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Source: <http://www.fishbase.org>
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doi:10.1371/journal.pone.0141040.g001

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From: [Larry Steingold](#)
To: [Paravisini, Diane \(DBR\)](#)
Subject: [EXTERNAL] : Attorneys
Date: Tuesday, November 23, 2021 12:07:40 PM

Attorneys should be subject to continuing education specifically about the protected classes and any legal issues involving real estate

They want to be involved in deals but don't want to do the work or cause problems because they aren't up to date on law changes. They really don't have a clue about the current issues specifically in residential. They get a free ride but agents and brokers have keep taking the same classes.

Larry Steingold
B12393

From: [DeLuca, William \(DBR\)](#)
To: [Stewart, Amy \(DBR\)](#); [Paravisini, Diane \(DBR\)](#)
Subject: FW: [EXTERNAL] : Re: Real Estate Regulation Amendments – Comment period ends December 23rd
Date: Tuesday, November 23, 2021 12:24:56 PM

FYI

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*****PLEASE NOTE: Due to the COVID-19 Pandemic, I am teleworking and do not have access to answer my direct line. The best way to contact me is via email.*****

From: Tony Lanni <tonylanniri@gmail.com>
Sent: Tuesday, November 23, 2021 11:10 AM
To: DeLuca, William (DBR) <William.DeLuca@dbr.ri.gov>
Subject: [EXTERNAL] : Re: Real Estate Regulation Amendments – Comment period ends December 23rd

In addition I think there should be a much higher and more expensive bar of entry, including a minimum annual quota, ie: 6 sales per 12 months with a one time "sick" excuse to add 6 months. The bar of entry is much too low. Cheers and happy holidays.

Best Regards,
Tony Lanni, RI,MA,FL
Top Luxury Specialist


Board Member

Ph: 401-263-5281
Fx: 401-353-3940

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On Tue, Nov 23, 2021 at 11:05 AM DeLuca, William (DBR) <William.DeLuca@dbr.ri.gov> wrote:

Please be advised that the Department of Business Regulation has proposed amendments to the Real Estate Brokers and Salespersons Regulation, [230-RICR-30-20-2](#). Written comments should be submitted no later than December 23, 2021, via the on the Secretary of State's Rulemaking [Website](#) under the "Comments" tab or by email to diane.paravisini@dbr.ri.gov. The proposed amendments and summary of changes can be accessed by the links in this email on the Secretary of State's website.

A public hearing will be held remotely, via Zoom on December 16, 2021, at 10:00 am. At the scheduled time click here <https://us02web.zoom.us/j/88490605207> [us02web.zoom.us] or Join the Webinar by Phone: 833 548 0276 (Toll Free) or 833 548 0282 (Toll Free), Webinar ID: 884 9060 5207

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From: [Linda Traversie](#)
To: [Paravisini, Diane \(DBR\)](#)
Subject: [EXTERNAL] : Real Estate Schools
Date: Tuesday, November 23, 2021 12:25:40 PM

What on-line Real Estate Schools and the courses they provide are approved by RI DBR?

Linda Traversie

Sent from [Mail \[go.microsoft.com\]](mailto:Mail[go.microsoft.com]) for Windows

From: [David Johnston](#)
To: [Paravisini, Diane \(DBR\)](#)
Subject: [EXTERNAL] : Comments
Date: Wednesday, November 24, 2021 1:36:30 PM

Hi Diane,

I have comments regarding the continuing education edits. Removing the ability to use Supreme Court classes requires individuals duplicate much of the same continuing education and creates an undue burden on Members of both associations.

Unless there is a mechanism whereby Supreme Court classes can be easily qualified by the DBR, this more than doubles the amount continuing education an attorney and broker is required to get.

DAVID L. JOHNSTON, ESQ.
2363 Post Rd.
Warwick, R.I. 02886
P. 401 737 3050
F. 401 737 3086

From: [DeLuca, William \(DBR\)](#)
To: [Paravisini, Diane \(DBR\)](#)
Cc: [Stewart, Amy \(DBR\)](#)
Subject: FW: [EXTERNAL] : Re: Real Estate Regulation Amendments – Comment period ends December 23rd
Date: Monday, November 29, 2021 10:02:33 AM

FYI

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From: Christelis, Doris <Doris.Christelis@NEMoves.com>
Sent: Friday, November 26, 2021 9:08 AM
To: DeLuca, William (DBR) <William.DeLuca@dbri.gov>
Subject: [EXTERNAL] : Re: Real Estate Regulation Amendments – Comment period ends December 23rd

Instead of adding "her" in one of your amendments shouldn't you just say "their"?

Doris Christelis, Realtor®

CRP, ABR, PSA, e-PRO

Coldwell Banker Realty - *Licensed in Massachusetts & Rhode Island*
Mobile: 617-335-1180
Email: doris.christelis@nemoves.com
My Website: www.metrowestbostonhome.com
My Facebook Page: www.facebook.com/dorismovesyou
[\[facebook.com\]](https://www.facebook.com)



From: DeLuca, William (DBR) <William.DeLuca@dbr.ri.gov>

Sent: Tuesday, November 23, 2021 11:17 AM

Subject: Real Estate Regulation Amendments – Comment period ends December 23rd

Please be advised that the Department of Business Regulation has proposed amendments to the Real Estate Brokers and Salespersons Regulation, [230-RICR-30-20-2](#). Written comments should be submitted no later than December 23, 2021, via the on the Secretary of State's Rulemaking [Website](#) under the "Comments" tab or by email to diane.paravisini@dbr.ri.gov. The proposed amendments and summary of changes can be accessed by the links in this email on the Secretary of State's website.

