



Combating Deed Fraud

Elizabeth Blosser

Vice President of Government Affairs

eblosser@alta.org



Deed Fraud



WHAT IS DEED FRAUD?



THE TERM “DEED FRAUD” APPLIES TO A VARIETY OF CRIMES where a criminal seeks financial gain through various schemes involving real property. Most of these schemes involve impersonating the actual owner and recording fake or forged documents in local land records. In other cases, property owners are deceived or convinced to sign documents related to their property that are not in their best interests. These crimes result in legal costs, reduction in equity or property value or even property loss. According to the FTC, fraud losses in 2023 were over \$10 billion, with nearly \$2.7 billion coming from impostor scams¹. When it comes to real estate, there has been a significant uptick in Owner/Seller Impersonation Fraud. Criminals target the equity in property, so anyone can be a victim, including those in metro or rural areas. In addition to consumers, notaries and real estate professionals are impacted by these costly crimes. Our organizations are committed to providing education and offering solutions to combat these real estate scams.

The term “deed fraud” applies to a variety of crimes where a criminal seeks financial gain through various schemes involving real property

Think You're a Victim of Deed Fraud?

Don't delay, contact local and state law enforcement immediately, including the state bureau of investigation and state attorney general. Additionally, contact your title professional, real estate attorney and/or title insurance policy underwriter.



Seller Impersonation Fraud

Attempted Graceland sale exposes title, mortgage fraud tactics

A report in The Wall Street Journal uses an attempted sale of Elvis Presley's former home to take a closer look at title and mortgage fraud

FRAUDSTERS are impersonating property owners to illegally sell commercial or residential property. Sophisticated fraudsters are using the real property owner's Social Security and driver's license numbers in the transaction, as well as legitimate notary credentials, which may be applied without the notary's knowledge.



Fraudsters prefer to use email and text messages to communicate, allowing them to mask themselves and commit crime from anywhere.

Due to the types of property being targeted, it can take months or years for the actual property owner to discover the fraud. Property monitoring services offered by county recorder's offices are helpful, especially if the fraud is discovered prior to the transfer of money.

The Washington Post
Democracy Dies in Darkness

He returned to his family's lot. A \$1.4M home was being built there.

Survey Results

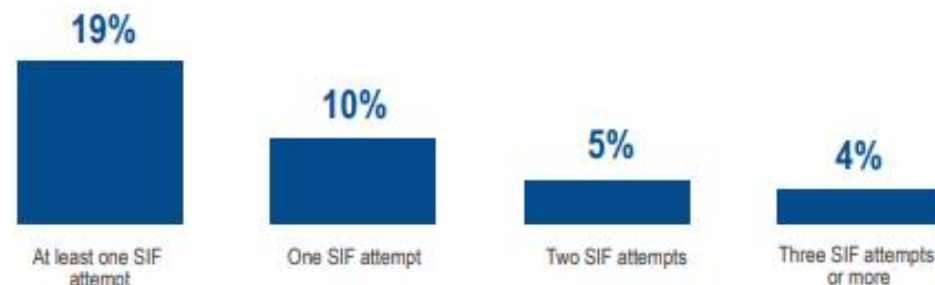
SELLER IMPERSONATION FRAUD SHOWS NO SIGNS OF SLOWING DOWN

Seller impersonation fraud (SIF) affects title insurance companies and consumers. This illegal activity can be difficult to detect and, if successful, may take months or even years to discover. In 2023, nearly 3 in 10 companies experienced at least one SIF attempt, whether successful or not. In May 2024, nearly 2 in 10 companies reported at least one attempt in the past month.

