



Planet Home Lending Top Defect Trends – October 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*
 - Rejected by vendor due to Line 5b – this field should be BLANK
 - Missing e-Sign Consent & Tracking
- 2) Asset Documents missing**
 - 2 months of bank statements missing
 - CD or Settlement Statement documenting net proceeds missing
 - Large Deposit support missing
- 3) Income Calculations not supported**
 - Discrepancies with income used to qualify vs. data on income documentation in file and no further explanations provided by Underwriter
 - Incorrect income calculations requiring AUS to be re-submitted.
- 4) Other REO Documentation missing**
 - Missing Tax, Insurance, HOA, or Mortgage Statement to correctly calculate PITI for Other REOs
 - Fraud Report Alert for undisclosed REO not resolved
- 5) Income Documents missing**
 - W2's as required by AUS findings missing
 - Support for Bonus/Commission income missing
 - Income Calculations worksheet missing
- 6) Liability Documentation**
 - Omitted liabilities not supported
 - Payoff of debt not documented
 - Monthly liability amounts on 1003/AUS do not match documents in file
- 7) Tax Returns missing**
 - Verification that business has been in existence for 5 years missing
 - Proof of tax extension missing
 - Missing tax returns when borrower works for family or non-arms-length transaction