

RENTALS

A GUIDE TO BEST PRACTICES FOR REALTORS®



Provided by the Rhode Island Association of REALTORS®
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PART 1: GETTING STARTED

This is a guide for REALTORS® by REALTORS® to help rental agents comply with federal and Rhode Island laws and regulations relating to listing and placing tenants in residential rentals – including year-round, month-to-month, nine-month, military, and short-term vacation rentals. The guide does not cover property management, commercial rentals or legal procedures such as evictions.

Requirements to Become a Rental Agent

The practice of listing and securing rentals is a specialized area of real estate. To protect yourself and your customers and clients, you will need training, such as completing a rental designation class. The following are some basic requirements. You must:

- Hold an active Rhode Island real estate broker's or salesperson's license.
- Affiliate with a licensed real estate broker or brokerage that allows the practice of listing and securing rentals. ***Salespeople cannot legally have a rental or property management company on the side.***
- Make sure that rentals are covered by the brokerage and/or your own errors and omission insurance policy.
- Review your company's office policies and procedures that relate to rentals.

Know your role... Do you know the differences between a rental agent and a property manager or landlord?

	Rental Agent	Property Manager or Landlord
Shows property	✓	✓
Procures a tenant	✓	✓
Collects rent throughout tenancy	✗	✓
Holds tenant's security deposit	✗	✓
Oversees maintenance and repairs	✗	✓
Conducts credit and background checks	✓	✓

PART 2: THE LISTING STAGE

Rental Listing Agreement

How much will you be paid? What services will you offer a landlord? Protect yourself by using a written rental listing agreement.

Exclusive or Open Listing: Find out whether your brokerage uses exclusive or open listing agreements. With an exclusive listing agreement, your brokerage would be the only company that is authorized to list the property. You would be compensated even if a cooperating broker finds the tenant. With an open listing, your brokerage will be one of many who are authorized to list the property. If you do not find the tenant yourself, you will not be compensated.

MLS Requirements: If you would like to market a rental listing in State-Wide Multiple Listing Service (MLS), keep in mind that MLS rules allow exclusive listings only. You can use the MLS Exclusive Right to Rent Listing Agreement unless your brokerage requires you to use its own rental listing agreement.



Listing Issues: Here are some basic issues to address in your brokerage's listing agreement:

- Term – how long the agreement will be in effect.
- Type of rental – year-round, month-to-month, nine-month, short-term, etc.
- Description of the rental property and what utilities and amenities are included.
- Rules – condominium, subdivision, etc.
- Amount of rent
- Occupancy date



TIP: Even if you do not use a written listing agreement, Rhode Island law requires you to obtain the landlord's consent in writing to place a "for rent" sign on the property.

- **Compensation** – How will your brokerage compensation be calculated and when is payment due? Be sure to include provisions regarding the following and clearly explain how you will be compensated.
 - ◇ Is compensation based or not based on the tenant remaining?
 - ◇ What compensation is owed if the rental property is sold or taken off the market, or a tenant whom you placed renews his or her lease?
 - ◇ What amount of compensation is to be offered to cooperating brokers?
- **Services** – What services do you offer, such as marketing and tenant screening?
 - ◇ Describe what your tenant screening process will include, if applicable. (credit check, felony background check, etc.)
 - ◇ Describe services that you do not offer, such as property management.
- **Security deposits** – Identify who will hold the security deposit.
- **Fair housing** – Include a statement that you and the landlord will comply with fair housing laws.
- **Contracts** – Agree on whose lease or rental agreement you will use. Some landlords use leases with illegal provisions in them that could expose the landlord, you, and your brokerage to liability.



Advantages of Listing Rentals in MLS

MLS:

- exposes your rental listing to REALTORS® and potential tenants across the state;
- lets you syndicate your rental listing to other real estate search portals to reach tenants across the country and beyond;
- protects your exclusive relationship with your landlord;
- provides access to rental forms;
- offers convenient access to the rental application through the MLS Dashboard to check the tenant's history and qualifications for a low fee per report and;
- includes compensation to cooperating brokers.



