

2019 -- S 0607 SUBSTITUTE A

=====
LC002007/SUB A
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

—————
A N A C T

RELATING TO BUSINESSES AND PROFESSIONS - REAL ESTATE DISCLOSURES

Introduced By: Senator Dawn M. Euer

Date Introduced: March 14, 2019

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 5-20.8-2 of the General Laws in Chapter 5-20.8 entitled "Real
2 Estate Sales Disclosures" is hereby amended to read as follows:

3 **5-20.8-2. Disclosure requirements.**

4 (a) As soon as practicable, but in any event no later than prior to signing any agreement
5 to transfer real estate, the seller of the real estate shall deliver a written disclosure to the buyer
6 and to each agent with whom the seller knows he or she or the buyer has dealt in connection with
7 the real estate. The written disclosure shall comply with the requirements set forth in subsection
8 (b) of this section and shall state all deficient conditions of which the seller has actual knowledge.
9 The agent shall not communicate the offer of the buyer until the buyer has received a copy of the
10 written disclosure and signed a written receipt of the disclosure. If the buyer refuses to sign a
11 receipt pursuant to this section, the seller or agent shall immediately sign and date a written
12 account of the refusal. The agent is not liable for the accuracy or thoroughness of representations
13 made by the seller in the written disclosure or for deficient conditions not disclosed to the agent
14 by the seller.

15 (b)(1) The Rhode Island real estate commission may approve a form of written disclosure
16 as required under this chapter or the seller may use a disclosure form substantially conforming to
17 the requirements of this section. The following provisions shall appear conspicuously at the top of
18 any written disclosure form: "Prior to the signing of an agreement to transfer real estate (vacant
19 land or real property and improvements consisting of a house or building containing one to four

1 (4) dwelling units), the seller is providing the buyer with this written disclosure of all deficient
2 conditions of which the seller has knowledge. This is not a warranty by the seller that no other
3 defective conditions exist, which there may or may not be. The buyer should estimate the cost of
4 repair or replacement of deficient conditions prior to submitting an offer on this real estate. The
5 buyer is advised not to rely solely upon the representation of the seller made in this disclosure,
6 but to conduct any inspections or investigations which the buyer deems to be necessary to protect
7 his or her best interest." Nothing contained in this section shall be construed to impose an
8 affirmative duty on the seller to conduct inspections as to the condition of this real estate.

9 (2) The disclosure form shall include the following information:

10 (i) Seller Occupancy -- (Length of Occupancy)

11 (ii) Year Built

12 (iii) Basement -- (Seepage, Leaks, Cracks, etc. Defects)

13 (iv) Sump Pump -- (Operational, Location, and Defects)

14 (v) Roof (Layers, Age and Defects)

15 (vi) Fireplaces -- (Number, Working and Maintenance, Defects)

16 (vii) Chimney -- (Maintenance History, Defects)

17 (viii) Woodburning Stove -- (Installation Date, Permit Received, Defects)

18 (ix) Structural Conditions -- (Defects)

19 (x) Insulation -- (Wall, Ceiling, Floor, UFFI)

20 (xi) Termites or other Pests -- (Treatment Company)

21 (xii) Radon -- (Test, Company) "Radon has been determined to exist in the State of
22 Rhode Island. Testing for the presence of radon in residential real estate prior to purchase is
23 advisable."

24 (xiii) Electrical Service -- (Imp. & Repairs, Electrical Service, Amps, Defects)

25 (xiv) Heating System -- (Type, Imp. & Repairs, Underground Tanks, Zones,
26 Supplemental Heating, Defects)

27 (xv) Air Conditioning -- (Imp. & Repairs, Type, Defects)

28 (xvi) Plumbing -- (Imp. & Repairs, Defects)

29 (xvii) Sewage System -- (Assessment, Annual Fees, Type, Cesspool/Septic Location,
30 Last Pumped, Maintenance History, Defects)

31 "Potential purchasers of real estate in the state of Rhode Island are hereby notified that
32 many properties in the state are still serviced by cesspools as defined in Rhode Island general law
33 chapter 23-19.15 (The Rhode Island Cesspool Phase-Out Act of 2007). Cesspools are a
34 substandard and inadequate means of sewage treatment and disposal, and cesspools often

1 contribute to groundwater and surface water contamination. Requirements for abandonment and
2 replacement of high-risk cesspools as established in Rhode Island general law Chapter 23-19.15
3 are primarily based upon a cesspool's non-treatment of wastewater and the inherent risks to public
4 health and the environment due to a cesspool's distance from a tidal water area, or a public
5 drinking water resource. Purchasers should consult Rhode Island general law chapter 23-19.15 for
6 specific cesspool abandonment or replacement requirements. An inspection of property served by
7 an on-site sewage system by a qualified professional is recommended prior to purchase. Pursuant
8 to Rhode Island general law § 5-20.8-13, potential purchasers shall be permitted a ten (10) day
9 period to conduct an inspection of a property's sewage system to determine if a cesspool exists,
10 and if so, whether it will be subject to the phase-out requirements as established in Rhode Island
11 general law chapter 23-19.15.

