Understanding Loan Products:

Which Financing Options to Offer Your Customers

Deep Dive into Improvifi's Home Improvement Personal Loans, HELOCs, Specialty Home Improvement Loans, Credit Cards and When to Recommend Each

---

Introduction:

Becoming the Financing Expert Your Customers Need

Imagine this scenario:

You're sitting at a kitchen table with a homeowner who's excited about a $35,000 renovation. They ask: "What are my financing options?"

OptionA(The Amateur): "Uh, we work with some lenders. You can apply and see what happens."
Option B (The Professional): "Great question! Based on what you've told me about your situation, I'd recommend starting with a personal loan. It's unsecured, so you don't tie up your home equity, and we can get you an instant decision. If you want the absolute lowest rate and don't mind a few weeks for approval, a home equity loan might save you 3-4% in interest. Which approach sounds better to you?"
See the difference?
The first contractor hopes financing works out. The second contractor guides the customer to the right solution with confidence and expertise.

This guide transforms you from Option A to Option B.

You don't need to become a loan officer. But you do need to understand the products you're offering well enough to recommend the right fit for each customer. That knowledge builds trust, increases approvals, and helps you close more deals.

In this guide, you'll master:

- The 6 core loan products available to your customers
- The pros and cons of each product type
- Exactly when to recommend each option
- How to match customers to the right financing based on their situation
- Real-world scenarios with decision trees
- Advanced strategies for maximizing approvals and project values

Let's turn you into a financing expert.

Part 1: The Financing Product Landscape

The Six Core Product Categories

Think of loan products like your service offerings. Just as you wouldn't recommend vinyl siding for a historic home restoration, you wouldn't recommend a HELOC for a customer who needs funding in 48 hours.

Here's your Improvifi product menu:

1. **UnsecuredPersonal Loans** - The everyday workhorse
2. **HomeEquityLoans (SecondMortgages)** - The big project solution
3. **HomeEquityLines of Credit(HELOCs)** - The flexible option
4. **Contractor/Merchant FinancingPrograms** - The promotional powerhouse
5. **Credit Cards** - The quick-hit solution
6. **Government-Backed Loans(FHA203k,FannieMae)** - The specialty programs

Each product serves a specific purpose, targets different customer profiles, and works best for certain project types.

Your job: Understand each well enough to recommend confidently and explain clearly.

We spend a tremendous amount of time inside of SKOOL at Improvifi helping sales pros understand the ins and outs of lending solutions - we make it easy!

Part 2: Unsecured Personal Loans

The Everyday Workhorse (60-70% of Your Financed Projects)

What They Are

Unsecured personal loans are fixed-rate, fixed-term loans based entirely on the borrower's creditworthiness. No collateral required. No home appraisal needed. Just credit score, income, and debt-to-income ratio.

Key characteristics:

- **Loan amounts:** $2,500 - $150,000 (most commonly $5,000 - $50,000)
- **Interestrates:** 6.99% - 24.99% (credit-dependent)
- **Terms:** 12 - 240months (most commonly 36-84 months)
- **Approvaltime:** Instant to 24 hours
- **Fundingtime:** 1-5 business days
- **Creditrequirement:** 550+ FICO

Why Customers Choose Personal Loans

Advantage #1: Speed Applications take 3-5 minutes. Decisions are often instant with a soft credit pull. Funding happens within days. For customers who want to start their project quickly, personal loans are unbeatable.

Advantage #2: Simplicity No appraisal. No home equity calculation. No closing costs. Just a straightforward application based on credit and income.

Advantage #3: No Collateral Risk The customer's home isn't on the line. If life happens and they can't pay, they face credit consequences but not foreclosure. This matters psychologically to many homeowners.

Advantage #4: Flexibility Personal loans aren't tied to the home, so if the customer sells their house during the loan term, the loan stays with them—no complications at closing.

The Economics of Personal Loans

Sample loan scenario:

- **Loan amount:** $10,000
- **Interest rate:** 9.99% APR
- **Term:** 120 months
- **Monthly payment:** $132

Is that expensive? Depends on the alternative:

Alternative 1: Credit card at 24.99% APR

- Monthly payment (minimum 2%): $500 initially
- Total interest: $18,000+ over same period
- Never-ending payments

Alternative 2: Wait 3 years to save up

- No interest paid
- But 3 years without the kitchen
- 3 years of living in an unfinished space
- 3 years of compounding frustration

The value proposition: Personal Unsecured loans provide immediate enjoyment of the improvement while spreading the cost over time at reasonable rates.

When to Recommend Personal Loans

Perfect scenarios:

✓ **Project value: $2,000 - $150,000** This is the sweet spot for personal loans. Below $5K, credit cards may be easier. Above $150K, home equity often makes more sense.

✓ **Customerhasgoodtoexcellentcredit (550+)** These customers qualify for the best rates (8-15% range) and high approval amounts.

✓ **Customer wants to preserve home equity** Maybe they're planning to move in 2-3 years. Maybe they want to keep equity available for emergencies. Personal loans don't touch their home equity.

✓ **Customer needs to start quickly** When speed matters—leak discovered, pre-winter roof replacement, family visiting soon—personal loans deliver fast approvals and funding.

