

# Condominium Law Section



# **TITLE 34**

## **Property**

### **CHAPTER 34-36.1**

#### **Condominium Law**

#### ***ARTICLE 34-36.1-1.01***

##### ***General Provisions***

##### **SECTION 34-36.1-1.01**

###### **§ 34-36.1-1.01. Short title.**

This act shall be known and may be cited as the "Rhode Island Condominium Act".

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### SECTION 34-36.1-1.02

###### **§ 34-36.1-1.02. Applicability.**

(a)(1) This chapter applies to all condominiums created within this state after July 1, 1982, except that any condominium created within this state prior to July 1, 1982, may voluntarily accept the provisions of this chapter in lieu of the provisions under which it was originally organized. Acceptance shall be evidenced by an agreement in writing executed by and in behalf of the condominium association and by all of the owners of all of the individual condominium units within the condominium, in which agreement it is clearly stated that they all accept the provisions of this chapter in lieu of those in the statute under which the condominium was organized and wish to be governed in the future by the provisions of this chapter. The agreement shall be recorded in the land evidence records of each and every town or city where all or any part of the land in the condominium concerned may be located and shall become effective when first so recorded. The acceptance shall only apply to the governance of the condominium concerned as to all matters which are prospective or executory in nature; and nothing herein shall be deemed to abrogate, amend, limit, effect, or impair the continued effectiveness, legality, or validity of all actions lawfully taken by or in behalf of the condominium prior to the effective date of the acceptance, including, but without limitation, the condominium declaration and all amendments thereto, the by-laws of the condominium and/or of its association, all deeds, mortgages, leases and any further documents affecting the titles or rights of unit owners, or of the condominium or the prior lawful acts or deeds of any kind, of the condominium association, its officers, directors, or members.

(2) Sections 34-36.1-1.05 (separate titles and taxation), 34-36.1-1.06 (applicability of local ordinances, regulations, and building codes), 34-36.1-1.07 (eminent domain), 34-36.1-2.03 (construction and validity of declaration and bylaws), 34-36.1-2.04 (description of units), 34-36.1-3.02(a)(1) – (6) and (11) – (17) (powers of unit owners' association), 34-36.1-3.11 (tort and contract liability), 34-36.1-3.16 (lien for assessments), 34-36.1-3.18 (association records), 34-36.1-4.09 (resale of units), and 34-36.1-4.17 (effect of violation on rights of action; attorney's fees), § 34-36.1-3.20 (enforcement of declaration, bylaws and rules), and 34-36.1-1.03 (definitions), to the extent necessary in construing any of those sections, apply to all condominiums created in this state before July 1, 1982; but those sections apply only with respect to events and circumstances occurring after July 1, 1982 and do not invalidate existing provisions of the declaration, bylaws, plats, or plans of those condominiums.

(3) A condominium created as an additional phase by amendment of a condominium created prior to July 1, 1982, if the original declaration contemplated the amendment, shall be deemed to be a condominium created prior to July 1, 1982; provided, however, the provisions of subdivision (a)(2) shall apply as defined therein.

(4) Section 34-36.1-3.21 (foreclosure of condominium lien) applies, with respect to all condominiums created in this state prior to June 19, 1991, only with respect to events and circumstances occurring after June 18, 1991, does not invalidate existing provisions of the declarations, bylaws, plats, or plans of those condominiums, and applies in all respects to all condominiums created in this state after June 18, 1991.

(b) The provisions of the Condominium Ownership Act, chapter 36 of this title, do not apply to condominiums created after July 1, 1982 and do not invalidate any amendment to the declaration, bylaws, plats, and plans of any condominium created before July 1, 1982 if the amendment would be permitted by this chapter. The amendment must be adopted in conformity with the procedures and requirements specified by those instruments and by chapter 36 of this title. If the amendment grants to any person any rights, powers, or privileges permitted by this chapter, all correlative obligations, liabilities, and restrictions in this chapter also apply to that person.

(c) This chapter does not apply to condominiums or units located outside this state, but the public offering statement provisions (§§ 34-36.1-4.02 – 34-36.1-4.07) apply to all contracts for the disposition thereof signed in this state by any party unless exempt under § 34-36.1-4.01(b).

History of Section.

(P.L. 1982, ch. 329, § 2; P.L. 1991, ch. 247, § 1; P.L. 1991, ch. 369, § 1; P.L. 1992, ch. 8, § 1; P.L. 1994, ch. 356, § 1.)

