



BROKER LEGAL COMPLIANCE

Written by:

CT REALTORS®

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- LEGAL COMPLIANCE-Day One

Definitions

- Definitions
CT Real Estate Reg. Sec. 20-325-1 and C.G.S. Sec. 20-311
- "Real estate broker" or "broker" means (A) any person engaged in the real estate business, and (B) any person employed by or on behalf of the owner or owners of lots or other parcels of real estate, at a stated salary, upon commission, upon a salary and commission basis or otherwise to sell such real estate, or any parts thereof, in lots or other parcels, and who sells or exchanges, or offers, attempts or agrees to negotiate the sale or exchange of, any such lot or parcel of real estate
- "Real estate salesperson" or "salesperson" means any individual who is affiliated with a supervising licensee to (A) engage in the real estate business for or on behalf of such supervising licensee, or (B) if such individual is acting for another person as a designated seller agent or designated buyer agent, engage in the real estate business
- Definitions
CT Real Estate Reg. Sec. 20-325-1 and C.G.S. Sec. 20-311
- "Seller's Agent" or "Agent of the seller" means a real estate broker or real estate salesman who acts in a fiduciary capacity for the prospective seller or prospective lessor in a real estate transaction
- "Buyer's agent" or "Agent of the buyer" means a real estate broker or real estate salesman who acts in a fiduciary capacity for the prospective buyer or prospective lessee in a real estate transaction
- "Dual agent" means a real estate broker or real estate salesman who acts in a fiduciary capacity for both the prospective seller or prospective lessor and the prospective buyer or prospective lessee in a real estate transaction
- "Licensee" means any licensed real estate broker or real estate salesperson
- Definitions – New as of 4/1/24
C.G.S. Sec. 20-311
- "Associate broker" means a real estate broker who (A) is affiliated with a supervising licensee as an independent contractor or employed by a supervising licensee, and (B) has the authority to engage in the real estate business on behalf of such supervising licensee
- "Prospective party" means any person that communicates with a real estate licensee in contemplation of potential representation by the real estate licensee in a real estate transaction

Chapter 1

Broker Responsibility for Salespersons

- Liability of brokers for salespersons affiliated as independent contractors
C.G.S. §20-312a

“In any action brought by a third party against a real estate salesperson affiliated with a real estate broker as an independent contractor, such **broker shall be liable** to the same extent as if such affiliate had been employed as a real estate salesperson by such broker.”

- What does this mean?
 1. Broker supervises salesperson’s license when Broker agrees to take on salesperson as either a 1099 Independent Contractor or W2 employee.
 2. Broker is responsible for all actions of the salesperson
 3. Broker is responsible for all actions of a Team, Team

advertising and Team Registration

- Examples of Broker Responsibility and Supervision
 1. Signing agency contract
 2. Salesperson breaks or steals something from a client
 3. Annual Team registration needs to be completed
 4. Individual licensee advertising or Team advertising is legally compliant
 5. Fair Housing laws are followed
- C.G.S. § 20-312a
- Brokers Responsible to Supervise Teams
C.G.S. Sec. 20-312

A “Team” is:

a group of two or more Connecticut licensed real estate brokers or real estate salespersons affiliated with the same sponsoring real estate broker and engage in advertising as a group using a team name.

- Team Names
C.G.S. Sec. 20-312
- Must include
 - the full name of at least one licensed real estate broker or real estate salesperson who is part of the team, or be immediately followed by “at/of [full name of the supervising licensee]” – See examples later

- the name of and contact information of the real estate broker, which must be included at a “prominent location” in all of the team’s advertisements
- Team Names
C.G.S. Sec. 20-312
- Shall NOT include:
 - The name of any individual who is not a licensed real estate broker or real estate salesperson; and
 - Any abbreviation, term or phrase, including but not limited to “associates,” “company,” “corporation,” “group,” “LLC,” “real estate,” or “realty,” that implies that the team is a business entity

Note: As of April 1, 2024, a team may switch their supervising broker without applying for a new team registration.

- Team Names Examples

Examples of Team Names permitted:

- Jane Doe Team
- Allyson Agent Team
- Jane and Allyson Team at ABCDEFG Real Estate
- Sunrise Team of ABCDEFG Real Estate

Important Note: This name is not permitted if the Sunrise Team is the name of a registered business entity. Even if the actual registered business entity is Sunrise Team Inc, or Sunrise Team, LLC.

- Team Names Examples

Examples of Team Names not permitted:

- Jane Doe Real Estate
 - Uses a prohibited term, implies a business entity, doesn’t include the word “team”
- Allyson Agent Associates
 - Uses a prohibited term, implies a business entity, doesn’t include the word “team”
- The Jane and Allyson Group at ABCDEFG Real Estate
 - Uses a prohibited term, implies a business entity, doesn’t include the word “team”
- Jane Doe Team powered by ABCDEFG Real Estate
 - Must read “at” or “of” [full name of the supervising licensee]
- Sunrise Team with ABCDEFG Real Estate

- Must read “at” or “of” [full name of the supervising licensee]
- Team Names - Source

<https://portal.ct.gov/-/media/DCP/licensing/Real-Estate/Guidance-on-Real-Estate-Team-Names.pdf>

DCP guidance posted on their webpage still effective as of April 2024

- Brokers and Salespersons
CT Real Estate Reg. Sec. 20-328-10a

“Upon termination of a licensee's employment or affiliation with a real estate broker, a licensee shall immediately turn over to such broker any and all information and records obtained during the licensee's employment or affiliation,…”

- What does this mean?
 1. The salesperson leaves the firm and will not be working with the Broker anymore.
 2. All documents, property, etc. which has anything to do with the Broker's business belongs to the Broker and must be returned.
- Examples
 1. Business cards, emails, client lists, stationary, electronics, contracts, buyer or a tenant's contract.
 2. All records from salesperson regarding clients and customers.
- Termination of Affiliation
CT Real Estate Reg. Sec. 20-328-10a(b)

Broker must provide salesperson with an accounting the earlier of either:

OR

45 days after termination of affiliation

Accounting must include “...a statement of the commission or compensation, **if any**, which the real estate broker intends to pay”

- What does this mean?

The accounting is based on the written Independent Contractor Agreement set up in beginning of 1099 Broker/salesperson professional relationship.

If there is no written Independent Contractor Agreement used or is silent as to compensation upon termination, compensation paid out is negotiable.

Practice Tips

1. Have written Independent Contractor Agreement.
2. Include provisions specifically outlining termination and accounting details within the Independent Contractor Agreement.
3. Follow the Independent Contractor Agreement termination clause exactly, don't deviate from it once it's been agreed upon and signed.

CT Real Estate Reg. Sec. 20-328-10a(b)

PA 23-84 Sec. 5 effective April 1, 2024

PA 23-84 Sec. 6 effective April 1, 2024

PA 23-84 Sec. 32 effective April 1, 2024

PA 23-84 Sec. 2 effective April 1, 2024

PA 23-84 Sec. 2 effective April 1, 2024

REAL ESTATE INTERPRETER SERVICES ACKNOWLEDGMENT

You must use this form if interpreter services are used as part of a real estate transaction.

If the interpreter is not the real estate licensee nor an employee:

Buyer or Renter Acknowledgement

I, _____ (name of buyer or renter), used
_____ (name of interpreter) to act as my interpreter during
this real estate transaction or these negotiations. The obligations of this contract or other written
agreement were explained to me in my native language by the interpreter. I understand the
contract or other written agreement.

(signature of buyer or renter)

(relationship of interpreter to buyer or renter)

Interpreter Acknowledgement

I, _____ (name of interpreter), acted as interpreter during
this real estate transaction or these negotiations. The obligations of the contract or other written
agreement were explained to _____ (name of buyer or
renter) in their native language. I understand the contract or other written agreement.

(signature of interpreter)

(relationship of interpreter to buyer or renter)

If the real estate licensee acts as an interpreter:

*Provide the following language in the buyer's or renter's native language or select from below.
If a language that cannot be reduced to writing is used to conduct a real estate transaction or
negotiations, use the English version.*

This real estate transaction or these negotiations were conducted in
_____ (buyer's or renter's native language), which is my
native language. I voluntarily choose to have the Real Estate (Broker/Salesperson) act as my
interpreter during the negotiations. The obligations of the contract or other written agreement
were explained to me in my native language. I understand the contract or other written
agreement.

(signature of buyer or renter)

If your transaction requires the use of an interpreter, an acknowledgment form is required to be completed. DCP has a prescribed form available on their website.

Note: DCP has confirmed there is no exemption for online translation services. If you are unable to obtain a signature, you should obtain documentation of the use of the online interpreter (receipt, screen shot, some form of verification), and note on the form that an online interpreter was used and a signature was unable to be obtained.

A custodial broker is a licensed broker who is temporarily appointed to either:

conclude a deceased or incapacitated broker's real estate business matters or transition them to another broker; or

assist in transitioning the broker's ownership interest in a business entity engaged in real estate to comply with Connecticut law and Department regulations.

Custodial brokers can serve for a period of up to 180 days unless that period is extended by the Department.

An out-of-state real estate licensee may receive compensation for referring to a real estate licensee in this state a prospective party to a real estate transaction in this state.

A classification of real estate broker acting under a supervising broker

Not a separate license

Registration required if a licensee wishes to advertise as an "Associate Broker"

May *not* engage in the business of real estate as a broker outside of their relationship with supervising broker

Registration is a one time \$25 fee

May return to full broker at any time, or within 14 days if you are no longer working under the supervising broker

Question: Why would a licensee want to register as an Associate Broker?

Chapter 2

Regulations Concerning Disclosure of Representation

Agency Disclosure

C.G.S. Sec. 20-325d(a)

Effective April 1, 2024

- Licensees must provide a written disclosure of the identity of the licensee's client when requested by an unrepresented party in a transaction
- Licensees may disclose their client's identity by text, email or another written method

REAL ESTATE PROSPECTIVE PARTIES DISCLOSURE NOTICE

Do not share confidential information until you enter into a written representation agreement.

CT law requires that you are given this notice to help you to make informed choices about real estate transactions.

IMPORTANT NOTE: The real estate broker or salesperson ("Licensee") who represents another party in a transaction has fiduciary duties to that **OTHER** party and will negotiate the best terms and conditions for them, **NOT FOR YOU**. You have the responsibility to protect your own interests.

**Unless you enter into a WRITTEN agreement for agency representation,
you are a prospective party – NOT a client.**

As a prospective party, you can expect a Licensee to:

- Tell you all the material physical defects of the property that the licensee knows;
- Treat you and the other party honestly and not knowingly give false information;
- Not reveal confidential information; and
- Comply with all state and federal laws related to real estate brokerage activity and fair housing.

TYPES OF AGENCY RELATIONSHIPS

You can become a client by entering into a written agency agreement requiring the Licensee to act as an agent on your behalf. There are three types of agent-client relationships permitted in Connecticut:

- **SINGLE AGENCY:** The Licensee represents you and does not represent any other party in the transaction.
- **DUAL AGENCY:** The Licensee acts in a fiduciary capacity for both parties.
- **DESIGNATED AGENCY:** The brokerage firm is a dual agent and appoints one agent in the firm to solely represent the buyer (or tenant) and one agent to represent the seller (or landlord).

COMPENSATION NOTICE

The amount or rate of real estate fees is not fixed by law and may be negotiated.

FAIR HOUSING NOTICE

It is unlawful for ANY property owner, landlord, property manager or other person who sells, rents or leases housing, to discriminate AT ANY TIME based on certain protected characteristics, including race, color, national origin, sex (gender), religion, children or family status, disability (physical, mental or learning), ancestry, marital status, age (except minors), sexual orientation, gender identity or expression, legal source of income, veteran status, domestic violence victim, and clean slate (erased criminal record). To report a potential violation, contact the CT Commission on Human Rights and Opportunities at www.ct.gov/CHRO.

Presented on (date): _____

To: _____
Name of Buyer/Tenant or Seller/Landlord

By: _____
Licensee's Name

for: _____
Brokerage Firm/Company

Prospective Parties
C.G.S. Sec. 20-311 & 20-325d(b)
Effective April 1, 2024

- "Prospective party" means any person that communicates with a real estate licensee in contemplation of potential representation by the real estate licensee in a real estate transaction.
- Licensees must:
 - disclose, in writing, to prospective parties by the first personal meeting:
 - The types of agency relationships available;
 - That the prospective party should not share confidential information with the licensee until they have entered into a written representation agreement together; and
 - Information on fair housing and discrimination and where to find additional information and resources.

Time of Disclosure to Unrepresented Persons
CT Real Estate Reg. Sec. 20-325d-2(a) and 20-325d-5(a)

Broker must present the Real Estate Agency Disclosure Notice Given to Unrepresented Persons (aka Unrepresented Persons Disclosure) to an unrepresented person who expresses interest in the property

"...at the beginning of the first personal meeting concerning the prospective buyer's or lessee's specific real estate needs."

