriate receptacles and conveniences for the removal of ashes, garbage, rubbish, and other waste

### **Landlord's duty to notify tenant of violation**

1. A landlord, when cited for a **housing code violation**, shall, with thirty (30) days of receipt of the notice, deliver a copy of the notice of violation to each tenant unless within said thirty (30) day period the landlord has corrected all violations.
2. A landlord, prior to entering into any residential rental agreement, shall inform a prospective tenant of any **outstanding minimum housing code violations** which exist on the building that is the subject of the rental agreement.

### **Landlord's duty regarding compliance with zoning and minimum housing laws**

Whenever any landlord, either by his or her own labor or through the use of others acting on his/her behalf, undertakes physical alterations to an existing building, which alterations create a residential apartment or apartments and the landlord knew or should have known that the alterations would result in the construction of an apartment or apartments which violate the applicable state and/or local zoning laws and/or state or local minimum housing codes, the landlord shall be responsible to pay the moving costs of any tenants, required to move from any of the apartments because of the nonconformity of the apartments with the law; provided, however, that the landlord will be required to pay such moving costs only to a place within the same city or town where the property in violation is located. **Rental units must be of legal use and in compliance with all local laws.**

### **Nonresident landlord to designate agent for service of process**

A landlord who is not a resident of this state shall designate and continuously maintain an agent upon whom service may be made of any process, notice, or demand required or permitted by law to be served.

**This must be filed with the Secretary of State**

### **Tenant to maintain dwelling**

A tenant shall:

1. Comply with all obligations primarily imposed upon tenants by applicable provisions of building and housing codes materially affecting health and safety.
2. Keep that part of the premises that he or she occupies and uses as clean and safe as the condition of the premises permit;
3. Dispose from his or her dwelling unit all, garbage, rubbish, and other waste in a clean and safe manner.
4. Not deliberately or negligently destroy, deface, damage, impair, or remove any part of the premises or knowingly permit any person to do so.
5. Conduct themselves and require other persons on the premises to conduct themselves, in a manner that will not disturb his or her neighbors' peaceful enjoyment of the premises.

### **Adoption of Rules & Regulations**

- Landlord can from time to time adopt rules and regulations for use and occupancy of the premises.

### **Noncompliance by the landlord in general**

1. Except as provided by this chapter, if there is a noncompliance by the landlord with the rental agreement or a **noncompliance materially affecting health and safety**, the tenant may deliver a written notice to the landlord specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than thirty (30) days after receipt of the notice if the breach is not remedied in twenty (20) days, and the rental agreement shall terminate as provided in the notice subject to the following:

(a) if the breach is remediable by repairs, the payment of damages or otherwise and the landlord adequately remedies the breach before the date specified in the notice, the rental agreement shall not terminate by reason of the breach

(b) If substantially the same act or omission which constituted a prior noncompliance of which notice was given recurs within six (6) months, the tenant may terminate the rental agreement upon at least fourteen (14) days' written notice specifying the breach and the date of termination of the rental agreement.

(c) The tenant may not terminate for a condition caused by the deliberate or negligent act or omission of the tenant, a member of his or her family, or other person the premises with his or her consent.

**“Tenant can terminate a tenancy agreement after proper notice(s) is given to the owner”**

### **Landlords failure to deliver possession to tenant**

If the landlord fails to deliver possession of the dwelling unit to the tenant as provided, rent abates until possession is delivered and the tenant may:

- (a) **Withhold rent** until full possession is provided
- (b) **Terminate the rental agreement** upon at least five (5) days' written notice to the landlord, and upon termination, the landlord shall return all prepaid rent and security.
- (c) **Sue for possession** Demand performance of the rental agreement by the landlord and, if the tenant elects, bring action for possession of the dwelling unit against the landlord.

### **Self-help for limited repairs**

If the landlord fails to comply and the reasonable cost of compliance is less than one hundred twenty five dollars (\$125.00), the tenant may cause repairs to be done in a skilled manner, in compliance with applicable state and local codes and deduct from his or her rent the actual and reasonable cost or the fair and reasonable value of the repair. **If;**

(A) **The landlord fails to comply within twenty (20) days**, or fails to demonstrate ongoing, good faith efforts to comply, after being notified by the tenant in writing; or, in the case of an emergency, the landlord either cannot be reached by the tenant, or the landlord fails to comply as promptly as conditions require.

