

RENOVATION

Review

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Planet Home Lending[®]
CORRESPONDENT DIVISION

RenoStar Q&A

In this issue of the Renovation Review, we sat down with Planet Home Lending's Draw Management Team to delve deep into RenoStar. This Q&A session highlights what RenoStar can do for lenders and borrowers. You'll also find tips and best practices to help your borrowers have a smooth renovation process and to increase customer satisfaction.

Q: What is RenoStar all about?

A: RenoStar serves as the primary point of contact for everyone involved in the draw process of a renovation loan. We have a dedicated team of draw specialists and support staff that work closely with all parties involved in the borrowers' home improvement project.

Once loans are onboarded, a specialist is assigned to oversee the process until the renovation's conclusion. All parties will receive a welcome email from RenoStar. Let your customers know to watch out for this as it will have important and valuable information about the process. The specialist is responsible for verifying the accuracy of draws, ensuring forms are correctly completed, and determining if there's any change in the project scope. If all looks good, they quickly process the draw request for approval and the disbursement of funds to borrowers and their contractors. Our main goal? Reviewing draw requests within 24 hours and getting them funded within 72 hours.

But that's not all we do. We often wear many hats - from counselors to conflict mediators. We strive to resolve any disagreements between borrowers, contractors, builders, or consultants. Although our influence has its boundaries since the main contract is between the borrower and the contractor, we always aim to steer conflicts toward resolution.

Q: What is the best way to contact the RenoStar Team?

A: We're just a call or email away. Contact us at 888-366-1596 or via renostar@planethomelending.com.

The RenoStar team is able to discuss the loan once it's boarded.

Q: What can lenders do to smooth the onboarding transition from the closing to the RenoStar team?

A: Preparation is the key. Lenders should inform borrowers upfront that onboarding their loan into our system can take up to five days. Also, it's critical to set the expectation that once the loan boards, the funding and the payment of the first draw might take another five days.

It's also helpful to encourage borrowers to actively check and respond to our emails. And to check their spam folder if they don't see the welcome email. Planet's goal is to start the project and to disburse funds as quickly as possible throughout the process and through to completion. Our draw specialists are experts in explaining the renovation process and guiding borrowers through their project. Borrowers should reach out to our team throughout the renovation when they have questions or concerns.

One factor that will affect any project? Permits. This includes getting plans approved and obtaining building permits. Delays in getting these in place is one of the major things that can delay draws from being paid.

Borrowers need to know two things: You usually need a permit for plumbing, HVAC, electrical work, and significant remodels. It is ultimately the borrowers' responsibility to understand what permits will be required by their municipality for their project. Borrowers should also ensure that if their builder is agreeing to obtain permits that they obtain a copy of all permits and forward them to RenoStar.

Q: Can you talk about the FHA 203(k) Consultant's role and how it impacts the RenoStar team?

A: FHA 203(k) consultants start out as construction cost estimators during the processing of a renovation loan. During the draw process, they assume the role of a field service provider. They're required on certain FHA loans and are sometimes used for conventional renovation loans, as well. Other acceptable vendors that provide similar services include Land Gorilla, Trinity, Granite Management, and RLS Inspection Services.

We work closely with 203(k) Consultants and vendors and always encourage them to reach out to our team directly whenever they have questions or need to provide RenoStar with information about a project.

Q: Could you share the most frequent questions the RenoStar team is asked?

A: Draw Process Timelines: When will the money come through?

Contractor Issues: The RenoStar team welcomes conversations with contractors whenever they have questions or need to understand the process and their responsibilities.

Project Modifications: Borrowers may not understand how change orders work and when they're needed. We help them understand what steps to take. Homeowners also ask questions about releasing contingency funds during the renovation.

Account Balance: Queries about remaining funds. No surprise here, we all like to know how much money is in our "account."

Contractor Disputes: If there's a disagreement between the homeowner and the contractor, the RenoStar team can step in to mediate a resolution. When the problem can't be resolved, we help ensure the original contractor is paid according to the contract so liens aren't filed. We also make sure the new contractor is willing to complete the work at the same cost. Our goal is always to keep the renovation on budget and on time.

Understand there is a legal contract between Contractor and Borrower, the Lender is not part of that contract.

Exceeding Completion Dates: The homeowners often assume there are fines if the work isn't completed on time, and that's not true. We emphasize understanding the reason for delays and then work on setting a reasonable completion time.

Q: What are the most common reasons for draw delays?

A: Permits: They're a top reason. Either they weren't acquired, or there's a wait for the final sign-off. Hiring a permit expeditor can cost thousands of dollars, so if your borrower will need to use one, include that in the renovation plan.

Material Draws: Most renovation loan programs allow for draws to cover the cost of materials either at closing, or during the draw process. Understanding the various agency rules and program differences is important.

Incomplete Work: Draws are based on percentage of work complete at time of inspection. We can only release funds for what's been completed. It's important for the borrower to be a part of the inspection to confirm the work included in the draw is actually completed. Photos help confirm this for us.

Remember, the budget should encompass everything needed for a certificate of occupancy when one is required at the end of the project. Projects should adhere strictly to the Specification of Repair (SOR) prepared by a construction consultant, or that is detailed in the contract agreed upon.

Q: Do you have some final advice for lenders?

A: Frequent communication is the key to a successful home improvement project and to working with the RenoStar team. Based on our experience, when we see gaps in communication and contact with our team of more than 45 to 60 days, it is a sign of a delayed project. Borrowers should be encouraged to reach out to us at least every 30 days to provide updates on the status of their project, even if there has not been an inspection or draw request. Setting the right expectations and explaining the five-day boarding process can also help get the project off to a good start. We're here to manage, communicate, and see the project to its end.

Thank you for entrusting your borrowers to us. We value this partnership and are here to ensure a seamless renovation loan journey.



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