

Home Improvement Lending 101:

What Contractors Need to Know

The Complete Beginner's Guide to Understanding Home Improvement Financing, Loan Types, and Why Offering Financing Transforms Your Business

Introduction: The Financing Gap That's Costing You Sales

Picture this: You just spent an hour walking a homeowner through their dream kitchen renovation. They're excited. You're excited. The design is perfect. Then you present the \$35,000 estimate.

The energy in the room shifts. "We need to think about it," they say. Translation: "We don't have

\$35,000 sitting in our checking account."

Here's the reality: 68% of homeowners can't afford to pay cash for home improvement projects over \$5,000. But that doesn't mean they can't afford the project, it means they can't afford to pay for it all at once.

This is where [home improvement financing](#) changes everything. When you can turn that \$35,000 kitchen into \$389/month, you're not just making a sale... you're making dreams affordable.

This [Improvifi Contractor Financing Guide](#) will walk you through everything you need to know about contractor financing, from how it works to how it transforms your business model with tools like the [Improvifi Consumer Credit Center](#) and [training and support programs](#) that help your team close more deals.

Part 1: What Is Home Improvement Financing?

The Simple Definition

Home improvement financing provides homeowners with loan options to pay for renovation, repair, and upgrade projects over time instead of paying the full amount upfront. As the contractor, you partner with Improvifi's lending institutions to offer these payment solutions directly to your customers.

How Home Improvement Financing Works

1. **Homeowner applies** for financing (usually online, takes 2-5 minutes) Soft Credit Pull
2. **Lender approves** and provides loan terms (often instant decisions)
3. **Customer accepts** the loan and signs your contract
4. **You complete the work** according to your agreement
5. **Lender pays you** directly (typically within 1-3 business days) or (advance pay)
6. **Customer repays the lender** over time according to their loan terms (no prepay penalties)

The key advantage for you: You get paid in full, upfront, just like a cash sale. Through your [Improvifi Contractor Financing Program](#) the customer's monthly payments are handled directly with the lender, so you stay completely out of the equation with zero recourse.

Part 2: Why Offering Financing Transforms Your Business

The Numbers Don't Lie

Contractors who offer financing see dramatic business improvements:

- **47% higher average project value** compared to cash-only contractors
- **30-40% increase in close rates** on estimates
- **3x more qualified leads** when financing is marketed
- **Shorter sales cycles** (less "we need to think about it")
- **Access to customers** who would never call you without payment options

The Real-World Impact

Scenario Without Financing:

- Customer wants \$30,000 bathroom remodel
- Has \$10,000 saved
- You offer a scaled-down \$10,000 version

- Customer is disappointed with compromises
- Profit margin: \$2,000

Scenario With Improvifi Financing Solutions:

- Same customer, same dream
- You present the full \$30,000 project at \$297/month or 12 month no-interest loan
- Customer can afford the monthly payment
- You deliver the complete vision
- Profit margin: \$7,500

You made an extra \$5,500 by simply offering a payment option.

Offering financing doesn't just make projects more affordable, it transforms how homeowners make decisions.

Studies show that most large home improvement purchases are driven by access to payment options rather than cash on hand.

In fact, according to the [Federal Reserve's Consumer Credit Report](#), over half of Americans use credit to fund major purchases because it gives them flexibility without delaying projects.

Beyond the Money: Strategic Advantages

- 1. Competitive Differentiation** Most small to mid-size contractors still don't offer financing. When you do, you immediately stand out in a crowded market.
 - 2. Customer Trust** Offering financing signals that you're an established, professional business. It builds credibility before you even shake hands.
 - 3. Reduced Payment Delays** No more waiting 30-60 days for payment. No more chasing down balances. You get paid upfront, every time.
 - 4. Upsell Opportunities** "For just \$27 more per month, you can upgrade to the premium cabinets." Suddenly, upsells become easy conversations.
 - 5. Referral Engine** Happy customers who didn't have to drain their savings become your best word-of-mouth marketers.
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Part 3: Understanding Loan Types (Your Product Menu)

Just like you offer different materials and service levels, lenders offer different loan products. Here's your breakdown:

1. Unsecured Improvifi Loans (The Workhorse)

What It Is: Unsecured loans based on creditworthiness, typically \$2,000-\$150,000 with fixed monthly payments.

