



Real Estate

Q: I'm buying an investment property from a bank, and the bank insists on using a quitclaim deed. Is that OK?

A: As a buyer, you generally want to avoid acquiring a property by quitclaim deed because the seller would be making no title warranties whatsoever about the property — not even that the seller owns it. Instead, a buyer should insist on a statutory warranty deed, where the seller warrants that it owns the property, free of encumbrances except as otherwise specified, and promises to defend the buyer from any claims to the contrary. A bargain and sale deed, or special warranty deed, represents a middle ground, where the seller promises that it owns the property free of encumbrances created during the seller's ownership, but makes no warranties regarding other encumbrances. That said, if the bank won't budge — and if the price is right — it's okay to use a quitclaim deed as long as you obtain a good, clean title insurance policy (inquire about extended coverage). That way, the title company will effectively make the promises that the seller refuses to make in the deed.

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