

2010 -- S 2342

LC01091

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO BUSINESS AND PROFESSIONS - AGENCY RELATIONSHIP -
RESIDENTIAL REAL ESTATE TRANSACTION

Introduced By: Senator Roger Picard

Date Introduced: February 11, 2010

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 5-20.6-8 of the General Laws in Chapter 5-20.6 entitled "Agency
2 Relationships in Residential Real Estate Transactions" is hereby amended to read as follows:

3 ~~5-20.6-8. Mandatory relations disclosure.~~ **Mandatory relationship disclosure.** -- (a)
4 The Rhode Island real estate commission shall approve a mandatory relationship disclosure that
5 conforms to the requirements of this section.

6 (b) A licensee shall provide a prospective buyer, seller, tenant, or landlord in a real estate
7 transaction, excluding a lease, rental occupancy or tenancy of one hundred (100) days or less in
8 duration to the same tenant per calendar year where no lease renewal or extension can occur, with
9 a copy of the mandatory relationship disclosure and shall obtain a signed acknowledgement of
10 receipt from the buyer, seller, tenant, or landlord at the first personal contact with the prospective
11 buyer, seller, tenant, or landlord, or prior to an offer to purchase, whichever is first to occur. If a
12 buyer, seller, tenant, or landlord, refuses to sign an acknowledgement of receipt, the licensee shall
13 set forth, sign and date a written declaration of the facts of the refusal.

14 (c) The mandatory relationship disclosure shall contain the following information:

15 (1) A list of the types of representation or assistance available to a prospective buyer,
16 seller, tenant, or landlord consistent with section 5-20.6-3;

17 (2) A statement that a principal broker and his or her affiliated licensees must disclose
18 their relationship as a designated client representative, transaction facilitator, or transaction

1 coordinator to the buyer, seller, tenant, or landlord in any transaction;

2 (3) The legal duties and obligations owed to the buyer, seller, tenant, or landlord in each
3 type of relationship as set forth in this chapter and chapter 5-20.5;

4 (4) A conspicuous notice that a licensee cannot act as a client representative for a
5 prospective buyer, seller, tenant, or landlord unless the licensee obtains the informed written
6 consent of a prospective buyer, seller, tenant, or landlord with a signed mandatory relationship
7 disclosure;

8 (5) A box for the client or customer to select the type of representation or assistance that
9 he or she desires;

10 (6) A statement that a principal broker may designate one or more affiliated licensees to
11 act as the designated client representative(s) of a seller or landlord and one or more affiliated
12 licensees to act as the designated client representative(s) of a buyer or tenant in the same
13 transaction; provided, that the licensee obtains the consent from the client being represented;

14 (7) A statement that, when the principal broker or his or her designee appoints
15 designated client representatives to represent clients on different sides of a transaction, he or she
16 shall: (i) act in a neutral capacity as a transaction coordinator; (ii) protect all parties' confidential
17 information; and (iii) properly account for funds;

18 (8) A statement that all affiliated licensees not appointed as a designated client
19 representative for the client may represent another party in a transaction with conflicting interests;

20 (9) An explanation of the potential conflicts of interest that exist if a licensee acts as a
21 designated client representative in a transaction or a neutral transaction facilitator for more than
22 one party in the same transaction;

23 (10) A statement that a principal broker and his or her affiliated licensees must disclose
24 their relationship as a designated client representative, transaction facilitator, or transaction
25 coordinator to the buyer, seller, tenant, or landlord in any transaction;

26 (11) A statement that the failure of a licensee to give a prospective buyer, seller, tenant,
27 or landlord the mandatory relationship disclosure timely or the failure of a licensee to obtain any
28 other written consent required by this chapter shall be a violation of Rhode Island real estate
29 license law and may subject the licensee to disciplinary action;

30 (12) A statement that if a consumer desires to change the nature of a relationship with a
31 licensee from a customer relationship to a client relationship that a licensee's relationship with a
32 buyer, seller, tenant, or landlord as a designated client representative must be established no later
33 than the preparation of a sales agreement, offer to purchase, or lease; and

34 (13) Written confirmation from each party signing the mandatory relationship disclosure

1 that he or she has received, read, and understood this mandatory relationship disclosure and has
2 consented to the relationship confirmed above.

3 (d) In all instances, a licensee's relationship with a buyer, seller, tenant, or landlord as a
4 designated client representative must be established, and the mandatory relationship disclosure
5 executed, no later than the preparation of a sales agreement, offer to purchase, or lease.

6 SECTION 2. This act shall take effect August 1, 2010.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would exclude leases or rentals of less than one hundred (100) days where there
2 is no lease renewal or extension thereof for the request of a licensee's providing a copy of the
3 mandatory relationship disclosure.

4 This act would take effect August 1, 2010.

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