Fraud Prevention Guide for Community Associations

The payment fraud tactics targeting associations, and what to watch for in the year ahead.

Axos HOA Banking

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Fraud prevention is no longer optional, it’s operational.

- Fraud targeting associations is becoming more sophisticated.
- Protecting association funds requires strong controls, verification processes, and a trusted banking partner.
- No single solution can prevent every type of fraud. The strongest defense combines people, processes, and technology.

Key risks every association should understand.

01

Manual, paper-based payment processes.

Paper trails leave openings.

Checks, spreadsheets, manual approvals, and paper-based reconciliation create gaps where suspicious activity can go unnoticed.

02

Vendor impersonation & fraudulent payment requests.

Legitimate-looking requests can hide fraud.

Business email compromise uses trusted vendor names, familiar email formats, and routine payment requests to make fraudulent transactions appear legitimate.

03

Delayed fraud detection and response.

When suspecting fraud, every minute matters.

Without trusted banking support, suspicious activity is harder to verify, escalate, and address quickly.

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Strong fraud defense starts with understanding your exposure points.

Associations handle a wide range of financial transactions every day. Understanding where fraud risks can emerge and what controls help reduce them is a foundational step in protecting community funds.

Opportunities to close the gaps in your common payment flows.

	How fraud shows up.	Control to closes the gap.
Vendor Payments	A fake invoice or a vendor requesting new bank details.	Verify changes by phone with a contact on file, and require dual approval.
Resident Dues	Altered checks, or lockbox and deposit discrepancies that go unnoticed until reconciliation.	Automated reconciliation that flags mismatches early.
Reserve Transfers	Unauthorized transfer requests posing as trusted stakeholders.	Add safeguards around large or unusual transactions before funds move.

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96%

of association leaders say automated reconciliation gave them more accurate, reliable records.*

Many associations still reconcile payments by hand. A mismatched payment or altered check can go unnoticed until the next reconciliation, and by then it may be too late to act.

01

Manual reconciliation gives fraud more time to work.

The cost

Fraud can drain association funds, disrupt budgets, delay projects, and create unexpected costs for residents.

The control

Automated reconciliation replaces manual matching and surfaces discrepancies sooner, giving your team more time to investigate and respond.

The result

Greater visibility, fewer manual touchpoints, and a clear record of how funds are managed.

The bottom line

The longer fraud goes undetected, the greater the impact. Closing the gap between the payment and discovery helps protect funds and strengthen financial oversight.

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02

Fraud doesn’t always arrive as an obvious threat. The greatest fraud risks often look legitimate.

