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DRE URGING ALL LICENSEES TO BE ON ALERT FOR GROWING VACANT LAND PROPERTY SCAMS

SACRAMENTO – Last fall, the California Department of Real Estate (DRE) issued a statewide [Consumer Alert involving identity theft and rental properties](#). Now, DRE is urging its more than 434,000 licensees to be on alert for another type of false identity scam. This one involves a growing number of fraudsters posing as owners of vacant land and contacting real estate agents and requesting their assistance to sell a property they don't own.

Law enforcement agencies and District Attorney offices around California are reporting a sharp increase in real estate fraud involving identity theft and the sale of vacant land and unencumbered property.

All real estate agents must exercise due diligence to verify the owner of a property before accepting a listing.

In the scheme, the criminal:

- Searches public records to:
 1. Identify properties that are free of mortgage or other liens.
 2. Identify the property owner – This often includes vacant lots, long-term rentals, or vacation rentals, with targeted properties often owned by the elderly and/or foreigners.
- Poses as the property owner and contacts a real estate agent to list the property for sale
- Requests that the property be listed below market value to generate immediate interest.
- Requests that no "For Sale" sign be posted on the property.
- Requests preference for a cash buyer, quickly accepts an offer, and demands a quick closing.
- Refuses to meet in person, preferring to be contacted through email, text, or over phone, and typically refusing video calls.
- Refuses to attend the signing and claims to be out of state or country.
- Demands to use their own notary, who then provides falsified documents to the title company or closing attorney.
- Insists that proceeds are wired to them.

On their own, these characteristics may not be red flags. But, when several or most occur, the risk becomes more apparent. Unfortunately, the scheme is usually only discovered when recording the transfer of documents with the appropriate county.

How to prevent the scam

As a real estate agent, before accepting a listing, you must take steps to establish and verify the identity of a property owner. Some tips to do that include:

- Request an in-person or virtual meeting and see proper government-issued identification.
- If they won't meet, require them to utilize the services of third-party identity verification service provider.
- Conduct an online search using the name of the property owner. Look for a phone number and recent photo. If you find a number, contact that person and verify they are the actual owner.
- Send via overnight mail a copy of the electronically signed listing to the address or record with a request to confirm the listing's accuracy. This will alert the legitimate owner of potential fraud.
- Require that the property owner provide a copy of a voided check with the seller's disbursement authorization form.
- Use a wire verification service or confirm wire instructions match account details on the seller's disbursement authorization form.

DRE also encourages brokers to develop written policies with respect to listing properties in which the licensee and seller have never met in-person.

Alleged cases of this or any other type of real estate fraud should be reported to local law enforcement authorities or local District Attorney's office. If there is another real estate licensee potentially involved in the fraud, you should provide the information to DRE through its [Enforcement Online Complaint System](#).

Additional Resources

- [San Luis Obispo County District Attorney's Office - Press Release](#)
- [California Association of Realtors - Press Release](#)
- [American Land Title Association - Seller Impersonation Fraud Handout](#)
- [State of Oregon Real Estate Agency - Seller Impersonation Fraud Article](#)

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