

## CHAPTER 6

### How To Get A Visa/MasterCard With No Credit Check

#### SHAPING YOUR APPLICATION TO FIT THE RIGHT PEOPLE

Creditors approve credit to those people who most closely match the right profile. They arrive at those conclusions by assigning point values to various items of information that are included either on your credit application or in a credit report.

Credit card companies like credit scoring systems because as a large volume creditor, they can replace trained credit personnel with a relatively few employees who can quickly total number columns and determine if an applicant's point values add up to the right score.

Scoring, of course, is done for one reason. A creditor just wants to know that the odds are high he will get his money back. Scoring systems are fine for those people who fit right into the right profile, but what about those who don't but could pay off their monthly obligations just as easily and reliably as the next person? If you are one of those people who just doesn't "fit the mold," you'll simply have to make a few adjustments in your application so that you fit the scoring profile of what a creditor is looking for in a final total.

#### HOW CREDITORS RATE AN APPLICATION

The first thing you should know is that every system is different. That in itself can work to your advantage. You could be rejected by one company's scoring system and approved by another. One creditor's system will give you many points for a good answer, and totally ignore a question that gives a negative answer. Another creditor can simply reverse the process.

Keeping in mind that creditors use different scoring systems, we will list only the most important questions and briefly review how a response can affect your total score. The following categories are listed from the highest to lowest awarded each response.

- **RESIDENCE**- The longer you have lived in one place, the better. Stability is given high points.
- **HOME OWNERSHIP**- The best possible housing situation is to own your own house, even if it is mortgaged. The worst is renting an unfurnished apartment, living with your parents, living in a trailer or motel.
- **GEOGRAPHIC LOCATION**- Scoring systems are adjusted for differences in geographic locations. For examples, home ownership may not score high in an area where there is a high incidence of credit problems, reoccurring employee/employer differences, low income, etc.
- **EMPLOYMENT**-The longer you have been on the job the better.

- **OCCUPATION**-Occupations can be divided into many categories with a high to low score within each category for different occupations. Sometimes an employer is scored, instead of the occupation of the applicant.
- **AGE**-Older is not considered better until you pass age 40. Under 25 to the end of the 30's receive the lowest scores. The rationale is that people under 25 haven't proven they are a good credit risk. People in their 30's are still raising a family, buying a home, and tied down with enormous expenses. This is also the time most people declare bankruptcy.
- **INCOME**- The higher your income the more points you will receive.
- **TELEPHONE**-Having a telephone is an indication of stability. Give yourself more points.
- **AGE OF AUTOMOBILE**- No auto is a low score, but the newer the vehicle the higher the score.
- **DEPENDENTS**- One to three indicates responsibility and stability. After three, points drop rapidly.
- **CITIZENSHIP STATUS**- Non-citizens receive negative points.
- **BANK ACCOUNTS**- You receive high points if you have a checking and savings account.

## CREDIT REFERENCES

- **IN-HOUSE RECORDS**- A good payment record will earn you more points.
- **CREDIT CARDS**- The more major credit cards you have the better.
- **BANK LOAN**- A current bank loan will increase your score.
- **FINANCE COMPANY LOANS**- You will receive negative points for each finance company loan.

## TWO POWERFUL STRATEGIES THAT CAN GET YOUR APPLICATION APPROVED

Credit checks are requested by banks, lenders, and other creditors to see if there are negative items in your file. The more negative items you have, the less your chances of credit will be. As we have seen, creditors look for stability and reliability in an applicant. A steady source of income will receive a high score, but even more important than an income amount is a creditor's belief and perception that you are both willing and able to pay back a debt.

In other words, even if you fail to pass certain criteria or formulas, your application can still be approved on another level that will get you the credit you want no matter what a scoring system profile says.

Extending credit to customers is the way the creditors make money. If you convince them you are a good risk they will give you what you want. Basically, there are two ways you can achieve that goal.

1. You can bypass the normal scoring methods that are used by impressing the person reviewing your application, and showing that you are sincere, reliable,

stable, and have the ability to make monthly payments on the loan or credit card account.

2. You can tailor your answers to the applications questions and in that manner fit into the right scoring mold of what a good credit risk is, according to the formula they are using.

