



**Government Affairs Committee
Legislative Session 2018
End-of-Session Report**

Legislative Successes – 2018:

1. To address the ongoing issue of residential real estate transaction and the maintenance of private easements and rights-of way, the Rhode Island Association of REALTORS® (RIAR) once again asked the General Assembly to introduce and advocate for legislation that addresses the concerns raised by our association. The Federal National Mortgage Association (Fannie Mae) will no longer back mortgages for homes on private roads or shared driveways unless a 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.

[H 7337 Sub A](#) / [S 2359 Sub A](#) creates 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.

Status: Approved by the General Assembly and signed by Governor Raimondo.

Effective Date: Upon Passage

House Sponsors: Representative Hearn

Senate Sponsors: Lombardi, McCaffrey, Lynch Prata, Ciccone and Archambault

2. RIAR opposes state laws and regulations that disproportionately penalize 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 that fairly penalizes landlords who violate Rhode Island General Law related to the designation of an agent for service of process. [H 7511 Sub A](#) / [S 2695 Sub A](#) creates a fair playing field that holds landlords accountable while eliminating a loophole in the Rhode Island General Laws that allows tenants to secure a refund for rent already collected.

The news law levies a civil fine of \$100 per month up to a maximum of \$1,200 in a calendar year, or if the monthly rent exceeds \$1200, the civil fine imposed will be one month's rent for the calendar year.

3. 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) was 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 was one of three states that had 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, the passage of this legislation ([H 7080 Sub A](#) / [S 2145 Sub A as Amended](#)) opens doors to achieve our economic development and housing goals. During the legislative session, the General Assembly approved legislation on our behalf and may other stakeholder organizations that allows municipalities to accept e-records for the purpose of recording deeds. While the General Assembly removed the national standards language from the legislation, cities and towns across Rhode Island may utilize this new technology in 2019.

Status: Approved by the General Assembly and signed by Governor Raimondo.

Effective Date: July 1, 2019

House Sponsors: Representatives Ruggiero, Casimiro, Phillips, Kazarian, and Amore

Senate Sponsors: Crowley, Seveney, DiPalma, Coyne, Calkin, and Felag

4. 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 changes 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. During the legislative session, the General Assembly approved legislation on behalf of RIAR doubling the maximum penalty to \$2,000 per offense ([H 7478](#) / [S 2423](#)).

5. In addition to 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 on behalf of RIAR 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.

On behalf of RIAR, members of the Central Falls delegation introduced [S 2369](#) / [H 8019](#) which 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.

Status: Approved by the General Assembly and transmitted to Governor Raimondo.

Effective Date: August 1, 2018

House Sponsors: Representatives Maldonado, Tobon, Kazarian, Barros, and Slater

Senate Sponsor: Crowley

6. With increasing popularity of privatized student housing, transient workforce housing and micro-apartment housing options in urban areas, the leasing of full furnished, upscale apartment housing is becoming quite common. In the examples described, furnished apartments are often required by the tenants due to the nature of the tenancy and providing unfurnished apartments is not a viable option for landlords.

Prior to this year's legislative session, Rhode Island General Law placed restrictions on the amount of a security deposit that can be charged by a landlord. Property owners were prohibited from charging an additional security deposit for furnishings if a standard one-month security deposit is charged without creating a conduit arrangement for furniture rental.

To address this use, the General Assembly introduced legislation ([S 2609 Sub A/ H 7600 Sub A as Amended](#)) on behalf of RIAR that permits landlords and property owners to charge a security deposit on furnished units. Landlords and property owners may now request / receive a furniture security deposit if the replacement value of the furniture being furnished is \$5,000 or greater. In this way, the landlord may charge a separate furniture security deposit of up to six month's periodic rent.

Status: Approved by the General Assembly and signed by Governor Raimondo.

Effective Date: Upon Passage

House Sponsors: Representatives Maldonado, Tobon, Kazarian, Barros, and Slater

Senate Sponsors: DiPalma, Seveney, Coyne, and Nesselbush

7. During the legislative session, members of the Senate introduced legislation that would require salespersons and brokers to disclose, in writing to potential buyers, the use of a home for marijuana cultivation. The legislation exposed home sellers, RIAR members and all real estate licensees to legal liabilities, violating the Health Insurance Portability and Accountability Act of 1996 (HIPPA).

During public testimony and written correspondence, RIAR countered arguments that this bill would protect consumers from issues, such as mold, electrical HVAC, etc. Existing law adequately protects home buyers and requires sellers of real estate to disclose physical defects of the property prior to the sale of a residential home.

While the legislation was approved by the Senate ([S 2442](#)) during the legislative session and on the last day of session by the House ([H 8354](#)), reason prevailed, and the legislation was vetoed by Governor Raimondo at the request of the Rhode Island American Civil Liberties Union (RI ACLU), RIAR and the Rhode Island Patient Advocacy Coalition.

Status: Approved by the General Assembly and vetoed by Governor Raimondo.

Effective Date: N/A

House Sponsors: Representatives Casimiro and Donovan

Senate Sponsors: Coyne, Seveney, DiPalma, Calkin, and Lynch Prata