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##### SECTION 34-36.1-1.03

###### **§ 34-36.1-1.03. Definitions.**

In the declaration and bylaws, unless specifically provided otherwise or the context otherwise requires, and in this chapter:

(1) "Affiliate of a declarant" means any person who controls, is controlled by, or is under common control with a declarant.

(i) A person "controls" a declarant if the person:

(A) Is a general partner, officer, director, or employer of the declarant,

(B) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent (20%) of the voting interest in the declarant,

(C) Controls in any manner the election of a majority of the directors of the declarant, or

(D) Has contributed more than twenty percent (20%) of the capital of the declarant.

(ii) A person "is controlled by" a declarant if the declarant:

(A) Is a general partner, officer, director, or employer of the person,

(B) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent (20%) of the voting interest in the person,

(C) Controls in any manner the election of a majority of the directors of the person, or

(D) Has contributed more than twenty percent (20%) of the capital of the person.

(iii) Control does not exist if the powers described in this subdivision are held solely as security for an obligation and are not exercised.

- (2) "Allocated interests" means the undivided interest in the common elements, the common expense liability, and votes in the association allocated to each unit.
- (3) "Association" or "unit owners' association" means the unit owners' association organized under § 34-36.1-3.01.
- (4) "Common elements" means all portions of a condominium other than the units.
- (5) "Common expenses" means expenditures made by or financial liabilities of the association, together with any allocations to reserves.
- (6) "Common expense liability" means the liability for common expenses allocated to each unit pursuant to § 34-36.1-2.07.
- (7)(i) "Condominium" means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.
- (ii) Provided that each unit owner has a vested, undivided interest in the common elements greater than 0.0 percent, no minimum percentage interest in the common elements is otherwise required by this chapter.
- (8) "Conversion building" means a building that at any time before creation of the condominium was occupied wholly or partially by persons other than purchasers and persons who occupy with the consent of purchasers.
- (9) "Declarant" means any person or group of persons acting in concert who:
- (i) As part of a common promotional plan, offers to dispose of his, her or its interest in a unit not previously disposed of; or
- (ii) Reserves or succeeds to any special declarant right.
- (10) "Declaration" means any instruments, however denominated, that create a condominium, and any amendments to those instruments.
- (11) "Development rights" means any right or combination of rights reserved by a declarant in the declaration to:
- (A) Add real estate to a condominium,
- (B) Create units, common elements, or limited common elements within a condominium,
- (C) Subdivide units or convert units into common elements, or
- (D) Withdraw real estate from a condominium.
- (12) "Person with a disability" means any person who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less

than twelve (12) months or any person having an impairment of mobility or vision which is expected to be of at least twelve (12) months duration, and is a substantial impediment to his or her ability to live independently.

(13) "Dispose" or "disposition" means a voluntary transfer to a purchaser of any legal or equitable interest in a unit, but does not include the transfer or release of a security interest.

(14) "Executive board" means the body, regardless of name, designated in the declaration to act on behalf of the association.

(15) [Deleted by P.L. 1999, ch. 83, § 80, and P.L. 1999, ch. 130, § 80 which enacted identical amendments to this section.]

(16) "Identifying number" means a symbol or address that identifies only one unit in a condominium.

(17) "Land only units" shall mean units designated as land only units on the plats and plans which units may be comprised entirely or partially of unimproved real property and the air space above the real property. The boundaries of a land only unit are to be described pursuant to § 34-36.1-2.05(a)(5). Land only units may, but need not, contain a physical structure. The declaration may provide for the conversion of land only units to other types of units and/or common elements provided the conversion shall be effective only upon the recording of an amendment to the declaration which amendment will include new plats and plans identifying any portion of the land only unit converted to another type of unit and/or common element.

(18) "Leasehold condominium" means a condominium in which all or a portion of the real estate is subject to a lease the expiration or termination of which will terminate the condominium or reduce its size.

(19) "Limited common element" means a portion of the common elements allocated by the declaration or by operation of § 34-36.1-2.02(2) or (4) for the exclusive use of one or more but fewer than all of the units.

(20) "Master association" means an organization described in § 34-36.1-2.20, whether or not it is also an association described in § 34-36.1-3.01.

