

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Judiciary

BILL: SB 526

INTRODUCER: Senator Pizzo and others

SUBJECT: Title Fraud Prevention

DATE: February 2, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bond	Cibula	JU	Pre-meeting
2.			CA	
3.			RC	

I. Summary:

SB 526 creates a pilot program for real estate title fraud prevention in Broward County, Florida. Professionals involved in a real estate transaction in that county will be encouraged to notify the property appraiser of a pending sale. If the owner has registered with the clerk’s notification program, the property appraiser will notify the owner of the pending sale. The purpose of the notification service is to confirm the seller’s identity to ensure the integrity of the real estate transaction.

The bill provides that there is no right or cause of action against, and no civil liability on the part of, real estate brokers, title agents, attorneys, or the property appraiser with respect to the creation, maintenance, and operation of the sales contract notification service or land record notification service, or for providing information to the property appraiser pursuant to the program.

The pilot programs ends, and the statute is repealed, on July 1, 2026. On or prior to the repeal, the Broward County Property Appraiser must prepare and deliver a report on the program to the Governor, President of the Senate, and Speaker of the House of Representatives.

The bill is effective July 1, 2024.

II. Present Situation:

The term “title fraud” refers to the fraudulent use of a false real property conveyance in which a fraudster executes and records a deed purporting to convey title to or an interest in real property to himself or herself or a third party without the property owner’s knowledge or consent. The

person then sells, mortgages, or leases out the property, and absconds with the proceeds.¹ One common title fraud scheme occurs when an identity thief pretends to be the owner of the real property and signs a real estate listing contract intending to steal the cash from the closing while the actual owner is unaware that their property is for sale.²

To address the title fraud problem, the 2023 Legislature created a requirement that every clerk of court, by July 1, 2024, create, maintain, and operate a free recording notification service that is open to all persons wishing to register for the service.³ Any person may register for the service. The service will send an automated recording notification whenever a document is recorded in the Official Records of the county which names that registered person.

A clerk's recording notification service does not stop title fraud, the title fraud occurs when the fraudulent instrument is recorded. The service, however, quickly notifies a registrant of the title fraud, and thereby gives the victim notice of the necessity of legal action to avoid or mitigate the fraud.

III. Effect of Proposed Changes:

The bill creates the Title Fraud Prevention Through Sales Contract Notification Services Pilot Program in Broward County.

Upon execution of a contract for the sale of a real property parcel, and before closing occurs, real estate brokers, title agents, and attorneys involved in the transfer of real property are encouraged to report to the county property appraiser the seller's name, mailing address, e-mail address, and phone number, as such information appears within the contract.

Upon receipt of the information, if the landowner has registered with the clerk of court for notifications, the property appraiser will notify the landowner that a contract for the sale or purchase of the real estate has been executed. The stated purpose of the notification service is to confirm the seller's identity to ensure the integrity of the real estate transaction. It is possible that a notification may arrive early enough from this process that the planned closing on the property can be stopped.

There is no right or cause of action against, and no civil liability on the part of, real estate brokers, title agents, attorneys, or the property appraiser with respect to the creation, maintenance, and operation of a sales contract notification service or land record notification service, or for providing information to the property appraiser.

By July 1, 2026, the Broward County Property Appraiser must deliver to the Governor, the President of the Senate, and the Speaker of the House of Representatives, a report on the pilot program containing the following information:

- The number of real estate brokers, title agents, and attorneys who provided information to the property appraiser under this section.

¹ David Chang, *What Is Home Title Fraud? A Beginner's Guide*, THE ASCENT (updated Feb. 22, 2023), <https://www.fool.com/the-ascent/mortgages/home-title-fraud/>.

² In a sense, this is the "white collar" version of squatting. Like squatting, vacation homes are a favorite target of this scheme.

³ Section 28.47, F.S., created by chapter 2023-238, Laws of Fla.

- The number of times a seller's contact information was provided to the property appraiser under this section.
- The property appraiser's recommendation as to whether the sales contract notification service is appropriate to recommend throughout the state as an effective tool to combat title fraud.
- Any other information the property appraiser deems necessary.

The bill is effective July 1, 2024. The section created by the bill is repealed on July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The bill requires the property appraiser of Broward County to create and operate a real property sales notification pilot program. The cost to the property appraiser appears to be minimal.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None apparent.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

To the extent that the bill stops title fraud at the front end of a real estate transaction, it will reduce costs at the back end to clear title to property.

C. Government Sector Impact:

The Broward County Property Appraiser will likely incur some minimal costs to administer the pilot program and mail notices to property owners.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 696.031 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.