The signed form needs to be attached to any offer, binder, lease or purchase contract.

If the prospective buyer or lessee refuses to sign the disclosure, the "...seller's agent shall note this refusal..." on the signature line and retain in their records

The possibility for Dual Agency must be disclosed in all Agency Contracts with Sellers and Buyers if the real estate brokerage agency offers dual agency.

Example from Connecticut REALTORS® Exclusive Right to Sell Agreement:

"Broker may represent a Buyer interested in the Property which may give rise to the potential for a dual agency relationship. Dual agency requires the signed consent of both parties. In dual agency, the Broker acts in a fiduciary capacity for both parties. While the broker does not represent either party exclusively, the Broker may not disclose confidential information without the consent of the party and may not use information shared by a party to gain an advantage for the other party."

REAL ESTATE AGENCY DISCLOSURE NOTICE
GIVEN TO UNREPRESENTED PERSONS

This is not a contract. Connecticut law requires that you be given this notice disclosing whom the real estate licensee represents. The purpose of such disclosure is to enable you to make informed choices about your relationship with real estate licensees.

GIVEN TO: _____			
(UNREPRESENTED PERSON/PERSONS)			
ON _____ (DATE)			
OUR FIRM _____	REPRESENTS	<input type="checkbox"/> SELLER	<input type="checkbox"/> LANDLORD
		<input type="checkbox"/> BUYER	<input type="checkbox"/> TENANT

UNREPRESENTED PERSON(S)'S RIGHTS AND RESPONSIBILITIES

1. The broker and salespersons (referred to as agents or licensees) in this transaction owes the other party to this transaction undivided fiduciary obligations, such as: loyalty, reasonable care, disclosure, and obedience to lawful instruction, confidentiality and accountability. The agent(s) must put the other party's interest first and negotiate for the best terms and conditions for them, not for you.
2. All real estate agents, whether representing you or not, are obligated by law to treat all parties to a real estate transaction honestly and fairly.
3. You have the responsibility to protect your own interests. Carefully read all agreements to make sure they accurately reflect your understanding. If you need additional advice for legal, tax, insurance or other such matters, it is your responsibility to consult a professional in those areas.
4. Whether you are a buyer, seller, tenant, or landlord, you can choose to have the advice, assistance and representation of your own real estate brokerage firm and its agents. Do not assume that a real estate brokerage firm or its agents are representing you or are acting on your behalf unless you have contracted in writing with that real estate brokerage firm.

ACKNOWLEDGMENT OF UNREPRESENTED PERSON(S)*

ACKNOWLEDGEMENT OF AGENT

Signature(s)

Signature

Print Name(s)

Print Name

Date

Date

**To be signed by the buyer/tenant when the agent represents the seller/landlord, or
To be signed by the seller/landlord when the agent represents the buyer/tenant*



DUAL AGENCY CONSENT AGREEMENT

Pursuant to Public Act 96-159



Property Address: _____

Seller(s) or Landlord(s): _____

Buyer(s) or Tenant(s): _____

(1) This Dual Agency Consent Agreement is an addendum to and make part of (check all that apply):

☐ Listing Agreement dated _____ between brokerage firm and seller or landlord.

☐ Buyer or Tenant agency agreement dated _____ between brokerage firm and buyer or tenant.

(2) Seller and buyer (or landlord and tenant, as the case may be) hereby acknowledge and agree that _____ (name of brokerage firm) is representing both buyer and seller (or landlord and tenant, as the case may be) in the purchase and sale (or lease) of the above referenced property and that brokerage firm has been and is now the agent of both seller and buyer (or landlord and tenant, as the case may be). Seller and buyer (or landlord and tenant, as the case may be) have both consented to and hereby confirm their consent to this dual representation.

(3) Seller and buyer (or landlord and tenant, as the case may be) agree:

(A) The brokerage firm shall not be required to and shall not disclose to either buyer or seller (or landlord or tenant, as the case may be) any personal, financial or other confidential information to such other party without the express written consent of the party whose information is disclosed. Other than information related to material property defects which are known to the brokerage firm and other information the brokerage firm is required to disclose by law.

(B) The brokerage firm may not disclose: (i) To the buyer that the seller (landlord) will accept less than the asking or listed price, unless otherwise instructed to do so in writing by the seller (landlord); (ii) to the seller (landlord) that the buyer (tenant) can or will pay a price greater than the price submitted in a written offer to the seller (landlord), unless otherwise instructed to do so in writing by the buyer (tenant); (iii) the motivation of the seller or buyer (or landlord or tenant, as the case may be) for selling, buying or leasing property, unless otherwise instructed in writing by the respective party; or (iv) that a seller or buyer will agree to financing terms other than those offered, unless instructed in writing by the respective party.

(4) Property information available through the multiple listing service or otherwise, including listed and sold properties, which has been requested by either the seller or the buyer (or landlord or tenant, as the case may be) shall be disclosed to both seller and buyer (or landlord and tenant, as the case may be).

(5) Both parties are advised to seek competent legal and tax advice with regard to this transaction, and with regard to all documents executed in connection with this transaction, including this Dual Agency Consent Agreement.

I have read and understand the above agreement

Buyer (Tenant)

Seller (Landlord)

Brokerage Firm

Company Name

Authorized Signature

Date: _____

Date: _____

Date: _____

CONNECTICUT

DESIGNATED AGENCY REGULATIONS CONCERNING THE CONDUCT OF REAL ESTATE BROKERS AND SALESPERSONS

Sec. 20-xxx-xx. Designated Agency Consent and Notice. The following form shall be used as written notice and consent upon the appointment of a designated seller agent or designated buyer agent.

Dual Agency / Designated Agency Disclosure Notice and Consent Agreement Given to Persons Represented by the Same Brokerage Firm

Brokerage Firm: _____

Property Address: _____

Buyer (Tenant): _____

Seller (Landlord): _____

The Brokerage Firm has entered into a **written agency relationship** with both Buyer and Seller (or Tenant and Landlord). Buyer (Tenant) is now interested in buying (leasing) Seller's (Landlord's) Property. If this transaction proceeds, Brokerage Firm will be a **dual agent**, since Brokerage Firm represents both parties. Connecticut law allows Brokerage Firm to be a dual agent, but only after both Buyer and Seller (or Tenant and Landlord) understand what dual agency is and consent to it.

Connecticut law also allows Brokerage Firms that are dual agents to appoint individual **designated agents** within their firm to solely represent Buyer and Seller (or Tenant and Landlord); again, this designation can only be made after both Buyer and Seller (or Tenant and Landlord) understand what designated agency is and consent to it.

Both Buyer and Seller (or Tenant and Landlord) are free to seek legal and tax advice with regard to this transaction, and with regard to all documents signed in connection with this transaction.

Understanding Dual Agency

Dual Agency means that the Brokerage Firm, and all the brokers and salespersons for the firm (unless designated agency is chosen) act in a fiduciary capacity for both Buyer and Seller (or Tenant and Landlord). In Dual Agency, the Brokerage Firm does not represent either the Buyer or Seller (or Tenant or Landlord) exclusively, and the parties can not expect the Brokerage Firm's undivided loyalty.

The Brokerage Firm may not disclose to either the Buyer or Seller (or Tenant or Landlord) any personal, financial, or confidential information to the other party except as authorized by either party or required by law. The Brokerage Firm may not disclose, unless otherwise instructed by the respective party:

- to Buyer (Tenant) that Seller (Landlord) will accept less than the asking or listed price
- to the Seller (Landlord) that the Buyer (Tenant) can pay a price greater than the price submitted in a written offer to the Seller, unless otherwise instructed to do so in writing by the Buyer (Tenant);

- the motivation of either Buyer or Seller (or Tenant or Landlord) for selling, buying, leasing the Property; and that
- that Buyer or Seller will agree to financing terms other than those offered.

Dual Agency Consent

Buyer and Seller (or Landlord and Tenant) understand dual agency and consent to Brokerage Firm acting as a dual agent in this transaction.

Understanding Designated Agency

Designated Agency means the appointment by the Brokerage Firm of one broker or salesperson (referred to as agent) affiliated with or employed by the Brokerage Firm to solely represent Buyer (Tenant) as a Designated Buyer's Agent and appoint another to solely represent Seller (Landlord) as a Designated Seller's Agent in this transaction.

A Designated Buyer's Agent and Designated Seller's Agent owe the party for whom they have been appointed undivided fiduciary obligations, such as loyalty, reasonable care, disclosure, obedience to lawful instruction, confidentiality and accountability. **The Designated Agent is not deemed to be a Dual Agent**, and thus does not owe fiduciary duties to the other party. A designated agent may use confidential information obtained about the other party while a designated agent for the benefit of the party for whom they have been appointed, however, information obtained before the designation is still confidential. In the case of Designated Agency, Brokerage Firm is still considered a Dual Agent.

Appointment of Designated Agents

Buyer and Seller (or Landlord and Tenant) understand designated agency and have agreed to the appointment of designated agents.

If designated agency has been agreed to, the following designated agents have been appointed:

_____ has been designated to solely represent Buyer (Tenant) as a Designated Buyer Agent.

_____ has been designated to solely represent Seller (Landlord) as a Designated Seller Agent

Appointing broker/authorized agent: _____ Date: _____

Acknowledgment of Buyer (Tenant)

Signature(s)

Date

Print Name(s)

Acknowledgement of Seller (Landlord)

Signature(s)

Date

Print Name(s)

- Scenarios for Potential Dual Agency
- 1. Broker/agent is working with a seller, unrepresented buyer finds the property, both buyer and seller want to be represented by said Broker/agent.
- 2. Broker/agent has a listing and also has a separate buyer agency agreement unconnected. Your own buyer client finds the property you're already listing with seller client.

Chapter 3

Regulations Concerning Designated Agency

- Designated Agency Appointment and Consent Form
C.G.S. §20-325i and C.G.S. §20-325j

In a transaction, the statutes authorize a broker to designate agents within the same firm, one for the buyer and one for the seller. Written notice and consent is required to be signed by the parties.

- What does this mean?
- 1. Broker may appoint an individual agent at the firm to be a "designated agent" to exclusively represent one party
- 2. Broker is still a dual agent for both parties, but agent A represents buyer and agent B represents seller.
- 3. Having designated agency limits the possibility of a conflict of interest in one person trying to represent seller's interest and buyer's interest (opposing interests) at the same time.
- Example

Dual agency situation, but either buyer, seller or both want to be represented by the same Brokerage firm ("Firm 123 Realty) but via different salespeople from Firm 123 Realty.

The Broker and agents would be as follows:

Buyer's side: Seller's side:

Broker = 123 Realty Broker = 123 Realty

Agent = Sue Smith Agent = Jeff Jones

- Chapter 4
Licensee Duties to Parties

Duties to Parties

CT Real Estate Regs. Sec. 20-328-2a(a), (b), (c)

- Examples

Disclosure is required when licensee has an interest in property or when licensee is connected to property by way of

- Immediate family
- Licensee's firm
- Member of Licensee's firm
- Connection to entity with a "substantial ownership interest"
 - Entity could be a business, trust, or foundation
- Examples

Disclosure is required:

1. If licensee's spouse or any other immediate family member owns the property
 2. Licensee is buying the property as buyer, or on behalf of immediate family
 3. Licensee is representing an immediate family member who is the buyer
- Required Terms of an Offer
 1. Offers must be in writing.
 2. All essential terms must be included in the offer:
 - a. Identification of parties involved
 - b. Identification of property
 - c. Price
 - d. Financing as applicable
 - e. Any inspection contingencies
 - f. Proposed closing date
 - g. Any other special/specific terms of contingencies important to or required by buyer
 - What does this mean?
3. If the offer includes a mortgage contingency, the mortgage contingency must include all 3 of the following terms:
 - a. dollar amount of mortgage;
 - b. deadline for buyer to obtain mortgage commitment (under TRID may be interpreted as a Loan Estimate); and
 - c. and mortgage term (duration).

- Example

Mortgage contingency:

- Dollar amount: \$100,000.00
- Deadline for mortgage commitment or Loan Estimate: 30 days from date contract fully signed by both buyer and seller with copy to buyer
- Term: 30 years
- Duties to Parties
CT Real Estate Reg. Sec. 20-328-2a(e)(1),(2)
 1. Outlines the broker's obligations to their client regarding when one or more offers is received
 2. Outlines the broker's obligations to their client when counter-offers are received
- What does this mean?
 1. All offers go to seller "as quickly as possible"
 2. Unless the seller and broker agree otherwise, once seller accepts an offer, seller's Broker has no legal obligation to continue marketing the property.
 3. All counter offers to buyer "as quickly as possible"
 4. Unless the seller and broker agree otherwise, once buyer's offer is accepted, buyer's Broker is not legally obligated to continue to show buyer any more properties.
- Duties to Parties
CT Real Estate Regs. Sec. 20-328-2a(f)(1)

Licensee has a legal obligation to communicate through the other side's agent/broker

Limited exception for when "after diligent effort" the agent/broker for the other side cannot be reached

- Duties to Parties
CT Real Estate Regs. Sec. 20-328-2a(g) and (h)

(g) Owner of a property must consent in writing to having a real estate sign placed on their property

(h) "...the broker shall cooperate with other real estate brokers...when it is in the best interests of the party or parties for whom the broker is acting."