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***Wire Fraud is Real*. Before wiring any money, call the intended recipient at a number you know is valid to confirm the instructions.** Additionally, please note that the sender does not have authority to bind a party to a real estate contract via written or verbal communication.

From: [DeLuca, William \(DBR\)](#)
To: [Paravisini, Diane \(DBR\)](#)
Cc: [Stewart, Amy \(DBR\)](#)
Subject: FW: [EXTERNAL] : Re: Real Estate Regulation Amendments – Comment period ends December 23rd
Date: Monday, November 29, 2021 10:04:12 AM

FYI

William J. DeLuca
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*****PLEASE NOTE: Due to the COVID-19 Pandemic, I am teleworking and do not have access to answer my direct line. The best way to contact me is via email.*****

From: Bob Simone <bob@betterlivingre.com>
Sent: Friday, November 26, 2021 4:03 PM
To: DeLuca, William (DBR) <William.DeLuca@dbri.gov>
Cc: Kevin Dumont <kevindumont@betterlivingre.com>
Subject: [EXTERNAL] : Re: Real Estate Regulation Amendments – Comment period ends December 23rd

Thank you for this email Mr DeLuca. I have submitted comments on your website. I am happy to discuss any of my comments or proposed changes. Thank you for your continued work to protect the Rhode Island consumer and integrity of our real estate industry through appropriate rules and licensing laws.

- Bob Simone, Broker & Owner

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On Tue, Nov 23, 2021 at 11:04 AM DeLuca, William (DBR) <William.DeLuca@dbri.gov> wrote:

Please be advised that the Department of Business Regulation has proposed amendments to the Real Estate Brokers and Salespersons Regulation, [230-RICR-30-20-2](#). Written comments should be submitted no later than December 23, 2021, via the on the Secretary of State's Rulemaking [Website](#) under the "Comments" tab or by email to diane.paravisini@dbri.gov. The proposed amendments and summary of changes can be accessed by the links in this email on the Secretary of State's website.

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From: [Phil Tedesco](#)
To: [Paravisini, Diane \(DBR\)](#)
Cc: [Tanner, Liz \(DBR\)](#)
Subject: [EXTERNAL] : Proposed Amendments to the Real Estate Brokers and Salespersons Regulation, 230-RICR-30-20-2
Date: Friday, December 10, 2021 10:38:43 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
Importance: High

Ms. Paravisini,

The Rhode Island Association of REALTORS® supports the proposed amendments to [230-RICR-30-20-2](#).

RIAR is committed to fair housing and ending illegal discrimination in real estate, including implicit bias. This is why RIAR supports the proposed regulations to require real estate licensees to complete three hours of education about fair housing laws and/or the Americans with Disabilities Act during each 24-month renewal cycle.

RIAR supports DBR's proposal to clarify its advertising regulations to include specific examples of social media and signs and to better define how prominent the name of the brokerage must be in all forms of advertising.

Finally, RIAR supports DBR's efforts to protect consumers by ensuring that real estate licensees, including teams that are not licensed as a real estate brokerage, do not operate as or market themselves as one. After researching laws from other states, a Team Task Force created by RIAR made a series of recommendations to DBR to strengthen advertising, escrow, consumer relationship, and other important laws and regulations.

The regulations that DBR has proposed incorporate many of those recommendations and strike a balance between protecting consumers and allowing teams and other types of innovative businesses to operate. The regulations further clarify that principal broker is accountable for the actions of all affiliated licensees, including teams.

Respectfully,
Philip



Philip B. Tedesco, RCE, CAE, CIPS

Chief Executive Officer

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From: [Jason Monterey](#)
To: [Paravisini, Diane \(DBR\)](#)
Subject: [EXTERNAL] : Comments regarding Department of Business Regulation proposed amendments to the Real Estate Brokers and Salespersons Regulation, 230-RICR-30-20-2 regulation changes.....
Date: Wednesday, December 22, 2021 11:07:58 AM
Attachments: [DBR \(1\).docx](#)

I am echoing comments made by a colleague in reference to 230-RICR-30-20-2 regulation changes.

--



Jason Monterey

Real Estate Professional

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Comments regarding Department of Business Regulation proposed amendments to the Real Estate Brokers and Salespersons Regulation, [230-RICR-30-20-2](#) regulation changes

I'd like to start by commending everyone on their help and hard work in getting the proposed changes to what we see today, it puts us much closer to the reality of everyday business in real estate. The clarification on logos and marketing guidelines for what is permitted and not permitted as a Team/Group/LLC is a huge step in the right direction. This is a much needed update. Great job everyone!

In reviewing all of the proposed changes, I am seeking to get clarification in the wording for the final revision. As the proposed changes are currently written, The only sections that are concerning are: Section 2.21 Commissions D, D1 + F

Section D states that a "licensee is allowed to create a wholly owned LLC/Corporation for the purpose of receiving commission payments from Broker." The revised section underneath that, D1, states that "However, a Team leader may form a single-manager/member limited liability company ONLY for the purposes of collecting funds FROM TEAM MEMBERS to pay common joint expenses, such as unlicensed admin staff, rent, utilities, and other common expenses." In the proposed regulation change under 2.21.F, it goes on to state "The Principal Broker shall not pay commissions to a Team but shall pay each individual Licensee under their supervision their portion of the commission." It seems that the proposed regulation might be trying to state that a brokerage can not pay the entire commission to the Team/Group and then have the Team/Group distribute each licensee's portion of the commission.....which is understood, that would not be a good idea. It is just unclear whether that is what the revision to Section 2.21.F is attempting to detail in the regulation change.

