

NEWS FROM SCDC

South Carolina Department of Consumer Affairs



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Residential Real Estate Fraud Targeting the Lowcountry

Columbia, SC – The South Carolina Department of Consumer Affairs first warned on real estate fraud last year, but numerous phone calls in the past 24 hours make it apparent that the scam is rearing its ugly head again – and appears to be targeting real estate agents and consumers in the Lowcountry.

The calls all have this in common: the property was **advertised for sale or for rent on craigslist**, a popular website of online communities, featuring free online classified advertisements – with sections devoted to jobs, housing, for rent/sale, etc. The legitimate ads created by real estate agents have been “spoofed” to look identical, but giving fraudulent owner and contact information along with very attractive pricing. The Department has contacted craigslist to warn of these spoofed real estate advertisements and has instructed concerned callers to do the same.

Residential real estate scams involve the rental or sale of homes or other properties that the contractor does not own or represent. An unsuspecting tenant pays a security deposit along with first and last month’s rent. The prospective buyer pays a down payment in a homebuying transaction. Rent is collected by the fraud perpetrator, but when the fraud is discovered, the tenant is evicted, losing his security and rental deposits. Some crooks are so bold that they will rent a piece of property to several different tenants, collecting advance rents and deposits, and then vanish. In the case of a home purchase, the potential homebuyer is out the cash down payment he or she made on the home.

A legitimate landlord, owner or real estate agent is justified in asking applicants for sufficient personal information to enable a credit check to be made, as a prerequisite to approving the application or initiating a homebuying transaction. For the majority of renters or buyers, such information should be protected and is no cause for concern. But it’s a major worry for victims when the fraudster has *posed* as a landlord/owner/real estate agent and has no legal authority to collect personal information.

About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

For more information, visit www.scconsumer.gov.

Real estate fraud victims can be stung twice in this instance – they not only lose money, but they have to worry about possible misuse of their personal information and will have no idea when or where identity theft and fraud may occur. “Consumers need to be alert and have their antennae up,” said SCDCA Administrator Brandolyn Thomas Pinkston. “Often their gut instinct is the best indicator that something is wrong.”

The biggest warning sign of potential real estate fraud is the “owner” or “landlord” insisting on rent and security deposit or down payment paid in cash, cashier’s check, or wire transfer. This prevents the applicant from issuing a “Stop Payment” if the fraud is discovered in time. Other fraud indicators include: an attractive property advertised at well below market price for the area; a landlord/owner who is evasive when asked questions he should know the answers to and is difficult to contact once he has the victim’s money. Another red flag is when the so-called owner/agent communicates using poor grammar or too-perfect English – an indication that the perpetrator of this hoax may be in another country.

Renters and prospective buyers who have concerns about real estate advertisements that seem too good to be true should take some additional steps:

- Check with building management, building superintendent, resident manager or caretaker in the case of apartments (emergency contact information is likely posted in the lobby)
- Confirm that the real estate agent is really representing the property
- Ask other tenants who collect their rent
- Check with city or county offices to confirm ownership of the property in cases where the applicant is looking for a house to rent or buy and compare the ownership name on file with the information provided by the individual claiming to represent the owner.

Finally, prospective renters or buyers should never pay a deposit, rent, or down payment until a formal lease agreement is signed by tenant and landlord or the formal mortgage transaction is initiated with a commercial lender. Written agreements offer greater protection to tenants and landlords as well as agents, sellers, and buyers.

If you suspect you have been a victim of real estate fraud, contact your local law enforcement agency and the SC Department of Consumer Affairs, 1.800.922.1594. For more information on this and other consumer issues, visit the Department’s website: www.sccconsumer.gov.