



Planet Home Lending Top Defect Trends – September 2024

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*

2) Business 4506C Form missing

- A 4506C for each business/tax form used to qualify must be completed

3) Income Calculations not supported

- Significant increase/decrease in base pay is not explained by the employer

4) Income Documents missing

- Required years of personal tax returns
- WVOE, paystubs, or W2's as required by AUS findings
- Verbal Verification of Employment

5) Rental Income or Other REO Documentation

- Fraud Report indicates undisclosed REO without supporting documentation
- Lease and first month's deposit rent for departure residence missing
- Tax, Insurance, HOA, or Mortgage Statement to document if T&I is escrowed missing

6) Omitted Liability Documentation missing

7) 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

8) Asset Documents missing

- 2 months of bank statements
- CD or Settlement Statement documenting proceeds from sale of other REO or personal assets*

***TIPS/REMINDERS:**

4506C Form – Please do not include the year “2020” on Line 8 with new closings. The IRS will reject any order that contains the year “2020” starting in January which will affect your ability to order transcripts during your own or Planet’s post-closing QC.

Prior-to-Funding Conditions - Many documents missing during our QC audits are those that are typically obtained at closing. Remember to add a Prior-to-Funding condition to ensure these documents are received and included in the loan file shipped to Planet Home Lending.