✓ **Customer doesn't have significant home equity** New homeowners or those in low-equity situations can't access HELOCs or home equity loans. Personal loans don't care about equity.

✓ **Project is cosmetic or non-structural** Kitchens, bathrooms, flooring, painting, landscaping—projects that don't require city permits or major inspections are ideal for personal loans.

When to Avoid Personal Loans

✗ **Customer has poor credit (<550)** Approval becomes difficult, and rates skyrocket to 28-35%. Look at alternative lenders or other products.

✗ **Project exceeds $150,000** Most personal loan lenders cap at $50-75K. For larger projects, home equity loans become necessary.

✗ **Customer is extremely rate-sensitive** If every percentage point matters and they have equity, home equity loans offer lower rates (often 4-6% less).

✗ **Customer has high existing debt** Personal loans evaluate debt-to-income ratio. If the customer is already leveraged, approval becomes unlikely.

The Personal Loan Decision Tree

Customer says: "I want to finance my $28,000 kitchen remodel."

Your questions:

1. "How's your credit? Generally good, or have you had some challenges?"
2. "Do you need to start right away, or is timing flexible?"
3. "Do you have significant equity in your home?"

If answers are: Good credit + Need to start soon + Equity doesn't matter → Recommend: Personal loan

Your pitch: "Based on whatyou'vetold me, I'd recommend starting with a personal loan. We canget you aninstant decision today, and you could be funded by next week.No appraisal needed, no touching your home equity. For a $28,000 loan with good credit, you're probably looking at around $350-400 per month depending on the term you choose. Should I send you the application link?"

Part 3: Improvifi Home Equity Loans (Second Mortgages)

The Big Project Solution (15-20% of Your Financed Projects)

What They Are

Home equity loans are secured loans that use the borrower's home equity as collateral. Essentially, they're second mortgages with fixed rates and fixed terms.

Key characteristics:

- **Loan amounts:** $15,000 - $400,000+ (based on available equity)
- **Interestrates:** 6.90% - 12% (generally 3-5% lower than personal loans)
- **Terms:** 5 - 30 years
- **Approvaltime:** 5 min (requires no appraisal)
- **Fundingtime:** 5-7 days from application
- **Creditrequirement:** 600+ FICO, 80-89% LTV and CLTV limitations

How Home Equity Calculation Works

The formula:

```None
Available Equity = (Home Value × 80-90%) - Existing Mortgage
Balance
```

Example:

- Home value: $400,000
- Existing mortgage: $250,000
- Lender allows 85% LTV (loan-to-value)

Calculation:

- Maximum total debt: $400,000 × 85% = $340,000
- Minus existing mortgage: $340,000 - $250,000 = $90,000
- **Available home equity loan: $90,000**

This customer could borrow up to $90,000 using their home equity.

Why Customers Choose Home Equity Loans

Advantage #1: Lower Interest Rates Because the loan is secured by the home, lenders offer significantly lower rates. A customer who'd pay 14% on a personal loan might pay 8% on a home equity loan—saving thousands in interest.

Advantage #2: Larger Loan Amounts Need $150,000 for a major renovation? Personal loans rarely go that high, but home equity loans can fund six-figure projects easily.

Advantage #3: Longer Terms Available Want to keep payments low? Home equity loans offer 15-30 year terms, creating very manageable monthly payments even on large amounts.

Advantage #4: Tax Deductibility (Sometimes) If the loan is used for substantial home improvements, the interest may be tax-deductible. (Customer should consult their tax advisor.)

The Economics of Home Equity Loans

Sample loan scenario:

- **Loan amount:** $50,000
- **Interest rate:** 7.5% APR
- **Term:** 15 years
- **Monthly payment:** $464
- **Total interest paid:** $33,520
- **Total repayment:** $83,520

Compared to personal loan for same amount:

- **Interest rate:** 13.99% APR
- **Term:** 10years(personalloan limit)
- **Monthly payment:** $777
- **Total interest paid:** $43,240

The difference: $313/monthlower payment +$9,720 less in total interest

For large projects, home equity loans make tremendous financial sense.

The Trade-Offs

Disadvantage #1: Home as Collateral The customer's home secures the loan. Default could lead to foreclosure. This is serious business and some customers aren't comfortable with that risk.

When to Recommend Home Equity Loans

Perfect scenarios:

✓ **Project value: $40,000-$400,000** The time and closing costs make sense for larger projects whereinterestsavingsaresubstantial.

✓ **Customerisextremely rate-sensitive** When they want the absolute lowest rate and are willing to wait for it.

✓ **Customer has significant home equity (50%+ LTV)** They have substantial equity available and comfortable leveraging it.

✓ **Timeline is flexible (6+ weeks until project start)** No emergencies, no rush—plenty of time for the approval process.
✓**Major structural work or additions** Whole-home renovations, room additions, major kitchen/bath overhauls—projects that justify the complexity of home equity financing.

When to Avoid Home Equity Loans

✗ **Project is under $15,000**

✗ **Customer has limited equity (<30% in home)** They won't qualify for meaningful loan amounts.

✗ **Customer is uncomfortable using home as collateral** Psychological comfort matters. If they're nervous about it, don't push.

The Home Equity Loan Decision Tree

Customer says: "I'm doing a $75,000 whole-home renovation."

