

The Department of Business Regulation has adopted new regulations. These regulations were the result of extensive review by the Real Estate Commission and DBR, which reviewed laws from other states and public input, including from the Rhode Island Association of REALTORS® and individual REALTORS®.

The important changes that affect all licensees include:

**Increase in CE requirements:** The Department of Business Regulation has increased mandatory continuing education requirement from 18 to 24 hours to make Rhode Island closer to the national median. Salespeople and brokers must comply with the new requirement by April 30, 2010 as part of the license renewal process. Licensees who hold a valid license originally issued prior to December 12, 1984 continue to be exempt from mandatory CE.

The number of required core credits has not changed. Six of the twenty-hour hours of mandatory continuing education must still consist of core credits.

- **More choices for CE classes:** DBR has added new classes that qualify for "CORE" continuing education credits. Here is a list of all CORE classes.
  - Agency
  - Ethics
  - Contracts
  - Fair housing
  - Landlord tenant law Lead hazard mitigation
  - Environmental issues
  - Local ordinances and regulations relating to real estate
  - Financing
  - RI real estate licensing law

#### **Changes for Salespeople:**

- **Educational requirements for salesperson's license:** Classroom hours must be completed within two years before the date of the application for a sales license. Similar to the change in "Educational requirements for a broker's license" above
- **Commissions payable to salesperson's LLC:** A principal broker may pay commissions directly to a limited liability company (LLC) or corporation if it is wholly owned by a salesperson or associate broker who is affiliated with the principal broker.
- **Written disclosure of personal relationship:** Licensees must disclose whether they have a personal or familial interest or ownership interest in a business that is buying or selling real estate. The disclosure must be in writing at first contact if they wish to collect a commission. [The Disclosure of Personal Interest form can be found in Transit.]

### Changes for Managers:

- **Managers who list and sell:** The old regulations required managers to be devoted full-time to the management of the office and required each branch office its own full-time manager. The old regulations caused confusion because they allowed a broker to manage an office of 100 licensees but required a company to hire a separate manager for a main office with 50 licensees and a branch office with 50 licensees. The new regulations allow a manager to list and sell, and manage multiple branch offices.

### Changes for Brokers:

- **Educational requirements for broker's license:** State law requires an applicant for a broker's license must R.I.G.L. § 5-20.5-4 to either submit proof to DBR that they have working "full time as a real estate salesperson for at least one year immediately prior to the date of application" or complete 90 hours of education required by DBR. Some applicants were using the 45 hours of sales pre-licensing courses towards the 90 hours of education required for a broker's license. DBR has revised its regulations to make it clear that sales pre-licensing classes can no longer count towards the 90 hours of education required for a broker's license. Classroom hours must be completed within four years before the date of the application for a broker's license. The reason for this change is that since the practice of real estate and real estate laws have changed so much in recent years, allowing applicants to count classes that they took many years ago did not adequately protect consumers or prepare an applicant to list, sell, and rent real estate in today's market.
- **Mandatory CE for attorney/brokers:** Attorneys who hold a broker's license must comply with continuing education requirements. Attorneys may count continuing legal education classes that relate to real estate towards this requirement.

### Changes for Property Managers:

- **Property managers:** DBR has made it clear that property managers must be licensed unless they are employees of the owner.

### Changes in errors and omissions insurance requirements:

- **Errors and omissions insurance:** If a licensee is covered by a broker's blanket errors and omissions insurance policy, DBR will no longer require the licensee to carry an individual policy. The amount of coverage has changed. The new minimum requirements are as follows:
  - ***Individual policy:*** The insurance shall be in an amount for each claim of at least \$50,000 and in an aggregate amount of at least \$150,000.
  - ***Principal broker's blanket policy for his or her licensees:*** "In an amount for each claim of at least \$50,000 multiplied by the number of individual licensees employed by or associated with the principal broker, and in an aggregate amount of at least \$150,000 multiplied by the number of individual licensees employed by or associated with the principal broker; or in an amount sufficient to provide coverage at a level of at least \$300,000 for each claim with an aggregate top limit of liability for all claims of at least \$1,000,000 during any one year."