

Ask an Expert – Beware of Consumer Real Estate Scams

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Millions of dollars have been stolen from consumers through an email scam related to real estate transactions. Consumers are being tricked into wiring their real estate funds, including down payments and/or closing costs, into scammer's



accounts.

Scammers have done this by hacking into the email accounts of real estate agents and title companies and monitoring their emails. When they see a deal near closing, the scammer sends an email to the buyer within 24 hours with new wiring instructions. The consumer sends the money to the new account, which is often directed to a bank account outside of the country. It is then too late to locate the criminal or recover the funds. Sadly, this prevents many people from home ownership, as they have now lost the money they saved for the home purchase, and they have to start the saving process again.

For example, on a \$250,000 loan that requires a 10 percent down payment, \$25,000 could be lost, in addition to an average of 3 percent in closing costs, which would be an additional \$7,500.

A report from the FBI shows that due to this scam, over \$149 million have been lost by consumers across the nation. Utahns were bilked out of \$20 million to this type of scam in 2018.

While the scam isn't new, it is growing rapidly. The Utah Division of Real Estate is launching an outreach campaign

to warn potential homebuyers of the scam and to prevent fraudulent dealings.

To avoid being taken in by these scams, real estate consumers are urged to:

- Be wary of last-minute emails with changes to the transaction.
- Contact email senders by telephone using a phone number you have independently verified.
- Never send wire transfer information via email.
- Never email financial information.
- Be cautious about opening attachments and downloading files from emails, regardless of who sent them.

For further information on how to protect yourself from real estate scams, visit the Utah Department of Commerce website at <https://commerce.utah.gov/>.

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