(B) A tenant **may not repair** at the landlord's expense if the condition was caused by the deliberate or negligent act or omission of the tenant, a member of his or her family, or other person on the premises with his or her consent.

### **Wrongful failure to supply heat, water, hot water, or essential services**

● If the landlord willfully or negligently fails to supply heat, hot water, electric, gas, and other essential service the tenant may give reasonable notice to the landlord specifying the breach and may take reasonable and appropriate measures to secure reasonable amounts of heat, hot water, electric, gas and other essential service during the period of the landlord's noncompliance and deduct their actual and reasonable costs from the periodic rent. "Tenant can secure these services and deduct the cost from the rent"

### **Tenant's remedies for landlord's unlawful ouster, exclusion, or diminution of service**

● If a landlord unlawfully removes or excludes the tenant from the premises or willfully diminished services to the tenant by interrupting or causing the interruption of heat, running water, or water, electric, gas or other essential service, the tenant may recover possession or terminate the rental agreement and, in either case, recover an amount not more than three (3) months periodic rent or threefold the actual damages sustained by him or her, whichever is greater, and reasonable attorney's fees. If the rental agreement is terminated the landlord shall return all security recoverable and all prepaid rent. "If the landlord deliberately causes loss of services the tenant can seek damages"



## **Eviction of tenant for noncompliance with rental agreement**

**If there is a material noncompliance by the tenant with the rental agreement** or a noncompliance materially affecting health and safety, the landlord shall deliver a written demand notice to the tenant specifying:

1. The acts and/or omissions constituting the breach of the rental agreement;
2. The acts, repairs, or payment of damages, which are necessary to remedy the breach; and
3. That unless the breach is remedied within twenty (20) days of mailing of the notice the rental agreement shall terminate upon a specified day

## **Termination of periodic tenancy**

- The landlord or the tenant may terminate a **week-to-week tenancy** by written notice delivered to the other at least **ten (10) days** before the termination date specified in the notice.
- The landlord or tenant may terminate a **month-to-month** tenancy or any periodic tenancy for more than a month or less than a year by a written notice delivered to the other at least **thirty (30) days** before the date specified in the notice.
- The landlord or tenant may terminate a **year-to-year tenancy** by written notice delivered to the other at least **three (3) months** prior to the expiration of the occupation year.

## **Evictions**

Must file with the courts, tenant has 20 days to answer the complaint.

### **Just cause needed for eviction of foreclosed residential property tenants.**

(a) Notwithstanding any provision of the general or public laws to the contrary, **a foreclosing owner shall not evict a tenant except for just cause, or unless a binding purchase-and-sale agreement has been executed for a bona fide third party to purchase the housing accommodation from a foreclosing owner;**

(b) Within thirty (30) days of the foreclosure, shall post in a prominent location in the building and mail by first class to each tenant stating:

1. The names, addresses, telephone numbers, and telephone contact information of the foreclosing owner, the building manager, or other representative of the foreclosing owner responsible for the management of such building;
2. The address to which rent charges shall be sent;
3. That in order to remain on the premises as a tenant of the foreclosing owner, the household shall submit, within thirty (30) days, and shall contain an authorization to conduct a credit check of the person or persons submitting the form. **"Tenant to provide the typical information found in an application to rent"**

### **Remedies for tenants abandonment.**

The landlord shall send a certified letter giving notice that unless a reply is received from the tenant within seven (7) days, the landlord shall re-rent the premises.

### **Landlords right to evict**

A landlord may bring an action for possession if:

- (1) The violation of the applicable building or housing code was caused primarily by lack of reasonable care by the tenant, a member of his or her family, or other person on the premises with his or her consent. **Non compliance with tenancy agreement**
- (2) The tenant is in default in rent

### **Payment of moving costs**

Whenever the personal property of any tenant is removed from the premises by mandate of an execution from the court, the tenant shall pay the entire amount of the cost of moving the personal property and any storage before the personal property can be released to the tenant.

