

How to Get a Car Loan After Bankruptcy

It is easier than you think to get a car loan after bankruptcy. Lenders know that the law does not let you file another bankruptcy right away. In the case of a Chapter 7 bankruptcy, you will not be able to file another chapter 7 until after 8 years of the previous filing. Most cars are financed for 6 years at the most. Therefore, it is likely that you will get many offers to buy a car right after bankruptcy. The car dealers know that if you buy now, you will not be able to file for bankruptcy in 8 years and this fact reduces their lending risk. By then, the car will be paid in full.

However, maybe you will be one of the few that do not get any offer from anyone. How to get a car loan after bankruptcy then? The first thing to do is to repair your credit. Start by making your own concise budget, making sure you account for every expense. This will ensure that your expenses are not greater than your income. This is the first step towards a good repayment track. Secondly, you will have to go over your credit report and check it for accuracy. Some companies offer a "Post Discharge Dispute of Consumer Liability Report". This is a very good tool to help you check your credit report for accuracy after a bankruptcy.

Before applying for a car loan then, make sure that your credit report is accurate and what payment you can afford. The best way to get a car loan after a bankruptcy is to know the how big a loan you can take and with this number in mind, choose the car that conforms to that number. In other words, get approved first, choose the car next. With this information, research the dealers and their requirements for approval. Every dealership is different. Call some of the lenders and ask what their requirements are and also ask them how they deal with a prior bankruptcy. You will be surprised how many dealers are willing to talk to you and work with you. Even those that will not work with you will be able to provide you with names of other dealers in the area that will.

Another avenue is to work with a loan broker. These are people who specialize in finding lenders for you. They charge a fee but if no one else is willing to work with you, they will be well worth it. This is also a good safeguard against scams. As a debtor just out of bankruptcy, you are vulnerable to "repair your credit fast" schemes by unscrupulous lenders that are out there to hurt you. Loan brokers usually work with legitimate lenders. In turn, check the loan brokers too. The Better

Business Bureau and the Office of the Attorney General are good places to check the legitimacy of the lenders and the loan brokers.

Needless to say, because of the bankruptcy, if you are applying for a car loan right away, your credit may still not be as good as you wish and you will be charged higher interest rates. Know then that once you take the auto loan, the only way to lower the interest rate is by refinancing it which is more difficult than with a house. So, if you find yourself in a situation in which you will not be able to make the payments due to the high interest rate our advice is to wait until you repair your credit first. Once your credit score is better, then engage in trying to get a car loan approved. In the meantime, you can buy a used car for a year before applying for a new car loan.

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