

Combating Seller Impersonation Fraud & Benefit of a Homeowner's Policy of Title Insurance

FRAUDSTERS ARE INCREASINGLY IMPERSONATING PROPERTY OWNERS to illegally sell residential property they do not own. Because fraudsters are targeting properties that are not owner occupied, it can take months or years for the actual property owner to discover the fraud.

Red Flags for Real Estate Transactions

A fraudster might be impersonating a seller if:

- The property is a vacant lot or occupied by someone other than the actual owner, such as investment property, vacation property or rental property
- The property is for sale below market value
- The seller wants a quick sale, generally in less than three weeks, and may not negotiate fees
- The seller will only communicate by phone or email and won't meet in person



Consumer Tips

- If it is too good to be true, ask questions
- Where available, sign up for free property alert notifications from your county recorder's office
- When buying property, ask a title professional or real estate attorney about your title insurance coverage options
- Don't delay if you think you have been a victim! Contact local and state law enforcement immediately, including the state bureau of investigation and state attorney general. Additionally, contact your title professional, real estate attorney and/or title insurance policy underwriter.

Understanding Title Insurance Coverage Options

Both the Owner's Policy and the Homeowner's Policy of Title Insurance provide coverage for pre-purchase forgery. They would provide coverage for instances where the policy holder purchased the property from a person fraudulently claiming to own the property.

However, **only** the Homeowner's Policy of Title Insurance provides protection for forgery occurring after the property purchase and further provides additional protection for the owner against a third party fraudulently transferring their property.

With deed fraud on the rise, homebuyers may want to ensure their property is protected both as a purchaser and into the future. Importantly, the ALTA Homeowner's Policy of Title Insurance covers certain risks that occur after the date of policy, including claims due to forgery or impersonation. While many states provide access to this beneficial policy, homeowners in all states should have access to these added protections, including the peace of mind knowing there is post-policy forgery protection. Notably, so called alternatives to title insurance do not protect buyers or actual property owners from seller impersonation fraud.