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Contractor Financing: How to Offer Financing to Customers

Home improvement projects rarely come with a convenient price tag. A failed water heater, an outdated kitchen, or a roof nearing the end of its life can cost anywhere from a few hundred to tens of thousands of dollars. And the truth is, most homeowners don't have that amount sitting in a checking account. For contractors, that gap between "I want this done" and "I can pay for this today" is where deals stall, scopes get cut, and estimates never turn into signed work.

Contractor financing is one of the primary ways home improvement businesses close that gap. Done well, it gives customers a clear way to pay over time, gives the sales conversation a productive next step, and gives the business a more predictable path from estimate to completed job. Done poorly, or even not at all, it can mean losing work to a competitor down the street who mentions financing first.

Below, we'll walk through what contractor financing is, how it actually works, the types of programs available, and what to look for in a financing partner.

What Is Contractor Financing?

"Contractor financing" gets used in two different ways, and it's worth separating them before going further.

The first meaning is financing for the contractor's own business, such as a loan or line of credit the business owner uses to buy equipment, cover payroll, or manage cash flow between jobs. That's a real category of financing, but it's not what this covers.

The second meaning, and the one we will focus on, is customer financing that a contractor offers through a third-party provider. In this model, the contractor is not the lender. A bank or consumer finance company, such as Synchrony, extends credit directly to the homeowner. The contractor's role is to introduce the option, help the customer understand it, and get paid for the completed work if financing is approved and the job is done.

That distinction matters for a key reason: contractors offering customer financing are not taking on lending risk, underwriting decisions, or collections. Those responsibilities sit with the financing provider. The contractor's job is to make the option available, explain it clearly, and let the provider handle the credit relationship with the customer.

In practice, this means three parties are involved in every financed project:

- **The contractor**, who performs the work and presents financing as a payment option.
- **The financing provider**, who evaluates the customer's application, makes a credit decision, and if approved, manages the account.
- **The customer**, who applies for financing, reviews the terms offered, and repays the provider over time.

Understanding this three-way relationship early is the foundation for everything else in this, including how financing works, why contractors offer it, and what to evaluate in a provider.

How Does Contractor Financing Work?

While details vary by provider and program, contractor financing generally follows a similar sequence:

1. **The contractor introduces financing.** This might happen on the company website, during the initial phone call, at the in-home consultation, or all three.
2. **The customer receives or accesses the application.** Many providers now support this digitally through a link, a tablet in the customer's home, or an integration inside the contractor's existing business software.
3. **The financing provider evaluates the application.** The provider reviews the customer's creditworthiness and determines what, if any, financing terms it can offer.
4. **The customer reviews the available terms.** This may include a credit limit amount, a promotional offer, or standard rates and terms, depending on the program and the provider's decision.
5. **The contractor completes the approved project.** Financing decisions typically happen before or during the sales process, not after the job is finished.
6. **Payment is processed according to the program.** The contractor is generally paid by the financing provider once the work is complete and documented, while the customer repays the provider over time under the terms of their account.

It's worth being precise here: approval, credit limits, and specific terms are determined by the financing provider on a case-by-case basis. No contractor or financing company can guarantee that every customer will be approved, or that every approved customer will receive the same terms. What contractors can count on is a consistent, repeatable

process for presenting financing which is often the bigger factor in whether customers use it at all.

Why Do Home Improvement Contractors Offer Financing?

Contractors add financing to their sales process for a number of practical reasons, most of which come down to making it easier for a customer to say "yes."

It gives customers additional ways to pay. Not every customer wants to pay by cash, check, or credit card, and more realistically, not every customer can. Financing adds a payment path that fits a wider range of household budgets.

It can reduce cost as an immediate barrier. A project that feels out of reach at full price today may feel manageable when it's broken into predictable payments over time.

It can make both planned and unexpected work more manageable. A homeowner planning a kitchen remodel and a homeowner dealing with a mid-summer HVAC failure are in very different situations, but financing can help both move forward with the work they need.

It may support larger or more complete project scopes. When cost is less of an obstacle, some customers choose to add options or upgrades they might otherwise skip which can benefit both the customer's outcome and the size of the job.

It can create a smoother sales experience. Bringing up payment options proactively, rather than waiting for a customer to raise price as an objection, keeps the conversation focused on the project rather than a negotiation.

It can help differentiate the business. In a category where many contractors offer similar services, having a clear, well-presented financing option is one more reason a customer chooses one business over another.

