CONSUMER GUIDE: FRAUD RED FLAGS

Most real estate transactions occur safely, but there's a growing need to keep an eye out for fraud. Increasingly sophisticated scams, including use of AI to impersonate people, can occur at any stage of a transaction and often aren't immediately obvious. If something occurs that doesn't seem quite right, this resource will help you understand the potential risks and take appropriate action.

Red flag: Someone offers to sell or lease you a property outside of regular channels, such as the multiple listing service, and wants to complete the transaction online rather than in person.
What it could mean: Fraudsters sometimes pose as property owners to steal proceeds from "selling" or "leasing" a property they don't own. **What to do:** An agent who is a REALTOR® can help you determine whether the person's property ownership information matches public records.

Red flag: You receive suspicious emails requesting passwords, account information, wire details, Social Security numbers or other sensitive information.
What it could mean: A criminal may be trying to steal personal information to facilitate future fraud. **What to do:** Don't respond. Report the suspected phishing attempt to your email provider, and change passwords if accounts are compromised. You can also report suspected phishing attempts to the Federal Trade Commission at reportfraud.ftc.gov.

Red flag: During a transaction, you receive an email with instructions for transferring funds.
What it could mean: Criminals engaged in wire fraud could have compromised communications to redirect escrow money, down payment funds or sales proceeds to their own accounts. **What to do:** Any instructions for wiring funds should be verified with a trusted advisor, such as your real estate agent. Especially when you receive last-minute changes, be skeptical.

Red flag: A communication seems unusual or out of character.
What it could mean: An individual may be impersonating a legitimate transaction participant.
What to do: Verify the communication using a known email or phone number—or in person.

Red flag: You discover unauthorized title activity on a property you own.
What it could mean: A fraudster may have transferred ownership, or attempted to do so, through forged documents. **What to do:** Consult legal counsel and report the issue to law enforcement. It's a good idea to check county records periodically—and investigate whether your county offers a recording notification service that will alert you to new (possibly fraudulent) deed filings.

Red flag: You're approached with an opportunity to invest in a real estate venture or other "exclusive" investment program—if you act fast.
What it could mean: When you're being pressured to get in on an investment before it's too late, the deal may be too good to be true. **What to do:** Don't send money. Talk with trusted advisors and do your due diligence to ensure the investment is legitimate.

Bottom line: A simple three-step plan—stop, verify and then act—will help you avoid trouble.
When something appears suspicious, do not act on the questionable request, send funds, provide sensitive information or use the contact information contained in the suspicious communication. Instead, independently contact your real estate professional, lender or settlement/title provider using previously verified contact information. Those professionals can help you determine what additional verification, reporting, legal, law-enforcement or transaction steps are appropriate.

IMPORTANT: If you've transferred funds to someone who you suspect has committed fraud, treat the situation as urgent. Time can be critical in recovering funds and limiting losses. Generally, the first 24–48 hours are the most critical. Contact your financial institution and law enforcement as quickly as possible—and report the incident to the FBI's IC3.

Your real estate agent will help you navigate the purchase or sale of your home. Only those who are members of the National Association of REALTORS® may use the term REALTOR®, and they are obligated under NAR's Code of Ethics to work in your best interest. Practices may vary by state or local law. For legal advice, consult an attorney licensed in your state. ***Please visit facts.realtor for more information and resources.***