

2024 Deed/Title Fraud Strike Force Report & Recommendations



Introduction

In January 2024, Franklin County Auditor Michael Stinziano convened a group of county colleagues including Recorder Daniel O’Conner, Treasurer Cheryl Brooks Sullivan, Prosecutor Gary Tyack, and the Board of Commissioners to focus on real property title fraud in Franklin County. The purpose of the strike force was to ensure collaborative efforts to prevent and combat title fraud and determine if any changes to law or policy would assist in these efforts.

While rare, title fraud has been the subject of multiple news stories and has spawned a growing industry of companies offering consumers title fraud insurance. In 2021, the FBI reported 11,578 cases of real estate fraud (a portion of which includes title fraud) nationally.¹ The Franklin County Auditor’s Office processes about 50,000 home titles every year; however, there are less than 10 deeds that are flagged as potentially fraudulent by the office.

Nevertheless, being cognizant of the questions and concerns from the residents of Franklin County, the members of the strike force gathered to discuss current practices, ensure ongoing collaboration and preventative efforts, and discuss recommendations for improvements or enhancements in law, policy, and practice.

Current Safeguards

Currently, there are several safeguards in place to assist in identifying and deterring fraudulent activity. The first line of defense is at title companies and real estate attorney’s offices. These front-line participants do title searches and examinations and verify the identity of the seller (grantor) prior to closing and at the closing with notaries public. In addition, the Central Ohio Land Title Association reported that title agents have a bulletin system through their underwriters that notify the companies of potential fraud and flag possible perpetrators. The involvement of a notary public in the title transfer process is especially important as notaries are required, under Ohio Revised Code Section 147.53, to have satisfactory evidence as to the signer’s identity. In addition, the Ohio Secretary of State maintains a list of certified notaries public for Ohio that can be checked if the notarial certification appears questionable.

The next line of defense takes place in the Auditor’s office. The Transfer & Conveyance Department reviews each document submitted to ensure compliance with the Conveyance Standards. This includes requiring original documents (no photocopies), verification that the grantor on the deed matches Auditor records of who has title to the property and that the Grantor’s signature is present and properly notarized. If any

¹ <https://www.allthingssecured.com/home-title-theft/how-common-is-home-title-theft/> as viewed on March 21, 2024.

submission appears suspicious, staff is trained to ask the submitter questions regarding the contents of the document and will try to corroborate the signatures on the deed provided. However, under the Ohio Revised Code, the Auditor does not currently have the authority to reject a document on the grounds of suspicion of fraud if all the requirements of the Conveyance Standards are met. This limited authority differs from the authority of the Recorder's Office.

Under Ohio Revised Code Section 317.13(B)(1) the county recorder "may refuse to record an instrument of writing presented for recording if...the county recorder has reasonable cause to believe the instrument is materially false or fraudulent. Generally, however, this authority is utilized for documents that are brought directly to the Recorder's Office. If transfer documents come from the Auditor's Office with the proper stamps, it is difficult for the Recorder's Office to refuse recording the document as "materially false or fraudulent. Perhaps the most significant safeguard in place in both the Franklin County Auditor and Recorder Offices is electronic filing systems. Both offices receive a vast majority of their filings (70-80%) via electronic submission. These electronic filing systems also allow for easier tracking of submitters if a fraudulent document is presented, which is not the case when documents are presented in person or via U.S. mail. The systems utilized by the offices both safeguard against fraud by requiring filers to be vetted by the vendor. For the Auditor's office system, deeds can only be submitted by paying businesses and not individuals.

Finally, both the Auditor and Recorder offices offer residents the ability to sign up for alert systems that will notify them of any changes that occur to their property. The Auditor Office e-Alert system notifies the property owner of any change to the information on a property from owner information to property value. The system went live on November 4, 2021, and over 20,000 individuals have signed up for alerts. Since its inception, 35,965 alerts have been sent regarding changes in value, address, and/or owner name and 5,103 people have been alerted about 12,248 owner name changes.² The Recorder's Office has been utilizing its system since 2016 and has over 650 users. The system is designed to help detect possible fraudulent activity on a constituent's name by searching documents filed in the office. There have been over 9,000 alert matches alerting users to name matches. Both systems are designed to provide members of the public an alert to potential fraud and allow them to be proactive in protecting their real property investments.

Recommendations for the Future

In considering recommendations for the future, the strike force members agreed that title fraud is rare in Franklin County and that coordination between the offices has been effective in identifying potential fraud. There is, however, always room for improvement and enhancement of current policies and practices.

The strike force recommends advocating for legislation that would broaden authority of the Auditor, similar to the authority of the Recorder's Office, to reject materially false or

² Figures represent numbers as of April 3, 2024.

fraudulent documents where reasonable cause exists. In addition, the strike force recommends the Auditor's Office and Recorder's Office should be given specific authority to require photo identification in certain transfer and conveyance transactions.

