

SELLER IMPERSONATION FRAUD

RED FLAGS AND BEST PRACTICES

Attention REALTORS®: wondering how you can protect yourself and your clients from seller impersonation fraud? It can be tricky to navigate; taking precautions, verifying information about potential clients and following your brokerage's protocols, you can protect yourself and your clients.



WATCH FOR RED FLAGS SUSPICIOUS SELLER BEHAVIOR

To Learn More, Visit:
MDREALTOR.ORG

ABSENTEE OWNER

- Listing property that is non-owner occupied, such as unimproved land or rental properties (aka "absentee owner").
- Properties are typically unencumbered by a mortgage or other liens.

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.

NOTE: Advertising that the seller will only accept an "all cash" offer likely violates Maryland law prohibiting discrimination on the basis of source of income.

UNKNOWN SELLER

- The scammer, posing as the property owner, may contact an agent directly to list the property.
- Scammers are also beginning to utilize lead-generation companies, so do not assume a lead is legitimate just because you've received it from a company rather than being contacted directly.

COMMUNICATES ONLY THROUGH TEXT OR EMAIL

- The "seller" actively avoids any face-to-face or phone conversation, 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 the proposed fees, cost allocations, commissions, or other terms.

REFUSES TO ATTEND CLOSING

- The "seller" initially expresses 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 some other reasons. The "seller" will suggest that they be allowed to sign remotely, before a remote notary that the scammer selects.

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."

WITH THESE BEST PRACTICES

PROTECT YOUR BUSINESS AND YOUR CLIENTS



CHECK THE TAX 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 red flag, and the agent should take steps to independently 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 SDAT BUSINESS RECORDS ONLINE IF THE PROPERTY IS OWNED BY AN LLC, CORPORATION, OR OTHER BUSINESS ENTITY

- These records include the name and address of the registered agent. The listing agent can then reach out to the resident agent for help in contacting and verifying the true property owner.

USE A TRUSTED TITLE COMPANY

- Use one that has implemented its own fraud detection procedures.

ASK THE SELLER TO PROVIDE A GOVERNMENT-ISSUED PHOTO ID.

Once received, follow these steps:

- Verify that the address on the ID matches the tax records and that it's presently valid.
- Compare the signature on the ID with documents recorded in the land records, if possible. You may prefer to ask your preferred title company to compare the signatures.

SETUP A VIDEO CALL 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.

REQUEST COPIES OF DOCUMENTS THAT ONLY THE PROPERTY OWNER WOULD HAVE

- Examples include: tax bill, utility bill, copy of settlement statement, title policy, or survey from when the property was purchased.

ENCOURAGE YOUR CLIENTS TO CREATE A GOOGLE ALERT FOR THE PROPERTY.

- This will notify them if the address is marketed or mentioned online. Agents should also set up 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