

Get Loans Approved after Bankruptcy

Will you be able to get loans approved after a bankruptcy? Absolutely. As long as you stay on top of all your payments and do not over extend yourself, you will eventually be able to get loans approved after a bankruptcy. It is a process and it may take time, but there are strategies you can use to accelerate your credit repair and get loans approved sooner.

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 any loan then, you must be sure you will be able to afford the payments and that your credit report is accurate. Next, you must consider what the loan is for. Loans for sensible matter like a house, a car or studies are more likely to get approved than a loan for a holiday in Las Vegas, a boat or a Harley Davidson. In view of this, then, you will have to research about the lenders requirements for approval. For example, a mortgage has different requirements than a student loan; a student loan has different requirements than an auto loan and so forth. Every item is different. Call some of the lenders and ask what the requirements are and also ask them how they deal with a prior bankruptcy. You will be surprised how many lenders 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 lenders 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 loan right away, your credit may still not be as good as you wish and you will be charged higher rates. In the case of new credit cards you can always accept the higher interest rates to repair your credit knowing that once your credit is repaired you can apply for a lower interest credit card. On the case of loans however, once you take the loan, the only way to lower the interest rate is by refinancing it. So, our advice is to wait until you repair your credit first. Once your credit score is better, then engage in trying to get a loan approved. If it is a house, you can rent in the meantime, if it is for a car, you can buy a used car for a year before applying for a new car loan.

In the case of student loans, that is a different story. According to the bankruptcy code, a governmental unit that operates a student grant or loan program and a person engaged in a business that includes the making of loans guaranteed or insured under a student loan program may not deny a student grant, loan, loan guarantee, or loan insurance to a person that is or has been a debtor in a bankruptcy, or another person with whom the debtor has been associated.

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