



EVERYDAY IS A  
**SECOND CHANCE**

# HOW TO GET YOUR LOAN APPROVED EVEN IF YOU HAVE BAD CREDIT

**WRITTEN BY: DAN FOX**

Australian Credit Licence Number 383502

[umeloans.com.au](http://umeloans.com.au)





# LOANS<sup>®</sup>

## FOR YOU & ME

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This e-book is not provided as legal advice and it is expected that the reader will seek several sources of advice before applying for or entering into a car loan. The contents may not be applicable to every consumer or situation.

# INTRODUCTION

## HOW TO GET YOUR LOAN APPROVED EVEN IF YOU HAVE BAD CREDIT

**Well, it's all about giving the Lender confidence that you are going to pay back the loan. There's many different ways you can do this and there are 5 main ways that we suggest you can prove to the finance company that you're a good risk for the loan.**

**In finance, there is a commonly known rule of the 5 C's. The 5 C's stand for Capacity, Character, Collateral, Capital and Conditions. So when looking to prove your credit worthiness to the Lender, your application must cover those 5 areas. Now, to someone who is not into finance, you might not understand at first glance what those 5 C's are, so I'm going to break those down for you in this e-book and I'll even give you two bonus ways to improve your application. It should become clear to you by the end of this e-book how you can formulate your application for a loan to overcome any concerns that the lender might have in relation to your prior bad credit.**

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# ABOUT US

Hundreds of customers just like you have used UME Loans to get a loan tailored to suit them. In fact, in 2009 when our company began, we did it with the sole purpose of offering loans to everyday Australians, even if you need a second chance. After the GFC, many of the major Lenders tightened their lending criteria, so that many good customers were not getting their loans approved. Ume Loans has and continues to fill this void.

## OUR TEAM



**Dan Fox**  
Founding Director



**Darin Sneesby**  
Operations Manager



**Courtney Poskitt**  
Credit Analyst



**Christine Moore**  
Credit Analyst



**Lauren Gray**  
Lending Specialist



**Phill Dixon**  
Account Manager



**Britt McCullough**  
Account Manager



**Jordan Devine**  
Account Manager



**Amanda Roberts**  
Loss Recovery Officer



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## STEP 1: CAPACITY



Capacity means affordability or serviceability - what that really means is your ability to repay the new loan that you're wanting. This step is all about proving to the broker, the bank, the finance company, the private Lender (whoever it may be looking at lending you money) that you can afford this loan.

This is really important from both the broker's and lender's perspective, because they have a duty of care to provide responsible lending practices to their clients and to ensure that their clients can afford any loan that they may take. So in this step, what you need to do is to prove beyond a shadow of a doubt that you can afford the loan. So how do you do that? Well, there's a number of ways. Firstly, you will need to provide proof of all of your income, which may include pay slips, bank statements, or Centrelink income statements. If you are self-employed, this may mean tax returns or BAS statements. If you don't have BAS statements, etc, because your business has just started, it may be a one-page cash flow projection. It's important to show the Lender that you can afford the loan, so any supporting documentation that you can provide will help your application. Part of being able to afford the loan is also not just looking at your income, but also

looking at your expenses, so it's important that you are open and honest about any debts, loans, or anything that you're paying off. It's very important that the Lenders know about those debts so they can factor those in when calculating your affordability for the new loan.

Part of their due diligence will be to check your Credit file and if something comes up there that you haven't disclosed, it may reflect badly, so always best to be upfront and honest.

## STEP 2: CHARACTER



Character is about proving that you have the intent to repay the loan. Bad credit can affect the perception of your intent to pay back a new loan. We understand that on many occasions, the defaults or bad credit some people have, are NOT their own fault. So if you have recent bad credit, obviously, on the scale of good and bad, there are a few

things on the bad side. What we need to do is put something on the good side of your scale. So how do we do that? Provide proof that you can pay something regularly. It might be rental of a fridge; it might be a rental of a property where you're living, it could be a statement on a payday loan, or be a statement for another loan that you've got. Anything that you can give a Lender to prove that you can make regular payments on time, will be really useful to prove your intent and your character.

