

Real Estate Leasing: Connecticut

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A Q&A guide to commercial real estate leasing law for landlords and tenants in Connecticut. This Q&A addresses state laws and customs that impact commercial leasing, including the execution and enforceability of leases, disclosures, transfer taxes, rents and security deposits, permitted assignments, financings, remedies, and automatic terminations in foreclosure actions. Federal, local, or municipal law may impose additional or different requirements. Answers to questions can be compared across a number of jurisdictions (see Real Estate Leasing: State Q&A Tool).

Execution and Enforceability

1. Describe any formal requirements for the execution of a lease. In particular specify if:

- Witnesses are required.
- Acknowledgments are necessary.
- Counterpart signatures are enforceable.
- There are any homestead law requirements.
- There are any other important requirements in your state.

For information on Connecticut's adoption of e-signatures/ e-recording and remote online notarization, see Question 20.

Witnesses

Witnesses are not required to properly execute a lease.

Acknowledgments

Acknowledgments are not required to properly execute a lease.

Counterpart Signatures

There are no counterpart signature requirements for a commercial lease.

Homestead Laws

There are no homestead laws applicable to the execution of a lease.

2. Must a memorandum of lease (or any other instrument) be recorded for a lease to be enforceable against third parties? If so, must an amendment to a recorded memorandum of lease be recorded if there is a further (material or non-material) amendment to the lease?

In Connecticut, a Notice of Lease must be recorded to enforce a lease of more than one year against any person other than the landlord and tenant. The Notice of Lease must be:

- In writing.
- Executed.
- Witnessed by two witnesses.
- Acknowledged before a notary or a commissioner of the superior court (see Question 3).
- Recorded in the same manner as a deed of real property (see State Q&A, Real Estate Ownership: Connecticut).

(Conn. Gen. Stat. Ann. § 47-19.)



Additionally, the Notice of Lease must contain:

- The names and addresses of the parties to the lease, if provided in the lease.
- A reference to the lease, with its date of execution.
- The term of the lease, including the date of commencement and the date of termination of the term.
- A description of the real property as described in the lease.
- A notation if a right of extension or renewal is exercisable.
- A notation of the date by which an option to purchase must be exercised, if applicable.
- A reference to a place where the lease is on file.
- Other information which the parties may desire to include.

(Conn. Gen. Stat. Ann. § 47-19.)

3. Provide the statutory form of acknowledgment for:

- An individual.
- A corporation.
- A limited liability company.
- A limited partnership.
- A trustee.

The acknowledgments listed below comply with Connecticut law, which currently requires “free act and deed” language for acknowledgments involving real estate documents (Conn. Gen. Stat. Ann. § 47-5). In addition, the acknowledgment of real estate documents in accordance with the Uniform Acknowledgment Act or the Uniform Recognition of Acknowledgments Act (Conn. Gen. Stat. Ann. §§ 47-5, 1-28 to 1-41, and 1-57 to 1-65z) is also acceptable.

The acknowledgment of any instrument may be made in another state before:

- A clerk or deputy clerk of any federal court.
- A clerk or deputy clerk of any court of record of any state or other jurisdiction.
- A notary public.
- A commissioner of deeds.

- Any person authorized by the laws of another jurisdiction to take acknowledgments.
- Any attorney admitted to the Connecticut bar (Conn. Gen. Stat. Ann. § 1-31a).

(Conn. Gen. Stat. Ann. § 1-30.)

Individual

STATE OF [STATE])

COUNTY OF [COUNTY])

On this the [DATE] day of [MONTH], [YEAR], before me, [OFFICER], the undersigned officer, personally appeared [SIGNATORY NAME], known to me (or satisfactorily proven) to be the person whose name(s) [is/are] subscribed to the within instrument, and acknowledged that [he/she/they] executed the same for the purposes stated therein.

In witness whereof I hereunto set my hand.

[SEAL] _____

Notary Public

My Commission Expires: [DATE]

Corporation

STATE OF [STATE])

COUNTY OF [COUNTY])

On this the [DATE] day of [MONTH], [YEAR], before me, [OFFICER], the undersigned officer, personally appeared [SIGNATORY NAME], who acknowledged [himself/herself] to be the [SIGNATORY TITLE] of [CORPORATION NAME], a corporation, and that [he/she], as such [SIGNATORY TITLE], being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by [himself/herself] as [SIGNATORY TITLE].

In witness whereof I hereunto set my hand.

