



Dear Stewart Partners,

October has begun and as we are fortunate to enjoy the beautiful New England weather, we do want to express that our thoughts and prayers are with our with friends, family, and colleagues who are dealing with loss and displacement a result of hurricane Helene.

In this week's Midweek Update, we cover recently enacted Blight Order Enforcement under Connecticut Public Act No. 24-143, effective as of yesterday. We also cover the final anti-money laundering rule for residential real estate transactions issued by the U.S. Department of Treasury Financial Crimes Enforcement Network (FinCEN) which imposes new reporting requirements on settlement agents, title insurance agents, escrow agents, and attorneys involved in residential real estate transactions. The impact of this will be felt by all residential conveyancing attorneys and agents.

Lastly, we are reminding our Massachusetts agents that our October installment of Stewart Underwriters Talk Title is scheduled for October 9th at 11 AM. Mark Jones will present a concise 30-minute presentation on Licenses to Sell in Massachusetts real estate transactions. For registration information, follow the link below.



Blight Ordinance Enforcement Under House Bill No. 5474, Public Act No. 24-143 (Effective October 1, 2024) By: David M. Piechota, Esq., Underwriting Counsel for Connecticut

Various Sections of the new Public Act, [PA 24-143](#), address Municipal Fines For Violations of Local Ordinances, which went into effect on October 1, 2024. The Act repeals and substituted Sections of CGS Sec. 7-148(c)(7)(H)(xv) and 7-148aa. These sections deal with blight ordinance enforcement.

By law, municipalities can “make and enforce regulations for the prevention and remediation of housing blight or blight upon commercial real property” and establish fines for each day a violation continues ([CGS § 7-148\(c\)\(7\)\(H\)\(xv\)](#)). Starting October 1, 2024, municipalities must give written notice of a violation to the property's owner and occupant and provide them with a reasonable opportunity to remediate the conditions before taking any enforcement action (PA 24-143). Municipalities that issue citations for blight violations must also establish a citation hearing procedure for individuals to contest their liability for the fines ([CGS § 7-152c](#)).

Civil Penalties for the violation for such regulations for housing blight upon real property are as follows:

- Containing six or fewer dwelling units:
- Occupied property – not more than one hundred fifty dollars for each day that a violation continues if such violation occurs;
- Vacant property – not more than two hundred fifty dollars for each day that a violation continues if such violation occurs; and
- Not more than one thousand dollars for each day that a violation continues at a property if such violation is the third or more such violation at such property during the prior twelve-month period.
- For housing blight upon real property containing more than six but fewer than forty dwelling units, not more than ten cents per square foot of each residential building upon such real property for each day that a violation continues,
- For housing blight upon real property containing forty or more dwelling units, not more than twelve cents per square foot of each residential building upon such real property for each day that a violation continues,
- For blight upon any commercial real property, not more than ten cents per square foot of any commercial building upon such real property for each day that a violation continues.

If the property owner fails to pay the penalties, [CGS § 7-148aa](#) allows the municipality to place “a lien upon the real estate against which the fine was imposed from the date of such penalty.” The blight liens take precedence over all other liens and encumbrances, except taxes, filed after July 1, 1997. Each such lien may be continued, recorded and released in the manner provided by the general statutes for continuing, recording and releasing property tax liens and may be enforced in the same manner as property tax liens. Generally, the municipality collects the unpaid fines when the property is sold or alternatively, when it forecloses on the lien ([CGS § 12-181](#)).

The statute further allows the municipality to establish a lien for zoning violations. This is entirely new, as the prior statute did not provide for a mechanism to lien property for a zoning violation. Under the new law, unpaid fines imposed under municipal ordinances establishing penalties for violation of local zoning regulations will result in liens on the affected real estate (in the same manner as unpaid blight fines).

If your title search discloses any such liens, contact your Connecticut Underwriting Counsel if you have any questions as to what is necessary to obtain and record in order to insure the property without exception for the lien.



FinCEN Issues Final Anti-Money Laundering Rule for Residential Real Estate Transfers By: Frank Cammarano, Esq., Underwriting Counsel for Connecticut

In August 2024, the U.S. Department of Treasury Financial Crimes Enforcement Network (FinCEN) announced a final rule designed to enhance transparency and reduce the potential for financial crime in the U.S. residential real estate sector. The rule requires individuals and companies involved in real estate closings and settlements to report

information to FinCEN about residential real estate transactions that are considered a high risk for money laundering and other financial crimes.

