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SPECIAL ALERT BULLETIN FOR ENTREPRENEURS AND BUSINESS OWNERS WHO NEED BUSINESS FINANCING

HOW TO BUILD **CREDIT** FOR YOUR **EIN** WITHOUT USING YOUR **SSN**





Business credit is obtained in a business name. You can build your business credit with its own credit profile and credit score. When established, the business will then qualify for credit. This credit is in the business name and based on the business's ability to pay, not the business owner's. Since the business qualifies for the credit, in some cases, no personal credit check will be required from the business owner.

There are many benefits that business credit provides, including that a credit profile can be built for a business that is completely separate from the business owner's personal credit profile. This gives business owners **DOUBLE** the borrowing power, as they have both personal and business credit profiles at their disposal.

Business credit scores are based only on whether the business pays its bills on time. A business owner can obtain credit much faster using their business credit profile versus their personal credit profile. Approval limits are much higher on business accounts as compared to personal accounts, which is another benefit. Per the SBA, credit limits on business cards are usually 10-100 times higher than consumer credit available.

When done correctly, business credit can be built without a personal credit check. Business credit can be obtained quickly, regardless of personal credit quality. Plus, most business credit can be obtained

without the owner taking on personal liability or providing a personal guarantee. When there is no collateral, a business owner's personal assets can't be pursued in case of a default.

Even though most don't know this, when a business owner applies for financing, their business credit IS reviewed. Not having business credit established will get an owner **DECLINED** for financing. There are no regulations that require the lenders notify the business owner of their denial reason, so most never know.

Business credit can be used to qualify for revolving store credit cards, such as Staples, Lowes, Sam's Club, Costco, BP, Walmart, and even Mastercard, Visa, and American Express. The business can also be used to qualify for credit lines and loans.



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BUSINESS CREDIT BUILDING,

STEP 1:

Building Your Business Credibility

The perception that lenders, vendors, and creditors have of your business is critical to your ability to build strong business credit. Before applying for business credit, a business must insure it meets or exceeds all lender credibility standards. There are over 20 credibility points that indicate a strong, credible business foundation.

When building business credit, it is important to use your exact legal business name. Your full business name should include any recorded DBA filing you will be using. Make sure that your business name is exactly the same on your corporation papers, licenses, and bank statements.

You can build business credit with almost any corporate entity type. If you truly want to separate business credit from personal credit, then your business must be a separate legal entity and not a sole proprietor or partnership. This can be confirmed at tax time: You need to be filing as a Corporation or an LLC entity in order to separate personal from business.

Whether you have employees or not, your business entity must have a Federal Tax ID number (EIN). Just like you have a Social Security Number, your business has an EIN. Your Tax ID number is used to open your bank account and to build your business credit profile. Take the time to verify that all agencies, banks, and trade credit vendors have your business listed with the same Tax ID number.

Your business address must be a real brick-and-mortar building, deliverable physical address, and cannot be a home address, P.O. Box, or a personal mailbox at the UPS Store. Some lenders will not approve and fund a business unless this criterion is met.

You must have a dedicated business phone number that is listed with 411 directory assistance, under the

business's name. Lenders, vendors, creditors, and even insurance providers will verify that your business is listed with 411. A toll-free number will give your business credibility, but you must have a LOCAL business number for the listing with 411 directory assistance.

Lenders perceive 800 numbers or toll-free phone numbers as a sign of business credibility. Even if you're a single owner with a home-based business, a toll-free number provides the perception that you are an even bigger company. It's incredibly easy and inexpensive to setup a virtual local phone number or a toll-free 800 number. A cell or home phone number as your main business line could get you "flagged" as an un-established business that is too high of a risk. DON'T give a personal cell phone or residential phone number as the business phone number. You can forward a virtual number to any cell or land-line phone number.

Credit providers will research your company on the internet. It is best if they learn everything directly from your company website. Not having a company website will severely hurt your chances of obtaining business credit. There are many places online that offer affordable business websites, so you can have an internet presence that displays an overview of your company's services and contact information.

It is important to get a company email address for your business. It's not only professional but also greatly helps your chances of getting the thumbs up from a credit provider. Setting up a business email address is just too easy and inexpensive to neglect.

One of the most common mistakes when building credit for your company is non-matching business addresses on your business licenses. Even worse is not having the "required" licenses for your type of business to operate legally. You will need to contact the state, county, and city government offices to see if there are any required licenses and permits to operate your type of business in the locality where you live and work.

Make sure that your state and county licenses and/or permits and any necessary city license and/or permits, along with IRS filings, are listed correctly. Take the time to verify that main agencies, such as your state, the IRS, your bank, and the 411 national directory have your business listed the same way and with your Exact Legal Name. Also take the time to ensure that every bill you get (power, phone, landlord, etc.) shows your business name correctly and comes to your business's address.

