OLR Bill Analysis
sSB 907

AN ACT CONCERNING THE RESIDENTIAL DISCLOSURE REPORT AND CRUMBLING CONCRETE FOUNDATIONS.

SUMMARY

This bill expands the scope of the written “residential condition report” that, by law, a residential property owner must use to make specific disclosures about the property’s condition to a prospective purchaser, before executing a purchase contract or a lease contract with a purchase option. The bill removes four specific exemptions and in so doing now requires sellers to provide this report when the residential property will transfer:

1. pursuant to a court-order;
2. by a political subdivision of the state;
3. by a deed in lieu of foreclosure; or
4. when the property being transferred was acquired by a judgement of strict foreclosure, foreclosure by sale (i.e., the court appoints a committee to sell the property), or deed in lieu of foreclosure (i.e., when the property is conveyed to the mortgagee).

The bill also expands the content of the residential condition report by requiring the seller to disclose and explain, on the report, any knowledge he or she has related to pyrrhotite in the property’s foundation. Under current law, a seller must disclose any knowledge of any foundation problems, settling, testing, inspection, or repairs. The bill requires the seller to specify in the report when any such activity was pyrrhotite-related. Specifically, the seller must disclose whether he or she has any knowledge of:
1. foundation or slab problems or settling caused by pyrrhotite,

2. any testing or inspection done by a licensed professional to determine whether a foundation contains pyrrhotite,

3. any foundation repairs due to pyrrhotite, or

4. the presence of pyrrhotite in the property’s foundation.

By law, a seller must credit the purchaser $500 at closing if the seller fails to provide the purchaser the written residential condition report. The bill specifies that this does not excuse a seller from disclosing to the purchaser actual knowledge of any of the items listed above.

EFFECTIVE DATE: October 1, 2019

BACKGROUND

Related Bills

sSB 1010, reported favorably by the Planning and Development Committee, also makes changes to the residential condition report by requiring sellers to disclose certain knowledge of dams.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 20  Nay 0  (03/19/2019)