

Do You Need a Title Lock Service?

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Many companies these days are promoting *title lock services*, claiming to offer protection against scammers who commit *title fraud* – a crime that involves fraudulently transferring a property title or deed from the rightful owners to the scammer.

Sadly, committing title fraud is easy – the scammer simply forges or tricks the owners of the property into signing a *quit claim deed* or other document to relinquish ownership of the property. The scammer files the document with the county clerk to record a change of ownership – to the scammer. The scammer can then try to evict the rightful owners, claim ownership of the property for themselves, and then sell it or (more commonly) borrow money against the home and leave the homeowners and lender to battle over the mortgage payments.



Scary, yes, but does a title lock service provide sufficient protection to warrant its cost? In this SWC singlette, we explain what a title lock service is and help you decide whether it's something you want to spend money on.

What Is a Title Lock Service?

First things first – a title lock service doesn't lock your title. It doesn't prevent someone from filing a quit claim deed or using some other method to fraudulently claim that you transferred ownership of your property to them. All it does is notify you, after the fact, when someone succeeds in filing a document that shows a transfer of ownership. It's sort of like when you receive a notification from an online service that someone changed the username, password, or contact information for your account and letting you know that if you didn't do it, then something suspicious is going on, and you need to look into it.

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Many counties in the U.S. are starting to offer this same service for free. All you need to do, in most cases, is fill out a form to register for the service, provide proof of identity, list the properties you own that you want to be notified about, and specify your preferred contact information – email address, phone number, or mailing address. Whenever someone tries to transfer ownership of your property or change the name on the deed, the county notifies you, so that you can take legal action to protect what's yours.

Title Insurance Versus a Title Lock

Don't confuse title insurance with a title lock. Title insurance is a policy you buy when you purchase real estate to ensure that the person selling you the property is the rightful owner and has the sole power to sell it to you. It ensures the buyer that nobody other than the person selling the property can lay claim to it after the purchase. If the provider of the title insurance makes a mistake and another party later files a legitimate claim against the property, the insurance provider must cover your loss.

Recommended: We always recommend that when you buy real estate, you buy title insurance for that property.

A title lock is neither a lock nor an insurance policy. It doesn't lock the title, and it doesn't cover any losses you suffer as a victim of title fraud. The only value it offers is to provide you with an early warning about title fraud that has already been committed related to a property you own. And, as we already pointed out, you may be able to get an early warning for free if the county where you own the property offers such a service.

How to Protect Yourself from Title Fraud

A title lock alone won't prevent you from falling victim to title fraud, but there are several steps you can take to protect yourself:

- Visit or call the county office in which you own the property to sign up to receive notification of any activity regarding the deed/title of any and all real estate you own. For example, if you own property in San Diego County, Calif., you can register for its Recording Notification Service through the assessor's office at <https://arcc.sdcounty.ca.gov/pages/recording-notification-service.aspx>
- Check with the county to ensure that the title to your property is in your name. In most counties, you can look up this information online – find out where to go and then bookmark that site in your web browser so you can check it regularly – once a year, at least.
- If you're facing foreclosure or bankruptcy, be especially careful. Con artists prey on distressed homeowners, often promising to take care of everything if the homeowners simply sign a quit claim deed or other document transferring ownership to them. They'll promise to negotiate with your lenders on your behalf and even promise that you won't have to move out... all while trying to steal your home. They may even offer to you some money or take you shopping to buy groceries.
- If someone shows up with a deed to your property claiming that they own it and telling you to move out, call the police immediately and then call a lawyer. Whatever you do, *don't* vacate your property. When someone commits fraud to change the owners' names on a deed, that doesn't change who the legal owners are. You may need to take the con artists to court to protect your rights.

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- Follow the usual precautions to reduce your vulnerability to identity theft, which may be the first step a scammer takes to commit title fraud. Here are some standard precautions for preventing identity theft:
 - Don't give out personal information to anyone online or offline unless you initiated contact or know the party with whom you're dealing.
 - Guard your mail. Take outgoing mail to the post office or deposit it in a post office collection box. Promptly remove mail you receive from your mailbox.
 - Keep items with personal information in a safe, secure place. Shred or burn items that contain personal information instead of throwing them in the trash.
 - Lock your credit report to prevent anyone from obtaining credit in your name without your knowing about it and approving it.
 - Check your credit report at least once a year for any discrepancies, such as loans or credit cards you never applied for and addresses of places you never lived.

Con artists will use any means available to steal your identity, your money, and your credit, so be careful out there, and let us know if we can help. If you're one of our clients (or want to be) and you're in a situation in which you feel that you may have been scammed or are being conned, [contact us](#) for an objective, third-party opinion and for guidance on what to you may want consider doing (and what not to do) next.

We're here to help, and part of our responsibility to you, as your tax planning and tax-smart financial strategy firm, is to help protect your wealth – including protecting it from shady characters. Don't be too shy or ashamed to reach out.

Warning: One tactic that most con artists practice is to isolate people from others who will question what they're saying. The con artist wants their voice to be the only one you're hearing. Don't let that happen – contact us and let us know what's going on so we can provide you with another perspective.

Disclaimer: *The information in this singlette about title lock services is provided for general informational purposes only and may not reflect current financial thinking or practices. No information contained in this singlette should be construed as financial advice from the staff at SWC (Steas, Walker & Company, LLP), nor is this the information contained in this singlette intended to be a substitute for financial counsel on any subject matter or intended to take the place of hiring a Certified Public Accountant in your jurisdiction. No reader of this singlette should act or refrain from acting on the basis of any information included in, or accessible through, this singlette without seeking the appropriate financial planning advice on the particular facts and circumstances at issue from a licensed financial professional in the recipient's state, country or other appropriate licensing jurisdiction.*



Keep in touch.

16875 W. Bernardo Drive, Suite. 290
San Diego, CA 92127
p: (858) 487-4580 | f: (858) 487-8033
w: www.SWC.cpa

Laura A. Steas, CPA

Co-founder | Partner | Business Strategist
Laura@SWC.cpa

Marni L. Walker, CPA

Co-founder | Managing Partner | Estate Strategist
Marni@SWC.cpa