



TITLE TIP

From the Central Alabama Title Center, LLC

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Undivided Interests In Properties

Occasionally CATC is asked to insure the purchaser of an undivided interest in land when the applicant for the insurance is one of several parties acquiring title at one time. How can this be done you ask? First, you should always seek approval from your title company prior to doing this but to sum up a quick answer yes, CATC can usually insure this type of transaction. However, if the undivided interest is the only interest being transferred and title is otherwise insurable, a policy may be issued but you should know the policy will contain the following exception:

This policy insures only an undivided ____ (% of ownership) interest in the land described in Schedule A hereof and does not insure against (1) the rights or claims of the owners of other undivided interests in said land nor (2) any matters affecting such other interests including, but not limited to, the right to require disposition of the interest hereby insured in an action or proceeding affecting such other interest or interests. Expect with respect to court costs and attorneys' fees, the Company, in the event of a partial loss as affecting the whole title to said land shall only be liable for ____ (%of ownership) of such loss.

In addition to the foregoing exception it is very important that the conveyance deed to the insured specify the fractional interest being conveyed in said land. Also the Schedule A of the commitment and policy should reflect the words such as "an undivided ____ (%of ownership) interest in Item 3.

EXAMPLE: Fee Simple interest in the land described in the Commitment/ Policy is owned, at the time of this Commitment / Policy by: John A. Smith, 1/2 undivided interest.

As always, should you have questions, please feel free to give CATC at call at 888-207-6200 or check out our web site at www.titlecenter.com

Can an undivided interest in a property be insured?

Always check with the title company prior to closing!
