




# GRANT DEED vs QUITCLAIM DEED

## WHY A GRANT DEED AND WHY A QUITCLAIM DEED?

This is a topic that has been asked time and time again. Both are instruments of conveyance, but why use one and not the other? The answer lies in the warranties (responsibilities) that follow the conveyance.

Using a Grant Deed to transfer ownership implies (or warrants) that:

1. The person granting the property (Grantor) did not transfer it prior to this conveyance,
2. The property is transferred free from any liens or encumbrances placed on it by Grantor, unless allowed by person receiving the property (Grantee)
3. Absolute ownership or “fee” title is conveyed,
4. Any ownership that come to the Grantor afterwards – “after-acquired” title – is also conveyed.



On the other hand, when using a Quitclaim Deed you will notice right off that in the language of the form, the word “grant” is substituted with the word “quitclaim” or the words “remit, release and quitclaim”. That means that there are no warranties regarding any liens or encumbrances existing on the property, and there is no transfer of any “after-acquired” title. Most importantly, the Quitclaim only transfers whatever present right, title or interest the Transferor may have.

When title companies require a spouse relinquish whatever community property interest he/she may have in a property in order to establish title as sole and separate typically a Quitclaim Deed is utilized because the spouse cannot or does not want to warrant (1), (2), (3) or (4) above.

As a further notation, in many REO transactions the REO Lender selling the foreclosed property may use a Quitclaim Deed. The reason for this also relates to the 4 items above. The REO Lender will only transfer whatever rights they have acquired resulting from their foreclosure and gives no other warranties with respect to matters affecting the property prior to their foreclosure. Buyers under such terms need to do all their own due diligence prior to closing the transaction and request the REO seller provide them with an Owners Title Insurance Policy or if the REO seller is not providing title insurance, instruct escrow to request an Owners Title Insurance Policy on their behalf that they can pay for at the close of escrow.

All information is deemed reliable but not guaranteed.



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