



What Clerks & Records Should Know About Property Record Fraud

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The Growing Concern for Property Record Fraud

Imagine sending a check like you've done every year since 1963 to renew your homeowner's insurance—only to find out your property deed has been illegally transferred to someone else.

That's the story of Robert Felder from Fort Lauderdale, FL, and the growing number of Americans facing property record fraud. At 91 years old, Felder was now at risk of eviction from the home he'd owned and raised his family in for 62 years ([South Florida Sun Sentinel](#)).

Property record fraud is not a new phenomenon, but the tactics continue to evolve as fraudsters find new ways to exploit eager new homebuyers, senior citizens, and areas experiencing explosive population growth and real estate gains post-pandemic.

According to the FBI, property record and mortgage fraud are among the fastest-growing white-collar crimes in the U.S. The FBI's Internet Crime Complaint Center warns that losses from real estate and rental scams are increasing, reaching more than \$396 million in 2022 and almost doubling since 2020.

With these alarming statistics, government officials—as custodians of the official records—must stay ahead of property record fraud trends and solutions to educate and protect constituents from falling victim to fraudsters.

GovOS has partnered with over 800 cities, counties, and states to modernize public records and transactions for citizens and businesses. We've researched property record fraud to provide a better understanding of what it is, the available solutions, and how governments can empower constituents and businesses to help safeguard their homes and properties.





What is Property Record Fraud?

Property record fraud—also known as deed fraud, title fraud, title pirating, title theft, or house stealing—involves the manipulation of documents related to real estate transactions to defraud individuals or institutions. It occurs when someone illegally obtains a property deed or title and changes the associated records without the owner's knowledge or consent. Fraudsters can use the unlawfully obtained deed or title to get mortgages, liens, rent, or even sell the property without the rightful owner's knowledge.

Who is Vulnerable to Property Record Fraud?

Property record fraud is increasingly popular among criminals as the COVID-19 pandemic triggered the rise in remote closings, remote online notarizations, and digitally available public records, making it easier for fraudsters to impersonate homeowners and piece together information about properties to create false documents. Furthermore, the sharp declines in real estate transactions due to rising interest rates have redirected criminals to property record fraud from other property crimes, such as wire fraud.

While property record fraud can happen to anyone, anywhere, fraudsters often target the most vulnerable constituents. Senior citizens, out-of-state or deceased homeowners, vacation rentals, homes free of mortgages or liens, abandoned properties, investment properties owned by holding companies, and vacant lots are among the ones most targeted by criminals. Victims often don't realize the fraud occurred until they face eviction, receive property liens, or discover credit discrepancies.

How Does Property Record Fraud Work?

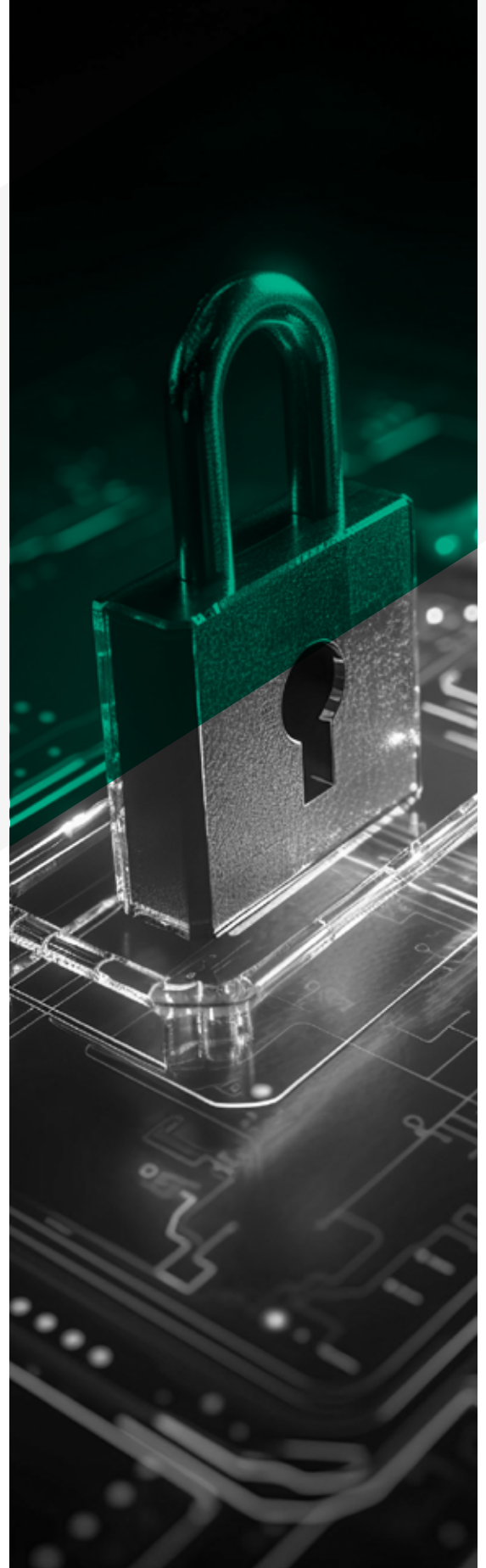
Property record fraud can take many forms but typically combines identity theft, impersonation, forgery, and creating false documents. It can affect homeowners, landowners, or businesses.

