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Want to Buy an RV? Learn How to Finance an RV

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10 min read



For some, the open road calls. And when it does, it can get a little expensive.

If wanderlust is setting in and you plan to buy an RV, you'll probably also want to learn about RV financing.

Many RV purchasers are first-timers who have not explored RV financing before. For something that could represent a major life purchase, it's a good idea to be especially smart about financing from the get-go.

Being careful to learn about RV financing first can help you save money so you can enjoy your new RVing lifestyle well into the future.

[See RV loan interest rates](#)

What Is an RV Loan?

Much like buying a home or car with a mortgage or auto loan, an RV loan is long-term financing that can help make your RV purchase more affordable to you.

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Whether it's for weekend getaways, seasonal camping, or your new home away from home, one factor that determines which sort of financing is best for your RV purchase is the type of shelter you choose.

RVs can range in price from under \$10,000 (even less if used) to over \$500,000. It is likely to be the second-biggest purchase in your life after your home.

Category	Type	Low Cost	High Cost
Motorized RV	Conventional Motorhome	\$60,000	\$500,000
Motorized RV	Van Campers	\$60,000	\$130,000
Towable RV	Conventional Travel Trailer	\$8,000	\$95,000
Towable RV	Fifth-Wheel Travel Trailer	\$18,000	\$160,000
Towable RV	Truck Camper	\$6,000	\$55,000
Towable RV	Folding Camping Trailer	\$6,000	\$22,000
Specialty RV	Horse Trailer	\$20,000	\$200,000
Specialty RV	Ice Fish Houses	\$3,000	\$20,000

(Source: [GoRVing.com](https://www.gorving.com), [Compare RVs](#))

Types of RV Loans

An RV loan can take one of several forms: everything from auto loans to traditional and specialty RV lender financing.

If you purchase a camper van, you could finance with an auto loan. But most RVs and trailers don't qualify for automotive financing.

Specialty RV lenders finance new and used motorhomes and some trailers. Some specialty RVs are designed for the disabled and costs vary dramatically depending

on features. Normally, loans for new RVs are cheaper than those for used RVs. RV lenders generally offer longer terms than banks.

RV loan alternatives

Smaller trailers like pop-up campers, older RVs, tiny homes on wheels and other less-conventional choices may not have the blessing of traditional RV lenders. However, there are alternatives.

In addition to traditional RV and automotive financing, compare less-obvious options:

- Home equity financing, which may get you the lowest interest rates and payments.
- Personal loans, which are unsecured (so the vehicle type doesn't matter).
- Credit cards might work for smaller purchases, like a tent on wheels. Look for a low introductory rate and pay off the balance fast

The best RV loan for you depends a great deal on your financial strength and credit rating in addition to your loan amount and vehicle selection.

[Related: Personal Loan vs. Home Equity Loan \(Which Is Better?\)](#)

Compare Personal Loan Rates and Apply Online:

[Advertiser Disclosure](#)

Bank/Institution	APR	Loan Term	Max Loan	
	5.99 - 24.99%	0 - 60 months	\$35,000	Type: Personal Loan SEE MY RATE Advertiser Comments
	5.99 - 29.90%	24 - 60 months	\$40,000	Type: Personal Loan SEE MY RATE Advertiser Comments
	15.49 - 35.99%	0 - 48 months	\$25,000	Type: Personal Loan SEE MY RATE Advertiser Comments

What Are Interest Rates for RV Financing?

The rate you're offered for RV financing depends on your credit rating, RV age, loan amount, down payment, and loan term.

The lowest RV loan rates as of this writing are just under 4%, with higher rates reaching 15% to 20%. As of this writing, most borrowers get loans with interest rates in the 7.5% to 10.5% range.

Credit rating

To get the best RV loan interest rates, you need a FICO credit score of at least 700 to 740 (depending on the lender). That said, there are specialists that offer RV loans for bad credit. You may be able to get a better deal with a co-borrower or co-signer.

RV age

Similar to auto financing, new RV loans are cheaper than used RV financing (especially if a dealer throws in an incentive). However, don't accept a dealer's financing offer without comparing it to the cost of other RV loans. Look for the combination of price and financing that does the least amount of damage to your wallet.

RV loan amount

RV lenders have some fixed costs no matter what the loan size is. So lenders recoup these costs by charging higher interest rates for smaller loans.

One national lender, as of this writing, charges 3.99% to its most qualified borrowers if they finance at least \$50,000 for five years. The same borrower would pay 4.99% to finance \$25,000, 5.57% for a \$15,000 loan, and 6.29% for a \$10,000 loan.

RV down payment

You can sometimes finance a modest RV (up to \$50,000) with zero down if your credit score is high enough (740 according to one national lender). That does increase your interest rate by .25%.

To get the lowest interest rate with an RV loan, however, you need at least 10% down. In general, down payment requirements increase when loan amounts get higher.

RV loan term

The final factor that determines your interest rate is the length of the loan - its term. However, longer term interest rates are not that much higher than shorter term rates.

If the rate on a \$50,000 RV loan is 4% with a five-year term, it will be about .5% higher when you extend the financing to a ten-year term.

Calculator: See Your RV Payment with the MoneyRates Loan

Calculator

Preparing to Buy an RV: How Much Can You Afford?

Before you go shopping for an RV, you need to know what you'll be able to spend. That means understanding your debt-to-income ratio, or DTI. Most lenders don't want to see a DTI over 40%, although some personal loan providers and subprime RV lenders will go as high as 50%.