- Chapter 5 - Agreements

(a)(1) This regulation requires licensees to obtain written consent (Agency Agreement) from owner of a residential property before licensee performs any real estate business or activity on behalf of the owner (seller) or property

- Regulation outlines what must be included in the Agency Agreement
- Agency Agreement must state the type of listing it is
- Copy of Agency Agreement must be provided to the person(s) signing

(2) This subsection outlines the same requirements as (1) but for buyers instead of sellers

- Outlines what must be included in the Agency Agreement
 - Agency Agreement must state the type of listing it is
 - Copy of Agency Agreement must be provided to the person(s) signing
 - What does this mean?
1. Before starting work with a residential seller/landlord or buyer/tenant, broker/agent must sign an Agency Agreement with seller/landlord or buyer/tenant.
 2. Broker must provide a copy to all signers and retain a copy for the company

Agency Agreement must:

- Be in writing
- Properly identify the property
- Contain all the terms and conditions of the sale, exchange or lease
- include Broker commission to be paid
- Include the precise start and end date of listing
- Be signed by all owners/landlords or legally authorized representative(s) of owners/landlords on sell side; be signed by any buyers/tenants seeking representation on the buy side
- State the type of listing (sale or lease, exclusive agency, or exclusive right)
- Include advertising limitations or restrictions requested by seller, including whether seller permits other Brokers to advertise the property
- Mandatory Statement

“Each written agreement which fixes the compensation to be paid to a real estate broker for the sale, lease or purchase of real property shall contain the following statement in not less than ten point boldface type or in a manner which otherwise stands out significantly from the text immediately preceding any provision of such agreement relating to compensation of the broker:”

NOTICE: THE AMOUNT OR RATE OF REAL ESTATE BROKER COMPENSATION IS NOT FIXED BY LAW. IT IS SET BY EACH BROKER INDIVIDUALLY AND MAY BE NEGOTIABLE BETWEEN YOU AND THE BROKER.

NOTE: This legally required statement is included in all CT REALTORS® agreements as required by statute.

If potential client refuses to sign an Agency Agreement,

for example:

- a) Provide the Unrepresented Persons Disclosure for signature. If signature refused, Broker/agent must note on the form it was given to interested buyer, but they refused to sign. Broker/agent must keep original and give a copy to interested buyer.
- b) There is no requirement relating to the length of an agency agreement. For example, it can be limited to one hour, one day, one property, or one town.

This regulation requires all other documents, contracts or agreements used in connection with a real estate transaction other than Agency Agreements be “in writing, dated, and express the agreement of the parties.”

A copy of each document signed must be provided to everyone signing.

- What does this mean?
 1. Put everything in writing that expresses what is agreed to between Broker/agent and the client
 2. All agreements must be put in writing, dated and signed by all parties
 3. Any addendums or riders need to be in writing, signed, and dated
 4. All parties who sign must be provided a copy of all paperwork they have signed immediately upon signing
- What does this mean?

This section of the Regulation applies to commercial agreements

1. Broker/agent must have a signed Agency Agreement to represent seller, landlord, buyer or tenant in a commercial transaction
2. Agency Agreement must:
 - a. Be in writing
 - b. Be signed by both Broker/agent and client the Broker/agent is representing
 - c. Include the “duration” of the authorization
 - d. Include the amount of compensation payable to Broker

Net listings are prohibited

Definition of “net listing”

CT Real Estate Regulations Sec. 20-328-1a – (e) "Net listing" means a listing contract in which the broker receives as a commission all excess moneys over and above the minimum sales price agreed upon by the broker and seller.

Chapter 6 - Misrepresentation, Disclosure and Advertising

A licensee shall not misrepresent or conceal any material facts in any transaction.

***This is a short regulation, but it has a lot of repercussions if not strictly followed*

- What does this mean?
 1. All material facts must be disclosed by Broker/agent
 2. Broker/agent is required by law to disclose material facts even if seller expressly instructs seller's Broker not to disclose
 3. Broker/agent must disclose material facts even if seller is exempt from providing the statutory Residential Property Condition Report Form
 4. Material facts are defined in **C.G.S. Sec. 20-327c, which will be reviewed later in this course**

- What does this mean?

5. Broker/agent must disclose material facts even if seller pays statutory \$500 credit instead of providing the Residential Property Condition Form (RPCR) to a buyer.

6. Material facts should be disclosed in writing. (this will be discussed in greater detail in one of the upcoming slides)

No licensee shall misrepresent the actual selling price of real estate to any lender or any other interested party, either verbally or through the preparation of a false sales contract.

Requirements for print (non-electronic) advertising:

- Licensee may not advertise real estate activity is available through an unlicensed person or entity who is not the owner.
- Advertising must include the supervising licensee's name as it appears on the supervising licensee's real estate license.
- What does this mean?
 1. Print advertising includes but may not be limited to newspaper ads, printed brochures, and lawn signs
 2. Broker/agent must include in the advertising the name of Broker who holds the valid agency contract with the seller.

3. Broker's name in the ad is the bare minimum, however, additional information may also be included
4. "A real estate broker shall exercise diligence at all times in obtaining and presenting accurate information in the broker's advertising and representations to the public"

Discusses listings created or posted by other brokers who have an Agency Agreement for that listing

- Obtain permission from broker who holds the listing
- Imposes a 72-hour updating requirement when posting listings that belong to another broker
- Must state listing is listed with another broker

Requirements must be on the homepage of an internet site owned or controlled by a licensee:

- Licensee's own name and office address matching what is on their real estate license
- The Broker under whom the salesperson is working, written to match exactly how Broker is officially registered and licensed with the state
- All states where licensee holds either a salesperson's or broker's license
- Last date of revision for all properties posted on this website

Outlines requirements for what must be included on the first or last page of all electronic communications, including but not limited to e-mail, e-mail discussion groups, and bulletin boards:

1. the licensee's name and office address;
2. the name of the real estate broker with whom the licensee is affiliated as that real estate broker's name is registered with the commission; AND
3. all states in which the licensee holds a salesperson or broker license.

NOTE: Social media is considered electronic communication

- What does this mean?

Applies to all electronic communications including ("but not limited to")

- Emails
- Electronic bulletin boards
- Online discussions
- Social media
- Other electronic communication, advertising or marketing which may fall into this category but not specifically listed in the regulation

STATE OF CONNECTICUT
DEPARTMENT OF CONSUMER PROTECTION
450 Columbus Blvd, Suite 901 ♦ Hartford, CT 06103



RESIDENTIAL PROPERTY CONDITION REPORT

The Uniform Property Condition Disclosure Act (Connecticut General Statutes Section 20-327b) requires the seller of residential property to provide this report to the prospective purchaser prior to the prospective purchaser's execution of any binder, contract to purchase, option, or lease containing a purchase option. These provisions apply to the transfer of residential real property of four dwelling units or less, including cooperatives and condominiums, made with or without the assistance of a licensed broker or salesperson. The seller will be required to credit the purchaser with the sum of \$500 at closing if the seller fails to furnish this report (Connecticut General Statutes Section 20-327c).

INSTRUCTIONS TO SELLERS:

1. You **must** answer **all** questions to the best of your knowledge.
2. You are required to identify and disclose any problems regarding the subject property.
3. **Your real estate licensee cannot complete this form on your behalf.**
4. "UNK" means Unknown, "N/A" means Not Applicable.
5. If you need additional space to complete any answer or explanation, attach additional page(s) to this form. Include subject property address, seller's name and the date.

Pursuant to the Uniform Property Condition Disclosure Act, the seller is obligated to answer the following questions and to disclose herein any knowledge of any problem regarding the following:

	A. SUBJECT PROPERTY	
--	----------------------------	--

- 1) Name of seller(s): _____

- 2) Street address, municipality, zip code: _____

YES NO UNK N/A	
----------------	--

	B. GENERAL INFORMATION	
--	-------------------------------	--

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 3) What year was the structure built? _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 4) How long have you occupied the property? _____ If not applicable, indicate with N/A. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5) Does anyone else claim to own any part of your property, including, but not limited to, any encroachments? If yes, explain: _____

_____ |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 6) Does anyone other than you have or claim to have any right to use any part of your property, including, but not limited to, any easement or right of way? If yes, explain: _____

_____ |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7) Is the property in a flood hazard area or an inland wetlands area? If yes, explain: _____

_____ |

YES NO UNK N/A

B. GENERAL INFORMATION (Continued)

☐ ☐ ☐ ☐

- 8) Are you aware of the presence of a dam on the property that has been or is required to be registered with the Department of Energy and Environmental Protection? If yes, explain: _____

☐ ☐ ☐ ☐

- 9) Do you have any reason to believe that the municipality in which the subject property is located may impose any assessment for purposes such as sewer installation, sewer improvements, water main installation, water main improvements, sidewalks or other improvements? If yes, explain: _____

☐ ☐ ☐ ☐

- 10) Is the property located in a municipally designated village district, municipally designated historic district, or listed on the National Register of Historic Places? If yes, explain: _____

Note: Information concerning village districts and historic districts may be obtained from the municipality's village district commission, if applicable.

☐ ☐ ☐ ☐

- 11) Is the property located in a special tax district? If yes, explain: _____

☐ ☐ ☐ ☐

- 12) Is the property subject to any type of land use restrictions, other than those contained within the property's chain of title or that are necessary to comply with state laws or municipal zoning? If yes, explain: _____

☐ ☐ ☐ ☐

- 13) Is the property located in a common interest community? If yes, is it subject to any community or association dues or fees? Please explain: _____

☐ ☐ ☐ ☐

- 14) Do you have any knowledge of prior or pending litigation, government agency or administrative actions, orders or liens on the property related to the release of any hazardous substance? If yes, explain: _____

YES NO UNK N/A

C. LEASED EQUIPMENT

☐ ☐ ☐ ☐

- 15) Does the property include any leased or rented equipment that would necessitate or oblige either of the following: the assignment or transfer of the lease or rental agreement(s) to the buyer or the replacement or substitution of the equipment by the buyer? If yes, indicate by checking all items

Property Address: _____ Seller Initials _____ Buyer Initials _____

that apply:

- ☐ Propane fuel tank
- ☐ Water heater
- ☐ Security alarm system
- ☐ Fire alarm system
- ☐ Satellite dish antenna

- ☐ Water treatment system
- ☐ Solar devices
- ☐ Major appliances
- ☐ Other _____

YES NO UNK N/A

D. MECHANICAL/ UTILITY SYSTEMS

☐ ☐ ☐ ☐

16) Fuel types? _____ Are you aware of any heating system problems? If yes, explain: _____

☐ ☐ ☐ ☐

17) Hot water heater type? _____ Age: _____ Are you aware of any hot water problems? If yes, explain: _____

☐ ☐ ☐ ☐

18) Is there an underground storage tank? If yes, list the age of tank _____ and location: _____

☐ ☐ ☐ ☐

19) Are you aware of any problems with the underground storage tank? If yes, explain: _____

☐ ☐ ☐ ☐

20) During the time you have owned the property, has there ever been an underground storage tank located on the property? If yes, has it been removed? ☐ Yes ☐ No
If yes, what was the date of removal _____ and what was the name and address of the person or business who removed such underground storage tank? _____

Provide any and all written documentation of such removal within your control or possession by attaching a copy of such documentation to this form.