The ability for a Licensee to receive funds through an LLC instead of as an individual is an important part of the regulation because it gives the owner of the LLC/Team liability protection. If someone sues the Team/Group LLC, the owner/licensee is only able to lose the assets of the LLC. Whereas if the licensee were paid as an individual, the plaintiff can go after the licensee's assets and personal property, if the licensee is deemed "at fault". Based upon the way the revised regulation in this section is written, anyone suing a team LLC can "pierce the corporate veil" of the LLC because the funds are paid to the individual, not the LLC...therefore putting any Team/Group LLC Owners at risk by function of the revised regulation in this section.

The leader of Team/Group should be able to elect to receive their funds through their single member/manager LLC or Corporation, for tax purposes and personal liability protection, and it seems that in 2.21.E that should be possible. Although, 2.21.F contradicts that when it states that "Broker shall not pay commissions to a Team". Should the proposed regulation be revised to state that Team/Group Leader can elect to receive commissions through the LLC/Corporation on behalf of the Team/Group, in order to pay common and operational expenses associated with running the business? This would allow

the brokerage, the team/group, and licensees the ability to each receive their portion of the commission at the same time.

It is understood that many of the people trying to regulate and make revisions to the law may or may not completely understand teams, how all of them truly function and the nuances of them all. For some, the 2 words "Group" and "Team" are interchangeable and no difference is seen. A Team may use either "Group" or "Team" in their name strictly because it sounds better. A "Group" or "Team" can be run very differently based upon how the owner and it's members want. For instance, a "Group" may be several Licensees that all work in the same sector of the business (Residential, Commercial, Sales, Leasing, etc.) and all Licensees do the entire scope of work for the transaction, leaning on the team to cover appointments and/or tasks when the agent is busy or on vacation. They may share administrative services, etc. On the other side, a "Team" may be several licensees that work together on different portions of the same transaction and support each other based upon their specialized role, thus completing the transaction as a true singular unit. They rely on each other doing their job and they all focus on a small portion of the transaction compared to one agent trying to handle EVERYTHING themselves. The "Team" members could consist of Buyers Specialists, Listing Specialists, Transaction Coordinators, Listing Managers, Executive Assistants, Runners, Marketing Specialists, Inside/Outside Sales Agent, Sales Managers, CEO, Photographers, and more. A Team of this nature works on efficiency of completely a small portion of many transactions, over and over again. A "Team" setup in this fashion is a business just like any other large corporation. Some roles are done by licensed individuals, some roles done by unlicensed individuals, and some roles are unlicensed activities but done by someone who happens to be licensed. The point is that every Team/Group is unique in the way that they operate and the activities/services they provide for their members and Licensees.

The workload of a transaction has grown over the years, with 120+ steps from beginning to end for a listing. It's extremely difficult for 1 Licensee to handle EVERY step of EVERY transaction, while producing/maintaining their book of business enough to make a comfortable living, and still have a good quality of life. Licensees that grow/excel in the business typically hire an assistant to handle tasks associated with transactions or with the business in general. This is common practice in the real estate industry and across the United States. That assistant typically becomes an integral part of that licensees' business, allowing the licensee to concentrate on the activities that create more business and/or gives them more time to create a better experience for their client throughout the transaction. An assistant can be licensed or unlicensed, depending on the set of activities they cover. It is not unusual to see a licensed assistant spend 95% of their day on activities that do not require a license. As part of the assistant's contract, they may receive a salary with health benefits, sick pay, paid time off, bonuses, and/or profit share, etc. The team/LLC owner may be liable to pay employer taxes, business liability insurance, workers comp insurance, holiday pay, bonuses, local tangible taxes for fixtures and equipment...just like most other large corporations.

The challenge with the proposed regulation change to 2.21.D1 + F as it's written is that it seems to treat the team/LLC as some sort of ancillary service that gets paid last, when in fact it may be the team's resources that produced/maintained the client relationship in the first place. It may not be the intention

of the makers' of this revision, but someone reading the proposed revisions may come to understand that the broker can not pay the team, the broker must pay the individual licensee their portion of the commission, and the individual licensee would be responsible for paying the team their portion of the commission since the Team leader can ONLY form an LLC for the purpose of collecting funds FROM TEAM MEMBERS to pay common expenses. It would be a terrible idea to allow the individual licensee to get paid at closing and then have the licensee pay the broker after.....for that same reason, a broker should be able to pay the Team/Group Leader's LLC as detailed in a required contractual relationship between the parties: brokerage, team leader, licensees and team members.

With the world we live in these days, sometimes licensees (individual agents, mega teams, and everyone in between) need help/coverage with showings, sitting through a home inspection, and a wide array of other things, all the way through maintaining someone's entire book of business while they are away on vacation or are in quarantine. Licensees help other Licensees in the course of everyday business, and they usually have to be compensated for their time. It is understood that the broker is to pay Licensees their portion of the transaction, but many times a Licensee needs help with a task, not a substantial part of a transaction and not typically dependent on the sale/transaction closing....they just need help with something. Many times these are tasks that do not require a license but are done by a licensed individual. Based on the current regulation with proposed revisions, it states that a licensed agent can pay an unlicensed agent, but it doesn't specify anything regarding payment to another licensed individual or LLC. Reading through the lines of the proposed revisions, one may deem that only funds can be paid to a Licensee by a Broker. Making an office ledger, forcing agents to deposit money with the brokerage, to then have the brokerage cut a check to pay the Licensee the (for example) \$30 to meet someone at a property to give them access inside. Doing that every time an Licensee has to pay another Licensee is burdensome for the brokerage given how often it happens and the fact that the brokerage doesn't make any money off the exchange, it actually costs the brokerage to facilitate this.