(21) "Offering" means any advertisement, inducement, solicitation, or attempt to encourage any person to acquire any interest in a unit, other than as security for an obligation. An advertisement in a newspaper or other periodical of general circulation, or in any broadcast medium to the general public, of a condominium not located in this state, is not an offering if the advertisement states that an offering may be made only in compliance with the law of the jurisdiction in which the condominium is located.

(22) "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity. (In the case of a land trust, however, "person" means the beneficiary of the trust rather than the trust or the trustee.)

(23) "Purchaser" means any person, other than a declarant or a person in the business of selling real estate for his or her own account, who by means of a voluntary transfer acquires a legal or equitable interest in a unit other than:

(i) A leasehold interest including renewal options of less than twenty (20) years, or

(ii) As security for an obligation.

(24) "Real estate" means any leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements and interests which by custom, usage, or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real estate" includes parcels with or without upper or lower boundaries, and spaces that may be filled with air or water.

(25) "Residential purposes" means use for dwelling or recreational purposes, or both.

(26) "Special declarant rights" means rights reserved for the benefit of a declarant to:

(i) Complete improvements indicated on plats and plans filed with the declaration, (§ 34-36.1-2.09),

(ii) To exercise any development right, (§ 34-36.1-2.10),

(iii) To maintain sales offices, management offices, signs advertising the condominium, and models, (§ 34-36.1-2.15),

(iv) To use easements through the common elements for the purpose of making improvements within the condominium or within real estate which may be added to the condominium, (§ 34-36.1-2.16),

(v) To make the condominium part of a larger condominium or a planned community, (§ 34-36.1-2.21),

(vi) To make the condominium subject to a master association, (§ 34-36.1-2.20),

(vii) Or to appoint or remove any officer of the association or any master association or any executive board member during any period of declarant control, (§ 34-36.1-3.03(d)).

(27) "Time share" means a right to occupy a unit or any of several units during five (5) or more separated time periods over a period of at least five (5) years, including renewal options, whether or not coupled with an estate or interest in a condominium or a specified portion thereof.

(28) "Unit" means a physical portion of the condominium designated for separate ownership or occupancy, the boundaries of which are described pursuant to § 34-36.1-2.05(a)(5).

(29) "Unit owner" means a declarant or other person who owns a unit, or a lessee of a unit in a leasehold condominium whose lease expires simultaneously with any lease, the expiration or termination of which will remove the unit from the condominium, but does not include a person having an interest in a unit solely as security for an obligation.

#### History of Section.

(P.L. 1982, ch. 329, § 2; P.L. 1988, ch. 340, § 1; P.L. 1991, ch. 369, § 2; P.L. 1999, ch. 83, § 80; P.L. 1999, ch. 130, § 80.)



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##### **SECTION 34-36.1-1.04**

###### **§ 34-36.1-1.04. Variation by agreement.**

Except as expressly provided in this chapter, provisions of this chapter may not be varied by agreement, and rights conferred by this chapter may not be waived. A declarant may not act under a power of attorney, or use any other device, to evade the limitations or prohibitions of this chapter or the declaration.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### SECTION 34-36.1-1.05

###### **§ 34-36.1-1.05. Separate titles and taxation.**

(a) If there is any unit owner other than a declarant, each unit that has been created, together with its interest in the common elements, constitutes for all purposes a separate parcel of real estate.

(b) If there is any unit owner other than a declarant, each unit must be separately taxed and assessed, and no separate tax or assessment may be rendered against any common elements for which a declarant has reserved no development rights.

(c) Any portion of the common elements for which the declarant has reserved any development rights must be separately taxed and assessed against the declarant, and the declarant alone is liable for payment of those taxes.

(d) If there is no unit owner other than a declarant, the real estate comprising the condominium may be taxed and assessed in any manner provided by law.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### **SECTION 34-36.1-1.06**

###### **§ 34-36.1-1.06. Applicability of local ordinances, regulations, and building codes.**

A zoning, subdivision, building code, or other real estate use law, ordinance, or regulation may not prohibit the condominium form of ownership or impose any requirement upon a condominium which it would not impose upon a physically identical development under a different form of ownership, or otherwise regulate the creation, governance, or existence of the condominium form of ownership. Otherwise, no provision of this chapter invalidates or modifies any provision of any zoning, subdivision, building code, or other real estate use law, ordinance, or regulation.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### SECTION 34-36.1-1.07

###### **§ 34-36.1-1.07. Eminent domain.**

(a) If a unit is acquired by eminent domain, or if part of a unit is acquired by eminent domain leaving the unit owner with a remnant which may not practically or lawfully be used for any purpose permitted by the declaration, the award must compensate the unit owner for his or her unit and its interest in the common elements, whether or not any common elements are acquired. Upon acquisition, unless the decree otherwise provides, that unit's allocated interests are automatically reallocated to the remaining units in proportion to the respective allocated interests of those units before the taking, and the association shall promptly prepare, execute, and record an amendment to the declaration reflecting the reallocations. Any remnant of a unit remaining after part of a unit is taken under this subsection is thereafter a common element.

