

UNDERWRITING BULLETIN

TO: Policy-Issuing Agents
FROM: Agents National Title Insurance Company Underwriting Department
DATE: October 28, 2024
RE: Revised **Mandatory Requirements & Recommendations** for the Prevention of Impersonation/Escrow Fraud

This bulletin replaces Agents National Title Insurance Company's previous bulletins dated December 14, 2023 and April 21, 2023, concerning seller/borrower impersonation fraud.

WHAT ISSUING AGENTS NEED TO KNOW

The title insurance industry continues to face extensive nationwide **impersonation and escrow fraud schemes**. These fraud schemes typically involve a fraudster or team of fraudsters holding themselves out as the true owner of the subject property to induce the issuing agent to insure based on a forged deed or mortgage and disburse the sale or loan proceeds to the fraudster rather than to the true owner.

In response to recent industry-wide loss trends, Agents National Title is implementing **new mandatory requirements**, detailed in this bulletin, for insuring transactions at risk for impersonation and escrow fraud, **including restrictions on insuring transactions exhibiting certain characteristics and additional vetting procedures that must be completed prior to insuring transactions exhibiting certain characteristics.**

QUESTIONS ANSWERED IN THIS BULLETIN

- Section A:** When is a transaction considered an uninsurable or presumptively fraudulent transaction under Agents National Title's guidelines?
- Section B:** What processes and strategies do you need to put in place to **identify** uninsurable or presumptively fraudulent transactions, as set forth in the Seller Impersonation Fraud Quick Guide document and this bulletin¹?
- Section C:** What processes and strategies do you need to put in place to **evaluate and clear** presumptively fraudulent transactions before closing or insuring?
- Section D:** When does Agents National Title recommend utilizing a fraud prevention tool? Are these tools more critical for certain types of transactions?

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¹ The Agent's National Title Seller Impersonation Fraud Quick Guide, originally distributed in December 2023, and revised October 28, 2024, is attached to this bulletin as an exhibit.

SECTION A
TRANSACTIONS SUBJECT TO THIS BULLETIN

I. UNINSURABLE TRANSACTIONS:

STOP!

Don't insure your transaction on Agents National Title's behalf if:

1. You have evidence that any seller, borrower, or other party to your transaction is an imposter; **or**
2. You know that another agent or underwriter has declined to insure your transaction because of concerns about fraud;
3. You know that Agents National Title 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;
4. 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**¹;
5. 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 Agents National Title underwriter if you're unsure).

NOTE: Foreign checks are at heightened risk of fraud. If the buyer's earnest money or other funds are presented in the form of a foreign check, instruct the buyer to wire their funds instead.

II. TRANSACTIONS THAT NEED A CLOSER LOOK:

If none of the proceeds of your transaction will be used to pay off an existing mortgage on the subject property, **and** you know the transaction involves one of the following red flags, your transaction is **presumed to be fraudulent, and you need to be extra careful before closing or insuring!** Contact your underwriter if you are unsure!

Red flags to look out for:

1. 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); **or**
2. 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;
3. You haven't personally met with the seller/borrower, and you suspect that the listing agent, lender, and/or mortgage broker haven't either;
4. The deed or mortgage will be acknowledged and/or notarized **outside of your office, unless you're performing the acknowledgment or notarization via remote online notarization ("RON") or remote ink notarization ("RIN") as allowed by law;**
5. 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;
6. The seller/borrower has told you they'll sign via power of attorney appointing an unrelated third party without a good explanation;
7. You just have a sense that the transaction may be fraudulent.

When do you need to take a closer look at a deed or mortgage signed outside of your office? See the Signing Standards page of this bulletin for more information!

¹ When is a notary considered "unvetted?" See the Signing Standards page of this bulletin for more information!

III. TRANSACTIONS THAT ARE PROBABLY OKAY:

Even if you won't be paying off an existing mortgage, your transaction is probably okay so long as:

1. Your transaction doesn't involve any red flags identified under Section I, above; **and**
2. The closing will physically take place in your office or through RON or RIN, performed by your qualified personnel or a notary provided by an approved RON vendor (please refer to Agents National Title's existing guidance concerning remote online notarization); **and**
3. The seller/borrower is a trusted, existing client.

If in doubt, reach out to your Agents National Title underwriter!

² When do you need to take a closer look at a deed or mortgage signed outside of your office? See the Signing Standards page of this bulletin for more information!

