



Senate

General Assembly

File No. 292

January Session, 2011

Substitute Senate Bill No. 957

Senate, March 30, 2011

The Committee on Banks reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING NEIGHBORHOOD PROTECTION.

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

1 Section 1. Section 7-148hh of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 As used in sections 7-148ff, 7-148ii, as amended by this act, 7-152c,
4 19a-206, 47a-52, 47a-53, 47a-58 and 49-73b, as amended by this act:

5 (1) "Registrant" means the owner of [vacant] residential or
6 commercial property who is required to register such property
7 pursuant to section 7-148ii, as amended by this act.

8 (2) "Residential property" means a [one-to-four family] building
9 containing one or more dwelling units.

10 (3) ["Vacant" means uninhabited.] "Dwelling unit" means any house
11 or building, or portion thereof, which is occupied, is designed to be
12 occupied, or is rented, leased or hired out to be occupied, as a home or

13 residence of one or more persons.

14 (4) "MERS" means the Mortgage Electronic Registration Systems.

15 Sec. 2. Section 7-148ii of the general statutes is repealed and the
16 following is substituted in lieu thereof (*Effective October 1, 2011*):

17 (a) Any person in whom title to a residential property has vested
18 after October 1, 2009, through a foreclosure action or who, after
19 October 1, 2011, commences a foreclosure action concerning residential
20 or commercial property pursuant to sections 49-16 to 49-19, inclusive,
21 or 49-26, or MERS, acting on behalf of such person, shall register such
22 property with the town clerk of the municipality in which the property
23 is located or with [MERS (1) no] such other municipal official as the
24 town clerk may designate, not later than ten days after the date [title
25 vests in such person if such residential property is vacant on the date
26 title vests, or (2) if, as a result of an execution of ejection pursuant to
27 section 49-22 or a summary process action pursuant to chapter 832,
28 such residential property becomes vacant before the date one hundred
29 twenty days after the date title vests in such person, then no later than
30 ten days after the date on which such property becomes vacant] on
31 which a notice of lis pendens as to the residential or commercial
32 property being foreclosed is recorded in accordance with section 52-
33 325.

34 (b) [If the] The registration [is with the municipality, it] shall contain
35 (1) the name, address, telephone number and electronic mail address
36 of the registrant and, if the registrant is a corporation or an individual
37 who resides out-of-state, the name, address, telephone number and
38 electronic mail address of a direct contact in the state; and (2) the
39 name, address, telephone number and electronic mail address of the
40 person, local property maintenance company [responsible for the
41 security and maintenance of the vacant] or other entity serving as the
42 registrant's contact with the municipality for any matters concerning
43 the residential or commercial property. [, if such a management
44 company has been engaged by the registrant.] The registrant shall
45 indicate on such registration whether it prefers to be contacted by first

46 class mail or electronic mail and the preferred addresses for such
47 communications. The registrant shall report any change in the
48 information provided on the registration [no] not later than ten days
49 following the date of the change of information. At the time of
50 registration, the registrant shall pay a one-hundred-dollar fee to the
51 municipality.

52 (c) [If the registration is with MERS, it shall contain (1) the name,
53 address, telephone number and electronic mail address of the
54 registrant, and (2) the name, address, telephone number and electronic
55 address of the local property maintenance company responsible for the
56 maintenance of the property, if such a management company has been
57 engaged by the registrant.] Not later than ten days after absolute title
58 vests in the registrant pursuant to the foreclosure action, the registrant,
59 or MERS, acting on behalf of such registrant, shall update the
60 information filed pursuant to subsection (b) of this section to include
61 (1) the date on which absolute title vested in the registrant, and (2) the
62 name, address, telephone number and electronic mail address of the
63 person, local property maintenance company or other entity
64 responsible for the security and maintenance of the residential or
65 commercial property. Such entity may be the same entity that was
66 designated as the contact pursuant to subsection (b) of this section. No
67 fee shall be charged by the municipality for such updating.

68 (d) If a registrant required to register pursuant to subsection (c) of
69 this section fails to comply with any provision of the general statutes
70 or of any municipal ordinance concerning the repair or maintenance of
71 real estate, including, without limitation, an ordinance relating to the
72 prevention of housing blight pursuant to subparagraph (H)(xv) of
73 subdivision (7) of subsection (c) of section 7-148, the maintenance of
74 safe and sanitary housing as provided in subparagraph (A) of
75 subdivision (7) of subsection (c) of section 7-148, or the abatement of
76 nuisances as provided in subparagraph (E) of subdivision (7) of
77 subsection (c) of section 7-148, the municipality may issue a notice to
78 the registrant citing the conditions on such property that violate such
79 provisions. Such notice shall be sent by either first class or electronic

80 mail, or both, and shall be sent to the address or addresses of the
81 registrant identified on the registration. A copy of such notice shall be
82 sent by first class mail or electronic mail to the person, property
83 maintenance company [if such a company has been identified] or other
84 entity responsible for the security and maintenance of the residential
85 or commercial property designated on the registration. Such notice
86 shall comply with section 7-148gg.

