



General Assembly

February Session, 2026

Raised Bill No. 5224

LCO No. 1367



Referred to Committee on GENERAL LAW

Introduced by:
(GL)

AN ACT CONCERNING THE DEPARTMENT OF CONSUMER PROTECTION'S RECOMMENDATIONS REGARDING VARIOUS GUARANTY FUNDS.

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

1 Section 1. Section 20-324a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 The commission shall establish, and the department shall maintain, a
4 Real Estate Guaranty Fund from which, subject to the provisions of this
5 section and sections 20-324b to 20-324i, inclusive, any person aggrieved
6 by any action of a real estate licensee, duly licensed in this state under
7 section 20-312, by reason of the embezzlement of money or property, or
8 money or property unlawfully obtained from any person by false
9 pretenses, artifice or forgery or by reason of any fraud,
10 misrepresentation or deceit by or on the part of any such real estate
11 licensee or the unlicensed employee of any such real estate licensee, may
12 recover, upon approval by the [commission] department of an
13 application brought pursuant to the provisions of section 20-324e, as
14 amended by this act, compensation in an amount not exceeding in the

15 aggregate the sum of twenty-five thousand dollars in connection with
16 any one real estate transaction or claim, regardless of the number of
17 persons aggrieved or parcels of real estate involved in such real estate
18 transaction or claim.

19 Sec. 2. Section 20-324c of the general statutes is repealed and the
20 following is substituted in lieu thereof (*Effective from passage*):

21 The [commission] department shall maintain the Real Estate
22 Guaranty Fund at a level not to exceed five hundred thousand dollars
23 and to this intent moneys received under section 20-324b shall be
24 credited to said fund whenever the fund balance is below five hundred
25 thousand dollars. Any such moneys may be invested or reinvested in
26 the same manner as funds of the state employees retirement system. The
27 interest arising from such investments shall be credited to the Real
28 Estate Guaranty Fund whenever the fund balance is below five hundred
29 thousand dollars, and to the General Fund whenever the fund balance
30 is equal to or greater than five hundred thousand dollars. Any moneys
31 received under section 20-324b not required to maintain the Real Estate
32 Guaranty Fund balance shall be deposited to the General Fund. All
33 moneys in the Real Estate Guaranty Fund in excess of five hundred
34 thousand dollars, shall be transferred by the State Treasurer to the
35 General Fund.

36 Sec. 3. Section 20-324d of the general statutes is repealed and the
37 following is substituted in lieu thereof (*Effective from passage*):

38 No application to recover compensation under sections 20-324a to 20-
39 324i, inclusive, as amended by this act, which might subsequently result
40 in an order for collection from the Real Estate Guaranty Fund shall be
41 brought later than two years from the final determination of, or
42 expiration of time for appeal in connection with, any binding arbitration
43 decision or any court judgment, order or decree.

44 Sec. 4. Subsection (e) of section 20-324e of the 2026 supplement to the
45 general statutes is repealed and the following is substituted in lieu

46 thereof (*Effective from passage*):

47 (e) If the [department] Department of Consumer Protection pays
48 from the Real Estate Guaranty Fund any amount in settlement of a claim
49 or toward satisfaction of a decision, judgment, order or decree against a
50 real estate licensee or an unlicensed employee of a real estate licensee
51 pursuant to an order under subsection (d) of this section, such person
52 shall not be eligible to receive a new license until such person has repaid
53 in full, plus interest at the rate of ten per cent per year, which interest
54 shall accrue from the date on which the Department of Consumer
55 Protection makes such payment from the fund until the date on which
56 the Commissioner of Consumer Protection refers the unpaid amount to
57 the Department of Administrative Services for collection. A discharge in
58 bankruptcy shall not relieve a person from the penalties and disabilities
59 provided in this subsection.

60 Sec. 5. Section 20-324f of the general statutes is repealed and the
61 following is substituted in lieu thereof (*Effective from passage*):

62 Any person filing with the [commission] department any notice,
63 statement or other document required under the provisions of section
64 20-324e, as amended by this act, which is false or untrue or contains any
65 material misstatement of fact shall be fined not less than two hundred
66 dollars.

67 Sec. 6. Section 20-324h of the general statutes is repealed and the
68 following is substituted in lieu thereof (*Effective from passage*):

69 When the [commission] department has caused to be paid from the
70 Real Estate Guaranty Fund any sum to the [judgment] creditor under a
71 decision, judgment, order or decree, the [commission] department shall
72 be subrogated to all of the rights of the [judgment] creditor up to the
73 amount paid, and the [judgment] creditor shall assign all of [his] the
74 creditor's right, title and interest in the decision, judgment, order or
75 decree up to such amount paid to the [commission] department, and
76 any amount and interest recovered by the [commission] department on

77 the decision, judgment, order or decree shall be deposited to the fund.

