

# SAFEGUARD AGAINST SELLER FRAUD

Most fraud prevention efforts focus on the buyer side and mortgage fraud, but seller side fraud is rapidly increasing in today's market. In a digital world with electronic documents, remote closings, and large amounts of personal information available on the internet, impersonating a seller has become easier. Read below on how to stay vigilant in protecting your customers.

## WARNING SIGNS:

### TARGET PROPERTIES

- Vacant Land or Abandoned Properties
- Absentee Owners: Investment, vacation, or rental properties
- Properties with elderly owners

### RED FLAGS

- Any recent change in title or release of lien filed outside of a closing or presented by the seller for you to file
- Property was recently listed off-market, such as for-sale-by-owner
- The seller is located in a state or country other than the address in the tax record
- The property is listed well below the market
- Changes in wiring instructions, a second revised payoff, or a change of the form of proceeds warrant further review
- The wire is to a location different than the seller's residence or even another country

### TIPS TO AVOID FRAUD

- Use some form of multiple authentication.
- Use social media or a search engine to find the seller and possible obituaries, fraud complaints, or other information indicating suspicion.
- Email an information request and ask for signature using authentication.
- Start a new email or forward instead of replying to avoid replying to a false address.
- Request prior documents from the seller such as their title policy, survey, and CD or settlement statement.

## ALWAYS CHECK:

### DRIVERS LICENSE

- Look closely for holograms, watermarks, unique text sizes and colors, fine parallel line patterns, and specially printed images.
- Check for misspellings, lack of uniformity in letters and numbers, and any unexpected thickness, bumpiness, or peeling or rough edges.
- Texas Drivers License: Tilt the ID to see the state seal and three stars on the front.

### PASSPORT

- Verify the passport through the foreign country's embassy in the U.S.
- Discuss the possibility of FIRPTA and ask for the Seller's US based accountant or CPA contact info.
- Ask for a second form of identification – like a driver's license with a photo.

### POWER OF ATTORNEY

- Speak to all principals to verify a POA, especially when there are multiple owners
- Be aware of elder abuse: verify a party is incapacitated with a letter from a treating physician or a bill from a nursing facility.

### REAL ESTATE AGENT

- Does the real estate agent usually work in the property's area?
- Does the agent know the seller and have they met in person? If not, has all communication been based only on email and text?
- Has the agent verified the seller's identity in any other way?



Please scan the QR code to access additional resources and guidance on seller impersonation fraud from the Texas Land Title Association's website.



**HARBOR TOWN**  
TITLE