

# 9 COMMON INSTANCES OF REAL ESTATE FRAUD

## 7 WAYS TO PROTECT AGAINST IT

Fraud is a rampant and perpetual concern in all areas of business — including real estate. In fact, the FBI reports that there were 11,727 real estate fraud victims in 2022 alone.

If you're a real estate professional or buying or selling property and trying to operate safely, it's important to familiarize yourself with some of the more common fraudulent activities out there before looking for a new property or trying to sell a home.

With that in mind, here are some thoughts on a few of the most common real estate fraud concerns, along with the solutions that Patten Title uses to protect against them.

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Fraud can take place at any point along the buying and selling journey. However, there are some events that occur more often than others. Here are some of the most infamous scams and double-dealing that take place both in Texas real estate and across the country.

**TITLE FRAUD:** Also called deed fraud, consists of transferring the title or deed of a property to a different person without the consent or awareness of the current owner.

**WIRE FRAUD:** Wire fraud takes place when a bad actor or thief convinces an individual to wire funds to a fraudulent account. A good example is escrow wire fraud, where someone poses as your escrow or title company and tells you where to wire a tax downpayment.

**MORTGAGE FRAUD:** Committed by either a borrower or lender, mortgage fraud takes place when critical information is omitted from a mortgage application when trying to purchase or insure a loan.

**RENTAL FRAUD:** Rental fraud happens when scammers post fake rental listings to convince potential renters to send them down payments or charge high rent for low-quality rental units.

**LOAN FLIPPING:** When a predatory lender convinces a homeowner to refinance a mortgage repeatedly, draining their equity in the process, they are loan flipping.

**SELLER FRAUD:** When a seller lies about the condition of their property during a sale, it constitutes seller fraud.

**HOME INSPECTION FRAUD:** If a home inspector is unqualified or purposefully hides information from a potential buyer or lender, they are part of a home inspection scam.

**FORECLOSURE FRAUD(S):** Foreclosure fraud can happen in two scenarios. In the first, a home is wrongfully foreclosed on, forcing the homeowner to leave. In the second instance, foreclosure relief fraud occurs when a bad actor claims to help someone close to foreclosure. They typically take a large upfront fee and run, leaving the homeowner in worse shape than when they started.

**COMMERCIAL REAL ESTATE FRAUD:** Commercial real estate fraud can also take multiple forms. For instance, a property manager or investing entity might misappropriate funds collected for an explicit purpose or misrepresent shareholders. Another similar behavior is syndicator fraud.



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# 7 WAYS TO PROTECT AGAINST REAL ESTATE FRAUD

While fraud may be common in real estate, there are many ways to guard against it. Patten Title has invested in several forms of protection to help clients and customers avoid fraud. In addition, there are ways that buyers and sellers can protect themselves:

**CertifID:** Patten uses [CertifID](#), a secure platform that protects wire transfers while they're happening. In addition, CertifID takes the extra step to recover any lost funds due to fraud.

**ZOCCAM:** Patten escrow agents recommend [ZOCCAM](#), which allows buyers to transfer earnest money deposits while protecting confidential user data from potential fraud.

**Always follow the steps:** Familiarize yourself with the steps and stages required for each real estate transaction from the beginning. Then make sure everyone follows them as you go along.

**Insist on seeing the paper trail:** Whether it's physical or digital, make sure every person and every action involved in a transaction is backed by appropriate documentation.

**Resist pressure and go slow:** If a buyer tries to pressure you to act quickly, that's a red flag. Take the time required to make informed decisions.

**Look out for "too good to be true" situations:** If a lender or a seller makes unrealistic promises in exchange for you proactively providing money, that's a good sign to hang on to your checkbook and double-check their validity.

**Don't ignore suspicious or unusual signs:** If bills stop arriving or your credit score suddenly drops, follow the breadcrumbs to ensure you aren't the victim of a scam.

Real estate fraud may be a common concern, but that doesn't mean it has to paralyze or intimidate you. On the contrary, as with all of life's big events and activities, try to go into each purchase or sale informed and aware of the dangers. That way, you can operate with confidence and the surety that you're getting the best deal possible without being taken advantage of in the process. [Click here to learn](#) about Patten Title's 89% Secure Score rating and the steps taken to protect you and your information.