78 Sec. 7. Subsection (o) of section 20-417i of the 2026 supplement to the
79 general statutes is repealed and the following is substituted in lieu
80 thereof (*Effective from passage*):

81 (o) If the commissioner orders the payment of an amount as a result
82 of a guaranty fund claim against a new home construction contractor,
83 the commissioner may, after notice and hearing in accordance with the
84 provisions of chapter 54, revoke the certificate of such contractor and
85 such contractor shall not be eligible to receive a new or renewed
86 certificate until such contractor has repaid such amount in full [,] plus
87 interest [from the time such payment is made from the New Home
88 Construction Guaranty Fund,] at a rate to be in accordance with section
89 37-3b, [except that] which interest shall accrue from the date on which
90 such payment is made from the New Home Construction Guaranty
91 Fund until the date on which the commissioner refers the unpaid
92 amount to the Department of Administrative Services for collection.
93 Notwithstanding the provisions of this subsection to the contrary, the
94 commissioner may, in the commissioner's sole discretion, permit a new
95 home construction contractor to receive a new or renewed certificate
96 after such contractor has entered into an agreement with the
97 commissioner whereby such contractor agrees to repay the fund in full
98 in the form of periodic payments over a set period of time. Any such
99 agreement shall include a provision providing for the summary
100 suspension of any and all certificates held by the new home construction
101 contractor if payment is not made in accordance with the terms of the
102 agreement.

103 Sec. 8. Subsections (d) to (p), inclusive, of section 20-432 of the general
104 statutes are repealed and the following is substituted in lieu thereof
105 (*Effective from passage*):

106 (d) Whenever an owner obtains a binding arbitration decision, a court
107 judgment, order or decree against any contractor holding a certificate or

108 who has held a certificate under this chapter, or against a proprietor,
109 within two years of the date such contractor entered into the contract
110 with the owner, for loss or damages sustained by reason of performance
111 of or offering to perform a home improvement within this state by a
112 contractor holding a certificate under this chapter, such owner may,
113 upon the final determination of, or expiration of time for, taking an
114 appeal in connection with any such decision, judgment, order or decree,
115 apply to the commissioner for an order directing payment out of said
116 guaranty fund of the amount unpaid upon the decision, judgment,
117 order or decree, for actual damages and costs taxed by the court against
118 the contractor or proprietor, exclusive of punitive damages. The
119 application shall be made on forms provided by the commissioner and
120 shall be accompanied by a copy of the decision, court judgment, order
121 or decree obtained against the contractor or proprietor together with a
122 statement signed and sworn to by the owner, affirming that the owner
123 has made a good faith effort to satisfy such decision, judgment, order or
124 decree in accordance with the provisions of chapter 906. Such good faith
125 effort may include causing to be issued a writ of execution upon such
126 decision, judgment, order or decree, provided the officer executing such
127 writ has made a return (1) showing that no bank accounts or personal
128 property of the contractor or proprietor liable to be levied upon in
129 satisfaction of such decision, judgment, order or decree could be found,
130 or that the amount realized on the sale of such accounts or property or
131 of such accounts or property as were found, under the execution, was
132 insufficient to satisfy the actual damage portion of such decision,
133 judgment, order or decree, or (2) stating the amount realized and the
134 balance remaining due on such decision, judgment, order or decree after
135 application on such decision, judgment, order or decree of the amount
136 realized. The requirements of this subsection shall not apply to a
137 judgment, order or decree obtained by the owner in small claims court.
138 No application for an order directing payment out of the guaranty fund
139 shall be made later than two years after the final determination of, or
140 expiration of time for, taking an appeal of [said] such decision, court
141 judgment, order or decree.

142 (e) Upon receipt of [said] such application together with [said] such
143 copy of the decision, court judgment, order or decree, such statement
144 and, except as provided in subsection (d) of this section, such true and
145 attested copy of the executing officer's return, the commissioner or the
146 commissioner's designee shall inspect such documents for their veracity
147 and upon a determination that such documents are complete and
148 authentic, and a determination that the owner has not been paid, the
149 commissioner shall order payment out of the guaranty fund of the
150 amount unpaid upon the decision, judgment, order or decree for actual
151 damages and costs taxed by the court against the contractor or, if the
152 contractor is a business entity, a proprietor, exclusive of punitive
153 damages.

