Underwriting Bulletin: UNNAT2023-001

Date: January 23, 2023
To: All Agents
From: FNTI Underwriting Department
RE: Fraud Alert: Mail Away Closings

A mail-away closing or closing "by mail" is a transaction in which one or more of the parties is out-of-state or otherwise, cannot be physically present at the closing office. Given today's advances in communication and fund's transfer, it is unnecessary to require a client living in a distant part of the country to attend a closing against the client's wishes. However, a mail-away closing presents the opportunity for fraud. We have recently become aware of a proliferation of frauds and attempted frauds in a certain area where a party asserting to be the owner of property seeks to sell real estate owned by others. The fraudulent party represents that they reside in another area and uses the mail-away transaction to present documents which are purportedly signed by the owner of record which, in fact, turn out to be forged documents. This bulletin sets forth guidelines to use in a mail-away transaction which will help to prevent fraud and forgeries.

Title agents in attorney-closing states should be aware that their state's ethics opinions may regulate attorney closings in which the parties are not present.

Please be aware of these "Red Flags" of fraud and forgery:

1. Vacant land or home (home most often has the appearance of an abandoned property)
2. Seller not present/mail-out
3. Prior deed(s) and vesting deed do not appear to be from an insured transaction (i.e. no gf number, no title agent markings, etc.)
4. Prior deed(s) and vesting deed often appear to be “self-help” documents in that they either do not follow a standard industry format and/or they are often partially type written and partially handwritten.
5. Notary blocks are often oddly placed and/or partially illegible (i.e. lack the uniformity of a professionally prepared document) indicating they may be cut and pasted.
6. Prior deed(s) and vesting deed often recorded in a short (60-90 day) window before the insured sale (fraudsters prefer not to remain in title for long periods of time)
7. Sale price is often bargain basement.
8. Closing often a “rush” per the seller.

Please follow the following guidelines:

1. Attempt to contact the seller through means independent of the contact information presented to you by the purported owner or the realtor. The property tax records may have an address for the owner.
2. Never mail closing documents directly to the parties for a notarized signature.
3. If possible, contact a First National Title Insurance Company agent or approved attorney in the mail-away area. We will be happy to assist you in finding an agent. If there is no such agent, arrange a signing with and send the documents to a real estate attorney or title insurance agent licensed in the mail-away state.
4. Set the appointment with the designated closing agent and advise the customer of the place and time of the appointment.
5. Require the agent supervising the signing to obtain photo identification, passport or driver's license, and photocopy the same. Request that the signing agent verify that the parties present were the same as the

parties on the photo ID. The copy should be returned with the signed documents directly to the closing attorney/agent in a pre-paid Express Mail Service envelope.

6. Advise the signing agent that documents cannot be changed without your permission which must be confirmed in writing.
7. Review the returned documents for alterations and proper execution. '

Hopefully, these procedures will help prevent fraud and forgeries. Please feel free to contact us with any questions or concerns.

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.