SIGNING STANDARDS

I. DOCUMENTS THAT CANNOT BE INSURED

For your protection and the protection of your clients, **do not insure** a transaction on Agents National Title's behalf unless a deed or mortgage will be acknowledged or notarized **in one of the following ways**:

1. In person by your qualified personnel; or
2. Via RON performed by your own qualified personnel (refer to Agents National Title's existing guidance concerning RON); or
3. By a military officer in compliance with applicable law (but only if the signing party is active-duty military personnel or a spouse or dependent of active-duty military personnel); or
4. By a U.S. Embassy or Consular official in compliance with the requirements set forth in the U.S. State Department Foreign Affairs Manual and otherwise in compliance with applicable law (refer to Agents National Title's existing guidance concerning foreign notarizations); or
5. By an appropriate official recognized in the country in which the document is acknowledged, if accompanied by an Apostille (but only if the country in which the document is acknowledged is a signatory of the Hague Convention), and otherwise in compliance with applicable law; or
6. By a notary public or other appropriate official **that you've vetted**. A notary public or other official is considered "vetted" if the notary public or other appropriate official is engaged **directly** by you (**not** by a party to the transaction!) **and**
 - a. Is active, qualified personnel of a duly licensed title or escrow company; or
 - b. Is active, qualified personnel of an attorney or law office licensed to practice law in the appropriate jurisdiction; or
 - c. Is active, qualified personnel of a signing vendor that you know and have a vendor agreement with.

II. DOCUMENTS SUBJECT TO ADDITIONAL VETTING AND PRIOR UNDERWRITING REVIEW

For your protection and the protection of your clients, be **extra careful** if none of the proceeds of your transaction will be used to pay off an existing mortgage on the subject property, and a deed or mortgage is to be notarized and/or acknowledged **other than** as set forth below:

1. In person by your qualified personnel; or
2. Via RON performed by your qualified personnel (please refer to Agents National Title's existing guidance concerning RON).

QUESTION: OKAY, SO HOW DO I IDENTIFY A TRANSACTION THAT I CAN'T INSURE OR THAT I NEED TO BE EXTRA CAREFUL BEFORE INSURING?

ANSWER: SEE SECTION B OF THIS BULLETIN!

SECTION B

PRACTICES FOR THE IDENTIFICATION OF PRESUMPTIVELY FRAUDULENT TRANSACTIONS

You might be able to identify some red flags for impersonation or escrow fraud right when you receive an order, but other red flags might not be evident until you're at the closing table. Agents National Title 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!

See the following checklists of recommended best practices for prevention of impersonation and escrow fraud:

- Appendix B-I:** Order Intake Fraud Identification Checklist
- Appendix B-II:** Search and Examination Fraud Identification Checklist
- Appendix B-III:** Pre-Close Fraud Identification Checklist
- Appendix B-IV:** Pre-Disbursal/Recording Fraud Identification Checklist

APPENDIX B-I: ORDER INTAKE FRAUD IDENTIFICATION CHECKLIST

- Note whether the order has not been submitted by an existing trusted client.
"Existing Trusted Client": A seller you have worked with multiple times in the past, whose business stream you are familiar with.
While even orders submitted by trusted clients may be fraudulent, orders that have not been submitted by an existing trusted client may be at higher risk for fraud.

- Note whether the buyer has attempted to pay the buyer's earnest money via a foreign check.
*If the buyer's earnest money or other funds are presented in the form of a foreign check, **DO NOT PROCEED!** Buyers attempting to present funds in the form of a foreign check should be instructed to wire their funds.*

- Note whether the mailing address provided for the seller/borrower is that of the subject property.
If the seller's/borrower's mailing address is not that of the subject property, it may be an indication the subject property is vacant land or otherwise unoccupied. While even owner-occupied properties may be targeted for fraud, vacant land and unoccupied properties are at higher risk.

- Note whether the seller/borrower is displaying a suspicious urgency to close.
*Fraudsters will sometimes feign medical emergencies, travel plans, or otherwise insist that the transaction be fast-tracked as a tactic to influence the issuing agent to bypass proper procedures. Commonly, fraudsters will be willing to accept less money or pay additional fees to close quickly. **BE ON THE LOOKOUT FOR THIS KIND OF SUSPICIOUS BEHAVIOR!***

- Note whether the seller/borrower is seeking to close out of office using the seller/borrower's own notary rather than a notary the issuing agent has vetted.
*A key indicator of seller/borrower impersonation fraud is the seller/borrower's insistence on a mail-out closing using a notary that you haven't vetted. **Is a party insisting on signing before an unvetted notary***? DO NOT PROCEED!***
What does Agents National Title mean by "unvetted?" See the Signing Standards page of this bulletin for more information!