Companies with successful or unsuccessful SIF attempts in 2023

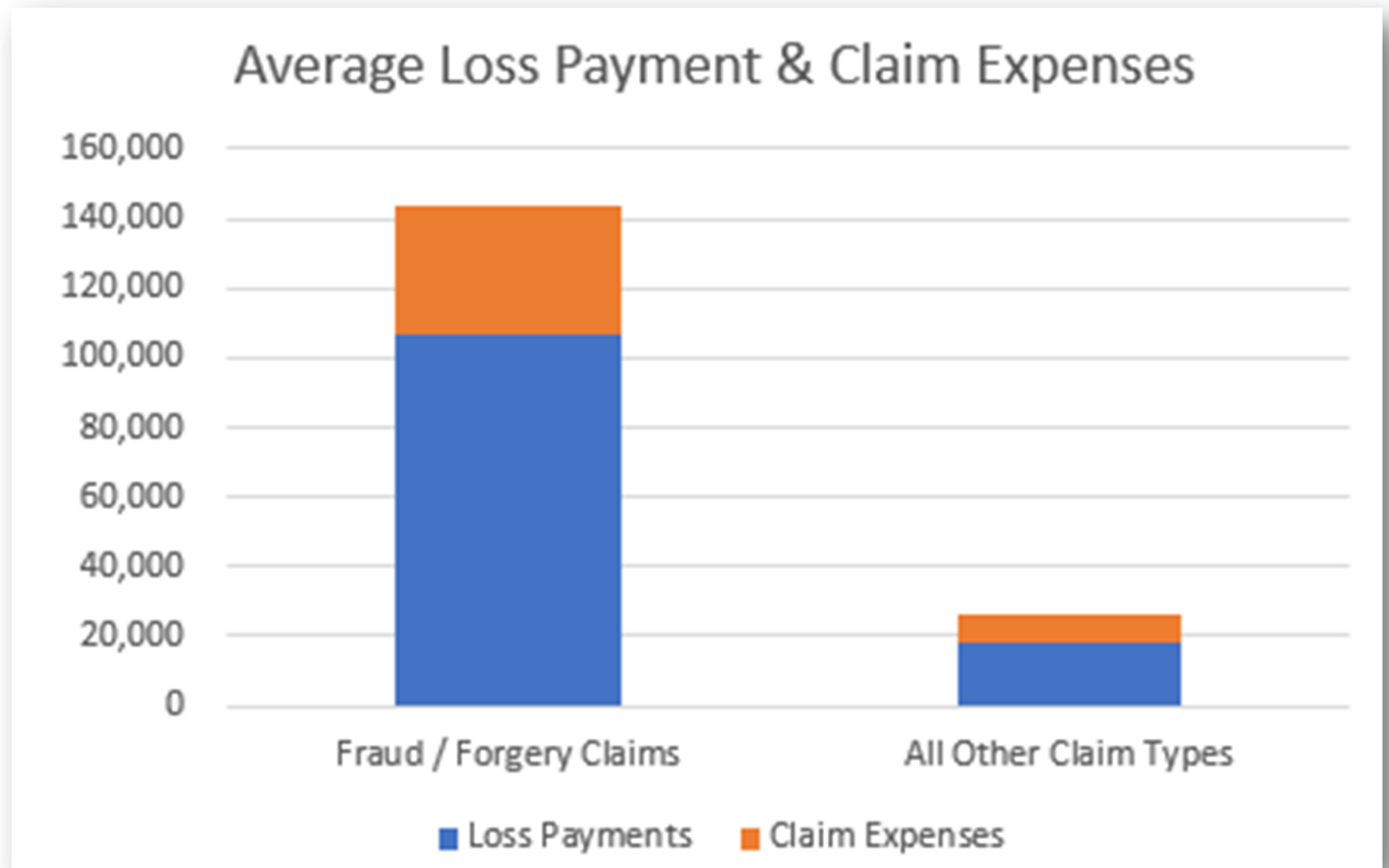


Companies with successful or unsuccessful SIF attempts in the past month



- Fraud claims have more than **doubled in the last two years**
- Approximately **one-third** of all claims are for issues that would not be found in a public records search

Fraud is the Fastest Growing Segment of Claims



Law Enforcement & Reporting



Real Estate Crimes

- 2019 - 2023
- 58,141 victims
- \$1.3 billion lost



Arizona Attorney General
Kris Mayes

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Attorney General's Office Warns AZ Homeowners About Deed Fraud

Monday, August 22, 2022

PHOENIX — Arizona Attorney General Mark Brnovich warns Arizonans about a disturbing trend over the past couple of years involving deed fraud. Since January of 2021, the Attorney General's Office (AGO) has received 65 complaints from homeowners, claiming their home was no longer in their name after someone fraudulently forged their signature on a warranty deed and filed it with the county recorder. In many cases, the criminal quickly sold the home and took off with the money.