It helps meet customers where they are financially. Not every household manages a major purchase the same way, and financing gives contractors a way to serve a broader range of customers rather than only those who can pay in full up front.

Synchrony's own research on the home improvement category reflects why this matters at scale.

According to Synchrony's home improvement business resources, shoppers surveyed who knew financing was available said it had a real influence on their decision to move forward with a purchase, and a meaningful share of home improvement shoppers who used financing said they would not have made the purchase at all without it. [1]

Synchrony also reports that, on average, its cardholders spent more on their overall home improvement projects than customers who didn't use a Synchrony card.[1] None of this means every customer will spend more or that every project will be larger, but it illustrates why financing is treated as a standard part of the sales conversation rather than a fallback.

What Types of Contractor Financing Are Available?

Financing programs are typically structured around a few core models. Contractors don't need to become financing experts, but a basic understanding helps in conversations with both customers and providers.

- **Revolving credit.** A credit line, often tied to a card, that a customer can use for an initial project and then reuse for future purchases with the same or an affiliated merchant network.
- **Installment loans.** A fixed loan amount for a specific project, repaid in set payments over an agreed term, and often a good fit for larger, one-time jobs.
- **Promotional financing.** Special terms offered for a limited time or under specific conditions, such as reduced or deferred interest, subject to the provider's current offers and the customer's qualification.
- **Equal-payment options.** A promotional offer structured so the customer pays the same amount each period for the life of the financing, which can make budgeting simpler for the homeowner.
- **Deferred-interest promotions.** A specific type of promotional financing offer where interest may be waived if the balance is paid in full within a set window. These come with specific terms and conditions that both contractors and customers should understand clearly, since they are not the same as standard 0% financing.
- **Fixed pay promotions.** A type of promotional financing offer that offers reduced APR and fixed monthly payments. Reduced APR comes with a promotional interest rate that reduces the interest cost.
- **In-house versus third-party financing.** Some larger contractors extend credit directly to customers, but most home improvement businesses partner with a third-party provider, like Synchrony, that handles underwriting, servicing, and compliance.The right mix of programs depends on the provider, the contractor's typical project size, and current promotional offerings which is why this is a conversation to have directly with a financing partner rather than a one-size-fits-all decision.

How Can Contractors Offer Financing to Customers?

Adding financing to a business goes beyond enrolling with a provider. It's critical to integrate financing into how a business actually sells and operates.

1. **Select a financing provider.** Look for a provider with experience in home improvement and a program that fits the business's typical project sizes and customer base.
2. **Complete enrollment and onboarding.** Most providers, including Synchrony, have a defined enrollment process. Synchrony's home improvement application, for example, can be completed online, by phone, or by submitting a merchant application directly. [2]
3. **Train salespeople and technicians.** The people actually talking to customers need to be comfortable explaining financing clearly and confidently, not treating it as an afterthought.
4. **Add financing information to the website.** Customers researching a project often check whether financing is available before they ever call.
5. **Include payment options in estimates.** Presenting a monthly payment estimate alongside the total project cost gives customers an easier way to evaluate the investment.
6. **Introduce financing consistently.** Every customer should hear about financing, not just the ones who push back on price.
7. **Make the application process easy.** Friction in the application step is one of the fastest ways to lose a customer's interest, which is part of why digital, direct-to-device application tools have become standard in the industry.
8. **Measure participation and results.** Tracking how often financing is offered, how often it's used, and how it affects close rates helps a business understand whether its process is actually working.

When Should a Contractor Introduce Financing?

One of the most common mistakes contractors make isn't failing to offer financing. It's only mentioning it after a customer says the price is too high. By then, the conversation has

already shifted into negotiation mode, and financing can come across as a consolation prize rather than a standard offer and option.

Financing works better as a consistent part of the process, introduced at multiple points:

- **On the contractor's website**, so customers can see it before they even reach out.
- **While scheduling the appointment**, setting the expectation early that payment options will be part of the conversation.
- **During the consultation**, as the scope of the project is being discussed.
- **When presenting project options**, particularly if there are good/better/best tiers involved.
- **Inside the written estimate**, ideally alongside a monthly payment estimate next to the total price.
- **During follow-up**, for customers who need more time to decide.

The key principle: financing should be presented as a standard payment option available to every customer, not a special accommodation offered only when someone hesitates on price.

What Should Contractors Look for in a Financing Program?

