Homeowner Financing Best Practices with Hearth

Your guide to getting the best offers, faster funding, and a smooth project experience.

Your Financing Options

Hearth matches you to offers from 17+ lenders through one simple form — no impact to your credit until you choose an offer.

1. **Personal Loans** – Up to $250K | 550+ credit | Funded in 1–3 business days | Great for most projects.

2. **0% Credit Cards** – Up to $15K | 680+ credit | 0% APR for 6–21 months | Best for smaller jobs.

3. **HELOCs** – Up to $250K | 640+ credit | Longer repayment terms | Ideal for large remodels.

   HELOCs Available in: *AL, AK, AZ, AR, CA, CO, CT, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MI, MN, MS, NE, NH, NJ, NM, NC, ND, OH, OK, OR, PA, SD, TN, UT, VT, VA, WA, WV, WI, WY.*
   HELOCs Not available in: *DE, HI, MA, MT, NV, NY, RI, SC, TX.*

Finding the 0% Credit Card Options

- After pre-qualification, scroll past personal loan/HELOC offers.
- Click the **Credit Card** tab at the top of the results.
- If your credit score is 680+, look for the bannered top offer.
- Click “Card Details” to see the exact 0% APR length (6–21 months).

The Application Process

1. **Get Pre-Qualified** – Tap the link your contractor sends, fill out one short form (soft credit check).
2. **Review Offers** – Sort by monthly payment, APR, or term length.
3. **Choose Your Offer** – This is when a hard credit check happens.
4. **Complete Lender Application** – Answer a few final questions and upload proof of income (pay stubs, W-2s, bank statements).

5. **Funding** – Personal loans are deposited into your bank account; 0% credit cards are mailed to you.

Set Yourself Up for the Best Offers

- **Loan Size** – Request no more than ~1/3 of your annual income.
  Example: $100K income → $25K–$33K loan request
- **Add a Co-Borrower** – Especially for larger jobs or borderline credit; use the strongest applicant first.
- **Unlock Your Credit** – Locked or frozen credit will block approvals.
- **Enter Accurate Info** – Typos in income, address, or name can cause delays or denials.
- **Check Your Credit First** – Use free tools like Credit Karma or your bank's credit monitoring to confirm your score.
- **Understand DTI (Debt-to-Income)** –
  Lower DTI means better approval odds and rates.

Avoid Late-Stage Delays

Top 4 reasons applications get stuck or denied:

1. Credit is locked/frozen.
2. Income entered incorrectly or inconsistently.
3. Loan request is too high for income.
4. Debt-to-income ratio is too high.

Why DTI Matters
Debt-to-Income Ratio (DTI) = Your total monthly debt payments ÷ your gross monthly income.
Example: If you make $5,000/month and have $1,500/month in debts (loans, credit cards, etc.), your DTI is 30%.

Lenders use DTI to see if you can handle a new loan payment on top of your current obligations.

- **Lower DTI** = Less financial strain → higher approval odds and better interest rates.
- **Higher DTI** = More financial strain → harder to approve or may lead to higher rates.

Why Break It Into Payments?

- Get the **full project done now** — no cutting corners.

- Spread cost over time without draining savings.
- Afford better materials or upgrades.
- Avoid maxing out credit cards.

Need help?
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