

The Vacant Land Property Scam: Know the Red Flags

Reports are coming in from all over the country including from the U.S. Secret Service Cybercrime Investigations unit that vacant land property scams are on the rise. Even the attorneys at C.A.R. have spoken with listing agents where the seller's claims of ownership are highly suspicious.

How does the scam work?

This is a simple identity theft scam in which the criminal poses as the "owner" and, relying on email and text communications, attempts to sell the property under market with an exceptionally quick escrow.

Know the tell-tale signs and red flags of the vacant land property scam

- They typically target unencumbered, vacant land property, sometimes estate property which has not been properly transferred to heirs after the death of the owner.
- A new deed may have been recently recorded in an effort to erase the prior owner.
- They price the property well under market with a quick, all-cash close.
- They will never meet in person, but all communication is online through email or text.
- If communication is via phone, the call will come through a burner phone.
- They will refuse to sign in person and will demand an e-notary insisting on their own personally chosen notary or they will simply make the notary arrangements themselves.
- The closing will be a mail out closing or remote/e-closing, even if the owner is local.
- The sales proceeds are distributed to a person who is not on title.
- Occasionally the true owner will contact you outright and tell you that they are not selling.

What steps could you take if you suspect your client is not the true owner?

You'll already know if the property is vacant land, part of an estate, whether the property is underpriced and how the seller is choosing to communicate. Here are other steps that a listing agent may consider taking, but only if other red flags are already present.

- Look at the preliminary title to see if the mortgage is paid off and free of liens, or if there has been a recently recorded deed.
- Independently search for the identity and a recent picture of the property seller.
- Request an in-person or virtual meeting and ask to see their government issued ID.

What to do if you become convinced that the person who signed your listing is not the actual owner?

First, consult with your broker (who may review the matter with legal counsel) about canceling the listing agreement. A negotiated cancellation is best using the Cancellation of Listing form (C.A.R. Form COL).

Second, although your instinct may be to immediately report your suspicions to the police or the title company, you and your broker may wish to consult with an attorney before doing so, to assess possible issues related to confidentiality, fiduciary duty, or other potential legal and risk management issues.

Any decision to warn others or publicize information about the purported scammer should be made carefully, after close consideration of the specific facts in your situation, and only after consulting with the broker.