☐ ☐ ☐ ☐

21) Air conditioning type: ☐ Central; ☐ Window; Other _____
Are you aware of any air conditioning problems? If yes, explain: _____

☐ ☐ ☐ ☐

22) Plumbing system problems? If yes, explain: _____

☐ ☐ ☐ ☐

23) Electrical system problems? If yes, explain: _____

☐ ☐ ☐ ☐

24) Electronic security system problems? If yes, explain: _____

☐ ☐ ☐ ☐

25) Are there carbon monoxide or smoke detectors located in the dwelling on the property? If yes,

Property Address: _____ Seller Initials _____ Buyer Initials _____

state the number of detectors_____ and whether there have been problems with such detectors:_____

☐ ☐ ☐ ☐

26) Fire sprinkler system problems? If yes, explain:_____

YES NO UNK N/A

E. WATER SYSTEM

☐ ☐ ☐ ☐

27) Domestic water system type: ☐ Public; ☐ Private well; Other_____

☐ ☐ ☐ ☐

28) If public water:

a) Is there a separate expense/fee for water usage? If yes, is the expense/fee for water usage flat or metered?_____ Provide the amount of the expense/fee_____ and explain:

☐ ☐ ☐ ☐

b) Are there unpaid water charges? If yes, state amount unpaid:_____

☐ ☐ ☐ ☐

29) If private well:

Has the well water been tested for contaminants/volatile organic compounds? If yes, attach a copy of the report. If no report is available, provide name of entity that performed testing and describe results of such testing:_____

☐ ☐ ☐ ☐

If public water or private well: Are you aware of any problems with the well or with the water quality, quantity, recovery, or pressure? If yes, explain:_____

YES NO UNK N/A

F. SEWAGE DISPOSAL SYSTEM

☐ ☐ ☐ ☐

30) Sewage disposal system type: ☐ Public; ☐ Septic; ☐ Cesspool; Other:_____

☐ ☐ ☐ ☐

31) If public sewer:

a) Is there a separate charge made for sewer use? If yes, is it flat or metered?_____

b) If it is a flat amount, state amount_____ and due dates:_____

☐ ☐ ☐ ☐

c) Are there any unpaid sewer charges? If yes, state the amount:_____

☐ ☐ ☐ ☐

32) If private:

☐ ☐ ☐ ☐

a) Name of service company:_____

☐ ☐ ☐ ☐

b) Date last pumped:_____ Frequency of pumping during ownership:_____

Property Address:_____

Seller Initials_____ Buyer Initials_____

☐ ☐ ☐ ☐

c) For any sewage system, are there problems? If yes, explain: _____

YES NO UNK N/A

G. ASBESTOS/ LEAD

☐ ☐ ☐ ☐

33) Are asbestos insulation or building materials present? If yes, location: _____

☐ ☐ ☐ ☐

34) Is lead paint present? If yes, location: _____

☐ ☐ ☐ ☐

35) Is lead plumbing present? If yes, location: _____

YES NO UNK N/A

H. BUILDING/ STRUCTURE/ IMPROVEMENTS

☐ ☐ ☐ ☐

36) Is the foundation made of concrete? If no, explain: _____

☐ ☐ ☐ ☐

37) Foundation/slab problems or settling? If yes, explain: _____

☐ ☐ ☐ ☐

38) Basement water seepage/dampness? If yes, explain amount, frequency and location: _____

☐ ☐ ☐ ☐

39) Sump pump problems? If yes, explain: _____

☐ ☐ ☐ ☐

40) Do you have knowledge of any testing or inspection done by a licensed professional related to a foundation on the property? If yes, disclose the testing or inspection method, the areas or locations that were tested or inspected, the results of such testing or inspection and attach a copy of the report concerning such testing or inspection. If no report is available, provide name of entity that performed testing and describe results of such testing: _____

☐ ☐ ☐ ☐

41) Do you have knowledge of any repairs related to a foundation on the property? If yes, describe such repairs, disclose the areas repaired and attach a copy of the report concerning such repairs: _____

☐ ☐ ☐ ☐

42) Do you have any knowledge related to the presence of pyrrhotite in a foundation on the property?

Property Address: _____

Seller Initials _____ Buyer Initials _____

Page 5 of 8

If yes, explain: _____

☐ ☐ ☐ ☐

43) Roof type: _____; Age: _____

☐ ☐ ☐ ☐

44) Roof leaks? If yes, explain: _____

☐ ☐ ☐ ☐

45) Exterior siding problems? If yes, explain: _____

☐ ☐ ☐ ☐

46) Chimney, fireplace, wood or coal stove problems? If yes, explain: _____

☐ ☐ ☐ ☐

47) Patio/deck problems? If yes, explain: _____

YES NO UNK N/A

H. BUILDING/ STRUCTURE/ IMPROVEMENTS (Continued)

☐ ☐ ☐ ☐

48) If patio/deck is constructed of wood, is the wood treated or untreated? _____

☐ ☐ ☐ ☐

49) Driveway problems? If yes, explain: _____

☐ ☐ ☐ ☐

50) Water drainage problems? If yes, explain: _____

☐ ☐ ☐ ☐

51) Interior floor, wall and/or ceiling problems? If yes, explain: _____

☐ ☐ ☐ ☐

52) Fire and/or smoke damage? If yes, explain: _____

☐ ☐ ☐ ☐

53) Termite, insect, rodent or pest infestation problems? If yes, explain: _____

☐ ☐ ☐ ☐

54) Rot or water damage problems? If yes, explain: _____

☐ ☐ ☐ ☐

55) Is the structure(s) insulated? If yes, type: _____; location: _____

☐ ☐ ☐ ☐

56) Has a test for radon been performed? If yes, attach copy of the report. If no report is available, provide the name of entity that performed the testing and describe the results of such testing: _____

☐ ☐ ☐ ☐

57) Is there a radon control system in place? If yes, explain: _____

☐ ☐ ☐ ☐

58) Has a radon control system been in place in the previous 12 months? If yes, explain: _____

The seller should attach additional pages, if necessary, to further explain any item(s) above. Indicate here the number of additional pages attached: _____

*Questions or Comments? Consumer Problems? Visit the Department of Consumer Protection website at:
www.ct.gov/dcp*

IMPORTANT INFORMATION

(A) Responsibilities of Real Estate Brokers

This report in no way relieves a real estate broker of his or her obligation under the provisions of section 20-328-5a of the Regulations of Connecticut State Agencies to disclose any material facts. Failure to do so could result in punitive action taken against the broker, such as fines, suspension or revocation of license.

(B) Statements Not to Constitute a Warranty

Any representations made by the seller on the written residential property condition report shall not constitute a warranty to the buyer.

(C) Nature of Report

This Residential Property Condition Report is not a substitute for inspections, tests, and other methods of determining the physical condition of the property.

(D) Information on the Residence of Convicted Felons

Information concerning the residence address of a person convicted of a crime may be available from law enforcement agencies or the Department of Public Safety.

(E) Building Permits and Certificates of Occupancy

Prospective buyers should consult with the municipal building official in the municipality in which the property is located to confirm that building permits and certificates of occupancy have been issued for work on the property.

(F) Home Inspection

Buyers should have the property inspected by a licensed home inspector.

(G) Concrete Foundation

Prospective buyers may have a concrete foundation inspected by a licensed professional engineer who is a structural engineer for deterioration of the foundation due to the presence of pyrrhotite.

(H) Dam

Information concerning the registration and categorization of a dam on the property may be obtained from the Department of Energy and Environmental Protection.

(I) Buyer's Certification

The buyer is urged to carefully inspect the property and, if desired, to have the property inspected by an expert. The buyer understands that there are areas of the property for which the seller has no knowledge and that this report does not encompass those areas. The buyer also acknowledges that the buyer has read and received a signed copy of this report from the seller or seller's agent.

Date _____ Buyer _____ Buyer _____
Signature Print Name

Date _____ Buyer _____ Buyer _____
Signature Print Name

(J) Seller's Certification

To the extent of the seller(s) knowledge as a property owner, the seller acknowledges that the information contained above is true and accurate for those areas of the property listed. In the event a real estate broker or salesperson is utilized, the seller authorizes the brokers or salespersons to provide the above information to prospective buyers, selling agents or buyer's agents.

Date _____ Seller _____ Seller _____
Signature Print Name

Date _____ Seller _____ Seller _____
Signature Print Name

- Chapter 7
Residential Property Condition Report Form (“RPCR”) and Material Facts

Periodically revised, such as:

- In 2018, questions were added to the form for sellers to disclose any known information about the condition of the concrete foundation.
- In 2021, an additional question was added regarding the presence of a dam that is Registered with CT DEEP.
- When is RPCR required?
 1. Seller must provide this form whether seller is represented or unrepresented
 2. Seller to provide with residential properties of 1-4 units including condos and co-ops
 3. Seller to provide for transfers for sale, exchange, or lease with option to buy
 4. Seller to provided to all prospective purchasers
 5. Seller must provide before purchaser commits to anything in writing
 - ✓ This includes before binders, offers or contracts for the property
 6. Signed form must be attached to both
 - ✓ the written offer/binder/contract
 - ✓ the fully signed purchase and sale contract
- Q&A
- Penalty

List of 9 exemptions covered in this subsection:

1. Any transfer from one or more co-owners solely to one or more of the co-owners
2. transfers made to the spouse, mother, father, brother, sister, child, grandparent or grandchild of the transferor where no consideration is paid
3. transfers of newly-constructed residential real property for which an implied warranty is provided under Chapter 827 [New Home Construction Warranty]
4. transfers made by executors, administrators, trustees or conservators
5. transfers by the federal government, any political subdivision thereof or any corporation, institution or quasi-governmental agency chartered by the federal government
6. transfers by this state
7. except as provided in subsections (g) and (h) of this section [Residential Foundation Condition Report form requirements], transfers by any political subdivision of this state

8. transfers of property which was the subject of a contract or option entered into prior to January 1, 1996

9. except as provided in subsections (g) and (h) of this section, any transfer of property acquired by a judgment of strict foreclosure or by foreclosure by sale or by a deed in lieu of foreclosure.

- Examples

Examples of exempt transactions:

1. Husband and wife (convey to) just wife
 2. Foreclosure
 3. Real Estate Owned ("REO")/bank owned property sales
 4. Properties owned by an estate
- Material Facts required to be disclosed,
Material Facts Defined
C.G.S. 20-327c(b)(1)
 - (b) (1) No seller who credits a purchaser pursuant to subsection (a) of this section shall, by reason of such credit, be excused from disclosing to the purchaser any defect in the residential real estate if such defect:
 - (A) Is subject to disclosure pursuant to section 20-327b;
 - (B) Is within the seller's actual knowledge of such residential real estate; and
 - (C) Significantly impairs (i) the value of such residential real estate, (ii) the health or safety of future occupants of such residential real estate, or (iii) the useful life of such residential real estate.
 - Material Facts required to be disclosed,
Material Facts Defined
C.G.S. Sec. 20-327c

What does this mean?

- Material facts must be disclosed
 - whether or not the seller provides the RPCR
 - even if the \$500 credit is provided from seller to buyer
 - even if the seller is exempted from providing the RPCR by statute
- Material Facts required to be disclosed,
Material Facts Defined
C.G.S. 20-327c(b)(2)

STATE OF CONNECTICUT
DEPARTMENT OF CONSUMER PROTECTION
450 Columbus Blvd, Suite 901 ♦ Hartford, CT 06103



RESIDENTIAL FOUNDATION CONDITION REPORT

This report must be filled out for the transfer of residential property located in a town determined by the Capitol Region Council of Governments to be affected, or potentially affected, by crumbling foundations and that was acquired by: (1) a political subdivision of this state; (2) a judgment of strict foreclosure; (3) foreclosure by sale; or (4) a deed in lieu of foreclosure. The owner or political subdivision shall make the disclosures below to the prospective purchaser of such property prior to the prospective purchaser's execution of any binder, contract to purchase, option, or lease containing a purchase option. The seller is required to credit the purchaser with the sum of \$500 at closing if the seller fails to furnish this report (C.G.S. Section 20-327c).

A list of affected or potentially affected towns may be found at
<http://crcog.org/crumbling-foundations/realestatemap/>.

INSTRUCTIONS TO SELLERS:

1. You **must** answer **all** questions to the best of your knowledge.
2. You are not required to undertake investigations or inspections of the foundation to verify your answers.
3. **Your real estate licensee cannot complete this form on your behalf.**
4. "UNK" means Unknown, "N/A" means Not Applicable.
5. If you need additional space to complete any answer or explanation, attach additional page(s) to this form. Include the subject property address, seller's name and the date on all additional pages.

Pursuant to the Uniform Property Condition Disclosure Act, the seller is obligated to answer the following questions and to disclose any knowledge of any problem regarding the following:

A. SUBJECT PROPERTY

- 1) Name of seller(s): _____
- 2) Street address, municipality, zip code: _____

YES NO UNK N/A

B. INFORMATION ABOUT THE FOUNDATION

- 3) Do you have any knowledge related to the presence of pyrrhotite in any concrete foundation on the subject property? If yes, explain: _____

☐ ☐ ☐ ☐

- 4) Are you aware of any damage or deterioration in any concrete foundation on the subject property, including, but not limited to, any damage or deterioration caused by the presence of pyrrhotite in any concrete foundation on the property? If yes, explain _____

Property Address: _____

Seller Initials _____ Buyer Initials _____

Page 1 of 2

☐ ☐ ☐ ☐

5) Are you aware of any repairs or remediation to any concrete foundation on the subject property? If yes, explain: _____

The seller should attach additional pages, if necessary, to further explain any item(s) above. Indicate here the number of additional pages attached: _____

Questions? Visit the Department of Consumer Protection website at: www.ct.gov/dcp

IMPORTANT INFORMATION

(A) Responsibilities of Real Estate Brokers

This report in no way relieves a real estate broker of the broker's obligation under the provisions of section 20-328-5a of the Regulations of Connecticut State Agencies to disclose any material facts. Failure to do so could result in punitive action taken against the broker, such as fines, suspension or revocation of license.

