

WFG Underwriting Bulletin



To: All WFG Policy Issuing Agents; All WFG Title Examiners, Escrow Officers and Employees
From: WFG Underwriting Department
Date: April 25, 2024
Bulletin No. NB 2024-04
Subject: Identity Theft Fraud – Vacant Land, Unoccupied Properties

We continue to see high levels of “owner impersonation” fraud, particularly involving vacant land. This guidance applies whether the current transaction is a sale or a “refinance,” which in most cases is for cash-out and not to obtain better loan terms.

But like so many frauds, the evil doers are getting better and the frauds more sophisticated. Previously, purported sellers/victims of the fraud were overwhelmingly foreign nationals. We are now seeing more incidents targeting domestic US owners often living in a different state.

The red flag used to be that the property was vacant land. More recently, we have seen identity theft frauds targeting improved but unoccupied properties as well, such as vacation homes, Airbnb and VRBO listings, unoccupied properties of deceased owners and similar.

Previously, we didn’t often see a real estate agent involved (avoiding one more person who might get suspicious), now all too often the listing agent is also duped, and inadvertently adds their professional credibility to the fraudulent actor.

The technology employed by the fraudsters has also become more sophisticated, making it increasingly difficult to detect the existence of an imposter solely through document/credential review.

There are a number of “red flags” that appear in this type of fraud, including:

- The property is vacant land or an unoccupied property (including vacation homes, and Airbnb & VRBO)
- The Listing Price and/or Sales price is notably below market value
- The property is Free and Clear
- A recent uninsured conveyance for little or no consideration
- Owner/seller resides in another country or state
- The real estate agent has never met the seller in person
- The Settlement agent has no in-person communication with alleged “seller,” just texts or emails
- Seller not available for closing (or any in-person meeting)
- Seller requests a “Mail away” closing with documents sent to an address different from that shown on the tax rolls or vesting deed (e.g., property is located in State A, address for taxes are located in State B, and the Seller is executing documents in State C).
- A Request to use “seller’s” own notary
- Seller is pushing for a very quick closing

- The Sales proceeds are to be wired to the seller at a location or country that is different than the address of the owner/seller as shown on the tax rolls or the vesting deed
- Seller will not go to the US Embassy because it is “inconvenient”, Seller does not want to use Remote Online Notarization.
- Seller not concerned about additional fees or closing costs

Of course, you won't see every red flag in every fraudulent transaction, but the presence of any of these red flag factors -- especially the first two-- must trigger additional caution and the taking of protective measures.

1. Send a Letter

We strongly recommend that all of our agents and direct offices add a thank you letter to the workflow. At the time an order comes in, send a letter by regular mail directly to the seller at the address shown for the seller in the county tax records¹ for every unimproved or unoccupied property where the mailing address in the tax records is not the property being sold or mortgaged. Frankly, that is not a bad idea in every case and can become part of your customer service routine.

[Click here for a sample form of confirmation/thank you letter](#) for your use, or you may use your own form. We do recommend including an ID Verification Code in the letter, that you can use to verify future communications are with the owner at the tax address.

If the seller responds and confirms they are the selling party, a copy of the letter and the seller's response should be retained or documented in your closing file.

2. Establish Contact through other means

If you receive no response to the letter, you should seek an alternative form of confirmation, which could include verbal confirmation with the true seller, or confirmation from another known and trusted party in the transaction (who actually knows the real owner).

Even for residents of foreign countries – especially European countries -- we have been successful in locating the rightful owner through Google search and contacting them directly by telephone.

3. Ask for documentation that Only the Real Owner would have

We have also found that asking the purported seller to provide copies of documentation from the original purchase of the property can be effective in proving that you are dealing with the true seller. Identity thieves do not generally have access to settlement statements and title policies issued at the time of purchase.

4. Gather verifying information from the Realtor or title agent or others in the last transaction

Taking that extra step(s) could also confirm accurate information about the parties to the pending transaction. For instance, often times the Realtor or title agent from the original purchase will assist in confirming that you really are dealing with the actual owner (their client and insured). You can ask them to confirm details off of the ID provided, exemplars of signatures and similar without compromising confidentiality.

Some agents have even contacted the neighboring property owners to obtain contact information for the property owner, or other identifying information.

¹ Where the tax mailing address was changed for the current tax year, we recommend sending a letter to BOTH the current year and last year's tax mailing address. This catches the forged quit claim type of fraud, and also deals with those tax jurisdictions that make it too easy for a person or a fraudster to update the mailing address.

The key to avoiding this type of fraud is for your office to contact the owner/seller directly to verify that the transaction is legitimate. If you cannot make direct contact with the owner/seller to verify that the sale of the property is legitimate, cancel the closing.

5. Backstop your level of certainty with RON.

While Remote Online Notarization is not infallible, the process of video recording the signatory coupled with the Knowledge Based Authentication provides an increased comfort level that you are dealing with the “real” owner. For our direct offices in the West, we are requiring at least one document be executed by RON in a vacant land transaction.

Claims on Identity Theft being used to “steal” vacant and unoccupied lands are on the upswing. Our closing agents and the notaries chosen by them are the first and last line of defense to preventing these types of fraud. So please be ever vigilant out there.

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The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.