

## FORGERY - A Cause For Alarm

Forgery is the crime of falsely and fraudulently making or altering a legal document. It is a felony punishable by imprisonment in a state prison. It is also an act which may cloud title to property and may result in protracted legal proceedings.

The incidence of forgery is escalating, and the victims are innocent property owners. Title industry figures reveal that over the last decade forgery losses have tripled, account now for over 20% of all losses paid by title insurers. These statistics indicate that the consumer's chances of becoming a forgery victim are now greater than ever. Forgeries affecting real property can happen in a number of ways:

- A deed may be forged by someone, often a family member or associate, in an attempt to transfer legal ownership of the property without the knowledge of the true owner.
- A lender's recorded security agreement for a loan may be eliminated by a forged instrument falsely indicating that the secured debt has been satisfied, thereby allowing another loan to be fraudulently obtained.
- A note and deed of trust may be forged by a person who then sells the secured note and disappears. Thus, leaving an unsuspecting homeowner to discover the cloud on title, when the purchaser of the note commences foreclosure proceedings for the nonpayment of the debt.
- A fraudulent document may be notarized either by someone impersonating a notary, or by a legitimate notary who fails to confirm the identity of the person signing the document.

The mounting trend in forgery has received serious attention. No longer may title companies concentrate only on removing risk arising from inadvertent recording errors. Instead, they now have the additional responsibility of contending with intentional criminal acts. The title industry is reevaluating its title and escrow practices and strengthening notarization processes to hopefully close loopholes that forgers might otherwise exploit. In addition, some companies are offering special incentives to their employees who detect forgeries during the title examination or escrow process.

The title insurance industry is also working with law enforcement agencies, providing them with assistance in the prosecution of forgers by making available industry experts and the results of their investigations. Through improved practices and cooperation with enforcement agencies, the title industry has moved vigorously to reduce the opportunities for forgery.

What can you as a property owner do about forgery? While you may not be able to prevent a forgery, you can be protected. Title insurance provides protection against forgeries in your title which may have occurred prior to the issuance of your title insurance policy. Depending on the type of policy you own, it may even protect against forgeries that occur after the policy is issued. Without this protection, you would face the uncertainty and expense of resolving legal issues alone.

*Contact us today for all your title and escrow questions!*

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