



LEGISLATIVE BLUEPRINT

The Rhode Island Association of REALTORS® (RIAR) and its membership of nearly 5,000 agents, brokers, appraisers and professional affiliates work to proactively protect private property rights and the real estate industry on state and municipal levels of government across Rhode Island.

RIAR supports legislation, regulations, and other government actions that protects the right to own, occupy, use, lease, manage, buy, sell and appraise all types of real estate. RIAR opposes legislation and other government actions that unreasonably burden private property ownership, use, and transfer of real property.

During the 2018 legislative session, RIAR continues to advance legislation and regulatory reform that:

1. Promotes homeownership by reducing regulatory burdens on homeowners;
2. Addresses factors that drive up the cost of housing;
3. Encourages a real estate friendly climate in Rhode Island, while promoting consumer protection measures.

During the 2018 legislation session, members of the General Assembly have introduced the following legislation on behalf of the Rhode Island Association of REALTORS®:

Rights and Obligations of Property Owners

The Federal National Mortgage Association (Fannie Mae) will no longer back mortgages for homes on private roads or shared driveways unless a recorded covenant or perpetual road maintenance agreement has been recorded or a state statute has been enacted to define how the costs of maintenance will be shared. Homeowners who have handled maintenance informally over the years may learn only when they try to sell their home that the property cannot meet federal appraisal requirements. As a result, these homes are unsellable to any buyer who requires conventional financing.

RIAR supports legislation (H 7337 / S 2359) that would create a formula for sharing the costs and maintenance of a private road or shared driveway in the event that neither a legally enforceable agreement or covenant exists between property owners who benefit from the road. The State of Connecticut resolved this problem by enacting similar legislation in 2014.

RIAR and our members are grateful to the House of Representatives for supporting this legislation for the last two years and look forward to working with the Senate to address this important issue facing the Rhode Island real estate market.

H 7337 – Representative Hearn

S 2359 – Senators Lombardi, McCaffrey, Lynch Prata, Ciccone and Archambault

Egregious Penalties for Non-Resident Landlords

RIAR opposes state laws and regulations that disproportionately penalizes landlords who fail to designate an agent for service of process by abating an unfair amount of rent. The draconian measure negatively impacts a landlord's ability to address and / or maintain their property, while keeping up mortgage payments.

RIAR supports educating the landlord community of their responsibilities and legislation (H 7511 / S 2695) that fairly penalizes landlords who violate Rhode Island General Law related to the designation of an agent for service of process.

During the 2017 legislative session, the Senate supported the legislation. However, a compromise Sub A was not considered by the House Committee on Judiciary.

H 7511 – Representatives Corvese, Jacquard, Edwards, Solomon and Marshall

S 2695 – Senator Lynch Prata

Property Tax Fairness

Along with the costs of paying a mortgage, homeowners are responsible for paying other expenses, including insurance and property taxes. Rhode Island consistently ranks as one of the nation's least friendly states, tax-wise. During the 2017 legislative session, the General Assembly approved legislation that enables six Rhode Island cities and towns to prorate a homestead exemption at the time of title transfer. Currently, prospective homeowners do not qualify for a reduction in property taxes at the time of title transfer in Central Falls. As a result, consumer financing is jeopardized, moving prospective homebuyers out of the real estate market.

RIAR supports legislation (S 2369 / H 8019) that provides for a proration of the Central Falls homestead exemption in cases where title to property passes to those entitled to claim an exemption. Enabling Central Falls to enact a local ordinance to reflect this change sends a message to the local community that fairness is critical to growing a local tax base and Rhode Island's economy. RIAR remains committed to working with Rhode Island's cities and towns to improve homeownership opportunities.

S 2369 – Senator Crowley

H 8019 – Representatives Maldonado, Tobon, Kazarian, Barros, Slater

Ease of Doing Business in Rhode Island

Our industry continues to rely on the adoption of new technology, making the Rhode Island real estate market more competitive. The Uniform Real Property Electronic Recording Act (URPERA) is an important piece of legislation that simplifies processes while preserving the security of records and information. By enabling cities and towns to accept e-recording documents, our members are creating an efficient customer experience in a competitive real estate market.

According to the Uniform Law Commission, Rhode Island is one of three states that has not passed URPERA or a similar measure. Furthermore, the Commonwealth of Massachusetts introduced their version of the legislation in 2018.

As Rhode Island continues to improve its regional and national competitiveness, passing legislation opens many doors to achieve our economic development and housing goals. RIAR and our members appreciate the support of the House of Representatives during the 2017 and 2018 legislative sessions and hope that the Senate will favorably consider this legislation.