## STEP 3: COLLATERAL



Collateral, or security as it is commonly referred to, is about offering the Lender your loan as security to protect the Lender against a loss if you are unable to repay the loan. If the Lender has enough collateral, or security or assets of yours that they could re-possess, sell, and/or recover their funds, their confidence level in you repaying the debt is high.

Remember, if you repay the loan, there is almost no downside to offering additional assets as security. So if you're purchasing a car and you already have a car, or motorbike, boat, caravan, jetski etc., then you may want to offer an existing asset as additional security. This would be seen as being favorable and that would certainly help tick the box of collateral and security offered to the Lender.



## STEP 4: CAPITAL



When you're purchasing, for example a car, if you're able to pay some deposit, for example, 10% or maybe 20% of the purchase price, that's a big advantage and is really going to help you get the loan because you're putting some of your blood, sweat and tears – your hard earned cash - into the transaction and making it therefore less risky for the Lender.

This gives the Lender some additional confidence that in the event that you fall on hard times again, you're not simply going to hand the car back and say, "Well, I'm sorry I can't pay. Here's your car back." You're unlikely to do that if you have put in 20% deposit, because you're not going to want to lose that 20% deposit that you've put in. So having a good deposit that you've been able to save, is a huge advantage to getting that loan even if you've got bad credit.

## STEP 5: CONDITIONS



Now, on the surface of it, having a high interest loan with high fees is not attractive to anyone. However, you can use this loan as a stepping-stone and, if you pay your payments perfectly on time for 12 months, then your Finance Broker could be able to refinance this loan and get you a better deal in 12 months' time. If you've got bad credit, you're going to get a loan that is conditioned

with higher interest rates and higher fees than ideally you would want. A good Finance Broker will contact you at least every 12 months to review your circumstances and see if they can assist with a refinance to lower your repayments. It is critically important to earn back a good credit rating and although a higher interest rate loan is not ideal, it can certainly help reestablish your good credit rating.



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## BONUS 1: BE HONEST

Provide full, open, honest and transparent explanations of any bad credit that you've had in the past.

This means you need to know what bad credit you've had and it also means you must also explain honestly what happened, why it happened, how it happened and what you have done to rectify the situation since being aware of that bad credit. So really what this step is about is having full disclosure to the Lender or Finance Broker about any bad credit you've had, why it happened and what you've done to rectify that.

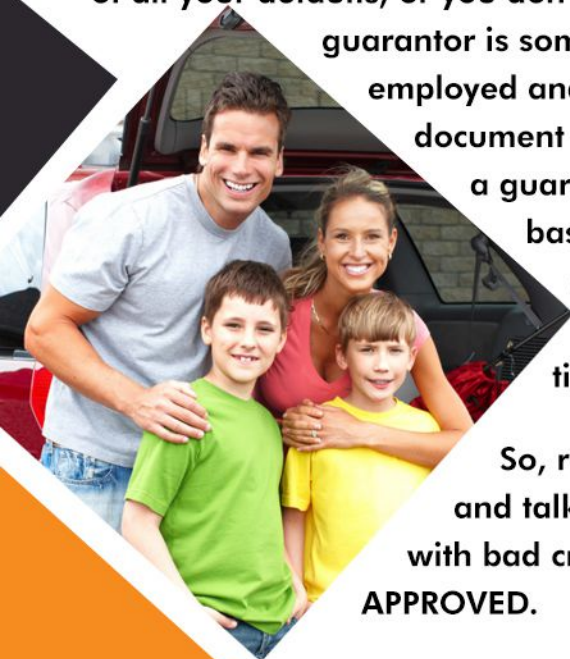
Have you put a payment plan in place, have you actually paid it off in full, what have you actually done to rectify the bad credit issue? Obviously, if you've paid all your defaults or if at least you have got a payment plan in place, that's going to give the lender a lot of confidence that you're the kind of person that wants to do the right thing and is looking to repair your credit rating.