TIP: Did you know that you can list rentals in State-Wide Multiple Listing Service? Use the MLS Exclusive Right to Rent Listing Agreement or another agreement that meets MLS requirements.

Before You Market a Rental

DUE DILIGENCE

- Ask the landlord whether the property is or will be for sale.
- Ask the landlord for copies of rules and regulations for condominiums, subdivisions, etc.
- Check the zoning. For example:
 - ◊ Is the property a legal multi-unit?
 - ◊ Are basement apartments legal and in compliance with fire safety and building requirements?
- Check with the landlord, minimum housing officer, or building inspector to determine whether there are any outstanding minimum housing violations.
- Find out whether there are any municipal or septic system restrictions on the number of occupants who can live together.
- Find out whether there are local rental registration ordinances.
- Check whether local ordinances allow or regulate short-term rentals.
- Find out whether a foreclosure is pending.
- Have the landlord document that the property's fire system complies with Rhode Island law.
- Ask the landlord whether he or she is a resident of the state of Rhode Island. (*See Requirements for Non-Resident Landlords on page 5.*)
- Educate the landlord about his or her duties.
- Encourage the landlord to notify the tenants who will manage the property.
- Observe the condition of the rental property.
- Ask the landlord whether there is any audio or video surveillance in the rental unit or common areas.



LEAD DISCLOSURE & CERTIFICATES

- Have the landlord complete a mandatory Lessor's Lead Disclosure if the property was built before 1978.
- Find out whether the landlord has current lead certificates for the rental unit and common areas. The Lead Disclosure regulation requires them to be listed.
- Landlords of pre-1978 dwellings must have a lead certificate with some exemptions.
- Waivers and hold harmless agreements are not enforceable.
- Starting on September 1, 2024, check to see whether the landlord has registered the rental unit with the RI Department of Health landlord database.



TIP: Ask yourself, would you rent this unit to a close friend or family member?

REQUIREMENTS FOR NON-RESIDENT LANDLORDS

- Inform a landlord who is not a resident of Rhode Island that he or she must designate a Rhode Island resident, LLC, corporation, etc. to accept service for government notices of minimum housing violations.
- The landlord **must complete and file a form with the Secretary of State's office** and the clerk of the town or city in which the rental property is located. The required forms are:
 - ◊ Designation of Agent for Non-Resident Landlord
 - ◊ Certificate of Cancellation for Non-Resident Landlord
- Advise the landlord to designate a family member, lawyer or someone other than you, unless you're being paid as a property manager.



LOCAL REQUIREMENTS FOR NON-RESIDENT LANDLORDS

Warwick and Providence landlords who own rental property are required to register if they are not a resident of the city. **The requirement applies to residents and non-residents of the state of Rhode Island.**



TIP: Did you know that non-resident landlords are required to register with the state and town or city in which the rental is located?

PART 3: MARKETING & SCREENING TENANTS

Fair Housing

Landlords and rental agents cannot discriminate against an applicant because he or she is a member of a protected class. Discrimination includes using biased advertising, refusing to show or rent, using different screening requirements, or offering different prices and terms to someone because he or she is – or appears to be – a member of a protected class.

PROTECTED CLASSES

Both the federal law and Rhode Island law recognize the following protected classes:



Color	Skin color
Disability	Physical or mental impairment that substantially limits one or more of the major life activities of such individual
Familial Status	Individuals with legal custody of one or more children under the age of 18 or pregnant women
National Origin	The country of birth or where his/her ancestors are from
Race	A group of people with the same common ancestors
Religion	Religious beliefs, practices, dress
Sex	Biological gender



TIP: Some cities and towns, like Narragansett, have local ordinances that require all landlords – resident and non-resident – to register their rental property. Check with town or city hall to find out whether there are any municipal registration requirements.