That doesn't mean you should lie on your application. It simply means you should be aware that being compatible with certain stereotypes will work in your favor. Remember that a creditor can still verify the information you list in an application. Still, many people bend the truth to put themselves in a favorable position. For example:

1. Some applicants will list their parent's, a friend's or a relative's address as their own residence and indicate they have lived there for years, knowing it probably won't be checked.
2. Provided an applicant has a friend or employer who will go along with the, he can list a position and salary they don't really receive. Then when the creditor calls to verify employment the friend will support what the application has claimed to be true.
3. Another way applicants instantly increase their salary is to set up their own corporation. After issuing themselves private stock with an inflated value, they list the stock as part of their salary.

### **MORE HOT TIPS ON HOW YOU CAN STACK THE ODDS IN YOUR FAVOR**

1. If you don't have a telephone get one installed. The alternative is to make arrangement with the telephone company and a friend or relative, to have your name listed with their phone.
2. If you have more than one job, list the one that provides you with the greatest income.
3. Add your income from all sources and place the total in your gross income listing. Be prepared to submit a supplement to your application if they want to verify your income with your employer.
4. Many banks will have a list of "good" and "bad" reasons for borrowing money. Unless you are applying for a secured loan, you don't have to spend the money for the reason specified. Good reasons include home improvement, education, loans to establish credit, medical treatment for you or your family, and secured loans for a home, car, boat, and other properties.

Bad" reasons include loans that create another obligation such as that created when you borrow money for a down payment and then have two payments to make; money to pay fine or penalty; money to consolidate debts, unless you are doing it to get a lower interest rates; an unnecessary luxury item; money to finance politics; and money that you loan to someone else. Use a little common sense in determining what type of loan a creditor may consider bad.

5. Banks use dependent figures to determine what your living costs are. If you have more than two dependents you should indicate how they earn their own way or supporting.
6. If you don't own your own home, counteract this by showing how stable you are. For example, even though you have only rented in a new location for a relatively short time, you lived at your last residence for many years. You moved to improve yourself in some way.
7. Even job changes can be counteracted if each change increased your salary and improved your position.
8. Don't ever let a creditor guess as to whether or not you can afford the extra obligation you are asking for. Make it obvious by the amount of your income. If you have more income sources than just your salary, include those amounts.

### **ALWAYS BE PERSISTENT AND NEVER GIVE UP!**

If you complete an application and are still rejected the very first thing you should do is be persistent and never give up. There are many reasons why a person may be turned down for credit, but whatever the reason, you have a legal right to ask the creditor what their reason was. By knowing what some of the main reasons are for denying credit you can put yourself in a position whereby you can make necessary adjustments and avoid negative effects in advance. If you are turned down, you can then of course concentrate on those points when you reapply.

When you are dealing with creditors you will know who is the cooperative sort, and who is not. If an unsecured loan does not appear imminent, turn the conversation to a secured loan. Then all you do is deposit an amount into savings account to serve as collateral for the amount of credit you want to secure. In some cases the creditor may take personal property as security. If you go to the creditor and it's clear he has no imagination to deal, go to another who is willing.

### **CONSIDER ASKING SOMEONE YOU KNOW TO CO-SIGN**

If you are trying to establish or rebuild credit, co-signers can help you achieve that goal. Naturally you wouldn't need a co-signer every time you apply for credit. After paying off one obligation with a co-signer, it should be much easier to acquire more credit on your own. Co-signers are usually friends or relatives. When you find someone willing to help they should be offered some compensation agreeable to both of you. Your application for credit will be approved primarily on the strength of your co-signer's credit.

### **HOW TO GET A VISA OR MASTERCARD**

The tips and techniques described in this manual are meant to increase the odds for anyone who is absolutely certain they cannot get a Visa/MasterCard through normal

channels, such as the options provided to you in our Visa/MasterCard section. You should make every attempt to clean up your credit report by removing negative items and replacing them with positive items. If you have no credit at all, open an account at a local department store. After a few months apply for your bankcard. If you are rejected, find out why and correct the problem. If that doesn't work, cultivate a relationship with your banker. Open other accounts that are easier to obtain. Increase your income. Buy a home. Make yourself a better credit risk on your credit report. Ask a friend or relative to co-sign. After paying off that debt, reapply on your own. Or, the fastest and easiest way to open a Visa or MasterCard account in your own name, is through a secured account. *(Please understand, we're not a big advocate of secured cards. We strongly recommend the services we provide on this Website as a means of correcting negative credit information and receiving new credit offers. Please go to our Visa/MasterCard section to receive credit offers.)*

## **SECURED CREDIT CARDS**

Requirements are often lowered by lending institutions that have this program. So if you couldn't obtain a card through your regular bank, chances are you will receive one through a secured credit card program without a credit check.