It's important to look deeper into the relationship that is created between the employer/employee, Team/Group Leader, Broker, etc. and given the unintended consequences that could occur based on how this relationship is managed. For example, if a Team/Group hires a licensed individual as an employee to be part of the Team/Group and the 2 parties agree on a salary with benefits. If the Team/Group is responsible for paying the licensee but the payments have to come from the broker, this creates an employment relationship between the brokerage and the licensee as employer/employee....where the employment relationship truly lies between the Team/Group and the Licensee for the employment payments/obligations. If the broker is the employer of record (which technically should be the team), the hiring and firing the Team/Group does could directly affect the brokerages' unemployment insurance rate, payroll taxes and fees, liability insurance, workmen's comp insurance, etc. If this is the intention of the proposed regulation, this has very far reaching consequences. For instance, if the licensee felt sexually harassed or discriminated against by the Team/Group Leader, the brokerage will be automatically pulled into the lawsuit/complaint because the broker is the licensee's employer on paper. Is it even possible for a broker to pay an employee of a Team/Group a salary directly, even though the funds are truly being paid by the Team/Group LLC and not specifically based on a specific transaction? If so, can the Team/Group accurately reflect the employment relationship through proper accounting methods and tax filings?

In conclusion, the goal of this is to see if DBR will adjust the proposed revisions so that the following is detailed and apparent:

- Ability for Team/Group Leader to be able to elect to receive commissions through single member LLC, for tax purposes and liability protection.

- Ability for Licensee or Team/Group to pay another Licensee an ongoing employment salary for work that typically doesn't require a license, while leaving the requirement on the Broker to pay out commissions associated with transactions and licensed activities

- Acknowledge that a Team/Group LLC is an actual business and typically has similar expenses and requirements that a large corporation has. A Team/Group should be paid by the broker at the same time licensees are paid their portion of the commission for the transaction. The commission to the Team/Group should NOT be paid: Broker to Licensee, then Licensee to Team/Group. The Team/Group LLC should be paid at the same time as Broker, Brokerage and Licensees are paid.

- Confirm new regulations aren't forcing Broker to create employment relationships between Broker and Licensee that Team/Group hired, thus ensuring Broker isn't taking on more liability through the employment of someone the Brokerage itself didn't hire. Based on the function of the proposed regulation, the Broker has to pay the licensee on a Team/Group for their portion of the transaction, but this is further complicated when there is a employee/employer relationship involved between Team/Group and Licensee

From: [Marc Santos](#)
To: [Paravisini, Diane \(DBR\)](#)
Cc: [Sarah Santos](#); [Jerrica Kontos](#)
Subject: [EXTERNAL] : DBR Regulation Change for Real Estate Sales
Date: Wednesday, December 22, 2021 1:20:38 PM
Attachments: [DBR.docx](#)

Hi Diane,

I've attached comments by my colleague Peter Dufresne. I've read through the proposed rule changes and his requests and agree with Pete. In my case, these changes would force us (and I assume many other small teams) to become our own brokerage. This, in turn, would lead to more headaches for DBR. Currently, Keller Williams Realty provides resources to me regarding how to ensure my team remains in compliance. The transition for many of these teams to smaller brokerages removes that layer of oversight for DBR. Please hold all these proposed changes for further study. I'd be happy to be a part of the discussion so we can come up with solutions that solve DBRs issues while preserving my right to run a team responsibly under a larger brokerage. As they currently stand, these changes represent a showstopper for me and would force me to start my own brokerage. We prefer to remain under the keller williams umbrella if possible.

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Comments regarding Department of Business Regulation proposed amendments to the Real Estate Brokers and Salespersons Regulation, [230-RICR-30-20-2](#) regulation changes

I'd like to start by commending everyone on their help and hard work in getting the proposed changes to what we see today, it puts us much closer to the reality of everyday business in real estate. The clarification on logos and marketing guidelines for what is permitted and not permitted as a Team/Group/LLC is a huge step in the right direction. This is a much needed update. Great job everyone!

In reviewing all of the proposed changes, I am seeking to get clarification in the wording for the final revision. As the proposed changes are currently written, The only sections that are concerning are: Section 2.21 Commissions D, D1 + F

Section D states that a "licensee is allowed to create a wholly owned LLC/Corporation for the purpose of receiving commission payments from Broker." The revised section underneath that, D1, states that "However, a Team leader may form a single-manager/member limited liability company ONLY for the purposes of collecting funds FROM TEAM MEMBERS to pay common joint expenses, such as unlicensed admin staff, rent, utilities, and other common expenses." In the proposed regulation change under 2.21.F, it goes on to state "The Principal Broker shall not pay commissions to a Team but shall pay each individual Licensee under their supervision their portion of the commission." It seems that the proposed regulation might be trying to state that a brokerage can not pay the entire commission to the Team/Group and then have the Team/Group distribute each licensee's portion of the commission.....which is understood, that would not be a good idea. It is just unclear whether that is what the revision to Section 2.21.F is attempting to detail in the regulation change.

The ability for a Licensee to receive funds through an LLC instead of as an individual is an important part of the regulation because it gives the owner of the LLC/Team liability protection. If someone sues the Team/Group LLC, the owner/licensee is only able to lose the assets of the LLC. Whereas if the licensee were paid as an individual, the plaintiff can go after the licensee's assets and personal property, if the licensee is deemed "at fault". Based upon the way the revised regulation in this section is written, anyone suing a team LLC can "pierce the corporate veil" of the LLC because the funds are paid to the individual, not the LLC...therefore putting any Team/Group LLC Owners at risk by function of the revised regulation in this section.

