

## **Public Act 21-167: Real Estate Professionalism and Teams**

On July 12, 2021, the Governor signed Public Act 21-167 which makes changes to the requirements to be a real estate broker in Connecticut and establishes a statutory framework for the existence of teams in Connecticut. CTR worked closely with the Department of Consumer Protection (DCP) to enact new legislation related to defining “actively engaged in real estate” as a requirement to issuing a real estate broker’s license in Connecticut. It also defines real estate “teams” to make the concept lawful in Connecticut.

### **REAL ESTATE BROKER MINIMUM EXPERIENCE AND EDUCATION REQUIREMENTS**

**1. What are the new minimum experience and education requirements for a real estate broker’s license?**

Answer: Effective January 1, 2022, in the three years prior to applying, an applicant must have, in addition to other existing requirements:

1. Been actively engaged as a licensed real estate salesperson under the supervision of a Connecticut-licensed real estate broker for at least 1,500 hours, instead of at least two years as previously required, AND
2. Represented a seller, buyer, lessor, or lessee in at least four (4) closed real estate transactions.

The supervising broker or his or her authorized representative must certify whether an applicant’s active engagement meets the hourly experience requirement within 90 days after the applicant provides it to the broker.

**2. Can the Connecticut Real Estate Commission or the DCP Commissioner still waive all of these requirements if the applicant is found to have equivalent experience or education?**

Answer: Yes, that is unchanged.

**3. What requirements did NOT change?**

Answer: An applicant for a real estate broker’s license must, among other requirements, successfully complete the following courses approved by the Real Estate Commission or DCP commissioner: (a) a 60-hour course in real estate principles and practices; (b) a 15-hour course in real estate legal compliance; (c) a 15-hour course in real estate brokerage principles and practices; and (d) two 15-hour elective courses prescribed by the commission or commissioner unless the applicant has successfully completed at least 20 real estate transactions in the previous five years (i.e., legally transferring real property to another party or executing a lease agreement between a landlord and tenant).

**4. Why were these changes made?**

Answer: The statute required that a salesperson be “actively engaged in real estate” to apply for a real estate broker’s license, but there was no definition of what that meant. Some applicants had only held a real estate salesperson’s license without any real estate experience before becoming a real estate broker. This language clarifies what is necessary to be considered “actively engaged.”

### **REAL ESTATE TEAMS**

## 1. What is the new law?

Answer: Effective January 1, 2022, the Act establishes a legal definition of a “team,” and what is required of all real estate “teams.”

## 2. What is the statutory definition of a team?

Answer: A “team” is defined as a group of two or more Connecticut licensed real estate brokers or real estate salespersons affiliated with the same sponsoring real estate broker and engage in advertising as a group using a team name.

## 3. What are permitted and prohibited as a “team name” when intended to be used in public advertisements?

Answer: “Team names”

1. Must include the full name of at least one licensed real estate broker or real estate salesperson who is part of the team, or be immediately followed by “at/of [full name of the sponsoring real estate broker]” – See examples below;
2. Must include the name of and contact information of the real estate broker, which must be included at a “prominent location” in all of the team’s advertisements;
3. Shall NOT include the name of any individual who is not a licensed real estate broker or real estate salesperson; and
4. Shall NOT include any abbreviation, term or phrase, including but not limited to “associates,” “company,” “corporation,” “group,” “LLC,” “real estate,” or “realty,” that implies that the team is a business entity.

For example, Jane Doe is a real estate licensee affiliated with real estate broker John Smith who is the sponsoring broker at ABCDEFG Real Estate. Jane Doe performs real estate services with business entity ABCDEFG Real Estate under the supervision of John Smith. Jane wishes to set up a team with Allyson Agent, another Connecticut real estate licensee.

### Examples of Team Names permitted:

- Jane Doe Team
- Allyson Agent Team
- Jane and Allyson Team at ABCDEFG Real Estate
- Sunrise Team of ABCDEFG Real Estate

### Examples of Team Names NOT permitted:

- Jane Doe Real Estate
- Allyson Agent Associates
- The Jane and Allyson Group at ABCDEFG Real Estate
- Jane Doe Team powered by ABCDEFG Real Estate
- Sunrise Team with ABCDEFG Real Estate

## 4. What is the team registration process?

Answer: Effective January 1, 2022, teams will be required to register online with DCP. The application will be posted in Fall of 2021.

**5. How often does a team need to register and what is the cost?**

Answer: Initial registrations are valid for one year and cost \$565. Teams may apply for one-year renewals for \$375. A team must notify DCP about any changes to registration information or team transfers within 12 days of the change in a form and manner the Commissioner prescribes and pays a \$25 fee.

**6. What will be required for registration?**

Answer: Real estate team registrations must include the team name, the name and contact information for each team member, including the name and contact information for the team's sponsoring real estate broker.

**7. What is the responsibility of the sponsoring broker for the team?**

Answer: The sponsoring real estate broker serves as the team's primary contact and must ensure the team complies with all existing laws and regulations and accurately and timely files registration forms and updates.

**8. Are there specific regulations about how I advertise my team, including the size of the display of the real estate company name?**

Answer: The Real Estate Commissioners have recommended regulations regarding additional requirements for advertising that must go through a regulatory process for adoption. That action could not start until there was a statute that permitted teams to legally exist in the first place. Since there is now a statute, advertising regulations are expected in the future. For example, the regulations are expected to require that the company name be the same size and as prominent as any "team name."