(b) Except as provided in subsection (a), if part of a unit is acquired by eminent domain, the award must compensate the unit owner for the reduction in value of the unit and its interest in the common elements, whether or not any common elements are acquired. Upon acquisition, unless the decree otherwise provides:

(1) That unit's allocated interests are reduced in proportion to the reduction in the size of the unit, or on any other basis specified in the declaration, and

(2) The portion of the allocated interests divested from the partially acquired unit are automatically reallocated to that unit and the remaining units in proportion to the respective allocated interests of those units before the taking, with the partially acquired unit participating in the reallocation on the basis of its reduced allocated interests.

(c) If part of the common elements is acquired by eminent domain the portion of the award attributable to the common elements taken must be paid to the association. Unless the declaration provides otherwise, any portion of the award attributable to the acquisition of a limited common element must be equally divided among the owners of the units to which that limited common element was allocated at the time of acquisition.

(d) The court decree shall be recorded in every municipality in which any portion of the condominium is located.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### **SECTION 34-36.1-1.08**

**§ 34-36.1-1.08. Supplemental general principles of law applicable.**

The principles of law and equity, including the law of corporations and unincorporated associations, the law of real property and the law relative to capacity to contract, principal and agent, eminent domain, estoppel, fraud, misrepresentation, duress, coercion, mistake, receivership, substantial performance, or other validating or invalidating cause supplement the provisions of this chapter, except to the extent inconsistent with this chapter.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### **SECTION 34-36.1-1.09**

###### **§ 34-36.1-1.09. Severability.**

If any provision of this chapter or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provisions or applications, and to this end the provisions of this chapter are severable.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### SECTION 34-36.1-1.15

###### **§ 34-36.1-1.10. Unconscionable agreement or term of contract.**

(a) The court, upon finding as a matter of law that a contract or contract clause was unconscionable at the time the contract was made, may refuse to enforce the contract, enforce the remainder of the contract without the unconscionable clause, or limit the application of any unconscionable clause in order to avoid an unconscionable result.

(b) Whenever it is claimed, or appears to the court, that a contract or any contract clause is or may be unconscionable, the parties, in order to aid the court in making the determination, shall be afforded a reasonable opportunity to present evidence as to:

(1) The commercial setting of the negotiations;

(2) Whether a party has knowingly taken advantage of the inability of the other party reasonably to protect his or her interests by reason of physical or mental infirmity, illiteracy, or inability to understand the language of the agreement or similar factors;

(3) The effect and purpose of the contract or clause; and

(4) If a sale, any gross disparity, at the time of contracting, between the amount charged for the real estate and the value of the real estate measured by the price at which similar real estate was readily obtainable in similar transactions, but a disparity between the contract price and the value of the real estate measured by the price at which similar real estate was readily obtainable in similar transactions does not, of itself, render the contract unconscionable.

History of Section.

(P.L. 1982, ch. 329, § 2.)



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##### **SECTION 34-36.1-1.16**

###### **§ 34-36.1-1.11. Obligation of good faith.**

Every contract or duty governed by this chapter imposes an obligation of good faith in its performance or enforcement.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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##### **SECTION 34-36.1-1.17**

###### **§ 34-36.1-1.12. Remedies to be liberally administered.**

(a) The remedies provided by this chapter shall be liberally administered to the end that the aggrieved party is put in as good position as if the other party had fully performed. However, consequential, special, or punitive damages may not be awarded except as specifically provided in this chapter or by other rule of law.

(b) Any right or obligation declared by this chapter is enforceable by judicial proceeding.

History of Section.

(P.L. 1982, ch. 329, § 2.)