### **Waiver of landlord's right to terminate**

Acceptance of rent with knowledge of a default by the tenant or acceptance of performance by him or her that varies from the terms of the rental agreement constitutes a waiver of the landlord's right to terminate the rental agreement for that breach, unless the landlord gives written notice within ten (10) days. However, acceptance of partial payment of rent shall not constitute a waiver of the balance due. Acceptance does not waive the landlord's right to seek remedies for the default.

### **Self-help recovery of possession prohibited**

A landlord may not recover or take possession of the dwelling unit by action or otherwise, including willful diminution of services to the tenant by interrupting or causing the interruption of heat, running water, hot water, electric, gas, or other essential service to the tenant, except in the case of abandonment, surrender, or as permitted.

### **Landlord and tenant remedies for abuse of access**

- If the tenant refuses to allow lawful access, the landlord may obtain injunctive relief to compel access, or terminate the rental agreement.
- If the landlord makes an unlawful entry or a lawful entry in an unreasonable manner or makes repeated demands for entry otherwise lawful but which have the effect of unreasonably harassing the tenant, the tenant may obtain injunctive relief to prevent the recurrence of the conduct or terminate the rental agreement.

### **Retaliatory conduct prohibited**

A landlord may not retaliate by increasing rent or decreasing services or by bringing or threatening to bring an action for possession because:

1. The tenant has complained to a governmental agency charged with responsibility for enforcement of a building or housing code violation applicable to the premises materially affecting health or safety.
2. The tenant has complained to the landlord of a violation.
3. The tenant has organized or become a member of a tenants' union or similar organization
4. The tenant has availed himself or herself of any other lawful rights and remedies.

## **II. Federal Fair Housing Act or Title VIII of the Civil Rights Act of 1968**

---

- A. Prohibits discrimination based on:
  - 1. Race
  - 2. Color
  - 3. Religion
  - 4. Sex
  - 5. National origin
  - 6. Disability
  - 7. Familial status
- B. Covers all housing transactions and services including advertising, rentals, sales, lending, and insurance, as well as harassment.
- C. Prohibits using discriminatory advertising or any other notice that indicates a limitation or preference or intent to make any limitation, preference, or discrimination.

*\* These are the Federal protected classes as explained in the national portion of the pre licensing course.*

## Rhode Island Fair Housing Laws

Additionally to the Federal Fair Housing Laws, it is illegal under Rhode Island law to refuse or prevent someone from obtaining housing based on their membership in the following protected classes:

It is illegal to discriminate against anyone based on the following under Rhode Island law;

1. Gender Identity or Expression: *One's innermost concept of Self as male, female, a blend of both, or neither*
2. Sexual Orientation
3. Marital Status: *Single, married, divorced, widowed*
4. Military Status: *Veteran or current member of the armed forces*
5. Status as Victim of Domestic Abuse
6. Age: 18 or older
7. Source of income (Recipient of government assistance)

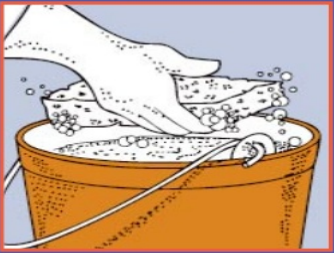

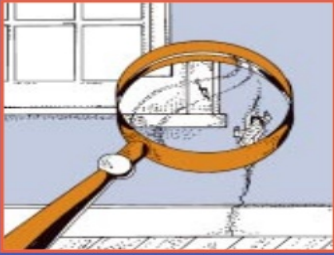


\* All licensees must complete an approved 3 hour Fair Housing class to renew their license

## Federal & State Lead Paint Laws


Congress passed the **Residential Lead-Based Paint Hazard Reduction Act of 1992**, also known as Title X, to protect families from exposure to lead from paint, dust, and soil.

This law requires the **disclosure** of known information on lead-based paint and lead-based paint hazards before the sale or lease of most **housing built before 1978**.