ADDITIONAL PROTECTED CLASSES

Rhode Island law recognizes more protected classes:

Age	Anyone who is eighteen or older. Some exemptions for “adults only” communities.
Housing Status	Includes people who have or do not having a fixed or regular residence, including the living on the streets or in a homeless shelter or similar temporary residence.
Gender identity or expression/transgender	Actual or perceived gender based on a person’s appearance and/or dress that is different from what is traditionally associated with the person’s sex at birth.
Marital status	A person who is single, divorced, or married; living with another person as a romantic partner or platonic roommate.
Military status	A veteran with an honorable discharge or an honorable or general administrative discharge.
Service member in the armed forces	A member of the Army, Navy, Air Force, Marine Corps, or Coast Guard and members of the National Guard or Reserves.
Sexual orientation	A person who has or is perceived as having, an orientation for heterosexuality, bisexuality or homosexuality.
Victim of domestic abuse	A person or a member of his/her household who, is, or has been, or is threatened with being, the victim of domestic abuse, or that the tenant or applicant has obtained, or sought, or is seeking a restraining order for protection from domestic abuse.
Source of income	A person’s source of income, includes Social Security, housing vouchers, child support, type of financing, SSI, etc.

EXEMPTIONS

Even though owner-occupied, two-family properties are exempt from most fair housing requirements, you as a rental agent are held to a higher standard and cannot use discriminatory advertising or participate in the discrimination.

- There are **different exemptions for discrimination** relating to families with children.
- Owner-occupied two, three or four-unit properties in which one of the units is already occupied by a senior citizen or “infirm person for whom the presence of children would constitute a demonstrated hardship.”
- The rental property is under a state or federal government program for elderly people.
- The rental property is intended for and occupied by tenants who are 62 or older; or
- The rental property is intended for and occupied by at least one person fifty-five (55) years of age or older per unit.
 - ◊ Eighty percent of the units are occupied by at least one person who is 55 or older.
 - ◊ The rental property has significant facilities and services designed to meet the physical or social needs of people who are 55 or older.
 - ◊ The rental property follows published policies and procedures to show that the rental is designed for people who are 55 or older.



SERVICE/ASSISTIVE/EMOTIONAL SUPPORT ANIMALS

Landlords must make reasonable accommodation for a service or assistive/emotional support animal even if the landlord, condominium, or community has a “no pets” requirement. The landlord cannot charge extra deposits or refuse to allow the animal unless it poses an undue financial burden.



Service Animals:

Assistive Animals:

Assist a person with a mental or physical disability	Assist a person with a mental or physical disability
Trained to perform a specific task	No training is required.
Landlord cannot require a doctor’s note	The landlord can require a doctor’s or medical professional’s note stating that the applicant has a disability and an animal is medically necessary to assist with the disability.
Can ask about the person’s disability	Cannot ask about the person’s disability.

MEDICAL MARIJUANA/CANNABIS

Landlords and rental agents cannot:

- Refuse to rent to a person who holds a medical marijuana card issued by the Rhode Island Department of Business Regulation because of his or her cardholder status.
- Ask about the type of the applicant's medical condition or disability.

Landlords and rental agents can:

- Ask to see the applicant's card.
- Prohibit smoking, vaping, cultivation, or growing of illegal substances.
- Prohibit a tenant from running a business from the rental property.
- Prohibit tenants from tampering with and/or overloading the electrical system.

Reminder: Use of marijuana/cannabis is still illegal under federal law.

Using Consumer Reports: What Landlords Need to Know



TIP: Did you know that State-Wide MLS offers a Residential Rental Application?



Advertising

- Do not use discriminatory advertising even if the owner qualifies for an owner-occupied exemption.
- Rental advertising, such as signs, web sites and social media, must include the name of the real estate brokerage in a way that is more prominent than your or your team's name.



TIP: Describe the property, not the people.

Did you know that Rhode Island law requires minimum square footage per person?

First Occupant

150 square feet of living space
70 square feet of sleeping space

Additional Occupant(s)

130 square feet/additional occupant
50 square feet of sleeping space/additional occupant

If there's a septic system, the maximum number of bedrooms should be recorded with the town or city in which the property is located.

Check municipal ordinances to see if the city/town imposes a cap on how many unrelated adults may live together.

