



## **Protect Your Sellers, Protect Your Business:**

*The Real Estate Agent's Guide to Preventing Fraudulent Property Sales*



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### *The Real Estate Agent's Guide to Preventing Fraudulent Property Sales*

Incidents of fraudulent property title transfers have surged nationwide. Scammers are increasingly finding ways to steal property ownership without the rightful owner's knowledge, only for the owner to discover the fraud through indirect means, often too late.

As a real estate agent, you may unknowingly be contacted by a scammer posing as a seller. If you don't conduct proper due diligence, you could inadvertently aid a criminal, depriving the valid owner of their property while exposing yourself and your clients to legal and financial risks.

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## How Large Are the Losses?

Real estate fraud is now at an all-time high. Consider these staggering statistics:

- \$12.5 billion was lost to cybercrime in 2023, with the real estate industry accounting for \$2.5 billion of that total.
- The real estate industry represents 25% of the U.S. GDP, with an estimated \$2.5 trillion moving through transactions in 2024.
- 86% of fraudsters use legitimate business structures as fronts for cybercrime, with 50% tied to global drug cartels and criminal enterprises.
- Many fraudulent sellers are state-sponsored actors, using stolen funds to finance foreign economies.
- Alabama was the top state for cybercrime losses in 2023, with \$5.3 million in losses from just 77 cases, and with only 10% of fraud believed to be reported, the actual number may be ten times higher in just one state.

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## Who Is Most at Risk?

Criminals typically target properties that are:

- Vacant and unattended
- In the name of an inattentive owner (such as an inherited property)
- Second homes or vacation properties
- Undeveloped land with an absentee owner

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## How Do They Do It? The Fake Listing Scam

Scammers steal ownership by:

1. Identifying vulnerable properties through public records.
2. Gathering personal information about the actual owner via online searches.
3. Creating a fake ID to impersonate the owner.
4. Using deception to transfer ownership through fraudulent paperwork.
5. Selling or monetizing the property before the actual owner discovers the crime.

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## Common Fraudulent Tactics

**Fake Listings:** Scammers pose as the owner and list the property for sale with an agent.

**Quitclaim Deed Fraud:** The scammer forges documents to transfer ownership.

**Equity Theft:** The scammer takes out a HELOC or cash-out loan on the stolen property.

**Rental Fraud:** The scammer illegally rents the property to collect rental income.

**Nonexistent Property Sales:** Criminals market a fake property using stolen listing photos.

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## Practice Due Diligence: How to Verify a Seller

As an agent, protecting yourself and your clients starts with thorough due diligence. Before working with any out-of-town seller or vacant property owner, take these steps:

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### Red Flags to Watch For:

- Recent title transfer in public records, followed by a quick attempt to sell.
- The seller refuses to meet in person and insists on remote communication.
- The Seller is offering the property below market value and pushing for a fast closing.
- Foreign actors use broken grammar in emails or messages.
- The seller's story is inconsistent or doesn't align with public records.

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### Key Verification Steps:

- ✓ **Verify Ownership Records:** Check property history and title ownership through county records.
- ✓ **Request Identity Verification:** You can request a U.S. passport, Permanent Resident ID, or driver's license and match it with property records.
- ✓ **Confirm the Seller's Location:** Ask them to meet in person or do a live video call while holding up a government-issued ID.
- ✓ **Verify the Seller's Phone Number:** Use [PhoneValidator.com](https://www.phonevalidator.com) to check if their number matches their claimed location.
- ✓ **Check Their IP Address:** Use [WhatIsMyIPAddress.com](https://whatismyipaddress.com) to ensure they are in the location they claim.
- ✓ **Verify Passport Information:** Use [EMVLab.org](https://emvlab.org) to confirm the validity of any provided passport.

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## Take Action: What to Do If You Suspect Fraud

If you suspect a fraudulent seller or fraudulent real estate activity:

- Report it immediately to the FBI Internet Crime Complaint Center ([IC3.gov](https://ic3.gov)).
- Contact the title company and the county recorder's office to flag the potential fraud.
- Warn other agents in your network about the fraudulent activity.
- Advise buyers and sellers on monitoring their property's title for unauthorized transfer.

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## Stay Ahead of Fraud with Fathom Realty

At Fathom Realty, we equip our agents with the tools, technology, and education to navigate today's complex real estate landscape. Protect your business and clients while maximizing your growth potential with our [industry-leading commission plans](#).

Are you ready to experience more from your brokerage? [Let's connect](#) and discuss how Fathom Realty can help you thrive in a constantly evolving industry.