Your questions:

1. "What's your timeline? When do you need to start?"
2. "Do you have significant equity in your home?
3. "How long have you owned it?"

If answers are: Flexible timeline + Significant equity + Comfort with process → Recommend: Home equity loan

Your pitch: "For a project this size, I'dstrongly recommend looking at a home equity loan. The process takes5 min for a soft credit approval, youcan have the funds in 5-7days not weeks, which works with your timeline, and you'll save thousands in interest compared to a personal loan. You're probably looking at a 7-8% rate instead of 13-14%, which on $75,000 is a huge difference. Your monthly payment would be around $650 for 15 years instead of $1,200 for 10 years."

Part 4: Improvifi Home Equity Lines of Credit (HELOCs)

The Flexible Option (5-10% of Your Financed Projects)

What They Are

A HELOC is a revolving line of credit secured by home equity, essentially a credit card backed by your house. You're approved for a credit limit and can draw funds as needed during a "draw period."

Key characteristics:

- **Credit line amounts:** $15,000 - $4500,000+ (equity-dependent)
- **Interest rates:** Variable, typically Prime + 0-3% (currently 6.90-11%)
- **Draw period:** 5-10 years (access funds anytime)
- **Repayment period:** 5-30 years (after draw period ends)
- **Approval time:** 5 minutes soft credit pull
- **Credit requirement:** 600+ FICO, strong equity position

How HELOCs Work (The Timeline)

Phase 1: Draw Period (Years Lender Determined)

- Customer can borrow up to their credit limit anytime
- Make interest-only payments on what's borrowed
- Can pay down and re-borrow repeatedly
- Flexibility to use funds as needed

Phase 2: Repayment Period (5-30 Years)

- Can no longer draw new funds
- Principal + interest payments begin
- Fixed payment schedule to pay off balance

Example:

- **HELOClimit:** $75,000
- **Year 1:** Borrow $30,000 for kitchen → Pay $200/month (interest only)
- **Year 3:** Pay down to $15,000
- **Year 4:** Borrow another $20,000 for bathroom → Balance now $35,000
- **Year 10:** Draw period ends, balance is $35,000
- **Years 11-30:** Pay off $35,000 in fixed payments (~$280/month)

Why Customers Choose HELOCs

Advantage #1: Ultimate Flexibility Only pay interest on what you actually use. Have a $50K credit line but only need $20K? Only pay interest on $20K.

Advantage #2: Reusable Credit Unlike a one-time loan, HELOCs can be used multiple times during the draw period. Great for customers planning multiple projects.

Advantage #3: Low Initial Payments Interest-only payments during draw period keep monthly costs low while the customer is still working on improvements.

Advantage #4: Ready for Surprises Contractor discovers unexpected issues? Customer can draw additional funds from their HELOC immediately.

The Economics of HELOCs

Sample HELOC scenario:

- **Credit line:** $50,000
- **Amount drawn:** $30,000
- **Interest rate:** 9.25%(variable)
- **Draw period payment:** $231/month (interest only)
- **After draw period:** $304/month (principal + interest for 20 years)

Compared to home equity loan:

- **Same $30,000**
- **Fixed rate:** 8%
- **Payment from day one:** $287/month

The difference: HELOCofferslower initial payments but variable rates. Home equity loan offers paymentstability.

The Trade-Offs

Disadvantage #1: Variable Rates As the prime rate changes, so does the HELOC rate. Rates could increase significantly over time.

Disadvantage #2: Payment Shock Potential When the draw period ends and principal payments begin, monthly payments can jump dramatically if the customer hasn't been paying down principal.

Disadvantage #3: Complexity HELOCs are harder to understand than simple loans. Customers need financial sophistication to manage them well.

Disadvantage #4: Temptation to Overborrow Having $50K available can be tempting. Some customers draw more than they need for non-essential purposes.

When to Recommend HELOCs

Perfect scenarios:

✓**Multiple phased projects planned** "We'll do the kitchen this year, bathroom next year, deck in yearthree."HELOCsareperfectfor sequential projects.

✓ **Project scope is uncertain** When the final cost won't be known until work begins (older homes with potential surprises), HELOCs provide flexibility.

✓ **Customerwantslowestpossible initial payment** Interest-only payments during draw period can be very affordable.

✓ **Customer is financially sophisticated** They understand variable rates, can manage credit responsibly, and won't overborrow.
✓ **Customer wants emergency backup funds** Some customers like having a HELOC available even if they don't need it immediately—financial security blanket.

When to Avoid HELOCs

✗ **Customer wants payment certainty** Variable rates and payment structure changes make HELOCs unpredictable.

✗ **Single, defined project** If it's one kitchen with a known cost, a simple fixed loan is clearer and easier.

✗ **Customer may overspend** If you sense the customer lacks discipline, steering them toward a fixed loan amount is safer.

✗ **Current rate environment is low** When rates are expected to rise, locking in a fixed-rate home equity loan is smarter than a variable HELOC.

The HELOC Decision Tree

Customer says: "We're planning to renovate the whole house over the next 3 years—kitchen first, then bathrooms, then basement."

Your questions:

1. "Do you have a clear budget for each phase, or might costs vary?"
2. "Are you comfortable with variable interest rates?"
3. "Would you prefer one application now that covers all phases, or separate applications for each?"

