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## **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)