

# TYPES OF DEEDS

*Documenting your right of ownership.*



Remember that a title is a legal right to ownership, while the deed is the physical object that documents that rightful ownership. A deed is a legal document that transfers property ownership from a seller/grantor to a buyer/grantee. A deed contains a description of the property (*including property lines*) and denotes the seller/grantor and the buyer/grantee.

Understanding titles and deeds, as well as their purpose, is a fundamental part of homeownership and is essential throughout the beginning of the buying process.

## DEED WITHOUT WARRANTY

These Deeds exclude the implied warranties under Section 5.023, Property Code. It is used when the Grantor never had any real interest in the property for himself - perhaps an executor, administrator, receiver, trustee, guardian, etc. There are circumstances that would permit the use of a deed without warranty in the direct chain of title; however, approval must be made on a case-by-case basis.

## GENERAL WARRANTY DEED

General Warranty Deeds are the strongest deeds. Pursuant to Section 5.022 of the Texas Property Code, the General Warranty deed warrants to the Grantee:

- That the Grantor has not previously conveyed the estate or any interest therein to one except the Grantee; and
- The estate is free from encumbrances. This is the most commonly used deed in insuring title to real property and gives the most protection to the Grantee.

## GENERAL WARRANTY DEED with VENDOR'S LIEN

A warranty deed with vendor's lien is one way to show a debt for the purchase of a property. If the debt goes unpaid, the recourse action for the original owner is easily proven in court. For this lien to be removed, the buyer has to pay off the lien. If the buyer does not pay, then there is recourse for the warranty deed to be revoked.

## SPECIAL WARRANTY DEED

Special Warranty Deeds limit the warranty "by, through or under the Grantor but not otherwise." These deeds are often used when the conveyance is from an executor, administrator, trustee, guardian, etc. There must be a valid reason for the Grantor to be limiting the warranty. Certainty is required, that the Grantor does not have knowledge of some defect in the chain of title that is not being acknowledged.

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## LADY BIRD DEED

A Lady Bird Deed is technically called an Enhanced Life Estate Deed. This deed is commonly used in estate planning to avoid the expense of probate. A lady bird deed gives the life tenant complete control of the property. Life tenant maintains the right to use the property in any legal way they chose during his or her lifetime.

This deed protects the homestead status of the property.

## QUIT CLAIM DEED

Quit Claim Deeds do not contain "grant & convey" language which gives implied warranties under the Property Code. Quit claim deeds are not acceptable in the direct chain of title and are normally used only for curative matters. An example would be where a Divorce Decree properly divests one spouse's interest in the property to the other - a quit claim deed may then be used to satisfy disposal of the spouse's interest in the real property records.

## TRANSFER ON DEATH DEED

Texas allows an individual property owner (transferor) to transfer their interest in real property using a Texas Transfer on Death Deed. This deed is often referred to as a TODD and is a future transfer of the property. Ownership of the property does not change until the owner who signed the Transfer on Death Deed dies. This deed should be prepared, signed, and notarized before a property owner dies.

No formal action is required to transfer the property upon the death of the owner. The transfer is automatic; underwriters may require a copy of the death certificate.