If answers are: Costs may vary + Comfortable with variables + One application preferred → Recommend: HELOC

Your pitch: "For a multi-phase projectlike this, a HELOC makes perfect sense. You'll get approved once for a total credit line—let's say $80,000—andyou can draw from it as you complete each phase. You only pay interest on what you actually use, so while you're working on the kitchen, you're not paying interest on the bathroom funds yet. It gives you flexibility if costs change or if you discover unexpected issues. Want to explore what credit line you'd qualify for?"

Part 5: Contractor/Merchant Improvifi Financing Programs

The Promotional Powerhouse (10-15% of Your Financed Projects)

What They Are

Contractor financing programs are specialized loan products designed specifically for home improvement projects, often featuring promotional rates and terms.

Key characteristics:

- **Loan amounts:** $1,000 - $150,000 (program-dependent)
- **Interest rates:** 0% promotional periods or 9.99% - 29.99% standard
- **Promotional periods:** 6, 12, 18, 24, 36, 48, or 60 months at 0%
- **Approval time:** Instant to same-day
- **Credit requirement:** 680+ for promotional, 580+ for standard

The Two Main Types

Type 1: Deferred Interest (Most Common)

How it works:

- Customer pays 0% interest IF the balance is paid in full by the end of the promotional period
- If any balance remains after the promo period, ALL deferred interest is charged retroactively

Example:

- **Loan amount:** $15,000
- **Promotional period:** 18 months at 0%
- **Deferred interest rate:** 24.99%

Scenario A (Customer pays off in 17 months):

- Total paid: $15,000
- Interest charged: $0

- Customer wins

Scenario B (Customer still owes $1,000 after 18 months):

- Interest charged: ALL 18 months' worth at 24.99% = ~$5,600
- Customer now owes $6,600 total
- Painful surprise

Type 2: True 0% (Less Common, Often Lower Limits)

- No retroactive interest
- If balance remains, future interest applies only to remaining balance
- More customer-friendly but typically limited to smaller amounts or shorter terms

Why Customers Choose Promotional Financing

Advantage #1: True Zero-Cost Financing (If Paid Off) For customers who can pay off the balance within the promo period, this is literally free money.

Advantage#2:MarketingAppeal "Same as cash!" and "0% financing!" are powerful marketing messages that drive inquiries.
Advantage #3: Manageable Payments Spreading a $15,000 project over 18 months = $833/month with no interest (if paid off on time).

Advantage#4:FastApproval Most promotional programs offer instant decisions, allowing same-day contract signing.

What Contractors Need to Know

The Fee Structure:

Most promotional financing programs charge contractors a fee (typically 3-8% of project cost). This is your cost for offering 0% to the customer.

Example:

- **Project cost:** $20,000
- **Promotional fee:** 5%
- **Fee paid by contractor:** $1,000
- **Net received by contractor:** $19,000

Options for handling the fee:

Option A:Absorbit Your project cost remains $20,000. You net $19,000. You've essentially given a 5% discount to facilitate the sale.

Option B: Pass it through Your project cost becomes $21,000. You net $21,000. Customer still gets 0%, just at slightly higher project value.

OptionC: Hybrid Split the difference. Project cost: $20,500. You net $19,500. Everyone shares the cost.

Which is right? Depends on your margins, market positioning, and how badly you want the deal.

The Critical Customer Education Moment

You MUST explain deferred interest clearly:
"Just so you understand how this works: You'll have 18 months of 0% interest, which is fantastic. But here's the important part, if there's ANY balance remaining after those 18 months, you'll be charged all the interest retroactively from day one. So it's really important to either pay it off within 18 months or make sure you're on track to do so. The system isn't trying to trick you, but it does require you to pay attention to the deadline. Does that make sense?"

Why this matters:

- Customers who feel tricked become angry customers
- Angry customers leave bad reviews
- Bad reviews hurt your business
- Transparent explanation builds trust

When to Recommend Promotional Financing

Perfect scenarios:

✓ **Customer can realistically pay off within promo period** They have steady income, discipline, or a bonus/tax refund coming.

✓ **Project size fits promotional limits ($2K-$150K typically)** Too small isn't worth the fee; too large won't qualify.

✓ **Customer is rate-sensitive or cash-conscious** They love the idea of "same as cash" and can manage the payoff requirement.
✓**You're running a promotion or seasonal campaign** "Get 0% financing for 24 months on all springprojects!" is compelling marketing.

✓ **Competitive marketplace** When competitors offer promotional financing, you need to match orlose bids.

When to Avoid Promotional Financing

✗ **Customer has unstable income or poor financial discipline** They're unlikely to pay off in time and will face retroactive interest.

✗ **Project exceeds typical promotional limits** Larger projects often don't qualify for promos.

✗ **Margins are too thin to absorb fees** If you can't afford the 4-7% fee, don't offer it.

✗ **Customer prefers payment certainty** Some customers want to know their fixed monthly payment for years, not promotional gymnastics.

The Promotional Financing Decision Tree

Customer says: "Is there any way to do this without paying interest?"

Your questions:

1. "Can you realistically pay off $18,000 within 18-24 months?"
2. "Do you have steady income or any lump sums coming (bonus, tax refund)?"
3. "Are you disciplined about making payments and tracking deadlines?"

