



Planet Home Lending Top Defect Trends – July 2024

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

1. **4506C Form incorrect**
 - Rejected by the vendor due to more than one form being selected in Section 6 and Section 7.
 - Rejected by the IRS due to inclusion of tax year 2019 on Line 8.
 - Rejected by the IRS due to address not matching IRS system data.
 - E-Sign authorization and/or audit log missing

2. **Income Documents missing**
 - Required years of tax returns
 - WVOE, paystubs, or W2's as required by AUS findings.
 - Documentation to support history of receipt of bonus, overtime, social security.
 - Income Calculation Worksheet

3. **Asset Documents missing**
 - 2 months of bank statements
 - CD or Settlement Statement documenting proceeds from sale of other REO

4. **Rental Income Documentation missing**
 - Lease
 - Rent Schedule (Fannie Form 1007 or Freddie Form 1000)

5. **Rental Income Calculations**
 - Rental income calculation worksheets missing
 - Rental income from departure residence ineligible

6. **Other REO Documentation missing**
 - Tax, Insurance, HOA (if applicable)
 - Mortgage statement to document if T&I is escrowed

7. **AUS/1003 incorrect**
 - Data inputs do not reflect correct income/assets/liabilities.

8. **Gift Documentation**
 - Gift letter missing/incorrect
 - Evidence of transfer & deposit of gift funds from donor missing

9. **Liability Documentation**
 - Documentation to support exclusion of liabilities missing

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.
