

How to Finance a Boat?

Buying a boat is not a complicated process, but boat financing is a specialized area. Not all banks offer boat loans, but there are many specialized lenders offering low rates, longer terms and quick turn-around time. Ask us, or visit the National Marine Lenders Association (NMLA) website for a directory of marine lending specialists.



ADVANTAGES OF A BOAT LOAN OVER OTHER TYPES OF FINANCING

⚡ Low, competitive rates

Marine lending is a competitive market and these specialized bank programs offer surprisingly low rates. With good credit and the required downpayment, you can secure an excellent rate. A higher downpayment and higher credit score affords you the lowest rate.

🍷 Low down payments

Marine lenders have programs that allow you to finance with down payments from 10-30% of the purchase price, depending upon the age, type and price of the boat you are buying, as well as your own credit profile.

📄 Fast credit decisions

Because you are working with specialized lenders with underwriting departments focusing on marine loans, the processing is very quick, provided you submit all the required documentation to process the application. You can apply for a loan and be approved within 2 to 5 days. Closing is done either through the mail or by local loan representatives.

📅 Long financing terms

The loan terms for marine lending programs are based upon the purchase price and the loan amount. For boat loans over \$75,000 expect a term of 15 or 20 years.

📅 Low monthly payments

The longer terms and lower rates offered through marine lenders gives you a low monthly payment as compared to non-marine lenders. Check out our loan payment calculator on our website to estimate monthly payments. <http://www.passageyachts.com>

🛠️ Ability to finance equipment add-ons and sales tax

Specialized marine lenders will allow you to finance your optional equipment: electronics, canvas products, etc. and sales tax.

🏠 Finance New or Used

Specialized marine lenders with finance either new or used. Not all lenders with provide loans on boats over 15 or 25 years old. You need to check if you're looking at older boats.

Again, a full service dealer should be able to match you with the best lender for your needs. By financing your boat purchase you can usually afford a newer or larger boat. This means that your time will be spent enjoying life with family and friends and not repairing and upgrading an older boat. A newer boat also reduces the overall cost of ownership over time.



THE APPLICATION PROCESS

1

Banks require a variety of documents, including

Bank application

Each lending institution has their own application that needs to be completed and signed. Along with the app, they will require a completed personal financial statement, which is part of their application.

Assets

To verify evidence of sufficient funds for closing, the following will be required: Most recent copies of checking, savings, or other asset accounts to verify stated liquid assets on your personal financial statement.

Income verification

Hourly or Salaried Employment – Federal income tax returns for the past two years and latest paycheck stub covering most recent 30 days. Self-Employed – Federal income tax returns for three years and current business financial statements.

Yacht Contract or Boat Information

Your dealer will provide a copy of fully executed purchase agreement for the boat you are buying or the boat information for a pre-approval.

2

Loan Underwriting:

The boat loan decision process is based upon these major aspects: your credit history, income, assets and the boat.

3

Credit History:

Your credit history will be reviewed for continuity and satisfactory repayment of present and past credit obligations, looking for loan amounts comparable to your request.

4

Debt to income ratio:

Another important factor is debt to income ratio. The lender will look at present monthly obligations and add the monthly payment for the boat loan (they also may add presumed operating and maintenance costs of the boat) to determine your monthly debt. This is compared with current gross income as stated on the credit application or verified in the tax returns. Your net worth may be considered for stability and as a secondary source of repayment.

5

Market value or purchase price:

The loan amount for the boat is based on its market value or purchase price. If it's a used boat, the lender will verify that the selling price reflects a realistic market value for the vessel based on industry "blue books". The survey will offer a market value, but is not a big influencer. For new boats, it is based on the contract price provided by your dealer.

The bank verifies that your down payment meets their guidelines, and you have the funds available in your personal accounts.

6

Is your boat loan interest tax deductible?:

A boat with a head and a galley (a sink is the minimal requirement), allows you to claim the loan interest on your Federal income tax. These features make your boat qualify as a second home. Don't forget to save your fuel receipts every time you fill up on the water. Another perk from the US government: a credit or refund may be allowed for the excise tax on fuel used in a boat, since a portion of that tax is used by the government to repair and maintain roads. So as a boater you may be able to get that portion back, since you are not doing any damage to the road while you are boating. Check with the IRS website for details of these potential savings.



Have more questions?

Please call Debbie Reynolds at Passage Yachts for a confidential call to discuss your financing questions or help with obtaining boat financing. 510-236-2633

-PASSAGE NAUTICAL -

Passage Nautical Enterprises is a full service boat dealer. We are the exclusive Beneteau sailboat and powerboat Dealer, premier Lagoon with powerboat and sailboat training and boat rentals. Our full service approach assures your enjoyment of your boating lifestyle, from our award-winning Service Department which offers repairs, installation, concierge services, Beneteau parts and a lifetime service relationship, to our training academy, educational seminar series and world-class yachts.

We provide financing and insurance services. Our Boat-As-A-Business workshop informs you how to receive tax savings through charter placement programs. We host monthly test rides, educational workshops and other VIP events about the boating lifestyle. For 30+ years, we have been making people's boating dreams a reality. Let us help you with yours. Contact us at: sales@passagenautical.com