

# **HOW TO GET A VISA/MASTERCARD WITH NO CREDIT CHECK**

## **SHAPING YOUR APPLICATION TO FIT THE RIGHT PROFILE**

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 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 do 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 points 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 home, even if it is mortgaged. The worst is: renting an unfurnished apartment, living with parents, living in a trailer or motel.

## **FHA ASSUMABLE HOME LOANS**

President Bush signed legislation making credit checks for home mortgages mandatory after December 1989. Prior to that date however, all loans are fully assumable without a mandatory credit check. There are four important factors that will allow you to purchase a home without a credit check and with a minimal down payment:

- 1) **As a home buyer, your application can be pre-approved and your loan without a credit check provided: a) The original VA loan was granted March 1988, or b) The original FHA loan was granted prior to December**
- 2) **If the original home buyer made a small down payment on the sale price which was used primarily for closing costs and consequently did not buy any equity at that time.**
- 3) **If most of the payments made by the original owner were applied to interest during the first 4-5 years and very little went towards the principal. In that event, very little equity would result from making payments. Or, if there was any equity it would probably have been reduced by depreciation or other home market conditions.**
- 4) **The last factor would be low- or no-equity conditions that resulted from low inflation and other economic conditions that can decrease the value of property.**

### **UNDERSTANDING WHAT EQUITY MEANS AS A BUYING FACTOR**

In order to understand the buying significance of equity you must understand what it means. Equity is the difference between what real estate sells for (market value), and the payoff amount of the loan to a lender on that property. In other words, if you own a home with a market value of \$100,000, but you owe the bank \$99,000, your equity is \$1,000. In tens of thousands of cases, VA and FHA homes can be purchased with little or no down payment because no equity has been built up.

### **TENS OF THOUSANDS OF HOMES ARE AVAILABLE - INCLUDING YOURS!**

If you have been dreaming about owning your own home someday, **Dream No More!** Right now at this very moment there are tens of thousands of homes for you to choose from that can be purchased with no credit check and no down payment. or with a very modest down payment.

Sounds incredible doesn't it? But remember, the only reason any seller requires a down payment in the first place is usually to recover the equity in their home. A small amount of equity requires a small down payment. No equity means no down payment!

### **DEAL WITH MOTIVATED SELLERS**

Your objective as a smart buyer should always be to buy real estate with little or nothing down. Even if a seller has equity, you can work out an arrangement that is to your benefit. For example, a seller may agree to carry all the paper on the transaction. This doesn't mean that the seller will receive no down payment where there is an equity consideration. What it does mean is that you shouldn't have to come up with cold cash out of your pocket.

Extending credit to customers is the way 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 processing your application that you are sincere, reliable, stable, and have the ability to make monthly payments on a loan or credit card account.
- 2) You can tailor your answers to the application's 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, a creditor can still verify the information you list in an application. Still, many people will twist 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 them, they 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 applicant 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 an 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 up 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, loan 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 a fine or penalty; money to consolidate debts, unless you are doing it to get lower interest rates; an unnecessary luxury item; money to finance politics; and money that you will 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 are self-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 a 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 one 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**

A co-signer is someone who generally has better credit than the person he is co-signing for. He is also the person a creditor will go after first in the event you do not pay off your debt. Why? Because they know that co-signers don't want their credit ratings ruined and will quickly settle the obligation.

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 report are meant to increase the odds for anyone who is absolutely certain they cannot get a Visa/Mastercard through normal channels. 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 bank card. 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.

### **SECURED CREDIT CARDS**

Secured Visa and Mastercard bank cards are issued by savings and loan associations throughout the U.S. The lender will ask you to open a savings account. The funds placed into the savings account are frozen as long as there is an outstanding balance on the credit card. The savings account acts as security against non-payment of charges made against the credit card. Then, in the event a cardholder doesn't pay, funds from the frozen account can be used to pay off the debt. This method completely reduces any risk to the lender.

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.