**HOT TIP:** Your Finance Broker can provide you a full copy of your credit file.

## BONUS 2: OFFER A GUARANTOR

If you've got bad credit, are unable to provide additional security, haven't got a full explanation of all your defaults, or you don't have any deposit – what you could do is offer a guarantor. A guarantor is someone well known to you (preferably a family member) who is employed and has a good credit rating. We have a whole separate guarantor document that we use to explain all the details about what it means to be a guarantor and the responsibilities associated with this. However, the basics of it are, if the customer is unable to make a payment, the guarantor will make that payment. Therefore, giving the Lender a high level of confidence that the loan will always be paid on time.

So, regardless of how bad your credit is, if you follow these steps and talk to an experienced finance broker specialising in helping people with bad credit you will have the best chance of getting your new loan **APPROVED.**



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Well, it's all about giving the Lender confidence that you are going to pay back the loan. There are many different ways you can do this and the 5 main ways that we suggest you can prove to the finance company that you're a good risk for the loan are as follows:

## STEP 1: CAPACITY

Capacity means affordability or serviceability – your ability to repay the new loan that you're wanting. So think about ways you can demonstrate that you have or will have the cash flow to repay the loan.

## STEP 2: CHARACTER

Character is about proving that you have the intent and want to pay the new loan back.

## STEP 3: COLLATERAL

Collateral or security is offering the Lender your car or other assets as security to protect the Lender against a loss if you are unable to repay the loan.

## STEP 4: CAPITAL

When you're purchasing a car and you're able to pay some deposit, that's a big advantage and is really going to help you get the car loan.

## STEP 5: CONDITIONS

If you've got bad credit, you're going to get a loan that is conditioned with higher interest rates and higher fees than ideally you would want. The key here is to pay this loan perfectly on time & use this loan as a stepping stone to more traditional finance.

## BONUS 1: PROVIDE EXPLANATIONS

Provide full, open, honest and transparent explanations of any bad credit that you've had in the past.

## BONUS 2: OFFER A GUARANTOR

If you've got bad credit and you're unable to provide additional security, haven't got a full explanation of all your defaults, or you don't have any deposit - then offering a guarantor might be the solution.

**So, regardless of how bad your credit is, if you follow these steps and talk to an experienced Finance Broker specialising in helping people with bad credit you will have the best chance of getting your new loan APPROVED.**



## ABOUT THE AUTHOR

Dan grew up on the Sunshine Coast and he and his 3 boys now enjoy everything the Coast has to offer. Ume Loans started in 2009 and operates from their Head office in Maroochydore. Dan says, "Like me, my staff possess a real passion for achieving loan approvals for our customers. This is what separates us from other finance companies."

After graduating year 12, Dan Fox began his banking and finance career at Westpac Banking Corporation in Brisbane in 1988. He worked for the bank for seven years, excelling in his career and working his way up to management. Whilst working for Westpac, Dan also began his Bachelor's Degree in Business, with a major in Banking and Finance.

After leaving Westpac, he began his 10-year role with Avco Finance and Insurance (now known as Latitude Financial Services). Dan held a few positions within this company, including branch manager of several finance branches, and area manager of the retail/interest free division.



At this point, Dan wanted to expand his finance experience and personal and professional achievements, and accepted a role as a finance broker with Capitalcorp Finance and Leasing in 2005.

In 2006, Dan established Fox Finance Group and then in 2009, Ume Loans was introduced to the finance industry with Dan explaining, "After over 20 years' experience with several finance companies, I decided to establish Ume Loans to offer good customers the second chance they deserve."

Ume Loans is wholly Australian owned and operated.

For more information about the author, please go to [www.danfox.com.au](http://www.danfox.com.au)

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## Allan Singer

IT Specialist from Melbourne

My name is Alan Singer and I'm an IT specialist in Melbourne.

I was looking for a classic car and I realised that the banks and the traditional finance companies wouldn't finance cars of over a certain age or things like classic or unique cars, so I found Fox Finance Group in Maroochydore and they were able to help me.

They were able to help me get finance on a 1988 Jaguar HS Convertible. And they were able, through their associate, Ume Loans to provide something that is tailored for our circumstances and suited me perfectly.

And the service that I received from Dan Fox, Darin, John and the team was just sensational!! I would recommend Fox Finance and Ume Loans to anyone who is interested in a classic car market and needing some finances long term or short term for their purchase. These guys really understand classic cars, they really understand customer service, they are fantastic, and I couldn't recommend them more highly.