



Deeds

A transfer deed is a formal, legal document that transfers one person or entity's rights of ownership to another individual or entity.

Quit Claim Deeds	versus	Warranty Deed
<ul style="list-style-type: none">- does not provide any guarantees, <i>or warranty</i>, that the grantor actually has good, valid title to the property.- usually, no formal title search conducted.		<ul style="list-style-type: none">- pledges or warrants that the owner owns the property free and clear of any outstanding liens, mortgages, or other encumbrances against it.- requires a formal title search.

Things to consider when transferring property via deed:

- **Florida's Homestead Tax Exemption** – Transferring property via a quit claim deed may lead to the exemption being lost entirely or significantly reduced.
- **Property Tax Assessment** – A transfer via quit claim deed may also lead to a reassessment of property taxes resulting in an ***increased amount owed*** each year based on an increased property value.
- **Due on Sale Clause** – If you transfer your property through a quitclaim deed or try to sell your home without prior written consent from your lender, the bank can exercise the due-on-sale clause and foreclose on your property, which leaves you with the burden of paying the loan in full. Banks can exercise the due-on-sale clause and start foreclosure proceedings even if your mortgage payments are current.
- **Title Insurance Policy Cancellation** – Transferees may be comfortable accepting ownership of property from family members via a quitclaim deed knowing that a title insurance policy was once issued subsequent to a comprehensive title search. However, transferring property

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to another owner, or even adding subsequent owners, may negatively affect or void an Owner's Title Insurance Policy.

- **Florida Transfer Taxes (aka Documentary Stamp Taxes)** – Transferring property triggers the assessment of Florida Transfer See Fla. Stat. § 201.02(1)(a). Most transfers will result in either party owing transfer taxes calculated on the amount of any outstanding mortgage or the fair market value of the property at the time of transfer.
- **Liability** – Adding an individual to a deed results in that transferee owning a portion of the subject property. If such ownership is not protected by existing law, such as Florida's Homestead Protection, the transferor may find their interests being affected by the creditors of the transferee.
- **Homeowner/Condominium Association Violations** – Oftentimes, an association's regulations place rigid restrictions against transferring of property or the need for approval prior to such transfer. If the Association's requirements are not met, it may prohibit the transfer.
- **Other important considerations** – The parties to a quit claim deed transfer should consider the adverse effects on certain governmental benefits such as Medicaid eligibility or social security payments. These benefits may be significantly reduced or eliminated altogether as a result of a quit claim deed transfer. Also, improperly transferring property, particularly homestead property, may make probate inevitable upon the death of a current owner. Finally, certain transfers via quit claim deed may require the transferor to report it to the IRS as a "gift", thereby resulting in unintended tax consequences.

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