



House of Representatives

General Assembly

File No. 588

January Session, 2025

Substitute House Bill No. 5572

House of Representatives, April 8, 2025

The Committee on General Law reported through REP. LEMAR of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REAL ESTATE WHOLESALERS AND REAL ESTATE WHOLESALE CONTRACTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2025*) (a) As used in this section:
- 2 (1) "Commissioner" means the Commissioner of Consumer
- 3 Protection;
- 4 (2) "Department" means the Department of Consumer Protection;
- 5 (3) "Person" has the same meaning as provided in section 20-311 of
- 6 the general statutes;
- 7 (4) "Real estate wholesaler" (A) means a person who enters into a real
- 8 estate wholesale contract for the purpose of facilitating or orchestrating
- 9 the sale of a seller's real property to a third party, and (B) does not
- 10 include a real estate licensee engaged in the real estate business, as such
- 11 terms are defined in section 20-311 of the general statutes; and

12 (5) "Real estate wholesale contract" means an agreement between a
13 real estate wholesaler and the seller of real property that requires the
14 real estate wholesaler to, for compensation and without assuming
15 possession of the real property, facilitate or orchestrate the sale of such
16 real property to a third party.

17 (b) (1) Except as provided in subdivision (2) of this subsection, no
18 person shall act as a real estate wholesaler in this state unless the
19 Department of Consumer Protection has issued a real estate wholesaler
20 license to such person pursuant to this subdivision. A person seeking a
21 real estate wholesaler license shall submit an application to the
22 department in a form and manner prescribed by the Commissioner of
23 Consumer Protection. Each initial license application submitted
24 pursuant to this subdivision shall be accompanied by a nonrefundable
25 application fee in the amount of two hundred eighty-five dollars. Each
26 real estate wholesaler license issued pursuant to this subdivision shall
27 be valid for a period not to exceed one year and may be renewed for
28 successive one-year periods by submitting a license renewal application
29 to the department in a form and manner prescribed by the
30 commissioner. Each license renewal application submitted pursuant to
31 this subdivision shall be accompanied by a nonrefundable renewal fee
32 in the amount of two hundred eighty-five dollars.

33 (2) No real estate wholesaler shall be required to obtain a real estate
34 wholesaler license from the department under subdivision (1) of this
35 subsection for any calendar year in which such real estate wholesaler
36 enters into not more than one real estate wholesale contract.

37 (c) (1) Each real estate wholesale contract shall, at a minimum,
38 include:

39 (A) The name of the real estate wholesaler;

40 (B) The license number of the real estate wholesaler license issued to
41 the real estate wholesaler pursuant to subdivision (1) of subsection (b)
42 of this section, if any;

43 (C) A provision providing (i) the seller with a ten-day period within
 44 which the seller may, at the seller's expense, have an attorney review the
 45 terms of such real estate wholesale contract, and (ii) that the seller may
 46 cancel such real estate wholesale contract during such ten-day period
 47 without incurring any penalty or obligation; and

48 (D) The following statement, in not less than sixteen-point type, at the
 49 top of the first page of such real estate wholesale contract:

50 "ENGAGING WITH A WHOLESALER TO SELL A PROPERTY IS A
 51 SERIOUS DECISION AND PROSPECTIVE SELLERS ARE ADVISED
 52 TO CONSULT AN ATTORNEY OR LICENSED REAL ESTATE
 53 PROFESSIONAL TO ENSURE THEY ARE RECEIVING THE BEST
 54 PRICE AND CONTRACT TERMS POSSIBLE."

55 (2) No real estate wholesale contract shall provide for a closing date
 56 that is more than seventy days after the date on which all parties to such
 57 contract executed such contract. The parties to a real estate wholesale
 58 contract may agree to extend such seventy-day period, provided such
 59 extension is made in writing and signed by all parties to such contract.
 60 In the absence of any such extension, the real estate wholesale contract
 61 shall automatically terminate upon expiration of such seventy-day
 62 period.

63 (d) The Commissioner of Consumer Protection may adopt
 64 regulations, in accordance with the provisions of chapter 54 of the
 65 general statutes, to implement the provisions of this section.

66 (e) Any violation of the provisions of subsections (b) and (c) of this
 67 section shall be deemed an unfair or deceptive trade practice under
 68 subsection (a) of section 42-110b of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	New section

Statement of Legislative Commissioners:

In Subsec. (b)(1), "who desires" was changed to "seeking" for consistency with standard drafting conventions; and in Subsec. (e), "subsections (b) and (c) of" was added before "this section" for consistency with standard drafting conventions.