The final rule requires “reporting persons” performing closing or settlement functions in certain reportable transfers of residential real property to report specified information to FinCEN about the transfer, including information about the parties to the transfer and the property itself.

Transfers are reportable when they meet the following criteria:

- (1) the property is residential real property;
- (2) the transfer is non-financed (cash or private-lender-financed);
- (3) the property is transferred to a legal entity or trust, and
- (4) an exemption does not apply.

Transfers meeting the rule’s requirements must be reported regardless of purchase price or the value of the property. Gift transfers are thus subject to the rule. However, transfers made directly to an individual are not covered by this rule.

The rule applies only to residential real property located in the United States. Reportable property includes single-family houses, townhouses, condominiums, and cooperatives, including condominiums and cooperatives in large buildings containing many such units, as well as entire apartment buildings designed for occupancy by one to four families. The rule also requires reporting on transfers of land, such as vacant or unimproved land, on which the transferee intends to build a structure designed for occupancy by one to four families. Furthermore, a transfer of property may be reportable even if the property is mixed use, such as a single-family residence that is located above a commercial enterprise.

For a transfer to be reportable, it must be non-financed, meaning that it does not involve a loan to all transferees that is (1) secured by the transferred property and (2) extended by a financial institution such as a bank, credit union or mortgage banker. Transfers financed by a non-bank private lender are treated as non-financed transfers that potentially must be reported.

A transfer of residential real property must be reported if at least one of the new owners of residential real property is a “transferee entity” or “transferee trust.” These categories include legal entities commonly used to own property, such as limited liability companies, corporations, partnerships, and trusts. Both domestic and foreign entities and trusts are covered by the reporting requirement.

Exemptions are provided for certain common, lower-risk transfers including, inter alia, transfers of an easement; transfers resulting from the death of an individual; transfers incident to divorce or dissolution of a marriage or civil union; and transfers made for no consideration by an individual, either alone or with their spouse, to a trust of which that individual, their spouse, or both of them, are the settlor or grantor.

The obligation to file reports rests with the settlement agents, title insurance agents, escrow agents, and attorneys involved in these transactions. The reporting person is determined by one of the following ways:

1. Reporting cascade: The reporting cascade consists of a list of seven distinct functions that a real estate professional may perform in a transfer of residential real property, with the reporting obligation for any such transfer applying to the professional that performed a function appearing highest on the list. The first function on the list is the professional listed as the settlement agent on the closing or settlement statement. If no such professional is involved in the transfer, then the reporting obligation applies to any professional that performed the second function on the list, and so on down the list:

- The settlement agent listed on the settlement statement.
- The person that prepares the settlement statement.
- The person that files the deed for recording.
- The person that issues the owner's title insurance policy.
- The person that disburses the greatest amount of funds related to the transfer.
- The person that conducted a title examination.
- The person that prepared the deed.

2. Real estate professionals decide: The real estate professionals that perform the functions described in the cascading list may enter into a written agreement with each other to designate the professional that will file the report for the transfer.

The final rule requires that a reporting person provide information about the transfer of residential real property identifying (1) the reporting person; (2) the legal entity or trust receiving ownership of the property; (3) the beneficial owners of the transferee entity or transferee trust; (4) the individuals signing documents on behalf of the transferee entity or transferee trust during the reportable transfer; (5) The transferor; (6) the residential real property being transferred; and (7) total consideration and certain information about payments made. The final rule adopts a reasonable reliance standard, allowing reporting persons to rely on information obtained from other persons, absent knowledge of facts that would call into question the reliability of that information.

A report must be filed by the later date of either: (1) the final day of the month following the month in which the transaction closed; or (2) thirty calendar days after the date of closing. Title agencies and law firms will likely need to modify their systems and processes, and increase investment in compliance and technology resources to effectively monitor and report transactions as required by this new rule.

The effective date of this rule is **December 1, 2025**. FinCEN has stated that it will publish a notice regarding the form of the report at a later date. Stewart Title will continue to provide updates and further guidance in connection with this final rule and form of report as new information becomes available.

Please refer to the [final rule](#) for further details. If you need assistance or have questions regarding this reporting requirement, please reach out to your Stewart Title Agency Representative or your State Underwriting Counsel. Questions regarding this subject can also be directed to FinCEN at <https://www.fincen.gov/contact>



**Massachusetts Underwriters Talk Title Series – Next installment:
Wednesday, October 9th**

Wednesday, October 9, 2024 | 11:00 AM - 11:30 AM EST

Join us for a discussion and review of Licenses to Sell real estate in Massachusetts including how to get one, the different types of licenses, and their limitations.

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