

FOR CONTRACTORS · MONEY

Contractor Payments & In-House Financing

Get paid ahead of the work, take cards without losing your margin, win chargebacks, offer financing that closes bigger jobs, and run your own payment plans with an approval policy and a fraud playbook that keep the risk small.

16 chapters | 18 loopholes closed | Payment plan workbook | Word templates

Vision Flooring LLC · Everett, Washington
visionflooringllc.com

What's inside

Read chapters 1 to 6 first: they make you money this month. Chapters 7 to 14 are for offering financing, and they belong in front of your attorney before your first plan. The **Payment Plan Workbook** and the **Policy and Message Templates** that came with this guide put each chapter to work.

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Three rules that keep money ahead of the work

02 **Every way customers pay**
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Schedules tied to the work, and the states that cap deposits

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About this guide

This guide was written by Alex Babko, owner of Vision Flooring LLC in Everett, Washington: 20+ years of running a contracting business since 2006, first remodeling and now flooring, with 3,800+ clients behind us. It is not theory. It is how we run our own company today, what we tried and dropped, and what we would do first if we started over, written so you can use it in yours.

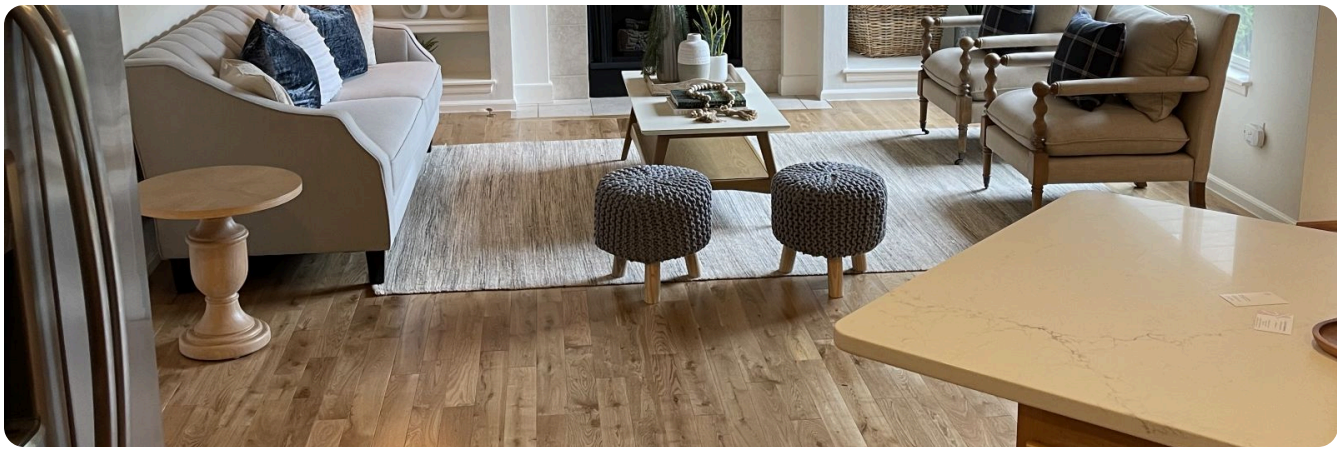
This guide comes from our own office. We take deposits and progress payments on every job, we take cards through our job software, and while writing it we built our own online pay page and an in-house payment plan program, with a written approval policy, an 18-point fraud playbook and a checklist for our attorney. The plans stay switched off until our attorney approves the agreement: the same order we recommend to you. Where we use Washington State rules (our home state), they are labelled as examples; every state has its own version.

> ⚠ **General business information, not legal, tax or financial advice**
> Laws, platform rules and prices differ by state and change over time. Where this guide touches contracts, lending, taxes, employment or advertising rules, it explains how things usually work and the questions to ask; your attorney, accountant, licensing agency and each platform's current rules come first. Check the sources at the back for the latest versions.

How to use it

- Read it once start to finish, then work through it in order: each chapter builds on the one before. Every chapter starts with **"The short version"**.
- Boxes marked **AI prompt** are ready to copy into Claude, ChatGPT, Gemini or any other assistant. The same prompts are in the files that came with this guide, so you don't have to retype them.
- Words in [square brackets] are placeholders: replace them with your own facts. Never let a tool fill them in with guesses.

