



# A Complete Guide To Financing Your Roof

Overwhelmed by the prospect of paying for your roof? With Rescue My Roof's Financing Guide, you can learn the top five ways to pay for your roof.





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# Guide Overview

Hearing the news that you need a roof replacement can be dreadful for many reasons - but many homeowners are mostly stumped by the financial investment.

While the thought of paying for a roof replacement can be daunting, you should be happy to hear that there are options beyond cash that can help you pay for a roof replacement. Additionally, many of these payment methods occur over time so you don't have to stress about spending a large sum of money all at once.

In this chapter, we are going to review some of the payment options available in the roofing industry. With this knowledge, you will be able to determine which option is the best path for you.



# Insurance

## Chapter 1

### Overview

Insurance is confusing, and every insurance company has different policies. This can lead to a lot of frustration when you're trying to determine what insurance will and won't cover.

Rescue My Roof has been in the roofing industry for over a decade, and we've walked thousands of homeowners through the insurance process. In the end, they end up with the roof of their dreams - and you will too.

In this chapter, we will cover what insurance will and won't cover, and you will gain a better understanding of if your roof meets their criteria.



# Insurance

## Homeowner's Insurance & Roof Installations

If you've invested in homeowner's insurance and need a new roof, insurance may be able to help cover the costs.

However, every insurance company is different, and not all policies will cover all instances where a roof replacement is needed.

**Here's everything you need to know about homeowner's insurance and the roof replacement process.**

## Insurance

We've all experienced the dread that comes along with working with any type of insurance company. Every time you go to pick up a prescription or go to the doctor, there always seems to be a dozen phone calls involved to find out what your insurance will or will not cover.

It's incredibly frustrating but especially when it comes to home repairs. When a bad storm rolls through or a tree falls down on your house, you want to make sure you are covered.

Insurance companies are tricky. Every company is different, and there are often multiple levels of insurance coverage. So when it comes to covering roof repairs and replacements, every insurance company is going to have a different policy.

However, that doesn't mean there aren't general standards throughout the industry that are a good guide to follow. **Here are four reasons why insurance won't cover your roof repairs:**

# Insurance

## 1. You Live in a High-Risk Zone

But when you live in areas that are known for hurricanes and earthquakes, or other acts of nature that can severely damage your home, insurance companies get pretty picky about what they will and won't cover.

For example, after hurricane Katrina, insurance companies were loaded with a massive amount of insurance claims for home damage. They added a new addition to their policies that affected "high-risk" areas where hurricanes often hit.

**This new policy created a Hurricane Deductible.** The average deductible is the amount that the policyholder must pay before insurance will begin to cover any costs. This price is determined by the insurance company.

Hurricane deductibles work the same way. **It is a minimum price set by the insurance company that the policyholder must pay before insurance will cover costs for hurricane-related damage on top of their existing deductible.**





# Insurance

## Insurance

### 2. Your Roof Just Has Cosmetic Damage



Because your roof is an integral part of your home, insurance will cover a roof repair or replacement if it impacts the safety of your property.

However, insurance won't cover most cosmetic . . . sing or lost shingles. They will cover loose and missing shingles, but if it is a very small area the cost of the deductible may be equal to or higher than the cost of the minor repairs.

If you are missing a few shingles and want to get them replaced but it is not causing any serious issues, you may have to repair those on your own.

### 3. General Wear and Tear on Your Roof

Like everything, roofs deteriorate over time. When you see signs of general wear and tear like loose shingles or visible flashings, you might have to pay to repair these.

Even if the damage is caused by storms blowing through your area causing your roof to become leaky over time, insurance may still claim it is general wear and tear damage that was bound to happen.

# Insurance

## Insurance

Of course, this is dependent on how severe the damage is. **If a storm damages 20-30% of your roof, you may have a case for an insurance claim.** Or if you have **7-10 hail-damage hits in 100 square feet**, that may be another instance where they will cover storm damage.

### 4. Your Roof Was Improperly Installed

A tornado just wreaked major havoc on your roof, and you immediately called the insurance adjuster to assess the damage.

Except you don't get the news you were planning on hearing and your insurance won't cover the damage. But why?

When your roof is not installed with proper roofing techniques, it leaves it susceptible to **preventable damage**. This is why it is so necessary to do thorough research about the contractors you hire to complete your roofing project.

### So, When Will Insurance Cover My Roof Replacement or Repairs?

As picky as insurance companies are, there are still moments when they will be there to save the day (and your wallet).



# Insurance

## Insurance

There are three main reasons why insurance companies will cover your roof replacement or repairs:

### 1. It's an "Act of God"

While hurricane deductibles and high-risk zones exist, that doesn't mean insurance is out of the question completely.

Most insurance companies classify things like storms, hurricanes, and fallen trees as an act of nature or an "Act of God". This means the damage is entirely out of the policyholder's hands, and insurance will cover it.

