

QUICK GUIDE TO IMPERSONATION FRAUD



WHO?



HOW?



WHAT?

Impersonation fraud is on the rise throughout the nation, leading to record losses for the title insurance industry. But by understanding how fraudsters operate and taking a few necessary precautions, together we can protect customers and safeguard financial resources.

Who Do They Target?

Fraudsters, or teams of fraudsters, often impersonate owners of real estate that may not be closely monitored. This includes undeveloped land, vacation property, investment property, property subject to delinquent taxes or nuisance liens, or property owned of record by someone elderly, incapacitated, or deceased.

How Do They Do It?

Armed with forged documents and pilfered identification information, these fraudsters will work to convince agents that everything is on the up-and-up. They'll often insist on **closing outside of the office**, or using an **unvetted, unknown notary**. And to make it all seem plausible, they'll create detailed stories that **prey on human emotion** and internal biases. Maybe they'll say they're representing a sick relative, or they're **too busy with travel to meet in person**. Then, when the policy-writing agent is sufficiently swept up in the narrative, the impostor will **insist on wiring the money** to an **account under a different name**, or somewhere **far away from the property**.

What You Must Do!

Consult the list at the end of this flyer to identify the red flags. Any suspicious activity must be treated as presumptively fraudulent and uninsurable except in strict accordance with our [**October 2024 Impersonation Fraud Bulletin**](#). If it looks suspicious, it probably is!



Have a question about impersonation fraud or potential red flags with a transaction?

Contact your Essent Title Underwriting team at 866.483.2763.

THE IMPERSONATION RED FLAG LIST

Protecting our customers from fraud is part of the job. Be on the lookout for any combination of the red flags below – especially when dealing with **unencumbered property**. Some red flags might be immediately obvious, but others may not be evident until you're at the closing table. Essent Title Insurance requires that your processes include red-flag reviews at the **order intake, search and exam, and closing and disbursing stages** of each transaction. Every member of your organization is crucial to identifying and preventing impersonation and escrow fraud!

Uninsurable Transactions

Essent Title Insurance will not insure your transaction if **any** of the following red flags are true:

- You have evidence that any seller, borrower, or other party to your transaction is an imposter.
- You know that another agent or underwriter has declined to insure your transaction because of concerns about fraud
- You know that Essent Title Insurance or another underwriter has put out a "suspicious activity," "red flag" or similar bulletin identifying the subject property or one of the parties to your transaction
- The property is unencumbered with no existing mortgage to pay off, and the deed or mortgage will be acknowledged and/or notarized by an unvetted notary.
- The seller or borrower has asked you to disburse the proceeds of the transaction to an unrelated third party, to an account in the name of an unrelated third party, or to an offshore account without a good reason (contact your Essent Title underwriter if you're unsure).

If your transaction exhibits any of these red flags, **stop**. Also, Agents should not accept funds in the form of foreign checks. Parties seeking to present funds in the form of foreign checks should be instructed to wire their funds instead.



Presumptively Fraudulent Transactions

If the property is unencumbered with no existing mortgage to pay off, and you know the transaction involves one of the following red flags, your transaction is presumed to be fraudulent:

- The subject property is vacant land, or you know or suspect that the owner may not be keeping a close eye on the subject property (such as if the subject property is a vacation or investment property, was recently damaged in a natural disaster, is unoccupied or uninhabitable, or you know the owner hasn't been paying their property taxes or has let nuisance or similar liens or enforcement notices be filed against the subject property)
- The most recent deed of record is a quit-claim deed or was a deed recorded in connection with a seemingly uninsured/no-consideration transaction within the past two years.
- You haven't personally met with the seller/borrower, and you suspect that the listing agent, lender, and/or mortgage broker haven't either.
- The deed or mortgage will be acknowledged and/or notarized outside of your office, unless you're performing the acknowledgment, you are using an approved signing service or notarization via remote online notarization as allowed by law.
- The sale contract that you've been provided has been assigned to a different buyer than the buyer named in the original contract, or you know the original contract was novated with a new contract identifying a different buyer.
- The seller/borrower has told you they'll sign via power of attorney appointing an unrelated third party without a good explanation.
- You just have a sense that the transaction may be fraudulent!

If you encounter any of these red flags when dealing with unencumbered property, refer to our October 2024 Impersonation Fraud Bulletin for vetting requirements that you must satisfy before insuring.



PRESUMPTIVELY FRAUDULENT TRANSACTION VETTING CHECKLIST

If your transaction involves an unencumbered property and any one or more of the red flags outlined on page 2 or covered in section A.II. of our October 2024 Impersonation Fraud Bulletin, you must give the transaction a closer look and go through the applicable steps outlined below:

- Add a requirement to your commitment requiring the relevant parties to verify their identities to your satisfaction.
- Schedule out-of-office closings with trusted and vetted notaries, or close via remote online notarization in compliance with applicable law—never allow parties to use their own notaries.
- Before disbursing and recording, carefully scrutinize forms of identification presented by the parties as well as signatures and notary stamps on deeds and mortgages.
- Require the parties to verify their identities by completing an identity validation process conducted by a trusted identity validation vendor or by sending and obtaining a response to a transaction confirmation letter.
- Don't accept funds in the form of a foreign check—require parties to wire funds instead.
- Document in your file all of the steps you've taken to vet your transaction.
- Refer to our bulletin for detailed requirements.

TRANSACTIONS WHERE WE HIGHLY RECOMMEND THE USE OF A FRAUD PREVENTION TOOL

- 1 Transaction on an unencumbered, vacant land.**
Tool Recommendation: identity verification (or Transaction Confirmation Letter).
NOTE: If you are using an identity verification fraud tool, you are not also required to utilize a Transaction Confirmation Letter as previously required by this bulletin. Utilizing the fraud tool OR a Confirmation Letter is sufficient enough in this scenario.
- 2 Transaction on an encumbered land, but the mailing address for the owner is different than the property address.**
Tool Recommendation: identity verification.
- 3 Transaction where the Seller is unable to be present at closing and a Power of Attorney (POA), RON, or other remote closing method is being utilized.**
Tool Recommendation: identity verification.
- 4 Transaction where an unknown/unvetted notary is being used or where there is an unknown/unfamiliar party not appearing in person.**
Tool Recommendation: identity verification for the notary OR identity verification for the unknown party.
- 5 Payoff of \$50,000 or more.**
Tool Recommendation: payoff protection.
- 6 Payoff of a Private Individual, Non-Traditional Lender, etc.**
Tool Recommendation: payoff protection & identity verification.
- 7 Change in Wiring Instructions.**
Tool Recommendation: payoff protection.
- 8 Cash Out Transaction: Borrower is Receiving \$10,000+ Cash.**
Tool Recommendation: wire verification
- 9 Any transaction where you identify a red flag or suspect identity fraud.**
Tool Recommendation: identity verification and/or payoff protection depending on the transaction's facts.

IMPORTANT NOTE: Identity verification can be utilized for any party in your transaction (e.g., Agent on a POA, Principal, Notary, etc.). If you suspect red flags with any party, consider utilizing identity verification.

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