[SEAL] _____

Notary Public

My Commission Expires: [DATE]

Limited Liability Company

STATE OF [STATE])
COUNTY OF [COUNTY])

On this the [DATE] day of [MONTH], [YEAR], before me, [OFFICER], the undersigned officer, personally appeared [SIGNATORY NAME], who acknowledged [himself/herself] to be the [SIGNATORY TITLE] of [LLC NAME], a (member managed or manager managed) limited liability company, and that [he/she], as such [SIGNATORY TITLE], being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by [himself/herself] as [SIGNATORY TITLE].

In witness whereof I hereunto set my hand.

[SEAL] _____
Notary Public
My Commission Expires: [DATE]

Limited Partnership

STATE OF [STATE])
COUNTY OF [COUNTY])

On this the [DATE] day of [MONTH], [YEAR], before me, [OFFICER], the undersigned officer, personally appeared [SIGNATORY NAME], who acknowledged [himself/herself] to be the [SIGNATORY TITLE] of [LIMITED PARTNERSHP NAME], a registered limited liability partnership, and that [he/she], as such [SIGNATORY TITLE], being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the registered limited liability partnership by [himself/herself] as [SIGNATORY TITLE].

In witness whereof I hereunto set my hand.

[SEAL] _____
Notary Public
My Commission Expires: [DATE]

Trustee

STATE OF [STATE])
COUNTY OF [COUNTY])

On this the [DATE] day of [MONTH], [YEAR], before me, [OFFICER], the undersigned officer, personally appeared [SIGNATORY NAME], of the State (County or City as the case may be) of [STATE], known to me (or satisfactorily proven) to be the person described in the foregoing instrument, and acknowledged that [he/she] executed the same in the capacity therein stated and for the purposes therein contained.

In witness whereof I hereunto set my hand.

[SEAL] _____
Notary Public
My Commission Expires: [DATE]

Disclosures, Certifications, and Implied Uses

4. Are there any statutory or legal disclosures required by the landlord or the tenant either at the beginning or end of the lease term? Are there any compliance certificates the tenant may request from the landlord?

In Connecticut, the landlord and tenant are not statutorily or legally required to make any disclosures, and the tenant has no legal right to force the landlord to provide compliance certificates.

5. Is a lease deemed to include an implied warranty of fitness for intended use?

Connecticut does not recognize an implied warranty of fitness for intended use in commercial leases.

Term, Renewal, and Early Termination

6. Are there any legal restrictions which:

- Limit the maximum term of a lease (including any renewals)?
- Require the landlord to allow the tenant to renew its lease?
- Allow the tenant to terminate its lease before the express expiration date?

Limit on Maximum Term

There is no limit on the maximum term of a commercial lease, but a lease of 99 years or more is subject to the Connecticut conveyance tax (see Question 10).

Tenant Renewal

A landlord is not required to allow a tenant to renew its lease.

Early Termination

There is no law that allows a tenant to terminate its lease before the express expiration date.

7. Is the landlord required to provide the tenant with a notice before the effective date of a renewal when the lease term automatically renews?

In Connecticut, the landlord is not statutorily required to provide the tenant with a notice before an automatic lease renewal. Providing this notice is solely governed by the terms of the lease.

Rent and Security Deposits

8. Are there any legal restrictions on:

- How much rent the landlord may charge?
- Whether certain operating expenses (or other additional rent) may be passed through to the tenant?

Maximum Rent

In Connecticut, there is no legal restriction on the amount of rent that may be charged for commercial, office, or

retail leased space. This is a matter of contract between the parties.

Operating Expenses

There are no legal restrictions on the amount of operating expenses that may be passed through to the tenant for commercial, office, or retail leased space. This is a matter of contract between the parties.

9. For security deposits:

- Must the landlord maintain security deposits in a separate bank account for each tenant?
- Must a security deposit be in an interest bearing account?
- Must the landlord pay all interest earned to the tenant or can the landlord retain a percentage of the interest earned as an administrative fee?

Commingling Permitted

Connecticut does not have a statute that governs security deposits for commercial leases. This is a matter of contract between the parties.

Interest Bearing Account

Connecticut does not have a statute that governs security deposits for commercial leases. This is a matter of contract between the parties.

Administrative Fees

Connecticut does not have a statute that governs administrative fees for commercial leases. This is a matter of contract between the parties.

