It is enacted by the General Assembly as follows:

SECTION 1. Sections 5-20.5-14 and 5-20.5-26 of the General Laws in Chapter 5-20.5 entitled "Real Estate Brokers and Salespersons" are hereby amended to read as follows:

5-20.5-14. Revocation, suspension of license -- Probationary period -- Penalties.

(a) The director may upon his or her own motion, and shall, upon the receipt of the written verified complaint of any person initiating a cause under this section, ascertain the facts and, if warranted, hold a hearing for the suspension or revocation of a license. The director has power to refuse a license for cause or to suspend or revoke a license or place a licensee on probation for a period not to exceed one year where it has been obtained by false representation, or by fraudulent act or conduct, or where a licensee, in performing or attempting to perform any of the acts mentioned in this chapter, is found to have committed any of the following acts or practices:

(1) Making any substantial misrepresentation;

(2) Making any false promise of a character likely to influence, persuade or induce any person to enter into any contract or agreement when he or she could not or did not intend to keep that promise;

(3) Pursuing a continued and flagrant course of misrepresentation or making of false promises through salespersons, other persons, or any medium of advertising, or otherwise;

(4) Any misleading or untruthful advertising;
(5) Failing to deposit money or other customers’ funds received by a broker or
salesperson into an escrow account maintained by the broker which complies with the
requirements set forth in § 5-20.5-6, upon execution of a purchase and sales agreement;
(6) Failing to preserve for three (3) years following its consummation records relating to
any real estate transaction as described in the regulations issued by the department;
(7) Acting for more than one party in a transaction without the knowledge and consent, in
writing, of all parties for whom he or she acts;
(8) Placing a “for sale” or “for rent” sign on any property without the written consent of
the owner, or his or her authorized agent;
(9) Failing to furnish a copy of any listing, sale, lease or other contract relevant to a real
estate transaction to all signatories of the contract at the time of execution;
(10) Failing to specify a definite termination date that is not subject to prior notice, in any
listing contract;
(11) Inducing any party to a contract, sale, or lease to break that contract for the purpose
of substitution in lieu of that contract a new contract, where that substitution is motivated by the
personal gain of the licensee;
(12) Accepting a commission or any valuable consideration by a salesperson for the
performance of any acts specified in this chapter, from any person, except the licensed real estate
broker with whom he or she is affiliated;
(13) Failing to disclose to an owner his or her intention or true position if he or she
directly or indirectly through a third party, purchases for him or herself or acquires or intends to
acquire any interest in or any option to purchase property which has been listed with his or her
office to sell or lease;
(14) Being convicted of any criminal felony in a court of competent jurisdiction of this or
any other state or federal court, involving dishonesty, breach of trust, forgery, embezzlement,
obtaining money under false pretenses, bribery, larceny, extortion, conspiracy to defraud, fraud,
false dealing or any similar offense(s) or by pleading guilty or nolo contendere to any such
criminal offense or offenses;
(15) Violating any rule or regulation promulgated by the department in the interest of the
public and consistent with the provisions of this chapter;
(16) In the case of a broker licensee, failing to exercise adequate supervision over the
activities of his or her licensed salesperson within the scope of this chapter;
(17) Failing or refusing to provide information requested by the commission or director
as the result of a formal or informal complaint to the director which would indicate a violation of
this chapter;

(18) Soliciting, selling, or offering for sale real property by offering free lots, or conducting lotteries or contests or offering prizes for the purpose of influencing a purchaser or prospective purchaser of real property;

(19) Paying or accepting, giving or charging any undisclosed commission, rebate, compensation, or profit or expenditures for a principal, or in violation of this chapter;

(20) Any conduct in a real estate transaction, which demonstrates bad faith, dishonesty, untrustworthiness, or incompetence;

(21) Failing to have all listing agreements in writing, properly identifying the property and containing all of the terms and conditions of the sale, including the commission to be paid, the signatures of all parties concerned, and a definite expiration date in that contract, which shall not require an owner to notify a broker of his or her intention to terminate. An exclusive agency listing or exclusive right to sell listing shall be clearly indicated in the listing agreement;

(22) Accepting a listing based on "net price". In cases where the owner wishes to list in this manner, the agreed-upon commission is added and listings made in the usual manner;

(23) Negotiating or attempting to negotiate the sale, exchange, or lease of any real property directly with an owner or lessor knowing that the owner or lessor has an outstanding exclusive listing contract with another licensee covering the same property, except when the real estate broker or salesperson is contacted by the client of another broker regarding a real estate service, and the broker or salesperson has not directly or indirectly initiated those discussions, they may discuss the terms which they might enter into future agency agreement or they may enter into an agency agreement which becomes effective upon termination of any existing exclusive agreement; or they may enter into an agreement for other real estate service not covered by an existing agency relationship;

(24) Accepting an exclusive right to sell or lease or an exclusive agency and subsequently failing to make a diligent effort to sell or lease the listed property;

(25) Advising against the use of the services of an attorney in any real estate transaction;

(26) Representing to any lender or any other party in interest, either verbally or through the preparation of a false sales contract, an amount other than the true and actual sales price;

(27) Submitting to an owner a written offer to purchase or lease unless that offer contains the essential terms and conditions of the offer including the manner in which the purchase price is to be paid, and if that offer is contingent upon certain conditions, those conditions shall be clearly stated in the offer, or unless the offer is conditioned upon the later execution of a complete agreement for sale;
(28) Paying any sums of money being held in an escrow account to any person, or converting such sums of money for his or her own use, in the event of a failed real estate transaction, without having complied with the department's rules and regulations relative to the transfer of disputed deposit funds to the office of the general treasurer;