Not all financing programs are structured the same way, and the right fit depends on the type of work a business does and how it sells. A few areas worth evaluating:

- **Products and promotional options** — does the provider offer a range of financing types suited to both small repairs and large-scale remodels?
- **Customer application experience** — is it simple enough that customers can complete it without frustration, ideally from a phone or tablet?
- **Speed and ease of decisions** — how quickly does the customer receive a response?
- **Digital capabilities** — does the provider support online and in-field applications, not just paper forms?
- **Software integrations** — does the financing option work within the field service or CRM software the business already uses?
- **Contractor payment process** — how and when does the business get paid once a job is complete?

- **Training and support** — what resources are available to help staff talk about financing confidently?
- **Reporting and analytics** — can the business track financing usage, approval trends, and its impact on sales?
- **Industry experience** — has the provider worked specifically in home improvement, or is it a generalist lender?
- **Compliance resources** — does the provider offer marketing and advertising materials that are already reviewed for regulatory compliance?
- **Ongoing partner relationship** — is there a dedicated point of contact, or does support end after onboarding?

This is also where a provider's platform integrations become relevant. Synchrony, for example, has integrated its financing directly into field service management software that contractors already use to run their business, allowing customers to apply for financing without the contractor switching between systems — leveraging a direct-to-device application process designed to reduce friction in the field. [4]This also gives contractors the ability to manage financing, proposals, and payment collection within a single platform.

Questions to Ask a Contractor Financing Company

Before choosing or switching to a new financing partner, it's worth getting clear answers to a short set of questions:

- What financing options are available, and how do they differ?
- How does the customer apply, and how long does a decision take?
- What support is available to the contractor during onboarding and ongoing?
- How does funding work once a project is complete?
- Can financing integrate with the software the business already uses?
- What training is provided to sales and field staff?
- What reporting is available to track financing performance?
- How are promotional offers managed and communicated to customers?
- What marketing resources are available, and are they pre-approved for compliance?

A provider that can answer these clearly, and back up its answers with real tools, not just a sales pitch, is generally a stronger long-term partner than one offering only a generic application form.

How Synchrony Supports Home Improvement Businesses

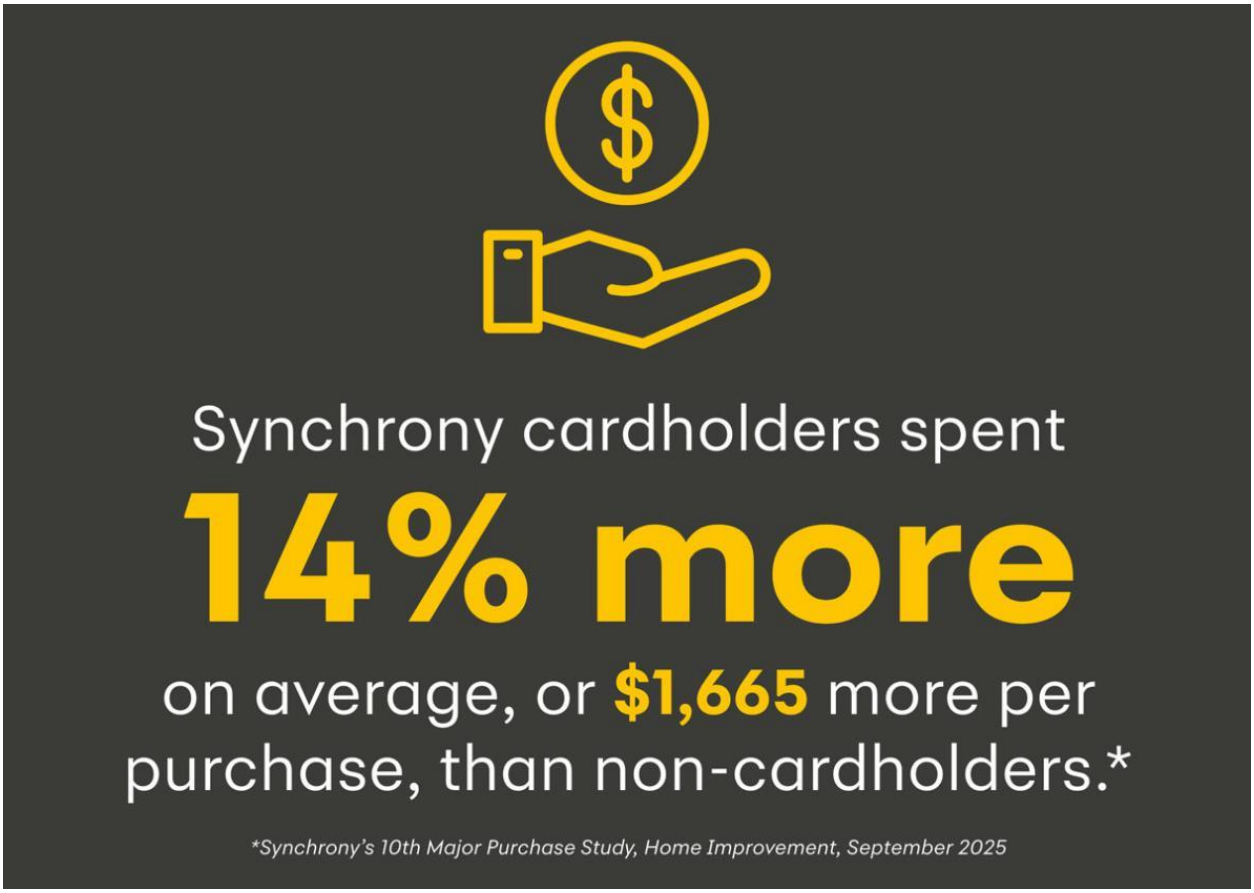
Synchrony has worked in the home improvement space for years, building both consumer financing products and the partner-facing tools that help contractors put them to use.