87 (e) The notice described in subsection (d) of this section shall
88 provide a date, reasonable under the circumstances, by which the
89 registrant [may] shall remedy the condition or conditions on such
90 registrant's property. If the registrant, registrant's contact or [property
91 management company] registrant's agent does not remedy the
92 condition or conditions on such registrant's property before the date
93 following the date specified in such notice, the municipality may
94 enforce its rights under the relevant provisions of the general statutes
95 or of any municipal ordinance.

96 (f) A municipality shall only impose registration requirements upon
97 registrants in accordance with this section, except that any municipal
98 registration requirements effective on or before passage of public act
99 09-144 shall remain effective.

100 (g) Any person who violates any provision of this section shall be
101 subject to a civil penalty of one hundred dollars for each day of such
102 violation. An authorized official of such municipality may institute a
103 civil action in Superior Court to collect such penalty, which shall be
104 payable to the treasurer of such municipality.

105 Sec. 3. Subsection (h) of section 49-73b of the general statutes is
106 repealed and the following is substituted in lieu thereof (*Effective*
107 *October 1, 2011*):

108 (h) The provisions of this section shall not apply to policies on
109 single-family or two-family dwellings, unless such dwellings are
110 [vacant] residential properties owned by a registrant subject to section
111 7-148ii, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	7-148hh
Sec. 2	<i>October 1, 2011</i>	7-148ii
Sec. 3	<i>October 1, 2011</i>	49-73b(h)

Statement of Legislative Commissioners:

In section 2(a), the brackets around "in whom title to a" and "has vested after October 1, 2009, through a foreclosure action" were removed; the new language "or who, after October 1, 2011, commences a foreclosure action concerning" was moved from after "person" to after "foreclosure action"; the new language "or commercial" was stricken; and "residential or commercial property" was added after "foreclosure action concerning" for clarity to ensure that those who commence a foreclosure action prior to October 1, 2010, but in whom title to the property subject to foreclosure has not yet vested are still bound by the requirements of section 7-148ii of the general statutes.

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
All Municipalities	Revenue Gain	Less than 50,000	Less than 50,000
All Municipalities	Savings	Potential	Potential

Explanation

Municipalities will experience a revenue gain from the collection of a \$100 fee from additional persons, as the bill: (a) expands the list of properties in foreclosure that are subject to mandatory registration to include commercial property, and residential property containing one or more dwelling units (under current law restricted to one-to-four family dwellings); (b) removes a requirement that the property be vacant; (c) requires notification when a foreclosure action is commenced; and (d) eliminates the option of registering with the Mortgage Electronic Registration Systems (MERS) instead of with the municipality. It is anticipated that revenues would not exceed \$50,000 for the largest cities.¹

It is anticipated that each community will establish a registration method that can best be accommodated within local resources. It should be noted that the bill does not specify nor require a uniform registration protocol.

Local revenues may also be generated in response to a provision of the bill that establishes a civil penalty of \$100 per day for a person

violating any provision of Section 7-148ii CGS, as a municipality would be authorized to institute a civil action to collect the penalty.

Reporting of occupied properties that are subject to foreclosure may result in earlier identification of persons responsible for remediating housing code violations that render housing units unsafe. Local governments may experience savings to the extent that this mitigates the need to provide for tenant's housing or health needs at town expense.

The bill would also result in additional hearings before the Superior Court. It is anticipated that the number of additional hearings would be minimal, and would not result in additional costs to the Judicial Department.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of foreclosed properties, and inflation.

¹ According to realtytrac.com, the number of new foreclosures in Connecticut was 747 in February 2011.

OLR Bill Analysis**sSB 957*****AN ACT CONCERNING NEIGHBORHOOD PROTECTION.*****SUMMARY:**

PA 09-144 created a registration system for tracking the owners of uninhabited one-to-four family residential property obtained by strict foreclosure or foreclosure by sale (“registrants”). It allowed municipalities to enforce against a registrant any statutory provision or municipal ordinance on property repair or maintenance after the municipality had provided notice and an opportunity to remedy the situation.

This bill amends this registration requirement in various ways. For example, it extends the requirement to commercial as well as residential property, expands the type of residential property that is subject to the requirement, and eliminates the requirement that the property be vacant. It also requires registration sooner, applying the requirement when someone commences a foreclosure action rather than when the person takes title to the property.

The bill requires registrants to update their information after title vests in them. It prohibits a municipality from issuing a violation notice to a registrant until that time, and makes other changes to the notice requirements following a violation.

