



White Paper

Data Trace Prevents the “Perfect Crime” of Real Estate Fraud

Filing a false deed is a scam where the victim is unaware of a problem until they are literally fighting to keep their home.
.....

Real estate fraud is growing in the United States and can take many forms¹. One of the hardest to detect is filing a false deed. Con artists love this fraud because there is little risk of discovery until they have absconded with the cash from an illegally obtained mortgage. Proactive homeowner notification is the key to putting a stop to real estate fraud. Data Trace, the nation’s largest provider of title data, land documents and expert services offers the real estate fraud services county recorder’s office trust to provide this alert solution.

The Scam

Filing a false deed is a scam where the victim is unaware of a problem until they are literally fighting to keep their home. A New York family experienced this nightmare when their \$1.5 million brownstone was stolen through false filings. They were harassed by the perpetrators who even tried to evict them from their own home. The rightful owners have paid extensive legal fees while attempting to resolve the issue. The courts have not yet ruled on this case.²

1 www.americanbar.org/newsletter/publications/law_trends_news_practice_area_e_newsletter_home/realestatefraud101.html
2 www.dnainfo.com/new-york/20150512/hamilton-heights/family-says-their-15-million-brownstone-was-stolen-deed-theft-scam



These victims may spend thousands of dollars in legal representation to defend themselves against the mortgage company and thousands more to repair their credit rating and reputation.

.....

Deed fraud occurs when:

- The scammer selects a target, often a senior citizen who owns their home outright or second homes that show signs of neglect and disuse.
- The scammer completes a blank deed showing the property owner is transferring it to someone else.
- The county clerk unknowingly accepts the deed, a fee is paid by the scammer and the new, false deed, is recorded.
- This false recorded deed now serves as the official record of ownership and the scammer uses it to take out a mortgage.
- When the mortgage process is complete, the scammer cashes the check and disappears.
- The bank forecloses on the property to collect its money and then the true homeowners learn of the fraud.

The reason this scam is successful is that county recorders are not required and have no ability to verify the information on the deed. Their main focus is whether the forms were completed entirely and that the fees are paid. Without additional tools, fraudulent deeds cannot be identified until the scam has run its course.

The Victims

Homeowners are completely vulnerable as it is impossible to protect themselves from this scam. Their credit rating may be destroyed in the process as it appears they have defaulted on their mortgage. These victims may spend thousands of dollars in legal representation to defend themselves against the mortgage company and thousands more to repair their credit rating and reputation.

Depending on the circumstances of the fraud, the notary and home appraiser may be investigated wasting time and money responding to requests relating to the scam. This can cost thousands of dollars to respond to these requests.

The Solution

Some hard-hit counties have employed expensive task forces in an attempt to address the issue and others may implement thumbprint records on all notarizations. However, some counties find the most cost effective approach is to leverage the turnkey solutions offered by Data Trace.

Data Trace, working on behalf of the counties:

- Sends notices to homeowners of the transfer to confirm it is a valid transaction and alert them to the potential fraud.
- Search records for similar fraudulent transfers to identify victims, patterns and perpetrators.

“Protecting the homeowners in Orange County has never been easier since we implemented the Data Trace Real Estate Fraud program earlier this year. Data Trace prepares and delivers courtesy notices with a copy of the recorded document on behalf of the county to alert the unsuspecting homeowner of potential fraudulent activity.”

.....

- Deter scam artists from operating in the county since they know it is protected with the Data Trace system.
- Provide the county with misfiled recordings, return mails and cross validation.

Orange County, California utilizes Data Trace. David Cabrera, the Public Information Officer for Orange County Clerk-Recorder Hugh Nguyen, recently stated:

“Protecting the homeowners in Orange County has never been easier since we implemented the Data Trace Real Estate Fraud program earlier this year. Data Trace prepares and delivers courtesy notices with a copy of the recorded document on behalf of the county to alert the unsuspecting homeowner of potential fraudulent activity.”

Con artists who perpetrate this fraud often select a county then file a series of these fake deeds. They may use accomplices so county employees don't become suspicious from repeatedly seeing the same person. The longer the scam runs, the more likely the county may find itself assisting in criminal investigations.

“Data Trace provides a turnkey service for the county to help protect homeowners and take a proactive approach to prevent future schemes.” said Danny Reyes Account Executive at Data Trace. “Once counties begin using the Data Trace Real Estate Fraud solution, they experience how easy it is to provide the awareness to homeowners of the potential of real estate fraud. It's a true example of local government looking out for their constituents.”

Data Trace provides the solutions for property fraud detection and prevention. To start protecting your community from real estate fraud, visit our website or contact us at 800.221.2056 to learn how Data Trace can address your needs.

3 www.datatracetitle.com/home

4 www.smcare.org/recorder/fraud.asp



DataTraceTitle.com

[linkedin.com/company/data-trace](https://www.linkedin.com/company/data-trace)
twitter.com/datatracetitle
facebook.com/datatracetitle

800.221.2056

customersuccess@datatracetitle.com

200 Commerce, Irvine, CA 92602

© 2016 Data Trace Information Services LLC. All rights reserved.

Data Trace Information Services LLC makes no expressed or implied warranty respecting the information presented and assumes no responsibility for errors or omissions.