



## **A** *case of mistaken identity*

**Settlement agents rely on a Preliminary Title Report or Commitment for Title insurance to clear title requirements or exceptions to coverage. They use it to compare against other facts in the transaction to ensure the principals are who they say they are and ensure the mutual instructions received are followed.**

As previously reported, seller impersonation fraud is on the rise with absentee owner properties. One of the methods settlement agents use to identify the real property owner is to send a letter to the owner of the property at their mailing address. This has proven an excellent way to identify imposters before the sale closes.

Recently, one of our offices opened a sale of a vacant lot for \$65,000. The lot was one of several properties owned by Noah Riddle Jr., who was deceased. The administrators of the estate were three of his children.

Since this was a vacant lot, escrow sent a Notice of Pending Real Estate Transaction to the mailing address of the owner. Within three days the owner responded. As it turns out, the property was owned by Noah Junior Riddle since 1963, not Noah Riddle Jr. The real owner, Noah Junior Riddle, was also deceased; his heirs were tending to the property, received the letter and promptly responded to the settlement agent.

It was determined that this was a case of mistaken identity, not fraud. The children of Noah Riddle Jr. did not know all their father's assets. The estate's attorney did a search of the public records and simply assumed this lot was supposed to be part of the property listed as part of the estate and the vested owner name was recorded improperly as Noah Junior Riddle.

The heirs to Noah Riddle Jr.'s estate did fully intend to list and sell the property they thought was owned by their deceased father. When they discovered it was owned by Noah Junior Riddle, the sale was halted and the settlement agent resigned from the transaction.

## MORAL OF THE STORY

Company policy has been implemented to prevent absentee owner fraud and assist in preventing claims. In this instance it does not appear anyone intended to defraud the true property owners.

The inclusion of the property as part of the estate was simply a mistake, yet the *Notice of Pending Real Estate* did protect the Company from closing a transaction in which the putative seller was not the actual owner. One simple step protected the Company and proved the escrow officer a hero to her customers, deepening her relationship with them. They trust she will always take steps to mitigate risks.

Fraud and forgery claims are among two of the top three leading causes of loss to title insurance companies and are five times more costly (at more than \$143,000 in total average claim costs) than all other claims, according to a study conducted by Milliman, a premier global consulting and actuarial firm. This is just one of the reasons settlement agents are charged with more title clearance tasks to prevent claims by our insured customers.

### **Article provided by contributing author:**

Diana Hoffman, Corporate Escrow Administrator  
Fidelity National Title Group  
National Escrow Administration