Transfer Taxes and Other Taxes

10. Are any state or local transfer taxes triggered when a lease is signed or in the later assignment of a lease? If so, please specify the:

- Rate for the tax and how it is calculated.
- Returns required.
- Timing for filing the returns and paying the taxes.

Rate and Calculation

In Connecticut, leases or other ownership interests which endure for a fixed period of 99 years or more (including extension or renewal options) are subject to the conveyance tax on state and local levels. Accordingly, for non-residential property:

- For improved land, state conveyance tax rates are 1.25% of the consideration for the interest in real property conveyed.
- For unimproved land, state conveyance tax rates are 0.75% of the consideration for the interest in real property conveyed.
- Local conveyance tax rates are between 0.25% and 0.5%. Eighteen towns have been authorized to adopt the higher tax rate. All authorized towns are either targeted investment communities or a town that has a manufacturing plant that qualifies for enterprise zone benefits.

(Conn. Gen. Stat. Ann. §§ 12-494 to 12-504h.)

Returns

Original state and local Conveyance Tax Statements are required (see Timing). These forms can be obtained from the [Connecticut Department of Revenue Services](#) or town clerks.

Timing

Original state and local Conveyance Tax Statements must be delivered, along with the required payment, at the same time as recording the Notice of Lease (see Question 2).

No deed, instrument, or writing that is subject to conveyance tax may be recorded by any town clerk, unless:

- The original Conveyance Tax Statements are filed with the town clerk.
- The conveyance tax is paid.

(Conn. Gen. Stat. Ann. § 12-497.)

11. Are state or local transfer taxes triggered when the tenant undergoes a (direct or indirect) transfer of its ownership interests? In particular, please specify the:

- Percentage of ownership interest that triggers the taxes.
- Rates for the taxes and how they are calculated.

- Returns required.
- Timing for filing the returns and paying the taxes.

A tax is imposed on the sale or transfer of a controlling interest in any entity that has a direct or indirect interest in real property located in Connecticut when the present true and actual value of the interest in real property equals or exceeds \$2,000 (Conn. Gen. Stat. Ann. § 12-638b(a)(1)).

Present true and actual value is the fair market value, not including the amount of any mortgage, lien, or other encumbrance, at the time of the transfer of a controlling interest. Real property includes any interest that is subject to real estate conveyance taxes under Chapter 223 of the Connecticut General Statutes (see Question 10).

The tax must be paid by the person selling or transferring the controlling interest (Conn. Gen. Stat. Ann. § 12-638b(a)(1)).

A taxable sale or transfer of a controlling interest may occur in one transaction or in a series of transactions. Transactions that occur within six months of each other are presumed, unless shown to the contrary, to be a taxable series of transactions. (Conn. Gen. Stat. Ann. § 12-638b(a)(2).)

This tax does not apply to the transfer of the controlling interest of land in an enterprise zone or where there is no change in beneficial ownership (Conn. Gen. Stat. Ann. § 12-638b(b)).

Percentage of Interests

Controlling interest means:

- For a corporation, more than 50% of the total combined voting power of all classes of stock of that corporation.
- For a partnership, association, trust, or other entity, more than 50% of the capital, profits, or beneficial interest in the partnership, association, trust, or other entity.

(Conn. Gen. Stat. Ann. § 12-638a(2).)

Rate and Calculation

The tax rate is 1.11% of the present true and actual value of the interest in real property possessed, directly or indirectly, by the entity (Conn. Gen. Stat. Ann. § 12-638b(a)(1)).

Returns and Timing

The person conveying the controlling interest must file a form determined by the [Connecticut Department of Revenue](#). The current form is AU-330. The payment of the tax must accompany the return.

The form must be filed by the last day of the month following the month in which the sale or transfer of a controlling interest is completed.

The return must be signed by the person required to file the return for the entity or by the authorized agent of that person, but need not be verified by oath.

The entity for which controlling interest was transferred must file [Form AU-331](#). This form must be filed by the last day of the month after the month in which the sale or transfer of a controlling interest is completed.

Penalty

Interest for late payment is 1% per month, or fraction of a month, from the due date. Penalty for late payment is 10% of the tax due or \$50, whichever is greater (Conn. Gen. Stat. Ann. § 12-638c(a)).

12. Describe any state or local taxes (rental or other) that the landlord must collect from the tenant.

Commercial landlords are not required to collect taxes on rent or other taxes from tenants in Connecticut.

