

# Making Your RV Purchase

In the previous chapters, we've learned about RV types and gained clarity about which types work best based on your budget and camping style. We've also gotten a better grasp of RV towing and shopping. Now, it's time to take the leap. We'll discuss making an RV purchase and the available options to help you make the most strategic choice.



## | The RV Dealer Relationship

The important relationship you have with your RV dealer is different from when you're buying a car. Many RV manufacturers leave all the marketing to dealers, and train them on the ins and outs of their products. Much of this information isn't even available online.

A smart dealer will know everything about a unit, but some won't really be in on all the info. A dealer is responsible for making sure your RV is in great shape when you pick it up, and will be essential when you need repairs. Many dealers give preferred status to their buyers when booking service appointments, so it's very helpful to have a dealer you trust.

Your RV dealer will be your continued touch point for maintenance, warranties, questions, and more.

## | Financing an RV

A dealer can be an essential financial partner and help you secure a loan—but don't feel pressured to use a dealer's financing or to agree to the terms they present to you. You can always source your own financing.

RV loans are a bit different from car loans. They can often be for longer terms, have higher interest rates, and require a higher credit rating.

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### How Does Financing Work on an RV?

**Loan Terms:** While your typical auto loans offer financing for 12 to 84 months, you may find extended terms for RV financing. RV loan terms depend on various factors, including the age and value of the RV, and your creditworthiness. Terms of up to 120 months are fairly typical for purchasing a new travel trailer, while motorhomes and more expensive trailers may even be financed for 240 months.

**Interest Rates:** It's not unusual to come across low-interest rate automobile loans, sometimes as low as 3 percent or less. For RV financing, you aren't as likely to find rates this low. Automobile manufacturers keep rates low in order to boost sales with better financing terms. RV manufacturers don't offer similar programs. Plus, banks have more restrictive underwriting rules for recreational vehicles. Your interest rate may be based on your location, creditworthiness, RV value, requested term, and other factors.

### Is RV Financing Hard to Get?

Your current financial situation will weigh heavily in your financing offers. RV financing is not necessarily harder to get than auto financing, especially if you apply for a secured loan. A secured loan uses the RV as collateral, meaning it can be repossessed if you don't make proper payments. Applying for an unsecured loan is more difficult, but may be necessary if you're buying an older trailer.

### Dealer Financing vs. Bank Loans

Like with auto loans, some dealerships offer financing or help you obtain financing from a network of providers. Bank loans may be obtained through the dealership or directly from a bank. You should research your options before negotiating your purchase. More on this is covered below.

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## Used RV Loans

While you can buy a used RV for a cheaper purchase price, you may have more trouble financing a used RV than a new one. Some lenders, such as Good Sam and many traditional banks, don't offer financing on RVs manufactured more than 10 or 12 years ago. Keep this in mind if you're looking at used RVs.

If you're purchasing an older rig, try to gather funds for a down payment. If you have 10 to 20 percent to put down, it will help offset expected depreciation and may provide enough security for a lender. Or, if you have good credit, you may qualify for an unsecured loan, which means the age of the rig isn't a determining factor for approval.

## Financing an RV for Full-Time Living

If you're planning to live full-time in your RV, there are other considerations to note. One benefit is that your loan interest may be tax-deductible since your RV is considered your primary residence. But one drawback is that not all lenders are willing to finance RVs for full-time living. This is partially due to the fact that you no longer own a sticks-and-bricks home with a permanent address. Some lenders do finance for full-timers, so shop around for your best option.

## What Should You Have With You When Applying?

You'll need to have information about the RV you wish to finance (including the VIN, year, and model), as well as your personal financial information regarding debts, assets, and income history.



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## I Tips for Financing Your RV

### What's a Good Credit Score for RV Financing?

In order to secure the best terms on an RV loan, aim for a credit score of 700 or above. Unfortunately, you may not get help by having a co-signer since many lenders don't allow them for RV loans. You may, however, have a co-buyer. This is generally a family member who lives at the same address.

### What Other Factors Do Lenders Take into Account?

Aside from your credit score, lenders will look at your income history and debt-to-credit ratio, as well as the specs of the RV you are financing.

### What Else Can You Roll into RV Financing?

Setting up a new RV often involves extra purchases, some of which can be rolled into the RV financing. Consider adding your hitch (if needed), any extended warranties, sales tax, or other purchases. Check on specifics with your dealer or lender and keep in mind that you don't want to borrow too much above the value of the RV.

### Where Can You Get an RV Loan?

Shopping around for an RV loan is recommended, and you'll find various lenders that offer RV financing. Consider the terms, interest rates, and other associated fees to find the best option for you.

Some lenders primarily finance RVs, including GreatRVLoan, Good Sam, Camping World, and LightStream. Since RV loans are their specialty, these lenders may offer longer terms or more favorable interest rates and options. Similarly, many national lenders, including Mountain America Credit Union, Bank of the West, and Alliant Credit Union, offer RV financing. If you have a more personal relationship with your local lender, it may be a good option. Rates and options vary greatly depending on the lender. For example, some may limit RV loans to shorter monthly terms.





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## I Negotiating the Price of Your RV

Like you negotiate when buying a car, it's best to be prepared to do so with your RV dealer. Research prices and availability to know when and where to buy to potentially save money. Don't be shy about asking for the price you want and be ready with your research.

When it's time to make the deal, make sure you ask the dealer what the total purchase cost is. Not just your payments or the negotiated price of the unit itself—everything. It's the only way to compare apples to apples and make sure everything is acceptable.

### Add-Ons

Dealers will usually offer you additional add-ons like extended warranties, gap assurance, and roadside assistance.