GL *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Consumer Protection, Dept.	GF - Cost	155,000	180,000
State Comptroller - Fringe Benefits ¹	GF - Cost	52,616	70,155
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Consumer Protection (DCP) to license and regulate real estate wholesalers and makes violations an unfair trade practice violation resulting in a cost and potential revenue gain to the state.

To meet the requirements of the bill DCP will have to hire one special investigator and one staff attorney for a FY 26 cost of \$155,000² and a FY 27 cost of \$180,000, along with associated fringe benefits costs of \$52,616 in FY 26 and \$70,155 in FY 27. The additional employees are needed to regulate the market, field complaints, perform investigations, and conduct enforcement against wholesalers who violate the provisions of

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

²This includes a one-time \$10,000 programming cost to create the new license in the states e-license system. Also, FY 26 costs reflect nine months of expenditures due to the bills 10/1/25 effective date.

the bill.

The bill also creates a real estate wholesaler license that has a \$285 application and renewal fee resulting in a potential revenue gain to the state dependent on the number of license applications.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases, the number of license applications, and inflation.

OLR Bill Analysis**HB 5572*****AN ACT CONCERNING REAL ESTATE WHOLESALERS AND REAL ESTATE WHOLESALE CONTRACTS.*****SUMMARY**

This bill generally requires a person (i.e. individual or business entity) to have a Department of Consumer Protection (DCP) license before acting as a real estate wholesaler in Connecticut. The licensing requirements do not apply to wholesalers with less than one real estate wholesale contract in a calendar year.

The bill also requires each real estate wholesale contract to include certain information and statements, including a seller's right to cancel within 10 days without penalty. It also generally prohibits these contracts from providing a closing date that is more than 70 days after the contract is executed.

The bill allows the DCP commissioner to adopt regulations to implement these provisions. It also makes a violation under the bill a Connecticut Unfair Trade Practices Act (CUTPA) violation (see BACKGROUND).

EFFECTIVE DATE: October 1, 2025

REAL ESTATE WHOLESALER LICENSE

The bill generally requires a person to have a DCP license before acting as a real estate wholesaler in Connecticut. The license is valid for one year and may be renewed annually. They must submit an initial or renewal application, as the case may be, to DCP in a way the commissioner sets, with a nonrefundable \$285 application or renewal fee.

Under the bill, a "real estate wholesaler" is a person who enters into

a real estate wholesale contract to facilitate or orchestrate the sale of a seller's real property to a third party. It does not include a real estate licensee engaged in the real estate business.

A "real estate wholesale contract" means an agreement between a real estate wholesaler and the real property seller that requires the wholesaler to, for compensation and without assuming possession of the real property, facilitate or orchestrate the real property sale to a third party.

REAL ESTATE WHOLESALE CONTRACT

The bill requires each real estate wholesale contract to include:

1. the real estate wholesaler's name and license number, if any;
2. a provision providing the seller (a) with a 10-day period where the seller may, at the seller's expense, have an attorney review the real estate wholesale contract terms, and (b) the ability to cancel the contract during the 10-day period without any penalty or obligation; and
3. the following statement, in not less than 16-point type, at the top of the first page of the real estate wholesale contract:

"ENGAGING WITH A WHOLESALER TO SELL A PROPERTY IS A SERIOUS DECISION AND PROSPECTIVE SELLERS ARE ADVISED TO CONSULT AN ATTORNEY OR LICENSED REAL ESTATE PROFESSIONAL TO ENSURE THEY ARE RECEIVING THE BEST PRICE AND CONTRACT TERMS POSSIBLE."

CONTRACT EXECUTION PERIOD

The bill generally prohibits real estate wholesale contracts from providing a closing date that is more than 70 days after the date the contract is executed. The parties may agree to extend the 70-day period if the extension is made in writing and signed by all parties to the contract. In the absence of an extension, the real estate wholesale contract must automatically terminate when the 70-day period expires.

BACKGROUND**CUTPA**

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the DCP commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, impose civil penalties of up to \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

Related Bill

sHB 7078, favorably reported by the Insurance and Real Estate Committee, requires the DCP commissioner to (1) study residential property wholesaling practices in the state; (2) hold at least one hearing on the topic and invite industry representatives; and (3) report the study's findings to the Insurance and Real Estate Committee by February 1, 2026.

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 22 Nay 0 (03/24/2025)