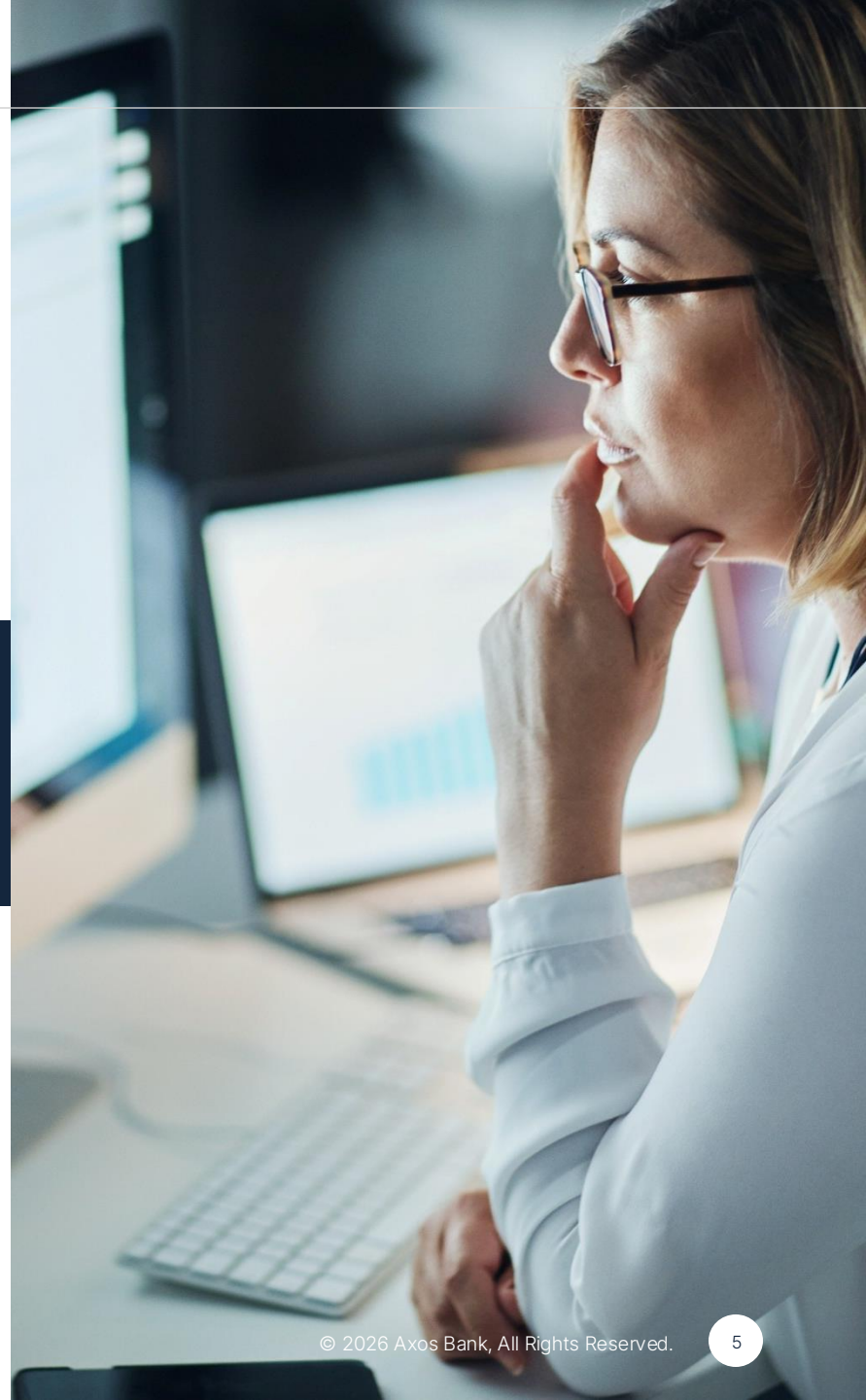
Vendor impersonation relies on trust: a familiar vendor, a routine invoice, or a payment update request that appears legitimate at first glance.

Many fraud prevention tools are designed to detect altered checks, unauthorized transactions, or suspicious account activity. But they can’t determine whether the request itself is legitimate.

The challenge is a gap in what standard protections are designed to catch. Many fraud attempts are built to bypass the controls organizations rely on every day.

ACH Positive Pay

ACH Positive Pay can help identify transactions that don’t match approved records. But if fraudulent payment information is added to those records, the transaction may appear valid. Always verify payment detail changes through a separate, trusted channel before processing.



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02 Closing the Gap

Standard tools catch altered checks. ACH Positive Pay plus verification catches the rest.

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STEP 01
Call a phone number already on file to confirm the request.

STEP 02
Require a second approver to review and sign off on the change.

STEP 03
Confirm the change in writing before the next payment goes out.



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03 Fraud prevention doesn’t stop at detection.

Limiting potential losses depends on having the right team to turn to for guidance on what to do next.

01

Detect

Fraud controls can identify unusual activity, such as a new payee, an unexpected amount, or a change in payment instructions.

02

Decide

A flag is a signal, not a verdict. Understanding what it means requires context and judgment.

03

Verify

Confirm requests through a known, trusted channel before approving changes or releasing funds.

04

Partner

A dedicated banking team provides guidance and support when questions arise.

When a payment request, account change, or transaction raises concerns, a clear response process can help prevent a costly mistake.



When suspicious activity is flagged, your banking team is part of the response.

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Stability

NYSE-listed company backed by Axos Financial, Inc. (NYSE: AX)



Dedicated support

Direct access to a dedicated client services team with deep association banking expertise.

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Fraud moves fast. So should your banking partner.

Ready to learn how Axos can help strengthen your defense against fraud?

Scan to connect

with our association banking team

Takes less than a minute

Our association banking team helps you prevent fraud and respond with confidence when something doesn't look right.

You'll work with a dedicated team who understands the unique challenges community associations face and can help you assess unusual requests.

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*Based on a survey of a hundred association leaders commissioned by Axos Bank, this report highlights how tech-forward communities are using automation, mobile tools, and flexible payments to improve efficiency and enhance resident satisfaction.

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