



TO: North Carolina Chicago Title Approved Attorneys

FROM: Chicago Title, North Carolina State Office

DATE: August 9, 2023

**RE: "DEED FRAUD" "SELLER IMPERSONATION" "IMPOSTER FRAUD"
"VACANT LAND FRAUD" "ABSENTEE OWNER" --
ARE YOU WATCHING YOUR BACK AND YOUR CLIENT'S?"**

Criminals are targeting your clients, trying to deliver fraudulent forged deeds and "steal" your clients' property. Fraudsters committing seller fraud are becoming more creative and sophisticated in one of the fastest growing areas of fraud according to federal authorities. **They are trying to use YOU, THE NORTH CAROLINA CLOSING ATTORNEY,** as a means to unintentionally facilitate the scams if you are not alert and doing a lot more due diligence! (See the recent story "[Connecticut Landowner Claims a \\$1.5M home is being built on his vacant lot after a fraudulent sale](#)", ALTA brochure "[Seller Impersonation Fraud in Real Estate](#)," and [United States Secret Service Cybercrime Investigation "Real Estate Scams: Vacant Properties."](#))

THESE ARE VERY REAL, THEY ARE IN NORTH CAROLINA, AND IF YOU ARE NOT INCREASINGLY MORE CAREFUL, YOU AND YOUR CLIENT MAY BE THE NEXT VICTIMS.

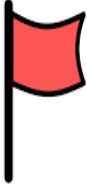
Fraudsters are targeting vacant properties, elderly or remote owners, unencumbered properties, and more! Fraudsters may have impersonated the prior owner, so LOOK BACK!

Price is no object when they are stealing. These may be small amounts or significant ones.


According to the American Land Title Association (ALTA), fraudsters are impersonating property owners to illegally sell commercial or residential property. Sophisticated fraudsters are using real property owner's Social Security and driver's license numbers in the transactions, as well as legitimate notary credentials, which may be applied without the notary's knowledge.

Please educate yourself, your staff, and clients by reading the attached bulletin from ALTA and remain vigilant with every closing file that is opened in your office.

What are SOME of the red flags, depending on what has already happened?

	<ul style="list-style-type: none">⚠ Unencumbered, vacant, pending foreclosure or rental properties⚠ Listing below market value for quick sale, preferably cash buyer⚠ Purported “seller” may be signing in a different location from the address on the tax listings and existing legitimate deed, and may have notary in yet another location, or may say they are on vacation in a remote location so cannot go to US Embassy or Consulate⚠ Current purported “seller” may have recently purchased, often for less than true value, or no excise taxes, or handwritten or “internet” deed, without a closing attorney involvement, possibly in a “trust” or newly formed or foreign LLC or entity⚠ Check Annual Reports and filings on entities, especially for recent changes or recent organizations⚠ Check relationship of purported “trustees” to the principal of any trust.⚠ Seller refuses to attend closing remotely or in person, corresponds via email, insists on their own notary, has a different phone number or mailing address from the records above⚠ No local realtor with relationship with seller, often an on-line listing, if any (such as Zillow, Redfin, Trulia)⚠ Demands proceeds be wired, especially if wiring instructions have changed recently or just before closing⚠ Refuses or is unable to provide complete multifactor authentication or identity verification
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So if you have a transaction and you notice some of these red flags, what can you do to protect yourself and your clients? **USE YOUR COMMON SENSE.** Does this transaction and status of title make sense? Who would give away property for less than value to an unrelated third party?

	<ul style="list-style-type: none">✓ Insist on video meeting & ask questions:<ul style="list-style-type: none">✂ When did they acquire the property? For how much?✂ Why are they selling?✂ Where do they reside? Is tax bill a different address? Where are they at time of closing and why, if different?✂ Who did they buy from and who did their closing?✂ What is the condition of the property?✂ What explains any differential in sales price, tax value, historical sales price?✂ What has been done to the property recently to increase its value if a major change from the last recent conveyance? (Are there potential mechanics’ lien issues if recent improvements?)✂ Why can they not attend the closing?✂ VERIFY, VERIFY, VERIFY and keep asking questions.✂ NEVER EMAIL QUESTIONS IN ADVANCE.✂ NOTE: General answers may be more realistic than remembering too much detail.
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| | <ul style="list-style-type: none">✓ Whether the current situation or a recent transaction purportedly with the prior owners, insist on verifying with that longer-term owner <i>independently and using independently obtained contact information</i> (such as Google, Accurint, historic and recent tax mailing address, the owners' association (HOA), or other people finder sources) that they did in fact sell the property, received value, and voluntarily conveyed. (See "Notice of Pending Real Estate Transaction" attached as an example.)✓ Verify notaries are duly commissioned with their state's commissioning office (typically secretary of state) by Google search of "[state] notary search" for the questionable recent and current transaction.✓ Use a reliable bonded notary service for the current transaction (if you are unable to use your own NC notary employees) and assure that they are following your closing instructions.✓ Require additional information (time, date, receipt and location) of US Embassy or Consulate notarization, and consider contacting them for verification since these acknowledgments, too, have been forged.✓ Check identifications – passports, driver's licenses, addresses, phone, email, photos – using independent verification such as social media (for recent photos), multifactor authentication, identity verification (credential analysis, KBA, etc.) or other apps available, such as CertifID, ID Checking Guide, Vemos ID Scan, Intellicheck, LexisNexis Accurint, WestlawNext PeopleMap, Mitek, Jumio, Au10tix, and many others. NOTE: Software verifications under the North Carolina Remote Electronic Notarization Act ("RENA"), once implemented in mid-2024, will include many of these tools for electronic notaries.✓ Compare signatures <i>carefully</i> with other documents from the purported seller or prior owner.✓ CONTACT OUR UNDERWRITING COUNSEL to discuss any questions or concerns. |
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What about at or post-closing?