- Note whether the transaction involves a double closing of the same property or one or more contract assignments, flips, or novations.
 - *"Double Closing": When there are two transactions involving the subject property closed in a short span of time. Most double closings close at the same title company and occur on the same day or within 24-48 hours of each other, but some may have additional time between closings.*
 - *"Flip Transaction": It may present as an A-B transaction and then a B-C transaction. Your office may be handling both closings or only the front or back part of the deal. Sometimes the parties request that funds from the back-end transaction be used to fund the front transaction.*
 - *"Contract Assignment": When the contract is assigned to another buyer via an assignment. Sometimes there will be multiple assignments for one transaction.*
 - *"Novation": A contract between parties that allows one party to transfer their rights or obligations to another party who was not involved in the original transaction, voiding the original contract.*
Transactions involving contract assignments, flips, novations or double closings of the same property are more likely to be fraudulent. Also, a significant divergence between the market value of the property and the

amount ultimately received by the initial titled owner (taking into account amounts disbursed for the initial titled owner's benefit, such as amounts disbursed to satisfy taxes or liens) may be an indication that the transaction is fraudulent.

If you won't be paying off an existing mortgage, and the transaction involves a contract/ assignment/novation or double closing of the subject property, or if the initial owner will be receiving a lot less than they probably should, the transaction is presumptively fraudulent, and you need to refer the matter to your underwriter for review!

- You know that another agent or underwriter has declined to close or insure the transaction on account of concerns about impersonation or escrow fraud.

*If you are aware or become aware during the course of the transaction that another agent or underwriter has declined to close or insure the transaction on account of concerns about impersonation or escrow fraud, **DO NOT PROCEED!***

APPENDIX B-II: SEARCH AND EXAM FRAUD IDENTIFICATION CHECKLIST

- Will you be requiring that an existing mortgage be paid off in connection with your transaction?

Fraudsters almost exclusively target properties with enough equity to make it worth their while.

If the subject property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction (such as if the property is unencumbered, or your transaction involves a “cash-out” subordinate mortgage), and any one or more of the red flags detailed in Section A of this bulletin are present, the transaction is presumptively fraudulent, and you need to be extra careful!

- Confirm via a review of your tax certificate, the relevant taxing authority’s records, or other appropriate means whether the subject property is vacant land.

*Fraudsters know that owners are less likely to be closely monitoring vacant land, so vacant land is at high risk of being targeted for seller/borrower impersonation fraud. **If the subject property is vacant land that is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, and you need to be extra careful!***

- Confirm whether property taxes are past due and whether the subject property is encumbered by nuisance abatement or similar liens.

*Fraudsters know that when property taxes haven’t been timely paid, or the owner has allowed the property to be encumbered by nuisance liens or similar enforcement notices, that means the owner probably isn’t closely monitoring the property. Properties encumbered by liens for past-due taxes or by nuisance abatement or similar liens are at higher risk of being targeted for seller/borrower impersonation fraud because fraudsters target properties that are not being closely monitored by the true owner. **If the subject property is encumbered by liens for past-due taxes or by nuisance abatement or similar liens or enforcement notices, and the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, the transaction is presumptively fraudulent, and you need to be extra careful!***

- Confirm whether the most recent deed in the chain of title is a quitclaim deed or otherwise appears to have been recorded in connection with an uninsured or non-arm’s length transaction.

*If the subject property is unencumbered, and the most recent deed in the chain of title is a quitclaim deed or was otherwise recorded in connection with an uninsured or non-arm’s-length transaction within the past two years, there is a heightened risk that the deed may have been forged or may otherwise be subject to challenge. **If the seller’s/borrower’s title derives from a quitclaim deed or other deed recorded in connection with an uninsured or non-arm’s length transaction within the past two years, and the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, the transaction is presumptively fraudulent, and you need to be extra careful!***

APPENDIX B-III: PRE-CLOSING FRAUD IDENTIFICATION CHECKLIST

- Note again whether the seller/borrower is seeking to close out of office using the seller/borrower's own notary.

*A key indicator of seller/borrower impersonation fraud is the seller/borrower's insistence on a mail-out closing using a notary that you haven't vetted. **Is a party insisting on signing before an unvetted notary***? DO NOT PROCEED!***

****What does Agents National Title mean by "unvetted?" See Section I of the [Signing Standards](#) page of this bulletin for more information!*

- Note whether the seller or borrower has asked you to disburse the proceeds of your 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.

