



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

## Real Estate Title Fraud Tool Kit

### 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 title fraud occur?

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

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

## **Title fraud costs you money – and time!**

- The average case of real estate title fraud costs the victim \$300,000. In comparison, the RCMP estimates the average credit card fraud case in Canada to be valued at \$1,200.
- Real estate title fraud costs Canadians between \$300 million and \$1.5 billion each year.
- 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 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?**

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

## HOW TO PROTECT YOURSELF AGAINST TITLE FRAUD AND IDENTITY THEFT

The Canadian Institute of Mortgage Brokers and Lenders offers the following tips to help consumers avoid becoming victims of real estate 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 regularly.
- When buying or selling a home, rely on a professional real estate expert. Choose someone who can be trusted, and always ask – and contact – referrals.
- When closing a mortgage application, make sure you understand what you are signing. Ask questions and check the accuracy of the application.
- 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 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.