

Virginia Association of Notaries

Notary News Archive

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Deed Fraud - What Is It?

While Deed Fraud is a not new by any means – it has been going on since long before the days of the Gold Rush, and saw a frightening spike in instances during that historic period in 1848 - 1855. History points to the terminology “staking claims” and “claim jumping”. Those forms of deed fraud were prevalent where no existing legal structures were present that governed property rights, or the process in place was very informal – a signed and notarized document was all it took to have a property change ownership. Reliance on the notarial act was significant.

As time went on, laws were developed, recording processes & accountability were put in place. This resulted in a widespread feeling of confidence in the “chain of title” recording real estate transfers in established county records. The land market seemed to be locked down to a safe and secure ownership process.

Now relatively recent Deed fraud activity is becoming more wide-spread across the United States - *with a new tech twist*.

An individuals’ home is often the “ace up their sleeve” in terms of their personal wealth. Since we “aren’t making any more land” – it has become a dwindling resource and values are increasing in most areas.

The dream of being able to retire with your home completely paid off is one that many soon to be retirees strive for – but what happens when they wake up one day to a Foreclosure Notice in their mailbox for a loan they never signed for?

** The FBI’s Internet Crime Complaint Center has published statistics that state that Nationwide (from 2019 through 2023) 58,141 victims reported \$1.3 billion in losses relating to real estate fraud. In the Boston Division alone—which includes all of Maine, Massachusetts, New Hampshire, and Rhode Island—during the same period, 2,301 victims reported losing more than \$61.5 million.

- 262 victims in Maine lost \$6,253,008.
- 1,576 victims in Massachusetts lost \$46,269,818.
- 239 victims in New Hampshire lost \$4,144,467.
- 224 victims in Rhode Island lost \$4,852,220.

The reported losses are most likely much higher due to that fact that many don’t know where to report it, are embarrassed, or haven’t yet realized they have been scammed. And these numbers *do not* include the 2024 reports as of now.

Why should this matter to you as a Notary? If you are a LSA (loan signing agent) you aren’t even asking that question. You know you are the one person confirming the identity of the signer standing in front of you. However, the impact is NOT just to those who perform loan signings.

Remote Online Notaries (RON) are very much in the spotlight with this, as many “sellers” may be foreign individuals who cannot pass standard KBA (knowledge based authentication) and many companies ask you to use a Credible Witness.

So – if you’ve done the job correctly, how can this happen? There are a number of potential steps to a real estate sale that can open the door to fraudulent activity.

1. Forged documents presented to you, the lender and the Title company.
 1. This may include forged Pay-Off letters from the rightful owners’ current mortgage company.
 2. Frequently there is no loan – so no one is aware that a Title is changing hands.
 3. A forged Last Will naming someone as the beneficiary of a “lien free” property.
 4. A foreign owner who has a property manager handling the US financial and fiduciary affairs and does not physically access the property.
- **A fraudulent notarial act, frequently by someone who has either copied a legitimate notarial seal or who never existed at all.**

Unfortunately – the burden of proof of the fraudulent action is on the homeowner. Many are not in a financial position to pay attorney fees or cannot get this case seen by a judge in time to avoid foreclosure. After paying for their homes for years, they can find themselves on the streets, homeless - with financial losses potentially in the high six figures.

What’s worse is – if someone has stolen your seal image or commission information – YOU now have the burden of proof in order to defend yourself against charges of notary misconduct, fraudulent notarization, or notary fraud. These terms all describe the act of a notary intentionally or negligently providing their services on a fraudulent document, which can lead to criminal and civil liability for the notary. Defense for this can be costly – and many of us are NOT prepared to establish a strong defense.

The Founding Members and Board Members of VAN would like to share information with you about what this is – how it can impact you and steps you can take to mitigate the risk to you as an individual. Over the next few weeks we will be posting more information about this on our site – to include links to articles by other states regarding the measures they have taken to make this fraudulent activity more difficult to perform.

If you (or someone you know) has experienced Deed Fraud – we would be very interested in speaking with them – please let us know, and we will be happy to reach out – alternatively, they can contact us at

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<https://www.fbi.gov/contact-us/field-offices/boston/news/fbi-boston-warns-quit-claim-deed-fraud-is-on-the-rise->