Because fraudsters will often not have any connection with the true owner of the subject property, they will often direct proceeds be made payable or wired to a person or entity other than the true owner or to a bank/account not located in the same geographic area as the subject property. These are key risk factors for seller/borrower impersonation fraud.

Is a party insisting that the proceeds of the transaction be disbursed to an unrelated third party, wired to an account in the name of an unrelated third party, or wired to an offshore account without a good reason? DO NOT PROCEED!

Contact your Agents National Title underwriter if you're not sure whether the party has given you a good enough reason!

- Note whether the buyer's funds have been presented in the form of a foreign check.

*If the buyer's funds are presented in the form of a foreign check, **DO NOT PROCEED!** Buyers attempting to present funds in the form of a foreign check should be instructed to wire their funds instead!*

- Note whether the seller/borrower will be signing under a power of attorney.

*While sellers/borrowers often have legitimate reason to sign via power of attorney, powers of attorney can also be used by fraudsters to avoid scrutiny of the principal. **If a party to the transaction has asked you to allow them to sign via power of attorney without a good reason, and the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, the transaction is presumptively fraudulent, and you need to be extra careful.***

APPENDIX B-IV: PRE-DISBURSAL/RECORDING FRAUD IDENTIFICATION CHECKLIST

- Note again whether 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.

Because fraudsters will often not have any connection with the true owner of the subject property, they will often direct proceeds be made payable or wired to a person or entity other than the true owner or to a bank/account not located in the same geographic area as the subject property. These are key risk factors for seller/borrower impersonation fraud.

Is a party insisting that the proceeds of the transaction be disbursed to an unrelated third party, wired to an account in the name of an unrelated third party, or wired to an offshore account without a good reason? DO NOT PROCEED!

QUESTION: OKAY, SO I'VE IDENTIFIED A RED FLAG THAT CAUSES THE TRANSACTION TO BE UNINSURABLE UNDER THIS BULLETIN. NOW WHAT?

ANSWER: YOU CANNOT INSURE ON AGENTS NATIONAL TITLE'S BEHALF! CONTACT YOUR AGENTS NATIONAL TITLE UNDERWRITER IF YOU HAVE ANY QUESTIONS.

QUESTION: BUT WHAT IF THE RED FLAGS I'VE IDENTIFIED DON'T RESULT IN MY TRANSACTION BEING UNINSURABLE? WHAT IF THE TRANSACTION IS ONLY PRESUMPTIVELY FRAUDULENT?

ANSWER: SEE SECTION C OF THIS BULLETIN FOR THE STEPS YOU MUST COMPLETE TO CLEAR YOUR TRANSACTION!

SECTION C

REQUIRED PROCESSES AND STRATEGIES FOR THE EVALUATION AND CLEARANCE OF PRESUMPTIVELY FRAUDULENT TRANSACTIONS

When a transaction has been identified as presumptively fraudulent in accordance with the above standards, you **MUST ADDRESS** each identified risk factor.

See the following checklists for required evaluation and clearance steps:

- Appendix C-I:** Requirements Applicable to Vacant Land or Properties Encumbered by Past-Due Tax Liens, Nuisance Abatement or Similar Liens
- Appendix C-II:** Requirements Applicable to Transactions When the Most Recent Deed of Record is a Quitclaim Deed or Otherwise Previously Unvetted Deed
- Appendix C-III:** Requirements Applicable to Transactions Involving Mail-Out Closings, Out-of-Office Closings, or Documents Otherwise Notarized/Acknowledged Via a Method Set Forth in Appendix A-I C through F.
- Appendix C-IV:** Requirements Applicable to Transactions Involving Powers of Attorney

NOTE: Parties to the transaction and their representatives are highly invested to get to close and any delays to complete additional steps may cause understandable friction. Even so, it is critical not to proceed until the applicable requirements have been satisfied! These steps are for the protection of the parties, the issuing agent, and Agents National Title and may not be waived for any reason except with the express approval of an Agents National Title underwriter.

