



Escrow Technical Memorandum #175-2017
(Revised Agency Version for Guidance)

Date: July 5, 2017 (updated August 4, 2023)
From: Lisa Tyler, National Escrow Administrator
Subject: **Absentee Owners**

Absentee owners of real property are often the target of criminals who pose as the owner offering the home or property for sale or as collateral for a new loan. These imposters sell the property and abscond with the sale proceeds or strip any equity in the property with a new loan. The real property owner has no idea their property is the subject of a real estate transaction. Settlement agents can take steps to prevent this crime from happening by following just three steps.

Step 1 – Assume It’s Fraud

Operations must compare the mailing address provided by the seller or borrower to the address on the tax bill, where available. This should be done prior to opening the order for a *Preliminary Report or Commitment for Title Insurance*. If the address is different than the address provided to you, their real estate agent or the lender, or no address was provided send a letter, via overnight delivery to the address on the tax bill. A sample **Notice of Pending Real Estate Transaction** is attached to this memo.

CAUTION: In some instances, the fraudster may have changed the mailing address with the tax collector. When possible, contact the tax collector to determine whether a change of address was submitted recently or not.

If the property is located within a common interest community with a homeowner’s association (HOA), contact the manager or management company to verify the contact information of the seller.

Verify the seller's identity by obtaining the seller's phone number and clear copies of the seller's Driver License, Identification Card or Passport. Carefully scrutinize any identification provided.

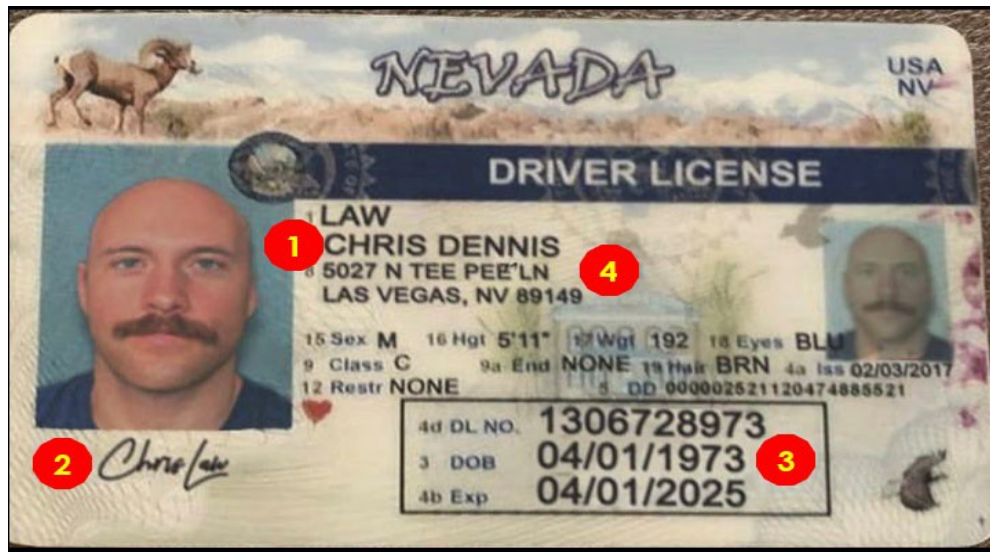
Here is an example of a fraudulent passport:

1. The passport has been electronically signed.
2. The picture is obviously a stock photo. This does not meet the U.S. Passport Requirements which currently are:
 - a. Submit one color photo, taken in last 6 months.
 - b. Use a clear image of your face.
 - c. Do not use filters commonly used on social media.
 - d. Have someone else take your photo. No selfies.
 - e. Take off your eyeglasses for your photo.
 - f. **Use a white or off-white background without shadows, texture, or lines.**
3. Confirm the date of birth against the Statement of Information (if you get that far).



Here is an example of a driver license and what to look for to identify it as fraudulent:

1. Is Chris truly his full, legal name or is it Christopher?
2. Does his signature match other documents found in the chain of title (once the prelim or commitment has been ordered)?
3. Confirm the date of birth against the Statement of Information.
4. Is this the same address where the tax bill for the property is sent? If not, why not?



Step 2 – Verify, Verify, Verify

Demand the seller attend a virtual meeting via Microsoft Teams or Zoom. Be sure they understand their file will not be processed any further unless they attend. If the seller is an imposter, they will most likely come up with an excuse for why they cannot attend the meeting.

Once in the meeting, require the seller to turn on their camera. This can be done on a smart phone, laptop or desktop. Ask the seller simple questions such as:

- When did they acquire the property?
 - For how much?
- Why are they selling?
- Where do they reside?
- Why is the tax bill sent to a different address?
- What is that address?
- Who did they buy the property from?
- What is the condition of the property?
- What type of property are they selling?
 - Is it vacant land?
 - Is it a residence?
- Ask them to show identification by having them hold it up to the camera.
 - Be sure to view the backside or cover to confirm is it valid.

Keep in mind the answers do not have to be exact. For example, if they say they acquired the property the second half of 2002 and the year is correct, that may be a better answer than the exact date of October 9, 2002. Or when asked, who they bought the property from the answer should be a couple, single man, company or even a first or last name, not necessarily the exact name. Does their description of the property match what can be found using Google® Maps? The exact answer may prove they did some homework and are prepared for your questions. If they fumble on the answers or cannot provide you with the requested items, then you may have a problem.

These questions are only suggestions. Depending on the answers, settlement agents may believe different questions are more appropriate. The object is to determine if they are the true owner of the property. Never email the questions to them in advance. They will research the answers and be ready for the virtual meeting. If they are unavailable to speak virtually, escalate the matter to a manager.

Review the Statement of Information or similar document carefully. Does it make sense? Is it complete? Are there any gaps in residential history? If so, why? Be sure to escalate the file to a manager, or underwriting counsel if there are any discrepancies or gaps. Two set of eyes are always better than one.

When the settlement agent is confident they are dealing with the legitimate property owner, the order for the *Preliminary Report or Commitment for Title Insurance* may be placed.

Upon receipt of the *Preliminary Report or Commitment for Title Insurance*, compare the signature of the seller or borrower against other documents found of record. If there is nothing to compare them to, run a search to see if the principal has conducted a transaction with another office.

Step 3 – Our Best Line of Defense

At signing adhere to all **Underwriting Bulletins on Fraud Prevention, Loan Releases and Document Execution**. Part II of the Bulletin describes the Company's Document Execution Guidelines. There are no exceptions to this policy. Fraudsters succeed in stealing the property from a legitimate owner when they convince the settlement agent to let them use their own notary.

At closing, do not accept an assignment of proceeds. Be sure the proceeds are paid to the seller of record or the borrower only.

If the seller is deemed an imposter, immediately **resign from the transaction**. (See additional guideline)

Should you need additional assistance prior to closing, do not hesitate to contact your underwriter.

Your Logo Here

Notice of Pending Real Estate Transaction

Date:

To: Record Owner @ address on tax bill

Property:

File Number:

Proposed Buyer:

Dear Owner(s)

Thank you for choosing [insert Company name]. We are delighted to be of service to you. We are in the process of preparing a [insert preliminary report or title commitment] for the [insert sale or loan] of the property listed above.

This letter is part of our 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 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.

Thank you for your prompt attention to this matter.

Sincerely,

Escrow Officer
Title Officer
Settlement Agent