If you are unsure what your insurance company considers an "Act of God," contact them. Every policy and company is different, so you want to talk to a trained professional.

### 2. Your Roof's Shingle is No Longer in Production

Insurance may not like to cover cosmetic damage, but if you have an area of your roof that is covered by the policy from wind or hail, and your roof's shingles are not in production anymore- you're in luck.

If the current shingle on your roof is no longer in production – meaning the manufacturer no longer makes that color or style – insurance will cover the costs of a roof replacement.

# Insurance

## Insurance

This means you're not left with a Frankenstein roof made up of multiple different shingle types, and you get a new roof in the process!

### 3. The Amount of Roof Damage Meets the Policy Criteria

Every insurance policy and company is different, so what they will cover will vary from person to person.

However, depending on the amount of damage or general wear and tear on your roof, insurance may cover repairs or a total roof replacement.

Make sure to go over your policy thoroughly, and find an accredited roof inspector to assess the damage properly. You want an inspector who is going to catch all of the damage that may not be immediately visible.

Then contact your insurance adjuster to make sure it meets the criteria, and file a claim to reimburse you for the cost of your roof repairs.

#### Insurance Will Cover:

- Acts of God (natural disasters)
- Discontinued Shingle Styles
- Extreme Damage that meets the insurance company's criteria

#### Insurance Won't Cover:

- High-Risk Zones
- Cosmetic Damage
- General Wear & Tear
- Improper Installation





# Loans

## Chapter 2

### Overview

It's no secret that a new roof can be expensive. That's why many homeowners choose to take out loans to cover the cost of a roof replacement.

But taking out a loan isn't as simple as getting in contact with your bank. It's a big financial commitment, and it's important to know what you're getting into.

In this chapter, we are going to cover two types of loans: HELOC and Home Equity Loans. You'll learn the benefits and drawbacks of both, and in the end, we'll ask some questions to help you decide if one of them is right for you.

#### In This Chapter:

1. HELOC vs. Home Equity Loans
2. What is a Home Equity Loan
3. What is a HELOC
4. How do I Qualify
5. What Loan Is Best For You

# Loans

## Loans

New roofs can run anywhere from around **\$8,000 to over \$20,000**. So finding the right financing option for you can be essential in the process.

But we can't all be financial experts navigating the world of banking and loans. So if you don't have that cash on hand (and let's be honest, the majority of us don't), what are the options available to you to pay for a new roof?

In this section, you'll learn the difference between a Home Equity Line of Credit and a Home Equity Loan, which are two of the most popular loans you can choose.

## HELOC vs. Home Equity Loan

The two sound very similar in name, so what's the difference?

A Home Equity Line of Credit, or HELOC, functions a lot differently than a Home Equity Loan. Before we dive in, let's start with the basics:

## What is Home Equity

**Home equity is the difference between what you owe on your home mortgage and the value of your home.**

For example, if you owe \$125,000 on your mortgage, and your home is worth \$175,000, you have \$50,000 of home equity.

**There are two ways you can build home equity: by paying down your mortgage, so the difference is higher, or putting in the work to make your home value higher.**

# Loans

## Loans

### What is HELOC, and How Does It Work?

A HELOC is a line of credit that you can use for big home projects like roof installations.

With a Home Equity Line of Credit, you are borrowing against the equity in your home. **It works similarly to a credit card, where when you pay back the balance, the funds can be used again.**

HELOCs are typically beneficial because they have low-interest rates, and you can spend as you go. This means that if your roof only ends up being \$7,000 when you originally planned for \$8,000, that's an extra \$1,000 that you don't have to pay back.

### How Do I Qualify for a Home Equity Line of Credit?

**To qualify for a HELOC, you must have equity in your home.** So the value you owe on your mortgage must be lower than your home value.

Depending on the bank, you may be eligible for **up to 85 percent** of your home's equity.

As a part of the qualification process, your bank may take a look at your credit score and financial history and much of the same information they went over when you first got a mortgage.

If you have equity in your home and want a loan that functions more like a credit card, a HELOC could be for you.



# Loans

## Loans

The first step to securing this loan is to talk to a banking professional, ideally the one you have your mortgage through. They will have easy access to your records, and there is already an established relationship.

After visiting them and securing the line of credit, you will be ready to begin your roofing purchase.

## How Does A Home Equity Loan Work?

While they sound similar, a Home Equity Loan is much different from a HELOC.

A HELOC functions like a line of credit, whereas a Home Equity Loan is just that – a loan. You take out a lump sum, which is the total amount (plus interest) you will have to pay back.

A Home Equity Loan is a secured loan, meaning there is collateral involved. The collateral in question is your home's equity. You will be borrowing against it to secure the amount you need.

**These loans will require you to make a monthly payment on top of your existing mortgage, and unlike a HELOC, the funds will not be reusable.** However, they do have another benefit. Home Equity Loans have a fixed rate, so interest rates will not vary throughout the loan's term.

