

HOW DO I STOP FRAUD FROM HAPPENING TO ME?

If any red flags appear . . .
Take precautions. Ask questions.
Avoid falling victim to this scheme!

1. Verify Seller Identity

- Responsibility for verifying seller identity is on everyone - real estate broker, attorney preparing the deed, and attorney handling the closing.
- Contact seller directly at an independently discovered and validated phone number.
- Use internet search or reverse phone lookup to locate and identify seller or location of phone number.
- Ask seller for a copy of their government issued identification and review for signs of tampering.
- Use an identity verification platform, such as CertifiD, to validate seller credentials.
- Check where tax bill is sent and compare to seller contact information.
- Mail owner at physical address.
- Ask a neighbor how to contact property owner.
- Upon receipt of documents, compare seller signature to seller signature in previously recorded documents (whether in the chain of title or, if an entity or trust, with the Secretary of State or on trust documents).
- Ask seller to meet in a virtual video platform such as Zoom to share identification.
- If real estate broker is involved, ask how they know the seller.
- If property is leased:
 - Ask tenant for landlord (property owner) contact information.
 - Ask property owner or tenant for a copy of the lease.
 - Ask about the assignment of the lease.
 - Ask where rent payments are sent.
 - Ask about the transfer of the security deposit.
- If an entity:
 - Compare address of the officer(s) and/or registered agent to seller contact information.
 - If registered agent is seller attorney, contact them to verify seller legitimacy and authority.
 - If property is owned by a trust, request a copy of the trust document and contact the beneficiary(ies).

2. Verify or Select Notary

- Verify notary credentials with commissioning authority.
- Contact notary directly, at an independently discovered phone number, to confirm or arrange execution of the documents.
- Request a copy of notary's errors and omissions insurance or notary bond.
- Require that notarization be performed by a vetted and approved notary, which could include RON, if authorized by the state.
- Arrange for seller to go to an attorney's office, title agency, or bank to execute the deed. (It is more important that seller does not know the notary than it is for settlement agent to know the notary.)

3. Control Disbursement

- Refuse to send funds to anyone other than name on title.
- Refuse to wire.
- Require check to be sent for seller proceeds in lieu of a wire.
- Confirm that wire instructions match account detail on seller disbursement authorization form.
- Require copy of a voided check with the disbursement authorization form.

4. Investigate Property

- Search the property address online to see what information is available, such as whether it is publicly advertised as being on the market for sale.
- Talk to neighbors, relatives, and tenants.
- Ask seller property-related questions from appraisal or survey that they should know (e.g., well or septic system? color of carpet or paint).

SIMPLE

SELLER IDENTITY MUST PRECEDE LITERALLY EVERYTHING

KNOW YOUR CLIENT & KNOW THE SIGNS

- REMOTE SELLER
- EXTERNAL EXECUTION
- UNKNOWN NOTARY
- VACANT LAND OR NON-OWNER-OCCUPIED PROPERTY



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Seller Identity Must Precede Literally Everything!

It is S.I.M.P.L.E.

When we are small children, we are warned about talking to strangers. As adults, we become less suspicious of strangers but still acknowledge the risks of unknown individuals. For example, before giving anyone money, we want to know who they are.

Before proceeding with any real estate transaction – the same rules apply. It is S.I.M.P.L.E. Know the client. Know the customer. Identify the seller.

NEW FRAUD SCHEME - HOW IT WORKS

- 1** An imposter seller pretends to be someone they are not.
- 2** Imposter seller lists and/or sells property they do not own.
- 3** Documents are executed remotely and without supervision or verification.
- 4** Title is good. Everyone relies on the fake and forged documents.
- 5** Imposter seller disappears with the money.
- 6** Leaves the rightful owner and the “would-be” buyer to fight it out.

RED FLAGS:

- Deals that sound **too good to be true**.
- Narratives that **sound urgent but reasonable**, such as:

Seller says:

- “I have a family emergency and must sell fast.”
- “Price it to move!”
- “Sell it below market. I need a quick close.”
- “I cannot attend closing due to business or family.”
- “I am out of the country with limited access to phone or internet.”

Entity representative says:

- “Company needs cash during this downturn; needs to liquidate.”



TRANSACTION RED FLAGS

- Remote seller
- External execution
- Unknown notary
- Vacant land or non-owner-occupied property

IMPOSTER SELLER RED FLAGS

THE SELLER:

- **REMOTE SELLER.**
- Resides out of state or out of the country.
- Does not attend closing.
- Only has a digital presence.
- Only communicates by text or email.
- Contacts real estate agent on the internet or lists the property “For Sale by Owner.”
- Refuses to adhere to routine procedures.
- Demands that proceeds be wired (often to an account in a different location than the property).
- Signature does not resemble previous signatures in chain of title.
- Refuses to meet in a virtual video call.
- Uses P.O. box for address.
- Not at address where tax bills are sent.

POSSIBLY ENTITY OWNERSHIP:

- If owned by a non-personal entity such as a corporation, LLC, or trust, additional investigation is prudent.
- Entity formed after the acquisition of property.
- Vesting deed conveyed multiple lots.
- Entity with same name existed prior to formation of seller entity and is now dissolved (or same name in different state).
- Entity with very similar name also exists (e.g., Seller, Inc./Seller, LLC).

TARGET PROPERTY RED FLAGS

THE PROPERTY:

- **NON-OWNER-OCCUPIED PROPERTY.**
- Vacant property.
- Investment property.
- Vacation property.
- Unimproved/undeveloped property.
- Farm property/acreage.
- Tax address does not match property address.
- Commercial property.
- Rental property where the seller does not discuss assigning the lease, pro-rating rents, or transferring security deposit.
- Generally, property that can be shown to prospective buyers without meeting owner.

NOTARY RED FLAGS

- Notary is not known to you.
- Notary is chosen by the seller.
- Notary is not in same state as property.
- Notary is not in same state as seller.
- Notary commission not listed on or does not match Secretary of State website.
- Unable to locate notary.

GENERAL RED FLAGS

- No outstanding secured debt.
- Below-market sales price – goal of a quick sale.
- Back taxes unpaid or other signs of neglect.
- Property offered for sale online by more than one real estate firm.
- Dual agency realtor in transaction.

KNOW YOUR CLIENT. KNOW YOUR CUSTOMER. KNOW THE SIGNS.

It is really simple. Seller Identity Must Precede Literally Everything!