

Fraud ▶ ▶ Prevention Tips



By now, we have all seen and heard that real estate fraud is at an all-time high. Words like Cybercrime, Wire Fraud, Identity Theft, Email Compromise, Forgery and so on are unfortunately in our daily vocabulary. Below are a few tips and tricks (some of which were also shared by FIRPTA Solutions) to help avoid fraud in your transactions. Feel free to reach out with any questions!

- If the property is vacant land, be extra vigilant! The fraudsters seem to target vacant lots that have been in the current owner's name for quite some time.
- We have also seen quite a few deeds purportedly being executed by lenders who foreclosed on the property-If you have a deed conveying REO property that is not prepared by an attorney, that could be a red flag.
- Request proof of ID at the outset of the transaction. Compare the provided ID against when the owner took title to the property. Often times, the fraudster will not be old enough to have taken title to the property involved when the deed was recorded; review the ID for obvious signs that it has been altered in some form (picture off center/missing information, etc.)
- Request to do a video conference call (Skype, Zoom, etc.) to confirm the person's identity. If they don't agree to a video call, that may indicate a problem.
- Compare addresses and phone numbers. If the deed says they live in Germany but their phone number starts with a different country code, that could be a warning sign.
- Verify addresses and phone numbers from independent sources, other than from the information the seller is providing to you; Send the seller an introduction letter at the outset of the transaction to the address listed on the tax roll.

- Know your customer! Ask questions! If the entire transaction has been online/via email, etc. be leery-ask where the business came from, does the realtor personally know the seller(s), etc.
- Send the seller a document for an electronic signature to get their IP address. Does it match the country they say they are located in?
- Be extremely cautious about wiring money out of the country—many times the fraudster will want you to wire monies to places like China/Nigeria/etc.
- Do not accept checks for earnest money deposits for more than the deposit itself. Often, the purchaser will ask you to wire the difference back to them. Do not engage in this practice!
- On mortgage payoff letters, do not accept a change to wiring instructions from the lender you are paying off! Often when there is a fraudulent payoff letter being provided, it is a last minute change and the wiring instructions are different and to a completely different bank/lender.
- If your realtor is new to you, verify that you are in fact dealing with the actual realtor involved who is the listing agent/buyer's agent. We have seen spoofing of the realtor's/broker's emails.
- Verify email addresses! Instead of using the "reply" function, use the "forward" function and hover the cursor over the addressee's email address to make sure it has not been changed/spoofed and remains the same as the address that has been used initially in the transaction.
- Do not accept satisfactions of mortgages/liens/judgments from the borrower/seller directly. If you have a mortgage that has been satisfied of record without a corresponding refinance transaction, you must verify the legitimacy of the recorded satisfaction.
- Go with your gut! If it doesn't feel right, don't do it!

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