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For the Affluent Lifestyle

REAL ESTATE TIPS

Tax Seize

By Tameka Jo Pauldo

In recent weeks, real estate investors have faced intense scrutiny from the news media. I-Team Reporters are probing what appear to be "get rich quick" tactics associated with real estate investment. With claims of prodigious payoffs in hasty time and faint effort, "house flipping" resonance appeals to the real estate enthusiast, but warrants gander. With the latest boom in the "property market", allegations have surfaced of crafty plots and systematic designs, constituting fraudulent schemes in the real estate business.

The IRS does not want this to happen to you, and cautions citizens to be mindful of making wrong choices about your real estate and mortgage activities.

Some of the common real estate fraud schemes include:
Property Flipping — A buyer pays a low price for property, and then resells it quickly for a much higher price. While this may be legal, when it involves false statements to the lender, it is not.
Two Sets of Settlement Statements — One settlement statement is prepared and provided to the seller accurately reflecting the true selling price of the property. A second fraudulent statement is given to the lender showing a highly inflated purported selling price.
Fraudulent Qualifications — Real estate agents assist buyers who would not otherwise qualify by fabricating their employment history or credit record.

Each year the IRS audits thousands of tax returns involving individuals and entities associated with the real estate business. Once they have obtained applicable evidence, IRS agents forward their investigation to the Department of Justice for criminal prosecution.

Experts suggest you follow these Top 3 Tips to avoid real estate and mortgage fraud:
1. Always seek assistance from a skilled real estate attorney. If you do not understand something you're being asked to sign, ask for clarification and re-read the document again before signing.
2. Be suspicious of outrageous promises of extraordinary profit in a short period of time. If it sounds too good to be true, it probably is!
3. Look at written information to include recent comparable sales in the area and other documents such as tax assessments to verify the value of the property.

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