The bill provides a \$100 civil penalty for each day someone violates the registration requirements. It permits authorized municipal officials to bring a civil action to collect the penalties, which are payable to the municipality’s treasurer.

The bill makes other changes to the mechanics of the registration process, including requirements regarding notice and required

registration information.

The bill also makes conforming changes.

EFFECTIVE DATE: October 1, 2011

§ 1 — RESIDENTIAL AND COMMERCIAL PROPERTY

Under current law, the registration requirement applies only to one-to-four family residential property. In addition to requiring registration of commercial property, the bill requires registration of buildings containing at least one dwelling unit, which the bill defines as a house, building, or portion of either that is occupied or designed to be occupied, or is rented, leased, or hired out to be occupied, as a home or residence for at least one person.

§ 2 — REGISTRATION PROCESS

Current law requires an owner of a subject property to register it with the town clerk of the municipality where the property is located or with the Mortgage Electronic Registration Systems (MERS), an online system the real estate finance industry created for originating, selling, and servicing rights. The bill eliminates the option of registering with MERS, and instead requires the person bringing the foreclosure action to register the property with the town clerk or other municipal official the town clerk designates. It also allows MERS to register the property on the foreclosing person's behalf.

Under the bill, the registration requirement applies to someone who commences a foreclosure action concerning a subject property after October 1, 2011. For someone commencing a foreclosure action before then, the registration requirement continues to apply if title to a residential property vested in the person after October 1, 2009.

Under current law, the registration deadline depends on when the property becomes vacant. Instead, the bill requires registration within 10 days after the recording of the notice of lis pendens.

By law, the registrant must provide its name, address, telephone

number, and electronic mail address (“contact information”). Under current law, the registrant must also provide contact information for the local property maintenance company responsible for the security and maintenance of the property, if there is one. The bill requires the registrant to provide contact information for the person, local property maintenance company, or other entity serving as the registrant’s contact with the municipality for matters concerning the property.

Current law applies certain requirements to those who register with a municipality but not to those who register with MERS. The bill eliminates the option of registering with MERS, and thus applies these requirements to all registrants. These requirements include that the registrants:

1. pay a \$100 fee to the municipality;
2. provide contact information for a direct contact in Connecticut, if the registrant is a corporation or an individual residing out of state;
3. indicate whether they prefer to be contacted by first class or electronic mail and the preferred addresses for such communications, and
4. report any changes in the registration information within 10 days after the date of the change.

§ 2 — INFORMATION UPDATE AFTER TITLE VESTS

The bill provides that within 10 days of absolute title vesting in the registrant pursuant to the foreclosure action, the registrant (or MERS acting on the registrant’s behalf) must update the registration information. This update must include the date when absolute title vested in the registrant. It must also include contact information for the person, local property maintenance company, or other entity responsible for the property’s security and maintenance. This entity may be the same as the one designated in the registration as the registrant’s contact with the municipality.

The bill prohibits a municipality from charging a fee for this information update.

§ 2 — VIOLATION NOTICES

Under current law, if a registrant violates any state law or municipal ordinance on the repair or maintenance of real estate, the municipality can issue a notice citing the violating conditions. The bill permits a municipality to issue such a notice only after the registrant has updated its registration information after taking title to the property, as specified above.

By law, violation notices must be sent by first class or electronic mail, or both, to the registrant. Current law also requires a copy of the notice to be sent by first class or electronic mail to the identified local property maintenance company, if there is one. The bill instead requires a copy to be sent to the person, property maintenance company, or other entity designated on the registration as responsible for the property's security and maintenance. By law, the notice must also meet the same standards as notices to remedy a health, housing, or safety code violation (i.e., notice must be sent to the lienholder).

Current law requires the notice to provide a date by which the registrant may remedy the conditions in question. The bill instead requires a date by which the registrant must do so. As under current law, the date must be reasonable under the circumstances.

Current law provides that if the registrant or property maintenance company fails to remedy the violating conditions, the municipality can enforce its rights under the relevant statute or ordinance. The bill deletes this reference to property maintenance company and allows the municipality to enforce its rights if the registrant, or its contact or agent, fails to remedy the violation.

§ 3 — MUNICIPAL AUTHORITY TO RECOVER EXPENSES

By law, municipalities may recover from a property owner expenses incurred for the inspection, repair, demolition, maintenance, removal, or other disposition of real estate to secure the property, make it safe

and sanitary, or remedy a blighted condition. The law allows the municipality to place a lien on the owner's interest in the real estate or on an insurance policy covering the real estate, but limits the insurance provisions to property other than single- or two-family dwellings. Under current law, the limitation does not apply to vacant residential properties subject to the registration requirements outlined above. The bill deletes the current requirement that the properties be vacant in order for the limitation not to apply.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 15 Nay 2 (03/15/2011)