

# Red Flags and Best Practices



**How can REALTORS protect themselves and their clients from seller impersonation fraud?**

With the increasing prevalence of agents working remotely and communicating with clients through email and text is crucial to confirm the identity of potential clients. Any verification process your brokerage uses must be applied uniformly to all individuals. Stay up to date with these recommendations to protect you and your clients from seller impersonation fraud.

## Watch for Red Flags Seller Behavior to be Suspicious of

### ▶ Absentee Owners

- Listing property that is non-owner occupied (aka absentee owner).
- Examples include vacant land, vacant lot, rental property, short term rental property such as Airbnb, a second home and a vacation home.

### ▶ Low Priced or All-Cash Deals

- A prospective seller wants to list the property below market value and only wants offers from buyers willing to pay cash.

### ▶ FSBO; Unknown Seller

- The property wasn't listed with a regular agent, but instead through a For-Sale-By-Owner website that shares the listing on public platforms.
- No one involved knows the seller or has even talked to the seller until a buyer wants to make an offer.

### ▶ Communicates Only Through Text or Email

- The Seller actively avoids any face-to-face or phone conversations, solely relying on text or email for communication.
- When called, the seller's voicemail picks up and they respond through text or email.

### ▶ Rush to Close

- During negotiations with the buyers, the seller readily accepts almost all terms, prioritizing a quick cash transaction.
- They show no objections to proposed fees, cost allocations, commissions, or other terms.

### ▶ Refuses to Attend Closing

- The seller might suddenly become unavailable due to being "out-of-town" or for other reasons coming to closing. However, they are still available to sign the documents with a notary, often in a different city or state

### ▶ Suspicious Wire Instructions

- The seller provides wiring instructions for their proceeds to a bank that is not geographically close to the property or the mailing address for the tax bill.

### ▶ Check FOREWARN

- When the seller's phone number is reverse searched to determine if it belongs to the owner of the property, it shows as a completely unrelated name or as unknown.