

MPP COMMON ISSUES AND HOW TO AVOID

Top review conditions found in closed loan submissions for purchase review.

Common Review Conditions

1

GAP CREDIT REPORT/UNDISCLOSED DEBT MONITORING (UDM)

Common Conditions: The report is missing, outside the required window, incomplete, or difficult to locate.

- ✓ Include the Credit Gap Report in the submission package.
- ✓ Confirm it is completed no more than 10 days prior to the Note date.
- ✓ Upload all pages in proper order and address new inquiries when applicable.

Best Practice: Label the report clearly and check date, page count, and order before delivery.

2

INCOME ANALYSIS, P&L; & RELATED ENTITIES

Common Conditions: Missing calculations, incomplete P&L; support, declining business income, or missing entity returns.

- ✓ Identify qualifying income and include the calculation.
- ✓ Provide YTD P&L, business returns, K-1s, and related entity returns when required.
- ✓ Explain year-over-year declines and why income is stable and likely to continue.

Best Practice: Use the 1008, Processor Certification, income worksheets, and/or LOE's to support the income analysis.

3

VOR/HOUSING PAYMENT HISTORY

Common Conditions: Missing VOR/VOM, incomplete rent or mortgage history, or timeframe not fully supported.

- ✓ Confirm the 1003 reflects prior residences and housing status.
- ✓ Provide acceptable VOR, rent ledger, canceled checks, bank statements, or mortgage/VOM history.
- ✓ Explain why rental history is not needed when mortgage history satisfies the requirement.

Best Practice: Make it clear whether rental history, mortgage history, or both are required.

4

MISSING PAGES & INCOMPLETE DOCUMENTS

Common Conditions: Missing pages, missing schedules, unsigned forms, or documents uploaded out of order.

- ✓ Upload all pages, including blank pages.
- ✓ Include complete tax returns, schedules, bank statements, P&Ls, contracts, addenda, and disclosures.
- ✓ Avoid screenshots, cropped documents, partial statements, and unlabeled trailing pages.

Best Practice: If a document says "Page 1 of 8," all 8 pages should be present and sequenced correctly.

5

FILE NOTES & UNDERWRITING SUPPORT

Common Conditions: The file does not clearly explain unusual items or support the underwriting decision.

- ✓ Use 1008 comments, Processor Certification, LOE, income worksheet, and/or file summary.
- ✓ Explain inquiries, employment gaps, address discrepancies, large deposits, excluded income, ownership structures, and business trends.
- ✓ Do **NOT** upload documentation that is not required (i.e. uploading tax returns when the income source does not require this).

Best Practice: Clear file notes help the reviewer understand the decision without repeat conditions.

6

PITIA PAYMENTS DOCUMENTED ON ALL REO

Common Conditions: The file does not contain evidence to document monthly mortgage payment, HOI, taxes, and HOA dues (if applicable).

- ✓ Provide a Property Report Card for all REO properties.
- ✓ Include copies of all mortgage statements to verify escrows are included.
- ✓ Provide current homeowner insurance and property tax statements if they are not included in the mortgage payment.
- ✓ Include evidence of monthly HOA dues payments for all REO properties.

Best Practice: Please note that the Fraud Report is not an acceptable source to document PITIA on REO.

MPP COMMON ISSUES

Submission Quality Check

- ✓ Credit Gap included and dated within 10 days of the Note Date
- ✓ Income calculations, P&L, and related entity support included
- ✓ VOR/VOM or housing history complete
- ✓ All pages included and in order
- ✓ 1003, 1008, and AUS should all have matching figures
- ✓ Do NOT upload duplicate documents.

Reminder: Conditions are easier to clear when the file clearly shows what was reviewed, what was used to qualify, and where the supporting documentation is located.

Escalation Process

WHEN TO ESCALATE

- ✓ Condition appears already satisfied
- ✓ Clarification is needed
- ✓ Client believes condition does not apply
- ✓ Rebuttal or review is needed
- ✓ Client is unable to clear after reviewing condition language

WHERE TO SEND

Email: mpp-support@bankmerchants.com

Turn Time:

Please allow 24-hour turn time. The Client Manager will assist directly or escalate to Due Diligence.