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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- REAL ESTATE BROKERS AND SALESPERSONS

Introduced By: Representatives DeSimone, Baginski, and Slater

Date Introduced: February 27, 2026

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 5-20.5-1 and 5-20.5-2 of the General Laws in Chapter 5-20.5 entitled
2 "Real Estate Brokers and Salespersons" are hereby amended to read as follows:

3 **5-20.5-1. Definitions.**

4 When used in this chapter, unless the context indicates otherwise:

5 (1) "Associate broker" means any licensed real estate broker employed or engaged as an
6 independent contractor by or on behalf of a licensed real estate broker to do or deal in any activity
7 as included or comprehended by the definitions of a real estate broker in subsection (5) of this
8 section, for compensation or otherwise.

9 (2) "Director" means the director of business regulation for the state.

10 (3) "Opinion of value" means an analysis, opinion, or conclusion prepared by a person
11 licensed under this chapter, in the ordinary course of his or her business relating to the price of
12 specified interests in or aspects of identified real estate or identified real property or by comparison
13 to other real property currently or recently sold in the marketplace for the purpose of listing,
14 purchase, or sale, excluding an appraisal prepared by a person licensed under the provisions of
15 chapter 20.7 of this title, that conforms to the standards adopted by the uniform standards of
16 professional appraisal practice ("USPAP").

17 (4) "Real estate," as used in this chapter, includes leaseholds as well as any and every
18 interest or estate in land, whether corporeal or incorporeal, freehold or non-freehold, and whether

1 the property is situated in this state or elsewhere.

2 (5) “Real estate broker”:

3 (i) Within the meaning of this chapter, includes all persons, partnerships, associations, and
4 corporations, foreign and domestic, who or that:

5 (A) For a fee, commission, or other valuable consideration, or with the intention or
6 expectation of receiving or collecting a fee, commission, or other valuable consideration, lists, sells,
7 purchases, exchanges, rents, leases, prepares an opinion of value, or auctions any real estate, or the
8 improvements on real estate including options or who negotiates or attempts to negotiate any such
9 activity;

10 (B) Advertises or holds himself or herself, itself, or themselves out as engaged in those
11 activities;

12 (C) Directs or assists in the procuring of a purchaser or prospect calculated or intended to
13 result in a real estate transaction;

14 (D) Engages or assists individuals or entities in engaging in securing, negotiating, or
15 facilitating the sale of real estate for the primary purpose of transferring, assigning or selling their
16 equitable interest in the real estate, directly or indirectly, for financial gain prior to taking
17 possession or legal ownership of such real estate more than once in any period of twelve (12)
18 months.

19 (ii) Also includes any person, partnership, association, or corporation employed by or on
20 behalf of the owner or owners of lots, or other parcels of real estate, at a stated salary, or upon a
21 fee, commission or otherwise, to sell that real estate, or any parts, in lots or other parcels, and who
22 or that sells, exchanges or leases, or offers or attempts or agrees to negotiate the sale, exchange, or
23 lease of any such lot or parcel of real estate.

24 (6) “Real estate salesperson” means and includes any person employed or engaged as an
25 independent contractor by or on behalf of a licensed real estate broker to do or deal in any activity
26 as included or comprehended by the definitions of a real estate broker in subsection (5) of this
27 section, for compensation or otherwise.

28 **5-20.5-2. Persons exempt.**

29 (a) Neither the term “real estate broker” nor “real estate salesperson” is held to include:

30 (1) Any person, partnership, association, or corporation, who or that, as a bona fide owner,
31 lessee, or lessor, performs any of the previously stated acts as to property owned, or leased by them,
32 or to their regular employees, where those acts are performed in the regular course of, or as an
33 incident to the management of the property and the investment in the property; provided, however,
34 that such exemption shall not apply to the sale of an equitable interest in real estate;

1 transferring, assigning or selling their equitable interest in the property, directly or indirectly, for
2 financial gain prior to taking possession of legal ownership of such real estate more than once in
3 any period of twelve (12) months. “Wholesaler” shall not include a builder, developer, or contractor
4 licensed or registered with the department of business regulation when assigning or transferring an
5 equitable interest in vacant land or property intended for new construction in connection with bona
6 fide development, financing, construction, or subdivision activity.

