

# TITLE RED FLAGS

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## **The property is free and clear.**

Sure, some property is free and clear, but most property is not. You need to ask why are there no liens? Is it because the person either has a lot of money or paid the property off after 30 years? Or is it because there is a forged reconveyance in the chain of title or because a deed of trust was missed in the title search?

## **Title was obtained by an uninsured deed.**

An uninsured deed in the chain of title is fine if it is a transfer from the grantor to the grantor's family trust, or from a person to himself and his spouse as joint tenants. In both cases the grantor has not parted with title. But otherwise the deed needs to be questioned:

- Be sure the signatures on the uninsured deed match those on a previous institutional deed of trust.
- Obtain an affidavit of forgery

## **Reconveyance is not accompanied by a transaction that could have paid off the deed of trust.**

How often do people pay off a deed of trust with cash instead of with a new loan? Sure, it happens on occasion, but it is so rare that it is highly suspicious. The reconveyance is often a forgery.

## **3rd Party disbursement of funds.**

Beware of seller's instructions to pay a 3rd party who does not hold a secured lien. Obviously, paying off credit cards as required by a lender, HOA dues, broker's commissions, etc... are normal. But large payments to third parties is often a flag of loan fraud in which the property value is being inflated in order to defraud the new lender.

## **Proceeds are being wired offshore.**

## **No documents are executed in the escrow office.**

Obviously, signings outside of escrow are common. But be aware that this can be a complicating factor when combined with other flags of forgery. In fact, requiring documents to be signed in the title or escrow company's office is often a way to verify the validity of signatures, such as when there is an uninsured deed in the chain of title.

## **Absentee owner.**

Naturally, sales by out of state or out of country sellers are common. But forgers prefer property where the owner is nowhere around, so be aware that this can be a complicating factor when combined with other flags of forgery.

**MOST IMPORTANT: Your suspicions are aroused even if none of the flags described above apply.**

**Don't hesitate to consult your WFG Title Representative any day, any time!**