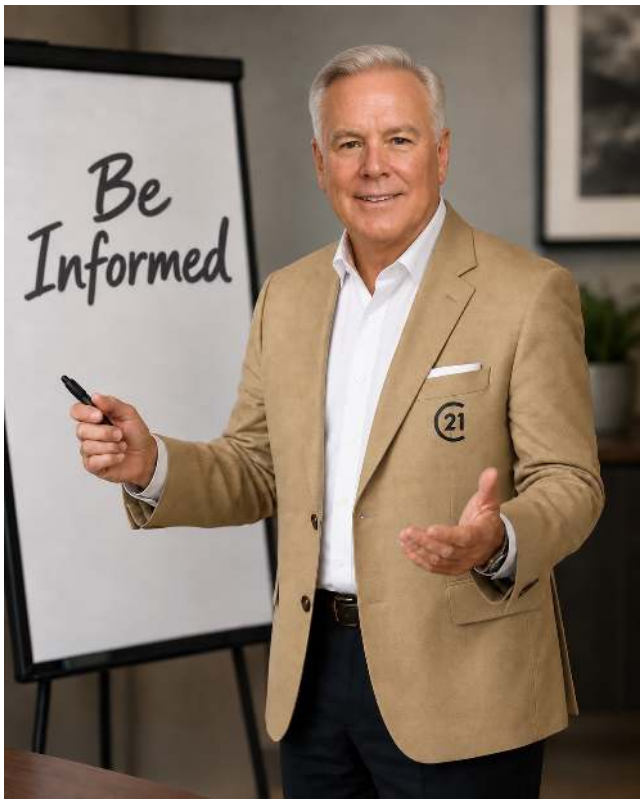
MISC

Understanding & Protecting Yourself From Title Fraud



Bob Latigona

Broker Associate
Broker Manager
South Jersey Regional Trainer

CENTURY 21 Alliance

Office: 856-429-7700
Cell: 609-876-7689

BobLatigona@icloud.com

boblatigonarealestate.com

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Prepared for you by Bob Latigona | CENTURY 21 Alliance

NATIONAL ASSOCIATION OF REALTORS®

CONSUMER GUIDE: UNDERSTANDING & PROTECTING YOURSELF FROM TITLE FRAUD

Title fraud is a serious crime that can be overlooked and result in a property owner unknowingly losing the title of their property. Here's what you need to know about title fraud, how it happens, who's most at risk, and how you can prevent it from happening to you.

What is title fraud, and how is it different from other scams? Title fraud, or deed theft, is when someone illegally transfers the title or deed of your property without your knowledge, often using forged documents or fake IDs. The criminal's goal is to steal your money by making it seem like someone else owns your property or that you transferred your property to someone else. When left unaddressed, title fraud can result in foreclosure or eviction—even if you still live in the home.

How can someone steal my home's title? A scammer might forge your signature to transfer the property's title to themselves using a fake ID and file it with the local recorder's office. This makes it appear that you willingly transferred over the title of your home to them, and they now own it. Another scenario is where a scammer attempts to list and sell a property or take out a loan against it, claiming to be the owner. Fraudulent filings can be difficult to spot unless someone is actively monitoring public records.

What are some red flags that could indicate title fraud? Scammers often target properties that are unoccupied or do not have a mortgage, but there are specific behaviors that can signal something is wrong. Warning signs include a seller who is offering a vacant property for significantly less than its market value, communicates only through electronic means while avoiding phone or video conversations, or insists on using their own remote notary to close the sale. These tactics are designed to avoid detection and can be a sign that the transaction—or even the seller—is fraudulent. Agents who are REALTORS® can help you avoid instances of potential title fraud by working with trusted title and escrow companies, guiding you through secure transactions, and helping make sure your ownership is properly recorded and protected.

How can I protect myself from title fraud, especially when buying a home? If you currently own property, ask your local county if they offer fraud alerts for property documents, periodically check online tax and property records, and keep your ownership records in a secure place. When buying, make sure a full title search is done and consider purchasing owner's title insurance, a common step during the process of buying your first home. You should verify wiring instructions by phone to avoid related scams during the transaction process.

What does title insurance do? Title insurance protects you from title-related issues including fraudulent claims on a home. One of its key protections is legal defense and loss coverage in the event that someone else claims to own your property because of a forged deed. In fact, if you are financing your home with a mortgage, most lenders will require title insurance because it protects them from defects in the title and ensures that documents are valid and enforceable.

What are some warning signs that I might be a victim of title fraud? Warning signs include if you stop receiving property tax bills or receive mail for someone else at your address. Unexpected notices from banks or government offices may also be a sign that someone has tampered with your home's title.

What should I do if I think I'm a victim of title fraud? Alert the FBI via the Internet Crime Complaint Center, contact your local police, and speak to a real estate attorney as soon as possible. Report the fraud to your county recorder and notify your title insurance provider if you have coverage. Acting fast can help limit the damage. You may also want to place a fraud alert or credit freeze on your accounts to prevent further identity misuse.

Practices may vary based on state and local law. Consult your real estate professional and / or an attorney for details about state law where you are purchasing a home. Please visit facts.realtor for more information and resources.

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