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#### *ARTICLE 34-36.1-4.01*

#### *Protection of Condominium Purchasers*

#### SECTION 34-36.1-4.08

##### **§ 34-36.1-4.08. Purchaser's rights to cancel.**

(a) A person required to deliver a public offering statement pursuant to § 34-36.1-4.02(c) shall provide a purchaser of a unit with a copy of the public offering statement and all amendments thereto before conveyance of that unit, and not later than the date of any contract of sale. Unless a purchaser is given the public offering statement more than ten (10) days before execution of a contract for the purchase of a unit the purchaser, before conveyance, may cancel the contract within ten (10) days after first receiving the public offering statement.

(b) If a purchaser elects to cancel a contract pursuant to subsection (a), he or she may do so by hand delivering notice thereof to the offeror or by mailing notice thereof by prepaid United States mail to the offeror or offeror's agent for service of process. Cancellation is without penalty, and all payments made by the purchaser before cancellation shall be refunded promptly.

(c) If a person required to deliver a public offering statement pursuant to § 34-36.1-4.02(c) fails to provide a purchaser to whom a unit is conveyed with that public offering statement and all amendments thereto as required by subsection (a), the purchaser, in addition to any rights to damages or other relief, is entitled to receive from that person an amount equal to ten percent (10%) of the sales price of the unit.

History of Section.  
(P.L. 1982, ch. 329, § 2.)

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#### *ARTICLE 34-36.1-4.01*

#### *Protection of Condominium Purchasers*

#### SECTION 34-36.1-4.09

##### **§ 34-36.1-4.09. Resale of units.**

(a) Except in the case of a sale where delivery of a public offering statement is required, or unless exempt under § 34-36.1-4.01(b), a unit owner shall furnish to a purchaser before execution of any contract for sale of a unit, or otherwise before conveyance, a copy of the declaration (other than the plats and plans), the bylaws, the rules or regulations of the association, and a certificate containing:

- (1) A statement disclosing the effect on the proposed disposition of any right of first refusal or other restraint on the free alienability of the unit;
- (2) A statement setting forth the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner;
- (3) A statement of any other fees payable by unit owners;
- (4) A statement of any capital expenditures anticipated by the association for the current and two (2) next succeeding fiscal years;
- (5) A statement of the amount of any reserves for capital expenditures and of any portions of those reserves designated by the association for any specified projects;
- (6) The most recent regularly prepared balance sheet and income and expense statement, if any, of the association;
- (7) The current operating budget of the association;
- (8) A statement of any unsatisfied judgments against the association and the status of any pending suits in which the association is a defendant;
- (9) A statement describing any insurance coverage provided for the benefit of unit owners;
- (10) A statement as to whether the executive board has knowledge that any alterations or improvements to the unit or to the limited common elements assigned thereto violate any provision of the declaration;

(11) A statement as to whether the executive board has knowledge of any violations of the health or building codes with respect to the unit, the limited common elements assigned thereto, or any other portion of the condominium; and

(12) A statement of the remaining term of any leasehold estate affecting the condominium and the provisions governing any extension or renewal thereof.

(b) The association, within ten (10) days after a request by a unit owner, shall furnish a certificate containing the information necessary to enable the unit owner to comply with this section. A unit owner providing a certificate pursuant to subsection (a) is not liable to the purchaser for any erroneous information provided by the association and included in the certificate.

(c) A purchaser is not liable for any unpaid assessment or fee greater than the amount set forth in the certificate prepared by the association. A unit owner is not liable to a purchaser for the failure or delay of the association to provide the certificate in a timely manner, but the purchaser contract is voidable by the purchaser until the certificate has been provided and for five (5) days thereafter or until conveyance, whichever first occurs.

History of Section.

(P.L. 1982, ch. 329, § 2.)

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## *ARTICLE 34-36.1-4.01*

### *Protection of Condominium Purchasers*

#### SECTION 34-36.1-4.10

##### **§ 34-36.1-4.10. Escrow of deposits.**

Any deposit made in connection with the purchase or reservation of a unit from a person required to deliver a public offering statement pursuant to § 34-36.1-4.02(c) shall be placed in escrow and held either in this state or in the state where the unit is located in an account designated solely for that purpose by a licensed title insurance company, an attorney, a licensed real estate broker, an independent bonded escrow company, or any financial institution whose deposits are insured until:

- (1) Delivered to the declarant at closing;
- (2) Delivered to the declarant because of purchaser's default under a contract to purchase the unit; or
- (3) Refunded to the purchaser.

History of Section.

(P.L. 1982, ch. 329, § 2.)