APPENDIX C-I: REQUIREMENTS APPLICABLE TO VACANT LAND OR PROPERTIES ENCUMBERED BY PAST-DUE TAX LIENS, NUISANCE ABATEMENT OR SIMILAR LIENS

If the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, and the property is vacant land or encumbered by past-due tax liens, nuisance abatement, or similar liens or enforcement notices, the transaction is presumptively fraudulent, you should utilize a fraud prevention tool as set forth in Section D – “Fraud Prevention Tools”, and you must complete the following steps:

1. Add the following requirement to your commitment:
“Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.

If any such documents will not be executed in person in the Issuing Office or otherwise in person before a representative of the Issuing Agent,
 - (a) Either
 - i. The Company must have received a response, to the Company’s sole satisfaction, from the executing person(s) or entity(ies) to a Transaction Confirmation Letter to be sent to such person(s) or entity(ies) by the Issuing Agent; or
 - ii. Such grantor(s) must complete an identity verification process to the Company’s sole satisfaction; and
 - (b) All such documents must be acknowledged before and/or notarized by a notary public or other appropriate official satisfactory to the Company at the Company’s sole discretion.

The Company reserves the right to make additional requirements.”
2. Retain **legible** copies (front and back) of such signing parties’ valid and unexpired driver’s license(s) or other active and valid forms of government-issued identification; **AND**
3. Before recording and disbursing, take reasonable steps to determine whether the photograph appearing on the provided form of identification is in fact that of the signing party, including by
 - a. Comparing the photograph to photographs viewable on the signing party’s publicly accessible social media accounts;
 - b. Scrutinizing the identification provided for signs that it may be fraudulent, including by scrutinizing whether the photograph or other areas of the identification provided are crooked, blurry, offset, or otherwise irregular;
 - c. Comparing the identification provided with a sample identification card or passport pulled from the relevant motor vehicle or other department that issued the identification card; **AND**
4. Before recording and disbursing, take reasonable steps to determine whether the signature of the signing party is valid, including by
 - a. Comparing the signatures on documents provided in connection with the closing to signatures on documents recorded in connection with previous transactions, such as previously recorded mortgages or affidavits bearing the signing party’s presumably authentic signature (this safeguard is not foolproof, as fraudsters have been known to carefully mimic authentic signatures);
 - b. Comparing signatures on documents provided in connection with the closing to determine whether signatures are precisely identical to each other, suggesting the same signature may have been copied and pasted onto multiple documents;
 - c. If multiple sellers or borrowers have signed, then the policy-issuing agent must compare each of the sellers or borrowers signatures to each other. Do the signatures of each borrower/seller have similar characteristics suggesting that the signatures of multiple signers may have in fact been forged by one and the same person?
5. If a deed, mortgage, or other document necessary to establish the title or lien of the insured mortgage is to be executed outside of your office, follow the requirements set forth in Appendix C-III, below.

APPENDIX C-II: REQUIREMENTS APPLICABLE TO TRANSACTIONS WHEN A RECENT DEED OF RECORD IS A QUITCLAIM DEED OR OTHERWISE PREVIOUSLY UNINSURED OR UNVETTED DEED RECORDED WITHIN THE PAST TWO YEARS

If the subject property has been conveyed via a quitclaim deed or otherwise via an uninsured or unvetted deed recorded within the past two years, and the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, the transaction is presumptively fraudulent, and you must complete the following steps:

1. Add the following requirement to your commitment:
“The Company finds that the [Quitclaim Deed] from [Grantor] to [Grantee], dated [Date] and recorded [Date and Recording Information] [is a quitclaim deed][was apparently not recorded in connection with an insured transaction]. The Company requires that:
 - (a) the Company must have received a response, to the Company’s sole satisfaction, from the grantor(s) shown on such instrument to a Transaction Confirmation Letter to be sent to such grantor(s) by the Issuing Agent; or
 - (b) Such grantor(s) must complete an identity verification process to the Company’s sole satisfaction; or
 - (c) The Company must be presented with an owner’s title insurance policy, acceptable to the Company in the Company’s sole discretion, issued in connection with such deed; or
 - (d) Such grantor(s) must execute and deliver a new deed or other appropriate instrument. Any such instrument must be acknowledged before and/or notarized by a notary public or other appropriate official satisfactory to the Company at the Company’s sole discretion.

The Issuing Agent reserves the right to make additional requirements.”

Note: If the issuing agent is provided with an Owner’s Title Insurance Policy issued in connection with the identified deed that the issuing agent has confirmed is valid and active, the issuing agent may proceed without completing the below steps! Otherwise:

2. Either:
 - a. Contact each grantor shown on the identified deed via contact information obtained from a source that you’ve verified and direct each grantor to complete an identity verification process via an identity verification vendor. See Agents National Title’s list of available identity verification vendors for vendors you might consider.

