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**Winning The
Credit Card Game**

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THE SECRET OF GETTING CREDIT AND CREDIT CARDS

What Is Your Credit Rating Now?

If you have any charge accounts now, or have ever borrowed from the bank to buy a car, or if you are paying on a mortgage, there is credit information on you. Up until a few years ago, you could only guess at what your credit rating was, because the credit bureaus who keep track of borrowers wouldn't tell the borrowers anything! But that's been changed through several laws, and now the bureaus have to send you your credit file when you request it. If you've been denied credit on the basis of their record, they will send you a copy of that record without charge, if you request it within 30 days of the credit denial. If you haven't been denied credit but just want to know what your file says, you must pay a small fee to find out.

Why You Really Must Get Your Credit Report

It is well worth your trouble to obtain your report. You may well find (because thousands do) that there is a piece of misinformation that is injuring you without your knowing it, which you can straighten out by submitting copies of documentary proof (never mail originals of anything important - it may get lost in the mail) of bills paid, payments made, etc.

What To Do If You Are "Unlisted"

If, for one reason or another, you are not listed, or they have insufficient information on you to "rate" your suitability for credit, you must take steps to correct this.

What To Do If You're New in Town

If you have no record because you hold no cards and have no charge accounts, or because you have just come in from out-of-town, then you'd better start assembling one. It may sound a little ridiculous, but nobody will lend money to someone's who's always paid cash! You have to have borrowed money or run up charges and paid them back to be able to borrow larger sums as time goes along.

Start with the local merchants in your immediate area, the ones that already know you. Even if you don't need it right now, ask them if you can set up a charge account with them. In most cases they'll be glad to oblige you. They

already know you're local, and that you patronize them regularly. When you get the credit, charge a few items each week, and pay your account promptly when presented. In this way, you'll build up a good credit record with these merchants in a short time.

Get Your Bank In on the Act

Go to the bank where you keep your checking account, and ask to borrow a nominal sum (say \$500), which they are unlikely to refuse you. Do this even if you don't need the money, because you do need the repayment record on their books. Repay the loan on a regular basis when due. Do not accelerate, and pay it all back the next month.

Strangely enough the banks do not like that, because to them that indicates a "feast or famine" situation, rather than a steady payer. The interest cost on this loan, even if you have no need for the money, will be well worth paying to build up your credit record. Besides, you can minimize this interest cost by depositing the money you have borrowed (assuming you do not immediately need it), in a savings account, and collecting the interest, which will defray a good part of the cost of the interest you are paying.

Once these charge accounts and the loan have been operating for a while, proceed to stage two, and ask a large local department store for a charge account. Most likely they will be happy to give you their charge card. Build up your rating with them by occasional purchases and prompt payment, and then you proceed to stage three, and apply for the less selective national credit cards, Master Charge and Visa, which you should at this point be able to get without too much difficulty.

On the Road

Once you have national bank credit, it's easy to get credit from all the oil companies, which makes traveling around a cash-free pleasure. Some gas stations take national cards like Master Charge, but most only take their own credit cards, so you should not overlook these, just because you already have others.

First Class With No Cash

Once you have all the other cards, a paid-up loan or two, and a fine record of promptly paying your bills, you may be able to get the most selective cards of all, the "travel and entertainment" cards. These are American Express, Diners' Club and Carte Blanche. These cards operate on a different system than ordinary retail store cards, or the national bank cards, both of which are revolving credit plans on which you pay a small amount each month, until

your balance is all paid up. The store or bank hopes you take a long time to pay, because they make their money on the 1 1/2% monthly (which is 18% yearly!) finance and, or interest charges.

The T&E cards, however, expect you to pay your bills at the end of the month! Let your account get 60 days or more delinquent, and they'll cancel you out as fast as a flash of lightning. Although these cards do not charge interest, they do charge you a fee for membership.

Let Me Entertain You

So how do you get these marvelous bits of plastic that open up the doors of exotic nightspots in Tangiers as easily as your nearby Howard Johnson's? Your good credit record, that you have already established, will be the most help. Since the T&E people want you to pay your bills promptly each month, they want to know that you have a steady record of paying bills promptly to other people.

So first American Express, or Carte Blanche, or Diners' Club, looks at your credit record. Then at your salary or other income. Most of them have cut-off points below which they will not grant their cards. But even if you earn more than their minimum requirements, they don't automatically okay you for their credit. They look at your stability!

How do they measure stability? How long have you worked on your present job? If you don't have a minimum of two years of steady work in one place, they may not consider you at all. How long have you lived at your present address? At your previous address? And do you rent an apartment which means you could move tomorrow, or do you own your own house, which means you will probably still be in the same place next year. How stable is your livelihood? Do people in your field of work get laid off frequently?

