
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)