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## **UNDERWRITING BULLETIN**

Bulletin No.: CA09-006

### **The “Pennysaver” scam.**

The Title industry, including TransUnion, is facing significant policy-limit losses involving purchases of vacant land with forged deeds.

The pattern of these transactions is very similar:

The target property is free and clear, with no signature examples for the current owner available in the chain. The property is advertised in the local Pennysaver at a very attractive price.

Buyer contacts the “Seller” using the phone number in the ad (as it turns out, a “pay as you go” type cell phone).

“Seller” opens escrow over the telephone at an independent escrow company giving them a phone number and a “gmail” type email address for the escrow to email the escrow instructions and the deed. . So far, the bad guys have avoided title company escrow operations.

The transaction is all cash.

Escrow has an instruction to wire the proceeds to someone other than the “seller”.

The Escrow officer refers the title work to you, her favorite Title Officer. Neither the seller or the buyer has a preference. There are no brokers involved.

The deed is forged. The Notary is also forged. If you check the notary in the plant system, it will be a legitimate properly licensed notary where the bad guys have counterfeited the seal and forged the notary signature.

Nobody notices the transaction until the real owner does not receive a tax bill. This gives the bad guys plenty of time to go away with the money.

#### If you are handling the sale or financing of a piece of vacant land:

1. Require that the deed be notarized by a notary that is known to you. An employee of the escrow company or a reputable outside service. Do not trust a signature that was delivered to the escrow already notarized.
2. Require that the escrow not allow 3<sup>rd</sup> party assignment of funds. Proceeds must be paid to the seller. .
3. Check signatures against other record signatures on other properties. Chances are the owner owns other property which has been financed. The property listed as the return address on the vesting deed would be a good place to start.
4. In any transaction, not just the ones that are the subject matter of this bulletin, If you have a questionable signature, feel free to actually question it. Locate the notary and ask if they notarized this document and ask for a copy of their journal entry.
5. If the transaction is a “seller carry back” for some portion of the price, don’t believe that, in itself, makes the transaction legitimate. In those cases, the Bad Guys will quickly sell the note at a discount after close of escrow to a purportedly bona fide purchaser.

**Intentional disregard of the matters contained in this Bulletin may cause any loss sustained under the terms of a policy to be allocated entirely to the Agent.**