H 7080 – Representatives Ruggiero, Casimiro, Phillips, Kazarian and Amore

S 2093 / 2145 – Senator Crowley

Climate Change and Resilience

The REALTOR® community – locally and nationally – is concerned about the impacts of climate change and sea level rise in our state. In response to this growing concern, RIAR and its members are examining forward thinking policy solutions to help protect homeownership and Rhode Island's quality of life. Given

the housing activity and building investments made by the public and private sectors, our members are acutely aware of the risks surrounding climate change. According to the Federal Emergency Management Agency, there were 15,380 active flood insurance policies covering over \$3.8 billion in Rhode Island property in 2016.

RIAR supports collaboration to develop the policy tools necessary to safeguard residential property from future natural disasters. In an effort to address sea level rise, RIAR has introduced mitigation legislation that incentivizes homeowners within a floodplain who make structural improvements to their homes. After reviewing the Special House Commission to Study Economic Risk Due to Flooding, RIAR is committed to working with stakeholder groups to proactively mitigate the economic realities of coastal and riverine flooding.

During the 2018 legislative session, Representative Carso and House Majority leader Joe Shekarchi introduced legislation (H 8033) on behalf of our members. The legislation enables cities and towns to use tax credits to support preparedness, which will lead to lower insurance costs and higher property valuations and a stronger tax base. The bill is modeled after legislation that was approved by the New Hampshire legislature in 2017.

H 8033 – Representatives Carson and Shekarchi

Withholding of Tax – Real Estate Transactions

In 2015, Rhode Island reduced the corporate tax rate from nine percent to seven percent. However, when the corporate tax rate was reduced, the nonresident withholding requirement for corporations was not changed. This causes confusion for buyers, sellers and title attorneys that transact real estate in Rhode Island. Furthermore, the Rhode Island Department of Revenue's website instructs buyers to withhold seven percent of the total proceeds owed to a nonresident corporation that is selling real estate, consistent with the Rhode Island's corporate tax rate.

During the 2018 legislative session, RIAR solicited sponsorship for H 7493 / S 2066. Clarifying this oversight will mitigate any confusion related to real estate transactions for sellers that are corporate entities.

S 2066 – Senators DiPalma, Pearson, Conley, Lynch-Prata, and Felag

H 7493 – Representatives Marshall, Morin, Keable, Solomon, and Edwards

Condo Cancellation Laws for New and Existing Condominiums

In accordance with Rhode Island General Law 34-36.1-4.08 and 34-36.1-4.09, a condominium buyer can cancel the purchase and sales agreement for a condominium purchase for any reason within ten days after receiving a copy of the public offering statement. Many times, this information is provided late in the transaction stage. Furthermore, documents often are not provided earlier in the transaction because the buyer's lender wants documents to be provided no earlier than the month of the closing.

Since few sellers want to pay for two certificates or public offering statements, buyers often do not receive complete documents until a few days prior to the closing. The buyer can then terminate the agreement at the last minute. In the State of Connecticut, the buyer can cancel the purchase and sales agreement or the resale of an existing condominium for any reason within five days after receiving a copy of the resale certificate, which is often provided late in the transaction.

To resolve these issues, in a highly competitive real estate market, RIAR is proposing (H 7564 / S 2431): 1) a penalty for condo associations that fail to deliver resale certificates within ten days after the seller's request, 2) provide the entire resale certificate to a buyer at the start of the transaction and allow the buyer to terminate only if a special assessment is approved or the financials vary by more than a specific percentage prior to closing and 3) establish a fee cap for compiling a resale certificate.

H 7564 – Representatives Marshall, Edwards, O'Brien, and Casey

S 2431 – Senator Picard

Consumer Protection – License Law Violations

In accordance with Rhode Island General Law 5-20.5-14, the current maximum penalty per offense relative to license law violations is \$1,000 per offense. Rhode Island's fine for license law violations has not changed in over fifteen years.

At a time when the real estate market faces industry challenges, it is important for the Rhode Island Association of REALTORS® and our members to familiarize ourselves with every change, challenge and controversy that arises. That is why our members continue to strive to increase the level of professionalism

in our highly competitive industry. RIAR recognizes that the purchase of a home is the biggest financial decision most customers will make in a lifetime. That is why RIAR supports doubling the maximum penalty to \$2,000 per offense (H 7478 / S 2423).

H 7478 – Representatives Solomon, Johnston, Phillips, Marshall, and Shanley

S 2423 - Senators Metts, Quezada, Jabour, Goldin and Goodwin