<u>PRACTICE GUIDE & UNDERWRITING REQUIREMENTS – VACANT LAND SCAMS</u>

To start, here are the **RED FLAGS**:

If the purported seller:

- ✓ Insists on an immediate closing with buyers willing to pay cash.
- ✓ Refuses to meet, provide requested information, or attend the closing.
- ✓ Is absent from the area and communicates exclusively by text or email.
- ✓ Fails to pass any of the verification tests mentioned below.

Our basic underwriting requirement is that you take steps to mitigate the risk of seller impersonation and fraud. If you are representing a buyer, to verify the identity of the seller, you can rely on the sellers' counsel's representation. If this is a finance transaction only, you will need to do this analysis with the borrower please.

If the seller is an existing client of sellers' attorney and you can confirm that attorney has personally met with their seller client about this transaction, then you may proceed with the transaction without further analysis.

If the seller/owner is <u>not</u> an existing client of the attorney and the attorney has <u>not</u> personally met with the client about this transaction, then the attorney must verify both the identity of the seller/owner and that party's ownership of the property through one or more various methods:

- **Coordinate for mailing of Seller or Borrower Identification Fraud Avoidance Letter and confirm receipt of code from Seller or Borrower.**
- **Require the seller to provide a government issued picture ID. Attempt to independently verify their ID by an internet search or identity verification service.**
- **In-person meeting held with owner/seller by realtor or counsel.**
- **Compare the contact information used by the seller in recent communications with other available information, including addresses and phone numbers.**
- **Require the seller to provide information about the property that actual property owner should have, such as original tax or other municipal bills.**
- **Require the seller to answer questions about the property and about themselves that can be cross-checked for veracity.**

This same process applies to borrowers in finance transactions involving vacant lands.

NOTE RE POA CLOSINGS: If the seller or borrower is using a power of attorney, request identification documentation and information from the agent/attorney-in-fact and undertake the same review as above.

NOTE RE BUSINESS TRANSACTIONS: If the seller or borrower is an entity, checking state records for members, partners, or principals, contact one or more of these parties to verify information about both the transaction and the party acting on the entity's behalf.