An **extended warranty** is a prolonged warranty offered to consumers in addition to the standard manufacturer warranty. For RV ownership, this means a longer window of time for servicing and working out the kinks of your RV. These can also be bought separately after the purchase from an independent party.

**Gap insurance** is an optional additional insurance that helps you pay off your RV loan if the RV ends up totaled or stolen and you still owe more than the depreciated value. It's essential if you're borrowing more than the RV would be worth if it were destroyed. It's also pretty inexpensive.

**Roadside assistance** comes in many forms and your dealer may be associated with one or more services that offer a discount at purchase. Roadside assistance providers vary in quality, and you should research and choose a company that will be ideal for your RV and travel style.



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Dealers might also offer **paint protection, upholstery protection, and tire protection**. None of these add-ons are required, most are available aftermarket, and they're often great sources of profit for dealerships. You can use them as haggling points. Be extra careful about so-called "lifetime warranties." They often require you to follow very regimented maintenance procedures with documentation. A true lifetime warranty on an RV would be impossible for a dealer to reasonably manage.

### Ordering

Dealers can also help you order a new unit. It will usually take several months for a new RV to be built for you, but sometimes this is the best way to get the exact floor plan you want, or some options that aren't available on the dealer's lot.

Most RVs cannot be ordered factory-direct. You must go through the dealer. You'll be asked to put down a deposit, and you'll sign an agreement. Make sure the agreement protects you from price increases and allows you to get out of it if there are major changes to your RV.

### Fees

It's normal for a dealer to charge a reasonable fee for license and title, and perhaps a pre-delivery inspection and cleaning. But check with other dealerships to see if the rates are at or below average. Shipping charges are normal—you'll pay a fee that is relative to the distance the dealership is from the factory for the transit service that brought the RV to the lot.

All of these fees are negotiable, but expect them to be presented as part of the deal. Dealers might also charge you for some basics that the manufacturer might not have included, like a battery, hoses, and a power cord.



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## Making the Deal

Usually, a dealer will ask for a small refundable deposit when you decide to make the purchase, and then will spend a few days getting the RV ready for you to pick up. They can install additional options during this period, like solar panels or back-up cameras. If you noted any issues with the unit, make sure you ask at this time to get them repaired.

If you're using dealer financing, you'll complete all of the paperwork for final approval, which may require bank statements or other proof of income. The pre-approval you may have received is not a final loan offer from a bank, so you'll have to wait for all of the paperwork to go through the bank's channels.

Sometimes this takes minutes, sometimes it takes days. You'll usually complete the loan agreements when you go to pick up the RV.

## Buying Used from a Private Party

Buying an RV used from a private party comes with its own set of benefits and challenges. You may save a little bit of money (or a lot), and it's fairly straightforward if you're paying cash. Getting a loan can be tricky without a dealer as a go-between.



**You should also know that the RV service industry is under-resourced and many dealers service their own customers first. You can search in the Togo RV app to find local service centers and research where you can take your RV if repairs are needed.**

It's important to do your due diligence on any used RV, as it's going to be sold "as-is." You likely have no warranty. Even if the unit still has a factory warranty, it isn't always transferable to a second owner. Schedule a walk-through and professional inspection of the vehicle to ensure the seller's claims are true and the price is reasonable. Ask for any maintenance records and look for signs that the owner has been taking care of the unit.



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Some will have neglected maintenance entirely. Others will be meticulous about making sure everything is in tip-top shape. Simple things like saved service records show someone is organized and diligent about maintenance.

After an inspection is completed, there are a few steps to follow for making the actual transaction and transferring the title. It's best to perform these actions at a bank so that a third and official party can serve as a witness to the transaction. The bank will also handle the cash flow, so that everyone is comfortable with the legitimacy of the funds.

## Avoid scams

There are a number of scams out there that look too good to be true. There are a few red flags to look out for, including sob stories and clipped communication. Don't be afraid to probe and ask questions if anything about the process seems suspicious. Never make a payment before seeing the vehicle itself.

Make sure the owner signs over the title to you immediately upon payment, gives you a bill of sale, and any other requirements the seller's state has. In many states, the bank holds the title until a loan is paid off and the seller must pay their loan off to get the title sent to them. This can take weeks.

Don't pay someone for an RV that has a loan on it. A common crime is for people who are going broke to sell off an RV that they owe money on in order to make quick cash, without paying the loan off.

Usually, the bank can help both parties navigate the sale if the seller doesn't have the means to pay off the loan without your payment, even if the bank isn't local.

Sellers will sometimes say they don't have a title, telling you that you can get a replacement title easily—this is generally not true. It's very easy for the seller to get a replacement title, but for you to get one after the fact will be very difficult in most states. Be very suspicious about a lack of title as it's an indication that the RV could be stolen.





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## Related Reading

Everything You Need to Know About Financing Your RV

### Checklist: Questions to Ask a Seller of a Used RV

- ☐ What year and month are the age of the tires?
- ☐ When was the last time the wheel bearings were lubricated?
- ☐ When was the last time the roofing was inspected and caulk replaced?
- ☐ What, if anything, doesn't work on the RV?
- ☐ Are there any leaks in the roof, water lines, tanks, or windows?
- ☐ Is there any water damage, discolored walls, or soft flooring?
- ☐ What items come with the purchase?
- ☐ Do you have the title, or is it held by a lender?
- ☐ Do you have all the manuals?
- ☐ Do you have documentation of any service?
- ☐ Does the propane system function properly?
- ☐ Are you missing any remote controls?
- ☐ Do the brakes function properly?
- ☐ Does the trailer come with a weight distribution hitch?

