

## Bad Credit - Mortgage arrears

### Mortgages for Bad Credit Clients

Good People – Bad Credit “Others said no, this does not mean NO... professional advice and strategy, so that any previous problems do not happen again”

We understand that from time to time things do not work out the way we planned, we don't like to see people punished for a misfortune and lead the way to creating a better life for you and or your family. Australian Finance Centre will do everything in our power to give you the opportunities and solutions; and encourage our clients that Bankruptcy is not the way to go.

Below are some of the issues we can help you with:

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Defaults

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Judgements

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Mortgage Arrears

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Discharged Bankruptcy, Part 1X

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Late payments

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Tax Debts

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Bank Repossessions

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Bank Said No

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Rates Arrears

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Debt relief

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Others said no, this does not mean No.

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Professional advice and strategy

Additional to the above issues Australian Finance Centre can assist you with, we can also sought extra funds to increase your wealth including; investing in business, investing in shares, education or qualifications, medical expenses, taking a dream holiday or for any worthwhile cause!

### Self Employed Scenario

Peter was a self employed scaffolder of over 10 years when unfortunately for him he slipped and fell damaging his back in the fall and having to spend 9 months in recovery.

Peter had no income protection and most of hi savings was the equity of their beautiful family home, but with no financial tax figures his local bank said they could not help. Sarah, Peter's wife and a nurse at the local hospital had to take time off to help care for Peter, but this took its financial toll on their lifestyles. With very limited funds coming in they began to borrow on the credit cards and when another lender came to them and offered them a personal loan, they jumped at the opportunity to improve their cash flow.

However, meeting new monthly payments on the personal loans plus now the over limit credit cards was near on impossible with no light at the end of the tunnel and when Peter and Sarah did return back to work the damage was done.

They had now defaulted against one of the credit cards and the lender had served them with a judgement of \$6,598.00. There were now rates arrears of \$2,140.00 an all their other credit was up to its limit, with the mortgage being 3 months in arrears.

When referred to Australian Finance Centre by a bankruptcy agency, we immediately set out to save the family home and get them back on track again. Now they had both got back to work, and are earning an income and we could see a

future from the life changing incident.

We actually gave Peter and Sarah an additional 20% extra funds to use as a buffer so that Peter could re-build his client base again and not worry about financial problems. His scaffold truck was in need of work, which, got repaired and through the grief they went through we allocated funds to have a well earned holiday at the end of the year.

Details

Owe

Value

Monthly Repayments

Refinance Current Home Loan

\$165,000

\$450,000

\$1,650 (This was in arrears and they were paying a default fee)

Payout Credit Card

\$6,598

\$131 Plus missed payment charges

Payout overdrawn credit card

\$15,000

\$450.00 Plus missed payment charges

Payout Personal Loan

\$25,000

\$556.00 Plus missed payment charges

Truck Repairs

\$12,000

Holiday

\$9,000

Surplus 20% cash for business

\$33,000

Associated charges and fees

\$2,000

Totals

\$27,763

\$450,000

\$2,787

New Repayment

\$2,500

Savings per month

\$287.00 with \$33,000 in the bank, dream holiday and fixed truck.

With a new structure, the monthly repayment is \$2,500.00 a saving of \$287.00 per month. The truck is now fixed, they have \$33,000.00 in their bank account and they are about to take a dream holiday.

With a new structure, the monthly repayment is \$2,500.00 a saving of that they can reduce as quickly as possible. They love the idea of only the mortgage to pay and not being hassled by creditors. Australian Finance Centre has put into place a strategy, should anything unforeseen like this happen again we can protect them.

Please do not get left in this kind of predicament, let us help you the best possible way we can! If you would like a personalised home loan health check, or scenario, please contact Australian Finance Centre.

## Definition of Terms

### What is a Debt Agreement?

A debt agreement is a simple method of making an agreement with all your creditors. The arrangement is legally binding on both you and your creditors and represents a low cost flexible alternative to bankruptcy.

### What is Bankruptcy?

Bankruptcy is a process where people, who can not pay their debts become bankrupt to receive the protection of the Bankruptcy Act and their estate is administered by a trustee. It allows for the fair distribution of property among creditors

and the prosecution of dishonest debtors. Additionally, you may be asked to surrender your passport and being prohibited from travelling overseas.

What is an Unsecured Debt?

A debt that is not tied to any item of property. A creditor does not have the right to grab property to satisfy the debt if you default. The creditors only remedy is to sue you and get a judgement.

What is a Secured Debt?

A debt on which a creditor has a lien. The creditor can institute a foreclosure or repossession to take the property identified by the lien, called the collateral, to satisfy the debt if you default.

Garnishee Order, What is That?

Situation in which an employer is instructed by a court to withhold some or all of an employees wages to pay off a debt or the settlement of a lawsuit which that employee lost. This is an automatic deduction arranged, without your consent, from your income / wages or bank account.

What is the ITSA?

Insolvency and Trustee Service of Australia is a Commonwealth government agency. The Insolvency and Trustee Service of Australia is a Commonwealth government agency responsible for the administration and regulation of the personal insolvency system in Australia. ITSA operates the bankruptcy registry, where debtors petitions are lodged, debt agreement proposals are processed and public records on insolvency are maintained, and acts as a trustee in bankruptcy. Official Receivers exercise powers to assist trustees to obtain information and recover property. ITSA investigates possible offences under the Bankruptcy Act and prepares briefs of evidence for prosecution. Their purpose is to provide a personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimised the impact of financial failure on the community.

Definition of Solvent:

A person is solvent if and only if he or she can pay his or her debts from their own monies as and when they fall due.

Definition of Insolvent:

A person is insolvent if they are not solvent.

Definition of Creditor:

A person or organisation which extends credit to others. A person or entity (such as a bank) to whom a debt is owed.