Now You Can Really Start to Live!

Once you have all the major national credit cards in your wallet, you can live like the millionaires do, even though you haven't yet become one. You can go into a fancy store, or even call them on the telephone, and order those wonderful luxuries which make life so much more exciting, like furs and diamonds, for your loved one, or new furniture or appliances for your living room, bedroom or kitchen.

All of this can come true in the wonderful world of credit. Now in today's world you can charge almost anything on a credit card, from admission to a nudist camp in Yugoslavia, to medical care at a hospital in Atlanta, university courses in New York City, funerals in Los Angeles, and even the services of legal prostitutes in Las Vegas.

Erasing the Bad Marks

But what do you do if you haven't been able to pay your bills promptly, or you've run up more than you can handle, or you don't have a very stable work history? Do you have to give up the dreams of credit-card living? Not entirely!

Once you find out which credit conditions in your background are the most troublesome (from the credit report you have already sent for), you then start to create new conditions that you can then base your records on. If you were out of work, perhaps you can get a reference from someone you know who owns a business and is willing to say that you worked for him, if the credit card company checks your references. If your bills are too high, and you've missed a few payments, perhaps you should see one of the free consumer-counseling services that are springing up in the larger cities which will enable you to consolidate your debts into a manageable amount.

Remember that credit card companies don't care very much about the amount you owe, but they care a lot about whether you pay steadily, every single month, even if the amount each month is small, and the entire debt will take years to pay off!

Don't overlook ways to establish good credit without buying anything! For example, you have telephone service in your own name. You have a record of paying bills to them which is then part of your credit record. The same for your gas and electric supplies from your local public utilities. These services, when they are in your name, will show prospective merchants that you do have a record of paying bills, even if you haven't yet established retail store or bank credit.

Using Your Credit to Save Cash!

The world of credit has one more trick you should know about, this one that actually saves you money right on the spot. All you have to do is carry your credit cards with you when you go out shopping, even if you intend to pay by cash. Then you have to keep an eye open for the smaller, personal service-type shops, where the boss himself, or one of the partners, is always present (you'll see why in a minute).

As you walk in, check out the decals on the door to see which credit cards they accept. Then select your purchase in the way you normally would - taking your usual care to be sure you're getting the right item at the right price. When the deal's all set, produce your credit card (one of those you know he takes), and say "I'd like to charge it, please!" At this, the merchant's face will probably drop about six feet, but he'll take your card and walk over to the imprinting machine (or maybe to the telephone to check your credit status). He hasn't got much choice. He has to take your card if

he uses their decal in the window. But the point is, he hates to, because he has to pay the credit card company a percentage of the sale, usually somewhere between 6% and 10%.

Now, while he's vulnerable, is the time to hit him with a casually dropped remark like "say, how about knocking 5% off the price, and I'll pay cash instead?" The chances are he'll accept your offer, because it saves him the other part of the credit card company percentage, and because it saves him bookkeeping chores, and waiting from 3 to 7 days for his money to be credited to him by the credit card company.

The reason why this gimmick doesn't work in big stores is that the clerk doesn't give a damn what it costs the boss, and has no authority to take an additional percentage off the price, so he'll just go ahead and write up your credit card invoice.

SOME FINAL WORDS OF WISDOM...

Some banks are eliminating the standard 25 or 30-day grace period within which you may pay your bill within being charged interest. This is the normal grace period before interest kicks in. But this is slowly changing. For example, some banks are offering extremely low fixed rates, but without a grace period. These cards will charge you interest from the date it processes your charge slip.

If you usually pay your bills in full within the normal grace period, it is best you avoid no-grace-period cards. The 25 or 30-day grace period is more financially significant for you than a lower interest rate. However, if you carry a balance each month, you're better off with a lower interest rate. In this case, a lower interest rate can save you more money than a grace period would.

Most banks and thrifts charge interest from the day they process your charge slip when you use your card to get cash. In addition to this, some cards are now assessing cash advanced service charges based on a percentage of the amount received. It used to be that service charges were based on a fixed fee, regardless of the amount of transaction.

If you avoid interest charges by paying off your bill each month, seek out a card that offer very low interest rates plus a grace period on purchases. Some institutions periodically offer cards with no fee for the first year as a promotion.

Don't be lulled into getting "premium" credit cards such as "gold cards" and Premier VISA. The only significant premium with these cards is the extra amount you pay in higher annual service fees. Besides the fancy finish of the card, the only other benefits you get with premium cards are travel insurance

and the extra protection if your card is lost or stolen. Since by law, you are only liable for up to \$50 if your regular credit cards are lost or stolen, the zero liability you are getting from premium cards is hardly worth the extra money.

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