Showings

- Make sure that you or the landlord notifies the tenant that the rental unit has been listed.
- Be considerate of existing tenants when scheduling showings and accessing the rental.
- Give the tenant as much notice as possible when scheduling showings.
- Rhode Island law allows a rental unit to be shown after giving the tenant at least "two days' notice." Consider texting or emailing to create a paper trail.
- The law allows you to enter only at "reasonable" times.
- If the tenant refuses to let you into the unit, do not force your way in. Contact the landlord and/or the police if necessary.

See R.I.G.L. § 34-18-26 for more...



TIP: What you do for one applicant, do for all applicants. Commit to offering equal professional services to all in their search for rental property.

Disclosures

MANDATORY REAL ESTATE RELATIONSHIP DISCLOSURE

Complete and give this form to your customer or client and to any unrepresented landlord or tenant. Use the Team Addendum if you are a member of a team.

LESSOR'S LEAD DISCLOSURE & CERTIFICATES

- Make sure that the landlord provides this disclosure for the rental of dwelling units built before 1978 and
- The EPA pamphlet **Protect Your Family from Lead in Your Home** containing the insert What You Should Know about the Rhode Island Lead Law.
- Include a list of lead certificates and inspection reports.
- Exemptions:
 - ◊ Short-term rentals of 100 days or less.
 - ◊ Temporary, seasonal housing rented no more than 100 days in a calendar year to the same tenant.
 - ◊ Housing designated for residents age 62 or older.
 - ◊ Lead disclosures are not required for vacant land or rental property built on or after January 1, 1978.
 - ◊ Leases and other rental agreements must include a lead warning statement and acknowledgment that the tenant received the disclosure.



Application & Screening

- Determine what fees you will charge for a background check.
- Use a rental service to conduct a background check on a rental applicant.
- Check credit history.
- Check employment history.
- Check references by contacting previous landlords.
- Use an income ratio formula to qualify tenants based upon stated income.
- Find out whether a tenant has been convicted of a felony.
- Screening must be consistent for all applicants.



TIP: Disclose to prospective tenants if the property is also listed for sale or if a foreclosure auction has been scheduled.

LEGAL REQUIREMENTS FOR APPLICATION FEES

Effective January 1, 2024, Rhode Island law will prohibit landlords, rental agents, and property managers from charging application fees to rental applications – with two exceptions. Landlords and their representatives will be able to charge applicants for the actual cost of conducting (1) a credit check or (2) a criminal background check unless the rental applicant has provided a credit report and BCI/police background check dated no more than 90 days before the day of the application. If the rental applicant is required to pay for a report, the applicant must be provided with a copy of it.

Even if the rental applicant provides timely reports, landlords and their representatives will have the right to conduct these and other checks at the landlord's expense.

Use the revised RIAR Rental Application, which includes checkboxes for rental applicants to indicate whether they are providing copies of one or more reports.



CREDIT REPORTS/BACKGROUND CHECKS

- Request a report from a credit reporting bureau, tenant screening agency, criminal background check, or reference checking service.
- Explain the report to the landlord.
- Do not show the applicant's credit report to a landlord unless an applicant has given written permission for you to do so.

ADVERSE ACTION REPORTS

- If the landlord rejects the applicant based on a credit report, requires a co-signer, charges higher rent, etc., the Fair Credit Reporting Act requires you to send an adverse action report to the tenant. Notices should be in writing and must include:

◇ The name and contact information of the agency that provided the credit report;



TIP: Did you know that State-Wide MLS offers a Residential Lease Agreement?

- ◇ A statement that the company that supplied the report did not make the decision to take an unfavorable action, such as rejecting the rental application and cannot give specific reasons for it and;
- ◇ A statement that the applicant has the right to dispute the accuracy of the report and request a free report from the company by requesting it within 60 days of the notice.

Visit the FTC website for more:

Using Consumer Reports: What Landlords Need to Know

PART 4: RENTAL AGREEMENTS

Type of Rental Agreement

Ask the landlord what type of agreement he or she would like to use.

