



Department of State
Consumer Protection

Navigating Housing Scams

A FIVE PART SERIES

Part 2: First - Time Home Buyers

Navigating Housing Scams: **First-Time Home Buyers Series**

Buying your first home is a significant milestone. It's very exciting and often intimidating since there's so much to consider. Learn how to avoid a costly mistake with these tips.

For more tips on how to navigate housing scams, check out our other [comprehensive guides](#).



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Navigating Housing Scams: **First-Time Home Buyers Series**

Tips for First-Time Home Buyers

Research and look for credible resources and referrals:

Take your time assessing all the people you will work with who will guide you through this important milestone including:

- 🔍 Lenders
- 🔍 Real Estate Agents
- 🔍 Real Estate Agents
- 🔍 Home Inspectors
- 🔍 And others involved in the process

Resources for your research:

- 🔍 Check with your local Better Business Bureau to ensure no complaints have been reported.
- 🔍 Check out our tips on how to verify real estate professionals by reviewing [part one](#) (link to alert) of our housing scam consumer alert series.



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Tips for First-Time Home Buyers

Avoid digital mortgage comparison-shopping platforms:

The Consumer Financial Protection Bureau recently issued [guidance](#) warning mortgage borrowers about digital comparison-shopping platforms.

Did you know: Companies operating these platforms often appear as if they provide objective lender comparisons but instead may refer people to only those lenders that pay referral fees to the platform.

Financial arrangements that influence or manipulate search results for a monetary benefit are illegal.



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Be wary of up-front fees for mortgage-related services:



Real lenders are transparent about fees and itemize these fees before closing. You should receive the following related to fees:

- **clear written disclosures about all charges,**
- **fees should be tied to the services being provided.**



Scammers, on the other hand, may request an up-front fee before any work is done. Once you provide the payment, they disappear. Pay attention to the following red flag:

- **Be cautious of anyone requesting advance fees concerning a mortgage loan.**



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Tips for First-Time Home Buyers Working with an Attorney

 **Have your own attorney review all contracts and loan documents before you sign.**

- Hiring a real estate attorney is essential to streamline the legal transfer of property.
- Using an attorney provided by the seller or the lender is not a good idea.
- Ask your attorney about any provision you do not fully understand.
- To find an attorney in New York State, search or contact the [New York State Bar Association Lawyer Referral Service](#).



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Avoid home inspection scams:

Home inspections are vital to the home-buying process because they can expose hidden problems in the home you plan to buy, such as deferred maintenance, structural issues, mold, or faulty wiring that could cause a fire.

In a home inspection scam, a provider may hide potential problems with the home to increase referrals or as part of a **collusive** arrangement.

To prevent this fraud:

- Avoid using home inspectors referred through real estate agents or others who may not share your interests.
- Make sure the home inspector is licensed in New York by searching the [NYS Department of State's Public License Search database](#) and conduct independent research to check references.
- Even with an experienced licensed home inspector, asking questions and looking for signs of irregularities is good practice. Ensure the inspector can access all areas of the property and that you receive a copy of the report.



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Prevent mortgage closing scams

The FBI has reported that scammers increasingly take advantage of homebuyers during the closing process.

When you're about to close on your new home, scammers posing as real estate agents or lenders attempt to divert your closing costs and down payment funds by sending last-minute changes to your wiring instructions.

Don't fall for this phishing scam.

Before you do anything:

- Always verify any changes by contacting a trusted representative.
- Avoid clicking on any links or sending financial information via email. Email is never a secure way to send sensitive information.



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