



Planet Home Lending Top Defect Trends – January 2025 – Appraisal Spotlight

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.

Attachment For Reference: [Unacceptable Appraisal Practices | Fannie Mae](#)

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. **Misrepresentation of Property Characteristics:**
 - Incorrect quality or condition ratings.
 - Inclusion of non-livable spaces (e.g., garages, covered porches, unfinished basements) in gross living area.
2. **Failure to Address Negative Influences:**
 - Missing commentary on adverse factors, such as location on a busy road, proximity to commercial properties, or nearby landfills.
3. **Inadequate Analysis of Sales Data:**
 - Lack of explanation or market support for changes in property values over time.
 - Insufficient analysis of prior sales or transfers within the required timeframes (36 months for the subject property, 12 months for comparable sales).
4. **Improper Selection of Comparable Sales:**
 - Using sales from superior areas when comparable properties exist in the same subdivision.
 - Combining vacant land sales with contract purchase prices of new builds.
5. **Failure to Personally Inspect Comparable Properties:**
 - Neglecting exterior inspections when required by the appraisal scope of work.
6. **Unsupported Adjustments in the Sales Comparison Approach:**
 - Large adjustments not justified with market data.
 - Missing market-derived adjustments, including time adjustments, when property values are clearly increasing or decreasing.