(B) Statements Not to Constitute a Warranty

Any representations made by the seller on this residential foundation condition report shall not constitute a warranty to the buyer.

(C) Nature of Report

This report is not a substitute for inspections, tests, and other methods of determining the physical condition of the foundation. Prospective buyers may have a concrete foundation inspected by a licensed professional engineer who is a structural engineer for deterioration of the foundation due to the presence of pyrrhotite.

(D) Buyer's Certification

The buyer is urged to carefully inspect the foundation and, if desired, to have the foundation inspected by an expert. The buyer understands that there are parts of the property, including the foundation, for which the seller has no knowledge and that this report does not encompass those parts. The buyer also acknowledges that the buyer has read and received a signed copy of this report from the seller or seller's agent.

Date _____ Buyer _____ Signature _____ Buyer _____ Print Name _____

Date _____ Buyer _____ Signature _____ Buyer _____ Print Name _____

(E) Seller's Certification

To the extent of the seller(s) knowledge as an owner of a property acquired through foreclosure or deed in lieu of foreclosure, the seller acknowledges that the information contained above is true and accurate. In the event a real estate broker or salesperson is utilized, the seller authorizes the broker or salesperson to provide the above information to prospective buyers, selling agents or buyers' agents.

Date _____ Seller _____ Signature _____ Seller _____ Print Name _____

Date _____ Seller _____ Signature _____ Seller _____ Print Name _____

- A purchaser may, without limiting any other remedies available to the purchaser, bring a civil action in the judicial district in which the residential real estate is located to recover actual damages from a seller who fails to disclose any defect described in subdivision (1) of this subsection to such purchaser.
- Material Facts required to be disclosed,
Material Facts Defined
C.G.S. 20-327c(b)(2)

What does this mean?

- If seller doesn't disclose a known defect, as defined in (b)(1) of this statute, seller may be sued by buyer in court for financial harm buyer incurs
- Other State and Federal Mandated Disclosures

Residential Foundation Condition Report Form ("RFCR")
C.G.S. §20-327b under subsections (g)(h)

- When form is required:

"In any transfer of residential real property that is located in a municipality that the Capitol Region Council of Governments determines is affected, or potentially affected, by crumbling foundations and was acquired by a political subdivision of this state or was acquired by a judgment of strict foreclosure or by foreclosure by sale or by a deed in lieu of foreclosure"

Residential Foundation Condition Report Form ("RFCR")
C.G.S. §20-327b under subsections (g)(h)

The RFCR is only required to be completed when a property is located in a municipality that the Capitol Region Council of Governments determines is affected, or potentially affected, by crumbling foundations AND was acquired by

- 1) a political subdivision of this state;
- 2) a judgment of strict foreclosure;
- 3) a foreclosure by sale; OR
- 4) a deed in lieu of foreclosure.

Crumbling Foundation Resources

Towns that the Capitol Region Council of Governments have determined are affected, or potentially affected, by crumbling foundations are here:

[Crumbling Foundations | Capitol Region Council of Governments \(crcog.org\)](http://crcog.org)

Questions relating to eligibility for insurance claims and pending insurance claims may be answered here:

[Connecticut Foundation Solutions Indemnity Company, LLC – CFSIC \(crumblingfoundations.org\)](https://www.crumblingfoundations.org)

- Fair Housing Notice
C.G.S. Sec. 20-327h
- Required for residential real property in the state for sale, exchange or for lease with option to buy (Note: that this is a change effective April 1, 2024 to include *all* residential real property)
- Licensees should let clients know it exists, however, this is a Notice that your client should discuss with their attorney and will be signed at the real estate closing

Fair Housing Notice Pursuant to PA 16-16



STATE AND FEDERAL PROTECTED CLASSES

State and Federal laws protect individuals from housing discrimination.

The following protected classes are found both under State and Federal law: race; color; national origin; ancestry; sex; creed/religion; disability (mental, learning (CT only), or physical); and familial status (families with children). Connecticut has additional fair housing protections which include lawful source of income (including but not limited to Section 8 Voucher/RAP, UniteCT, and Security Deposit Guarantee); sexual orientation; gender identity and expression; age; marital status; veteran status; status as a victim of domestic violence; and Clean Slate status.

THE FOLLOWING ARE EXAMPLES OF POTENTIAL FAIR HOUSING VIOLATIONS

- Refusing to rent, sell, or show a dwelling based on a potential tenant's protected class.
- Steering potential tenants to certain neighborhoods based on their race, color and/or national origin, or any other protected class.
- Increasing the security deposit based on the number of children living in a unit.
- Requiring a potential tenant to be employed, when they have sufficient income to pay the rent from other lawful sources.
- Failing to negotiate or refusing to rent to a potential tenant because their source of income is a Section 8 voucher or RAP voucher.
- Refusing to waive a "no pet" policy for a tenant with a disability who has an emotional support animal.
- Refusing to allow a tenant with a disability to reasonably modify the unit by building a ramp to the front door.

Exceptions may apply but never on the basis of a tenant's race, color, or national origin.

Prospective Purchaser: _____

Date: _____



Office of State Fire Marshal



AFFIDAVIT OF COMPLIANCE at Time of Closing

With the Requirements of the Law for Smoke and Carbon Monoxide Detectors and Warning Equipment in Residential Buildings Designed to be Occupied by 1 or 2 Families

This form shall be used for all dwellings that are sold or transferred on or after October 1, 2023.

State Law requires that all properties have operable smoke and carbon monoxide detection and warning equipment. This law is to save lives – your life, and the lives of your family and your pets – as well as protect your property.

Date: _____ Date of Closing: _____	See reverse or next page for types of detectors applicable to age of property.
Physical Location: (9-1-1 Address) _____ Street Number and Name _____ City/Town, State, Zip Code _____	
Name of Seller(s): _____	
Name of Buyer(s): _____	

SMOKE ALARMS	CARBON MONOXIDE ALARMS	OPERATIONAL	INTERCONNECTED
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Smoke detection and warning equipment is installed in or in the immediate vicinity of each bedroom. <input type="checkbox"/> Battery <input type="checkbox"/> Hard-wired	Carbon monoxide detection and warning equipment is installed in the building. <input type="checkbox"/> Not required because the building does not contain a fuel-burning appliance, fireplace or attached garage. <input type="checkbox"/> Battery <input type="checkbox"/> Hard-wired	The smoke and carbon monoxide detection and warning equipment, as applicable, produced an audible alarm when checked on _____ Date _____	The smoke detection and warning equipment is interconnected in such a manner so that the activation of the alarm on one piece of equipment causes the alarm on all smoke detection and warning equipment to activate. <input type="checkbox"/> Not required because the building was constructed before January 1, 1990.

AFFIDAVIT FROM THE SELLER

I/We, the above Seller(s) of the above-described dwelling, swear that the statements above regarding smoke and carbon monoxide detection and warning equipment in the dwelling are true to the best of my/our knowledge.

Signature of Seller or legal representative Date Signature of Seller or legal representative Date

Subscribed and sworn to before me this _____ day of _____, 20__.

Notary Public/Commissioner of the Superior Court

ACKNOWLEDGEMENT OF RECEIPT OF THE AFFIDAVIT

I/We have received a copy of this affidavit.

Buyer or legal representative Date Buyer or legal representative Date Buyer or legal representative Date



Office of State Fire Marshal



Residential Single Station Smoke Alarm (Detector) Installation Guidelines

Timeframe		Required Power Supply	Required Locations
1	Prior to 10/1/1985	Battery power required. A/C hardwired acceptable.	In the immediate vicinity of sleeping rooms and on all floor levels including the basement.
2	10/1/1985 to 1/1/1990	Hardwired into the building electric system with battery backup.	In the immediate vicinity of sleeping rooms and on all floor levels including the basement.
3	1/1/1990 to 5/1/1999	Hardwired into the building electric system with battery backup. All smoke alarms shall be interconnected**.	In the immediate vicinity of sleeping rooms and on all floor levels including the basement.
4	5/1/1999 to present	Hardwired into the building electric system with battery backup. All smoke alarms shall be interconnected.	All floor levels including the basement, outside sleeping areas, and inside all sleeping areas.

Carbon Monoxide Alarm Installation Guidelines

Timeframe		Required Power Supply	Required Locations****
1	Prior to 1/1/2006	Battery power required. A/C hardwired acceptable.	In the immediate vicinity of sleeping rooms.
2	1/1/2006 to present	Hardwired into the building electric system with battery backup.	In the immediate vicinity of sleeping rooms and on all floor levels including the basement.

* For purposes of this affidavit, the "timeframe" refers to when the residential building was constructed. For example, the year built noted in the municipal assessor's card for the property can be used to determine whether the building was constructed before January 1, 1990.

** If the test button is depressed and all the alarms in the residence go off, then they are "interconnected". If only that alarm that is being tested goes off, then they are not interconnected.

*** Minimum requirements require at least one smoke alarm on each level and in the immediate vicinity of each bedroom.

**** Carbon Monoxide Alarm not required if the building does not contain a fuel-burning appliance, fireplace, or attached garage.

***** Combination Smoke / Carbon Monoxide alarms shall be permitted to be used in lieu of carbon monoxide alarm.

NOTE: Unless otherwise provided by the manufacturer's instructions, smoke alarms shall not remain in service longer than 10 years from the date of manufacture. Combination smoke/carbon monoxide alarms shall be replaced when the end-of-life signal activates or 10 years from the date of manufacture, whichever comes first, unless otherwise provided by the manufacturer's instructions.

LEGAL COMPLIANCE- Day Two

- Other State and Federal Mandated Disclosures
- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453

Requirements for Smoke and Carbon Monoxide Detection were updated

New laws, and a new form, went into effect on **October 1, 2023**

At the time of closing, sellers of “real property containing a residential building designed to be occupied by one or two families or containing a unit in a residential common interest community,” shall present to the buyer an Affidavit stating the smoke and carbon monoxide detectors and warning equipment at the residence complies with the statute

- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453(b) and (e)
- For smoke detection and warning equipment, detectors must be:
 - Installed in or in the immediate vicinity of each bedroom; and
 - Produce an audible alarm when the equipment’s test button is depressed
- For carbon monoxide detection and warning equipment, detectors:
 - May be operated using batteries
 - Shall produce an audible alarm when the equipment’s test button is depressed.
- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453(a)

If the presence of smoke or carbon monoxide is not a risk because the residence does not contain a fuel-burning appliance, fireplace, or attached garage, the seller must so indicate on the form.

- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453(a)

Section (a) includes these provisions:

“Nothing in the affidavit shall constitute a warranty beyond the transfer of title,”

and

“The affidavit shall be signed and dated by the transferor”

- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453(c)
- Section (c) states that such affidavit needs:
 - to specify, if applicable, *to the best of the transferor’s knowledge*, whether the smoke detection and warning equipment:
 - * is battery powered
 - * in vicinity of bedrooms

- * powered by household electrical service
- * interconnected
- * contains the mandatory statement
- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453 (f)

Exemptions:

1. Any transfer from one or more co-owners solely to one or more of the other co-owners
 2. transfers made to the spouse, mother, father, brother, sister, child, grandparent or grandchild of the transferor where no consideration is paid
 3. transfers pursuant to an order of the court
 4. transfers by the federal government or any political subdivision thereof
 5. transfers by deed in lieu of foreclosure
 6. any transfer of title incident to the refinancing of an existing debt secured by a mortgage
 7. transfers by mortgage deed or other instrument to secure a debt where the transferor's title to the real property being transferred is subject to a preexisting debt secured by a mortgage
 8. transfers made by executors, administrators, trustees or conservators
 9. any transfer of property acquired by a judgment of strict foreclosure or by foreclosure by sale
- Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453
 - Licensees should let seller clients know the affidavit exists so sellers can ensure compliance
 - This is a time of transfer document that will be completed by the closing attorney
 - Federal Lead-Based Paint Disclosure
42 USC §4852d(a)
 - Properties built before 1978
 - Every contract must have lead warning statement
 - Purchaser signs statement that:
 - a) read and understands the lead warning statement
 - b) received the lead hazard brochure
 - c) had 10-day opportunity for lead inspection before obligated under contract

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards**Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (**check (i) or (ii) below**):
 (i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):

 (ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

- (b) Records and reports available to the seller (**check (i) or (ii) below**):

(i) _____ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (**list documents below**):

Name of Document(s)	Author	Date

(ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

- (c) _____ Purchaser has received copies of all information listed above.
 (d) _____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*
 (e) _____ Purchaser has (**check (i) or (ii) below**):
 (i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
 (ii) _____ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

- (f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

 Address of Property/Unit

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards**Lead Warning Statement**

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.