The strike force also recommends further work with the General Assembly to find ways to ensure the entire process of transfer and recording is completed. Having property titles and deeds transferred without being recorded puts the property in an unusual posture when investigating a clear title and when accusations of fraud are made. One possibility for ensuring the entire process is completed would be to give the Auditor and/or Recorder the authority to ensure proof of funds to both transfer and record the title before initiating the transfer.

Finally, the strike force recommends working toward a collaborative effort with the Franklin County courts to develop expedited and, perhaps easier, processes for returning title to the rightful owner when title has been transferred fraudulently.

Conclusion

Included at the end of this report is information curated by the Prosecuting Attorney's Office on steps to take to prevent fraud and steps to take when fraud has been committed. The members encourage property owners to utilize the tools in existence, including e-Alerts and Fraud Sleuth, to stay informed and vigilant. While members of the strike force believe that current practices and processes provide significant protections to property owners in Franklin County, they will continue to communicate and collaborate on ways to protect real property title from fraudulent transfers.

SUGGESTED PRO-ACTIVE STEPS PROPERTY OWNER CAN TAKE TO PREVENT DEED FRAUD

This information is not intended to be legal advice but rather information for a property owner to utilized to prevent deed fraud.

1. Check the county recorder and auditor websites often by using the online records search tool to ensure there are no more deeds or mortgages you don't know about on your property.

Auditor website: <https://franklincountyauditor.com>

Recorder website: <https://recorder.franklincountyohio>

2. Pull credit reports to check for unauthorized activity.

A free credit report can be obtained via: <https://consumer.ftc.gov/articles/free-credit-reports>

3. If your property is not occupied, check often to ensure that it is not occupied illegally. Ask someone you trust to look after your home if you are going to be away for an extended period of time (or set up a camera with remote access to monitor).

4. Make sure the county auditor and treasurer have your contact address and/or email for you to receive assessment notices, tax bills, etc. Contact the auditor and treasurer if you suddenly stop receiving notices.

5. Change passwords for online passwords regularly.

6. Sign up for the electronic notice services provided by the county auditor and county recorder.

- Franklin County Auditor Michael Stinziano electronic notices: <http://www.franklincountyauditor.com/real-estate/property-e-alerts>

Property owners can sign up for Property e-Alerts which send an automated email alert whenever a change is made to their property record (e.g. change in property owner, change in owner address, change in value). The system is free to property owners and is designed to allow property owners to easily monitor changes made to their property records.

- Franklin County Recorder Daniel J. O'Connor, Jr. electronic notices: <http://www.Recorder.FranklinCountyOhio.Gov>

7. Make sure you are dealing with reputable companies and make sure you only trust your personal and financial information with those you truly can trust.

8. When utilizing the services of a notary, first verify whether the notary is listed on the Ohio Secretary of State website. <https://www.ohiosos.gov>

**SUGGESTED STEPS PROPERTY OWNER CAN TAKE WHEN FRAUD HAS BEEN
COMMITTED OR SUSPECTED**

1. Report all suspected fraud by filing a **police report** with the **Franklin County Sheriff's Department, Attn: Sgt. Aaron Dennis OR the Columbus Police Department. Please note these contacts may change from time to time.**

The police agency will investigate the matter and forward the investigative information to the Franklin County Prosecuting Attorney's Office, Criminal Division, Economic Crimes Unit or the Columbus City Attorney's Office. An investigation by the police will include taking statements from the complainant as well as the alleged wrongdoing party. If the value of the alleged theft is \$1,000.00 and above (e.g. felony), it will be referred to Franklin County Prosecuting Attorney's Office for prosecution. If value of theft is under \$1000.00, the matter will be referred to the Columbus City Attorney's Office for prosecution.

If the crime involves Forgery or Tampering with Governmental Records, it will be a felony regardless of dollar amount. It could also be determined to be a Falsification misdemeanor charge and be referred to the City Prosecutor for prosecution.

2. Notify the county auditor, treasurer, and recorder of the suspected fraud. Follow steps suggested by county auditor, treasurer and/or recorder.
3. Change passwords for online accounts.
4. Notify your mortgage company, banks and credit cards of the identify theft and fraud.
5. File identity theft notification and affidavit with the Ohio Attorney General (after filing a police report with the local authority as the police report must be attached).
6. Contact your attorney about the suspected fraudulent transfer or recording.
7. Contact Legal Aid of Southeast and Central Ohio, 1108 City Park Ave., Columbus, Ohio at (614)224-8374 or at <https://oslsa.org> – on line applications are available.
8. Check your credit report for odd, unfamiliar or unauthorized matters. A free credit report can be obtained via: <https://consumer.ftc.gov/articles/free-credit-reports>