

**ISSUE #18 – 4<sup>th</sup> Quarter 2006**

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**Colorado Credit Freeze Law**

To help prevent identity theft, Colorado has now joined 25 other states having a Credit Freeze law.

While various states have differences in their laws, Colorado law applies to all consumers, not just victims of fraud. Congratulations.

A credit freeze allows you to “lock” or “freeze” your credit file from access from most, but not all, legitimate parties seeking access to your file.

Since July 1, 2006, you have the option of requesting a consumer reporting agency (Experian, Equifax, TransUnion, i.e. credit bureaus) to place a security freeze on your credit report or file.

You will be able to place a security freeze on your credit files by making a request in writing by certified mail to each bureau. Once a security freeze is placed, the bureau will not be able to release your credit report, or any information contained in that report, without your prior express authorization. For more information and to see who may still access your credit file even with the freeze, see:

<http://www.ago.state.co.us/idtheft/securityfreeze.cfm>

Having a credit freeze is a great way to reduce the potential for identity theft. However, there are many types of identity theft that do not involve credit. Think about people using your social security number for employment, or people that don't have healthcare but use your SSN to obtain hospital services. There are over 25 types of identity theft and you still need to consider credible protection for all the types of identity theft that can and do occur.

In addition, a credit freeze is not for everyone. If you actively seek credit, the freeze can be a burden as you must unlock the freeze to allow credit grantors the opportunity to review your credit. There is no opportunity for instant credit, but that's the idea.

If you don't need additional credit, a credit freeze is good protection. Colorado allows you to place the freeze at no cost. To remove the freeze, the bureaus may each charge up to \$12.00 and it will take a few days to remove.

There is a process that must be followed. Learn the positives and negatives before placing a freeze on your credit file.

**Prevention Tip**
**Prevent Car Burglary**

In the past, car burglars would often attempt to steal your car stereo, but with the value of personal information on the rise, you now need to consider what personal documents you leave in your car.

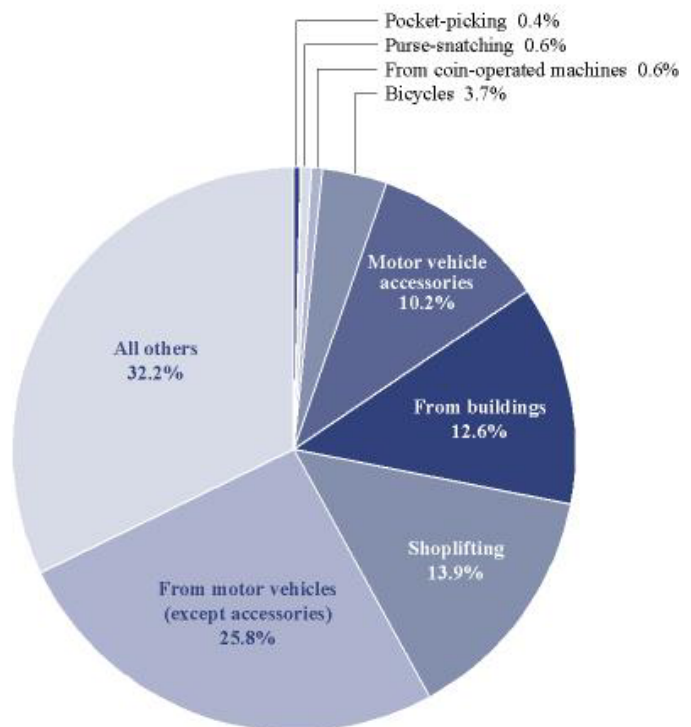
Larceny-theft is the unlawful taking, carrying, leading, or riding away of property from the possession or constructive possession of another. Examples are thefts of bicycles, motor vehicle parts and accessories, shoplifting, pocket-picking, or the stealing of any property or article that is not taken by force and violence or by fraud. Of course, we are concerned with the theft of your personal information, which can lead to identity theft.

Your purse, laptop computer, and valuables should not be left in plain view in your car at anytime. Too frequently we hear, “But I only left for five minutes”.

In addition to protecting ‘known valuables’, you need to consider what personal documents are left in your car. Your car registration, your auto insurance card, mail, bills, etc. Documents having sensitive personal information should be removed. Consider carrying your registration and insurance card in your wallet or purse.

Now that you're thinking about your car, think where else thefts are likely to occur. The following is an FBI chart.

**Larceny-theft Figure**  
Percent Distribution,<sup>1</sup> 2005



<sup>1</sup> Due to rounding, the percentages may not add to 100.0.

## Real Estate Fraud

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We've mentioned that there are over 25 types of identity theft. Certainly, when someone takes your identification, makes a false driver's license, and uses your social security number to obtain a loan and buy a house is one type of identity theft/fraud, which we call True Name fraud, a real good impersonator masquerading as you creating a real nightmare.



Forgery represents another type of crime and real estate is an important asset under attack.

The criminal scenario is straightforward; a criminal forges a deed, includes the property's parcel number, has it signed by a crooked notary, and files it with the county recorder's office. The thief is now on record as owning the property; your forged signature just conveyed it to the thief. Sound unreal? It's not.

But the worst part is the thief obtains a loan with the property as collateral and walks away with the cash.

A recent article written by Chris Thompson of the East Bay Express in California provides a realistic glimpse into the magnitude and ease of this growing crime. (See: <http://eastbayexpress.com/Issues/2006-03-29/news/feature.html>)

FBI statistics indicate that cases of real estate fraud nationwide rose from 3,088 cases in 1999 to 21,944 cases in 2005, a 600-percent increase. Losses from these cases totaled more than \$1 billion in 2005, and that is only the known cases. It is estimated that two-thirds of the nation's mortgage lenders refused to report the incidents they discovered.

Unfortunately, there has been little interest and ability to stem the tide of these crimes. Presumably all lending institutions would be tough on crime and want to investigate real estate fraud. The reality is home values have been increasing dramatically over the past few years and if a loan goes bad due to fraud or other reason, the institution has enough collateral in the home to usually make a profit.

Similarly, law enforcement does not have the capacity to pursue all the cases. In the above referenced article, a real estate fraud investigator for the Alameda County District Attorney in California says his department can only process about 20-percent of the known cases. Similar to identity theft, criminals realize that their chances of getting caught and prosecuted are remote at best. This fact helps stimulate more criminal activity.

As the real estate market fluctuates in value and as criminals continue to evolve their schemes, new types of real estate scams are being created. Beware of new financing "deals" or "rescue" operations that purport to help you out of tough situations. Some are simply schemes to earn fees or commissions and leave you in a worse position than you were previously.

To increase your peace-of-mind, to be able to relax in your vacation chair, and to help ensure your real estate assets have not been hijacked, regularly check with the county Recorder's Office to see if any deeds have been recorded against your property. Having good credit or having paid off your mortgage does not mean that you are safe, a frequent check into your records is prudent and worth your time.

Unfortunately, given today's environment of easily accessible information, we need to be diligent with protecting all of our assets by making sure our information is accurately recorded.

