

# 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?