12 (xviii) Water System -- (Imp. & Repairs, Type, Defects) Private water supply (well).
13 "The buyer understands that this property is, or will be served, by a private water supply (well)
14 which may be susceptible to contamination and potentially harmful to health. If a public water
15 supply is not available, the private water supply must be tested in accordance with regulations
16 established by the Rhode Island department of health pursuant to § 23-1-5.3. The seller of that
17 property is required to provide the buyer with a copy of any previous private water supply (well)
18 testing results in the seller's possession and notify the buyer of any known problems with the
19 private water supply (well)."

20 (xix) Domestic Hot Water -- (Imp. & Repairs, Type, Defects, Capacity of Tank)

21 (xx) Property Tax

22 (xxi) Easements and Encroachments -- The seller of that real estate is required to provide
23 the buyer with a copy of any previous surveys of the real estate that are in the seller's possession
24 and notify the buyer of any known easements, encroachments, covenants or restrictions of the
25 seller's real estate. If the seller knows that the real estate has a conservation easement or other
26 conservation or preservation restriction as defined in § 34-39-1 of the general laws, the seller is
27 required to disclose said information and provide the buyer with a copy of any documentation in
28 the seller's possession regarding the conservation and preservation restrictions. A buyer may
29 wish to have a boundary or other survey independently performed at his or her own expense.

30 (xxii) Deed -- (Type, Number of Parcels)

31 (xxiii) Zoning -- (Permitted use, Classification) "Buyers of real estate in the state of
32 Rhode Island are legally obligated to comply with all local real estate ordinances; including, but
33 not limited to, ordinances on the number of unrelated persons who may legally reside in a
34 dwelling, as well as ordinances on the number of dwelling units permitted under the local zoning

1 ordinances." If the subject property is located in a historic district, that fact must be disclosed to
2 the buyer, together with the notification that "property located in a historic district may be subject
3 to construction, expansion or renovation limitations. Contact the local building inspection official
4 for details."

5 (xxiv) Restrictions -- (Plat or Other)

6 (xxv) Building Permits

7 (xxvi) Minimum Housing -- (Violations)

8 (xxvii) Flood Plain -- (Flood Insurance) If the seller knows any of the following
9 information, the seller is required to disclose such information to the buyer: whether the property
10 is in a flood zone in accordance with the coastal resource management council (CRMC) or the
11 Federal Emergency Management Agency (FEMA) and if so, the flood zone classification(s) of
12 the property and the source and date of that information; if there is flood insurance on the
13 property and if so, the amount of the annual premium; whether any portion of the residence has
14 suffered water damage for any reason and if so, to provide further detail of the source, frequency,
15 and repair of that damage. Flood maps and the cost and availability of flood insurance are subject
16 to change. The buyer is advised to conduct his or her own due diligence.

17 (xxviii) Wetlands -- The location of coastal wetlands, bay, fresh water wetlands, pond,
18 marsh, river bank or swamp, as those terms are defined in chapter 1 of title 2 and the associated
19 buffer areas may impact future property development. The seller must disclose to the buyer any
20 such determination on all or part of the land made by the department of environmental
21 management.

22 (xxix) Multi-family or other Rental Property -- (Rental Income)

23 (xxx) Pools & Equipment -- (Type, Defects)

24 (xxxii) Lead Paint -- (Inspection) Every buyer of residential real estate built prior to 1978
25 is hereby notified that those properties may have lead exposures that may place young children at
26 risk of developing lead poisoning. Lead poisoning in young children may produce permanent
27 neurological damage, including learning disabilities, reduced IQ behavioral problems, and
28 impaired memory. The seller of that property is required to provide the buyer with a copy of any
29 lead inspection report in the seller's possession and notify the buyer of any known lead poisoning
30 problem. Environmental lead inspection is recommended prior to purchase.

31 (xxxiii) Fire

32 (xxxiv) Hazardous Waste -- (Asbestos and Other Contaminants)

33 (xxxv) Miscellaneous

34 (xxxvi) Farms -- The disclosure shall inform the buyer that any farm(s) that may be in the

1 municipality are protected by the right to farm law.

2 (c) Any agreement to transfer real estate shall contain an acknowledgement that a
3 completed real estate disclosure form has been provided to the buyer by the seller in accordance
4 with the provisions of this section.

5 (d) The Rhode Island real estate commission has the right to amend the seller disclosure
6 requirements by adding or deleting requirements when there is a determination that health, safety,
7 or legal needs require a change. Any change to requirements shall be a rule change, subject to the
8 Administrative Procedures Act, chapter 35 of title 42. The power of the commission to amend the
9 written disclosure requirements shall be liberally construed so as to allow additional information
10 to be provided as to the structural components, housing systems, and other property information
11 as required by this chapter.

12 SECTION 2. This act shall take effect upon passage.

=====
LC002007/SUB A
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO BUSINESSES AND PROFESSIONS - REAL ESTATE DISCLOSURES

- 1 This act would add to the disclosure form, that a seller must complete for prospective
- 2 buyers, detailed information on the need and cost for flood insurance on the property to be sold.
- 3 This act would take effect upon passage.

=====
LC002007/SUB A
=====