

THE FREE CREDIT CARD TRAP

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They arrive in your mail - a conspicuous looking mail piece from some "official looking" bank claiming that you have been Pre-Approved for a Mastercard or VISA credit card.

Of course, you don't have to have any credit. You can even have bad credit or have just filed bankruptcy or even be rated as a "slow payer." It doesn't matter because these companies want to give you a second chance! These companies want to make it easy for you to obtain a credit card because they only want your money!

How the thing works is that you must send \$35 to receive an application that provides you with a name and address listing of banks willing to give you a VISA and/or Mastercard without any credit approval. That's a stiff price to pay for a sheet of paper, don't you think? The instructions that come with the application will let you know how the scheme works. You must open up a bank account with the bank once that bank approves you. Big deal! They make it appear that you have won some contest or something and people will feel "good inside" that someone has approved them.

But that's not all. The minimum amount you must deposit is \$200 but you can deposit as much as you want. In return, you get a Mastercard or VISA credit card with a credit limit up to the amount you deposit. Wow! What a great honor! This is no break! Think about it. If a stranger gave you \$200 to hold for him until Friday wouldn't you feel safe in granting them a \$200 loan? I mean _ it's their own money you've got. If they default, you've got the full amount to pay off the loan. It takes a twisted mind to take \$200 from you, grant you \$200 credit with your own money plus charge you astronomical interest rates just to take the money from your hand and give it back to you. That's insane!

Of course _ to combat this insanity, the great and wonderful banks claim to help fix your credit report. They say that if you maintain payments in a correct fashion, this information will be reported to the credit bureau. Yea, right! When Shell calls the credit bureau to check your credit for a gas credit card, your report shows 47 defaulted loans and a bankruptcy. However, there is one company that you make payments to on-time. Big deal. Don't you think the rest of your bad credit will still be the deciding factor in Shell's final decision. You bet you bottom dollar!

Look at this: the bank makes money from the interest of your deposit. The bank also makes money by charging you 18% to 22% interest for the right to use their Mastercard or VISA. Plus the bank is guaranteed their money because if you don't pay on time, they take the money out of the bank account you opened with them along with any interest you have accumulated.

Why would anyone with \$200 to deposit want a credit card with a \$200 limit? If you have \$200 and want to buy an item for \$200 _ go out and purchase it. That way, you'll own it lock, stock and barrel. No interest, no payments, no hassle! Plus, you won't owe your soul to the company store _ sort-of-speak.

Credit is a wonderful thing if you use it intelligently. I know people who charge \$100 at the beginning of the month and use that \$100 to make \$300. It's free money for 30 days. Then, when the bill comes, they immediately pay the entire balance and come out smelling like a rose with \$200 to the good. Credit is also needed in certain circumstances for establishing clout. You can't call in a telephone order unless you can charge the purchase to your credit card. This delays you getting items you want now.

In fact _ some companies will try and make you feel "low class" if you don't own a credit card. I am proud to say that I DON'T OWN one. When I'm in a store and they say "Would you like to put this on your charge?" I promptly say, "No, I pay for everything I buy!" They immediately shut up. And if they would snap back with a rude answer, I'd leave the stuff sitting on the counter, walk out of the store and get what I needed somewhere else. You don't have to take abuse just because you don't choose to line the pockets of the rich credit card companies! It's insane!

If you've ever had a credit card and charged \$200, you know you end up paying back \$400 or more (unless you pay the balance within 30 days.) Stop allowing these so called banks to rip you off.