

Seller Impersonation Fraud

RED FLAGS AND BEST PRACTICES



HOW CAN REALTORS® PROTECT THEMSELVES AND THEIR CLIENTS FROM SELLER IMPERSONATION FRAUD?

With the increasing prevalence of agents working remotely and communicating with clients through email and text, it's crucial to confirm the identity of potential clients. Any verification process your brokerage uses must be applied uniformly to all individuals. Stay up to date with these recommendations to protect you and your clients from seller impersonation fraud.



WATCH FOR RED FLAGS

SELLER BEHAVIOR TO BE SUSPICIOUS OF



▶ ABSENTEE OWNERS

- Listing property that is non-owner occupied (aka absentee owner).
- Examples include vacant land, in-fill vacant lot, unoccupied acreage or ranch land, rental property, short-term rental property, a second home, and a vacation home.

▶ LOW-PRICED OR ALL-CASH DEALS

- A prospective seller wants to list the property below market value and only wants offers from buyers willing to pay all cash.

▶ FSBO; UNKNOWN SELLER

- The property wasn't listed with a regular agent, but instead through a For-Sale-By-Owner website that shares the listing on public platforms.
- No one involved knows the seller or has even talked to the seller until a buyer wants to make an offer.

▶ COMMUNICATES ONLY THROUGH TEXT OR EMAIL

- The seller actively avoids any face-to-face or phone conversations, solely relying on text or email for communication.
- When called, the seller's voicemail picks up and they respond through text or email.



▶ RUSH TO CLOSE

- During negotiations with the buyer, the seller readily accepts almost all terms, prioritizing a quick cash transaction.
- They show no objections to proposed fees, cost allocations, commissions, or other terms.

▶ REFUSES TO ATTEND CLOSING

- The seller might initially express willingness to attend the closing in person, but as the closing date nears, they suddenly become unavailable due to being "out-of-town" or for other reasons. However, they are still available to sign the documents with a notary, often in a different city or state.

▶ SUSPICIOUS WIRE INSTRUCTIONS

- The seller provides wiring instructions for their proceeds to a bank that is not geographically close to the property or the mailing address for the tax bill.

▶ SUSPICIOUS PHONE NUMBER

- When the seller's phone number is reverse searched to determine if it belongs to the owner of the property, it shows as a completely unrelated name or as unknown (ie: a burner phone).





PROTECT YOUR BUSINESS AND YOUR CLIENTS WITH THESE BEST PRACTICES

- ▶ **CHECK THE TAX OR APPRAISAL RECORDS ONLINE TO FIND THE NAME AND ADDRESS OF THE OWNER IN THE RECORD OF THE PROPERTY.** If the property address and mailing address are different from where the seller appears to be calling from, it raises a question of whether the seller may be someone impersonating the property owner and whether the agent should take steps to verify their identity.
- ▶ **SEND A CONFIRMATION LETTER TO THE PROPERTY OWNER** at both the property address (forwarded if it's not their primary residence) and the mailing address for the tax bill. The letter should clarify that the agent is listing the property and sending the letter as a fraud prevention measure. It should provide the agent's contact details and request the property owner to reach out to confirm their intent to sell the property.
- ▶ **ACCESS THE SECRETARY OF STATE CORPORATE RECORDS ONLINE FOR PROPERTIES OWNED BY AN LLC OR CORPORATION.** These records include the name and address of the manager, registered agent, and/or officers. The agent can then reach out to them for help in contacting and verifying the true property owner.
- ▶ **ASK THE SELLER TO PROVIDE A GOVERNMENT ISSUED PHOTO ID.** Once received, follow these steps:
 - 1 Verify that the address on the ID matches the tax records and if it's presently valid
 - 2 Compare the signature on the ID with recorded documents in the town clerk's land records, such as a deed of conveyance or mortgage deed. An attorney can help provide the necessary documents for comparison.
- ▶ **SET UP A VIDEO CALL (IE, FACETIME) WITH THE SELLER.** If the seller refuses a video call without a valid reason, it's a red flag indicating potential fraud. If you can have a video call, ask the seller property-specific questions that only the owner would know. Trust your instincts if anything seems suspicious during the conversation.
- ▶ **REQUEST COPIES OF DOCUMENTS THAT ONLY THE PROPERTY OWNER WOULD HAVE** such as a copy of a tax bill, utility bill, copy of the settlement statement, title policy or survey from when the property was purchased.
- ▶ **PERFORM A REVERSE DIRECTORY SEARCH ON THE PROVIDED PHONE NUMBER USING INVESTIGATORY DATABASES LIKE FOREWARN OR IDI CORE.** This search will reveal the owner of the phone number or indicate if it's unknown, suggesting the use of a "burner" phone to conceal their true identity.
- ▶ **USE AN ATTORNEY** who has implemented their own fraud detection procedures.
- ▶ **ENCOURAGE RECIPIENTS OF YOUR MAILINGS TO CREATE A GOOGLE ALERT FOR THE PROPERTY ADDRESS.** This will notify them if the property is marketed or mentioned publicly. Agents should also set up Google alerts for their own listings to prevent scams and fraudulent activities.

IF YOU BELIEVE YOU ARE A VICTIM OF SELLER IMPERSONATION FRAUD



- **CEASE ALL COMMUNICATION WITH THE FRAUDULENT SELLER**
- **TERMINATE THE LISTING IMMEDIATELY**
- **NOTIFY ALL INVOLVED PARTIES OF THE FRAUD**

