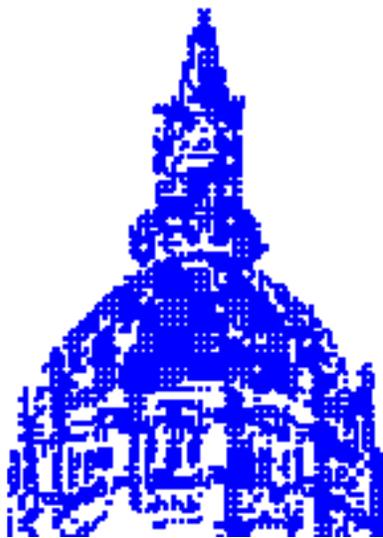


Office of Legislative Research  
Connecticut General Assembly



**OLR ACTS AFFECTING**

**REAL ESTATE**



Janet Kaminski, Associate Legislative Attorney

2006-R-0354

June 6, 2006

## NOTICE TO READERS

This report provides brief highlights of new laws (public acts) affecting real estate passed during the 2006 session. At the end of each summary we indicate the public act (PA) number. At this point, not all acts have yet been signed by the governor. The acts are effective October 1, 2006, unless otherwise indicated.

Not all provisions of the acts are included here. Complete summaries of all 2006 public acts will be available in the fall when OLR's *Public Act Summary* book is published; some are already on OLR's webpage:

<http://www.cga.ct.gov/olr/OLRPASums.asp>

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website: <http://www.cga.ct.gov/>

## Table of Contents

Record Retention by Broker.....	4
Common Interest Community Training.....	4
Mortgage Practices.....	4
Housing Preservation.....	4
Hazardous Waste Transfer Act.....	5
Land Use Applications.....	5
Volatile Organic Compounds; Notice of Polluting Events.....	6
Open Space Tax Abatement; Zoning Regulations.....	6
Building and Fire Code Requirements.....	6
Brownfield Remediation and Development.....	7

## **RECORD RETENTION BY BROKERS**

This act requires licensed real estate brokers to retain certain records for at least seven years after the latest of the following: (1) the real estate transaction closes; (2) all funds held in escrow for the transaction are disbursed; or (3) the listing agreement or buyer or tenant representation agreement expires. The act applies to purchase contracts, leases, options, written offers, or counteroffers drafted by or on behalf of the broker; canceled and unused checks, checkbooks, and bank statements for any escrow or trust account the broker maintains; and the listing or representation agreement, any extensions of or amendments to the agreement, and any other writings that satisfy statutory requirements for the broker bringing a lawsuit. **(PA 06-12)**

## **COMMON INTEREST COMMUNITY TRAINING**

This act requires each common interest community association's executive board or designee to encourage association and board members and managing agents or people providing association management services, to attend, when available, a basic education program concerning (1) the

purpose and operation of common interest communities and associations and (2) the rights and responsibilities of unit owners, associations, and executive board officers and members. It allows all or part of any program fee to be designated as an association common expense and paid from association funds in whatever manner the executive board determines and the association approves as long as the bylaws and the Common Interest Ownership Act do not prohibit it. **(PA 06-23)**

## **MORTGAGE PRACTICES**

This act prohibits first mortgage lenders and brokers from imposing a fee on borrowers who fail to close on a loan unless collected as an advance fee, prohibits brokers from imposing a fee for loan prepayment, and expands the group of lenders prohibited from imposing excessive prepaid finance charges on borrowers. **(PA 06-45, effective upon passage)**

## **HOUSING PRESERVATION**

By law, the owner of federally subsidized multifamily housing projects must notify tenants and other parties at least one year before prepaying the project's mortgage; prepayment could remove the restrictions that

make the project affordable to low- and moderate-income people. An owners must comply with this requirement if his projects received subsidies under one or more of several specified federal programs.

Under the act, he must also give notice before any of the following events if they will end or reduce the federal restrictions that make units affordable to low- and moderate-income people: (1) the owner decides to sell or lease the project or transfer its title, (2) the owner plans or proposes to end the federal subsidy, (3) the owner plans to prepay a contract, (4) the subsidy expires or the federal agency running the program plans or proposes to end the subsidy, or (5) the mortgage matures. It also requires the owner to give at least 90-days notice if the project was not subject to the prior law's requirement before July 1, 2006 and has less than one year left before an event ends or reduces the federal subsidy or requirements that make the project affordable to low- and moderate-income people. **(PA 06-48**, effective July 1, 2006)