So how much can you afford to pay for an RV? If you use the 40% DTI benchmark, you calculate it this way:

1. **Multiply your gross (before tax) monthly income by .4.**

If you earn \$8,000 per month, that figure is \$3,200.

2. **Subtract your housing expense.**

If you pay \$1,000 a month for rent (or your mortgage principal, interest, taxes, and insurance), you have \$2,200 left.

3. **Subtract other debt payments.**

If you pay \$500 a month for your car loan, and another \$500 a month for credit card minimums, you're down to \$1,200 a month available for RV financing.

Understand that 40% is a ballpark figure. But if you have kids, expensive hobbies, a commitment to retirement savings or charitable giving, for instance, you might want to reduce what you spend on the RV.

And don't forget additional costs like gas, RV insurance, storage, sales tax, repairs, and maintenance.

On the flip side, if you live in the RV, you may be able to deduct its loan interest at tax time, lowering its cost. Check with a tax pro to see.

How to Find the Best RV Loan

The best RV loan for you depends on how qualified you are. Here are a few general principles to keep in mind:

If you are less qualified...

- ... you'll almost certainly do better with a secured RV loan. Having the ability to repossess an RV if you don't pay can offset some of the lender's risk. And if you can finance your RV with a home equity loan or line of credit, you'll be penalized even less for having a low credit score.

If you are in the middle...

- ... compare a couple of options - home equity (if applicable), RV and unsecured loans. Consider the total costs because sometimes the loan with the lowest interest rate has higher setup costs.

If you are highly qualified...

- ... interest rates for traditional RV financing, personal loans and home equity financing are similar. Right now, those rates approach 4%. You may be able to skip the hassle of secured financing and get a fast personal loan without paying a higher interest rate. Personal loan providers like Lightstream offer unsecured loans at rates that compete with home equity loans - but only to highly qualified applicants.

[**Lightstream Personal Loan: 2020 Review**](#)

Sometimes RV dealers have the best deal...

- ... when they are trying to clear out an inventory of certain models (but always shop it to make sure).

A traditional RV loan from a bank or financing company might be the cheapest...

- ... if you fit into their niche or have an existing relationship with the institution.

RV buyers with home equity...

- ... may have access to the cheapest financing available. Even an applicant with a low-ish credit score can get a home equity loan if the income qualifies and there is sufficient equity.
Home equity loan rates for less-qualified applicants run much lower than RV loan rates to those same applicants.

The larger the loan...

- ... the more carefully you should shop, generally speaking. On a \$500,000 RV, a 1% difference in the interest rate is very expensive over a 15-year loan term. On a \$50,000 RV, a 5% difference over five years has less impact.

Try to take the shortest term you can afford. RVs are not necessities for most people and have limited useful lives. Make sure that your loan term won't outstrip the useful life of the vehicle.

Personal Loans for RV Purchases: Pros and Cons

Personal loans offer a few benefits that might work to your advantage:

- **You can get preapproved**
As long as your RV price doesn't exceed the loan amount, you can complete the purchase quickly.
- **Down payments are not necessary**
With an unsecured personal loan, you don't need a down payment at all, no matter how large your purchase is.
- **Repossession isn't a factor**
Your RV can't be repossessed if you miss a loan payment because personal loans are unsecured.
- **Normal RV lending guidelines don't apply**
Your RV needn't meet any guidelines like age or type because personal loan proceeds can be used for *any* legal purpose.
- **Faster, cheaper and less exposure**
Personal loans are faster and cheaper to process than home equity loans, and you don't risk home foreclosure if you can't make the payments.

The potential downside for personal loans is that they are highly dependent on your credit score. If your credit is excellent, personal loan interest rates compete effectively with home equity and vehicle loans. But if your FICO score is low, personal loan interest rates may be too high to be useful.

[Related: Best Uses for a Personal Loan](#)

How to Finance an RV

Here are the steps to take as you get started down the path of financing your RV:

1. **Check your credit**

Before you go RV shopping, check your credit report and score. Your credit rating and income determine the type and amount of RV financing that's available to you, as well as the interest rate you can expect to pay.

2. **Save up for a down payment**

It's best to save at least a 10% down payment before you consider an RV with a vehicle loan. That gives you access to more financing options and cheaper borrowing.

3. **Set your budget**

Next, determine how much you can afford to pay each month for your RV.

4. **Contact several loan providers**

Tell loan providers what you can afford to pay each month and give them an estimate of your credit score so they can give you a quote.

They should be able to tell you how much you can borrow, the interest rate, monthly payment, and down payment. Choose the offer with the lowest cost to you.

Don't authorize a credit report until you have selected a lender and a program. For personal loans, every hard credit inquiry drops your FICO score a few points.

When you get closer to purchase, you'll want to take these steps:

1. Shop for RV insurance

You'll need to insure your RV before you can finalize your loan and complete your purchase. So while you're shopping for RV financing you should also shop for RV insurance.

2. Make application for your RV loan

Next, you'll complete a loan application online, in person, or by phone.

Be prepared to supply proof of identity, income and assets. That usually means government-issued ID, a social security number and address, pay stubs and W-2s or tax returns, and statements from all bank, retirement and investment accounts.

Be prepared to explain any blemishes on your credit history.

It generally takes two to three days to get a decision from an RV loan provider. An RV lender may require an inspection before releasing your funds, especially for more expensive RVs.

Personal loan providers can be faster because the RV does not secure the loan and is not a factor in the lender's decision.

Once you have loan approval and funding, you can take possession of your vehicle - and prepare to enjoy the open roads this summer.

[Compare personal loans for RV purchases now](#)

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