



House of Representatives

General Assembly

File No. 126

February Session, 2004

House Bill No. 5550

House of Representatives, March 17, 2004

The Committee on Insurance and Real Estate reported through REP. OREFICE of the 37th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CONCERNING COMMERCIAL BROKERAGE AGREEMENTS
WITH OUT-OF-STATE BROKERS AND SALESPERSONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2004*) (a) As used in this
2 section: (1) "Licensed broker" means a person licensed under chapter
3 392 of the general statutes as a real estate broker, (2) "licensed
4 salesperson" means a person licensed under chapter 392 of the general
5 statutes as a real estate salesperson, (3) "out-of-state broker" means a
6 person licensed in another state as a real estate broker who is not
7 licensed as a real estate broker under chapter 392 of the general
8 statutes, (4) "out-of-state salesperson" means a person licensed in
9 another state as a real estate salesperson who is not licensed as a real
10 estate salesperson under chapter 392 of the general statutes, (5)
11 "person" means a person, as defined in section 20-311 of the general
12 statutes, and (6) "advertising" means advertising, as defined in section
13 20-329a of the general statutes.

14 (b) An out-of-state broker may perform acts with respect to a
15 commercial real estate transaction that require a license under chapter
16 392 of the general statutes, provided the out-of-state broker complies
17 with the laws of this state with respect to the transaction and:

18 (1) Works in cooperation with a licensed broker, whether in a
19 cobrokerage, referral or other cooperative agreement or arrangement;

20 (2) Enters into a written agreement with a licensed broker that
21 includes the terms of cooperation and any compensation to be paid by
22 the licensed broker and a statement that the out-of-state broker and the
23 out-of-state broker's agents will comply with the laws of this state;

24 (3) Provides the licensed broker a copy of the out-of-state broker's
25 license or other proof of licensure from the jurisdictions where the out-
26 of-state broker maintains a license as a real estate broker; and

27 (4) Deposits all escrow funds, security deposits, and other money
28 received pursuant to the commercial real estate transaction to be held
29 as provided in section 20-324k of the general statutes unless the
30 agreement required in subdivision (2) of this subsection specifies
31 otherwise.

32 (c) An out-of-state salesperson may perform acts with respect to a
33 commercial real estate transaction that require a license as a real estate
34 salesperson under chapter 392 of the general statutes, provided the
35 out-of-state salesperson complies with the laws of this state with
36 respect to the transaction and:

37 (1) Works under the direct supervision of an out-of-state broker
38 who meets the requirements set forth in subdivision (1) of subsection
39 (b) of this section; and

40 (2) Provides the licensed broker who is working in cooperation with
41 the out-of-state broker a copy of the out-of-state salesperson's license
42 or other proof of licensure from the jurisdictions where the out-of-state
43 salesperson maintains a license as a real estate salesperson.

44 (d) Any out-of-state broker or out-of-state salesperson licensed in a
 45 state that has no distinction between a real estate broker license and a
 46 real estate salesperson license shall be subject to the requirements of
 47 subsection (b) of this section with regard to any commercial real estate
 48 transaction in this state.

49 (e) Each out-of-state broker or out-of-state salesperson that
 50 advertises for sale commercial real estate pursuant to this section shall
 51 include in any advertising material the name of the licensed broker
 52 with whom the out-of-state broker has a written agreement pursuant
 53 to subdivision (2) of subsection (b) of this section. Nothing in this
 54 section shall permit an out-of-state broker or out-of-state salesperson
 55 to accompany a prospective buyer at the site of commercial real estate
 56 pursuant to a real estate transaction in this state.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Insurance Dept.	IF - None	None	None

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill allows out-of-state real estate brokers to perform commercial real estate transactions that require a license, provided the out-of-state broker complies with Connecticut real estate laws and various conditions stated in the bill. The bill also allows out-of-state salespersons to perform real estate transactions that require a real estate salesperson license, provided they also comply with Connecticut real estate law and various conditions stated in the bill. The bill makes other various changes to commercial real estate law, none of which have a fiscal impact.

OLR Bill Analysis

HB 5550

AN ACT CONCERNING COMMERCIAL BROKERAGE AGREEMENTS WITH OUT-OF-STATE BROKERS AND SALESPERSONS**SUMMARY:**

This bill permits out-of-state real estate brokers and salespersons who are not licensed in Connecticut to be involved in commercial real estate transactions in the state, subject to various conditions.

An out-of-state real estate broker must: (1) comply with Connecticut real estate laws; (2) affiliate with a Connecticut-licensed broker; (3) have a written agreement with the Connecticut broker that includes (a) the terms of cooperation, (b) compensation to be paid the Connecticut broker, and (c) a statement that the out-of-state broker will comply with state laws; (4) give the Connecticut broker a copy of his out-of-state broker license; and (5) handle all money related to the commercial real estate transaction according to state law or as specified in the written agreement with the Connecticut broker.

An out-of-state salesperson must: (1) comply with Connecticut real estate laws; (2) work under the direct supervision of an out-of-state broker who meets the above requirements; and (3) give the Connecticut broker a copy of his out-of-state salesperson license. When the other state makes no distinction between a broker's or salesperson's license, the out-of-state person must meet the requirements for an out-of-state broker.

The bill requires the out-of-state broker or salesperson to include the affiliated Connecticut broker's name in any advertisements to sell commercial real estate in the state. The bill also prohibits the out-of-state broker or salesperson from touring commercial real estate in the state with a prospective buyer.

EFFECTIVE DATE: October 1, 2004

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 16 Nay 1