



# Forgery... A Cause for Alarm?

## What is forgery?

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 will cloud title to property and may result in protracted legal proceedings.

## Who are the victims?

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 escalated at an alarming rate, accounting for heavy losses paid by title insurers. This indicates that the consumer's chances of becoming a forgery victim are the greatest ever. Forgeries affecting real property are created in a number of ways.

## What are some examples of forgery?

- 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 payment of the secured debt, thereby allowing another loan to be fraudulently obtained.
- A note and deed of trust may be forged by a person who then sells the note secured by the deed of trust and disappears, 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 by either a person impersonating a notary or a legitimate notary who fails to ascertain that the person signing the document is not the person whose name appears on the document.



## What is being done to help prevent forgery?

The mounting trend in forgery has received serious attention. No longer may title companies concentrate only on removing risks arising from inadvertences or errors in recordings; instead, they now have the additional responsibility of contending with criminal acts. The title industry is reevaluating its title and escrow practices and strengthening notarization processes, hoping to close loopholes which forgers might otherwise exploit.

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

## What can you do to protect yourself from 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. Without this protection, you would single-handedly face the uncertainty and expense of resolving legal issues.

Guardian Title Agency will be happy to provide additional information about the title to your property.

Source: California Land Title Association



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