

Marine Financing Guide

Purchasing a yacht requires specialized financing. Marine lenders evaluate assets, borrower strength, and vessel-specific risks differently from traditional auto or home loans. This guide walks through every stage, from prequalification to closing, so you can navigate the process confidently and efficiently.

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SECTION 1

Marine financing vs. traditional loans

- › Marine loans include underwriting factors unique to yacht ownership, such as vessel condition, survey results, coastal exposure, and intended use.
- › Terms typically range from 10 to 20 years depending on vessel age, construction type, and loan amount.
- › Interest rates are influenced by borrower creditworthiness, vessel class, and risk factors such as saltwater usage.
- › Unlike auto loans, marine lenders often require down payments, surveys, sea trials, mechanical inspections, and a history of financing recreational vehicles or boats.

SECTION 2

What marine lenders evaluate

Credit profile

Lenders generally prefer scores above 680 for competitive rates. Higher scores reduce risk and may lower the required down payment. Several factors shape your credit score.

You have three credit scores, not one

Although we talk about "a credit score" in the singular, you actually have three, one from each major reporting agency: Experian, Equifax, and TransUnion. Different lenders rely on different scores when evaluating your boat loan. The scores are usually similar but not always identical.

You can check your reports from all three agencies once per year for free at annualcreditreport.com. Avoid relying on third-party services for your score. Their models are not used by most lenders and may not reflect the score evaluated for your loan.

FICO score guide (Experian)

Rating	Score range
Exceptional	800 – 850
Very good	740 – 799
Good	670 – 739
Fair	580 – 669
Poor	300 – 579

Payment history

Payment history is the single most important factor in your score. Always pay every bill on or before its due date. Be mindful that recent credit inquiries, such as applying for new accounts, can temporarily lower your score, so avoid opening multiple accounts at once.

Types and length of credit

A mortgage held for at least two years with every payment made on time raises your score, as does responsibly carrying multiple cards and loans. Length of credit matters too: the longer you have held credit, the better. This is why paying off a car loan can actually lower your score, because it shortens your active credit history.

Credit utilization

This is the ratio of your card balances to your credit limits. Carrying cards helps your score, but high balances hurt it. A good rule of thumb is to use less than 30 percent of your limit. If your limit is \$5,000, keep the balance under \$1,500.

WATCH THE REPORTING DATE

Some borrowers put everything on a card for points and pay it off monthly. That can work, but beware the timing. Say your bill is due on the 15th and you pay the statement balance by then. Any spending after the statement closing date becomes next month's balance, which still shows on your account even though it is not yet due. If that current balance is over 30 percent of your limit when the card reports to the bureaus, it registers as high utilization. So even when you always pay on time and owe no interest, a high reported balance can still lower your score, simply because of when the card reports.

Income stability

Lenders look for at least two years of consistent income, whether W-2, 1099, or business income, as part of judging your ability to manage a marine loan. A stable earnings history strengthens your profile and improves approval odds. Some lenders offer true "stated income" programs for loans up to about \$250,000, where no income or asset documents are required as long as your overall financial strength meets their criteria. As a general rule, though, for loans over \$150,000 most lenders require two years of verifiable income documentation even when the rest of the application is strong.

Liquidity and net worth

Marine lenders carefully weigh your reserves and overall net worth to confirm you can manage the ongoing costs of ownership: maintenance, insurance, docking, and unexpected repairs. A strong liquidity position shows you can cover payments and expenses even if income fluctuates. Lenders often look for a reserve of at least three to six months of total ownership costs as a safety buffer.

Net worth matters as well. Assets beyond the vessel, such as investments, real estate, or retirement accounts, strengthen your application and can reduce the lender's perceived risk. To verify both, lenders usually request a current, signed Personal Financial Statement (PFS) detailing your assets, liabilities, and net worth. For larger loans, or when financing older or high-value vessels, demonstrating liquidity and net worth is critical to approval and may help secure better rates or terms.

Vessel age

Lenders prefer newer vessels with solid resale value. Older boats may still qualify but often require more supporting documentation. Generally, vessels financed above \$100,000 may be up to 30 years old, while boats under \$100,000 are typically capped at 20 years.

Down payment

Typically 10 to 35 percent. A larger down payment can offset concerns about vessel age or credit history. Minimums scale with loan size:

Loan amount	Typical minimum down
Over \$150,000	At least 20%
\$100,000 – \$150,000	15%
Under \$100,000	As low as 0% with perfect credit

Debt-to-income ratio (DTI)

Lenders assess both your monthly obligations and long-term sustainability. Applicants with less debt have a much greater chance of approval. To calculate your DTI you need two figures: your gross (pre-tax) monthly income and your total monthly debt payments, including rent or mortgage and every loan and credit card payment on your credit report.

WORKED EXAMPLE

Gross monthly income of \$10,000. A new boat payment of \$1,500 plus \$2,500 of other monthly debt totals \$4,000. Divide \$4,000 by \$10,000 for a DTI of 40 percent. Most lenders want to see a DTI of no more than 40 percent.

Comparable credit

Lenders review your credit history and will typically lend only as much as you have already borrowed for a car or other recreational vehicle.

Boating history

Lenders also weigh your boating history. To finance a boat you generally have to start small and work your way up. Do not expect approval if your first boat is a million-dollar vessel.

SECTION 3

Interest rates, APR & loan types

Understanding how interest rates, APRs, and loan structures work lets you compare lenders accurately.

Interest rates

The interest rate is the percentage a lender charges on your balance. As you pay down principal, the portion of each payment going to interest decreases over time. Generally, the lower the rate, the more affordable the loan.

