



## LEGISLATIVE BLUEPRINT

The Rhode Island Association of REALTORS® (RIAR) and its membership of over 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.

For 2017, 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 more business-friendly climate in Rhode Island, while promoting consumer protection measures.

During the 2017 legislation session, the Rhode Island Association of REALTORS® has supported:

- o **Real Estate Brokers and Funds in Escrow**

Currently, there is no statutory deadline by which a real estate broker who is holding escrow funds must release these funds to a consumer once the buyer and seller have signed and delivered a release to a broker. As a result, the person who is entitled to the funds can wait days or weeks for the real estate broker to issue a check. This is frustrating for the consumers who need their deposit to purchase another property, to pay expenses, etc.

That is why RIAR supports legislation (H 5222 / S 168) that would require a real estate broker to release customer or client funds in an escrow account as instructed by the parties to a failed real estate transaction within ten calendar days of receipt of a written release, signed by both parties.

- **Definition of a Real Estate Broker or Salesperson**

Rhode Island General Law 5-20.5-1(4)(i)(A) of the real estate Brokers and Salesperson law defines a real estate broker as a person who for a fee “appraises residential property containing four or fewer units.” The definition is confusing for two reasons: 1) the Real Estate Appraiser Certification Act prohibits anyone other than a certified appraiser from conducting or referring to an opinion of value as an “appraisal.” Using “appraises” in the Real Estate Brokers and Salespersons law gives consumers the impression that real estate brokers or salespersons may refer to a market analysis as an “appraisal” as long as they obtain a real estate license; 2) some have interpreted the reference to “residential” property in Rhode Island General Law 5-20.5-1(4)(i)(A) to mean that DBR has the authority to regulate only those who list or sell real estate with four or fewer units.



RIAR supports legislation (H 5619 / S 0096) that defines the term “opinion of value” to be an analysis, opinion, or conclusion prepared by a real estate broker relating to the price of identified real estate by comparison to other property currently or recently sold in the marketplace.

- **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 5344 / S 235) 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.

- **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 landlords' 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 5419 / S 384) that fairly penalizes landlords who violate Rhode Island General Law related to the designation of an agent for service of process.

- **Broker Education Requirements**

Buying or selling a home or other real estate is often the largest investment that Rhode Islanders will make in their lifetime. Real Estate brokers are legally responsible for assisting member of the public with this process; managing others who do this work; and for holding thousands of dollars of clients' deposits in an escrow account. However, the legal requirements to qualify for a broker's license in Rhode Island are minimal when compared to the requirements by our neighboring states.

RIAR supports legislation (H 5532 / S 299) that removes the exception to qualification for a broker's license previously granted to those with a baccalaureate in real estate. Since brokers are responsible for comprehending and applying Rhode Island real estate law in their daily business interactions, RIAR believes that practical experience cannot be substituted with a degree that does not meet the minimal standards of an experienced salesperson.

- **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. Currently, prospective homeowners do not qualify for a reduction in property taxes at the time of title transfer in six cities and towns (North Providence, Johnston, East Greenwich, East Providence, West Greenwich, and Narragansett) across Rhode Island who still offer a homestead exemption. As a result, consumer financing is jeopardized, moving prospective homebuyers out of the real estate market.

RIAR supports legislation (H 5570 / S 395) that provides for a proration of the homestead exemption in cases where title to property passes to those entitled to claim an exemption. Enabling these six cities and towns to enact local ordinances to reflect this change sends a message to Rhode Island's real estate community that fairness is critical to growing a local tax base and Rhode Island's economy.

During the 2017 legislation session, the Rhode Island Association of REALTORS® has opposed:

- **Overly Aggressive Measures Impacting Homeowners – Home Oil Delivery**

Rhode Island's regulatory environment has plagued our state's ability to attract new companies and grow our tax base. During the 2017 session, legislation (H 5936) was introduced in the House of Representatives that would place overly aggressive burdens on homeowners based on the mandate for inspections and the frequency of home oil delivery. Specifically, the bill requires residential homeowners to address environmental concerns as they relate to aging oil tanks; however, the bill does not address the costs regarding inspections and replacements. RIAR believes that the bill's ambiguity surrounding costs for removal and associated fines and penalties were omitted from the legislation, since homeowners would overwhelmingly object to the aggressive measure. RIAR will continue to oppose similar legislation that unreasonably burdens homeownership in Rhode Island.

- **Burdensome Translation Requirements – Consumer Contracts**

RIAR opposes legislation (H 6139) that requires private landlords who negotiate the occupancy of a rental unit in Spanish or Japanese to have formal leases, amendments, and documents translated. According to the bill, the landlord would also be required to post a notice of rights, permitting the tenant to rescind the lease at any time. RIAR believes this measure substantially changes the rights of the parties involved. The requirement poses significant liabilities to landlords, rental agents, and property managers and allows the tenant to rescind the lease agreement regardless of whether the tenant understands that document or was misled by the landlord.

For a complete matrix of legislation being tracked by the Rhode Island Association of REALTORS®, please visit: <http://www.rirealtors.org/legal-ethics/legislative-tracker/>.

## Summary

It has become perfectly clear to all Rhode Islanders: importance of the housing industry to our economy is vital. State and local governments should be encouraging homeownership through legislative and regulatory reforms that promote homeownership and encourages residents to be part of the American Dream.

The Rhode Island Association of REALTORS® is proud of the relationships we have built with many of our state legislators and will continue to be a resource to you and your respective districts.

The legislation listed in this report is only a small indication of what is important to our constituency. The REALTOR® community will continue playing a role in Rhode Island's comeback story and looks forward to spreading our message between housing and Rhode Island's economic vitality. We believe that our industry is well-positioned to meet this challenge in the coming months and years ahead.

### Where to find us

#### Facebook:

[www.facebook.com/RIRealtors](http://www.facebook.com/RIRealtors)  
[www.facebook.com/realtoractioncenter](http://www.facebook.com/realtoractioncenter)

#### Twitter:

RI Association of Realtors: @RI\_REALTORS  
RI REALTOR® Party: @RIREALTORParty

#### Website:

[rirealtors.org](http://rirealtors.org)



100 Bignall Street, Warwick, RI 02888  
(401) 785-3650  
[rirealtors.org](http://rirealtors.org)