

▶ **ALWAYS** *verify*



Kerry McCall, Escrow Officer with Chicago Title Inland Empire, received an order for the sale of a vacant lot for \$65,000. Upon receipt of the order, Kerry pulled the owner's address where the tax bill is mailed and sent a notice of pending real estate transaction overnight to confirm the owner was selling the property. As soon as the order was opened, the listing agent contacted Kerry to let her know the seller was currently in Texas but would sign the deed at an attorney's office. The deed was prepared and emailed to the seller. The deed was executed and returned to Kerry via overnight delivery. Included with the deed was a completed questionnaire from the notary.

Kerry called the number provided on the questionnaire to obtain information about the law firm that employed the notary. The person who answered the call indicated they did not work for a law firm and the conversation with him was very odd, so Kerry asked her manager, Jennifer Young, to review the file with her.

Together, Jennifer and Kerry determined the deed had to be re-executed with a notary selected and approved by Chicago Title. Kerry reached out to the seller to notify him and arrange for the notary to meet with him. Kerry also notified the listing agent.

Jennifer attempted to locate the notary who notarized the deed independently (not using the phone number provided on the notary questionnaire). She searched for him online and found his contact information. She called and left him a message.

The notary immediately returned her call and verified he is a commissioned notary and the seal number from his notary stamp matched, but the seller never appeared in front of him and he did not notarize the deed. He indicated this was not the first inquiry he received, so he was going to contact his secretary of state next.

Kerry never received a response from the seller to re-sign the deed and other closing documents. No one ever responded to her notice sent to the mailing address of the tax bill either. The listing agent discussed her concerns with the buyer's real estate agent, who asked Chicago Title to verify whether the transaction was legitimate or not.

The listing agent and the buyer's real estate agent requested an indemnification and hold harmless for the benefit of the real estate brokerages and real estate agents, however, the Company does not offer that type of indemnification. Kerry resigned from the transaction and received \$1,500 for her fraud fighting skills.

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This scam is not going away. If anything, the fraudsters are ramping up their efforts and getting better at the scheme. It is so commonplace, many states have issued advisories to their licensed real estate agents, so they know how to properly vet sellers before listing the property for sale.

Tips for Real Estate Agents

- ✓ Research the seller online using search engines and social media to confirm any information they have provided. Look for online pictures of them.
- ✓ View the property online or in-person. What is the terrain like? How many structures are on the property? What else makes it distinct?
- ✓ Contact any neighbors of the property the seller wants to list for sale. Ask them if they know the owner and if they know how to contact them.
- ✓ Ask the seller to meet you at the property, so they can walk it with you to familiarize yourself with it.
- ✓ If the seller cannot meet at the property, ask them to meet you virtually using Microsoft® Teams® or other video conference software. Ask them to hold up their I.D. to the camera to review. Confirm the picture matches the person along with the date of birth, etc. Ask them to describe the property they own and want to list for sale. If they cannot meet virtually, carefully consider whether or not to proceed.
- ✓ Support the settlement agent. When the seller is unavailable or demands to use their own notary, do not interfere in the settlement agent's requirements to use a known, trusted notary of their own.
- ✓ Use trusted title companies for the exchange of closing documents and funds.
- ✓ Never let the buyer waive the purchase of an owner's title policy.

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