



Financing Summer Home Projects: HELOC, Loan, or Savings?

A fresh coat of paint can turn into a kitchen remodel surprisingly fast.

Whether you're tackling unexpected repairs or taking on upgrades you've planned for years, summer is busy season for home projects. And financing choices matter because renovation costs add up quickly: according to a recent [U.S. Houzz & Home Study](#), median renovation spend held at \$20,000 in 2025, while high-end project spending rose to \$150,000.

Before picking up a hammer or signing a contractor agreement, consider your funding sources carefully. Savings, a HELOC, and home improvement loans each offer distinct advantages, but they also come with different costs, risks, and repayment responsibilities.

Paying with Savings

If you have money set aside, savings can be one of the most cost-effective ways to pay for [home improvements](#). Benefits include:

- No interest charges
- No monthly loan payments
- No additional debt



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Just avoid draining your emergency fund; experts generally recommend keeping money available for unexpected expenses before funding discretionary projects. Using cash may make the most sense for smaller renovations, cosmetic updates, or projects you've planned for over time.

Using Home Equity: Benefits and Risks

A Home Equity Line of Credit (HELOC) lets homeowners borrow against the equity in their homes and access funds as needed during the draw period. HELOCs are often used for:

- Major renovations
- Multi-phase home projects
- Improvements that may increase a home's value or functionality

Before choosing a HELOC, [look closely at the tradeoffs](#). Because your home serves as collateral, missed payments could put your home at risk. HELOCs also often have variable interest rates, which means borrowing costs and monthly payments can increase over time.

A HELOC may be a viable option if you have substantial home equity, strong credit, and a clear repayment plan. It can be useful when project costs are spread across phases, but it is best suited for borrowers who are comfortable with changing rates and disciplined about drawing only what they need.

Comparing a Home Improvement Loan

A home improvement loan is typically a fixed-rate personal loan that provides a lump sum upfront. Potential advantages include:

- Fixed monthly payments
- Predictable repayment schedules
- No need to use your home as collateral

These loans can work well for clearly budgeted projects, such as replacing windows, remodeling a bathroom, or buying new appliances.

Interest rates may be higher than HELOC rates, especially for borrowers with lower credit scores, but fixed payments can make budgeting easier. Rates, terms, fees, and eligibility requirements vary by lender and borrower qualifications.

Questions to Ask Before Borrowing

Before choosing a financing option, ask:

- What is the total project cost?
- How quickly do I need access to funds?
- [Do I have enough savings](#) to cover part of the expense?



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- Can I comfortably manage the monthly payments?
- How will this project affect my overall financial picture?

Choose the Option That Fits Your Goals

Considering financing? Connect with your financial institution to compare products, costs, and resources that can support an informed borrowing decision.

If your budget feels stretched or you want help weighing home improvements against other priorities, our trusted partner GreenPath offers [free financial counseling](#). Certified counselors can help you compare borrowing options and create a personalized plan.



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