

CLIENT ALERT

Lawmakers Pass Legislation Regarding Connecticut Real Estate Closings

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As part of Halloran Sage's continuing efforts to inform our clients of significant changes in the law, we are writing to update you about a recent development.

Important legislation impacting real estate closings in the State of Connecticut was recently passed by the legislature, and will become law effective October 1, 2019. Specifically, Senate Bill 320 states that no person may conduct a real estate closing in Connecticut unless that person is admitted, and in good standing, to practice law in the state. A "real estate closing" is defined broadly to include both mortgage loan transactions (with limited exceptions) and transactions where consideration is paid to effectuate a change of ownership of real estate. Exactly what it means to "conduct" a real estate closing remains an open question, as it is not expressly defined in the statute. Failure to comply with this new law will carry strict penalties. A full copy of this bill is set forth below:

"AN ACT CONCERNING REAL ESTATE CLOSINGS AND ATTORNEYS AND LAW FIRMS PREFERRED BY MORTGAGE LENDERS."

Strike everything after the enacting clause and substitute the following in lieu thereof:

"Section 1. (NEW) (Effective October 1, 2019) (a) Notwithstanding any provision of the general statutes, no person shall conduct a real estate closing unless such person has been admitted as an attorney in this state under the provisions of section 51-80 of the general statutes and has not been disqualified from the practice of law due to resignation, disbarment, being placed on inactive status or suspension. For the purposes of this subsection, "real estate closing" means a closing for (1) a mortgage loan transaction, other than a home equity line of credit transaction or any other loan transaction that does not involve the issuance of a lender's or mortgagee's policy of title insurance in connection with such transaction, to be secured by real property in this state, or (2) any transaction wherein consideration is paid by a party to such transaction to effectuate a change in the ownership of real property in this state.

(b) Any person who violates the provisions of subsection (a) of this section shall have committed a violation of subdivision (8) of subsection (a) of section 51-88 of the general statutes and be subject to the penalties set forth in subsection (b) of section 51-88 of the general statutes."

This act shall take effect as follows and shall amend the following sections: Section 1 October 1, 2019 New section

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