

Lending Approval CheatSheet

What Banks Look For When Approving Luxury and Exotic Car Loans

Your ability to get a loan from a bank for a luxury or exotic car comes down to **meeting as many of the requirements in the trifecta below**. The more requirements you meet, the easier it'll be to get approved.

Car Lending Trifecta

Factor #1 - Residency Stability

- 2-5 years living in the same place - banks want to know that you're not jumping around different places every 6 months.
- Bonus points if you have a mortgage.

Factor #2 - Credit Score

- Most banks take the average of 2-3 scores.
- Ideal if 650+.
- No income verification typically if 720+.

Factor #3 - Employment

- If self-employed, 2 years tax returns are required.
- Better if not self-employed. But if you are self-employed, structure your biz as an inc and pay yourself salary.
- Banks look for income stability from one place. For example, if you make \$500k from your job and another \$500k from rental properties, don't include the income from the rental properties. Otherwise the banks will want to check your tax returns for the rental properties.
- "Stable" jobs will always be preferred (e.g. doctor, lawyer, engineer) vs. "unstable jobs (e.g. sales rep, marketer).

Risk Factor Score

Your trifecta then gives you a "**Risk Factor**" score (this is **NOT** your credit score).

This is the bank's internal metric for how much due diligence is needed to lend you money. The better your score, the easier your approval.

Low Risk Factor Score Example: For example if you've been employed for 10+ years in the same place, been living in the same place for 5 years, bought a bunch of cars before, and you have \$300k sitting in the bank...then getting a loan for \$150k is not going to be a problem.

High Risk Factor Score Example: If your credit score went down recently, you're constantly moving, have too many sources of income, and have late fees/missed payments, then banks are going to give you a high risk factor score. You still might be approved for a loan but it'll come with some unfavorable terms.

How Banks Decide If You're Approved Or Not

Banks want to know everything about **YOU** before making any decision about the car you want a loan for.

Which is why it's so important to make sure your trifecta is as close to "perfect" as possible.

The better your trifecta, the less the banks will pay attention to the actual car you want a loan for.

Everything about your car (years, miles, down payment, loan terms) comes down to how well you qualify in all 3 factors of the trifecta above.

For example, if you meet 2 out of the 3 factors in the trifecta, then banks will likely give you a loan but it'll come with some stipulations.

Basically...

If your trifecta isn't perfect, then you're going to get loan that includes one or more of the following stipulations:

- ✗ **Year** - 5-6 old at most
- ✗ **Miles** - 50,000 miles max
- ✗ **Down payment** - 10-20% down so you have more skin in the game
- ✗ **Terms** - 60-70 months (rarely 84 months)

So bottom line: Focus on perfecting your trifecta if you want a favorable loan. The 3 factors listed above matter 10x more than the actual car you're trying to hack when it comes to getting approved for a loan.

Happy hacking!

- PJ