

# Title Fraud

What every Canadian homeowner needs to know



**One time premium. Protection for as long as you own your home.**

For those who know the intricacies of the real estate and lending markets, title fraud makes for fast and easy money. It typically involves fraudsters using stolen identities or forged documents to illegally obtain a registered owner's title. The fraudster then arranges a new mortgage on the property and disappears with the money.

Buying a home is the largest investment most people will ever make. What helps you protect that investment is "good and marketable title" to the property.

When you purchase a home, your real estate lawyer makes certain the title to a property was properly registered with the government's land registration system, and free from unknown claims or liens. Good title allows you to secure a mortgage, leverage your equity or later sell the property.

What your lawyer isn't able to protect you from is the possibility that you may become a victim of real estate title fraud.

Often, homeowners do not immediately know they are a victim of real estate title fraud until problems occur.



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- In a recent Canadian case, the fraud became known when the rightful owner attempted to pay property taxes and was told that, according to municipal records, he no longer owned his home.
- A son learned the bad news when he tried to sell his parents' home and discovered someone else had already sold it fraudulently.
- A woman received a call from a mortgage collector saying she was three months behind on payments for a home she did not even know she owned. Later, she discovered two more properties in her name — with a total potential liability of over \$400,000.

### How does real estate title fraud happen?

Common techniques in executing the fraud include:

**Forgery:** The fraudster registers forged documents to sell the property, registers a forged discharge of the existing mortgage, if one is outstanding, gets a new mortgage against the property's clear title, and steals the money.

**Identity theft and impersonation:** Using stolen identification or documents, the fraudster pretends to be the homeowner and obtains one or more mortgages on the property.

### Who is at risk?

Although major urban centres such as Vancouver, Calgary, Toronto and Montreal have higher rates of real estate fraud, homeowners in any part of the country are at risk. The easiest target is the homeowner with no existing mortgage. However, even a property owner with a mortgage can become a victim. In both cases, mortgage funds are usually sent to a third party related to the fraudster, rather than the owner, and are often unrecoverable.

### What happens to you?

Unlike credit card fraud, where financial institutions allow victims to suspend payments until after an investigation, the immediate challenge for homeowners in a real estate title fraud is the homeowner is responsible to prove the crime occurred.

If you become a victim in a real estate title fraud, it can take considerable time, money and effort to deal with all of the complications that can arise, including:

- Costs of defending or denying ownership in a mortgaged property —often in a Court of Law
- Lost opportunities to sell or buy another property
- Mental distress
- Possibility of losing a home



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### Consider title insurance.

Title insurance covers the legal expenses and many other costs related to restoring title in cases of real estate title fraud. Even homeowners who did not obtain title insurance when they bought their home can benefit from the protection title insurance provides by purchasing a title insurance policy now.

Policyholders who fall victim to real estate title fraud can rely on FCT to defend their title, thereby saving them substantial legal costs, time and the frustration involved in resolving the situation.

### Title insurance also offers additional protection.

Title insurance covers losses resulting from many risks not directly related to title, such as

- Structures or renovations previously completed without required permits
- Unknown work orders
- Encroachments
- Liens
- Zoning and by-law violations

### A one-time premium

Unlike traditional forms of insurance where an individual pays monthly (or annually) title insurance involves a low-cost, one-time premium — and you are covered for as long as you own the house.

### The policy will save you the:

- Costs of defending your right of ownership (which often amounts to thousands of dollars)
- Stress and uncertainty surrounding the resolution of title-related problems
- Losses associated with a mortgage legally entitled to remain registered against the rightful homeowner's interest

Protect your investment with a title insurance policy from FCT. Available whether you are just purchasing your home, or have been in your home for years.

For tips and advice on preventing and spotting real estate title fraud, go to [www.fct.ca](http://www.fct.ca)



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### About FCT

Founded in 1991 and based in Oakville, Ontario, the FCT group of companies provides industry-leading title insurance, default solutions and other real-estate-related services. Its customer base is comprised of more than 1,250 lenders, 43,000 legal professionals and 5,000 recovery professionals, as well as real estate agents, mortgage brokers and builders, nationwide.

With an emphasis on integrity and thinking differently, FCT offers customers increased efficiency while providing superior protection and customer service. Underwriting expertise, innovative products and services, and an unwavering passion to serve customers are the cornerstones of FCT's promise of Experience Excellence™.

FCT employs over 800 staff from coast-to-coast and provides a work culture where every employee is empowered to be great. The employee-led FCT Charitable Foundation was established in 2012 and provides funds to charities to help alleviate poverty and homelessness, as well as scholarships for the advancement of post secondary education in the communities in which FCT operates.

FCT has been recognized by Achievers as one of the 50 most engaged workplaces in Canada since 2012 and in 2015 was named one of the top 50 workplaces in Canada\* by Great Place to Work®

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