



Trust Account Scams

Trust account scams are on the rise. Not a week passes that we don't hear about a new way that scammers and hackers are trying to mess with law firms. It was recently brought to our attention that a Vermont attorney emailed her clients (buyers) on the morning of closing, notifying them of the amount to wire to her trust account for closing. The attorney never heard back. At closing, when she asked the buyers why they never responded, they told the attorney they'd been communicating (via email) with her all morning! Of course, it was a hacker posing as the attorney. Fortunately, the funds were recovered.

In another case, buyers received an email from their real estate agent indicating that they needed to wire their funds to the closing attorney immediately if they wanted to close on time. They did, no questions asked. You know the rest...

Followers of Mike Kennedy's blog, [Ethical Grounds](#), may have seen his [recent post](#) regarding trust account scams. Mike contends that falling for such widely-publicized scams may very well be an ethics violation.

Our advice; read our newsletters, remain skeptical, and educate yourselves and your staff members.

Top 3 Policy Preparation Errors

1. Policy lacks a policy number.

If using PrepExpress Online, please be sure to request an electronic jacket before printing the policy.

2. Policy lacks an updated property description.

Always include a property description which recites the most current conveyance for all types of policies, including Short Forms.

Example for long form policy:

Being all and the same land and premises conveyed to [Buyer/Borrower name] by deed of [Seller name] dated October 21, 2014 and recorded in Book ____, Page ____ of the Town/City of _____ Land Records and more particularly described as follows:

Example for short form policy:

Being all and the same land and premises conveyed to [Buyer/Borrower name] by deed of [Seller name] dated and recorded in the Town/City of _____ Land Records on or about even date herewith and more particularly described as follows:

3. Short Form Policies

We all know that Mortgage amounts and closing dates often change throughout a real estate transaction. Do the following if you have already setup your file in PrepExpress Online:

- a. Pass through the Premium Calculator to make sure the premium has calculated correctly;
- b. Check the Schedule A (first page of the Short Form) to confirm that the Mortgage Date and Date of Policy are the date of the closing;
- c. Confirm that the Policy Amount and the Mortgage Amount match and are the same (amount of the loan).

CATIC's 1099-S Reporting Service

Did you know that CATIC offers a 1099-S filing service? All you have to do is prepare the Substitute Form 1099-S (available in PrepExpress) and give it to the seller(s) at the closing table. Submit the signed Solicitation/Substitute 1099-S forms to CATIC on a quarterly basis, and CATIC will e-file them with the IRS. The cost of the service is \$350.00.

Contact the VATC office to enroll.

Last Call for CLE - June 13

VATC's popular day-long seminar is open for registration to attorney members now (and it's filling up fast!). Six CLE credits are offered and topics include state permits, Vermont Land Trust, State of the Title Industry, Trust Accounts (1 hour ethics), and Current Topics. The fee is \$45 (\$7.50 per credit hour) and includes lunch.

For a complete agenda and to register, [click here](#).
