

## Alarming Increase in Vacant Land Fraud

The **American Land Title Association** is warning title professionals to be on the lookout for [vacant lot fraud](#). According to a late January report from cyber security and wire fraud prevention firm **CertifID** in conjunction with the **U.S. Secret Service**, there has been ***“an alarming increase in incidents have been reported to the company involving the listing and sale of vacant land and properties that are free of mortgage liens.”***

CertifID believes that with the number of home sales declining, cybercrime rings have turned to new tactics to make up for lower transaction volume.

In a vacant property scam public records are searched to identify real estate that is free of mortgage or other liens, as well as the identity of the property owner. Oftentimes this leads to the discovery of vacant lots. Then, posing as the property owner, the scammer contacts a real estate agent to list the property. All of the communications occur through digital or email interfaces. The property is then listed, typically below market value to generate interest in the listing. When it comes to close on the sale of the property the scammer will request a remote notary signing. The scammer then impersonates the notary and returns falsified documents to the title firm or closing attorney involved in the transaction. The title firm then transfers the closing proceeds to the scammer.



“We have been hearing about this type of fraud for a long time, but this was the first time we saw it take place in our area,” David Kennedy, the CEO of Fidelity Land Title Agency of Cincinnati, said. With the help of CertifID, Kennedy and his firm identified and stopped a vacant lot fraud from happening.

“You hear about people getting duped by people pretending to be title companies or Realtors and directing parties within the transaction,” he continued. “That is the typical fraud that we usually see with someone impersonating somebody already involved in the transaction and trying to get them to send the wire to the wrong place. This time was different though because they were pretending to be a party in the transaction right from the very beginning.”

According to CertifID, the fraud is usually not discovered until the time of recording or transferring documents with the applicable county. In recent months, federal law enforcement has been receiving a sharp increase in victims reports on this type of vacant lot fraud.

“This recent trend involving seller impersonation is particularly concerning, as the real property owner is typically not aware nor in a position to prevent the fraud, until it is too late,” said Thomas Cronkright II, Executive Chairman of CertifID. “Unfortunately, it’s just the latest evolution of wire fraud that affects title companies, law firms, lenders, realtors, and home buyers and sellers. Our company has received hundreds of cases and helped recover over \$52M for victims in the last two years alone, by partnering with the US Secret Service.”

In order to prevent this type of fraud, CertifID recommends real estate professionals independently search for the identity and a recent picture of the seller, request an in-person or virtual meeting to see a government issued identification, never allow sellers to arrange their own notary closing and be on alert with a seller accepting an offer price below market value in exchange for the buyer paying cash and closing quickly.

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