LEASE

Runs for a fixed period of time, such as a year or nine months.

TENANCY AT WILL

Runs month-to-month and can be terminated by either the tenant or landlord for any reason with 30 days' notice.

Terms of Rental Agreement

Make sure that the lease addresses key issues:

- The start and end date of the lease or rental agreement, if applicable;
- The rental amount, the due date, where and how to make payments;
- What utilities are included or excluded;
- What amenities are being provided;
- Whether the rental is furnished and;
- The name of a contact person to whom the tenant can report chipping or peeling lead paint, maintenance problems.



TIP: Did you know that State-Wide MLS offers a Pet Addendum?

OTHER PROVISIONS

- Access for repairs, showing, inspection, etc.
- Prohibition of growing plants and illegal substances in the rental.
- Prohibition of tampering with electricity.
- Maintenance and cleaning standards.
- Noise – Who is responsible for paying fines?
- Odors – Rules regarding incense, candles, smoking, pets, etc.
- Parking – Designated parking, guest parking, maximum number of parking spaces, whether commercial vehicles/campers/trailers are allowed.
- Pests – The tenant is responsible for pest treatment in a single family home. The landlord/condominium association is responsible in an apartment or condominium. The tenant is responsible for paying for treatment if tenant's unit is the only unit with pests.
- Pets – Allowed/not allowed, type and size of pet(s), maximum number; pet rent. *(See Service/Assistive Animals, page 9.)*
- Renewal – Will lease automatically renew?
- Rental insurance – Require the tenant to obtain.
- Smoke and carbon monoxide detectors – The tenant cannot tamper with them.
- Tax escalation clause that states who is responsible for paying increases in property taxes.
- Smoking/vaping – medical marijuana, tobacco, recreational marijuana, other drugs.
- Snow shoveling/lawn maintenance – Who is responsible? The landlord can negotiate to allow a tenant to shovel or plow in exchanged for a discount on rent.
- Subletting – Is it allowed or prohibited?
- Storage – Where are the designated storage spaces; Is storing particular items prohibited?
- Trash pickup – who is responsible for taking out the trash, recycling bins?
- Unauthorized occupants/overnight guests – Are there restrictions?
- Use of common areas.



TIP: If your landlord uses his/her own lease, make sure that the landlord has had an attorney review it.

ILLEGAL PROVISIONS

- Requiring a tenant to waive the landlord's liability for lead poisoning, injuries, repairs, etc.
- Requiring a tenant to pay more than the equivalent of one month's rent as a deposit. This has been interpreted to include prohibiting a landlord from collecting an additional pet deposit, last month's rent, cleaning deposit, etc.
- Requiring a tenant to maintain the property unless the landlord and tenant negotiate compensation for the tenant.



Deposits & Other Payments

- The legal maximum that a landlord can collect as a deposit is equivalent to one month's rent. This includes any type of deposit that will be held as a security deposit, cleaning deposit, pet deposit, last month's rent, etc., with one exception:
 - ◊ A landlord can collect an additional furniture deposit if the rental is furnished and the replacement value of the furniture is \$5,000 or more.
- Have the tenant write a deposit check to the landlord. Do not hold a security deposit unless your brokerage and the landlord have a property management contract in place.



TIP: Did you know that a lease is binding on the new owner if a rental property is sold during the term of a lease?

Special Situations



CONDOMINIUM AND COMMUNITY RENTALS

- If the rental is a condominium, in a mobile home park or other type of planned community, find out whether rentals are permitted and whether there is a special approval process for tenants.
- Make sure to obtain a current copy of the rules (designated parking, pets, noise, prohibition of home business, no commercial vehicles, use of amenities, etc.)

MILITARY RENTALS

- A Military Housing office will typically review the lease that the landlord plans to use.
- The lease must include a military clause to release a tenant and/or tenant's family from a lease if tenant is transferred or deployed for a minimum of ninety days.
- Check with the military for any other specific requirements.

