



SHINE BRIGHT

WARRANTY DEEDS VS. QUIT CLAIM DEEDS: THE DIFFERENCE

Suppose someone came to you and said, "I own the Golden Gate Bridge in San Francisco. I need the cash, and I will give you the deed for \$150."

You reach for your wallet, hand over the cash, and take possession of the deed. Only later, when you inform the city of San Francisco that you plan to paint your bridge purple, do you learn that the person who gave you the deed never owned the bridge at all and had no legal right to sell it. The deed you are holding is a Quit Claim Deed, which comes with no warranties that can be enforced under deed by you as the buyer. A Warranty Deed would have had a covenant from the seller to forever defend the title conveyed.

Granted, this is an extreme example – and if you fell for the bridge ruse, the title you hold may truly be, "Sucker of the Year." Yet in certain instances, a Quit Claim Deed is legitimately used to convey property.

The fact is both Quit Claim Deeds and Warranty Deeds are legal documents. So what exactly is the difference?

A WARRANTY DEED

A warranty deed provides warranties to the buyer including a full description of the property and certification that the seller does, in fact, own it and is legally able to transfer full and clear title. It also warrants that the property is free of any easements, liens, or other encumbrances on ownership unless specific exceptions are noted and to forever defend the title conveyed under the warranty deed.

QUIT CLAIM DEEDS

Quit Claim Deeds are less common in a traditional sale. They are more likely used when transferring property between family members, or when the grantor and the grantee have an existing relationship – as through a will or as a gift, or when property is placed in trust, or is part of a divorce settlement. They may also be used when someone wants to sell property but is not certain what the property boundaries are or whether any other claims can be made on the property. A Quit Claim Deed is more of a divestment of an interest (if any) in real property by the grantor in favor of another person as opposed to a conveyance in the traditional sense.

The important thing to remember is that Quit Claim Deeds, while legal, come with no warranties. If you buy a property and receive a Quit Claim Deed – whether it's for the Golden Gate Bridge or that nice two-bedroom cottage on Main Street – and you later find out that the person you bought it from was not legally able to sell it, you have no warranties within the deed as remedy.

Conversely, with a Warranty Deed, if it turns out the property is not what the seller promised the buyer can sue the seller based on the warranties in the deed.

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