(29) Advertising to sell, buy, exchange, rent, or lease the property of another in a manner indicating that the offer to sell, buy, exchange, rent, or lease that property is being made by a private party not engaged in the real estate business, nor insert advertisements in any publication containing only a post office or other box number, telephone number, or street address. No salesperson shall advertise the property of another under his or her own name;

(30) As a licensed salesperson, failing upon termination of his or her employment or affiliation with a real estate broker and upon demand by the broker to immediately turn over to the broker any and all information, records or other materials obtained during his or her employment whether the information or records were originally given to him or her by the broker or copied from the records of that broker or affiliation or acquired by the salesperson during his or her employment;

(31) Offering, promising, giving or paying directly or indirectly, any part or share of his or her commission or compensation arising or accruing from any real estate transaction to any person who is not licensed as a real estate broker, but who by law should be licensed, or who is not a real estate salesperson employed by that licensee;

(32) Soliciting the sale, lease, or the listing for sale or lease, of residential property on the ground of loss of value due to the present or prospective entry in the neighborhood of a person or persons of another race, religion, or ethnic origin, nor shall he or she distribute or cause to be distributed material or make statements designed to induce a residential property owner to sell or lease his or her property due to such factors;

(33) Failure of the employing broker to notify the director, in writing, within ten (10) days of the termination of a salesperson's employment of contractual relationship, or failure of a salesperson to notify the director, in writing, within ten (10) days of any change in his/her broker affiliation;

(34) Failure to report all written offers to the owner prior to the signing of a purchase and sale agreement by the owner; or

(35) Failure of agents to provide buyers and sellers of real property with disclosure regarding real estate agency relationships as specified in chapter 20.6 of this title; or

(36) Failure of an associate broker to inform the public of associate broker status by not listing associate broker on business cards and correspondence or by informing the public that his
 or her status in the real estate firm is that of broker.

(37) Failure to pay monies being held in an escrow account governed by §5-20.5-26
within ten (10) calendar days of receipt of a written release and instructions that have been signed
by all parties to a failed real estate transaction.

(b) The director is authorized to levy an administrative penalty not exceeding one
thousand dollars ($1,000) for any violation under this section or the rules and regulations of the
department of business regulation.

5-20.5-26. Escrows.

(a) Escrow.

(1) Escrow accounts.

(i) Each real estate firm shall maintain an escrow account under the supervision of the
broker qualified to do business in the name and on behalf of the corporate, partnership or
association licensee. All those funds paid to a salesperson or paid directly to a broker shall be
segregated on the broker's books and deposited in an account in a recognized federally insured
financial institution in Rhode Island separate from any account containing funds owned by the
broker. A broker or salesperson shall not commingle deposit money or other customers' funds and
his or her own funds, use a customer's funds as his or her own, or fail to keep an escrow or trustee
account of funds deposited with him or her relating to a real estate transaction, for a period of
three (3) years, showing to whom the money belongs, date deposited, date of withdrawal, to
whom paid, and any other pertinent information that the commission requires. Those records are
to be available to the commission and the department or their representatives, on demand, or upon
written notice given to the depository. Each broker/office supervisor shall maintain a monthly
report as to the status of that office's escrow account, and is responsible for its accuracy.

(ii) A multi-office firm may either have an escrow account for each office or one central
escrow account for the firm.

(iii) Funds held in escrow may be applied to the commission when earned by the listing
company.

(iv) Whenever the ownership of any deposit monies received by a broker or salesperson
pursuant to this section is in dispute by the parties to a real estate transaction, the broker or
salesperson shall deposit the monies with the general treasurer within one hundred eighty (180)
days of the date of the original deposit, those monies to be held in trust by the general treasurer
until the dispute is mediated, arbitrated, litigated, or otherwise resolved by the parties. The parties
to a real estate transaction may agree in writing to extend the time period by which the monies
must be deposited with the general treasurer in accordance with regulations promulgated by the
department of business regulation.

(v) The department of business regulation shall have the authority to promulgate rules and regulations with respect to such escrow accounts and the deposit of monies with the general treasurer.

(2) Escrow agents. Funds or deposits placed in escrow may be held by any person or entity legally authorized to hold funds in that capacity, e.g., the real estate broker or attorney.

(b) Dual activities. In all real estate transactions in which a broker holds more than one title, e.g., builder, contractor, or insurance agent, all deposit monies received must be placed in the broker's real estate escrow account, unless there is a contractual agreement between the principals to the contrary.

(c) Unlawful appropriation. Pursuant to § 11-41-11.1, any licensee to whom any money or other property is entrusted as escrow funds, who intentionally appropriates to the licensee's own use that money or property, or transfers the funds from an escrow account to a company or personal account prior to a closing, is guilty of unlawful appropriation.

(d) An escrow agent shall pay monies being held in an escrow account as instructed by the parties to a failed real estate transaction within ten (10) calendar days of receipt of a written release and instructions that have been signed by all parties to the transaction.

SECTION 2. This act shall take effect on September 1, 2017.
This act would require an escrow agent to release monies held in an escrow account within ten (10) calendar days of receipt of a written release and instructions signed by all parties to a failed real estate transaction. This act would take effect on September 1, 2017.