Most NC Registers of Deeds Offer:

Fraud Detection Notification

Fraud Alert

Property Fraud Alert

Recording Alert System

- ✓ Have your clients sign up for Fraud Notifications at their respective registers of deeds offices in counties in which they have real estate, so that they will receive REAL TIME NOTIFICATION if someone records a document under their name.
- ✓ If the transaction is a fraudulent deed to the fraudster, it may be caught before they pass title on to another.
- ✓ Even if it is at, or just after, closing, **TIMING IS CRITICAL TO STOP THE FRAUD, ALERT THE CURRENT ATTORNEY, RECALL FUNDS, STOP PAYMENTS AND ALERT LAW ENFORCEMENT (IC3.gov, police, FBI, SBI, Secretary of State for notary violations, among others)!**



- ✓ Encourage buyers to keep their contact information complete and up to date with their HOA, if one, on any properties.
- ✓ If the property is a fully improved one-to-four family residence of the buyers (not rental property or vacant land), they should consider the ALTA Homeowners' Policy which includes post-policy fraud coverage, among other additional coverages, with a minor (20%) additional cost.

Notice of Pending Real Estate Transaction

Date:

To: Record Owner @ address on tax bill and/or independent contact information from trusted independent sources

Property:

File Number:

Proposed Buyer:

Dear Owner(s):

Our firm has been contacted to handle a transaction involving the above property and purchaser. We are in the process of examining title and preparing deed and other documents for a closing of the [sale / refinance] of the Property listed above.

This letter is part of our fraud prevention efforts. As you may know, real estate fraud sometimes occurs when an imposter poses as the owner of property and tries to sell the property to an unsuspecting buyer. To prevent a fraudulent transaction, we would like to confirm that you are, in fact, selling the property to the Proposed Buyer so that we know we are communicating with the true owner of the Property.

Upon your receipt of this letter, we ask you to send an email or call us to confirm the transaction or, alternatively, to inform us that you are not selling the Property to the Proposed Buyer.

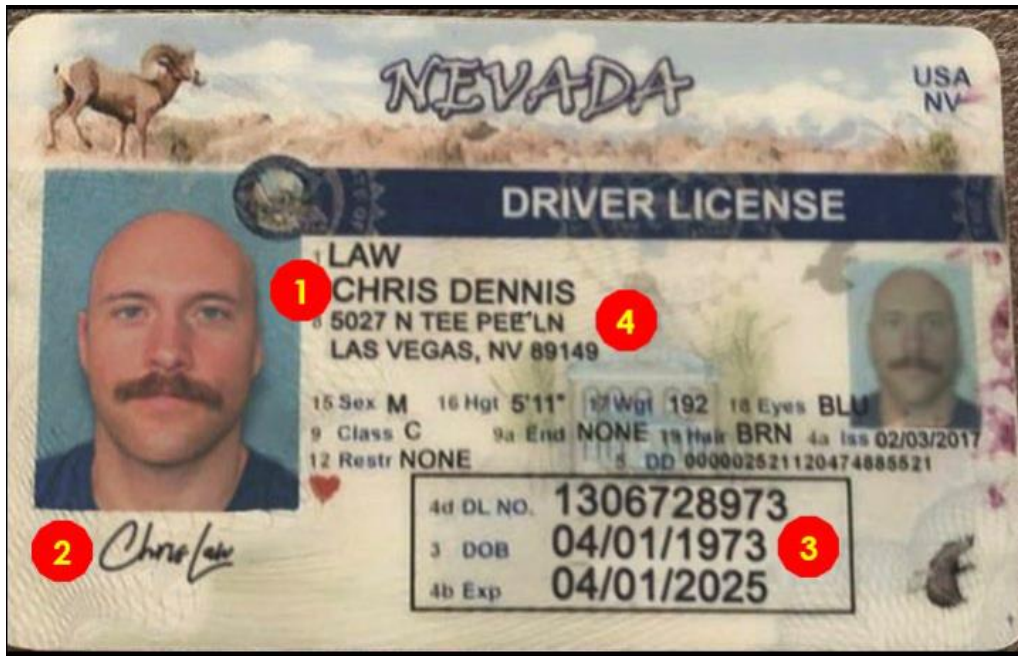
Thank you for your prompt attention to this matter.

Sincerely,

Closing Attorney

Here is an example of a driver's license and what to look for to identify it as fraudulent:

1. Is Chris truly his full, legal name or is it Christopher?
2. Does his signature match other documents found in the chain of title (once the prelim or commitment has been ordered)?
3. Confirm the date of birth against the Statement of Information.
4. Is this the same address where the tax bill for the property is sent? If not, why not?



View this and more articles on our website at <https://www.northcarolina.ctic.com>.