# Protect Your Family From Lead in Your Home

**EPA**  
United States Environmental Protection Agency

  
United States Consumer Product Safety Commission

U.S. EPA Washington DC 20460  
U.S. CPSC Washington DC 20207

EPA747-K-94-001  
May 1995

## Section 7

### Lead Hazard Law



#### SELLER'S LEAD DISCLOSURE

Rhode Island Association of REALTORS®



**Disclosure of Information about Lead-Based Paint and Lead-Based Hazards required by Federal and Rhode Island law.**

**Property Address:** \_\_\_\_\_

**Unit # (if applicable)** \_\_\_\_\_, **Town/City** \_\_\_\_\_, **State of Rhode Island**, **Zip code** \_\_\_\_\_

#### **Federal Lead Warning Statement**

**Federal Law:** 42 U.S.C. 4852(d) "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the Buyer with any information on lead-based paint hazards from risk assessments or inspections in the Seller's possession and notify the Buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

#### **Rhode Island State Disclosure Requirements**

**Rhode Island State Law:** 216-RICR-50-15-3 Section 3.8 of the Rules and Regulations of the R.I. Department of Health and Lead Hazard Mitigation Standards requires the Seller of any interest in residential property on which a residential dwelling was built prior to 1978 to disclose to the Buyer any known information on lead-based paint or lead-based hazards in paint, interior dust, soil, or water, or potential lead-based paint or lead-based hazards and their location(s), or potential location(s). Such information includes (1) any records or reports which are in Seller's possession or reasonably obtainable regarding such hazards or potential exposure to such hazards in the property; (2) a copy of any current lead certificate(s) for the dwelling or dwelling unit and common areas; and (3) a chronological listing of all available lead inspection reports and certificates for the property being sold.

The Seller shall provide Buyer with an Environmental Protection Agency educational pamphlet entitled "Protect Your Family from Lead in Your Home" containing the insert "What You Should Know About the R.I. Lead Law."



## Lead Hazard Mitigation Law

### Step 1 Inspections



- ☐ Dust
- ☐ Soil
- ☐ Water

*Rhode Island's rental housing stock is older and lead hazards are widespread. Children in Rhode Island, especially in older urban communities, have been victims of lead poisoning at disproportionately high rates.*

### ***Legislative purposes***

To increase the supply of rental housing in Rhode Island in which lead hazards are, at a minimum, mitigated.

To improve public awareness of lead issues and to educate both property owners and tenants about practices that can reduce the incidence of lead poisoning.

### Step 2 Hazard Corrections



- ☐ Mitigation/Abatement

### Step 3 Compliance



- ☐ Certificate of Conformance

## **Definitions**

- At-risk occupant means a person under six (6) years of age, or a pregnant woman.
- Designated person means either: (i) A property owner, or the agent of the property owner, or (ii) A person trained or certified as a lead hazard mitigation inspector, etc.
- Lead Abated **Means Lead free or lead safe**
- Lead Free **No presence of lead that could lead to a hazard**
- Lead Safe **Conditions pose no risks**
- Lead-hazard-mitigation standards. **Avoidance and control of lead hazards**

A continuing and ongoing responsibility for lead-hazard control that includes:

- (a) Repair of deteriorated paint;
- (b) Correction of dust-generating conditions, such as friction or impact areas;
- (c) Provision of cleanable surfaces to eliminate harmful dust loading;
- (d) Correction of soil lead hazards;
- (e) Safe work practices.

## **Presumptive Compliance**

Owners of properties with 10 or more units, 5% of units need inspections. If these units are lead free and or lead safe the presumption is the other 95% are similar.

## **Lead-hazard-mitigation inspector.**

A person approved by the Housing Resource Commission or the Department of Health.

No financial interest in the property, no offer of service to perform repairs needed and disclose any interest in the lab performing the analyses.

## **Housing Resources Commission (HRC)**

General powers and duties In order to achieve the purpose of this chapter, a statewide, multifaceted, ongoing educational program designed to meet the needs of tenants, property owners, realtors and real estate agents, insurers and insurance agents, local building officials, and health providers and caregivers is hereby established.