Best For:

- Projects \$2,000-\$150,000
- Customers with fair to excellent credit (575+ FICO)
- Fast-turnaround projects
- Contractors not wanting to pay dealer fees
- Customers who don't want to use home equity

Terms:

- Repayment: 2-20 years
- Interest rates: 6.99%-23.99% (credit-dependent)
- Approval: Often instant or same-day
- Funds: Typically same day as approval to consumer

When to Recommend: All home improvements, your bread-and-butter projects. Also these loans can be used if the homeowners get declined, and they need to go to a friend and or family member to apply.

2. Improvifi Secured Loans (The Big Project Solution)

What It Is: Loans secured by the homeowner's property equity, providing access to larger amounts at lower rates.

Best For:

- Major projects \$15,000 - \$400,000
- Customers with significant equity (lending up to 89% of the value of the home)
- No appraisal needed
- No dealer fees added
- Customers prioritizing lowest possible rate
- Multi-phase or whole-home renovations

Terms:

- Repayment: 5-30 years
- Interest rates: 6%-12% (generally lower than personal loans)
- Approval: 5 minutes with a soft credit pull at point of need
- Funds: 5-7 days direct to homeowner

When to Recommend: Full kitchen and bath remodels, additions, whole-home renovations, major structural work.

3. Improvifi Home Equity Lines of Credit - HELOC (The Flexible Option)

What It Is: A revolving credit line secured by home equity (like a credit card backed by your house).

Best For:

- Phased projects with variable costs
- Customers doing multiple projects over time
- Customers who want flexibility

Terms:

- Draw period: 5-30 years (access funds as needed)
- Repayment period: 5-30 years after draw period
- Interest rates: Fixed 6.99%+

When to Recommend: When the customer is planning multiple projects, uncertain about total costs, or wants to have available credit for future work.

4. Improvifi Financing / Unsecured Programs (The Promotional Option)

What It Is: Specialized financing programs specifically for home improvement, often with promotional rates.

Best For:

- Projects \$2,000-\$150,000
- Promotional periods (0% for 12-70 months)
- Customers with fair to excellent credit (550-850)
- Creating urgency with special offers

Terms:

- Repayment: 12-18 Months Promo rollover to 20 years
- Promotional rates: 0% for qualified periods (deferred interest)
- Interest rates after promo: varies per program

When to Recommend: When you're running promotions, need to close deals quickly, or the customer asks about "same as cash" options.

5. ImproviPay Credit Cards (The Small Project Solution)

What It Is: Traditional or contractor-specific credit cards for smaller projects and quick approvals.

Best For:

- Projects under \$10,000
- Emergency repairs
- Quick decisions needed
- Customers with good credit who pay balances quickly

Terms:

- Repayment: Revolving, minimum payments
- Interest rates: 15%-29.99%
- Rewards: Some offer points or cash back

When to Recommend: HVAC replacements, small repairs, maintenance work, emergency situations.

No matter which option fits your customer best, the real advantage is having all of these tools under one roof.

Your Consumer Credit Center gives you the full menu so you can match every project with the right financing solution and eliminate the guesswork.

If you want a deeper explanation of how each loan type works together to help contractors close more jobs, check out our complete [Improvifi program overview](#).

Part 4: The Business Model Shift (How This Changes Everything)

From "Can You Afford This?" to "Does This Work for Your Budget?"

Old conversation: "The total is \$28,000. How would you like to pay?"

New conversation: "The total investment is \$28,000, which breaks down to about \$248 per month for 10 years with no prepayment penalty. Does that monthly payment work with your budget?"

Notice the shift?

You're no longer talking about a big scary number. You're talking about a manageable monthly expense, less than most car payments.

The Psychology of Monthly Payments

Homeowners think in monthly terms:

- Mortgage: \$1,800/month
- Car payment: \$450/month
- Utilities: \$300/month
- Streaming services: \$80/month

When you frame your project as \$145/month, it slots into their existing mental budget. When you say \$32,000, it feels like an impossible mountain.

Your New Sales Process

Step 1: Build the Dream Show them everything they want. Don't scale back based on assumed budget constraints. Offer Best Better and Good options (use the Improvifi Calculator at point of need)

Step 2: Present the Investment Share the total cost, but immediately transition to monthly terms while offering promotional options like 12-18 months no interest, then let the buyer buy.

