

DEED OF RECONVEYANCE



What is a Deed of Reconveyance?

In a Deed of Trust, the owner/borrower transfers title to a “Trustee” in order to secure the debt owed to the Beneficiary. Once the loan is paid, the Beneficiary must instruct the Trustee to issue a “Deed of Reconveyance”. Once recorded, the Deed of Reconveyance transfers title to the borrower or current owner. This serves to release the lien from the property.

Why is this document so important?

If an owner of property pays off the entire debt that he or she owes under a Deed of Trust, but no Deed of Reconveyance is recorded, then the Deed of Trust will remain an encumbrance against the property.

There are a number of ways to obtain release of a Deed of Trust besides a Reconveyance. Among them are:

A Release of Obligation: This type of document can be issued when a payoff of the loan is done by a Title Insurance Company as part of a closing. If a Reconveyance is not provided by the Beneficiary within certain time periods, the Title Insurance Company can prepare and record a “Release of Obligation”. This has the same effect as a Deed of Reconveyance.

A Bond: This process is typically used when a loan has been previously paid but the Beneficiary can’t be located or refuses to provide the Reconveyance. In this situation, a Bond can be obtained. Providing there are no objections within 30 days of recording, the bond can be presented to the “Trustee”. The Trustee can then issue the Deed of Reconveyance.

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