Or:

 - a. Send and receive a satisfactory response to a Transaction Confirmation Letter from each grantor shown on such deed, as follows:
 - i. Confirm the current mailing address of the grantor(s) via an independent source, such as the relevant taxing authority’s records. Issuing agents may not rely on an address provided by the seller/borrower or the listing agent or mortgage broker/lender (even is the listing agent and/or mortgage broker/lender is a trusted client and even if the grantor(s) is/are family members of or acquainted with a party to the transaction); **AND**
 - ii. send a Transaction Confirmation Letter addressed to the grantor(s) at the independently verified mailing address of the grantor(s). The letter must include a unique code or PIN, must indicate that the issuing agent has received a contract for the sale/mortgage in connection with the grantor(s) contact the issuing agent immediately to confirm the transaction. **NOTE:** If the mailing address confirmed via an independent source is out-of-state, out-of-region, or out-of-country, **seek underwriting approval before moving forward!**
3. Ensure your search is performed back to the most recent deed for consideration in the chain of title. Do not stop at the uninsured or unvetted deed.
4. Before recording and disbursing, take reasonable steps to determine whether the signature of the grantor(s) on such prior deed is/are valid, including by

- a. Comparing the signatures on such deed to signatures on documents recorded in connection with previous transactions, such as previously recorded mortgages or affidavits bearing the signing party's presumably authentic signature (this safeguard is not foolproof, as fraudsters have been known to carefully mimic authentic signatures!);
- b. Comparing signatures on such deed to determine whether signatures are precisely identical to each other, suggesting the same signature may have been copied and pasted onto multiple documents;
- c. If multiple sellers or borrowers signed such deed, the policy-issuing agent must compare their signatures to each other. Do the signatures of each borrower/seller have similar characteristics, suggesting that the signatures of multiple signers may have in fact been forged by one and the same person?

APPENDIX C-III: REQUIREMENTS APPLICABLE TO MAIL-OUT OR OUT-OF-OFFICE CLOSINGS

If the subject transaction is to be insured based on a deed or mortgage acknowledged/notarized except a) in your office by your own qualified personnel, or b) via RON performed by your own qualified personnel, and the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, the transaction is presumptively fraudulent, you should utilize a fraud prevention tool as set forth in Section D – “Fraud Prevention Tools”, and you must complete the following steps:

1. Add the following requirement to your commitment:

“Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.

The Company has been informed that one or more documents necessary to convey the Title or create the Mortgage to be insured will be executed outside of the Issuing Agent’s office. As such,

(a) either:

- (i) the Company must have received a response, to the Company’s sole satisfaction, from the signing party(ies) to a Transaction Confirmation Letter to be sent to such person(s) or entity(ies) by the Issuing Agent; or
- (ii) Such signing party(ies) must complete an identity verification process to the Company’s sole satisfaction; and

(b) All such documents must be acknowledged before and/or notarized by a notary public or other appropriate official satisfactory to the Company at the Company’s sole discretion.

The Company reserves the right to make additional requirements.”

2. Additionally, you must:

a. Contact each grantor shown on the identified deed via contact information obtained from a source that you’ve verified and direct each grantor to complete an identity verification process via an identity verification vendor. See Agents National Title’s list of available identity verification vendors for vendors you might consider.

Or:

b. Send and receive a satisfactory response to a Transaction Confirmation Letter from each grantor shown on such deed, as follows:

- i. Confirm the current mailing address of the grantor via an independent source, such as the relevant taxing authority’s records; **AND**
- ii. Contact the taxing authority to confirm the mailing address has not recently been updated. Issuing agents may not rely on an address provided by the seller/borrower or the listing agent or mortgage broker/lender (even if the listing agent and/or mortgage broker/lender is a trusted client), provided in a Zillow or similar online ad, or provided in the contract, **AND**
- iii. Send a Transaction Confirmation Letter addressed to the grantor to the independently verified mailing address of the grantor. The letter must include a unique code or PIN, must indicate that the issuing agent has received a contract for the sale/mortgage in connection with the subject property and is attempting to verify legitimacy of the transaction, and must ask that the grantor contact the issuing agent immediately to confirm the transaction. **NOTE:**

a. If the mailing address confirmed via an independent source is out-of-state, out-of-region, or out-of-country, **seek underwriting approval before moving forward!**

