

MARINE FINANCING

The Boat Financing Guide

Financing a boat is not like financing a car or a house. Marine lenders look at the vessel, the borrower, and the deal in their own way. This guide walks you through the whole voyage, from the first estimate to closing day, so you can borrow with confidence and keep more money for the water.

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The short version

Pre-qualify before you shop, know your debt-to-income number, keep three to six months of ownership costs in reserve, and let lenders compete for your deal instead of taking the first offer. The rest of this guide explains why each of those moves matters.

How boat loans differ from car and home loans

A boat is a depreciating, movable asset that lives in a harsh environment. That combination makes marine lending its own specialty, and it changes the deal in a few practical ways.

Longer terms, larger down payments

Boat loans commonly run 10 to 20 years, far longer than an auto loan, which keeps monthly payments manageable on six-figure vessels. In exchange, lenders usually want 10 to 20 percent down, and they rarely finance 100 percent of the purchase.

The vessel is underwritten too

On a home loan the appraisal is about the property's market value. On a boat loan the lender cares about the vessel's age, brand, condition, and survey results, because the boat itself is the collateral. Older or unusual vessels can mean shorter terms and higher rates, and some lenders set age cutoffs entirely.

Specialty lenders do most of the lending

Your neighborhood bank may write the occasional boat note, but most marine loans come from lenders who focus on boats. They understand surveys, documentation, and resale values, and they price more sharply for well-qualified buyers. That is why shopping several marine lenders beats walking into one branch.

GOOD TO KNOW

Interest on a boat with a berth, a galley, and a head may qualify for second-home tax treatment for some owners. Ask your tax professional whether it applies to you.

What marine lenders actually evaluate

Your credit profile

Most competitive marine rates start around a 680 score, and the best pricing goes to borrowers above 740. You have three scores, one from each bureau, and different lenders pull different ones. Payment history matters most, followed by how much of your available credit you use, the age of your accounts, and recent inquiries. Review all three reports before you apply and dispute anything that looks wrong.

Liquidity and net worth

Marine lenders want to see that you can absorb the real costs of ownership, including maintenance, dockage, insurance, and surprises. A common benchmark is three to six months of total ownership costs in reserve after your down payment. Assets beyond the boat, such as investments and real estate, lower the lender's risk and strengthen your file.

Debt-to-income ratio

DTI is your total monthly debt payments divided by your gross monthly income. Most marine lenders want the number at or below roughly 40 percent with the new boat payment included.

Worked example

Gross income of \$12,000 a month. Existing debt payments of \$2,800 plus a projected boat payment of \$1,500 equals \$4,300. Divide \$4,300 by \$12,000 and the DTI is about 36 percent, inside the comfort zone of most marine lenders.

Rates, APR, and loan structures

Rate versus APR

The interest rate is the cost of borrowing the money. APR folds in lender fees, so it is the better number for comparing offers side by side. Two loans with the same rate can carry very different APRs.

Fixed-rate loans

The payment never changes, budgeting is simple, and rising rates cannot touch you mid-loan. For most buyers who plan to keep the boat, fixed is the default choice.

Variable-rate loans

A lower introductory rate that can move up or down over time, within caps. When market rates are already low there is more room for the rate to rise than to fall, so understand the caps before you commit.

Balloon structures

Lower payments during the term with one large payment due at the end. They can fit a buyer who plans to sell or refinance before the balloon comes due, but they demand a real exit plan.

RULE OF THUMB

Compare offers on APR and total cost over your realistic ownership window, not on the monthly payment alone. A longer term can lower the payment while raising what the boat truly costs you.

