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Real-Estate Sleight of Hand

By STEPHEN J. DUBNER

Itzhak Ben-David is a Ph.D. candidate in finance at the University of Chicago's Graduate School of Business. (Levitt is one of his dissertation advisors.) While pursuing his original research idea — the degree to which housing prices efficiently incorporate anticipated tax increases — Ben-David stumbled upon a slightly juicier topic: a real-estate sleight of hand known as the “cashback transaction,” in which the seller gives the buyer a clandestine rebate that the lending bank never finds out about.

Yes, it's illegal.

Our [current *New York Times Magazine* column](#) is about Ben-David's research. Here is [his paper on the subject](#). Not only is the subject matter interesting, but the detective work he employed — a sort of mashup of the methodologies in the [Levitt/Syverson real-estate paper](#) and the [Duggan/Levitt sumo paper](#) — is really impressive.

As always with our [N.Y. Times columns](#), we've posted [some complementary research materials](#) on the subject.