



Planet Home Lending Top 10 QC Trends – May 2024

Planet Home Lending would like to share the top defects we have identified during our monthly Pre-Purchase Quality Assurance and Post-Purchase Quality Control.

1) 4506C Form Incorrect:

- IRS rejected for incorrect address – please ensure that you are asking your borrower for the correct address of where they last filed their tax return when completing the 4506C (which may be different from their prior or subject property address).
- Line 5A is completed incorrectly – please ensure that you are populating this field with the correct information per your agreement with your Transcript Vendor.
- For more information on Planet’s requirements – please visit <https://phlcorrespondent.com/wp-content/uploads/2023/05/Planet-Home-Lending-Update-Best-Practices-for-IRS-Form-4506-C-Update-2023-61.pdf>

2) Other REO Documentation Missing:

- Missing tax, insurance and/or HOA documents to calculate PITIA expenses for each property.
- Missing mortgage statement to confirm T&I is escrowed.

3) Income Calculations incorrect/not supported:

- Fluctuating income incorrectly calculated (i.e., utilizing a 40-hour workweek when WVOE or YTD indicates less hours worked).
- Income calculation worksheet missing.

4) Rental Income Documentation Missing:

- Missing Lease Agreement.
- Lease was utilized in lieu of Schedule E without supporting documentation.

5) Gift Documentation Missing:

- Missing proof of transfer of gift funds to borrower/closing.

6) Fraud Report:

- Alerts indicating possible undisclosed REO’s are not addressed.

7) Verification of Employment Missing:

- Missing pre-closing VVOE or acceptable alternative documentation.

8) Large Deposit Documentation Missing.

9) Assets Missing:

- Missing Settlement/Closing Disclosure documenting net proceeds from sale of current home or other REO.
- Missing bank statements to support reserves or cash-to-close.

10) Income Documentation Missing:

- Missing most recent paystub with YTD income.
- Missing W-2's for the number of years required.

Sellers are expected to verify the accuracy and integrity of the information used to support the lending decision of all loans closed. In addition, Sellers are expected to adhere to all agency and PHL guidelines, provide all supporting documentation for the completeness of a loan file, and deliver a closed loan package that is compliant to all state and federal regulations.

Please share this feedback with your Operations team so that they may perform extra due-diligence around these topics, reduce findings and overall risk.