Or:

b. If the taxing authority confirms the mailing address has recently been updated, **seek underwriting approval before moving forward!**

3. Retain **legible** copies (front and back) of such signing parties' valid and unexpired driver's license(s) or other active and valid forms of government-issued identification; **AND**
4. Before recording and disbursing, take reasonable steps to determine whether the photograph appearing on the provided form of identification is in fact that of the signing party, including by
 - a. comparing the photograph to photographs viewable on the signing party's publicly accessible social media accounts;
 - b. scrutinizing the identification provided for signs that it may be fraudulent, including by scrutinizing whether the photograph or other areas of the identification provided are crooked, blurry, offset, or otherwise irregular;
 - c. comparing the identification provided with a sample identification card or passport pulled from the relevant motor vehicle or other department that issued the identification card; **AND**
5. Before recording and disbursing, take reasonable steps to determine whether the signature of the signing party is valid, including by
 - a. comparing the signatures on documents provided in connection with the closing to signatures on documents recorded in connection with previous transactions, such as previously recorded mortgages or affidavits bearing the signing party's presumably authentic signature (this safeguard is not foolproof, as fraudsters have been known to carefully mimic authentic signatures);
 - b. comparing signatures on documents provided in connection with the closing to determine whether signatures are precisely identical to each other, suggesting the same signature may have been copied and pasted onto multiple documents;
 - c. If multiple sellers or borrowers have signed, the policy-issuing agent must compare their signatures to each other. Do the signatures of each borrower/seller have similar characteristics, suggesting that the signatures of multiple signers may have in fact been forged by one and the same person?

APPENDIX C-IV: REQUIREMENTS APPLICABLE TO TRANSACTIONS INVOLVING POWERS OF ATTORNEY

If the subject transaction involves a power of attorney to an unrelated third party, and the property is not encumbered by an existing mortgage that you are requiring be satisfied and released in connection with your transaction, the transaction is presumptively fraudulent, and you must complete the following steps:

1. Add the following requirement to your commitment:

“Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.

The Company has been informed that one or more documents necessary to convey the Title or create the Mortgage to be insured, or both, is to be executed via power of attorney. As such,

- (a) The Company must have received a response, to the Company’s sole satisfaction, from the principal(s) to a Transaction Confirmation Letter to be sent to such person(s) or entity(ies) by the Issuing Agent; or
- (b) Such principal(s) must complete an identity verification process to the Company’s sole satisfaction; or
- (c) The Company may waive this requirement on good cause Shown. The Company reserves the right to make additional requirements.”

2. Either:

- a. Contact the principal via contact information obtained from a source that you’ve verified and direct the principal to complete an identity verification process via an identity verification vendor. See Agents National Title’s list of available identity verification vendors for vendors you might consider.

Or:

- b. Send and receive a satisfactory response to a Transaction Confirmation Letter from the principal, as follows:
 - i. Confirm the current mailing address of the principal via an independent source, such as the relevant taxing authority’s records; **AND**
 - ii. if the principal is the seller or borrower, contact the taxing authority to confirm the mailing address has not recently been updated. Issuing agents may not rely on an address provided by the seller/borrower or the listing agent or mortgage broker/lender (even is the listing agent and/or mortgage broker/lender is a trusted client), provided in a Zillow or similar online ad, or provided in the contract, **AND**
 - iii. send a Transaction Confirmation Letter addressed to the principal to the independently verified mailing address of the principal. The letter must include a unique code or PIN, must indicate that the issuing agent has received a contract for the sale/mortgage in connection with the subject property and is attempting to verify legitimacy of the transaction, and must ask that the grantor contact the issuing agent immediately to confirm the transaction. **NOTE:** If the mailing address confirmed via an independent source is out-of-state, out-of-region, or out-of-country, **seek underwriting approval before moving forward!**
 - iv. If the taxing authority confirms the mailing address has recently been updated, **seek underwriting approval before moving forward!**