Lessor's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (**check (i) or (ii) below**):

(i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) ____ Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the lessor (**check (i) or (ii) below**):

(i) ____ Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (**list documents below**):

Name of Document(s)	Author	Date
---------------------	--------	------

(ii) ____ Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Lessee's Acknowledgment (initial)

(c) ____ Lessee has received copies of all information listed above.

(d) ____ Lessee has received the pamphlet *Protect Your Family from Lead in Your Home*

Agent's Acknowledgment (initial)

(e) ____ Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Lessor	_____ Date	_____ Lessor	_____ Date
_____ Lessee	_____ Date	_____ Lessee	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

Address of Property/Unit

- Federal Lead Based Paint Disclosure
42 USC §4852d(a)

Lead disclosure in purchase and sale or lease of target housing

- Before the purchaser or lessee is obligated under contract
 - Provide “Protect Your Family From Lead in Your Home” pamphlet
 - Disclose presence of known lead-based paint or hazards
 - Provide lead hazard evaluation report, if any
 - Allow 10-day period to conduct risk assessment/assessment

UNLESS the parties mutually agree otherwise

- Federal Lead-Based Paint Disclosure
42 USC §4852d(a), (b)

(4) Compliance assurance

“the agent, on behalf of the seller or lessor, [must] ensure compliance with the requirements of this section.”

...

(b) Penalties for violations

...

Any person who knowingly violates the provisions of this section shall be jointly and severally liable to the purchaser or lessee for significant civil money penalties **per violation**

- Federal Lead-Based Paint Disclosure
Compliance
- Federal Lead-Based Paint Disclosure for Purchases
Exceptions

The lead-based paint disclosure form does *not* need to be provided:

(a) Properties built after January 1, 1978

(b) Sales of target housing at foreclosure

(c) Leases of target housing that have been found to be lead-based paint free by an inspector certified under the Federal certification program or under a federally accredited State or tribal certification program

(d) Short-term leases of 100 days or less, where no lease renewal or extension can occur

(e) Zero-bedroom dwelling units, such as studios

(f) Housing specifically designated for the elderly or persons with disabilities (unless a child under age 6 resides there or intends to reside there)

- Federal Lead-Based Paint Disclosure for Purchases

Common question: Are properties owned by an estate exempt from lead disclosure requirements?

- Private/Semipublic Well Testing Notice
C.G.S. §19a-37
- Applies to Properties serviced by a private or semipublic well
- Requires a real estate licensee representing a seller or landlord to provide Educational Material/Notice from CT Department of Public Health (DPH) to prospective buyers and tenants prior to closing or lease signing
 - Closing attorney is required to provide the DPH Educational Material/Notice to prospective buyers and tenants prior to closing or lease signing if no licensee involved
- DPH Educational Material is available on the DPH website
- Chapter 8
Disclosure of Non-Material Facts
- Nonmaterial Fact Concerning Real Property defined
C.G.S. §20-329cc

"Nonmaterial fact concerning real property" includes, but is not limited to:

1. the fact an occupant is or has been infected with a disease on the list of reportable diseases, emergency illnesses and health conditions issued by the Commissioner of Public Health pursuant to section 19a-2a; or
2. the fact the property was at any time suspected to have been the site of a death or felony
 - What does this mean?
 1. Seller not required to disclose non-material facts to the buyer
 2. Can't sue the seller or seller's broker/agent
 3. Material facts must still be disclosed
 - Purchaser or lessee may request written disclosure of property's status re homicide, other felony or suicide.
C.G.S. §20-329ee
 1. If in the process of making a bona fide offer
 2. Buyer or tenant advises in writing that property suspected to have been site of homicide, felony or suicide is important to purchase/lease decision

3. Then the owner through agent shall report any finding, in writing, subject to privacy laws
 4. If owner refuses to disclose that information, the agent shall so advise the purchaser/lessee in writing
- Chapter 9
Environmental – Notice Requirements
 - Notice re existence of hazardous waste facilities
C.G.S. §20-327f
 - Liability not imposed by section
 - No requirement for seller/agent to compile list of facilities
 - In all residential real property, seller's written notice to purchaser of availability of lists of hazardous waste facilities prior to or upon contract shall satisfy the duty to disclose
 - Seller's obligation is satisfied even if the list isn't submitted, is not available for buyer to review, list is not received or there are errors, omissions or inaccuracy in the list
 - In all residential real property, seller's written notice of availability of info from EPA, National Response Center, DOD, third-party providers prior to or upon contract – seller and licensee deemed to have fully satisfied duty to disclose environmental matters
 - Notice re existence of hazardous waste facilities
C.G.S. §20-327f
 - Requirement is **NOT** satisfied with Seller's RPCR
 - Requirement isn't to give a list of places, it is to remind buyer if they want this information where to go
 - The statute suggests the municipal clerk is place to go
 - Agents only required to provide the statutory notice (typically printed in the purchase contract)
 - Chapter 10
Discrimination and Fair Housing
 - Connecticut Protected Classes
C.G.S. Title 46a, Chapter 814c
 - Race
 - Creed
 - Religion
 - Color

- National origin
- Ancestry
- Sex
- Gender identity or expression (including transgender)
- Marital status (except an unmarried unrelated man and woman)
- Sexual orientation
- Learning, mental or physical disability
- Age (except minors)
- Lawful source of income
- Familial status, or the presence of children
- Status as a veteran
- Status as a victim of domestic violence (new as of 2022)
- Clean slate status (new as of 2023)
- Connecticut Fair Housing Protections
C.G.S. §46a-64c(a)(1) thru (a)(3)

(a) It shall be a discriminatory practice in violation of this section:

- (1) “To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person” because they are a member of a protected class
 - (2) “To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith,” because they are a member of a protected class
 - (3) “To make, print or publish, or cause to be made, printed or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination” because they are a member of a protected class
- Discrimination housing practices prohibited
C.G.S. §46a-64c(a)(7)

“For any person or other entity engaging in residential real-estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of” a protected class

Licensees are never exempt from complying with the Fair Housing Laws

- Discrimination housing practices prohibited.
C.G.S. §46a-64c(b)

Exceptions to State Fair Housing Laws:

- a) Rental of a room or rooms in an *owner-occupied* single-family unit (may not discriminate based on sexual orientation)
- b) Two unit property where two families live independently and one of those two units is also owner-occupied (may not discriminate based on sexual orientation)
- c) Unrelated unmarried man and woman cohabitating
- d) Age discrimination does not apply to minors or programs with discounts for persons age sixty or older, or housing for older persons which meets the statutory definition under CGS §46a-64b
- Discrimination housing practices prohibited.
C.G.S. §46a-64c(b)

Exceptions to State Fair Housing Laws, cont.:

- e) Familial status or the presence of children in 1-4 unit dwellings where one or more units is owner-occupied (and owner owns all of the units at the dwelling)
- f) Insufficient income isn't protected as 'lawful source of income'
- g) Sex discrimination does not apply to rentals provided by associations and organizations when sleeping accommodation rentals with shared bathrooms when based on exclusive use of persons of same sex based on privacy and modesty
- Discrimination and Fair Housing
CT Real Estate Reg. Sec. 20-328-4a(a)

This Regulation prohibits licensees from violating state or federal fair housing laws, meaning they may not discriminate based on any state or federal protected classes.

- Discrimination and Fair Housing
CT Real Estate Reg. Sec. 20-328-4a(b) and (c)
- No blockbusting or steering
- Must include mandatory statement in all listing and agency agreements

"This agreement is subject to the Connecticut General Statutes prohibiting discrimination in commercial and residential real estate transactions (C.G.S. Title 46a, Chapter 814c)."

NOTE: All of the CT REALTORS® agency agreements include this mandatory statement

- What does this mean?
- 1. Federal fair housing laws set minimum standards, Connecticut has included the federal requirements and expanded on it to provide additional fair housing protections.
- 2. No "blockbusting" – inducing to sell or rent based on a protected class

3. No “steering” – restricting choice based on protected class
 - Discrimination housing practices prohibited.
C.G.S. §46a-64c(a)(1) thru (a)(3)
1. Advertising which purports to seek or deny housing based on being part of a protected class
 - Can’t include any preference, limitation, or discrimination based on protected class
2. Source of income is a protected class in Connecticut
 - Includes Section 8 and other state or federal subsidy and benefit payments
3. Pregnant women are also protected under fair housing laws
 - Discrimination housing practices prohibited.
C.G.S. §46a-64c(a)(8)

Other violations:

CAN’T

1. Deny access to MLS due to protected class
2. Set different MLS policies for protected classes
3. Deny client access to MLS due to protected class
4. Deny access to associations, business organizations based on protected class
- Discrimination housing practices prohibited.
Disposition of complaints. Penalty.
C.G.S. §46a-64c(9)(f)

Complaints for violating fair housing can be sent to CHRO. Visit [Commission on Human Rights and Opportunities \(ct.gov\)](https://www.ct.gov/chro) for more information

Connecticut Fair Housing Center also takes complaints and may investigate. Can file lawsuits on behalf of the alleged victims of discrimination.

State law:

Litigation may be an option can cost violators thousands of dollars for the person violating the law, and may also award attorneys’ fees

- Discrimination housing practices prohibited.
Disposition of complaints. Penalty.
C.G.S. §46a-64c(9)(f), (g)

Complaints shall be investigated by CHRO within 100 days of filing

A final administrative disposition shall be made within one year of filing unless it is impracticable to do so.

CHRO must explain to both parties in writing if unable to meet these timelines.

(g) Violations include civil, criminal or both:

- Civil fines of between \$25 -\$100
- Criminal penalty of up to 30 days in jail
- Chapter 11
Escrow-trust Accounts (IORETA)
- Brokers to maintain escrow or trust account for certain moneys held.
C.G.S. §20-324k(a)
 1. This statute governs how to establish and maintain a Broker escrow account.
 2. A broker who receives, accepts and holds money on behalf of anyone is required to put the full amount of the money into a separate escrow bank account “in trust”.
 3. This escrow account must be a separate account from that of the general business bank account, thus the Broker will have at least two (2) bank accounts – one (1) for business operations and one (1) for escrow.
- Brokers to maintain escrow or trust account for certain moneys held. Disputed Deposits.
C.G.S. §20-324k(a)
- Statute that regulates Broker escrow accounts for monies held on behalf of clients or on behalf of a pending real estate transaction
- Escrow account must be separate and distinct from Broker’s own account
- Brokers to maintain escrow or trust account for certain moneys held.
C.G.S. §20-324k(c)

(c) Gives the timeframe for depositing the monies into escrow

the Broker “shall deposit...**within three banking days** of the date the agreement evidencing such transaction is signed by all necessary parties”

Brokers who willfully violate can be fined \$1000 and go to jail for up to six months or both

- Brokers to maintain escrow or trust account for certain moneys held. Disputed Deposits.
C.G.S. §20-324k(a)
- Applies only to CT licensed Brokers
- Statute applies to residential and commercial transactions
- “who in the course of his real estate business receives, accepts **and** holds any moneys on behalf of”
 - Any client
 - Any principal

- Any other person
- Brokers to maintain escrow or trust account for certain moneys held. Disputed Deposits. C.G.S. §20-324k(a)
- Broker shall maintain a **separate** escrow account
- In Broker's choice of "bank"
- A bank doing business in this state
 - Federal or CT state-chartered bank
 - Federal or CT credit union only
 - No outside bank/credit union that does not operate in CT
- for the deposit of **all** such moneys so received
- Brokers to maintain escrow or trust account for certain moneys held. Disputed Deposits. C.G.S. §20-324k(a)

The list of state-chartered banks is at: www.ct.gov/dob.

List of federal chartered banks is at: <http://www.occ.treas.gov/topics/licensing/national-bank-lists/index-active-bank-lists.html>

Note: Brokers are *not* permitted to use Venmo, Zelle, or other application-based financial products for their escrow account.

