



RED FLAGS

F O R G E R Y

NEVER UNDERESTIMATE THE CREATIVE GENIUS
OF THE FRAUDULENT MIND

There are numerous types of mortgage and real estate fraud prevalent in the industry today. Recognizing the Red Flags may help with detection and prevention, and at the very least, encourage further investigation to ensure the validity of the transaction.



TITLE OBTAINED BY AN UNINSURED DEED

A deed in the chain of title recorded outside of a closing deserves a cautious review. There are legitimate scenarios in which an uninsured deed may be recorded, but conveyance of property is normally transacted in conjunction with the issuance of a title insurance policy. Review the signatures on both the uninsured deed and the previous deed for accuracy.



POWER OF ATTORNEY

There are valid reasons for a party to use a power of attorney, but documents can be easily fabricated. To limit the potential for fraud, the best case scenario is for the buyers and sellers to appear in person at closing.



ABSENTEE OWNER

The sales of property by an out-of-state or out-of-country seller are increasingly more common and forgers may find it easier to commit fraud where the property owners are located in another area. Contacting the owners listed on the tax rolls may alert them to a scheme involving their property.



BUYER WALKING AWAY WITH MONEY

The best things in life may be free...but free money at closing is a fairly good indicator that the property value may have been inflated. Further scrutiny of loan details may reveal potential loan fraud.



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SIGNATURE ON DOCUMENTS VARY

Signatures on closing documents should be compared with signatures in the chain of title. A current seller has most likely signed a prior mortgage and these signatures can be compared. Forgers may misspell names or sign them differently leaving off middle initials or designations such as "Sr." or "Jr."



PROPERTY IS FREE AND CLEAR

A very small percentage of Americans own their property free and clear. If there was a mortgage on the property that has been paid off over a 30-year period, it would be uncommon for the owners to obligate themselves by taking out a new loan on the property. Asking the question, "Why are there no liens on the property?" and verifying the details of the transaction may uncover the possibility of a forgery in the chain of title.



PROCEEDS ARE BEING WIRED OFFSHORE

Once money has been wired out of the country, it becomes almost impossible to recover once a forgery has been discovered. If there are suspicious circumstances that cannot be adequately explained, further investigation is needed before proceeding with the transaction.



NO DOCUMENTS EXECUTED IN THE OFFICE

The use of a notary service may be a convenient option for buyers and sellers, but it increases the opportunities for fraud. Deeds, mortgages and other closing documents may be signed, notarized, and returned by mail to your office but the notary signatures, and even their stamps, can be bogus. If buyers and sellers are unable to appear at closing, utilize a reputable notary service to authenticate the identity of parties to the transaction.