7 (5) “Wholesale contract” means an agreement between a wholesaler and the seller of real
8 property in which the real estate wholesaler agrees, or reasonably expects or intends to, for
9 compensation and without assuming title to such property, facilitate or orchestrate the sale of such
10 property to a third party.

11 **34-51-2. Licensing Requirements.**

12 No person shall enter into a wholesale contract or assignment contract of real estate unless
13 such person:

14 (1) Possesses a valid, active real estate license issued by the department of business
15 regulation in accordance with § 5-20.5-6; or

16 (2) Qualifies for an exemption from licensing in accordance with § 5-20.5-2.

17 **34-51-3. Wholesale contract requirements.**

18 (a) Before entering into a contract to purchase real estate, a wholesaler shall disclose, in
19 writing, to the owner of the property that the wholesaler may assign the contract of sale to another
20 person for a fee, compensation or other valuable consideration.

21 (b) Each wholesale contract shall include language providing notice that:

22 (1) The seller retains a period of three (3) days, excluding weekends and federal and/or
23 state holidays, within which the seller may, in the seller's discretion and at the seller's expense,
24 review the terms of the contract with an attorney or other advisor; and

25 (2) The seller may cancel such contract during the three (3) business day period without
26 providing any reason for such cancellation or incurring any penalty or obligation, except for the
27 return of any deposit, if any, that the wholesaler paid or provided to the seller or the seller's agent.

28 **34-51-4. Assignment contract requirements.**

29 (a) Before entering into an assignment of contract to purchase real estate, a wholesaler shall
30 disclose in writing to any prospective buyer that the wholesaler holds an equitable interest in the
31 property but does not hold legal title to the property.

32 (b) Each contract of assignment shall include language providing notice that:

33 (1) The buyer retains a period of three (3) days, excluding weekends and federal and/or
34 state holidays, within which the buyer may, at its discretion and at its expense, review the terms of

1 the contract with an attorney or other advisor; and

2 (2) The buyer may cancel such contract during the three (3) business day period without
3 providing any reason for such cancellation or incurring any penalty or obligation.

4 (c) No assignment contract shall contain language that prohibits the assignee from using
5 their own closing attorney, settlement agent, or provider of an owner's title policy.

6 **34-51-5. Right of cancellation.**

7 (a) The transfer of real estate that is subject to a wholesale contract shall not occur until the
8 cancellation period of the wholesale contract has expired.

9 (b) The assignment of real estate shall not occur until the cancellation period of the
10 assignment contract has expired.

11 (c) The right to cancel a wholesale contract or assignment contract shall not be waived by
12 any party to a wholesale contract.

13 (d) If the wholesaler fails to include the disclosures required in § 34-51-3 in the wholesale
14 contract, the seller or buyer may cancel a wholesale contract or assignment of contract without
15 penalty at any time before the consummation of the contract. A buyer who rescinds a contract under
16 § 34-51-4 shall be entitled to the refund of any deposit paid in connection with the assignment of
17 the contract of sale of real estate.

18 **34-51-6. Penalties for violations.**

19 (a) Any person who violates the provisions of §§ 34-51-3, 31-51-4 or 34-51-5 shall be
20 punished by a fine of five hundred dollars (\$500) for a first offense and by a fine of one thousand
21 dollars (\$1,000) for each subsequent offense.

22 (b) If any person has received any money, or the equivalent, as a fee, compensation, or
23 profit by or in consequence of a violation of any provision of this chapter, they shall, in addition to
24 any fines imposed in subsection (a) of this section, be civilly liable in an amount of money no less
25 than equal to the sum received in fee, compensation or profit, but not more than three (3) times the
26 fee, compensation or profit received, as may be determined by the court.

27 SECTION 3. This act shall take effect on January 1, 2027.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO BUSINESSES AND PROFESSIONS -- REAL ESTATE BROKERS AND
SALESPERSONS

1 This act would require any person, as defined, who is in the business of selling, assigning
2 or buying an equitable interest in real estate without taking legal title to such property, to be licensed
3 as a real estate broker or salesperson and to comply with the disclosure requirements and
4 cancellation provisions as mandated.

5 This act would take effect on January 1, 2027.

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