At the center of Synchrony's home improvement offering is the Synchrony Project Card, a consumer financing option designed to help customers fund projects ranging from interior design to full remodels.4 Contractors who enroll join a network of thousands of contractors who are already using Synchrony financing to connect with customers. [4]

Synchrony backs that product with a set of partner tools built specifically for home improvement and HVAC merchants:

- Business Center, where enrolled partners manage their financing program. [4]
- Advertising Center, for creating and managing compliant marketing materials[4]
- Learning Center, offering ongoing training tools and videos for staff. [4]
- **Business Center Easy Access**, a digital platform designed to help offer financing in-home and reduce paperwork in the financing process.

Synchrony has also worked to meet contractors inside the software they already use. Its partnerships with several field service management software vendors integrate Synchrony financing directly into those platforms, so contractors can offer customers the option to apply without leaving their existing workflow.



According to Synchrony's published research on home improvement shoppers, businesses that offer Synchrony financing have reported measurable benefits: a large majority of dealers surveyed said offering Synchrony financing increased their average sales, and roughly half of major purchase shoppers with a Synchrony credit card reported spending more than they would using other payment methods. [5] Synchrony's home improvement resources also note that customers are considerably more likely to return for future purchases when they already hold a financing account with a contractor, underscoring financing's role not just in closing a single job, but in building repeat business over time. [4]

For contractors evaluating a financing partner, Synchrony's combination of consumer products, partner tools, and software integrations is designed to support the entire process, from the first time a customer hears about financing to the training and reporting a business uses to manage the program long-term.

Frequently Asked Questions

What is contractor financing? Contractor financing, in the customer-facing sense, is a payment option that allows homeowners to finance a home improvement project through a

third-party provider, rather than paying the full cost upfront. The contractor introduces the option; the financing provider extends credit to the customer.

How can contractors offer financing to customers? By partnering with a financing provider, completing enrollment, training staff to present financing consistently, and building it into the website, estimates, and sales conversations from the start.

Does the contractor lend the customer money? No. In a typical contractor financing arrangement, a bank or finance company, not the contractor, extends credit to the customer and manages the account.

How does a contractor get paid when a customer finances? Generally, the contractor is paid by the financing provider once the work is completed and documented, according to the terms of the provider's program.

What types of financing can contractors offer? Common types include revolving credit, installment loans, promotional and deferred-interest offers, and equal-payment programs, depending on what the financing provider makes available.

When should contractors present financing? Ideally throughout the sales process, on the website, during scheduling, in the consultation, and inside the written estimate, rather than only after a customer raises concerns about price.

What should a contractor look for in a financing provider? Product range, ease of the customer application, integration with existing business software, training and support, reporting capabilities, and experience in the home improvement industry.

Can small contractors offer customer financing? Yes. Financing programs are generally designed to serve businesses of varying sizes, from independent contractors to larger regional and national companies, though specific eligibility and program details vary by provider.

Ready to see what financing could look like for your home improvement business? Explore financing solutions for contractors with Synchrony to learn more about enrollment, partner tools, and support.