Step3:Check the Fit "Does this monthly investment work for you, or should we look at some alternatives?"

Step 4: Application If yes, start the financing application right there (5 minutes on a tablet or phone using the Improvif App).

Step 5: Approval & Close Most applications get instant decisions with a soft credit pull. Move directly to contract signing.

Part 5: Common Myths & Misconceptions (Let's Clear These Up)

Myth #1: "My customers always pay cash"

Reality: Your customers pay cash because that's the only option you give them. Studies show that when financing is offered, 60-70% of customers choose to finance, even those who could pay cash.

Why? They'd rather keep cash reserves for emergencies and use low-interest financing for predictable monthly payments.

Myth #2: "Only customers with bad credit need financing"

Reality: High-credit customers are actually the most likely to choose financing because they qualify for the best rates. They understand leverage and opportunity cost.

A homeowner with \$50,000 in savings might prefer to finance at 7.99% and keep their cash invested at 10% returns.

Myth #3: "The application process is too complicated"

Reality: Modern applications take 2-5 minutes on a smartphone. Approvals are often instant. It's easier than applying for a store credit card.

Myth #4: "I'll get stuck dealing with loan servicing"

Reality: Once the lender pays you, your job is done. You never handle payments, collections, or servicing. The customer works directly with the lender.

Myth #5: "Financing costs me money in fees"

Reality: Your consumers may pay a small fee dealer (2-6% of project cost) for promotional financing, but you can build this into your pricing. Even with fees, your profits increase because you close more deals at higher values.

Part 6: What You Need to Get Started

The Requirements (Easier Than You Think)

To partner with most Improvifi home improvement lenders, you may need:

(Improvifi Business Starter has NO REQUIREMENTS TO ENROLL - INSTANT LENDING DAY ONE)

1. Business essentials:

- Active contractor license (where required) Not needed for Improvifi Business Starter)
- Business insurance (general liability)
- Business bank account
- Federal Tax ID (EIN)

2. Time in business:

- Typically 1 years in operation (some programs accept under 1 year)

3. Financial stability:

- No recent bankruptcies
- Reasonable credit history (business and personal)

4. Clean record:

- No major complaints with BBB or consumer protection agencies
 - Active, good-standing contractor license
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The Application Process

Step 1:

- Research lending partners (or connect with Improvifi to match you with programs)
- Gather required documents
- Submit applications

Step 2-3:

- Underwriting review
- Provide any additional documentation requested
- Approval and partnership agreements signed

Step 4:

- Receive training on lender platforms
- Get marketing materials
- Integrate financing into sales process
- Make your first financed sale

Part 7: The Questions You're Probably Asking

"How do I get paid?"

Once the project is complete (or at milestones, depending on your agreement), you submit completion documentation to the lender. They typically fund within 1-3 business days via ACH to your business bank account.

If [Improvifi Personal Loans](#): You can get paid as soon as the same day the loan funds to the consumer. (same day in some cases)

Some programs offer faster funding (24 hours) or even upfront funding before the project starts.

"What if the customer defaults on their loan?"

Not your problem. The lender assumes all repayment risk. Once they pay you, the debt is between them and the customer. You're completely protected.

"What's the approval rate?"

Varies by lender and customer credit profile, but typically 40-70% of applicants get approved for some level of financing. Many lenders have programs spanning a wide credit spectrum.

If a customer doesn't qualify with one lender, you can often try another with different criteria.

High FICO: 750-850 97% approval

Mid FICO: 680 -749 89% approval

Low FICO: 550 - 680 73% approval

"Do I need to become a financial expert?"

No. You need to understand the basics (covered in this guide), know which loan types fit which projects, and be able to have confident conversations about payment options.

The lender handles all the technical details, underwriting, and compliance. You're simply the referral partner.

"Can I work with multiple lenders?"

Yes, and you should. This is why Improvifi exists, we build you your own [Consumer Credit Center](#) and use the [Lending Ladder](#) approach in providing multiple lenders in your mobile app. Different lenders specialize in different credit tiers and loan products. Having 2-4 lending partners ensures you can help the maximum number of customers. The best portfolios are: Unsecured PRIME and SUBPRIME, Improvifi Secured, and Improvifi Personal Loans.

