



ISLAND CAR CREDIT

Harris Family Auto

Car Credit Guide

Answers and Car Loans for People with Damaged Credit

Over 15 lenders. Hundred of Vehicles. Free Advice

www.islandcarcredit.ca

The purpose of this Car Credit Guide is to provide individuals with a sense of what questions and potential answers are available. This document does not provide any guarantees, nor commitments to the reader. Readers are directed to contact Island Car Credit to discuss their car loan and vehicle selection options. The opinions expressed in this document are non binding.



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What are the first steps I should take to rebuild my credit?

You must first understand your flow of income and expenses. Some people call this making a budget. Whatever you call it, spend some time writing down all of your expenditures. At the end of each month compare your total expenses with your income. If you are overspending you have to cut back or find more income. As best you can, plan how you'll spend your money each month.

Two essential practices are:

1. Pay all of your bills on time and limit your use of credit. Paying late, or having your account sent to a collection agency has a negative impact on your credit score.
2. Avoid applying for credit unless you really need it. Each time your credit record is requested your loan applications remain in your credit history. Lenders look at your history when determining whether to approve you for a car loan. The more loan applications you make, especially if you have been denied a car loan, the harder it is to get the best car loan term and rate.

I have been told that I need to use credit to rebuild my credit. Is this true?

Yes. One type of positive information creditors like to see in the credit report is an installment loan that has been consistently paid.

How long does it take to rebuild credit?

There are a few variables to consider, but generally speaking if you follow the steps it will usually take about 2 years to rebuild your credit, so that you won't be turned down for a major loan. And, after around four years you should be able to qualify for a mortgage.

How do I know I am getting the best interest rate when purchasing my vehicle?

First and not surprising fact is that people with damaged credit will pay a higher interest rate than people with good credit score. A primary reason people choose Island Car Credit is because we provide the advice and steps to help you restore your good credit rating. Island Car Credit works with you to create a payment plan with the goal to reduce your interest rate over-time as your credit score improves.

Do you I need to be employed to get a car loan and purchase a vehicle?

You do not necessarily have to be employed, however you do need to prove an income. Income can come from a variety of sources such as an old age pension or a long term disability pension. Ask Island Car Credit what type of other income qualifies.

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I am in bankruptcy can I get a car loan?

Yes. If you have made 3 payments to your trustee and the finance institution makes a call to your trustee and it is determined that you are able to afford to make the payment, you have a good chance at getting the credit you need to purchase a vehicle.

Does repossession mean I cannot get a car loan?

It certainly does make it harder to get financed and limits what Lenders are available to you. At Island Car Credit we know what Lenders will work for your situation.

Am I limited to just purchasing Used vehicles?

No. In most cases we can offer you new or used vehicle financing and purchases.

Will I be limited to what type of vehicle I can purchase?

No. We are committed to helping you find the vehicle you want. However, you should keep your expectations reasonable. Lenders are giving you a second chance and you'll want to make sure you can afford the payments. Island Car Credit has over 300 new and used vehicles to choose from.

Do I have to put money down to purchase a vehicle?

You do not always have to put money down in order to purchase a vehicle. More often than not a down payment is not required, unless you want to purchase a vehicle that is more than the Lender will approve your loan.

If you have a quality trade-in, Island Car Credit may wish to buy your trade-in. The cash from the trade-in sale can be used to lower your monthly payment.

Is there any income I cannot use when applying for a car loan?

Yes, there a number of income sources such as unemployment insurance or child tax benefit, that cannot be used as income for the purpose of qualifying for a car loan. Ask Island Car Credit what type of income will qualify for a car loan.

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What is a Credit Score or a Beacon Score?

Scoring predicts the likelihood that a person will become a credit risk to the Lender. Beacon Scores are not a measure of a borrower's income, assets or bank account; it is solely based on the data within your credit file. Lenders base their loan approval decision largely on your Beacon Score, with your employment stability and relationship with your bank as secondary considerations.

The type of information looked at when compiling your Credit Score include, but are not limited to:

- Timeliness of your bill payments.
- Number of outstanding debt balances, both current and historical.
- Inquires and new account openings in the last year and amount of time since most recent inquiry.
- Types of credit in use.

Where do credit reports come from?

Credit reports are compiled by private credit bureaus for companies that gather information about your credit history and sell it to banks, mortgage lenders, credit unions, credit card companies, department stores, insurance companies, landlords and sometimes even employers.

Where can I get a copy of my credit report?

Equifax is a reputable company we recommend. There are also a handful of other reputable companies in Canada. Contact Equifax on 1-800-465-7166 to request copy of your credit report. There is a service fee to access your credit report.

What documents are required when applying for a car loan?

- Last 2 pay stubs. If you are self employed you'll need to provide 3 months of bank statements and a notice of assessment.
- Proof of residence within the last 45 days
- Void check or pre authorized payment form
- Valid driver's license
- Your SIN

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