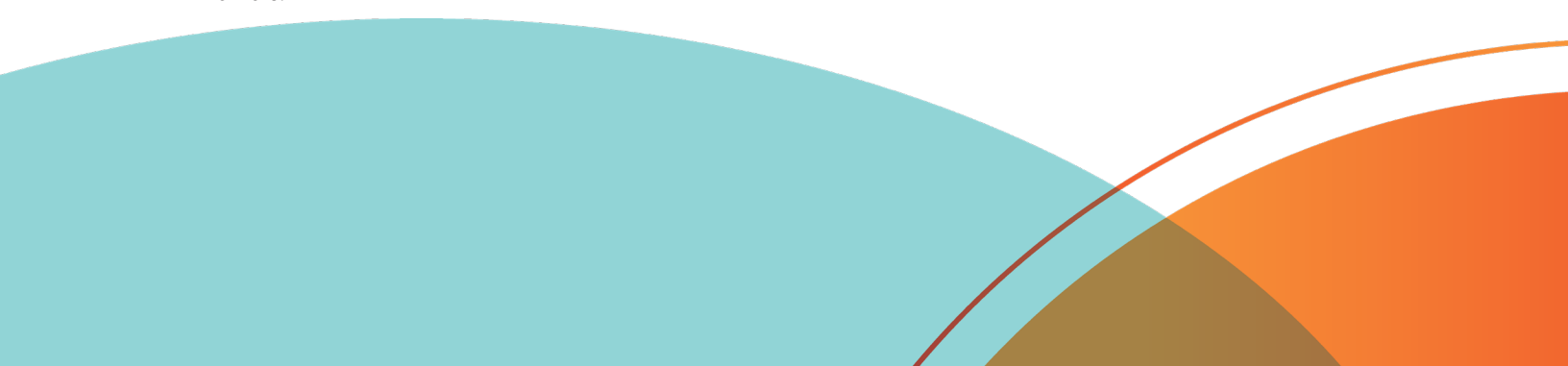
VOUCHER PROGRAMS

- Section 8 and other voucher programs require the landlord to have the rental inspected by the local housing authority.
- The local housing authority may require the use of its own lease.

SENIOR RENTALS

- A tenant who is 65 or older has the right to terminate a lease or rental agreement to enter an assisted living facility, nursing facility, or housing for the elderly as designated by the federal government.
- The tenant must provide written documentation.
- The termination is effective 45 days after the next date when the rent is due.

SHORT TERM RENTALS / SEASONAL RENTALS

- Check to see whether a local ordinance prohibits or restricts short-term rentals.
 - Some ordinances restrict noise and/or the number of unrelated occupants.
 - Make sure to register to collect the short-term rental taxes that are required by the state of Rhode Island: 7% sales tax and 1% local hotel tax or a total of 8%.
 - Check with the town or city to find out if there are any special registration or permitting requirements for short-term rentals.
- 

STUDENT RENTALS

- Make sure that the student(s) are 18 or older.
- If the students do not have their own credit, they will likely need a co-signer. If they do, use a co-signer agreement that reminds parents that they are liable for the rent even if one of the other tenants stops paying or moves out.
- Check to see whether there are any local restrictions on how many students may live together.

Moving In

- The tenants should walk through the property before they move in to make sure that it is clean and that everything is in working order.
- Have tenants test the appliances.
- If you do the walk through with the tenants, make sure to document conditions of the property in writing and take photographs.
- Report any problems to the landlord.



TIP: State-Wide MLS has a Rental Premises Condition Form that can be used for documentation.



Troubleshooting

- The tenant may contact you if he or she is unhappy with condition of rental or landlord's behavior.
- The landlord may call to complain that the tenant is not paying rent or is noisy.
- Make sure that you understand whom you represent.

Resources

For more information, please see: <http://webserver.rilin.state.ri.us/Statutes/TITLE34/34-18/index.htm>

REALTORS® may contact the Rhode Island Association of REALTORS® Legal Hotline at 401-432-6945 or email monica@rirealtors.org. If you or your client needs representation, contact an attorney who specializes in landlord-tenant law.