Part 8: Real Success Stories (Why This Works)

Case Study 1: Bathroom Remodeling Contractor

Before Financing:

- Average project: \$8,500
- Close rate: 32%
- Annual revenue: \$340,000

After Adding Financing:

- Average project: \$14,200 (67% increase)
- Close rate: 51% (19-point jump)
- Annual revenue: \$580,000 (71% growth)

What changed: Simply offering financing and framing estimates in monthly payments.

Case Study 2: Roofing Company

The Situation: Historically, 40% of estimates resulted in "We'll think about it" with no follow-up.

The Solution: Started offering instant financing decisions during estimates.

The Result:

- "Think about it" rate dropped to 12%
 - Same-day contract signings increased 300%
 - Average project value increased by \$3,200
 - Customer satisfaction scores improved dramatically
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Case Study 3: Kitchen & Bath Remodeler

The Challenge: Customers kept asking for "budget versions" that compromised design vision.

The Fix: Presented Good/Better/Best options with monthly payment amounts instead of totals.

The Outcome:

- 78% of customers chose "Better" or "Best" packages
 - Average profit per job increased from \$4,200 to \$9,800
 - Customer reviews mentioned "easy payment options" as a key decision factor
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Part 9: Your Action Plan (What to Do Next)

Immediate Actions (This Week)



Download your FREE assets from Improvifi:

- Sales scripts for introducing financing



- Good/Better/Best pricing template
 - **Schedule a consultation with the Improvifi team:** Get personalized recommendations for which lending partners fit your business model and customer base.
<https://meetings-na2.hubspot.com/improvifi/improvifi-demo>
 - **Audit your current sales process:** Identify where financing conversations should be inserted into your current workflow.
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Short-Term Actions (This Month)

- **Apply with Improvifi** Start with 2-3 lenders that cover different credit spectrums.
<https://meetings-na2.hubspot.com/improvifi/improvifi-demo>
 - **Let us train your sales team** Hold a team meeting to introduce financing concepts and practice conversations.
 - **Create your first financing proposal** Test the process with an existing prospect or new lead.
 - **Update your marketing** Add "Flexible Financing Available" to website, social media, vehicle wraps, and business cards.
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Long-Term Strategy (Next 90 Days)

- **Track your financing metrics:**
 - How many customers are offered financing?
 - How many apply?
 - What's your approval rate?
 - How does avg project value compare to cash sales?
 - **Optimize your process** Refine scripts, timing, and presentation based on real results.
 - **Expand your financing menu** Add promotional offers, seasonal programs, or tiered options.
 - **Improvifi SKOOL for advanced training techniques** Master objection handling, upselling with financing, and multi-product positioning.
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Conclusion: The Competitive Advantage You've Been Missing

Home improvement financing isn't a "nice to have" anymore, it's a competitive necessity. The [contractors who master financing](#) are the ones capturing market share, closing more deals, and building sustainable growth.

The best part?

You don't need to be a lending expert. You don't need to manage loans. You don't need to take on financial risk.

You just need to partner with the right lenders and learn to have confident conversations about payment options.


Everything else?

That's what Improvifi is here for.



Ready to Transform Your Business with Financing?

Connect with Our Team Today

 **Schedule Your Free Consultation** Talk to a financing specialist who understands contractor businesses. We'll help you:

- Choose the right lending partners for your customer base
- Set up your financing program (we handle the heavy lifting)
- Train your team on presenting payment options
- Integrate financing into your sales process



[Book Your Call with Improvifi →](#)



Continue Your Learning Journey

Next Recommended Guide: "How to Become a Financing-Enabled Contractor in 30 Days"

Your step-by-step roadmap from application to your first financed sale.

Questions? We're Here to Help

💬 **Email:** support@improvifi.com 🌐 **Website:** www.improvifi.com

About Improvifi

Improvifi specializes in helping contractors integrate home improvement financing into their business models. We partner with you to select the right [contractor financing programs](#), train your team, and provide ongoing support to maximize your financing success.

Our mission: Help contractors win more jobs, grow their revenue, and use Improvifi as their new competitive edge

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