After fraudsters identify a vulnerable property or citizen to exploit, their first move is to find out the owner of the property through public records and steal their identity. It's also not uncommon that the fraudsters are family members, caregivers, or even spouses in a domestic dispute.

Using the stolen identity, they create fake driver's licenses, social security cards, and counterfeit documents to pose as the homeowner. They then create a fraudulent deed and forge the homeowner's signature to transfer the property from the rightful owner to themselves. Fraudsters record the false deed with the county clerk or recorder's office as public record.

In rare cases, notaries are accomplices in the scam. They may knowingly notarize a fraudulent document using fake credentials or disregard irregularities that would lead to a refusal to certify. In most cases, they are unwitting participants. In other instances, the notary plays no part at all. Instead, scammers forge the notary's signature and seal.

Once the fraudster steals the deed or home title, they can obtain a mortgage, refinance the mortgage, take out a home equity line of credit (HELOC) against the property, illegally rent out or sell the home to unsuspecting homebuyers or criminals using stolen identities. Because the documents are fraudulent and the property does not legally belong to the fraudster, they aim to profit before anyone realizes a crime occurred.





The Impact of Property Record Fraud on Constituents and Businesses

Property record fraud can have devastating impacts on your constituents and businesses. The emotional toll of losing your home is at the top of the list, but victims also face lengthy legal battles as it may involve the title company, lenders, buyers, and sellers, and taking the issue to court. Homeowners may accrue tens of thousands in legal fees and tarnish their credit scores.

However, the impact of property record fraud spans beyond the homeowners. The buyers of the illegally obtained properties are also victims. When Jereon Reidel's real estate holding company in Daytona, FL, purchased a home for \$70,000, he didn't realize a fraudster had created a fake deed transferring ownership of the home from a recently deceased man to himself (ClickColorado.com).

When family members of the deceased homeowner realized the scam, they quickly acted to reclaim ownership. Reidel's company was forced to file a lawsuit, and both victims of the property record fraud had to battle it out in court.

Real estate agents, notaries, title companies, banks, government staff, and officials are all victims of property record fraud and face reputational, legal, financial, and emotional harm from this criminal practice.



"At a time when the threat of property fraud is at an all-time high, the importance of making this kind of service available to citizens cannot be undersold.

With this added layer of protection, we help reduce the risk of home title theft by giving constituents the ability to take swift action in the event of fraudulent filings."

Laura Walla

Blanco County Clerk, TX



What Government Officials Can Do to Protect Constituents and Businesses from Property Record Fraud

Government officials play a crucial role in protecting constituents, businesses, real estate professionals, and their communities from the growing threat of property record fraud. Most citizens are unaware of the risk, and some property record fraud cases could have been thwarted had citizens and the real estate professionals helping them had the information and education to recognize the red flags.

Government officials can also consider investing in technology solutions, such as fraud alert services, that may prevent or detect property record fraud before it's too late. Through a proactive approach to creating awareness and education, government officials can help safeguard their constituents and communities from the devastating effects of property record fraud.

Creating Constituent and Community Awareness About Property Record Fraud

Educating your constituents about the risk of property record fraud and potential fraud alert services offered is an opportunity for government officials as custodians of the official records to serve their communities better. Informing citizens to review their property deeds regularly and being vigilant about the signs of identity theft are reasonable first steps. Educating real estate professionals, notaries, and title companies about potential red flags is equally important to prevent property record fraud.