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CHAPTER

01

Getting paid is part of the job

Most contractors who get burned on money weren't careless with the work. They were careless with the order of things: the work got ahead of the money. Three rules keep it the other way around.

THE SHORT VERSION

- Never let unpaid work get bigger than what you can afford to lose.
- Payment terms in writing, signed, before you order materials or start.
- The same rules for every customer: fairer, easier to enforce, and expected by the credit rules if you ever finance.
- Collect at the happy moment: the final payment is taken at the walkthrough, not "we'll send an invoice".

Your exposure, day by day

At any moment of a job, your **exposure** is the value of the work and materials you have put into the customer's home minus the money you have received. A floor, a roof or a kitchen can't be taken back. If the customer stops paying, the exposure is what you lose. The whole of this guide is about keeping that number small.

The same $12,000 job, two payment schedules (example numbers)

POINT IN THE JOB	VALUE PUT IN	SCHEDULE A: 10% DOWN, REST AT THE END	SCHEDULE B: TIED TO THE WORK
Contract signed, materials ordered	$4,000	Received $1,200 · exposure **$2,800**	Received $3,600 · exposure **$400**

POINT IN THE JOB	VALUE PUT IN	SCHEDULE A: 10% DOWN, REST AT THE END	SCHEDULE B: TIED TO THE WORK
Materials delivered, work starts	$4,000	Received $1,200 · exposure **$2,800**	Received $8,400 · exposure **none**
Halfway through the work	$8,000	Received $1,200 · exposure **$6,800**	Received $8,400 · exposure **none**
Work finished, before the walkthrough	$12,000	Received $1,200 · exposure **$10,800**	Received $8,400 · exposure **$3,600**
Walkthrough signed, final paid	$12,000	Exposure until the invoice is paid: **$10,800**	**Paid in full**

Schedule B: 30% at signing (covers the materials), 40% when materials arrive and work starts, 30% at the walkthrough. Some states cap deposits; Chapter 3 explains.

The three rules

1. **Never let unpaid work get bigger than what you can afford to lose.**
   Look at the worst moment of the job in the table above. If the customer disappeared then, could you absorb it? If not, change the schedule, not your hopes.

2. **Payment terms in writing, signed, before you order or start.**
   Amounts, what each payment is for, when it is due, how to pay, and what happens if a payment is late. A handshake is not a payment schedule.

3. **The same rules for every customer.**
   A written policy you follow with everyone is fair, easy to defend, and it protects you from the worst mistake in financing: treating people differently.

Collect at the happy moment

The best moment to collect the final payment is when the customer has just walked through the finished work with you and said they love it. Bring the final invoice to the walkthrough, take the payment on the spot (card, transfer or check), and thank them. “We’ll send the invoice” turns a happy moment into a bill that arrives a week later, when the excitement has faded and the next expense has arrived.

Money conversations are part of the service
Customers are not offended by clear payment terms. They are offended by surprises. Explaining the schedule at the estimate, in writing, with the reason for each payment, reads as professional, and it filters out the few customers who never meant to pay.

What you will have at the end of this guide

- [ ] A payment schedule for small, medium and large jobs, tied to the work.
- [ ] A decision on cards and card fees, set up within the card network rules.
- [ ] A chargeback evidence routine that runs on every job.
- [ ] If you want them: a financing partner and an in-house plan program with an approval policy, a fraud playbook, an attorney-approved agreement and a monthly check.
- [ ] A 13-week cash forecast that shows a short month before it arrives.

Signs the work is getting ahead of the money

SIGN	WHAT IT USUALLY MEANS
Materials ordered before the deposit cleared	You are financing the customer's materials
"We'll pay it all at the end"	Your exposure grows every day of the job
Change orders done on a handshake	Extra work nobody agreed to pay for in writing
Final invoices sent days after the job	The happy moment passed; payment slows
You don't know your total unpaid balances today	Nobody is watching the number that can sink the company
Payroll depends on one customer paying this week	Cash flow, not profit, is your real problem (Chapter 15)

CHAPTER

02

Every way customers pay

Every payment method has a cost, a speed and a way it can go wrong. Choosing which ones you accept, and for which payments, is one of the cheapest risk decisions you will ever make.