Assignment, Financing, and Transfers

13. Describe any laws allowing the tenant to assign its lease, or sublease its premises, without the landlord's consent. Is a reasonableness standard implied when the lease is silent on whether the landlord's consent to an assignment or sublease may be reasonably or unreasonably withheld?

There are no Connecticut statutes regulating whether a tenant in a commercial lease may assign that lease.

A commercial lease, like any other contract, is generally assignable, unless the lease restricts assignments. The tenant under a commercial lease can generally sublet, unless the lease limits subleasing.

Connecticut case law is not clear on whether a reasonableness standard would be implied if the lease is silent on whether a landlord must be reasonable when granting its consent.

14. If the lease does not expressly define the term "assignment" and there is no other express restriction in the lease to the contrary can the:

- Tenant's corporate ownership interests be freely transferred without the landlord's consent?
- Tenant freely place a lien on its leasehold interest, or pledge its corporate ownership interests, in connection with a financing without the landlord's consent?

Transfer of Ownership Interests

There is no express statutory prohibition of the transfer of a tenant's corporate ownership interests. In Connecticut, this is a matter of contract between the parties.

Security Lien or Pledge of Ownership Interests

A tenant may place a lien on its leasehold interest or pledge its corporate ownership interests in connection with a financing transaction without the landlord's consent, unless restricted by the terms of the lease.

15. When a lease requires a landlord's consent for an assignment and defines the term "assignment" to include a transfer of the tenant's corporate ownership interests, would an indirect transfer of the tenant's interests trigger the landlord's consent requirement?

In Connecticut, whether an indirect transfer of the tenant's ownership interests would trigger the landlord's consent requirement depends on the actual language of the lease.

16. Is the tenant/assignor deemed released from future liability under the lease when the lease is silent on whether the original tenant will be released in the event of an assignment?

A tenant is not released from future liability under a lease when the lease is silent on the tenant's liability after an assignment. The tenant's liability for the rent after the assignment is founded on the express covenant to pay rent stated in the lease, which Connecticut courts see as unaffected by the assignment.

17. Describe any restrictions on the landlord's ability to transfer the real property subject to the lease. Does this transfer affect the tenant's rights or obligations?

There are no express statutory restrictions on a commercial landlord's ability to transfer real property subject to a lease in Connecticut. This may vary depending on the lease terms.

Remedies

18. If a tenant breaches the lease:

- Are there any implied remedies available to the landlord, such as the acceleration of rent?
- Is there a limitation on the landlord's ability to exercise self-help?
- Is there a common form of an eviction proceeding and, if so, what is the typical length of time for the proceeding?
- Are there specific mechanisms for expedited remedies, such as waiver of jury trial or arbitration?
- Is the landlord required to mitigate its damages without an express obligation to do so?

Implied Remedies

There are no implied remedies available to the landlord.

Self-Help

Self-help is largely ineffective in Connecticut. The courts adhere to Connecticut's summary process statutes (Conn. Gen. Stat. Ann. §§ 47a-23 to 47a-42a).

Key statutes include those covering:

- The procedure for dealing with an evicted commercial tenant's personal property (Conn. Gen. Stat. Ann. § 47a-42a).
- A prohibition on wrongful entry and detainer (Conn. Gen. Stat. Ann. § 47a-43).

Eviction Proceeding

Connecticut statutes allow a landlord to initiate a "Summary Process" proceeding to evict a commercial tenant. This process usually takes about four to six months. Connecticut's summary process is handled in the superior court housing session. (Conn. Gen. Stat. Ann. §§ 47a-23 to 47a-42a.)

Expedited Remedies

Summary Process is itself an expedited procedure, but it requires adherence to statutory and pleading time frames (see Eviction Proceeding).

Mitigation of Damages

A landlord must mitigate damages if it:

- Terminates a commercial tenancy because the tenant committed a breach of the rental agreement.
- Brings an action for damages for the breach.

(Conn. Gen. Stat. Ann. § 47a-11c.)

Although the statute addresses mitigation of damages, it is better practice to also include a mitigation clause in a commercial lease.

Automatic Termination of a Lease in a Foreclosure Action

19. When a landlord's lender forecloses on its lien recorded against the landlord's property, would the lease interest that is subordinated to the lender's lien automatically terminate? If so, how do the parties avoid automatic termination of subordinated lease interests?

In Connecticut, when a foreclosure action is commenced on a property that is encumbered by a commercial lease subordinated to the lender's lien, the lienholder must seek to foreclose the leasehold interest by naming the tenant as a defendant in the foreclosure action to foreclose the tenancy. In this case, the lease terminates at the end of foreclosure according to the court's order and the foreclosing lender may seek an order of ejection concerning the tenant.