3. Scrutinize the provided power of attorney form and the circumstances of the transaction:
 - a. Has the principal provided the policy-issuing agent with a credible reason that the transaction must be handled via a power of attorney? Are the parties exhibiting evasiveness or a suspicious urgency to close?
 - b. What is the relationship between the principal and the appointed as agent? It is a red flag if the appointed agent does not appear to be closely related to or cohabitating with the principal.
 - c. Does the issuing agent know or have reason to believe the principal may have been incapacitated or acting under duress or undue influence when the principal executed the power of attorney? For example, is the principal elderly? Has the principal's mental state been evaluated by a medical doctor? Has the issuing agent or listing agent communicated with the principal only through the agent named in the power of attorney?
 - d. Does the power of attorney explicitly authorize the agent to act for the principal with respect to the sale or mortgaging of real property, as applicable? **If not, the power of attorney must be rejected.**
 - e. Does the issuing agent know or have reason to suspect that the agent appointed via the power of attorney is self-dealing?
 - f. Will the transaction result in proceeds being disbursed to the agent or otherwise for the benefit of the agent appointed in the power of attorney? **seek underwriting approval before moving forward!**
 - i. Will the transaction result in the property being conveyed to the agent appointed in the power of attorney? **Seek underwriting approval before moving forward!**
 - ii. Will the transaction result in the property being conveyed to the agent appointed in the power of attorney? **Seek underwriting approval before moving forward!**
 - h. Has the issuing agent verified that the principal is alive? Consider contacting the principal directly via an independently verified phone number to confirm the principal is alive and that the power of attorney has not been revoked, and use a search engine to confirm no obituaries have been published.
4. Use a search engine or other appropriate source to confirm that the principal is alive and that no obituaries have been published for the principal.
5. Take reasonable steps to determine whether the signature of the principal on the power of attorney is valid, including by comparing the signatures on documents provided in connection with the closing to signatures on documents recorded in connection with previous transactions, such as previously recorded mortgages or affidavits bearing the principal's presumably authentic signature (this safeguard is not foolproof, as fraudsters have been known to carefully mimic authentic signatures).

Communication

Regular communication with your team and signing vendors is essential. Consider calendaring regular training, calls and/or emails with your staff about fraud and strategies to prevent it, and ensure your signing vendors have appropriate processes in place to prevent impersonation fraud.

Implement procedures for communicating the restrictions, requirements, and processes detailed in this bulletin to your clients as soon as possible after the order is received to avoid frustration and delays at or immediately prior to closing.

Motivation

Consider introducing incentives for your team to recognize and halt transactions at risk for fraud. Tokens of appreciation, such as recognition on calls or in emails, gift cards or flowers, or similar can go a long way in incentivizing your staff to diligently monitor files for red flags of fraud.

Priority Setting

In this difficult economic environment for our industry, some issuing agents may be tempted to overlook red flags that have the potential derail a pending transaction. Be vigilant about the possibility that you or your staff are feeling this pressure and communicate the importance of flagging this kind of fraud even if doing so may result in a transaction falling through. Nobody – other than the fraudsters – ultimately benefits when a transaction closes based on a forged deed or mortgage.

ALTA Best Practices and Rapid Response Plan for Wire Fraud Incidents

Consider implementing [ALTA Best Practices](#) and the [ALTA Rapid Response Plan for Wire Fraud Incidents](#).

SECTION D

FRAUD PREVENTION TOOLS

As instances of fraud have grown exponentially in the title insurance industry over recent years, many third-party vendors have released fraud prevention tools to combat the various types of fraud. Agents National Title believes these tools are a valuable way to detect and/or minimize potential fraud. Third-party vendors often offer a form of Identity Verification and Payoff Protection among other tools. Agents National Title believes these two types of tools are especially important.

*No matter which fraud vendor you choose to do business with, there are certain transactions in which we **highly recommend** utilizing a fraud prevention tool.*

Below is a list of certain transactions where Agents National Title highly recommends a fraud prevention tool be utilized:

1. Transaction on unencumbered, vacant land.
 - a. Tool Recommendation: Identity Verification (or Transaction Confirmation Letter)
 - i. *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 encumbered land, but the mailing address for the owner is different than the property address.
 - a. 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.
 - a. 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.
 - a. Tool Recommendation: Identity Verification for the notary OR Identity Verification for the Unknown Party
5. Payoffs of \$50,000 or more.
 - a. Tool Recommendation: Payoff Protection
6. Payoff of Private Individual, Non-Traditional Lender, Etc.
 - a. Tool Recommendation: Payoff Protection & Identity Verification
7. Change in Wiring Instructions.
 - a. Tool Recommendation: Payoff Protection
8. Cash Out Transaction: Borrower is Receiving \$10,000+ Cash
 - a. Tool Recommendation: Wire Verification
9. ***Any transaction where you identify a red flag or suspect identity fraud.***
 - a. 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 (ex: agent on a POA, principal, notary, etc.). If you suspect red flags with any party, consider utilizing Identity Verification.