

## Underwriting Bulletin: UNAT-2024-002

Date: January 25, 2024  
To: All Agents  
From: David Hays, General Counsel  
RE: Seller Impersonation Fraud of Vacant Lots, Raw Land and Abandoned Structures & Document Fraud

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**PLEASE NOTE: THE FOLLOWING BULLETIN INCLUDES SPECIFIC UNDERWRITING REQUIREMENTS.**

### SELLER IMPERSONATION FRAUD

Over the past few years, we have seen an extraordinary increase in title claims due to seller impersonation fraud & document fraud. By now, most agents have received bulletins from all of their underwriters, viewed various continuing education videos, or even attended fraud seminars presented the various land title associations.

Despite our ongoing efforts to educate our title agents, we continue to see significant claims due to seller impersonation fraud and document fraud. Sadly, based on empirical evidence, we know that our agents could easily avoid a very large percentage of these losses by recognizing common red flags and taking a few simple actions—all of which have been previously published through our past bulletins, education videos and seminars.

#### RED FLAGS!

**In almost every instance** the following red flags are present:

1. Subject Property is an “absentee owner property” such as vacant lot, unoccupied acreage or ranch land, rental property, short-term rental property such as Airbnb, a second home, or a vacation home.
2. Seller approaches both the listing agent and/or the title agent via email or text, only.
3. Seller is rarely ever spoken with via phone by listing agent and/or title agent—only willing to text or email.
4. Seller never meets in person.
5. Transaction is almost always a cash transaction.
6. Seller requests expedited closing.
7. Purchase price is often below market value.
8. Seller always requests a remote/mail out closing and is often out of the country—never in person; often last-minute request due to an “emergency”.
9. Seller almost always requests to use their own notary. Property is often not “on the market” or is a “for sale by owner”.



## TAKE ACTION!

**YOU** can help stop this fraud by taking the following actions:

1. Pay attention to the red flags.
2. When subject property is a vacant lot, raw land, or abandoned structure, do the following:
  - a. Check the tax certificate for the mailing address of the owner. This will typically be an address separate from the subject property.
  - b. Send a “Transaction Confirmation Letter” similar to the attached to the owner’s mailing address.
  - c. Do not close the transaction until you receive a response from the owner. Our agents have stopped multiple attempts of seller impersonation fraud by receiving responses from the real owner who confirms they are not selling the property.
3. Reverse search the phone number provided by Seller. Phone numbers often fail to match a seller’s name or are listed as unknown.
4. Request government issued ID in advance and compare the signature on the ID to other documents of record signed by the Seller.
5. Do not use an in-person remote notary. Require a remote online notary through an approved provider. Seller must pass all knowledge-based assessment questions and ID verification without exception.
6. Request the Seller send you documents that only the actual owner would have such as utility bill for their mailing address/homestead listed on the tax rolls or closing statement from the purchase of the mailing address/homestead listed on the tax rolls.
7. Request a video call with Seller in advance of closing.



## UNDERWRITING REQUIREMENTS:

- **FNTI declines to insure any property defined above as an “absentee owner property” without underwriter approval.**
- Agents should be prepared to provide the underwriter with a list of red flags identified by the agent.
- Agents should be prepared to provide the underwriter with a list of actions taken by the agent to evidence that Seller is one and the same as the named owner(s) of record.

## DOCUMENT FRAUD

Document fraud differs slightly from Seller Impersonation Fraud, in that the Fraudster, rather than impersonating the real owner, simply creates a fraudulent document purporting to be a deed from the real owner to the Fraudster, or often to an entity created by and controlled by the Fraudster. Even further, the Fraudster often creates a series of “deeds” using various names and/or entities before finally settling on the final “deed” into the Fraudster’s name or entity. Once the Fraudster has muddied the waters, the Fraudster attempts to sell the property hoping that the title agent will assume the series of recorded deeds to be valid. At closing, the Fraudster will be present, because again, the vesting deed will ultimately be into the actual Fraudster or his/her entity.

## RED FLAGS!

1. Similar to Seller Impersonation Fraud, in most instances, the property is “absentee owner property,” as defined herein.
2. One or more uninsured deeds filed within months and often weeks of the proposed transaction. In every case we have studied, the fraudulent “deed(s)” were filed within six months of the proposed transaction and had no markings that would indicate the deeds were recorded as part of an insured transaction.
3. Often “release of liens” that also appear to be filed outside of an insured transaction.
4. Notary acknowledgments often appear to lack conformity in formatting due to the Fraudster “cutting and pasting” notary acknowledgments from another recorded document in the county.
5. Record owner under the last insured deed is often deceased.
6. Almost always a cash closing and requested to be an expedited closing.



## TAKE ACTION! UNDERWRITING REQUIREMENTS:

- FNTI requires that the agent obtain written ratification by the grantor(s) of any deed(s) (warranty, special warranty, without warranty, or quit claim) appearing in the chain of title within 5 years of receiving the title request, purporting to convey ownership, which does not appear to be related to a title insurance transaction.
- If the agent is unable to obtain written ratification or is unable to determine if the vesting deed was recorded as part of an insured transaction, the agent must contact the underwriter for approval.
- Please refer to our previous underwriting bulletin for additional information: [UNNAT-2021-005](#)



*This Underwriting Bulletin becomes a part of the principles and practices with which you are to comply under the terms of your Underwriting Agreement with First National Title Insurance Company. Should the content of this bulletin address the closing and escrow function, this information should be considered a directive and part of the principles and practices if non-compliance would result in liability to FNTI under either the insured closing service letter or policy of title insurance notwithstanding that the Underwriting Agreement does not include the closing and escrow functions of your agency.*

## TRANSACTION CONFIRMATION LETTER

**Owner**

**Owner's Mailing Address as reflected on tax rolls**

[Date]

RE:

Property: **Subject Property ("Property")**

File Number: **GF Number**

Proposed Buyer:

**Unique Code: 62661 [\*provide unique code for owner to reference when responding]**

Dear:

We have recently received a contract and title request for the sale of the above referenced Property.

### **THIS LETTER IS PART OF OUR REAL ESTATE 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 would 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. Please provide the Unique Code on this letter when you contact us so that we can verify that the confirmation given is from the true recipient of this letter.**

Thank you for your prompt attention to this matter.

Sincerely,