- Brokers to maintain escrow or trust account for certain moneys held. C.G.S. §20-324k(c)
- 1. First, contract must be signed between buyer and seller or landlord and tenant.
- 2. Once contract is signed, Broker must deposit the escrow money they have received, if any, within three (3) banking days of the date of the contract.
 - "Contract"
 - ✓ Purchase and sale
 - ✓ Binder
 - ✓ Memorandum of offer
 - ✓ Residential lease
 - ✓ Commercial lease
 - ✓ other
- Disputed Deposits C.G.S. §20-324k(d)

- When the escrow is in dispute and someone sues to get it paid over to them
- If Broker is included in that lawsuit (which is to be expected) the Court has authority to order the Broker (as Escrow Agent) to pay over to the Court in certified funds up to the full escrow amount that is in dispute.
- Once the Broker as Escrow Agent complies with paying it over to the Court, the Court shall dismiss the lawsuit against said Broker, as Escrow Agent, if the only reason the broker was sued was because they are escrow agent
- The lawsuit/dispute over who gets the money shall continue between the disputing parties, but without the Broker.
- Disputed Deposits
C.G.S. §20-324k(d)

Grants Court limited authority for disputed deposits

1. Court can order release of funds or that funds be released to court
 2. Court can order dismissal of suits against broker where broker is included solely due to Broker being escrow agent
- Escrow Deposits
C.G.S. §20-324k(e)

(e) Any broker who willfully violates any provision of this section shall be fined not more than one thousand dollars or imprisoned not more than six months or both.

Permits both civil and criminal penalties as outlined herein

- Chapter 12
Federal CFPB
- CFPB (Consumer Financial Protection Bureau)/TRID
- “TRID” is a set of closing rules
- Enacted and enforced by the CFPB
- Mortgage lenders must follow - purchase a property or refinance a home loan
- Doesn’t apply to HELOCs, cash transactions and 1031 exchanges without mortgage loans
- CFPB (Consumer Financial Protection Bureau)/TRID

Tips for Licensees:

- Find out who provides the Closing Disclosure (typically the buyer’s attorney)
- Your client must receive the Closing Disclosure at least three business days prior to closing.
 - Email requires “read receipt” or written acknowledgement by Buyer

- Business days include Saturday
- Business days do NOT include Sunday or federal holidays
- Doesn't impact most settlement issues – such as fuel pro-rations
- **The three-day clock cannot start ticking until the buyer has expressly confirmed they have received the Closing Disclosure from the lender.**
- CFPB (Consumer Financial Protection Bureau)/TRID

Only three changes require a new three-day review

1. APR increases by more than 1/8 of a percent for regular loans or 1/4 of a percent for irregular loans
 2. Prepayment penalty is added
 3. Basic loan product changes
- CFPB (Consumer Financial Protection Bureau)/TRID

Any additional questions, visit this link to FAQs:

[TILA-RESPA Integrated Disclosure FAQs | Consumer Financial Protection Bureau \(consumerfinance.gov\)](https://consumerfinance.gov/tila-respa-integrated-disclosure-faqs)

Note: CTR has a Broker ID addendum to supply information to lenders regarding the ID of the licensees to the transaction, including their license #s.

- Chapter 13
Legal Entity Licensing
- Licensing
C.G.S. §20-312(b)

Outlines licensing requirements and ownership requirements for legal entities operating as a real estate business, or operating or performing real estate activity/business in CT

- Licensing
C.G.S. §20-312(b)
- All Brokers, salespersons and staff of the Brokerage firm need to be appropriately licensed for the role and duties they have within or perform on behalf of the Brokerage firm
- At least 51% of the business entity must be owned by a Connecticut licensed Broker
- Business entity shall file an application with DCP for licensing
- One individual licensed as a real estate broker in this state who shall be in charge. Must notify DCP of any change of that no later than 30 days after such change becomes effective
- Licensing
C.G.S. §20-312(c)

- Requires business entity to file appropriate forms with DCP
- Business must designate one or more licensed Brokers who are in charge of the real estate brokerage business
- Change in such designations must be reported to DCP within 30 days of the change
- Licensing
C.G.S. §20-312(c)

The Designated Broker is not required to be the same as the Broker owner, but it is permissible for the Designated Broker and the Broker-owner to be the same person.

- Licensing-Renewal
P. A. 23-84 §11 effective April 1, 2024

Each real estate license issued after April 1, 2024 will expire every two years, instead of every year. To renew, the licensing fees are unchanged, but DCP will collect the fee for two years (instead of one) at the time of renewal.

- Licensing-Renewal
P. A. 23-84 §11 effective April 1, 2024
- If a licensee fails to renew on time after April 1, 2024, licensees will be able apply for renewal up to 90 days following the expiration date of their license. However, a late application fee of 10% will be assessed for any application that is submitted up to 90 days late.
- Licensing-Renewal
P. A. 23-84 §11 effective April 1, 2024
- If a license has been lapsed for between 90 days and 3 years, an application for reinstatement is required. Reinstatement is discretionary by the Real Estate Commission and not automatic. A Reinstatement application requires:
 - If the applicant did not work in real estate, they must:
 - Pay the current year's renewal fee for reinstatement; and
 - Complete any CE required for the two years preceding the reinstatement.
 - If the applicant worked in real estate, they must:
 - Pay all current license and late fees due for the lapsed period; and
 - Demonstrate completion of any CE required for the year preceding the reinstatement.
- Licensing-Renewal
P. A. 23-84 §11 effective April 1, 2024
- Military Reinstatement

- Service members may request reinstatement of a credential lapsed up to three years, without fees.
- Service members must show they completed at least six hours of CE within one year before the request for reinstatement.
- Chapter 14
Record Retention Rules
- Real Estate Brokers to Retain Certain Real Estate Transaction Records.
C.G.S. §20-325m

Outlines record retention requirements

- minimum time frame to keep records
- records which must be kept
- format records may be kept in
- Real Estate Brokers to Retain Certain Real Estate Transaction Records.
C.G.S. §20-325m
- Duration to retain- at least 7 years after the later of:
 1. any real estate transaction closes
 2. all funds held in escrow for such transaction are disbursed
 3. the listing agreement or buyer or tenant representation agreement expires, whichever occurs later
- Real Estate Brokers to Retain Certain Real Estate Transaction Records.
C.G.S. §20-325m
- Materials and records to keep:
 1. All purchase contracts, leases, options, written offers or counteroffers drafted by such broker or on behalf of such broker
 2. the listing agreement or buyer or tenant representation agreement
 3. any extensions of or amendments to such agreements
 4. any disclosures or agreements required (this includes, but not limited to, the RPCR, Prospective Parties Form, Unrepresented Persons Form, Lead Form)
 5. all canceled checks, unused checks, checkbooks and bank statements for any escrow or trust account
- Record Retention
- Real Estate Brokers to Retain Certain Real Estate Transaction Records.
C.G.S. §20-325m

- The statute was amended by Public Act 23-84. Changes include record retention:
 1. Unless it is commercially impractical to do so, all records required to be retained shall be retained in an electronic format beginning on April 1, 2024
 2. Format must be capable of producing an accurate copy in paper format of the original document
 3. DCP has confirmed that licensees are not required to comply with the electronic format for files prior to April 1, 2024, only for files April 1, 2024 and after
- Real Estate Brokers to Retain Certain Real Estate Transaction Records.
C.G.S. §20-325m
- On April 1, 2024, a duty for leasing agents was added which states

“Each leasing agent shall retain copies of such leasing agent’s employment agreement or contract with a development owner for a period of not less than seven years.”

- Chapter 15
Appraisals, BPOs, CMAs
- Certification or Provisional License requirement.
C.G.S. §20-501

You must have the appropriate appraiser’s license to “engage in the real estate appraisal business”

- Certification or Provisional License requirement.
C.G.S. §20-501; C.G.S. § 20-320b

Broker/agent is prohibited from performing an “appraisal” unless the Broker/agent has a valid, active appraiser’s license with Connecticut DCP.

- "Appraisal" means the practice of developing an opinion of the value of real property, in conformance with the USPAP.
- “A real estate licensee shall not influence real estate appraisals”
- Certification or Provisional License requirement.
C.G.S. §20-501; C.G.S. § 20-526

Brokers/agents may perform a “market analysis” **at the request of the property owner** for the exclusive purpose of:

- a. Acquiring the property as a listing;
- b. Providing information to seller/landlord client as part of a current listing agreement of the subject property; or
- c. Providing information to prospective buyer/tenant clients as part of a current agency agreement, without referring to the estimated value as an appraisal

- Certification or Provisional License requirement.
C.G.S. §20-501; C.G.S. § 20-526
- “Clients” mean Broker/agent has a valid and active agency agreement to represent client
- Determination of value can only be called and deemed an “appraisal” when completed by a Connecticut licensed appraiser
- A Broker/agent cannot legally perform a valuation and call it an “appraisal”
- Chapter 16
Broker Lien Law
- Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker’s Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions.
C.G.S. §20-325a
- Applicable statute noted above. Very technical section.
- Applies to both residential and commercial transactions
- Consult an attorney if you wish to pursue a broker’s lien
- New language added to the statute permitting out of state licensees to pursue a lien under the state. Please see language of statute for specifics.
- Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker’s Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions.
C.G.S. §20-325a(a)
- Broker must be licensed under provisions of the chapter at time of acts/services rendered
- For the purpose of recovering any commission, compensation or other payment related to service(s) performed
- This may be enforced via court litigation against the client.
- Broker Lien
C.G.S. §20-325a(b), (c)

Acts or services must be rendered pursuant to a contract or authorization from the person for whom the acts were done or services rendered (Agency Agreement)

- Broker Lien
C.G.S. §20-325a(b), (c)

Any contract or authorization shall:

1. Be in writing

2. Contain names/addresses of performing the services and the name of person(s) for whom the acts/services rendered
 3. Show the date on which such contract/authorization started
 4. Contain the conditions of such contract or authorization
 5. Be signed by the real estate broker or their authorized agent
 6. If pertains to any real property, include specific lien language
 7. Be signed by person receiving the licensee's services
- Broker Lien
C.G.S. §20-325a(b),(c)

Broker Lien statement for agency agreement:

“THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES”

*Please note this statement is included in all the agency agreements created by CT REALTORS®

- Broker Lien
C.G.S. §20-325a(d)

If Broker is attempting to recover monies via Broker Lien in Court, Court may use its discretion and award Broker to be compensated if Court determines “it would be inequitable to deny such recovery” and also that Broker has “substantially complied” with the listed subsections.

- Broker Lien
C.G.S. §20-325a(e)

If a broker has provided services pursuant to an executed agency agreement with a client, broker “shall have a lien upon such real property.”

The lien shall be in the amount of the compensation agreed upon in the contract

- Broker Lien
C.G.S. §20-325a(e)
1. Lien can only be for a maximum amount of compensation agreed to in Agency agreement between Broker and client
 2. Broker can only lien the property that is the subject of this transaction
 3. Broker may only lien property owned by their own client at the time the lien is placed.
 - Seller owns the subject property before closing, buyer owns it after closing
 - Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker's Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions. C.G.S. §20-325a(f)

With limited exception, the Broker lien “shall not attach until the broker is entitled to compensation, without any contingencies, other than closing or transfer of title,...and the broker has recorded the claim for lien prior to the actual conveyance or lease”

- Broker Lien
C.G.S. §20-325a(f)
 1. Recording without being entitled to compensation is not enough for lien to be enforceable.
 2. If a lien is already recorded, lien is valid once Broker has earned commission – which means all contingencies satisfied.
 3. Lien is still valid if all that remains of transaction is the actual closing.
- Broker Lien and Installment Contracts
C.G.S. §20-325a(g)

This section applies to installment contracts, where Broker is entitled to payment in installments after property closes or lease is signed. Please refer to statute for specifics if you are attempting to enforce an installment contract as there are special rules.

- Broker Lien against Buyers
C.G.S. §20-325a(i)

Buyer's/Tenant's Broker wants to lien for Buyer's/Tenant's non-payment of commission.

1. Lien shall attach only after buyer closes on the property or signs lease
2. Buyer's/Tenant's Broker may lien subject property within 30 days after buyer closes or 30 days after tenant takes possession.

- Serving the Broker Lien
C.G.S. §20-325a(j)
 - Broker must serve owner of the property with a copy of the lien
 - May be served by certified return receipt mail or served via a state marshal
 - Must be made at owner's “usual place of abode”
 - May be served at same time as Notice required under subsection (r)
- C.G.S. §20-325a(k)(1) and (2)

The Broker must file and pursue a foreclosure action in Court within 1 year of filing the lien on the land records

If one 1 year passes without filing a foreclosure, the lien is extinguished and unenforceable

Broker must serve and pursue a foreclosure action following the procedural rules governing mortgage foreclosure actions

- Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker's Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions.
C.G.S. §20-325a(l)

1. Name of Broker claiming lien
2. Name of property owner
3. Description of subject property
4. Dollar amount claimed as owed
5. Broker's real estate license number
6. Sworn statement by Broker; AND
7. Signed by Broker or authorized agent

- Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker's Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions.
C.G.S. §20-325a(m)

"Whenever a claim for lien has been recorded with the town clerk and a condition occurs that would preclude the broker from receiving compensation under the terms of the broker's written contract or agreement, the broker shall provide within thirty days of demand to the owner of record a written release or satisfaction of the lien."