154 (f) Whenever an owner is awarded an order of restitution against any
155 contractor or, if the contractor is a business entity, any proprietor for
156 loss or damages sustained by reason of performance of or offering to
157 perform a home improvement in this state by a contractor holding a
158 certificate or who has held a certificate under this chapter within two
159 years of the date of entering into the contract with the owner, in a
160 proceeding brought by the commissioner pursuant to this section or
161 subsection (d) of section 42-110d, or in a proceeding brought by the
162 Attorney General pursuant to subsection (a) of section 42-110m or
163 subsection (d) of section 42-110d, or a criminal proceeding pursuant to
164 section 20-427, such owner may, upon the final determination of, or
165 expiration of time for, taking an appeal in connection with any such
166 order of restitution, apply to the commissioner for an order directing
167 payment out of said guaranty fund of the amount unpaid upon the
168 order of restitution. The commissioner may issue [said] such order upon
169 a determination that the owner has not been paid.

170 (g) Whenever the commissioner orders payment to an owner out of
171 the guaranty fund based upon a decision, court judgment, order or
172 decree of restitution against any proprietor, such proprietor and the
173 business entity that holds or held a certificate under this chapter shall
174 be liable for the resulting debt to the guaranty fund.

175 (h) Before the commissioner may issue any order directing payment
176 out of the guaranty fund to an owner pursuant to subsection (e) or (f) of
177 this section, the commissioner shall first notify the contractor of the
178 owner's application for an order directing payment out of the guaranty
179 fund and of the contractor's right to a hearing to contest the
180 disbursement in the event that the contractor or proprietor has already
181 paid the owner or is complying with a payment schedule in accordance
182 with a court judgment, order or decree. Such notice shall be given to the
183 contractor not later than fifteen days after receipt by the commissioner
184 of the owner's application for an order directing payment out of the
185 guaranty fund. If the contractor requests a hearing, in writing, by
186 certified mail not later than fifteen days after receiving the notice from
187 the commissioner, the commissioner shall grant such request and shall
188 conduct a hearing in accordance with the provisions of chapter 54. If the
189 commissioner does not receive a request by certified mail from the
190 contractor for a hearing not later than fifteen days after the contractor's
191 receipt of such notice, the commissioner shall determine that the owner
192 has not been paid, and the commissioner shall issue an order directing
193 payment out of the guaranty fund for the amount unpaid upon the
194 judgment, order or decree for actual damages and costs taxed by the
195 court against the contractor or proprietor, exclusive of punitive
196 damages, or for the amount unpaid upon the order of restitution.

197 (i) The commissioner or the commissioner's designee may proceed
198 against any contractor holding a certificate or who has held a certificate
199 under this chapter within the past two years of the effective date of
200 entering into the contract with the owner, for an order of restitution
201 arising from loss or damages sustained by any person by reason of such
202 contractor's or the proprietor's performance of or offering to perform a
203 home improvement in this state. Any such proceeding shall be held in
204 accordance with the provisions of chapter 54. In the course of such
205 proceeding, the commissioner or the commissioner's designee shall
206 decide whether to exercise the commissioner's powers pursuant to
207 section 20-426; whether to order restitution arising from loss or damages

208 sustained by any person by reason of such contractor's or proprietor's
209 performance or offering to perform a home improvement in this state;
210 and whether to order payment out of the guaranty fund.
211 Notwithstanding the provisions of chapter 54, the decision of the
212 commissioner or the commissioner's designee shall be final with respect
213 to any proceeding to order payment out of the guaranty fund and the
214 commissioner and the commissioner's designee shall not be subject to
215 the requirements of chapter 54 as they relate to appeal from any such
216 decision. The commissioner or the commissioner's designee may hear
217 complaints of all owners submitting claims against a single contractor
218 in one proceeding.

219 (j) No application for an order directing payment out of the guaranty
220 fund shall be made later than two years from the final determination of,
221 or expiration of time for, appeal in connection with any decision,
222 judgment, order or decree of restitution.

223 (k) Whenever the owner satisfies the commissioner or the
224 commissioner's designee that it is not practicable to comply with the
225 requirements of subsection (d) of this section and that the owner has
226 taken all reasonable steps to collect the amount of the decision,
227 judgment, order or decree or the unsatisfied part thereof and has been
228 unable to collect the same, the commissioner or the commissioner's
229 designee may, in the commissioner's or such designee's discretion,
230 dispense with the necessity for complying with such requirement.

231 (l) In order to preserve the integrity of the guaranty fund, the
232 commissioner, in the commissioner's sole discretion, may order
233 payment out of said fund of an amount less than the actual loss or
234 damages incurred by the owner or less than the order of restitution
235 awarded by the commissioner or the Superior Court. In no event shall
236 any payment out of said guaranty fund be in excess of twenty-five
237 thousand dollars for any single claim by an owner.

