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## **NEWSLETTER**

NOTE: If you think your colleagues would benefit from the information contained in this Newsletter, please forward it to them and ask them to reply to me by email for inclusion in this free Newsletter.

Also, if you have a topic you would like me to analyze and discuss, please email me and I would be glad to consider it in a future Newsletter

If you are the listing agent of a **LEASEHOLD** condominium or a **COOPERATIVE**, beware of offers that require the Sellers to convey title by a warranty deed. As everyone knows, almost all contract forms customarily used by Connecticut realtors contain a requirement in the Boilerplate language stating that the Sellers shall convey title to the premises by warranty deed.

There are leasehold condominiums where the Seller leases not only the land, but also the dwelling (**CROWN VILLAGE** in Meriden is an example) and leasehold condominiums where the Sellers own the unit but lease the land beneath the unit (**SHEPARD'S KNOLL** in Hamden). In a cooperative (**STONEBROOK CO-OP** in Stratford, for example), the Seller does not own the land or the unit but merely leases the unit from a corporation.

In such cases, the Sellers cannot convey title by warranty deed. A cautious listing agent will cross out that portion of the contractual paragraph relating to the conveyance being by warranty deed and insert *by quitclaim deed and/or assignment of lease!*

The reason is apparent: a warranty deed conveys title in fee simple. That essentially means that the Sellers warrant that they own the dwelling and the land. This is not true in leasehold condominiums and cooperatives. You cannot convey what you do not have!

The consequences can be serious: a sound legal argument could be made that Sellers who agree to convey title to a leasehold condominium are obligated to buy out the lease from the landlord in order to satisfy their contractual obligations. This result is clearly unintended.