The leader of Team/Group should be able to elect to receive their funds through their single member/manager LLC or Corporation, for tax purposes and personal liability protection, and it seems that in 2.21.E that should be possible. Although, 2.21.F contradicts that when it states that "Broker shall not pay commissions to a Team". Should the proposed regulation be revised to state that Team/Group Leader can elect to receive commissions through the LLC/Corporation on behalf of the Team/Group, in order to pay common and operational expenses associated with running the business? This would allow

the brokerage, the team/group, and licensees the ability to each receive their portion of the commission at the same time.

It is understood that many of the people trying to regulate and make revisions to the law may or may not completely understand teams, how all of them truly function and the nuances of them all. For some, the 2 words "Group" and "Team" are interchangeable and no difference is seen. A Team may use either "Group" or "Team" in their name strictly because it sounds better. A "Group" or "Team" can be run very differently based upon how the owner and it's members want. For instance, a "Group" may be several Licensees that all work in the same sector of the business (Residential, Commercial, Sales, Leasing, etc.) and all Licensees do the entire scope of work for the transaction, leaning on the team to cover appointments and/or tasks when the agent is busy or on vacation. They may share administrative services, etc. On the other side, a "Team" may be several licensees that work together on different portions of the same transaction and support each other based upon their specialized role, thus completing the transaction as a true singular unit. They rely on each other doing their job and they all focus on a small portion of the transaction compared to one agent trying to handle EVERYTHING themselves. The "Team" members could consist of Buyers Specialists, Listing Specialists, Transaction Coordinators, Listing Managers, Executive Assistants, Runners, Marketing Specialists, Inside/Outside Sales Agent, Sales Managers, CEO, Photographers, and more. A Team of this nature works on efficiency of completely a small portion of many transactions, over and over again. A "Team" setup in this fashion is a business just like any other large corporation. Some roles are done by licensed individuals, some roles done by unlicensed individuals, and some roles are unlicensed activities but done by someone who happens to be licensed. The point is that every Team/Group is unique in the way that they operate and the activities/services they provide for their members and Licensees.

The workload of a transaction has grown over the years, with 120+ steps from beginning to end for a listing. It's extremely difficult for 1 Licensee to handle EVERY step of EVERY transaction, while producing/maintaining their book of business enough to make a comfortable living, and still have a good quality of life. Licensees that grow/excel in the business typically hire an assistant to handle tasks associated with transactions or with the business in general. This is common practice in the real estate industry and across the United States. That assistant typically becomes an integral part of that licensees' business, allowing the licensee to concentrate on the activities that create more business and/or gives them more time to create a better experience for their client throughout the transaction. An assistant can be licensed or unlicensed, depending on the set of activities they cover. It is not unusual to see a licensed assistant spend 95% of their day on activities that do not require a license. As part of the assistant's contract, they may receive a salary with health benefits, sick pay, paid time off, bonuses, and/or profit share, etc. The team/LLC owner may be liable to pay employer taxes, business liability insurance, workers comp insurance, holiday pay, bonuses, local tangible taxes for fixtures and equipment...just like most other large corporations.

The challenge with the proposed regulation change to 2.21.D1 + F as it's written is that it seems to treat the team/LLC as some sort of ancillary service that gets paid last, when in fact it may be the team's resources that produced/maintained the client relationship in the first place. It may not be the intention

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From: [dean.deTonnancourt](#)
To: [Paravisi, Diane \(DBR\)](#)
Subject: [EXTERNAL] : DBR rules changes, real estate division
Date: Wednesday, December 22, 2021 4:34:30 PM

hello Diane

I wish to provide some public feedback with regard to proposed changes to the real estate regulations

Specifically suggested sections 2.21, D1 and 2.21, F:

I feel that there is an unintended confusion or lack of clarity with the intent of these sections, and want to be sure that any ambiguity is avoided

The proposed regulations state that individual licensees may form an LLC for the purpose of receiving commissions, but "commissions to a team shall be paid to each individual licensee "

I feel that each member of a team, including the team leader, may have formed an individual LLC for their own purposes in receiving commission payments (2.21, D), and this section does not allow for that as written I feel this should read something along the lines of:

F. The Principal Broker shall not pay commissions to a Team but shall pay each individual Licensee under their supervision their portion of the commission. Payment to either the team leader or team member shall be made to the individual personally, or to their respective wholly-owned corporation or limited liability company as identified in section 2.21, D. Commissions shall not be made to any Team Leader's single-manager/member limited liability company as identified in section 2.21, D1, nor shall any Team Leader pay any commission income to team members directly, as all commission income shall pass through the brokerage.

Of course, wordsmithing may be necessary with my suggestion above, but I wanted to be clear in identifying the intent of my suggestion.

Thank you so much for your consideration.

Dean A. deTonnancourt
President/CEO
HomeSmart Professionals Real Estate of Rhode Island

President, Rhode Island Association of REALTORS 2019
401.487.3019 Mobile



"It always seems impossible until it is done."
-Nelson Mandela

From: [Peter Dufresne](#)
To: [Paravisini, Diane \(DBR\)](#)
Subject: [EXTERNAL] : Real Estate Brokers and Salespersons Regulation, 230-RICR-30-20-2.
Date: Thursday, December 23, 2021 3:56:08 PM
Attachments: [DBR.pdf](#)

Hi Diane,

I've submitted public comment as an attachment through the SOS website and I also wanted to include it in this email as an attachment. If you have any issues with it or have any concerns, please don't hesitate to reach out to me. Thanks!