This provision applies when there is a bona fide defect in the lien

- Broker Lien
C.G.S. §20-325a(n)

Owner may serve notice on the Broker placing the lien to request the Broker to enforce the lien or in other words for the Broker to start a foreclosure action to enforce the lien. The date Broker receives service of this request, Broker must file foreclosure within 45 days and if Broker does not then the lien is extinguished effective day 46.

- Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker's Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions.
C.G.S. §20-325a(o)
1. If lien expires after one (1) year of recording due to not filing a foreclosure to enforce the lien, Broker must provide owner with release of lien or satisfaction of lien within 30 days of expiration.
 2. Broker must provide release and/or satisfaction within 30 days of receiving payment of lien.

- Broker Lien
C.G.S. §20-325a(p)

If Broker lien prevents a closing from occurring

1. Set up an escrow for the Broker Lien for amount claimed under the lien from proceeds of conveyance or lease
2. Broker must release the lien

Conveyance of property - Seller cannot prevent or stop conveyance (closing) because Broker filed a Broker Lien on the property

Exception: if closing proceeds are not enough to release all liens on title at closing, attorney not required to set up escrow

Requirement for Broker to release the lien is only where a Broker Lien escrow has been established.

- Broker Lien Exclusion
C.G.S. §20-325a(q)

Broker Lien is not available if Broker's client is the federal government or a political subdivision thereof.

- Broker Lien Notice
C.G.S. §20-325a(r)

Broker must serve a Notice of Intent to Lien to the property owner before placing the Lien.

This is in addition to having a copy of the lien served on the owner, as required by subsection (j) of this statute.

The Notice to the owner and the copy of the Lien may be served on the owner at the same time.

This Notice of Intent to Claim Lien must be served on every seller and every potential buyer properly

- versus a copy of the Lien required under (j) must only be given to the owner of the property (i.e. usually owner is seller).

- Chapter 17
Real Estate Guaranty Fund
- Real Estate Guaranty Fund
C.G.S. §20-324a

Establishes the Real Estate Guaranty Fund, its purpose and parameters

In place to protect the consumer and other law abiding licensees so they can receive compensation or reimbursement when they have been financially harmed.

- Real Estate Guaranty Fund
C.G.S. §20-324e(a)

Available to anyone financially aggrieved by a duly licensed Connecticut Broker or salesperson or their unlicensed employee up to an aggregate max payout of \$25,000 per real estate transaction or claim

The aggrieved person shall notify the commission in writing upon filing an action for Fund payout

The commission can enter an appearance, intervene in or defend any such action and may waive the required written notice for good cause shown

- Fund Recovery Statute of Limitations
C.G.S. §20-324d

Such written notice shall toll the time for making application to the commission

The Statute of Limitations is two (2) years from date of judgment or expiration of appeal period whichever is later

- Payment from Guaranty Fund
C.G.S. §20-324h

“When the commission has caused to be paid from the Real Estate Guaranty Fund any sum to the judgment creditor, the commission shall be subrogated to all of the rights of the judgment creditor up to the amount paid, and the judgment creditor shall assign all of his right, title and interest in the judgment up to such amount paid to the commission, and any amount and interest recovered by the commission on the judgment shall be deposited to the fund.”

- Payment from guaranty fund
C.G.S. §20-324h

Once the Real Estate Commission pays out to the aggrieved party from the Real Estate Guaranty Fund, the Real Estate Commission may recover that expenditure from the debtor/defendant to “pay back” the guaranty fund.

- Chapter 18
Federal RESPA Rules/Prohibitions – “Real Estate Settlement Procedures Act”
- RESPA
12 USC 2602

Sec. 2602. Definitions

“federally related mortgage loan” includes any loan (other than temporary financing such as a construction loan) which is secured by a first or subordinate lien on real property...

“thing of value” includes any payment, advance, funds, loan, service, or other consideration;

“Settlement services” includes any service provided in connection with a real estate settlement

“affiliated business arrangement” – includes referrals of business related to a real estate transaction, settlement services, or closing business

- RESPA
12 USC 2603

Sec. 2603. Uniform settlement statement

Requires the Bureau of Consumer Financial Protection to publish a single integrated disclosure for mortgage loan transactions

This is the Closing Disclosure (formerly HUD-1)

- RESPA
12 USC 2604

Covers Special information booklets

(a) Distribution by Secretary to lenders to help borrowers

(b) Form and detail; cost elements, standard settlement form, escrow accounts, selection of persons for settlement services; consideration of differences in settlement procedures

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) explanation and sample of the standard real estate settlement form

(3) nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

- RESPA
12 USC 2604

(b) continued:

(4) the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement

(c) Estimate of charges

Each lender shall include with the booklet a good faith estimate of the amount or range of charges for specific settlement services the borrower is likely to incur in connection with the settlement as prescribed by the Secretary.

(d) Distribution by lenders to loan applicants - delivering or placing in the mail not later than 3 business days after the lender receives the application

- RESPA
- Prohibits giving compensation or other thing of value in exchange for the referral of closing business.

- Applies to everyone in the real estate industry and associated settlement and closing services businesses and professionals.
- Designed to protect the consumer from paying higher closing/settlement costs
- Helps ensure consumers have the ability/option to choose the settlement service provider with whom they do business.
- RESPA Analysis

1. Is there a 'thing of value' given?

- If no, analysis stops here
- If yes
 1. What is it?
 2. Does its value pay for a service, product or 'time'?
 - a. If yes, analysis stops here, not a RESPA violation
 - b. If no, continue RESPA analysis to step 2 below

2. Is closing business given in exchange or in return?

- If yes, look further = RESPA violation
- If no = *not* a RESPA violation
- RESPA
Q&A – from NAR

Q: A real estate agent is sponsoring an open house for other agents. A local title agency reimburses the real estate agent for the cost of a luncheon and the title agency does not market its title services at the open house. Is this a violation of Section 8 of RESPA?

- RESPA
Q&A – from NAR
- RESPA
Q&A – from NAR

Q: A mortgage lender devises a contest among local real estate agents where the real estate agent who refers the most customers to the lender will receive a vacation cruise to Alaska. Is this a violation of Section 8 of RESPA?

- RESPA
Q&A – from NAR

Q: A settlement provider conducts real estate closings in the conference room of the real estate broker with the expectation that the real estate broker will refer closing business to the settlement

agent. The settlement agent pays fair market value to rent the conference room for each closing. Is this a violation of Section 8 of RESPA?

- RESPA
Q&A – from NAR
- RESPA
Q&A – from NAR

Q: A homeowner's insurance company gives a real estate broker marketing materials, such as desk calendars, pens, and notepads, all of which promote the homeowner's insurance company's name. Is this a violation of Section 8 of RESPA?

- RESPA
Q&A – from NAR
- RESPA
Q&A – from NAR
- RESPA
Q&A – from NAR

Q: In my business model, I pair buyers with real estate professionals in different geographical areas based upon information I received from consumers and from participating real estate professionals. I receive a referral fee from the other broker when a deal settles (I am a licensed broker). Can I expand my business model to pair real estate agents with mortgage brokers (and collect a fee) without violating RESPA?

- RESPA
Q&A – from NAR

Q: Is it a RESPA violation for the agent to refer her clients to the Bank's loan officer knowing that her receipt of future REO listings from the Bank may be dependent on the referrals she sends to the Bank?

- RESPA
Q&A – from NAR
- RESPA
Q&A – from NAR

Q: A mortgage lender occupies an office in a real estate broker's business in order to prequalify customers for mortgage financing. Occasionally, real estate agents take loan applications from their customers and receive \$40 in return for each application. Is this a violation of Section 8 of RESPA?

Q: "A" is a real estate broker who refers business to its affiliate title company "B." "A" provides its customers with an affiliated business disclosure that lists the range of charges that "B" will charge

for title services, states that “A” has a financial interest in “B,” and notifies the customer that he or she is not required to use “B” for title services. Does this violate Section 8 of RESPA?

- RESPA
Q&A – from NAR

Q: A prospective buyer’s credit union has told her that in order to qualify for a special package of services, she must use certain settlement service providers, including specific real estate professionals. Does RESPA allow this? Also, the real estate professionals appear to be required to rebate a portion of their commission to the buyer through this program- can real estate professionals provide such a rebate?

- RESPA
Q&A – from NAR

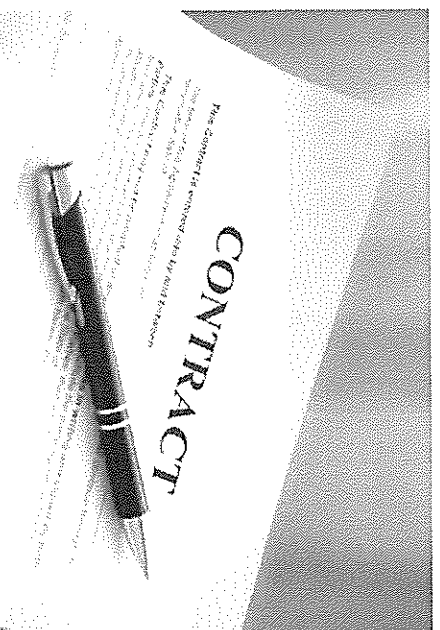
Q: A seller has stated that in order for an offer to be accepted, a buyer must agree to pay for a title company selected by the seller. Doesn’t that violate RESPA? What if the seller required the buyer to pay for a third-party short sale negotiator? What if the seller was bank-owned REO?

- RESPA
Q&A – from NAR

Q: Is it permissible, under RESPA, for a buyer’s lender to say they won’t finance the transaction based solely on the amount of the commission the real estate brokers are to receive, even though the commission is being paid by the Seller?

- RESPA
Q&A – NAR Resources
- The RESPA questions presented along with the complete answers can be found at this link. [RESPA FAQ \(nar.realtor\)](#)
- NAR has a resource entitled Respa “Dos” and “Don’ts” for marketing. [Respa dos and don’ts](#)
- THANK YOU!

ANY QUESTIONS?



KEY PROVISIONS FOR INDEPENDENT CONTRACTOR AGREEMENTS

For brokers who classify their real estate salespeople as independent contractors, having a written independent contractor agreement is a fundamental element of successfully managing this relationship. While the existence of a written agreement is not dispositive as to whether the relationship is in reality that of an independent contractor, a written agreement not only adds important protections for the broker, but is frequently a required element of various state law tests, as well as a required element of certain federal law tests, for determining independent contractor status. In addition, courts take the existence of a written agreement into consideration in analyzing whether an independent contractor relationship existed between the parties. For these reasons, be sure to always have a written independent contractor agreement in place at the outset of any such relationship.

WITH THIS IN MIND, CONSIDER THESE HELPFUL PROVISIONS FOR YOUR INDEPENDENT CONTRACTOR AGREEMENTS:

Independent Contractor Relationship

The independent contractor provision states that the relationship between the parties is that of an independent contractor, that the agreement does not create an employment relationship, and that under no circumstances is the independent contractor an agent of the company for which they provide services.

Freedom from Control

It is helpful to include a provision that expressly states that the independent contractor has the right and freedom to work the hours that he or she deems necessary in order to perform the work under the agreement, and that the manner and method of performing the duties and services under the agreement is under the exclusive control of the independent contractor.

Nonemployee for Federal Tax Purposes

Be sure to include a provision that specifically states that the real estate salesperson will not be treated as an employee for federal tax purposes. Inclusion of this provision in the written independent contractor agreement is one of the required elements of meeting the IRS definition of "Statutory nonemployee" in order to properly treat real estate salespeople as self-employed for federal tax purposes.

Commission-based Compensation

Real estate salespersons classified as independent contractors should be paid based on their sales output or some other performance measure, and should never be paid based on number of hours worked. Compensation based on sales output is one of the required elements of meeting the IRS definition of "Statutory nonemployee" in order to properly treat real estate salespeople as self-employed for federal tax purposes. In addition, compensation based on sales output is frequently an element used in state law independent contractor tests for real estate salespeople.

Equipment, Supplies and Expenses

The real estate salesperson should be responsible for paying their own business expenses as they relate to provision of the services under the independent contractor agreement, such as computers, phones, office space and vehicles. One of the hallmarks of an independent contractor relationship is that the independent contractor has an investment in the equipment used to perform their services.

Insurance

An insurance provision clearly states that it is the real estate salesperson's responsibility to maintain, at their own expense, any necessary insurance, such as automobile, public liability, property damage and commercial general liability insurance.

No Employee Benefits

Independent contractors should not receive any employee benefits, so it's helpful to include a provision that expressly states that the real estate salesperson is not eligible to participate in any employee benefits or programs that the broker may provide to its employees, including but not limited to, health insurance, workers compensation, retirement, vacation or sick leave.

Mandatory Arbitration and Class Action Waiver

A mandatory arbitration and class action waiver clause is an effective way to mitigate the risks and costs associated with litigation. In fact, these provisions have been upheld in recent litigation involving the issue of worker classification of real estate salespeople.