### **Current Owners of pre 1978 Rental Properties**

1. Attend a Lead Hazard Awareness Class. 3 hour class
2. Complete a visual assessment of your rental unit and surrounding property
3. Fix lead hazards found during the visual assessment
4. Request an Independent Clearance Inspection

### **New Owners of pre 1978 Rental Properties**

1. Attend a Lead Hazard Awareness Class
2. Complete a visual assessment
3. Request an Independent Clearance Inspection

### **If the property is currently rented by a pregnant woman or a child under age 6 occupies the rental unit, you must:**

1. Attend a lead hazard awareness class.
2. Complete a visual assessment
3. Request an Independent Clearance Inspection

### **If the property is vacant you must:**

1. Attend a lead hazard awareness class
2. Conduct a visual inspection of your rental unit and surrounding property when there is a change in tenant
3. Fix lead hazards found during the visual inspection
4. Request an Independent Clearance Inspection

### **Landlord (Lessor) provides (Lessee) information about lead hazards**

1. How to protect your family from lead hazards booklet
2. The contact information of who to call in the event of lead hazards
3. Provide a copy of the most recent Independent Clearance Certificate

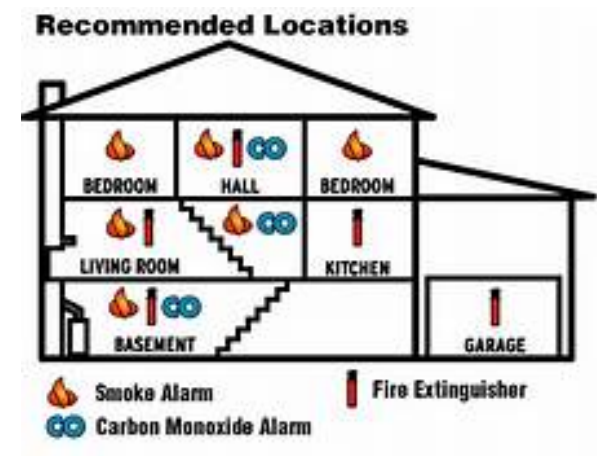
## Section 8

### Fire Safety Law

### Rhode Island Residential Fire Safety Law

Key points:

- ☐ Required for all residential sales
- ☐ Local fire department performs inspection
- ☐ Certificate of compliance is valid for 120 days
- ☐ All newly constructed dwellings shall have a interconnected alarm system



\* Refer to law book for detailed information on fire safety law.

## Section 9

### Agricultural Functions of Department of Environmental Management (DEM)



#### § 2-1-19. Public policy on freshwater wetlands.

##### Department of Environmental Management (EPA)

It is the public policy of the state to preserve the purity and integrity of the freshwater wetlands, buffers, and floodplains of this state. The health, welfare, and general well-being of the populace and the protection of life and property require that the state restrict the uses of freshwater wetlands, buffers, and floodplains and, in the exercise of the police power, regulate activities in jurisdictional areas and as otherwise provided for hereunder consistent with this chapter.

**The government control of private property for the protection of water sources. (police powers)**

#### § 2-1-20. Definition

As used in this chapter;

- (1) "Area subject to flooding" shall include, but not be limited to, low-lying areas that collect, hold, or meter out storm and flood waters from any of the following: rivers, streams, intermittent streams, or areas subject to storm flowage.
- (2) "Area subject to storm flowage" includes drainage swales and channels that lead into, out of, pass through, or connect other freshwater wetlands or coastal wetlands, and that carry flows resulting from storm events, but may remain relatively dry at other times.

### **§ 2-1-23. Violations.**

**In the event of a violation of § 2-1-21, the director of environmental management has the power to order complete restoration** of the freshwater wetland, buffer, floodplain, or other jurisdictional area involved by the person or agent responsible for the violation. If the responsible person or agent does not complete the restoration within a reasonable time following the order of the director of the department of environmental management, the director has the authority to order the work done by an agent of the director's choosing and the person or agent responsible for the original violation is liable for the cost of the restoration. The violator is liable for a fine not exceeding five thousand dollars (\$5,000) for each violation, except that if the violator knowingly or recklessly alters a freshwater wetland, buffer, floodplain or other jurisdictional area without a permit or approval from the director; knowingly or recklessly alters a freshwater wetland, buffer, floodplain or other jurisdictional area in violation of the rules or regulations promulgated by the director; or alters a freshwater wetland, buffer, floodplain or other jurisdictional area in violation of a permit issued by the director, then the violator is liable for a fine not exceeding ten thousand dollars (\$10,000) for each violation.

