



Planet Home Lending Top Defect Trends – November 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 borrower's Address not matching IRS records – *please verify that the address you are populating on the 4506C matches the address the borrower used when submitting their tax returns.*
- Business 4506C missing
- Line 5b must be BLANK

2) 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

3) Income Calculations Incorrect

- Income documents in file do not support calculations used by Underwriter
- Missing YTD P&L for Self Employed Borrowers if the borrower's loan application is dated more than 120 days after the end of the business's tax year to support stability or continuance of the borrower's income.

4) Tax Returns missing

- Missing Business or Personal Tax returns as required by IRS
- Missing tax returns when borrower works for family or non-arms-length transaction
- Missing K1's
- Personal and Business Tax Returns not signed
- Monies owed to IRS – Missing Tax Installment Agreement

5) Asset Documents missing

- CD or Settlement Statement documenting net proceeds missing
- Large Deposit support missing
- Bank Statements missing

6) Verbal VOE missing

7) Fraud Report

- Potential red flags or alerts not cleared, addressed or properly documented
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