If the lease is subordinated to the lender's lien, but the tenant is not named as a defendant, the foreclosing lender

loses his right to terminate the lease in the foreclosure, but maintains the right to file a summary process action when it becomes the owner through foreclosure if:

- The tenant defaults under the lease.
- In some circumstances dictated by the facts, the foreclosing lender after title vests might be able to commence an independent action for ejectment.

However, if the property being foreclosed contains any residential leases and if there is a bona fide residential tenant in possession on the date absolute title to the property vests in the lender, lienholder, or successor in interest, any ejectment action against the residential tenant is stayed and no summary process action or other action to dispossess the tenant may be commenced until:

- For a written rental agreement entered into more than 60 days before the commencement of the foreclosure action, whichever occurs first of:
 - the expiration date contained in the rental agreement; or
 - 60 days after the date absolute title vests in the lender, lienholder, or successor in interest.
- For any other residential rental agreement other than one described above, 30 days after the date absolute title vests in the lender, lienholder, or successor in interest.

(Conn. Gen. Stat. Ann. § 47a-20e.)

However, a summary process action or other action to dispossess any tenant (whether commercial or residential) may also begin as provided for in Conn. Gen. Stat. Ann. §§ 47a-23 and 47a-31 for reasons other than because the tenant no longer has the right or privilege to occupy the premises because of a judgment of foreclosure. These actions can include a termination or avoidance of the lease because of matters listed in the Connecticut General Statutes, for example:

- Lapse of time.
- An express stipulation.
- Violation of the lease agreement.

Though the case law in Connecticut is conflicting, there is some case law allowing a tenant in a property subject to foreclosure, in which the tenant is not named a defendant in the foreclosure action, to claim a termination of the tenancy by reason of the pending foreclosure unless the tenant has received “assurances” from the foreclosing party that its tenancy will not be disturbed, which presumptively may include a previously executed

subordination, non-disturbance, and attornment agreement (SNDA). For sample SNDAs, see [Standard Documents, Subordination, Non-Disturbance, and Attornment Agreement \(SNDA\) \(Pro-Lender\)](#) and [Subordination, Non-Disturbance, and Attornment Agreement \(SNDA\) \(Pro-Tenant\)](#).

Electronic Signatures, Recording, and Notarization Laws

20. Has your state adopted laws permitting electronic signatures, electronic recording, and remote notarization? In particular, include information on whether:

- The Uniform Electronic Transactions Act (UETA) or another law giving electronic signatures legal effect has been adopted.
- The Uniform Real Property Electronic Recording Act (URPERA) or another law permitting the recording of electronic signatures has been adopted.
- The Revised Uniform Law on Notarial Acts (RULONA) or another law permitting remote online notarization (RON) has been permanently adopted and/or temporary remote online notarization is permitted on an emergency basis due to the coronavirus pandemic.

Note that despite adoption of the applicable electronic laws referred to below, the transaction parties or recording offices may not be required to accept documents executed or notarized electronically. Before relying on any of the below electronic laws for a particular transaction, counsel should confirm (as applicable) that:

- All parties to the transaction agree to accept electronic signatures and/or remotely notarized documents and intend to be bound by them.
- The applicable recording office accepts electronic signatures and remotely notarized documents for recording.

Electronic Signatures

Connecticut has adopted the UETA (Conn. Gen. Stat. Ann. §§ 1-266 to 1-286).

Electronic Recording

Connecticut has adopted the URPERA (Conn. Gen. Stat. Ann. §§ 7-35aa to 7-35gg).

Remote Online Notarization

Connecticut has not adopted a RON law.

Connecticut allowed RON on an emergency basis for remote principals located in Connecticut due to the 2019 novel coronavirus disease (COVID-19) pandemic, effective March 23, 2020, for the duration of the public health emergency (see [Executive Order No. 7Q](#), replacing Section 3 of Executive Order No. 7K, and [Executive Order No. 7ZZ](#)). However, the [last extension](#) of the emergency declaration expired on June 30, 2021.

For a state-by-state chart covering key provisions of RON laws, emergency orders permitting RON during the COVID-19 pandemic, and pending electronic recording and RON laws, see [Electronic Signatures, Recording, and Notarization Laws for Real Estate Transactions: State Comparison Chart](#).

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