

# Preventing Fraud In Real Estate Transaction: Notary and Title Services

Deceit abounds everywhere and real estate is no different. Deed deception has been on the rise and is undermining the viability of the land recording system. The public is concerned about the trend because it is generally discovered years later when owners decide to sell their home. A researcher will eventually come into the recorder's office and discover that the land has been conveyed to someone else without the knowledge of the recorder's office or the rightful owner. Since land records are publicly held, anyone, whether they are a legitimately interested party or someone with criminal intent, has access to land files and the ability to record land transfer certificates.

## *A Notary is the First Line of Defense*

This public official is the first line of defense against deed fraud because most county recorders are legally unable to verify information on a deed or other related document. It is the responsibility of the notary to maintain their due diligence in verifying the identity of individuals signing purchase agreements and to be on the alert for individuals who are forced to sign articles against their will.

The reason for the trust placed in this public official is the rules that govern notary procedures. The individual is trained to require that signers be in their presence when a document is being executed, as well as know what constitutes proper identification in their state and to make sure that signers show their identification before the notary affixes their stamp to a document. They are also responsible for making sure the document is complete before notarizing it.

## *Title Insurance to Protect against the Unforeseeable*

Another must-have in fraud prevention for real estate transactions is title insurance.

Before a title insurance company writes a policy, research is performed at the county recorder office to make sure that the chain-of ownership has no discrepancies in it, as well as to make not of other encumbrances such as easement rights and liens that have been placed or removed from a property. Once the property has been cleared by the title insurance company, it will write an insurance policy that protects against incorrect signatures on documents, forgery, fraud, defective recordings, and unrecorded encumbrances and judgments

## *An Escrow Account to Safeguard Everyone's Interests*

A final line of defense in a real estate transaction is escrow. Escrow is a term used for the depositing of funds, a signed deed, or other instrument by one party for the delivery to another party upon the completion of certain conditions or events. Entering into escrow provides all concerned parties the assurance that no funds or property will be exchanged until all of the instructions have been executed. In this way, escrow safeguards funds and or documents while title searches are underway or loan documents are completed.



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