If answers are: Yes + Yes + Yes → Recommend: Promotional financing

Your pitch: "We can absolutely set you up with 0% financing for 18 months. Here's how it works: As long as you pay off the full $18,000 within 18 months, you won't pay a penny in interest. That's $1,000 per month. If you can swing that comfortably, this is the best deal available. The one thing to watch is that if any balance remains after 18 months, interest gets charged retroactively, so you'd want to pay it off completely or be very close. Think you can handle $1,000/month for 18 months?"

Part 6: Credit Cards

The Quick-Hit Solution (5-8% of Your Financed Projects)

What They Are

Standard credit cards (consumer or contractor-branded) used to finance smaller projects. Simple, fast, familiar.

Key characteristics:

- **Credit limits:** $500 - $50,000 (typically $5,000 - $15,000)

- **Interest rates:** 15.99% - 29.99% APR
- **Minimum payments:** 2-3% of balance
- **Approval time:** Instant
- **Credit requirement:** 650+ for good rates, lower for higher rates

Why Customers Choose Credit Cards

Advantage #1: Ultimate Speed Application takes 2 minutes. Instant approval. Use immediately. Perfect for emergencies.

Advantage #2: Rewards Programs Many customers have cards earning cash back, points, or miles. A $10K project might earn $200-500 in rewards.

Advantage #3: Familiarity Everyone understands credit cards. No explanation of terms, structures, or processes needed.

Advantage#4:NoNewCreditInquiry(Existing Cards) If customer uses an existing card, no new credit inquiry or account opening required.

The Economics of Credit Cards

Sample credit card scenario:

- **Charge amount:** $8,000
- **Interest rate:** 19.99% APR
- **Monthly payment:** 3% of balance
- **Payoff time:** ~8 years if only minimums paid
- **Total interestpaid:** $7,200+

Compared to personal loan:

- **Same $8,000**
- **Interest rate:** 13.99% APR
- **Term:** 48 months (fixed)
- **Monthly payment:** $219 (fixed)
- **Totalinterestpaid:** $2,512

The difference: Credit cards are dramatically more expensive if carried long-term. But for customers who pay off quickly (3-6 months), they can be smart due to rewards.

Contractor-Specific Credit Card Programs

Some lenders offer contractor-branded credit cards with features like:

- Higher credit limits for project financing
- Promotional 0% periods (6-18 months)

- No interest if paid within promo period
- Rewards for contractor-related purchases

These bridge the gap between standard credit cards and full financing programs.

When to Recommend Credit Cards

Perfect scenarios:

✓**Project under $5,000** Small to medium projects where credit cards are practical.

✓**Emergency situations** Water heater failed, roof leak, HVAC died—need immediate action.

✓ **Customer will pay off quickly (3-6 months)** They have the means to pay off fast and want toearn rewards points.

✓ **Customerwantsto avoid new credit inquiries** Using existing card doesn't impact credit or require applications.

✓ **Customeralreadymentionedusingarewards card** If they bring it up, support their decision and make sure they're getting rewards.

When to Avoid Credit Cards

✗ **Project exceeds $15,000** Credit limits often won't cover it, and long-term carrying costs are punitive.

✗ **Customer will carry balance long-term** The math doesn't work. Personal loans are far cheaper for extended repayment.

✗ **Customerhasmaxedexisting cards** They won't qualify for new cards and shouldn't put moreon already-full cards.

✗ **Customerhaspoorcreditcard discipline** Minimum payments and revolving balances can trapcustomers in expensive debt.

The Credit Card Decision Tree

Customer says: "I'll just put it on my credit card."

Your response path:

If project is under $10K and customer says they'll pay it off in 3-6 months: "That makes sense, especially if you're earning rewards! Just make sure you pay it off quickly—credit card interest adds up fast. Would you like me to also show you a personal loan option as a backup plan?"

If project is over $15K or customer will carry balance long-term: "I hear you, but let me show you something. If you put $20,000 on a credit card at 20% APR and make minimum payments, you'll pay over $15,000 in interest over 10 years. With a personal loan at 12%, your interest would be about $7,000 over 5 years, and your monthly payment is fixed. Can I send you a quick loan application to compare?"

Part 7: Government-Backed Specialty Programs

The Less Common but Powerful Options (2-3% of Projects Nationwide)

FHA 203(k) Loans

What they are: Government-backed loans that combine home purchase or refinance with renovationcosts in a single mortgage.

Best for:

- Customers buying fixer-uppers
- Major renovations ($50K+) combined with mortgage
- Homeowners refinancing and renovating simultaneously

Why contractors should know about them: Occasionally, a customer will be shopping for a home and want to renovate immediately. Pointing them toward 203(k) loans positions you as knowledgeable and helpful.

Fannie Mae HomeStyle Loans

What they are: Similar to FHA 203(k) but conventional—allows renovation costs to be included inamortgageor refinance.

Best for:

- Customers with better credit seeking lower rates
- Luxury renovations that exceed FHA limits
- Customers who prefer conventional over FHA

Energy-Efficient Improvement Programs (PACE, Utility Rebates)

What they are: Programs that finance energy efficiency improvements (solar, windows, insulation,HVAC) through property tax assessments or utility company loans.