Pete Dufresne

Realtor, Licensed in RI & MA

Cell: 401-480-8990

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Comments regarding Department of Business Regulation proposed amendments to the Real Estate Brokers and Salespersons Regulation, [230-RICR-30-20-2](#) regulation changes

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The ability for a Licensee to receive funds through an LLC instead of as an individual is an important part of the regulation because it gives the owner of the LLC/Team liability protection. If someone sues the Team/Group LLC, the owner/licensee is only able to lose the assets of the LLC. Whereas if the licensee were paid as an individual, the plaintiff can go after the licensee's assets and personal property, if the licensee is deemed "at fault". Based upon the way the revised regulation in this section is written, anyone suing a team LLC can "pierce the corporate veil" of the LLC because the funds are paid to the individual, not the LLC...therefore putting any Team/Group LLC Owners at risk by function of the revised regulation in this section.

The leader of Team/Group should be able to elect to receive their funds through their single member/manager LLC or Corporation, for tax purposes and personal liability protection, and it seems that in 2.21.E that should be possible. Although, 2.21.F contradicts that when it states that "Broker shall not pay commissions to a Team". Should the proposed regulation be revised to state that Team/Group Leader can elect to receive commissions through the LLC/Corporation on behalf of the Team/Group, in order to pay common and operational expenses associated with running the business? This would allow

the brokerage, the team/group, and licensees the ability to each receive their portion of the commission at the same time.

It is understood that many people may not completely understand teams, the unique business models in how they each function and the nuances of them all. For some, the 2 words “Group” and “Team” are interchangeable and no difference is seen. A Team may use either “Group” or “Team” in their name strictly because it sounds better. A “Group” or “Team” can be run very differently based upon how the owner and it’s members want. For instance, a “Group” may be several Licensees that all work in the same sector of the business (Residential, Commercial, Sales, Leasing, etc.) and all Licensees do the entire scope of work for the transaction, leaning on the team to cover appointments and/or tasks when the agent is busy or on vacation. They may share administrative services, etc. On the other side, a “Team” may be several licensees that work together on different portions of the same transaction and support each other based upon their specialized role, thus completing the transaction as a true singular unit. They rely on each other doing their job and they all focus on a small portion of the transaction compared to one agent trying to handle EVERYTHING themselves. The “Team” members could consist of Buyers Specialists, Listing Specialists, Transaction Coordinators, Listing Managers, Executive Assistants, Runners, Marketing Specialists, Inside/Outside Sales Agent, Sales Managers, CEO, Photographers, and more. A Team of this nature works on efficiency of completely a small portion of many transactions, over and over again. A “Team” setup in this fashion is a business just like any other large corporation. Some roles are done by licensed individuals, some roles done by unlicensed individuals, and some roles are unlicensed activities but done by someone who happens to be licensed. The point is that every Team/Group is unique in the way that they operate and the activities/services they provide for their members and Licensees.

The workload of a transaction has grown over the years, with 120+ steps from beginning to end for a listing. It’s extremely difficult for 1 Licensee to handle EVERY step of EVERY transaction, while producing/maintaining their book of business enough to make a comfortable living, and still have a good quality of life. Licensees that grow/excel in the business typically hire an assistant to handle tasks associated with transactions or with the business in general. This is common practice in the real estate industry and across the United States. That assistant typically becomes an integral part of that licensees’ business, allowing the licensee to concentrate on the activities that create more business and/or gives them more time to create a better experience for their client throughout the transaction. An assistant can be licensed or unlicensed, depending on the set of activities they cover. It is not unusual to see a licensed assistant spend 95% of their day on activities that do not require a license. As part of the assistant’s contract, they may receive a salary with health benefits, sick pay, paid time off, bonuses, and/or profit share, etc. The team/LLC owner may be liable to pay employer taxes, business liability insurance, workers comp insurance, holiday pay, bonuses, local tangible taxes for fixtures and equipment...just like most other large corporations.

An experienced team/group of licensees that have proper communication and follow up systems are very good thing for the consumer. When an licensee can spend time with a seller or buyer to educate them about the process and set proper expectations, it makes for a more informed client and typically a

smoother transaction....which is what everyone wants. If a licensee working on a team only had to handle 30% of a transaction and did that over and over and over again, they would get really great at specializing in that portion of the transaction. They could put systems and videos in place to give more resources to the client because the licensee is not worried about the minutiae of the rest of the transaction. An individual licensee trying to run their own full service real estate business from the ground up is a very difficult thing, that's why so many licensees get their license and are out of the industry in less than 3 years. A new licensee just getting into the business has to learn the documents, review and understand all state, federal and contract laws, learn/have the skills to talk to a client about the biggest investment/expense of their life and guide them through all the hurdles that could happen during a real estate transaction. An expert licensee that will develop great communication skills, have the skills to work with clients in divorce situations when things are not copasetic (like a mediator), have the financial knowledge and know the tax laws enough to present options that would benefit the client (like a CPA or Financial Advisor), as well as helping a client through a tough emotional time in their life (similar to how a psychologist may help someone talk through their situation) and on top of it all having to learn how to run a business. The depth of knowledge and skills needed to properly help/guide a client through a transaction in today's "Right Now" world is daunting, the odds are stacked against a licensee trying to do it all themselves while learning all of this. Team/Group Leaders can spend more time and attention with a smaller group of licensees to accelerate the learning curve, compared to the broker leading everyone in the brokerage separately and teaching them all from the ground up.

