

Industry watchdogs warn of site selling fake paycheck stubs

False salary documentation could enable real estate loan fraud

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By [Janis Mara](#)
[Inman News](#)

A Web site offering fake paycheck stubs could help individuals fraudulently qualify for real estate loans they can't afford, industry watchdogs warn.

[NoveltyPaycheckStubs.com](#) will create a phony paycheck stub for \$89.95, listing whatever salary and date of hire an individual specifies. The site presents the paycheck stubs as a novelty and for entertainment purposes only, saying "You can play a joke on your neighbors!"

The head of a national mortgage fraud watchdog organization didn't find the idea very funny.

"It's clearly intended to entice people who need pay stubs, not just people who want to fool friends," said Jim Croft, founder of the Mortgage Asset Research Institute, a group endorsed by the Mortgage Bankers Association that tracks mortgage fraud.

The site has a lengthy disclaimer section including the promise, "I shall not use these novelty documents for illegal purposes of any kind," for consumers.

Employment history and salary are some of the key pieces of information lenders use in determining whether to issue a loan, as well as the size of the loan, said Nicholas Larson, MARI's assistant vice president.

Submitting a paycheck stub for a higher amount than a person's true salary could qualify them for a loan higher than they could afford, and they might be unable to make the payments – a formula for possible foreclosure and financial disaster.

Neither NoveltyPaycheckStubs.com nor Express Info, whose name and Tampa, Fla., address appear on the site as the location where customers can mail payments, is listed with the

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Clearwater, Fla., Better Business Bureau.

There is no telephone number listed for either NoveltyPaycheckStubs or Express Info in Tampa and attempts to reach the company were unsuccessful.

"We are not accusing this company of anything," said Larson. "However, it is services like this one that professionals in the mortgage industry must be made aware of, especially when verifying employment and salary."

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Though NoveltyPaycheckStubs is doing nothing illegal, defrauding a federally insured financial institution is a crime and can be punished by a fine of up to a million dollars and 30 years in jail, said Rachel Dollar, an attorney at The Dollar Law Firm, a mortgage banking law firm.

"There is potential for abuse," Dollar said of the site's offerings.

Lenders generally use a 28/36 percent loan calculation, Dollar said. This means that no more than 28 percent of a person's gross monthly income can be used for housing expenses. The second number represents housing expenses plus total debt.

"When those limits aren't observed, the borrower is more likely to end up in default, falling behind on mortgage payments, or in foreclosure," Dollar said.

When MARI's Croft learned about the site in late October, he sent an alert to lenders through the company's Mortgage Fraud Alert Service. MARI's alert service is offered to its members and shares information on potential problems.

"This (NoveltyPaycheckStubs.com) is being discussed in the lending community," Croft said. "There have been many e-mails in the industry warning people about this. The Mortgage Bankers Association and its fraud and ethics subcommittee are aware of this Web site."

Send tips or a Letter to the Editor to janis@inman.com or call (510) 658-9252, ext. 140.

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