Best for:

- Green/eco-focused customers
- Projects specifically targeting energy savings
- Long-term homeowners

Why contractors should know about them: If you specialize in energy-efficient upgrades, these programs offer additional financing avenues and can be marketing differentiators.

When to Recommend Specialty Programs

✓ Customer is buying a home and wants immediate renovation ✓ Customer is refinancing and wants to pull out cash for improvements ✓ Project is very large and traditional financing isn't sufficient ✓ Customer specifically asks about green/energy financing

Reality check: These programs are complex and require specialized lenders. Your role is to make customers aware they exist and refer them to appropriate lenders. You don't need to be an expert—just knowledgeable enough to point them in the right direction.

Part 8: The Improvifi Product Selection Framework

Matching Customers to the Right Financing

Now that you understand all the products, how do you choose the right one for each customer?

The Five-Question Framework

Question 1: What's the project value?

- Under $10K → Credit cards or personal loans
- $10K-$50K → Personal loans or promotional programs
- $50K-$100K → Personal loans or home equity loans
- Over $100K → Home equity loans or HELOCs

Question 2: What's the timeline?

- Need to start in 1-2 weeks → Personal loans, credit cards, or promotional programs
- Can wait 4-6 weeks → Home equity loans or HELOCs
- Multiple phases over time → HELOCs

Question 3: How's the customer's credit?

- Excellent (740+) → All options available, start with best rates
- Good (680-739) → Personal loans, promotional programs
- Fair (640-679) → Mid-tier personal loans, some promotional programs

- Poor (<640) → Alternative lenders, payment plans, or save up options

Question 4: Does the customer have home equity?

- Significant equity (50%+ ownership) → Home equity loans and HELOCs are options
- Limited equity (<30%) → Stick with unsecured personal loans
- No equity or new homeowner → Personal loans only

Question 5: What's the customer's priority?

- Lowest rate → Home equity loans
- Fastest approval → Personal loans or credit cards
- No interest if possible → Promotional programs
- Payment flexibility → HELOCs
- Simplicity → Personal loans

The Decision Matrix

Use this quick-reference chart in the field:

Customer Situation	Recommended Product	Alternative
$15K kitchen, goodcredit, start in 2 weeks	Personal loan	Promotionalprogram
$75K addition, excellent credit, flexible timeline	Unsecured	Secured
$8K emergency roof repair	Unsecured	Personal Loan
$40K whole-home reno over 3 years	HELOC	Multiple personal loans
$25K bathroom, fair credit, wants 0%	Promotional program	Personal loan
$150K major renovation	Home equity loan	Unsecured
$5K window replacement	Unsesecured	Small personal loan

Part 10: Advanced Strategies

Maximizing Approvals and Project Values

Strategy 1: The Improvifi Lending Ladder Multi-Lender Approach

Never rely on just one lender. Here's the play-by-play:

Step 1: Start with your highest-approval lender for the customer's credit profile

Step 2: If approved, great, but check if the amount is sufficient for the full project

Step 3: If declined or approved for less than needed, immediately try your second lender

Step 4: If still not sufficient, consider combining financing sources

Example:

- Project: $45,000
- First lender: Approves $30,000
- Second lender: Approves $15,000
- Combined: Full $45,000 coverage

Some customers can and will use multiple loans for large projects. It's not common, but it's possible.

Strategy 2: The Good/Better/Best Financing Play

Present three project tiers with monthly payments:

Good Package: $18,000

- Basic materials and features
- Monthly payment: $339 at 10.99% for 60 months
- "This gets you everything you need"

Better Package: $26,000

- Upgraded materials and added features
- Monthly payment: $489 at 10.99% for 60 months
- "For only $150 more per month, you get significantly better quality"

Best Package: $34,000

- Premium everything
- Monthly payment: $639 at 10.99% for 60 months

- "This is the 'dream kitchen' version"

The psychology: When you frame differences in monthly payments ($150 or $300 more per month) instead of total prices ($8,000 or $16,000 more), upgrades feel more achievable.
The results: 60-70% of customers choose "Better" when presented this way. Only 30-40% would have chosen it when presented as total costs.

Strategy 3: The Pre-Qualification Conversation

Before formal applications, ask pre-qualifying questions:

"Just so I can show you the best financing options, can I ask a few quick questions?"

1. "How would you describe your credit, excellent, good, fair, or needs improvement?"
2. "Do you have significant equity in your home, or is it relatively new?"
3. "Are you comfortable with a soft credit approval to see what you'd qualify for?"
4. "What monthly payment range feels comfortable for your budget?"

These answers tell you exactly which products to lead with, dramatically improving approval rates.

Strategy 4: The Rate-Sensitivity Pivot

When customer says: "That interest rate seems high."

Your response: "I completely understand. Here's the thing, interest rates are based on risk, and unsecured personal loans carry more risk for lenders than mortgages, so rates are naturally higher.

But let's look at it a different way. If you wait two years to save up $25,000, you've gone two years without this kitchen. What's that worth to you? Most of our customers say it's worth paying some interest to enjoy the improvement right away rather than waiting years.

Plus, once your credit improves or if you pay it down, you can always refinance to a lower rate later. But for now, this gets you the kitchen you want at a payment you can handle. Make sense?"

