

## REAL ESTATE FRAUD: CHECKLIST

This is not an exhaustive list of questions to help prevent fraud, but it is a great start.  
What would you add?

### **Questions on the Transaction:**

- Is it too good to be true?
- Is there a sense of urgency to the transaction that does not make sense?
- Is it a quitclaim deed to unrelated third parties for no consideration?
- Are there rapid, multiple flips, each increasing in value with no improvements?
- Is the transaction for dramatically above or below market value?
- Is there a gift deed of property to unrelated third parties?
- Is it a deed from an older person to a caretaker or child for “taking care of them until they die” that does not include a life estate or reservation for the owner?
- Is it a red flag conveyance? Estates, FC, heirs’ property, gift conveyance?
- Are there any recent, unexpected, or unusual changes in addresses or names on tax bills?
- Is the transaction between a fiduciary to themselves for less than market value?
- Is it a reverse mortgage?

### **Questions about the Property?**

- Is it vacant or non-owner-occupied property?
  - If so, have you sent a letter to the tax address?
- Property with recently deceased owners?
- Property clear of mortgage and liens?
- Properties in foreclosure or other special proceeding?
- Transaction for, at, or around market or tax value?
- Are there delinquent taxes?

### **Do the parties make sense?**

- Powers of Attorney to unrelated parties to transaction, non-attorneys, or a relative selling property to pay personal debts?
- Have corporate entities or owners changed recently?
- Trusts with unrelated, non-bank trustees?
- Do the parties (or documents) include sovereign citizen language or names, multiple strange punctuation marks?
- Are the parties demanding to only communicate by email?
- Has anyone met or spoken in person to the seller? A realtor, the lender, buyer or seller’s attorney?
- Is this a “we buy ugly houses” type transaction?
- Are any of the parties using a free email address that may have less security than professional emails?

### **Questions on Estates:**

- Where did the Decedent die? Where was estate administration?
- Who is the PR?
- Who inherits?
- Has there been a notice to creditors run?
- If will has been probated in another county, have you filed the will and certificate of probate in the property county?

### **Questions on Business Entity Red Flags:**

- Are there recent amendments in state filings (or other public docs) that adds or deletes a new person with authority?
- Is the entity name correct – it matches the SoS?
- Is there any self-dealing? Is a corporate officer or partner conveying the land to themselves personally? For less than market value?
- Is this the disposition of all or substantially all of the business assets?
- Does the notary block correctly state the capacity of the signer?
- If POA, is it a corporate POA?
  - Not a personal POA, unless principal is sole owner.

### **Questions on the documents:**

- Are there inconsistent signatures, mismatched names, or signatures that don't match prior documents?
- Are there obvious erasures, changes, corrections or blank/incomplete sections?
- Are there discrepancies in the legal description?
- Is there sovereign citizen language? Does it purport not to be subject to the laws of the US or NC?
- If it is an option to purchase, ROFR or other contract for sale, is it signed by both parties?

### **Questions on the notary:**

- Is the notary information blurry or incomplete?
- Is the notary using “known to me” as identification? Why?
- If possible, have you confirmed the notary is a real person?
- Is the seller or borrower insisting on using their own notary?
  - Can you use a known notary instead?
- Are they using a remote notary?
  - Does the remote notary comply with NC RENA standards?
  - Why are they using a remote notary?
- If third party notary, have you obtained and tried to validate IDs?
- Is notary outside the US? Why?
  - Do you need an apostille or other verification?

- Have you checked with your title company to see if they will accept?

**Questions on the closing:**

- Did you receive all the executed documents without any discussion about approval of those documents or of the notary/signers?
  - Is everything happening in different locations? Seller lives in one place, notary is another place, being mailed from another place?
  - Is the owner suddenly “out of the country” without warning?
- Is there a last-minute assignment or party change?
- Is there a last minute POA popping up?
- Has there been a last-minute payoff or wire change?
  - Are there wired funds going overseas?
- Have you verified the wire instructions by calling a phone number not listed on the payoff or email?
- If you are printing checks, have you done it in a way that keeps anyone from adding more numbers or more people?