OLR Bill Analysis
SB 347

AN ACT CONCERNING CONTRACTS FOR THE SALE OF REAL PROPERTY LOCATED IN THIS STATE.

SUMMARY
This bill prohibits certain financial institutions, in contracts with a person purchasing real estate in Connecticut, from including a provision giving the buyer the option of using the institution’s preferred provider of services that are essential to a real estate closing. These services include attorney, title insurance, or escrow services, or any other services the institution offers to provide on the buyer’s behalf related to the closing.

Under the bill, the prohibited contract provisions are void as against the state’s public policy starting October 1, 2019.

For the bill’s purposes, a financial institution is:

1. a bank, out-of-state bank, or institutional lender (or any of their subsidiaries or affiliates) that directly or indirectly acquires real property through strict foreclosure, foreclosure by sale, or deed-in-lieu of foreclosure with the intent to ultimately transfer the property or

2. another lender licensed by the banking department.

The ban also applies to contracts in which an entity is acting on the financial institution’s behalf. These entities may include a corporation, limited liability corporation, asset management company, or other corporate entity.

EFFECTIVE DATE: October 1, 2019

COMMITTEE ACTION
Judiciary Committee
Joint Favorable
Yea  38  Nay  1   (04/08/2019)