



General Assembly

January Session, 2025

**Raised Bill No. 7027**

LCO No. 4887



Referred to Committee on HOUSING

Introduced by:  
(HSG)

***AN ACT PERMITTING THE USE OF CONDOMINIUM DEPOSITS FOR CONSTRUCTION AND DEVELOPMENT.***

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

1 Section 1. Section 47-271 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2025*):

3 (a) As used in this section, "actual costs" includes, but is not limited  
4 to, expenditures for demolition, site clearing, permit fees, impact fees,  
5 architectural, engineering and surveying fees, construction,  
6 development, and design costs of furnishing and equipping the  
7 condominium property, but excluding sales and marketing costs.

8 ~~[(a)]~~ (b) Any deposit made in connection with the purchase or  
9 reservation of a unit from a person required to deliver a public offering  
10 statement pursuant to subsection (c) of section 47-263 shall be placed in  
11 escrow and held either in this state or in the state where the unit is  
12 located in an account designated solely for that purpose by a licensed  
13 title insurance company, an attorney, a licensed real estate broker, an  
14 independent bonded escrow company or an institution whose accounts  
15 are insured by a governmental agency or instrumentality until (1)

16 delivered to the declarant at closing; (2) delivered to the declarant  
17 because of the purchaser's default under a contract to purchase the unit;  
18 [or] (3) refunded to the purchaser; [.] or (4) used for the construction of  
19 improvements, in accordance with subsection (c) of this section.

20 (c) Any deposit or other payment made prior to the closing for units  
21 for which building permits have been issued after June 1, 2025, and with  
22 respect to common elements of the condominium within which such  
23 units are situated, related to the initial bona fide sale of each residential  
24 condominium unit for residential occupancy by the purchaser, any  
25 member of the buyer's family or any employee of the purchaser shall be  
26 held in escrow.

27 (d) If the contract for the sale of the condominium unit so provides  
28 and the purchaser under the purchase contract represents in the  
29 purchase contract that such purchaser is an accredited investor as  
30 defined in 17 CFR 230.501 et seq., as amended from time to time, at the  
31 time the purchaser enters into the contract, the seller may withdraw  
32 escrow funds in excess of one per cent of the purchase price from the  
33 escrow account required under subsection (b) of this section when the  
34 construction of improvements has commenced. The declarant may  
35 withdraw such funds from the escrow account as described in this  
36 section for the actual costs incurred by the declarant after termination of  
37 the cancellation period, as set forth in section 47-269, for the  
38 construction, development and design of the condominium property in  
39 which the unit to be sold is located. No part of such funds may be used  
40 for salaries, commissions, expenses, real estate licensees or advertising  
41 purposes.

42 (e) A purchase agreement which permits the use of the earnest money  
43 deposit in accordance with the provisions of this section shall include  
44 the following legend conspicuously printed or stamped in bold type on  
45 the first page of the purchase agreement and immediately above the  
46 place for the signature of the buyer: "ANY PAYMENT IN EXCESS OF  
47 ONE (1%) PER CENT TOWARDS THE PURCHASE PRICE MADE TO

48 THE DECLARANT PRIOR TO CLOSING PURSUANT TO THE  
49 PURCHASE AGREEMENT MAY BE USED FOR ACTUAL COSTS OF  
50 CONSTRUCTION, DEVELOPMENT, AND DESIGN, AS DEFINED IN  
51 C.G.S. 47-271."

52        [(b)] (f) If such deposit is made in connection with the purchase or  
53 reservation of a unit to be occupied by the purchaser and is placed in an  
54 interest-bearing escrow account other than an account established and  
55 maintained pursuant to section 51-81c, any interest which accrues  
56 thereon from the date of such deposit until its disposition pursuant to  
57 subdivision (1), (2), [or] (3) or (4) of subsection [(a)] (b) of this section  
58 shall be distributed as follows: (1) If such deposit is delivered to the  
59 declarant at closing or refunded to the purchaser, such interest shall be  
60 divided equally between the purchaser and the declarant; and (2) if such  
61 deposit is delivered to the declarant because of the purchaser's default  
62 under a contract to purchase the unit, such interest shall be paid to the  
63 declarant.

64        [(c)] (g) Any person who procures the wrongful release of any escrow  
65 funds to the declarant or to a third party, with intent to defraud the  
66 purchaser, shall be guilty of embezzlement and on conviction shall be  
67 punished in the manner provided by law.

68        Sec. 2. Subdivision (13) of subsection (a) of section 47-264 of the  
69 general statutes is repealed and the following is substituted in lieu  
70 thereof (*Effective July 1, 2025*):

71        (13) A statement that any deposit made in connection with the  
72 purchase of a unit will be (A) held in an escrow account until closing  
73 and will be returned to the purchaser if the purchaser cancels the  
74 contract pursuant to section 47-269, together with the name and address  
75 of the escrow agent, or (B) withdrawn and used for authorized purposes  
76 pursuant to section 47-271, as amended by this act;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025</i>	47-271
Sec. 2	<i>July 1, 2025</i>	47-264(a)(13)

**Statement of Purpose:**

To permit the use of condominium deposits for construction and development.

*[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.]*