

Swimming Pool Financing

Very few people are in a financial position to pay for a swimming pool without borrowing money. Occasionally, we have a customer that is able to write a check for a swimming pool, but this is not the case for most people. Therefore, financing is by far the most popular method of purchasing a swimming pool. The two most popular types of loans that are available are:

1. Home Improvement Loan
2. Home Equity Loan

Denton is blessed with fine lending institutions that are able to provide assistance and advice when it comes to pool financing. Although, each lending institution has different policies and procedures/rules that apply. Following are some general guidelines for each type of loan.

Common to Both Types of Loans

1. Both home improvement and home equity loans are usually available for the long term—usually from 3 to 20 years. The length of time available is usually based on dollar amount.
2. The interest is tax-deductible in most cases. See your accountant to see if this applies to your situation.
3. State law requires that a minimum of 15 days pass before the loan is funded (12 days to close the loan plus 3 day right to cancel the transaction).

Home Improvement Loans

Home improvement loans can be made for up to 100% of the appraised value of the home. The improvements being made can be added into the value of the home. In addition, in the event that you decide at a later time that you decide to refinance your mortgage, the loan can be rolled into the permanent mortgage.

Home Equity Loans

Home equity loans can be made for up to 80% of the appraised value of the home. The improvements being made can not be added into the value of the home. The combinations of both of these statements make it necessary that you have more equity for this type of loan versus a home improvement loan. This type of loan cannot be rolled into a permanent mortgage, in case of refinancing. In addition, you are only able to apply for one home equity loan in a 12-month period.

As you can see, each loan has its advantages and disadvantages. It is important to discuss with your loan officer or financial adviser which loan would work best in your situation.



Note:

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