Property record fraud could have been prevented in many cases with better attention to detail during the transaction. For example, fraud victim William Gordon received a congratulatory note for selling his property in Arizona but immediately noticed discrepancies. Both his social security number and mailing address were incorrect. Furthermore, the notary used was 5.5 hours away from the location of the document signing. All were red flags that should've been detected. Realtors, title companies, and notaries were all involved in the process, and none realized the discrepancies in the documents or irregularities in the process ([Business Insider](#)).

There are many stories similar to that of William Morgan's nationwide. Proactive community outreach and education by government officials can take many forms. For example, in Nevada, officials recently released a [consumer alert](#) to announce the rise of real estate identity theft and fraud and how citizens and real estate professionals can spot the warning signs.

In Northeast Florida, six county clerks teamed up to create the first-ever regional partnership urging property owners to sign up for free property fraud alert services through a shared webpage to receive proactive communication whenever documents are recorded with their personal information or for their property.

Government officials at the Broward County, FL, Property Appraiser's Office, and Palm Beach County Clerk of Courts Office have significantly [stepped up their efforts](#) to combat property record fraud. They created a task force of five investigators to get the word out to vulnerable citizens, investigate fraud, and represent victims in court due to the rising threat in their community.

However you choose to safeguard your constituents and businesses, a proactive approach to awareness and education is one way officials can help reduce incidences of property record fraud in their communities and nationwide.





Investing in Technologies to Prevent Property Record Fraud

With the rise in property record fraud, government officials should consider investing in technology solutions to combat criminals. Here are a few of the available solutions:

Automated Identity Verification

Government officials can use advanced technology and Artificial Intelligence (AI) to validate the authenticity of identity documents such as driver's licenses, social security cards, passports, state-issued IDs, and many more. Some land and property record software includes this capability in their records management system to detect fraudulent activity within identity documents to protect citizens and businesses against fraud.

Property Record Fraud Alert Services

Property notification solutions can alert homeowners, property owners, or businesses via email or another communication method whenever documents are recorded with their personal information or for their property. The solution does not prevent property record fraud but enables constituents to monitor for fraudulent activity against their property proactively. Alert solutions are typically self-service, requiring constituents to sign up and manage their own notification preferences. Property fraud alert services' success requires officials to create awareness and educate their communities about the service as part of their proactive communication outreach plan.



Blockchain Technology

The main drivers for property record fraud include the availability of public information online to fraudsters and the difficulty piecing together accurate information about a property for title companies. Some experts recommend [blockchain technology](#), specifically non-fungible tokens (NFTs), to solve these problems. NFTs offer a level of encryption that is much more difficult to decode, providing added security to real estate transactions. Furthermore, all the property data could be consolidated across the blockchain, making it easier and faster to complete accurate searches. Blockchain technology is not currently a widely adopted solution for property record fraud.

Home Title Lock Protection

Home title lock protection companies claiming to monitor and protect homeowners against fraud have cropped up in the past few years. These title lock companies advertise heavily on radio, TV, and direct mailers to encourage homeowners to purchase title lock insurance. Home title lock insurance is not insurance. Instead, it's a deed monitoring service that notifies homeowners and property owners when documents are recorded with their personal information or property, much like the free property record fraud alert services many counties offer. In fact, many of these home title lock companies piggyback on those same services while charging unknowing citizens a fee. Some [attorney generals](#) and government officials are warning consumers to be aware of deceptive advertising practices from home title lock companies, while others are going as far as [investigating](#) them for misleading consumers.



Key Takeaways

As the custodian of records, your proactive effort in combatting property record fraud is crucial in protecting constituents and your community against its devastating effects. Property record fraud is on the rise nationwide and criminals are getting smarter, but by staying ahead of the trends and available solutions, you can educate your constituents and communities to remain vigilant, recognize red flags, and take quick action to safeguard their homes and properties.

- ✓ Inform your staff of the risk of property record fraud
- ✓ Educate your constituents of this risk and what to watch for
- ✓ Team up with other county clerks to offer property alerts at no cost to your constituents
- ✓ Adopt cloud technology for your records management to enable additional layers of security, such as ID verification
- ✓ Partner with your solutions providers to learn how they can support your efforts to combat property record fraud



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Who We Are

GovOS is a leading provider of transaction and compliance software for state and local governments to streamline property, licensing, and tax interactions with businesses and citizens. Headquartered in Austin, Texas, GovOS serves more than 800 government agencies across the United States. With the company's secure suite of cloud-based solutions, governments can maximize revenue, increase compliance, reduce costs, and meet constituent demand for modern, self-service transaction and payment services.

