



STAGE 2 • PRICING RESEARCH

# Pool Financing Options Guide

How to pay for your pool — the smart way

## You Don't Have to Pay Cash

Most homeowners who build a custom pool don't write a check for the full amount – and they shouldn't have to. Pool financing has matured significantly over the past decade, and there are now several legitimate, competitive options available to homeowners in PA, NJ, and DE. The right option depends on your equity position, your credit profile, and your long-term plans for the home. This guide walks through all five.

### At-a-Glance Comparison

Option	Typical Rate	Rate Type	Requirement	Best For
Home Equity Loan	7–9%	Fixed	Equity required	Best overall value
HELOC	7–10%	Variable	Equity required	Best for flexibility
Personal Pool Loan	9–14%	Fixed	No equity needed	Best for newer owners
Builder Financing	8–15%	Varies	Varies	Convenient, compare rates
Cash-Out Refinance	Varies	Fixed	Equity required	Only if rates are right

#### Before You Finance: Know Your Numbers

Your debt-to-income ratio, credit score, and available home equity will determine which options are available to you and at what rate. Get pre-qualified before you sign a pool contract – it strengthens your negotiating position and eliminates surprises.

## The Five Options — In Detail

### Option 1: Home Equity Loan

A home equity loan lets you borrow a lump sum against the equity you've built in your home. You receive the full amount at closing and repay it at a fixed interest rate over a set term (typically 10–20 years). Because your home secures the loan, rates are significantly lower than unsecured personal loans.

#### Pros

- Fixed rate — predictable monthly payment
- Lower rates than personal loans
- Interest may be tax-deductible (consult your CPA)
- Lump sum disbursement — ideal for a single contract

#### Cons

- Requires significant home equity (typically 15–20%)
- Your home is collateral — default has serious consequences
- Closing costs of \$500–\$2,000 are typical
- Less flexible than a HELOC if costs change

#### Best For

Homeowners with 20%+ equity who want a predictable, fixed monthly payment and the lowest possible interest rate. This is the most common financing choice for pool buyers in our region.

### Option 2: HELOC

A Home Equity Line of Credit (HELOC) works like a credit card secured by your home equity. You're approved for a maximum credit line and draw from it as needed during the construction process. You only pay interest on what you've drawn, not the full approved amount.

#### Pros

- Draw only what you need, when you need it
- Pay interest only on the drawn balance
- Flexible — useful if project costs shift
- Can be reused after repayment

#### Cons

- Variable rate — payments can increase if rates rise
- Requires significant home equity
- Draw period ends — full repayment begins
- Discipline required — it's a revolving line of credit

#### Best For

Homeowners who want flexibility during the build process, or who are doing a pool-plus-patio project in phases. Also good for buyers who plan to pay down the balance quickly.

### Option 3: Personal Pool Loan

Unsecured personal loans specifically designed for pool construction are offered by several specialty lenders (Lyon Financial, HFS Financial, LightStream). No home equity required — approval is based on credit score and income. Rates are higher than equity-based options but approval is faster and simpler.

#### Pros

- No equity required — available to newer homeowners
- Fast approval — often within 24–48 hours
- Your home is not collateral
- Loan amounts up to \$150,000 available

#### Cons

- Higher rates (9–14%) than equity-based options
- Shorter terms mean higher monthly payments
- Rate depends heavily on credit score
- Not tax-deductible

#### Best For

Homeowners who don't have significant equity yet, or who prefer not to use their home as collateral. Also good for buyers who want a fast, simple approval process.

### Option 4: Builder Financing

Some pool builders offer in-house financing or have partnerships with pool-specific lenders. This can be convenient — one conversation, one company. But convenience has a cost. Builder financing rates are often higher than what you'd get shopping independently. Always compare the APR against other options before accepting.

#### Pros

- Convenient — handled through your builder
- May offer promotional rates or deferred payments
- Simplified process for buyers who prefer one point of contact

#### Cons

- Rates often higher than independent lenders
- Limited comparison shopping
- Builder's financial partner may not be the best fit for your situation
- Promotional rates may have conditions

#### Best For

Buyers who value simplicity and are willing to pay a slight premium for convenience. Always compare the offered rate against a home equity loan or personal pool loan first.

### Option 5: Cash-Out Refinance

A cash-out refinance replaces your existing mortgage with a new, larger one — and you receive the difference in cash. If your home has appreciated significantly and current mortgage rates are close to your existing rate, this can make sense. In a higher-rate environment, it usually doesn't — you'd be refinancing your entire mortgage at a higher rate just to access equity.

#### Best For

Homeowners who are already planning to refinance for other reasons, or who have a high existing mortgage rate that a refinance would improve. Not recommended as a standalone pool financing strategy in most current market conditions.

## Is Financing a Pool Smart?

The honest answer: it depends on the rate, the term, and your financial situation. Here's a simple framework:

### It makes sense when...

- Your home equity loan rate is under 9%
- The monthly payment fits comfortably in your budget
- You plan to stay in the home 7+ years
- The pool adds meaningful quality of life value
- You have an emergency fund separate from the pool budget

### Think carefully when...

- The rate is above 12%
- The monthly payment requires stretching your budget
- You're planning to sell within 3–5 years
- You don't have reserves for ongoing maintenance costs
- You're financing the pool AND the patio AND the landscaping simultaneously

*A pool financed at the right rate, with a payment that fits your budget, is a better decision than a pool that strains your finances. Know your numbers before you fall in love with the design.*

– Scott Payne, Owner

## Questions to Ask Your Lender

Before you sign any financing agreement, make sure you have clear answers to these:

- What is the APR (not just the interest rate)?
- Is the rate fixed or variable?
- What is the total cost of the loan over its full term?
- Are there prepayment penalties?
- What are the closing costs?
- How does the draw schedule work during construction?
- What happens if the project costs more than expected?
- Is the interest tax-deductible for my situation?

### Our Honest Take

We don't push financing at Scott Payne Custom Pools. We'd rather you make the right financial decision for your family than rush into a pool purchase. If you want a referral to a lender we trust, just ask.

**Ready for your next step?**

Visit us at:

[scottpaynecustompools.com/start-your-journey](https://scottpaynecustompools.com/start-your-journey)