



KEY DIFFERENCES: GRANT DEED AND QUITCLAIM DEED

Why would someone choose a grant deed or a quitclaim deed?

Both grant deeds and quitclaim deeds serve as instruments of conveyance, but what factors influence the choice between them? The answer lies in the warranties and responsibilities associated with each type of conveyance.

When utilizing a Grant Deed to transfer ownership, the following implications or warranties apply:

- 1.** The individual granting the property (known as the Grantor) has not previously transferred it before this conveyance.
- 2.** The property is transferred without any liens or encumbrances placed on it by the Grantor, unless specifically allowed by the recipient of the property (referred to as the Grantee).
- 3.** The fee title, representing absolute ownership, is conveyed.
- 4.** Additionally, any ownership acquired by the Grantor after the transfer (referred to as “after-acquired” title) is also conveyed through the Grant Deed.

In a Quitclaim Deed, there are no guarantees related to any existing liens or encumbrances on the property. Additionally, no transfer of an “after-acquired” title occurs. The primary purpose of a Quitclaim Deed is to convey whatever current right, title, or interest the Transferor possesses.

Title companies can sometimes require a spouse to relinquish any community property interest they may have in a property. This is done to establish sole and separate title. In such cases, a Quitclaim Deed is commonly used because the spouse either cannot or chooses not to warrant the conditions outlined in points (1), (2), (3), or (4) above

As an additional note, in many REO transactions, the REO Lender selling the foreclosed property may utilize a Quitclaim Deed. This choice is directly related to the four points mentioned earlier. Specifically, the REO Lender will only transfer the rights they have acquired through foreclosure, without providing any other warranties regarding matters affecting the property prior to foreclosure.

Buyers operating under these terms should conduct their own due diligence before finalizing the transaction. Additionally, they should request that the REO seller provide an Owner’s Title Insurance Policy. If the REO seller does not offer title insurance, buyers can instruct escrow to obtain an Owner’s Title Insurance Policy on their behalf, which they can pay for at the close of escrow.

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