I've heard the response of "just go become a brokerage" many times. Teams can be a much simpler way to lead a group of licensees without having to worry about the everyday concerns that a broker/brokerage has to deal with. Not all Brokers are created equal and many that are great at what they do can be stretched thin as the number of licensees in the brokerage grows and the needs of those licensees increase. A brokerage affiliation is an important decision for most licensees. A brokerage with a worldwide referral network typically allows licensees to connect with other experienced licensees out of their service area to refer business with because they are considered a specialist in the sector of real estate that the client is in need of. Making sure the client feels comfortable, confident and connected with the "right agent" for what they need is important. A brokerage with a worldwide reach can give a Team/Group opportunities for referrals, it would take years to build those already built-in relationships with other out of state broker/brokerages. The Franchise Brokerage typically provides resources for offices, agents, and teams to run their business and helps them figure how to create opportunities to create/maintain/build client relationships, as well as keeping licensees up to date with changes and/or trends in the industry. The brokerage is basically a platform for a Team/Group to run their business, with the ability for the Leader of the Team/Group to not have to worry about the activities/details associated with opening/operating a brokerage, and the individual licensees on that Team/Group will not have to learn the entirety of the business all at once to the level where they can operate independently.

The challenge with the proposed regulation change to 2.21.D1 + F as it's written is that it seems to treat the team/LLC as some sort of ancillary service that gets paid last, when in fact it may be the team's resources that produced/maintained the client relationship in the first place. It may not be the intention of the makers' of this revision, but someone reading the proposed revisions may come to understand

that the broker can NOT pay the team, the broker must pay the individual licensee their portion of the commission, and the individual licensee would be responsible for paying the team their portion of the commission since the Team leader can ONLY form an LLC for the purpose of collecting funds FROM TEAM MEMBERS to pay common expenses. I believe DBR is trying to prevent anyone paying a Licensee except for the Broker but if the Broker pays the individuals on a Team/Group and the individuals have to pay the Team/Group(another Licensed individual) for common expenses, it kind of defeats the purpose because it's still technically a Licensee paying another Licensee. It would be a terrible idea to allow the individual Licensee to get paid at closing and then have the Licensee pay the broker after.....for that same reason, a broker should be able to pay the Team/Group Leader's LLC as detailed in a required contractual relationship between the parties: brokerage, team leader, licensees and team members.

With the world we live in these days, sometimes licensees (individual agents, mega teams, and everyone in between) need help/coverage with showings, sitting through a home inspection, and a wide array of other things, all the way through maintaining someone's entire book of business while they are away on vacation or are in quarantine. Licensees help other Licensees in the course of everyday business, and they usually have to be compensated for their time. It is understood that the broker is to pay Licensees their portion of the transaction, but many times a Licensee needs help with a task, not a substantial part of a transaction and not typically dependent on the sale/transaction closing....they just need help with something. Many times these are tasks that do not require a license but are done by a licensed individual. Based on the current regulation with proposed revisions, it states that a licensed agent can pay a unlicensed people, but it doesn't specify anything regarding payment to another licensed individual or LLC. Reading through the lines of the proposed revisions, one may deem that only funds can be paid to a Licensee by a Broker. Which means that the Brokerage may have to make an office ledger, forcing agents to deposit money with the brokerage, to then have the brokerage cut a check to pay the Licensee the (for example) \$30 to meet someone at a property to give them access inside. Doing that every time an Licensee has to pay another Licensee is burdensome for the brokerage given how often it happens and the fact that the brokerage doesn't make any money off the exchange, it actually costs the brokerage to facilitate this. Doing this and demanding more time from a Broker for this accounting nightmare pulls them away from spending time with licensees in their office and doesn't help the Licensee nor benefit the consumer. A solution for this would be ideal

It's important to look deeper into the relationship that is created between the employer/employee, Team/Group Leader, Broker, etc. and given the unintended consequences that could occur based on how this relationship is managed. For example, if a Team/Group hires a licensed individual as an employee to be part of the Team/Group and the 2 parties agree on a salary with benefits. If the Team/Group is responsible for paying the licensee but the payments have to come from the broker, this creates an employment relationship between the brokerage and the licensee as employer/employee....where the employment relationship truly lies between the Team/Group and the Licensee for the employment payments/obligations. If the broker is the employer of record (which technically should be the team), the hiring and firing the Team/Group does could directly affect the Brokerages' unemployment insurance rate, payroll taxes and fees, liability insurance, workmen's comp insurance, etc. If this is the intention of the proposed regulation, this has very far reaching consequences. For instance, if the licensee felt sexually harassed or discriminated against by the

Team/Group Leader, the brokerage will be automatically pulled into the lawsuit/complaint because the broker is the licensee's employer on paper. Is it even possible for a broker to pay an employee of a Team/Group a salary directly, even though the funds are truly being paid by the Team/Group LLC and not specifically based on a specific transaction? If so, can the Team/Group accurately reflect the employment relationship through proper accounting methods and tax filings?

The clarification in the proposed regulations for the advertising portion will help stave off any confusion amongst consumers to identify parties and their role in the real estate world. Not giving licensees an ability to hire somebody (that happens to have a real estate license) and pay them a salary because the Broker/Brokerage will take on considerable more liability and expenses associated with the employment for that individual (with a license) creates a difficult situation for the Broker/Brokerage. If the time and/or monetary expenses increase for the brokerage, that increase would trickle down to the agents and eventually the increase will most likely be paid by the consumer in some fashion. A general contractor in RI has the ability to take his "contractor hat" when not doing contractor work. An individual with a real estate license cannot be paid by anyone else except the Broker, even though they could be doing 100% unlicensed activities. Not allowing a Team/Group to hire someone with a license as an employee, does not benefit the consumer. Having more licensees on a Team/Group, in a specialized agent or admin role, allows the Licensees to work together to provide a better experience for the consumer.

