



REAL ESTATE TITLE FRAUD: Recognize It. Report It. Stop It.

How much do you know about real estate title fraud?

Educating yourself about possible risks and dangers is the best way to protect yourself against real estate title fraud. This tool kit will guide you through how this type of fraud occurs, what to keep an eye out for, and steps you can take to protect yourself.

WHAT IS REAL ESTATE TITLE FRAUD?

Real estate title fraud, a problem that is widespread across Canada, has recently gained increased public and media attention. Learning about how it occurs can help you avoid becoming a victim.

How does real estate title fraud occur?

When real estate title fraud occurs, a fraudster has typically done the following:

- Forged the property transfer deed;
- Registered the title to the property in his or her name;
- Forged a discharge of the home's existing mortgage; and
- Borrowed against the clear title.

Real estate title fraud costs you money – and time

- The average case of real estate title fraud costs the victim in the range of \$300,000. In comparison, the RCMP estimates the average credit card fraud case in Canada to be valued at \$1,200.
- The homeowner is responsible to prove the crime occurred.
- Restoring a property's title involves a significant financial and emotional cost.

In situations of credit card fraud, banks allow victims to suspend payment until an investigation takes place. There is little protection when a mortgage is fraudulently registered against your property unless you have title insurance.

PROTECT YOURSELF AGAINST REAL ESTATE TITLE FRAUD AND IDENTITY THEFT

For a one-time premium, title insurance is an effective and inexpensive way to ensure you are protected. It covers all legal expenses related to restoring title and is available to existing homeowners long after they have purchased their properties. For an additional one-time premium, you can also purchase identity theft coverage when you obtain a title insurance policy.

WHAT IS IDENTITY THEFT?

Real estate title fraud often involves identity theft. According to the Office of the Privacy Commissioner of Canada, identity theft is the unauthorized collection and use of your personal information.

If it falls into the wrong hands, your personal information can be used to:

- Open credit card and bank accounts;
- Redirect your mail;
- Establish cellular phone service;
- Rent vehicles, equipment, or accommodation;
- Secure employment; or
- Ruin your credit history.

The following types of personal information should be safeguarded at all times:

- Name
- Date of birth
- Address
- Credit card number
- Social Insurance Number (SIN)
- Bank account number
- Health card number
- Drivers license number
- Other personal identification numbers

WARNING SIGNS TO WATCH FOR

Several indicators serve as warning signs for potentially fraudulent activity. Some items to keep an eye out for:

- Online – shady online auctions or misrepresented or undelivered goods
- Phishing – emails pretending to represent a credible source ask consumers for their personal information (e.g. credit card number)
- Internet access services – misrepresentation of the cost of Internet access and other services, which are often not provided
- Investments – false promises of gains on investments

- Lotteries – asking winners to pay before claiming their non-existent prize
- Advance fee loans – fee request in exchange of promised personal loans
- Nigerian letter scam – deceptive promises of large sums of money, if consumers agreed to pay the transfer fee

HOW TO PROTECT YOURSELF AGAINST REAL ESTATE TITLE FRAUD AND IDENTITY THEFT

The Canadian Association of Accredited Mortgage Professionals offers the following tips to help consumers avoid becoming victims of real estate title fraud:

- Do not supply any personal information unless you know the person with whom you are dealing.
- Carry minimal identification.
- Keep up-to-date with all credit and financial reports – make sure that there are no unauthorized transactions.
- Ask credit bureaus for your credit rating and review it regularly.
- When buying or selling a home, rely on a real estate professional. Choose someone who can be trusted, and always ask – and contact – referrals.
- When closing a mortgage transaction, make sure you understand what you are signing. Ask questions and check the accuracy of the documentation.
- Contact police if any identity theft has taken place.

First Canadian Title, Canada's largest title insurer, recommends that consumers use the following tips for increased protection from identity theft (tips are courtesy of Phonebusters.ca):

- Guard your mail. Promptly remove mail from your mailbox after delivery. Ensure mail is re-routed if you move or change your mailing address.
- Shred receipts, copies of credit applications, insurance forms, physician statements and credit offers you receive in the mail.
- Give your Social Insurance Number (SIN) only when absolutely necessary. Ask to use other types of identifiers when possible.
- Don't carry your SIN card or your birth certificate – leave them in a secure place.
- Use passwords on your credit card, bank and phone accounts. Avoid using easily identifiable information like your mother's maiden name, your birth date, the last four digits of your SIN or your phone number.
- Pay attention to your billing cycles. Follow up with creditors if your bills don't arrive on time.