

Looking for Your Next Investment Property? Don't Fall for These Common Rental Housing Scams.

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Real estate investing is a great way to make passive income. However, there is a good amount of work up front to ensure that the investment is a good one and will not ultimately decrease your ability to make money.

A great way to cut down on the potential of encountering scammers is by tailoring the ways you find properties. Websites with rental listings, like Zillow and Apartments.com, have safeguards in place to ensure that their listings are legitimate. Further, if you work with a reputable real estate agent to find your next property, they will most likely be able to verify the legitimacy of a property better than you can and will know professionals in the industry whom they can trust to show them a real, quality property.

However, rental housing scams are getting more and more advanced. Even using some of the safeguards mentioned above, it is important to know the following tips so you can continue to profit from your real estate investments rather than lose precious income to tricky scammers. Here are some tips on how to avoid rental scams.

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Pay close attention to price

When looking for a real estate investment, everyone is in it to try and turn a profit. When a “too good to be true” deal comes along, it can be easy to get excited and think you’ve hit the real estate jackpot. Unfortunately, even though there can be the occasional exceptional deal, many unreasonably low prices are rental scams.

How can you figure out whether a low price is simply a good deal vs. a potential scam? You need to look at the surrounding properties. Rental prices are set based on the surrounding market, so if you see one property priced well below others, treat it as a warning sign that you could be looking at a potential scam. Scammers use unreasonably low prices to lure in renters.

Another way that scammers trick interested renters is by aligning the rental price with the prices of properties in that neighborhood but showing amenities and renovations that should put the price well above what they are asking. If a property is in pristine condition with many luxury amenities but is priced around where properties without those amenities are priced, move with an abundance of caution.

Keep in mind that most prices for properties are negotiable. While some legitimate properties may state that the price is non-negotiable, a common tactic for rental scammers is to set fixed, low prices and refuse to negotiate at all. Real landlords and property owners are eager to rent/sell their property, so they will often be willing to negotiate in order to get it off the market.

Related: Want to Invest in a Rental Property? Do These 5 Things First.

Do your own research

If you think you've found a great deal but aren't sure whether to believe it, the best way to avoid losing income to scammers is to do your own thorough research. Here are four steps to research a potential listing.

1. Check the Google Maps address

This step is a simple first step that anyone can conduct. Look up the address of the property in Google Maps and see if the property listed matches the property that Google pulls up. Although this step is not completely determinative of a legitimate property, it is a great first step.

2. Look at the property ownership records

Property ownership records are available online, and checking these documents can help you ensure that the person you're talking to is the same person who currently owns the property. Find these records by searching for the property's address online or by contacting the county recorder's office.

3. Visit the property in person

If you are concerned about the actual condition of the property and whether it matches the pictures you may have seen online, check out the property in person. Of course, this opportunity is limited to buyers who are already in the same general area of the property, but if you can, visiting the property in person could not only allow you to double-check the property's condition but also potentially meet the landlord face to face.

4. Be cautious of vague or limited listings

If a rental listing doesn't have many pictures or little information, it could be a sign that the listing is fake. It is better to move on and find a legitimate listing than waste

time and energy on a property that could turn out to not be real.

Related: 3 Helpful Resources to Use When Searching for a Real Estate Investment Property

Consult professionals, but trust your gut

It's important to know that legitimate property owners and landlords will typically want to show you the property before they request payment. If a property owner is requesting payment prior to showing you the property, that is a big red flag.

If you're using rental listing platforms, you can usually find platforms with reviews from users that have a proven history of helping people rent or buy excellent properties. If you don't want to risk navigating rental platforms by yourself, hire a real estate agent to navigate this market for you.

However, the bottom line is: If something seems fishy with a property, it probably is. Trust your gut. If someone is requesting payment too early or is pushy or aggressive, be extremely cautious. Trustworthy property owners and landlords will be eager to answer questions and provide information prior to receiving any payment.

Follow the steps and tips above to continue to use your money to further your business or personal goals, not to feed into real estate scams. Pay attention to price, conduct your own research, and consult professionals if you're unsure about your ability to sniff out scammers on your own. Ultimately, trust your gut. If you feel like something is off with a listing, it probably is.

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