238 (m) If the money deposited in the guaranty fund is insufficient to

239 satisfy any duly authorized claim or portion thereof, the commissioner
240 shall, when sufficient money has been deposited in the fund, satisfy
241 such unpaid claims or portions thereof, in the order that such claims or
242 portions thereof were originally determined.

243 (n) Whenever the commissioner has caused any sum to be paid from
244 the guaranty fund to an owner, the commissioner shall be subrogated to
245 all of the rights of the owner up to the amount paid plus reasonable
246 interest, and prior to receipt of any payment from the guaranty fund,
247 the owner shall assign all of [this] the owner's right, title and interest in
248 the claim up to such amount to the commissioner, and any amount and
249 interest recovered by the commissioner on the claim shall be deposited
250 to the guaranty fund.

251 (o) If the commissioner orders the payment of any amount as a result
252 of a guaranty fund claim against a contractor or proprietor, the
253 commissioner shall determine if the contractor is possessed of assets
254 liable to be sold or applied in satisfaction of the claim on the guaranty
255 fund. If the commissioner discovers any such assets, the commissioner
256 may request that the Attorney General take any action necessary for the
257 reimbursement of the guaranty fund.

258 (p) If the commissioner orders the payment of an amount as a result
259 of a guaranty fund claim against a contractor, the commissioner may,
260 after notice and hearing in accordance with the provisions of chapter 54,
261 revoke the certificate of the contractor and the contractor shall not be
262 eligible to receive a new or renewed certificate until the contractor has
263 repaid such amount in full [,] plus interest [from the time said payment
264 is made from the guaranty fund,] at a rate to be in accordance with
265 section 37-3b, [except that] which interest shall accrue from the date on
266 which payment is made from the guaranty fund until the commissioner
267 refers the unpaid amount to the Department of Administrative Services
268 for collection. Notwithstanding the provisions of this subsection to the
269 contrary, the commissioner may, in the commissioner's sole discretion,
270 permit a contractor to receive a new or renewed certificate after that

271 contractor has entered into an agreement with the commissioner
272 whereby the contractor agrees to repay the guaranty fund in full in the
273 form of periodic payments over a set period of time. Any such
274 agreement shall include a provision providing for the summary
275 suspension of any and all certificates held by the contractor if payment
276 is not made in accordance with the terms of the agreement.

277 Sec. 9. Subsection (h) of section 21a-226 of the 2026 supplement to the
278 general statutes is repealed and the following is substituted in lieu
279 thereof (*Effective from passage*):

280 (h) If the [commissioner] Department of Consumer Protection pays
281 any amount as a result of a claim against a health club pursuant to an
282 order under subsection (g) of this section, the health club shall pay the
283 amount due plus interest at the rate of ten per cent per year, which
284 interest shall accrue from the date on which the Department of
285 Consumer Protection makes such payment from the guaranty fund until
286 the date on which the Commissioner of Consumer Protection refers the
287 unpaid amount to the Department of Administrative Services for
288 collection. A health club shall not be eligible to receive a new or renewed
289 license until the health club has repaid such amount in full. All funds
290 paid pursuant to this subsection shall be deposited in the guaranty fund.

291 Sec. 10. Section 20-324g of the general statutes is repealed. (*Effective*
292 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	20-324a
Sec. 2	<i>from passage</i>	20-324c
Sec. 3	<i>from passage</i>	20-324d
Sec. 4	<i>from passage</i>	20-324e(e)
Sec. 5	<i>from passage</i>	20-324f
Sec. 6	<i>from passage</i>	20-324h
Sec. 7	<i>from passage</i>	20-417i(o)
Sec. 8	<i>from passage</i>	20-432(d) to (p)

Sec. 9	<i>from passage</i>	21a-226(h)
Sec. 10	<i>from passage</i>	Repealer section

Statement of Purpose:

To (1) transfer to the Department of Consumer Protection various duties concerning the Real Estate and Connecticut Health Club Guaranty Funds, (2) with respect to the Real Estate Guaranty Fund, (A) provide that no application to recover compensation from said fund shall be brought later than two years from final determination of, or expiration of time for appeal in connection with, a binding arbitration decision or a court order or decree, and (B) subrogate the department to the rights of the creditor under a decision, order or decree, (3) require an applicant for payment from the Home Improvement Guaranty Fund to attest that the applicant made a good faith effort to satisfy a decision, judgment order or decree against a contractor or proprietor, (4) provide that interest shall not accrue on a debt owed to the Real Estate, Home Improvement, Connecticut Health Club or New Home Construction Guaranty Fund after such debt has been referred to the Department of Administrative Services for collection, and (5) repeal a provision concerning the Connecticut Real Estate Commission's procedure following receipt of a notice concerning the Real Estate Guaranty Fund.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]