

# Title Minute

Homestead Title and Escrow



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## Quit Claim Deeds

The Quit Claim Deed is a simple way to transfer property in Colorado without making any warranties of title. It conveys only the Grantors interest to the Grantee and is usually used between parties who know each other in situations like simple title name changes, (individual to LLC, trust, etc) or to add or remove parties from title. For a deed to be valid, it must be on a written document, contain the parties designated, consideration (if a quit claim deed, it's typically \$10), the correct legal description, signature, notarization, and delivery of deed. It should also be recorded at the county in which the property is located.

Quit Claim Deeds tend to be the most used deed and often the most error filled document in the chain of title. Why is this? Often, the actual vested owner, Grantor name, is not properly verified at time of transfer. One must leave title exactly as they took it with the exact same name, and it will need to be verified by the notary. Another error common to quit claim deeds is a lack of the full legal description, or the wrong legal description. This happens when the parties pull an abbreviated legal description vs the previous deed to verify the true conveyance.

Quit Claim deeds may potentially nullify a current owner's title insurance if the vested name changes to new party. This is often not known by the person doing the Quit Claim deed, but is contained in the disclosures of the title commitment and owner's title policy. When a buyer takes title, the title policy says to alert the title company in writing if there is a party who will be taking other than the "named insured" or covered party. It's important to verify what name changes are acceptable or not.

Another unintended consequence is breaking the joint tenancy by not properly designating joint tenancy with right of survivorship on the new Quit Claim deed. This can cause fractional ownership issues if one of the parties dies, making probate necessary. This is often an unwelcome surprise and can cause closing delays.

To seek a name change, the original insuring title company can update the owner's policy. They would have to prepare the deed, add the endorsement to the owner's policy (Endorsement 107.9) and assist with the deed preparation and recording. There is a cost to this. Most people seeking a change in title by quit claim deed to not do this step, rather just record the quit claim deed at the county, or ask their favorite title company or lender to help them.

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Quit Claim deeds can have unintended legal consequences with estate planning. It's best to consult with an attorney to understand the different scenarios before using a Quit Claim Deed to change the title on a property.