Criminal investigators with the AGO say homeowners who live in their homes and carry a mortgage are less likely to experience deed fraud. The crime is most common in houses that are empty, rentals owned by corporations or people who live out of state, or homes where someone has recently passed away.

"For many Arizonans, stealing their house is the same as their life savings," said Attorney General Mark Brnovich. "Homeowners should regularly monitor the status of their property with the county to quickly detect any fraudulent or unlawful activity."

AGTV spoke with Don Carroll, a Special Investigator at the Arizona Attorney General's Office about the kinds of cases he's working on.



ALTA Homeowner's Policy of Title Insurance

FRAUD ALERT



Combating Seller Impersonation Fraud & Benefits of ALTA's Homeowner's Policy of Title Insurance

FRAUDSTERS ARE INCREASINGLY IMPERSONATING PROPERTY OWNERS to illegally sell residential property they do not own. Because fraudsters are targeting properties that are not owner occupied, it can take months or years for the actual property owner to discover the fraud.

Red Flags for Real Estate Transactions

A fraudster might be impersonating a seller if:

- The property is a vacant lot or occupied by someone other than the actual owner, such as investment property, vacation property or rental property
- The property is for sale below market value
- The seller wants a quick sale, generally in less than three weeks, and may not negotiate fees
- The seller will only communicate by phone or email and won't meet in person



Consumer Tips

- If it is too good to be true, ask questions
- Where available, sign up for free property alert notifications from your county recorder's office
- When buying property, ask a title professional or real estate attorney about your title insurance coverage

Understanding Title Insurance Coverage Options

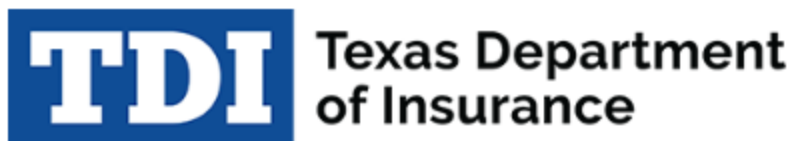
Both the ALTA Owner's Policy and the ALTA Homeowner's Policy of Title Insurance provide coverage for pre-purchase forgery. They would provide coverage for instances where the policy holder purchased the property from a person fraudulently claiming to own the property. However, only the ALTA Homeowner's Policy of Title Insurance provides protection for forgery occurring after the property purchase and further provides additional protection for the owner against a third party fraudulently transferring their property.

With deed fraud on the rise, homebuyers may want to ensure their property is protected both as a purchaser and into the future. Importantly, the ALTA Homeowner's Policy of Title Insurance covers certain risks that occur after the date of policy, including claims due to forgery or impersonation.

If you are a property buyer, both the ALTA Owner's Policy and the ALTA Homeowner's Policy of Title Insurance provide coverage for pre-purchase forgery.

However, **only the ALTA Homeowner's Policy of Title Insurance provides protection for forgery occurring after closing** by providing protection for the owner against a third party who fraudulently transfers the property.

Consumer Alert



Buying a house? Beware of seller impersonation fraud.

Español

One of the fastest-growing real estate scams targets vacant or unoccupied houses for sale.

It starts with someone forging documents to sell a house they don't own. They list a house below market value and accept a quick offer – with a preference towards cash buyers – to steal the money from the sale.

Put your guard up if a seller:

- Tells your agent they only want a cash buyer.
- Doesn't show up for closing or asks to sign documents electronically.
- Asks for a remote notary at signing and wants to use their own notary.
- Asks that the money from the sale go directly to them.

Some tips:

