



Fake Sellers Selling Property They Don't Own

Cyber Fraud is huge, and the bad actors are getting more clever every day. The single largest dollar source of title insurance claims are “fake sellers” selling land they don't own. It sounds like it should be easy to identify, but the schemes are elaborate, and the bad guys are getting better at it each day. This trend really emerged in the fall of 2022, but it's only getting more frequent with no signs of slowing down. In our office alone, we've uncovered several fake sellers recently, and heard similar horror stories from several other title agents.

The real problem is, only the bad guy gets paid, and its a long tangled mess for the buyer's lender, title agent, buyer's lender, buyer, and lets not forget the realtor who world their butt off, to not get paid.

The signs of a fake seller:

- Vacant land or vacant home
- Usually selling below market value
- No mortgage or a small mortgage, in any event a big payment to seller
- Seller owned prop many years
- Fsbo or small unheard of seller's agent
- Out of state seller
- Quick closing time frames
- Sellers who only communicate via text or email
- Sellers who can never meet
- Sellers who accept easy price reductions
- Sellers who sign remotely and line up their own notary to watch them sign
- Seller's who want to close remotely and use a mobile notary.
 - Not usually an e-notary. The underwriters are requiring we have selling agents live on the e-notary signing.

How do you determine if you might have a fake seller:

- Do your own independent Internet search:

- Get the seller's phone number, call them, and confirm that they are selling their property.
- Get the seller's home address, name, years owned the property, and make sure they facts lineup.
 - In one case the realtor asked for a copy of the seller's drivers license. The license said he was 30 years old, but the property had been owned for 15 years. Basically, the driver's license provided could not have been the seller because he would have had to purchase it when he was 15 years old.
- Always tell the title agent if you have concerns.
- If things still don't feel right, tell your title agent to call the party purporting to be the seller, tell the seller they must come into the office and sign, and see how they respond.
- Fake sellers steal actual notary ID numbers. If the closing documents have been signed, and before the file funds, you can call the actual notary who belongs to the ID number (find them on the web) and confirm they signed that seller.

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All references to a contract are the FL FAR/BAR AS-IS 2021, and most recent riders

The foregoing is a summary of the opinions of attorney James Brown, provided to licensed Florida realtors, and should not be relied on as legal advice or a complete explanation of any particular issue. Every situation is different, and you should seek qualified legal advice before making a decision.

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