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Anti-Fraud Red Flags Checklist

This checklist outlines common red flags in mortgage files that may indicate potential fraud.

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A Comprehensive Guide by The Housing Assistant

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This checklist outlines common red flags in mortgage files that may indicate potential fraud. Use it as part of your quality control and risk assessment practices.

Category	Red Flag	Explanation
Income	Exact same income for 2+ years	No variation in income may indicate fabrication
Employment	Employer name appears fake or unverifiable	Use public directory or verification service
Assets	Round numbers on bank statements	Could indicate altered statements or fake docs
ID	Mismatched name across documents	Look for consistency on ID, credit report, application
Occupancy	Applicant buying near current residence with no reason	Could be disguised investment property
Credit	Recently opened tradelines with high limits	May be artificially inflated for DTI purposes
Appraisal	Value significantly exceeds comps	May indicate inflated value or collusion
Documentation	Multiple documents with different handwriting or font styles	Check consistency across all files

THA Tip: Always compare borrower documentation against third-party sources—transcripts, VOEs, and direct verifications help detect inconsistencies.