BUSINESS CREDIT BUILDING,

STEP 2:

Getting Your Business Credit Reports

Business Credit reports are offered by Experian, Dun & Bradstreet (D&B), and Equifax. You will first want to get a copy of your business credit reports to see what is listed in them when starting to build your business credit. You won't need to get reports from all three, but you should at least have monitoring setup with D&B and possibly Experian.

Smart Business credit reports from Experian cost \$37-175. With these reports, you can find out how many trade lines are reporting, see if you have a business credit score assigned, find out if you have an active Experian business profile, and check on recent inquiries.

Creating a file with Equifax Small Business often takes more time than creating one with D&B and Experian. This is because not a lot of vendors and creditors actually report to Equifax, most of them report to Experian or D&B. This is also why it's important to apply with the credit providers who report to Equifax when you find them. You can get setup for Equifax credit monitoring for as little as \$19.95 monthly.

D&B offers a CreditMonitor product where you can get unlimited access to your D&B reports and scores for \$49 monthly.

IMPORTANT NOTE

If you do get setup for this you might get a call from Dun & Bradstreet Credibility. Keep in mind this is not D&B, but this is a completely separate and privately-owned company.

Do NOT purchase their "credit builder" program, no matter what they might tell you. This is NOT something you need—and NOT something you should pay for. Their program only adds trade references to your report, but instead you will be building your business credit using *real* and useable credit.



BUSINESS CREDIT BUILDING,

STEP 3:

Obtaining Vendor Credit

A business credit report can be started much the same as a consumer report, with small credit cards. The business can use these cards, commonly referred to as "vendor credit," to help build an initial credit profile.

Building your business credit profile and score must begin with starter vendors. Starter vendors are ones that will give you initial credit even if you have no credit, no score, or no trade lines now. Most stores, like Staples, will NOT give you initial starter credit, so don't even waste your time to apply. Most stores will NOT approve a business owner for business credit unless the owner has an established credit profile and score, just like in the consumer world. Vendor accounts must be used first to establish a profile and score, and then store credit can be obtained. Establishing a score and profile with trade lines usually takes only 90 days or less.

A vendor line of credit is when a company (i.e., a vendor) extends a line of credit to your business on Net 15-, 30-, 60-, or 90-day terms. This means that you can purchase their products or services up to a maximum dollar amount, and you have 15, 30, 60, or 90 days to pay the bill in full. So, if you're set up on Net 30 terms and purchase \$300 worth of goods today, then that \$300 is due within the next 30 days.

Always apply with your EIN first, without using your SSN. Some vendors will request it and some will even tell you on the phone that they need to have it, but submit first without it. Most credit issuers will approve you without your SSN if your EIN credit is strong enough. If your EIN credit is not good enough, you might be declined, and they then might ask for your SSN. No matter what ANY credit representative tells you, credit CAN be obtained based on your EIN only.

When your first Net 30 account reports your "trade line" to D&B, the DUNS system will automatically activate your file if it isn't already active. This is also true for Experian and Equifax.

You need to have a total of at least five 'Net 30 days' accounts reporting. Some vendors require an initial prepaid order before they can approve your business for such terms.

BUSINESS CREDIT BUILDING,

STEP 4:

Getting Revolving Credit

After five trade lines are established using vendor accounts, obtaining revolving accounts is the next step. Business owners can use revolving account cards and not be required to pay the full balance owed each month.

Revolving account approvals will begin coming from stores. Store revolving credit must be obtained before the business owner starts getting cards from Visa, Mastercard, American Express, and other such cards. Most stores will NOT approve a business owner for business credit unless the owner has an established credit profile and score, just like in the consumer world. Vendor accounts must be used first to establish



a profile and score, then store credit can be obtained. It usually takes only 90 days or less to establish a score and profile with trade lines.

Most major retail stores offer business credit accounts, although they don't promote that they do. Major retailers offer business credit, including the following: Walmart, Target, Best Buy, Amazon, Sam's Club, Costco, Staples, Office Depot, Lowes, Home Depot, BP, Chevron, and others. Most of these retailers will approve you for new credit once you have a credit profile established, have a good business credit score that results from you paying your bills on time, and have five or more payment experiences established on your business credit profile.

Once 10 total accounts are reflected on the credit history, an owner can start applying for Visa, Mastercard, American Express, and other similar types of credit. Approval amounts will be equivalent to the highest credit limit account on the business report. Try to have 10 accounts with at least one of them having a 10k high limit. It is essential to keep using the credit, keep applying for more, and talk with credit providers to raise credit limits. If you do this, business credit will keep growing until higher-limit credit lines are obtained, within 6-12 months.

Building business credit is truly as easy as building consumer credit, once you know the proper steps to take. Now you know the '4 essential steps' to take to build business credit that's linked to your EIN but not to your SSN. The next step is to take action on the first step: Make sure your business is setup credibly. While you are doing this, get your business credit report access established. Then you can start building your vendor credit to establish your credit profile and score, so you can start securing revolving credit accounts.

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READY, SET, GO...

Good Luck on Building Your
Business Credit!