THE SHORT VERSION

- Money you can lose later (a card payment, a check that hasn't cleared, an ACH debit) is not yet safe money.
- Deposits for financed or high-risk jobs: methods that can't be clawed back months later.
- Cards are convenient and cost a fee; they also carry chargebacks for months.
- Tell every customer in writing that you never change payment details by text or email.

METHOD	YOUR COST	WHEN IT IS SAFE	CAN IT COME BACK?	GOOD FOR
Cash	None	Immediately	No	Small payments. Count it with the customer and give a receipt.
Check	None	Only once it has truly cleared (ask your bank)	Yes: it can bounce or be stopped, sometimes days after the money shows	Deposits and progress payments, once cleared
Bank transfer the customer sends (ACH credit, bill pay, wire)	Little or none	When it arrives	Rarely (wires are final)	Large payments
Bank debit you pull (ACH debit with written authorization)	Small	A few days	Yes: consumers can dispute unauthorized debits for weeks	Monthly plan payments, with signed authorization
Zelle and other instant bank apps	Usually none (check your bank's business rules and limits)	Minutes	Generally not by the sender, which is also why scammers like them	Deposits and payments from customers you have met
Credit and debit cards (in person or by link)	A processing fee, often around 3%	One to two business days	Yes: chargebacks for months	Final payments, smaller payments, customers who want card rewards

METHOD	YOUR COST	WHEN IT IS SAFE	CAN IT COME BACK?	GOOD FOR
Financing partner	A merchant fee per loan	When the lender funds	Depends on the lender's terms	Larger jobs (Chapter 7)

Cash over $10,000

Businesses that receive more than $10,000 in cash in one transaction (or related transactions) must report it to the IRS on Form 8300. Ask your accountant how it applies to you, and avoid large cash payments where you can.

A simple acceptance policy

Write down which methods you accept for which payment. Ours, as an example of the shape:

PAYMENT	ACCEPTED	WHY
Deposit / signing payment	Check (once cleared), bank transfer, Zelle; card if you accept the chargeback risk on this job	Before materials are ordered, the money should be safe
Signing payment on a payment plan	Check (once cleared), bank transfer or Zelle. **Not card.**	A card payment can be disputed after the work is done (Chapter 11, loophole A2)
Progress payments	Any method	Work and payment move together
Final payment at the walkthrough	Any method, taken on the spot	The happy moment
Plan monthly payments	Bank debit with authorization, card on file with consent, or the customer's own transfer	Automatic payments are missed less often

The scam that hits your customers (and you)

Criminals send customers emails or texts that look like they are from their contractor: "Our bank details changed, please send the payment here." The customer pays the criminal and still owes you. It happens to contractors of every size, often after an email account is broken into.

- [ ] Put a sentence in every contract, estimate and invoice: "We will never ask you to pay a different account by text or email. If you get such a message, call us at [number on our website]."
- [ ] Use two-step login on your email, your bank and your payment software.
- [ ] If you really change banks, tell customers in person or by phone, and expect them to call to check.
- [ ] Never ask customers for gift cards or wire transfers to unfamiliar accounts.

END OF THE FREE SAMPLE

Contractor Payments & In-House Financing

You just read a few pages. The complete version has everything below, with every worksheet and the spreadsheet.

- ✓ Every way customers pay in 2026, what each one costs you and what can go wrong: check, bank transfer, Zelle, cards, payment links
- ✓ Deposits and progress payments tied to the work, and the states that cap home-improvement deposits
- ✓ Card fees: surcharge, cash discount or neither, and the card network rules you must follow if you pass the fee on
- ✓ Chargebacks: how they happen, the evidence that wins them, and the habits that prevent them
- ✓ Financing partners: how they work, what they cost you, the questions to ask, and how to advertise financing within the rules
- ✓ In-house payment plans: when they make sense, the plan types, and where federal and state lending rules start
- ✓ An approval policy, a fraud and abuse playbook with 18 loopholes and their fixes, and a checklist for your attorney

Get the full guide →

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Questions first? Text 425-218-4234; a real person answers.