



## Planet Home Lending Top Defect Trends – August 2024

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

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.

- 1) **4506C Form incorrect**
  - Rejected by the vendor due to more than one form being selected in Section 6 and Section 7 – *a separate 4506C should be completed for each form type being requested*
  - Rejected by the vendor due to data populated in Line 5B - *transcript vendors require this field to be blank*
  
- 2) **Income Documents missing**
  - Required years of personal tax returns
  - WVOE, paystubs, or W2's as required by AUS findings.
  - Documentation to support history of receipt of bonus, overtime, social security, annuity
  - Verbal Verification of employment not completed within 10 business days of the Note or alternative method of validation not provided.
  
- 3) **Rental Income or Other REO Documentation missing**
  - Lease for departure residence
  - Rent Schedule (Fannie Form 1007 or Freddie Form 1000) for departure residence
  - Tax, Insurance, HOA, or Mortgage Statement to document if T&I is escrowed
  
- 4) **Asset Documents missing**

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- **CD or Settlement Statement documenting proceeds from sale of other REO**
  - **Proof of transfer of gift funds to borrower's account or title company**

**5) Income Calculations not supported**

- **Year-to-date income does not support the income used to qualify**
- **Income worksheets missing (rental; self-employment analysis)**

**6) Self-Employed Tax Returns missing**

- **Missing verification that business has been in existence for 5 years when only 1 year of tax returns provided**
  - **Missing proof of tax extension**
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