### **HAZARDOUS WASTE TRANSFER ACT**

This act exempts from the Transfer Act, which regulates conveyances of businesses that handle hazardous waste, (a) certain properties or businesses

that deal solely with universal waste (e.g., batteries and pesticides) and (b) transfers of condominiums and similar residential communities that meet certain conditions. It also allows sale or transfer of a remediated portion of land subject to the Transfer Act before the entire site is cleaned up, if notice of the sale or transfer is provided to the Department of Environmental Protection commissioner within 30 days. **(PA 06-76)**

### **LAND USE APPLICATIONS**

This act exempts planning commissions and combined planning and zoning commissions from the requirement that they publish a newspaper notice about public hearings on proposals they initiate to adopt or amend subdivision regulations. It instead requires all commissions to notify those residents and nonprofit organizations requesting notice of any changes commissions propose to land use regulations and plans. Commissions must do this by creating a registry through which parties can request notice of these proposals.

The act still requires zoning, planning, and combined planning and zoning commissions to publish newspaper notices about regulatory changes developers propose, but it changes the

notification requirements. The commission may provide the notice by mail, posting a sign on the property that is the subject of the hearing, or both. The act still requires the commission to notify people who own adjacent property but eliminates the requirement that it also notify people who occupy but do not own that property. **(PA 06-80)**

### **VOLATILE ORGANIC COMPOUNDS; NOTICE OF POLLUTING EVENTS**

This act tightens drinking water pollution notice requirements by requiring (1) sellers of homes that are or will be served by well water to notify prospective buyers of the results of any water test for volatile organic compounds (organic solvents, dry cleaning products, fuels, and the like) and (2) the Department of Environmental Protection commissioner to notify state, federal, and employee representatives about contaminated sites. It sets various deadlines by which the recipient of the commissioner's order to test any private drinking well must notify the property owner, local health director, and others of findings of excessive contaminant levels. **(PA 06-81)**

### **OPEN SPACE TAX ABATEMENT; ZONING REGULATIONS**

This act sets conditions under which municipalities, including boroughs and special taxing districts, may abate property taxes on open space land. This abatement is separate from the property tax benefit available to open space land owners under the 490 program.

The act also allows municipalities meeting very narrow criteria to adopt specified zoning regulatory techniques. Its authorization applies to municipalities exercising zoning powers under a special act, that have a mayor-alderman form of government, and that were incorporated in 1784. (New Haven is the only municipality that meets these criteria.) The techniques are floating and overlay zones and flexible zoning districts. A municipality that chooses to adopt these techniques must do so under its zoning regulations and comply with the act's restrictions. **(PA 06-128)**

### **BUILDING AND FIRE CODE REQUIREMENTS**

This act requires the state building inspector and the state fire marshal, in conjunction with the Codes and Standards Committee, to amend the State Building Code and the State Fire

Safety Code concerning floor proximity path marking devices or related devices intended as an emergency exit identification system. They must do so by January 1, 2008.

The amendments must require that a path marking system (1) be installed within 18 inches of the floor; (2) provide a visible delineation of the travel path along the designated exit access; and (3) be essentially continuous, except as interrupted by doorways, hallways, corridors, or other similar architectural features. They must specify materials that may be used for path marking. These materials must include electrical photo luminescent or self-luminous material.

The amendments must require installation of a path marking system in new construction in: (1) Group A occupancies (e.g., night clubs, theaters, churches, and stadiums) with an occupant load of more than 300 people; (2) Group B medical occupancies; (3) Group E (educational) occupancies; (4) Group I-1 occupancies (e.g., convalescent homes, drug centers, and half-way houses); (5) Group I-2 occupancies (e.g., hospitals and nursing homes); (6) Group R-1 hotels and motels; and (7) Group R-2 dormitories. **(PA 06-162)**

## **BROWNFIELD REMEDIATION AND DEVELOPMENT**

This act establishes an office to help towns identify, clean up, and redevelop brownfield sites, which the office must do by implementing the pilot program the act creates. It places the office within the Department of Economic and Community Development for administrative purposes. It creates a task force to develop long-term solutions for cleaning up and redeveloping brownfields.

The act provides various regulatory and financial incentives for other parties that clean up sites. It protects these parties from liability if they acquire a contaminated site from a town or its development agency and clean it up according to Department of Environmental Protection standards. It also sets conditions under which the owners of existing manufacturing facilities qualify for clean up dollars and exempts parties that acquired properties through a tax warrant sales from the Transfer Act. The act sets narrow criteria under which development projects in more towns can qualify for business tax credits under the Urban and Industrial Sites Reinvestment Program. **(PA 06-184, effective July 1, 2006)**

JLK:ts