What shapes the rate you are offered

- **Credit score and history.** The single biggest driver of pricing.
- **Loan amount.** Larger marine loans often price better than small ones, and many lenders set minimums around \$25,000 to \$50,000.
- **Down payment.** More money down means less lender risk and often a sharper rate.
- **Term length.** Shorter terms usually carry lower rates; longer terms trade rate for payment comfort.
- **Age and type of the boat.** Newer production boats from known builders price best. Older, wooden, or high-performance vessels can price higher or require a specialty lender.
- **How the boat is used.** Personal use prices differently from charter or other commercial use, and the lender must know which one it is.
- **The market.** Benchmark rates move with the economy, which is one more reason to compare several offers taken at the same time.

Where our 6.9 percent comes from

Published starting rates, ours included, describe the strongest borrower profiles: excellent credit, healthy down payment, newer vessel, conforming loan size. Your quote is set by the lender that wins your deal, which is exactly why we make them compete.

The document checklist

Having your file ready is the easiest way to speed up an approval. Most lenders will ask for some or all of the following.

- ✓ Government-issued photo ID
- ✓ Two years of tax returns, personal or business
- ✓ Recent pay stubs or proof of income
- ✓ Year-to-date profit and loss if self-employed
- ✓ Recent bank and investment statements
- ✓ Proof of down payment funds
- ✓ Signed purchase agreement or offer
- ✓ Vessel specs, year, make, model, engine hours
- ✓ Marine survey, for used and larger boats
- ✓ Insurance quote or binder before closing

PRO MOVE

Gather everything before you make an offer. Sellers take buyers more seriously when financing is pre-arranged, and a complete file is how approvals come back in a day instead of a week.

Survey, sea trial, and closing

The marine survey

On most used boats, and many larger new ones, the lender requires a survey by an accredited marine surveyor. It documents condition and fair market value, and it protects you as much as the bank. Expect to pay by the foot, and treat a thorough surveyor as money well spent.

The sea trial

The on-water test drive. Run the boat at cruise and at wide open, watch gauges, listen for vibration, and test the systems you will actually use. Your surveyor can attend, and their findings become your final negotiating tool.

Underwriting and closing

Underwriting verifies you, the boat, and the paperwork. Clean files clear quickly. At closing you will sign the loan documents, the lender records its lien, title or documentation transfers, and insurance takes effect. Then the boat is yours.

TITLING NOTE

Larger vessels are often federally documented with the Coast Guard rather than state titled. Your lender and closing agent will steer the right path; ask early so the timeline has no surprises.

How to strengthen your application

- **Check your credit early.** Pull all three reports months ahead and fix errors before a lender sees them.
- **Pay down revolving balances.** Lower credit utilization moves scores faster than almost anything else.
- **Avoid new credit right before you apply.** Fresh inquiries and new accounts can nick your score at the worst moment.
- **Build the reserve.** Three to six months of ownership costs in liquid savings reads as strength.
- **Consider more money down.** It can improve your rate and your approval odds at the same time.
- **Get pre-qualified before you shop.** A soft-pull pre-qualification costs nothing, does not touch your score, and turns you into a cash-strength buyer at the dock.
- **Let lenders compete.** One application through a network beats a string of one-off asks, in both rate and speed.

Two minutes, no credit impact

Our pre-qualification takes about two minutes, uses a soft inquiry, and most approvals come back within one business day. Start at nautical.network/tools.

The true cost of ownership

The loan payment is only part of the picture. Budget the whole boat before you buy and ownership stays a pleasure. Typical planning numbers:

COST	TYPICAL PLANNING FIGURE
Loan payment	Set by price, rate, and term
Insurance	Roughly 1 to 1.5 percent of hull value per year
Dockage or storage	Varies widely by market and season
Maintenance	1 to 3 percent of the boat's value per year
Fuel	Driven by hours run and how hard you run them
Haul-out and bottom work	Periodic, plan annually

Our Ownership Cost calculator rolls these into one monthly number so you can see the whole picture next to the loan payment.

Ready to run your numbers?

Estimate a payment, see how much boat your budget supports, and pre-qualify in about two minutes at nautical.network/tools. A boat loan specialist from our network will take it from there.

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