When a "Small Favor" Becomes a Big Problem

Recognizing Red Flags in Real Estate Transactions

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Real estate professionals are often asked to solve problems quickly. A deadline is approaching, a lender requests another document, or a party worries the deal may fall apart. In that moment, a customer or client may ask for what sounds like a harmless favor: leave something out, change a date, use a different version of a document, or handle part of the deal outside closing. The request may sound practical or like something "everyone does." But it becomes a problem when it makes the transaction look different from what it really is.

Agents and brokers do not need to become investigators or lawyers whenever something unusual happens. They do need to recognize when facts are being hidden, changed, or kept off the record. That is the time to pause, involve the broker, and speak with the title company, closing agent, or attorney. The goal is not to accuse anyone. It is to make sure the documents tell a complete, accurate story.

A common example is a request for two different versions of the purchase contract. One version may show the specific price or terms the parties agreed to, while another is intended for the lender or some other person involved in the transaction. Even if the parties believe they are helping the deal close, inconsistent contracts can create serious financing and fraud concerns. The contract, addenda, and amendments should accurately reflect the agreement.

The same issue arises when someone asks that an addendum be withheld. An agreement about furniture, repair credits, seller concessions, or another financial term may seem minor, but it can affect the lender's understanding and the closing figures. If a term was negotiated as part of the transaction, it should not be hidden from someone who is entitled to review the complete agreement.

Requests for payments "outside of closing" should also bring the transaction to a stop. A buyer or seller may suggest that money change hands separately, so it does not appear on the settlement statement. The explanation may be that it will reduce taxes, avoid questions, or make the numbers work. Regardless of the reason, undisclosed payments create risk for everyone involved. The financial terms should appear in the contract and closing documents.

Other requests may sound less dramatic but deserve the same caution. Examples include changing a contract date to make a deadline appear met, backdating a signature, misstating occupancy plans, creating a false receipt, misrepresenting the source of funds, signing without authority, discouraging a required disclosure, or pressuring an appraiser or inspector to change a finding. The wording changes, but the basic concern is the same: someone wants the paperwork or the record to show something that is not true.

Not every threat comes from an actual buyer or seller. Some of the most damaging schemes begin with an email or text that looks legitimate. In a business email compromise scam, often called BEC, a criminal gains access to or closely copies the email account of someone involved in the transaction. The criminal may impersonate the title company, closing attorney, lender, buyer, seller, or even an agent. The message may appear inside an existing email chain and include the correct names, property address, loan amount, and closing date. That familiarity makes the scam effective.

Agents and brokers should never ask for, receive, forward, store, or be copied on correspondence containing the escrow agent's wiring instructions. Those instructions should go directly from the escrow or closing agent to the person sending funds through the closing agent's secure process. Agents should not relay bank information, confirm account details, or act as the middleman. If a client receives new or changed instructions, tell the client to call the closing office at a previously verified number, never a number or link in the email. If funds may have been misdirected, immediately contact the bank and closing professionals.

Seller impersonation fraud requires the same awareness. In these schemes, a criminal pretends to own property and tries to list or sell it. Vacant land, rental property, second homes, and properties without mortgages are frequent targets because the true owner may not be nearby or regularly monitoring the property. Warning signs may include a seller who will communicate only by email or text, refuses reasonable identity checks, pushes for an unusually fast remote closing, wants to list well below market without a convincing explanation, insists on using an unfamiliar notary, or directs that proceeds be sent to an account in another person's name. One unusual fact may have an explanation. Several together call for additional verification.

Most questionable requests do not require an argument. A calm response is enough: "I understand what you are trying to accomplish, but I cannot help make the transaction appear different from what was actually agreed. Let me speak with my broker or the closing professional so we can handle it correctly." When wiring is involved, the agent should not review or pass along instructions. Direct the client to the escrow or closing agent's secure process and independent verification procedures.

Real estate professionals are hired for more than market knowledge. Buyers and sellers rely on them to recognize when something does not look right. Slow down when urgency bypasses a safeguard. Keep agents out of the communication chain for wiring instructions. Save communications, document concerns, and seek help before documents are signed or money moves. Accuracy, transparency, and verification protect the customer, transaction, brokerage, and licensee.