#### **Key points:**

- ☐ Anyone who alters an area designated as protected; the director of the Environmental Management will order the restoration.
- ☐ If the violator fails to restore the protected area in a reasonable time the Director can order the work to be done and hold the responsible party liable.
- ☐ Fines not to exceed \$5,000 for each violation unless the violator knowingly or recklessly altered an area designated as protected, then will be liable for fines not to exceed \$10,000.

## Section 10

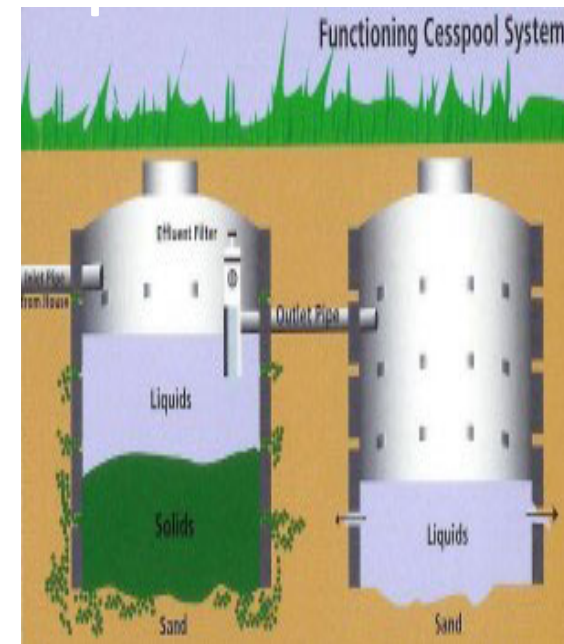
### The Rhode Island Cesspool Act of 2007

## Cesspools

### They are antiquated Onsite Waste Treatment Systems

#### Rhode Island Cesspool Act of 2007

- All cesspools will eventually need to be replaced in Rhode Island.
- Failed systems & systems located within 200 feet of water source must be replaced. (wells & any body of water with an intake for a drinking water supply) must be replaced.
- Non residential facilities serving more than 20 people per day or any multifamily dwelling, the cesspool must be replaced.
- Upon a sale the cesspool must be replaced with a septic system within 1 year of the closing.
- If sewers are or will be available property owners must connect to the public system.
- Exemptions to law: Transfer between family or trusts.



## Section 11

### Onsite Wastewater Treatment Systems

## Septic systems (OWTS) Onsite Wastewater Treatment Systems

Septic systems replace cesspools



\*If public sewers are available a OWTS will not be allowed.

## Section 12

### Non-Resident Withholding Tax

#### Non Resident Withholding Tax Act

If the seller fails to get a certification from the Rhode Island division of taxation showing they do not owe any back taxes to the state the buyer will withhold a percentage of the sellers net funds until they provide proof they are in good standing with the RI Division of Taxation.

- 6% withholding of net proceeds for Residential owners
- 9% withholding of net proceeds for Corporations



## Section 13

### Condominium Law

#### Rhode Island Condominium Law

Ownership of a condominium is the same as owning any other form of residential property with the exception condominium owners share common elements. Given this there are laws that govern how these common considerations will be handled by owners. Here are the key points of the condominium laws.

- Ownership of each unit is held by a separate deed.
- Each unit is taxed separately by the local government.
- The condo development will create and maintain an association of its owners which will hold meetings (Minimum 1 per year) and provide for voting rights and selection of officers; President, secretary & treasurer as well as the scope of authority.
- The association will maintain By-laws defining the rules and regulations which govern ownership rights and limitations.
- Each unit owner holds a fractional ownership interest in the common elements shared by each owner
- Each unit owner will subject to a monthly condo fee (dues) to pay for the maintenance of common elements as well as special assessments as approved by the association.
- Monthly condo fee's and special assessments constitute a lien on the property
- Sellers will provide buyer a resale certificate as provided by the association which among other things will include all financial statements and costs of the condo association and ownership including pending lawsuits against the association.

## End of law study

**Students are advised to read the law sections as provided on the school website.**

**[www.InstituteRI.com](http://www.InstituteRI.com)**

Select, *“Student resources”* from the menu.

In the drop down menu select, *“RI Real Estate Law Files”*