

Red Flags and Warning Signs

What Real Estate Professionals Must Watch For

Warning Signs in Your Personal Finances

Cash Flow Warning Signs:

- Using credit cards for basic necessities (groceries, utilities)
- Regularly transferring balances between cards
- Withdrawing from retirement accounts or investments to pay bills
- Inconsistent income without adequate cash reserves
- Difficulty covering quarterly estimated tax payments

Credit Warning Signs:

- Credit utilization consistently above 50%
- Multiple credit card accounts near their limits
- Credit score drops of 30+ points in a short period
- Making only minimum payments on revolving debt
- Applying for new credit to pay existing obligations

Behavioral Warning Signs:

- Avoiding opening mail from creditors
- Anxiety when checking account balances
- Hiding spending or debt from family/partners
- Decision paralysis about financial matters
- Working excessive hours just to stay afloat financially

Real Estate-Specific Warning Signs:

- Taking on unrealistic clients out of financial desperation
- Unable to invest in necessary marketing or professional development
- Significant business expense increase without corresponding income
- Mixing business and personal expenses regularly
- Insufficient tax planning for commission-based income

Red Flags When Considering Debt Relief Services

Company/Provider Red Flags:

- Requests for upfront fees before services are provided
- Promises to remove accurate negative information from credit reports
- Guarantees about specific credit score improvements
- Lack of physical address or unclear company information
- No written contract detailing services and fees
- Not registered with state agencies if required

Service/Offer Red Flags:

- Instructions to stop communicating with creditors
- Claims about "new government programs" that aren't verifiable
- Suggestions to dispute all items on credit report, even accurate ones
- Promises that seem too good to be true