

Diving Into New Opportunities

Liven up your loan landscape with pool and spa financing, powered by embedded lending

Rising rates have made the borrowing environment challenging for consumers, while high defaults have made financial institutions even more risk averse.

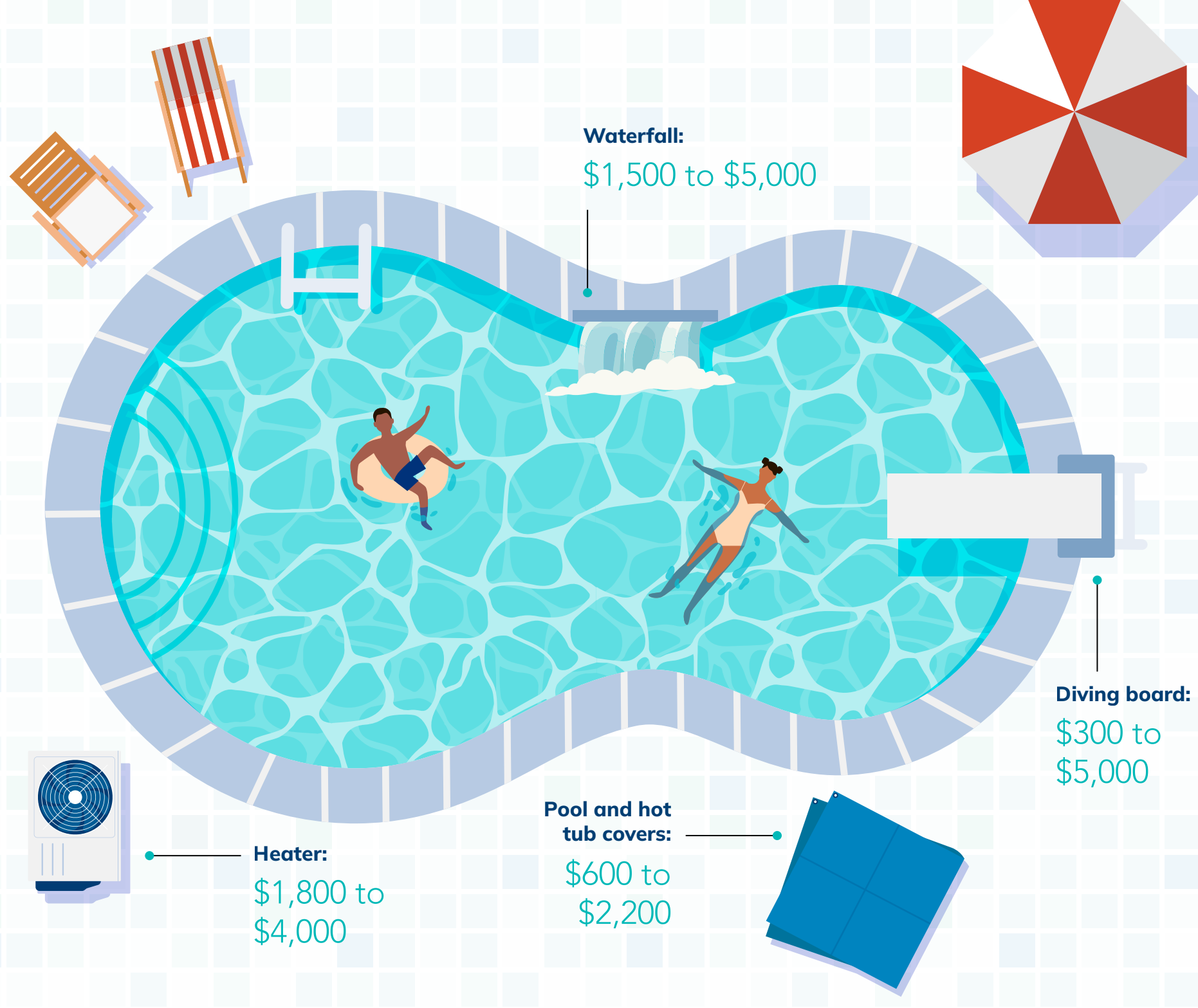
The pool and spa segment brings merchants, borrowers, and lenders together in an exciting loan category known for its diversity, seasonality, predictable payback, and lower level of risk. [Ready to explore pool and spa loans? Let's swim a few laps around this segment.](#)



The average cost of a pool installation ranges from \$70,000 to \$75,000*

Installing an inground pool is often a large-scale project, with upgrades pushing the sticker price upwards of \$200,000.¹ Because of the substantial cost, homeowners looking to add a pool to their property are typically in need of financing solutions.

Additional upgrades to a pool installation can significantly increase the overall cost.² These can include:



The cost of a hot tub installation can range from \$3,000 to \$16,000+

While often more accessible than a full-scale pool installation, hot tubs are still a significant purchase, largely depending on if the tub is in- or above-ground. Buyers often finance these big-ticket purchases.³

The hot tub market is growing with an expected CAGR of 9.63% from 2021-2026.⁴

How are buyers typically financing their backyard upgrades?



Personal Loans

- Many homeowners choose the unsecured personal loan route and avoid putting up collateral for their pool loan.
- These loans are not secured and are often offered with a higher interest rate.
- The typical pool loan can last from 5-30 years, with 15 being the most common term—providing a predictable long-term payback for lenders.⁵



HELOCs

- HELOCs (home equity line of credit) allow homeowners to utilize the equity in their home to finance a pool project.
- Due to their flexible nature, buyers can also take out additional funds to finance future upgrades to their pool.
- HELOCs are a strong option for lenders to offer given that the loan is collateralized and open to longer-term usage.



Home Equity Loans

- Home equity loans give homeowners the option to borrow money utilizing the equity in their home.
- Homeowners can access fixed payments and longer loan terms.
- These loans are backed by the home itself, providing low default rates for lenders



Here's why lenders are adding pool and spa loans to their portfolios:

- Varied project sizes**
 From elaborate pool constructions to smaller enhancements like hot tub installations, financing options for pool and spa projects enable lenders to tailor their lending size portfolio.
- Good for local community**
 By utilizing an embedded lending platform to offer pool loans, financial institutions can aid local pool contractors in boosting sales on larger projects, while supporting local homeowners in enhancing the value of their properties.
- Potential for customer growth**
 Offering accessible financing solutions for institution pool installations gives your institution the opportunity to stand out from competition, broaden your customer base, and nurture long-term client relationships due to the longer lifetime of pool loans.
- Reduced default rates**
 Homeowners investing in pool and spa projects are more inclined to honor their loan commitments, particularly for loans formats that are collateralized against their homes. Additionally, larger loan offerings are typically extended to borrowers with good credit and higher incomes, leading to lower default rates and dependable repayments for lenders.

Dive into pool and spa loans with LoanStar

LoanStar's MerchantLinQ platform matches lenders with local contractors and merchants, empowering them to take full advantage of the pool and spa segment.

Grow your portfolio, meet new reliable borrowers and foster merchant relationships with pool and spa loans.

For more information, contact us at lenders@loanstartech.com.



*Average cost based on data pulled from LoanStar's lenders
 1. <https://www.nerdwallet.com/article/loans/personal-loans/pool-loan-calculator>
 2. <https://www.nerdwallet.com/article/loans/personal-loans/swimming-pool-financing>
 3. <https://www.thisoldhouse.com/home-finances/reviews/hot-tub-cost>
 4. <https://epic-hot-tubs.com/blog/hot-tubs-facts/>
 5. <https://www.nerdwallet.com/article/loans/personal-loans/swimming-pool-financing>