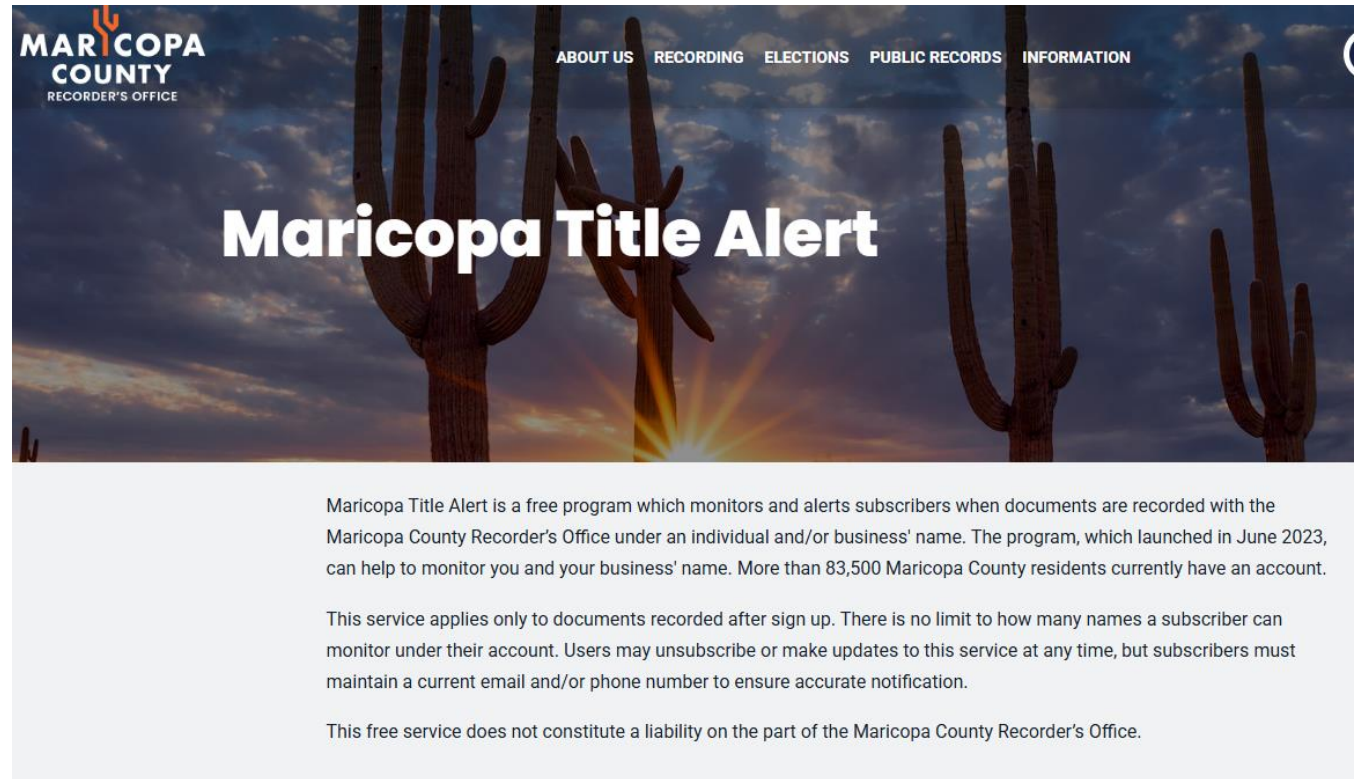
- Visit the house you want in person. Only the real homeowner can give your agent the key.
- Ask your agent to use a trusted in-person notary at closing.
- Buy title insurance. Your real estate agent will likely recommend it and your mortgage company will probably require it. Title insurance protects you from problems with an ownership title.

Report fraud to the [Texas Attorney General](#), the [Federal Trade Commission](#), and your local police.



Legislative Efforts

- Enhanced identity verification options for in person notarization
- Free property recording notification systems
- Education requirements for licensed professionals
- Increased law enforcement and criminal penalties

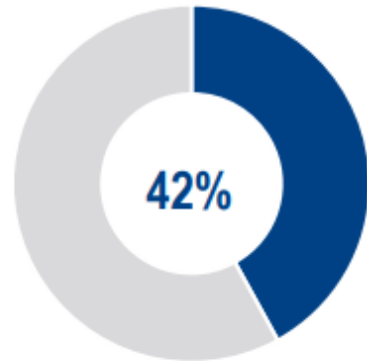


Insurance-Related Legislative Solutions

- Notification of the ALTA Homeowner's Policy of Title Insurance
- Addressing Monoline issues where the ALTA Homeowners Policy of Title Insurance is unavailable
- Creating Taskforce led by Department of Insurance

On average, 42% of customers bought title insurance policies that cover SIF occurrences or attempts in the future if someone impersonates them to fraudulently sell their property.

In 2023, what percentage of your customers bought a Homeowner's Policy (Enhanced Policy) that covers SIF into the future?



The Homeowners Policy of Title Insurance is not available in Florida, Texas, New Mexico or Oregon

Questions?



Thank You