Fixed-rate loans

The most straightforward option. Your principal and interest payment stays the same for the entire term, budgeting is easier, and you avoid the risk of rising rates mid-loan. For buyers who want predictability, fixed is the preferred structure.

Variable-rate loans

These usually start with a lower introductory rate, which makes early payments more attractive. The rate can rise or fall over time within annual and lifetime caps. When rates are already low, there is limited room to fall, making increases more likely than decreases.

Balloon loans

Monthly payments can resemble a fixed or variable loan, but the remaining balance comes due in one lump sum after a shorter period, often two to three years. Useful for buyers who plan to sell or trade the vessel within a few years and want lower initial payments.

APR: the true cost of borrowing

When comparing lenders, look beyond the interest rate to the Annual Percentage Rate. APR reflects the total cost of borrowing, including the interest rate, any lender fees, and any interest that accrues before your first payment. That makes it the most accurate apples-to-apples comparison across lenders.

EXPERT TIP

Compare the gap between the interest rate and the APR. A small difference means minimal fees. A large difference means the lender is charging higher fees or adding costs within the loan structure.

SECTION 4

What influences your interest rate

- › Credit score and credit depth
- › Vessel age, construction material, and brand reputation
- › Loan amount and down payment percentage
- › Saltwater vs. freshwater usage (varies by lender)
- › Borrower liquidity and savings
- › Market rate environment and lender tier

SECTION 5

Required documentation checklist

- ✓ Government-issued identification
- ✓ Two years of tax returns (personal or business)
- ✓ Year-to-date profit & loss, if self-employed
- ✓ Most recent bank statements to verify liquidity
- ✓ Proof of down payment (statement, wire confirmation)
- ✓ Signed purchase agreement or bill of sale
- ✓ Vessel photos, including HIN and engine serial numbers
- ✓ Full marine survey (condition & valuation)
- ✓ Mechanical survey for engines, generator, propulsion, when applicable
- ✓ Insurance binder naming lender as loss payee

SECTION 6

Surveys & inspections

- › The condition & valuation (C&V) survey assesses hull condition, safety equipment, structural integrity, and market value.
- › A mechanical survey evaluates propulsion systems, engines, generators, and diagnostics.
- › Surveys protect both lender and buyer by identifying safety issues or unexpected repair costs.
- › Some lenders may waive surveys on newer vessels but require inspections or CSI checks instead.

SECTION 7

Underwriting boat loans

Underwriting is the review a lender completes once your application is submitted. It evaluates two things: your financial profile and the vessel itself.

The financial side, covered above, includes income, existing debt, DTI, credit score, employment stability, payment history, and overall credit behavior. But the boat is also underwritten, because it serves as the collateral.

Lenders want to confirm the price reflects realistic market value. Newer boats raise fewer concerns because their valuations are more predictable. Used vessels can require closer scrutiny, especially when the asking price is above comparable market values. If a used boat's valuation is questionable, a lender may still approve the loan if you make a larger down payment to reduce their risk. Some lenders also restrict age, condition, or specific types of boats they will finance, so learn those parameters early.

SECTION 8

The application process, step by step

- 1 Submit your EasyFund application on YachtWay.
- 2 Upload your documentation: ID, bank statements, income documents, and vessel documents.
- 3 YachtWay matches you with qualified marine lenders based on your financial profile and vessel details.
- 4 The lender evaluates creditworthiness, vessel condition, and risk factors.
- 5 Approval is issued, often with specific conditions such as an insurance binder or additional financial statements.
- 6 You complete the closing documents.
- 7 Funds are released to the seller or dealer after all requirements are met.

SECTION 9

Strengthening your application

- › Improve your credit score by paying down revolving balances.
- › Increase your down payment to reduce the loan-to-value ratio.
- › Prepare financial documents early to avoid delays.
- › Choose a vessel with strong resale value and clean maintenance records.
- › Respond quickly to lender requests. Speed increases approval probability.
- › Avoid large financial changes, such as new loans or major purchases, during underwriting.
- › Verify that the address on your government-issued ID matches the address on your loan application.

SECTION 10

Closing & post-approval

- › Finalize and sign the loan agreement via digital signature.
- › Provide an insurance binder listing the lender as loss payee. You can arrange coverage through YachtWay MasterCover, which connects you with A-rated underwriters.
- › Complete any required surveys, mechanical inspections, or documentation updates.
- › The lender verifies title, documentation, and lien status.
- › Funds are disbursed to the seller or dealer upon clearance.
- › You receive the closing package, payment schedule, and lender contact details.

SECTION 11

Ongoing ownership costs to plan for

- › Insurance premiums (vary by size, region, coverage)
- › Fuel and operating expenses
- › USCG documentation or state registration renewals
- › Dockage and storage fees
- › Unexpected repairs or upgrades
- › Regular maintenance and seasonal services

As a general rule of thumb, annual maintenance runs 8 to 15 percent of the boat's value, covering routine service, bottom paint, cleaning, minor repairs, and general upkeep. The real range depends on size, age, and whether the boat lives in saltwater.

Vessel size	Annual maintenance	Why
Under 30 ft	5 – 10%	Outboards cost less, fewer systems
30 – 60 ft	10 – 20%	Haul-outs, electronics, generators, air conditioning
60 ft and up	15 – 25%	Professional crew, complex systems, more frequent repairs

Two factors shift these numbers sharply. Saltwater boats cost roughly two to three times more to maintain than freshwater boats, driven by corrosion, bottom growth, and more frequent paint and zincs. Engine type matters too: gas outboards carry the lowest maintenance, diesel inboards cost more but last longer, and high-performance vessels sit at the top of every range.

READY WHEN YOU ARE

Get pre-qualified with a soft credit pull that does not affect your score.

yachtway.com/boat-loans/get-pre-qualified