Strategy 5: The "Start Small, Grow Later" Approach

For customers approved for less than full project cost:

Option A: Phase the project "You're approved for $18,000 right now. What if we do the kitchen in two phases? We do cabinets and countertops now ($18,000), then in 6-8 months after you've made some payments and improved your credit, we finance the flooring and backsplash ($8,000). You get the kitchen transformation faster, and we spread the cost."

Option B: Down payment bridge "You're approved for $22,000, and the project is $28,000. Can you put $6,000 down, and we'll finance the rest? That way you get everything you want right now."

Option C: Value engineering "Let's look at where we can trim $6,000 from the project without sacrificing the overall vision. Maybe we go with the alternate countertop material, or we phase the cabinet hardware. You stay within your approval amount."

Strategy 6: The Declined Application Recovery

When a customer gets declined:
"Okay, this lender wasn't the right fit. But here's what I know about you, you're a homeowner, you have steady income, and you're serious about this project. Let's try one or two other lenders who have different approval criteria. We're not done yet. Sound good?"

Then:

- Try your subprime or alternative lenders
- Consider promotional programs with more flexible approval
- Explore payment plans or layaway structures
- Discuss down payment options to reduce financed amount

Never let the first decline end the conversation. Multiple lenders = multiple chances.

Part 11: Compliance and Ethical Considerations

Staying on the Right Side of the Line

What You Can and Cannot Do

✓ **YOU CAN:**

- Explain different loan products and their features
- Share general rate ranges and terms
- Help customers understand which products fit their situations
- Recommend specific lenders from your approved partners
- Assist with application submission

✗ **YOU CANNOT:**

- Guarantee approval or specific rates - only the lender will do that at point of application
- Provide financial advice (you're not a financial advisor)

- Pressure customers into financing they can't afford
- Misrepresent terms, rates, or conditions - let the lender approval show the terms
- Steer customers toward products that benefit you over them

The Fair Lending Principles

Never discriminate based on:

- Race, color, religion, national origin
- Sex, marital status, age
- Source of income (public assistance)
- Exercise of rights under consumer credit laws

Offer financing equally to all customers. Let the lenders make credit decisions, you're just the referral partner.

Keep it simple, open the [Improvifi App] and let the customer apply!

Transparency Requirements

Always disclose:

- If promotional financing has deferred interest features

Protecting Your Customers

Red flags to watch for:

⚠ **Customer can't affordthepayments** If monthly payment exceeds 15-20% of their monthly income, gently suggest scaling back the project or increasing the term.

⚠ **Customer doesn't understand deferred interest** Never let a customer sign up for promotional financing without clearly explaining how deferred interest works.

⚠ **Customer is taking on excessive debt** If they mention already having $50K in credit card debt and want to finance $30K more, consider whether you're helping or hurting.

⚠ **Elderly or vulnerable customers** Extra care with customers who may not fully understand complex financing structures.

Your responsibility: Just because a lender approves someone doesn't mean you should proceed if it's clearly not in the customer's best interest. Your reputation matters more than any single sale.

Part 12: Mastering the Product Knowledge

Becoming the Financing Expert in the Improvifi SKOOL

Your Weekly Learning Plan

We provide all this training and more inside of the Improvifi SKOOL Center.

Week 1: Personal Loans Deep Dive

- Review all personal loan partner programs
- Memorize rate ranges and requirements
- Practice explaining personal loans in 60 seconds or less

Week 2: Home Equity Products Deep Dive

- Study home equity loans vs HELOCs
- Learn to calculate available equity
- Practice explaining equity-based lending

Week 3: Promotional Programs Deep Dive

- Master deferred interest explanations
- Learn fee structures for each program
- Practice the "pay off in time" conversation

Week 4: Real-World Application

- Role-play customer scenarios
- Practice the five-question framework
- Review decision matrix until automatic

The 30-Second Product Summaries

Memorize these quick explanations:

Personal Loan: "A personal loan is like a car loan, but for your home project. Fixed payment, fixed term, based on your credit. No home equity needed. Quick approval, usually within a day."
Home Equity Loan: "This uses the equity in your home as collateral, so you get a much lower interest rate, usually 4-5% less than personal loans also can save significant money over time."
HELOC: "Think of this like a credit card backed by your home. You get approved for a credit line and only pay interest on what you actually use. Great for multi-phase projects or when you want flexibility."

Promotional Financing: "This is 0% interest for 12-24 months. The catch is you have to pay it off completely within that time, or all the interest gets charged retroactively. Great if you can pay it off quickly; risky if you can't."

Credit Card: "Fastest and simplest option for smaller projects ($500 - $1,000.) If you pay it off within afew months, it's fine. For longer-term, an Improvifi Home Improvement loan is smarter becausecard interest rates are much higher."

Part 13: Common Questions from Customers

Having Confident Answers Ready "Will this affect my credit

score?"

Your answer: For the Pre-Approval and loan selection at Improvifi, No… all loans are soft credit pull and will not affect your score negatively - once the loan rolls over and is booked by the lender… "Yes, but let me explain how. But as you make on-time payments, your score actually improves over time. Most customers see their scores recover within 2-3 months and then increase beyond where they started. The short-term dip is worth it for the long-term benefit of the improvement."