The most essential thing to remember about this loan type is that you may qualify for more than you need, so evaluate your budget beforehand to determine what you can pay monthly. While it may seem nice to borrow some extra cash now, paying it off in the long run with interest may not be pleasant.

# Loans

## Loans

### Which One Is Right For You?

How do you determine which is the right loan type for you? **Here are some questions you can ask yourself:**

- Do I want payments similar to a credit card or a mortgage?
- Is it financially wise to take out a lump sum when it may be greater than what I need?
- How much can I afford monthly?
- How much time do I have?

If you don't want a second mortgage, have a smaller budget, or are on a time crunch, a HELOC may be your preferred payment method.

However, if you want to take out a flat lump sum and don't mind the larger monthly payments, a Home Equity Loan may be ideal. However, be aware that these loans typically take longer to receive the funds than alternative methods.



# Credit Cards

## Chapter 3

### Overview

If you're not in a position to use homeowner's insurance, loans, or third-party financing to cover the cost of a roof replacement, not all hope is lost.

Some credit card companies offer financing for big purchases like a new car or even a roof replacement.

Making the payment through a credit card company will allow you to pay the roof over an extended period of time. However, there are still some risks associated with this payment method.

In this chapter, we will be covering when a credit card may be the best option and some of the drawbacks that you may experience. In the end, you'll be able to determine whether this is the best course of action for you.



# Credit Cards

## Credit Cards

Many credit card companies, such as Capital One, offer financing options for things like home and auto.

**If you are someone who already has a credit card account, this may be the ideal option for you.** Check in with your credit card company to see their available options, and consider taking out a loan through them.



## Is A Credit Card the Best Option For You?

If you are looking for a way to build credit but do not already have a credit card, financing through a credit card company could be beneficial for you. **But keep in mind that credit card companies often have higher interest rates (upwards of 12%), so be cautious when looking at the available loans.**

**Higher interest rates = more money you will have to pay back.** Building credit is nice, but evaluate your budget before deciding to go with this option. If you can handle high monthly payments over the long term and feel strongly about building credit, this option could be for you.



# Third-Party Financing

## Chapter 4

### Overview

The last of the four payment options for a roof replacement is third-party financing.

If you are unable to get financing on your own, many roofing companies offer a third-party financing service. This means they work directly with a financing company to help you get a loan for their roofing services.

In this chapter, we will be covering what third-party financing is, and how it may be able to help you pay for a new roof.



# Third-Party Financing

## What is Third-Party Financing?

Financing options are very similar to payment plans. When a company offers to finance your roof, it means they will lend the money to you, and you will pay back that money with interest over time.

**Most likely, your roofing contractor will offer to finance directly through the roofing company. This is something the individual company can talk you through during your initial appointment, as every company will vary in financing options.**

The bright side to financing through a roofing company is that often, you can sign the paperwork in your home. This means the sales representative is available then and there to walk you through financing options.

If you believe this is the best option for you, it will be ideal to have a budget drawn up. **Know your total monthly expenses ahead of time to get an idea of what you can afford to pay each month. From there you can choose a plan that will work best for you.**



# Third-Party Financing

## Third-Party Financing Options



Through the roofing company (or even third-party financing) there are many options available for financing.

There could be multiple options offered to you: one-year plans, ten-year plans, plans with no interest or low interest. Evaluate your finances, and determine which plan is best for you long-term before signing.

If you can afford bigger payments, you can choose a one-year plan. These payments are likely to be over \$750. If you would like to pay smaller amounts (ranging from \$38-100) you can choose a ten-year financing plan.

Also, take into consideration the amount of interest you want to accumulate. Some plans have higher interest rates than others, making the total price you pay increase. This will be added to those monthly payments.



# Conclusion

## What Financing Option is Best for You?

Now that you know what options will provide payment plans, the next step is to determine which plan is best for you. **Take a strong look at payment lengths, interest rates, and your budget to find out what you can handle monthly.** That will give you a strong foundation when you look at the actual numbers of the different financing options.

Depending on what options you choose, you can work directly with your roofing company and the financing options they provide. Or, you can work with your personal bank or credit card to take out the loans best suited to your needs.

It all depends on whom you trust to handle this big financial decision. **Go with your gut- if you feel like you want your roofing company to just handle it directly because you wouldn't have to manage payments yourself, go with it.** If you trust the professionals at your bank and you've worked with them for a long time, that might be where you feel most comfortable.

Regardless, it is up to you to take the initiative and contact the correct people. Call your bank, roofing contractors, and credit card companies of your choosing to get a good feel for whom you want to work with.

If you are looking at financing through a roofing company in the greater Milwaukee area, we are here to help! **Contact Rescue My Roof today** to schedule your inspection and estimate, and speak to your salesperson about the financing options we offer.

[Get A Free Estimate](#)