



## DEPARTMENT OF BUSINESS REGULATION

### Memorandum Summarizing Content of Regulation Hearing R.I. Gen. Laws §§ 42-35-2.3(b)(5) and 42-35-2.8(e)

**To:** Elizabeth M. Tanner, Esq., Director  
**From:** Amy Stewart, Esq. Deputy Chief of Legal Services/Rules Coordinator  
**CC:** Donald DeFede, Associate Director  
William DeLuca, Real Estate Administrator  
Pamela Toro, Esq., Associate Director (Chief of Legal)  
**Date:** December 16, 2021  
**Regulation:** 230-RICR-30-20-2 – Real Estate Brokers and Salespersons

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On November 23, 2021, DBR posted with the Secretary of State (SOS) and sent notice to all real estate licensees and interested parties that it was proposing amendments to 230-RICR-30-20-2, Real Estate Brokers and Salespersons, and that a hearing would be held on that proposal on December 16, 2021, at 10:00 am via Zoom webinar. A total of 25 people attended the hearing, including 5 DBR staff members and 20 members of the public.

William DeLuca, Real Estate Administrator served as Hearing Officer, and Amy Stewart ran the Zoom meeting. Other DBR staff in attendance were Patrick Smock, Legal Counsel; Samuel Kovach-Orr, Legal Counsel; and Diane Paravisini, Legal Assistant.

Attendees were advised to notify staff that they wanted to speak by either using the “Raise your hand” feature or by typing into the Chat. Four individuals indicated that they wanted to speak. The following includes the name, affiliation and comments/concerns of the 4 individuals who asked to speak:

- **John Breault, RI Association of Realtors and State-Wide MLS**
  - § 2.25 Advertising – Restrictions on Team Names
    - John stated that the restriction to prevent teams from using the “inc” or “llc” in their names could be inconsistent with corporate law. He said corporations are required to use the appropriate abbreviation in their name. He wants to make sure the regulation is consistent with corporate law.
- **Pete DuFresne, Keller Williams Realty**
  - § 2.21(D) and (F) Commissions – Payments from Brokers to Subordinate Licensees and Teams
    - Pete stated that he was confused by the prohibition on brokers paying a team LLC. The law requires the broker to pay each licensee directly. He said this puts the LLC at risk for piercing the veil in a lawsuit. He had other questions which he said he would submit as written comments.

- **Monica Staaf, General Counsel, RI Association of Realtors and State-Wide MLS**
  - Monica noted that RIAR's CEO previously submitted written comments which she won't repeat. She stated that:
    - RIAR supports the proposed amendments related to Teams and Fair Housing Continuing Education. She thanked DBR for all the work that they have done to implement many of the changes proposed by RIAR's Team Task Force.
    - RIAR believes that overall the regulations provide a good balance between allowing teams to function as a business but also ensuring that there is still a separation between what a team can do and what a brokerage can do.
    - It would be difficult to change how a team operates in terms of compensation without the General Assembly changing statutes which require that all compensation be paid directly by the broker to individual licensees.
    - In response to questions she received, she clarified that DBR deleted the continuing education requirements for Rhode Island attorneys who are also real estate licensees because the General Assembly changed state statutes to provide for this exemption. DBR is just implementing the statutory change with this amendment.
- **Carl Martone, Re/Max Properties**
  - Carl stated that he thinks that RIAR's task force did a great job in addressing the concerns related to teams. He said his biggest concern related to logos. He said he would submit some questions in writing. He previously noticed many violations where teams did not include brokerage names on signs. He thanked us for addressing these issues related to teams.