"Should I use financing or pay cash if I have it?"

Your answer: "That's a personal decision, but here's how I'd think about it: Paying cash means no interest, which is great. But it also means depleting your savings, which might leave you without an emergency fund. Many financial advisors suggest keeping 3-6 months of expenses in savings and financing the project at a low rate instead. You keep your safety net and still get your project done. What feels right for your situation?"

"Can I pay it off early without penalty?"

Your answer: "All of our lending partners allow early payoff with **no penalty**—you'd just save on the interest. But let me confirm which lender you're working with to be 100% sure." *[Check with specific lender]* "Yes, this lender has no prepayment penalty. You can pay it off anytime and save the remaining interest."

"Why is the interest rate so high?"

Your answer: "Personal loan rates are higher than mortgage rates because there's no collateral, the lender is taking more risk. Mortgages are backed by your home, so they're around 6-7%. Personal loans are unsecured, so rates are typically 9-18% depending on credit. If getting the lowest rate is your priority, a home equity loan might be better, it'd be around 7-8%. Would you like to explore that option - checking is fast and easy with Improvifi and will not affect your credit to see?"

Part 14: Tracking Your Success

Measuring Performance by Product Type

Metrics to Track

Overall Financing Performance:

- Total applications submitted
- Overall approval rate
- Average approved amount
- Average funded project value

By Product Type:

- Personal loans: % of total financed projects
- Home equity: % of total financed projects
- Promotional: % of total financed projects
- Credit cards: % of total financed projects

By Lender:

- Which lenders approve most consistently?
- Which lenders approve highest amounts?
- Which lenders have fastest funding?
- Which lenders customers prefer?

Sample Tracking Spreadsheet

Date	Customer	Project	Amount	Product	Lender	Result	Notes
1/15/25	Smith	Kitchen	$28K	Personal	Lender A	Approved	12.99%, 60mo
1/18/25	Jones	Roof	$14K	Promo	Lender B	Approved	0% for 18mo
1/20/25	Davis	Bath	$35K	HE Loan	Lender C	Pending	Appraisal
1/22/25	Wilson	Deck	$9K	Credit Card	Various	Declined	Tried personal, used card

Weekly review: Look for patterns. Are certain products converting better? Are certain lenders performing better? Adjust your strategy accordingly.

Ifyou need help setting up your KPI's Improvifi is here to assist!

Conclusion: You're Now the Financing Expert

You've just absorbed a masterclass in home improvement lending products. You understand:

✅ The six core product categories and when to use each ✅ How to match customers to the right financing based on their situation ✅ The economics, pros, and cons of every product type ✅ Real-world scenarios and how to navigate them ✅ Advanced strategies for maximizing approvals and project values ✅ Compliance, ethics, and customer protection ✅ How to answer every common customer question confidently

Here's what separates you from your competition:

Most contractors say: "We offer financing" and stop there.

You can now say: "Based on what you've told me about your situation, I'd recommend [specific product] because [specific reasons]. Here's how it works, here's what it costs monthly, and here's why it's the best fit for your project."

That level of expertise builds trust, closes deals, and grows your business.

The contractors who master financing products don't just offer payment options—they guide customers to the right solutions. They become trusted advisors, not just service providers. **You're now one of those contractors.**

🎯 Ready to Apply Your Product Knowledge?

💬 Schedule a Product Strategy Session

Talk to an Improvifi financing specialist about:

- Which products work best for your customer base
- How to position different products in your estimates
- Strategies for maximizing approval rates
- Advanced product knowledge training for your team

🔗 **Book Your Free Strategy Session →**

📚 Continue Your Learning Journey

Recommended Next Guides:

Guide#4:"The PerfectFinancingConversation:SalesScriptsThatCloseDeals" Now that you know the products, learn exactly what to say to present them.

Guide#5:"OvercomingtheTop5Financing Objections" Handle "I'll pay cash," "Interest is too high," and every other pushback.

Guide#6:"Good/Better/BestPricingwithFinancing Options" Use tiered pricing with monthly payments to maximize project values.

About This Guide

This guide is part of the **Improvifi Learning Center**, designed to transform contractors into financing experts who close more deals and serve customers better.
Product knowledge = Competitive advantage.

What Contractors Are Saying

"This guide completely changed how I present financing. Instead of saying 'we have financing available,' I now confidently recommend specific products based on each customer's situation. My close rate jumped 23%." Derek P., Kitchen & Bath, Denver, CO

"I used to just throw customers at one lender and hope it worked. Now I understand the whole product landscape and can guide customers to the right option. I feel like a real professional." Angela M., General Contractor, Charlotte, NC

"The real-world scenarios were gold. I've encountered almost all of them since reading this guide, and I knew exactly what to recommend. Game-changer." Tony R., Roofing & Siding, Boston, MA

Ready to Become a Financing Product Expert?

You have the knowledge. You have the framework. You have the tools. **Now it's time to apply it.** Every customer conversation is an opportunity to showcase your expertise. Every estimate is a chance to recommend the perfect financing product. Every closed deal reinforces your position as the contractor who makes projects possible. **Master the products. Close more deals. Grow your business.**

This guide is part of the Improvifi Learning Center. For complete access to all 20 guides, video tutorials, and exclusive tools, visit improvifi.com/learning-center