In conclusion, the goal of this is to see if DBR will adjust the proposed revisions so that the following is detailed and apparent:

- Ability for Team/Group Leader to be able to elect to receive commissions through single member LLC, for tax purposes and liability protection. If the current proposed regulation is giving an opportunity for the Team/Group Leader to form an LLC for the Team/Group AND the ability to create an additional LLC to receive commissions as an individual from the brokerage...that may work for some licensees but not others...it will also create additional yearly expenses associated with LLC renewal and tax filing. The Team/Group Leader should have the ability to receive the funds due to the Team/Group go to the Leader's LLC, regardless of whether that is the same LLC that the Leader is receiving funds from his individual production OR from the Team's/Group's production/activity. The LLC's income, whether individual or Team/Group, will still go to a licensed individual (Team/Group Leader), when structured like this, and will allow the Team Leader to operate as a true business receiving commissions from the Brokerage and paying the Team expenses, filtering the profits to the Team Leader's personal tax returns with proper accounting.

- Ability for Licensee or Team/Group to pay another Licensee an ongoing employment salary for work that typically doesn't require a license, while leaving the requirement on the Broker to pay out commissions associated with transactions and licensed activities. An employee (admin or such) that happens to have a license creates a challenge because the broker is supposed to pay all licensed parties but the employment relationship is with the Team/Group

- Acknowledge that a Team/Group LLC is an actual business and typically has similar expenses and requirements that a large corporation has. A Team/Group should be paid by the broker at the same time licensees are paid their portion of the commission for the transaction. The commission to the

Team/Group should NOT be paid: Broker to Licensee, then Licensee to Team/Group. The Team/Group LLC should be paid at the same time as Broker, Brokerage and Licensees are paid. The wording in the proposed regulation is unclear and by saying a Team can't be paid by the Broker, there are many unintended consequences

-Confirm new regulations aren't forcing Broker to create employment relationships between Broker and Licensee that Team/Group hired, thus ensuring Broker isn't taking on more liability through the employment of someone the Brokerage itself didn't hire. Based on the function of the proposed regulation, the Broker has to pay the licensee on a Team/Group for their portion of the transaction, but this is further complicated when there is a employee/employer relationship involved between Team/Group and Licensee.

Happy to help in any way I can. Sincerely,

Pete Dufresne

401-480-8990

Pete@SpectrumREC.com

Spectrum Real Estate Consultants at Keller Williams Realty

ONLINE PUBLIC COMMENTS FOR REVIEW

Date: 01/04/2022

Regulation: 230-RICR-30-20-2

Title: Real Estate Brokers and Salespersons

Reviewed Comments

Comment ID: 11506-126

Comment By: Robert Simone **On:** 11/26/2021

This comment is currently enabled for public display.

Comment:

As a practicing broker and owner of a real estate brokerage in Rhode Island, I agree with the proposed changes except for the following:

1. Real Estate 'Teams' should not be allowed to display a logo other than the logo of the brokerage. Use of logos that are not the brokerage's logo regularly confuses the general public. A Team can use their team's name on a sign or advertising instead of using the licensee's name if the licensee is part of a team. If a Team desires to have a logo different from that of their brokerage, then they should create their own separate and independent brokerage. There should only be one brokerage logo in advertising to the general public so that consumers properly understand the brokerage they are employing or engaging for any real estate activity. The brokerage logo should also be equal or larger than the name of any licensee or team on any advertising.

2. Attorneys who obtain a broker license should be required to do continuing education to maintain the broker license in the same way as any other broker. I have personally found that many attorneys are not very well educated in real estate and the ongoing changes in our industry. There is no need or benefit to the public to allow attorneys to have special benefits over those of brokers.

Reviewed by: Diane Paravisini **On:** 11/29/2021

Comment ID: 11506-134

Comment By: Peter Dufresne **On:** 12/23/2021

This comment is currently enabled for public display.

Comment:

public comment included as attachment

Attachments:

DBR.pdf

From: [DeLuca, William \(DBR\)](#)
To: [Stewart, Amy \(DBR\)](#)
Subject: FW: [EXTERNAL] : Team Regulations effective 1/4/2022
Date: Monday, January 10, 2022 4:18:01 PM

Amy
Should we consider this a comment?
Bill

William J. DeLuca
Administrator Real Estate
John O. Pastore Center
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TDD: 711 FAX (401) 462-9645
William.deluca@dbr.ri.gov

*****PLEASE NOTE: Due to the COVID-19 Pandemic, I am teleworking and do not have access to answer my direct line. The best way to contact me is via email.*****

From: Rebecca Mayer <rmayer@residentialproperties.com>
Sent: Monday, January 10, 2022 4:15 PM
To: DeLuca, William (DBR) <William.DeLuca@dbr.ri.gov>
Subject: [EXTERNAL] : Team Regulations effective 1/4/2022

Dear Mr. DeLuca,

I'm an associate Broker at Residential Properties LTD and the senior member of a 4-member team called the Real Estate Collaborative.

As regards the new guideline with respect to team names that has recently gone into effect (see attached), adding 'Group' to our name would be a redundancy as a collaborative is already a group made up of two or more members. I do not want to violate the new team regulations but I do not believe that adding the word 'team' or 'group' would be grammatically correct.

Please let me know your opinion as I would vastly prefer to not have to change our team's name if you deem it unnecessary.

Thanks in advance for your help,

Rebecca Mayer

Rebecca Mayer, Broker Associate

Real Estate Collaborative

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