**9. Who created these rules and why?**

Answer: There has been a workgroup at DCP considering concerns of the public, industry and DCP staff. There were concerns about a lack of transparency as to what was being advertised to the public as a real estate entity. Concerns included the creation of names without a legal authority to operate without a business license or any visual or apparent relationship between what was being advertised and its connection to the real estate brokerage agency.

**10. How did CTR advocate for the industry?**

Answer: The legal interpretation from the state was that teams could not advertise to provide real estate brokerage services since they were not licensed businesses. The primary issue for CTR was to permit teams to be able to advertise to the public. The statute requirements were crafted to provide what DCP, legislative leaders and others stated would be necessary to provide transparency.

**11. What notice did CTR provide to the membership about this?**

Answer: CTR provided updates in our newsletters. This was the first Advisory we sent on Feb. 12, 2021:

***CT REALTORS® Advisory on "Teams" and Advertisements to the Public***

The Connecticut Department of Consumer Protection (DCP) and the Real Estate Commission have ongoing concerns about the transparency of advertising by real estate licensees in Connecticut. In addition, teams are not defined in Connecticut statute, regulations or any advisory ruling, and yet those trade names or DBAs, which are neither licensed with DCP nor exist as legal real estate business entities, are being advertised as though they are legal entities.

DCP, with the unanimous support of the Real Estate Commissioners, has submitted proposed amendments to advertising regulations for how salespersons and brokers may advertise to the public. As there is no statutory, regulatory or advisory language that permits teams to exist for the purpose of advertisement to the public, it will take a statutory change to define such entities. The statute should include how teams may then be named and advertised to the public. CTR is presently working with DCP to craft language that could define a team. This would eliminate confusion as to the team's relationship to the real estate brokerage agency by disallowing teams to use terminology commonly used by real estate brokerage agencies.

CTR is providing this guidance to our members in the event that you are considering establishing a "team," trade name or DBA to advertise to the public. Until decisions about what may be legally permitted with names and advertising in the future are clearly established in statute or regulations, you may wish to delay additional advertising expenditures.

This update was sent to the membership on April 13, 2021:

### ***Update on Teams***

CTR continues to work to ensure that teams may be permitted to advertise in Connecticut. CTR has worked with DCP and legislative committee leaders/members to craft what would be necessary to provide the transparency necessary to permit the future legal existence of teams in CT. As reported earlier, there is presently not a statute, rule or advisory that permits a group of real estate licensees to advertise as a team. The transparency features would include a registration (that is not a license) with DCP including annual/change fees, defining a team as having at least two licensees, and not permitting words in the name of a team (other than the word team) that are the same or similar as those used by real estate brokerage agencies. Should CTR be unsuccessful in our efforts, then the outcome would be that teams cannot advertise publicly. As cautioned earlier, you may wish to not spend funds to further a name that may not be permitted in the future. CTR will advise when a determination is made.

#### **12. Will existing team names be grandfathered?**

Answer: No.

#### **13. The statute requires the display of names, including the company, in a "prominent location". How does that apply?**

Answer: Those specific details are expected to be included in future regulations.

#### **14. If I need to change all my signs, advertising materials, letterhead, etc. and all of that is going to take time and money to do, when will know what is correct or not correct?**

Answer: DCP will provide that information when it's available.

**15. Can I use the marketing materials I have now until January 1, 2022?**

Answer: Any materials that include a team name being advertised to the public are possibly non-compliant. To determine whether your materials currently comply with state law, review the Regulations of Connecticut State Agencies Section 20-328-5a.

**16. If I have D/B/A for my team, does that permit it to legally operate in Connecticut under that name regardless of the new requirements?**

Answer: No. A team is not a licensed real estate business and cannot legally provide licensable real estate brokerage services. If a real estate broker business entity operates under a D/B/A, that is legally permitted.

**17. When will I be able to register my team?**

Answer: DCP may start accepting applications prior to January 1, 2022, however registrations will not become approved for use until January 1, 2022.

**18. If I don't register my team, can we still operate as a team?**

Answer: Operating as a team is separate from advertising as a team. If a group of licensees work together in a company as a department, unit, pod, or team that remains fine. It's when that "team" creates a name to use and advertises with the public that rules apply.

**19. If someone else on my team is responsible for team name and registration, not me, and it doesn't get done, can I get penalized for that? What is the penalty?**

Answer: It is important to ensure that any team you are a part of is properly registered with the DCP. To verify whether your team is registered, visit the DCP's e-License website. If you advertise as a team without the proper credential, DCP may bring an enforcement case against you for deceptive advertising or other violations of law that may impact the status of your credential.

**20. How do I count the "two" for the purposes of the minimum requirements for a "team"?**

Answer: A "team" is defined as a group of two or more Connecticut licensed real estate brokers or real estate salespersons affiliated with the same sponsoring real estate broker and engage in advertising as a group using a team name. Therefore, it cannot be (for example), one licensed person and one unlicensed person, and it's not one Connecticut licensee and one Massachusetts real estate licensee. A team must have two Connecticut real estate licensees who may be two Connecticut real estate salespersons, two Connecticut real estate brokers, or a Connecticut real estate broker and a real estate salesperson.

**21. Are there a maximum number of Connecticut licensees for a team?**

Answer: No.

**22. Can unlicensed persons be on a team?**

Answer: Yes, however, they do not count toward the minimum number of licensees and their name may not be used in the name of the team.