BUILDING

BUSINESS CREDIT AND FUNDING

STEP BY STEP GUIDE



BEST SELLING EBOOK

UNLIMITED GROUP COACH

TABLE OF CONTENTS

03 WHAT IS BUSINESS CREDIT?

04 WHY BUILD BUSINESS CREDIT?

05 Business Credit is just as Important as Personal Credit

06 WHAT DO YOU NEED?

07 EMPLOYER IDENTIFICATION NUMBER (EIN) & BANK ACCOUNT

08 BUSINESS PHONE NUMBER & ADDRESS

10 HOW TO GET A BUSINESS ADDRESS

11 REGISTERED AGENT REQUIREMENTS

12 TYPES OF BUSINESS CREDIT

19 BENEFITS OF BUSINESS CREDIT

21 BUILDING NEW CREDIT

22 BUSINESS CREDIT REPORTING

What Is Business Credit?

At some point in your journey as an entrepreneur, you're sure to come across the term "business credit." However, if you're like many business owners, you may wonder what does business credit mean?



Business credit is a company's ability to buy something now and pay for it later. By establishing a good business credit rating, you may make it easier to borrow money when your company needs it.

The formula to earn solid business credit scores isn't difficult to understand. Your business needs to open commercial credit accounts and manage them well.

Establish your business as a separate legal
When you form a separate legal entity for your company (like an LLC or corporation) it can make it easier to create a business credit file and, eventually, qualify for business financing. It may also provide tax advantages and could protect you from some of the personal liability you might face as a sole proprietor.

WHY BUILD BUSINESS CREDIT?

PURPOSE OF STRUCTURE

When you structure your business as a corporation or limited liability company, it becomes recognized as a separate legal entity with the ability to enter into contracts.





HOW DATA IS COLLECTED?

Your company's Employer Identification Number (EIN) is used to identify your business entity to the IRS, banks, lenders, suppliers, vendors and other businesses.

Your EIN is also used to create a credit file for the business with business credit reporting agencies such as Dun & Bradstreet, Equifax Small Business, Experian Business, Creditsafe, Ansonia, etc.

Think of your company's EIN as the social security number for the business.

BUSINESS CREDIT IS JUST AS IMPORTANT AS PERSONAL CREDIT



BENEFITS

- Separate personal and business finances Protect your
- personal credit Increase your chances of getting
- approved Limit liability by having credit in the name of the business Conserve cash flow

BENEFITS

- Better rates, terms and size of credit limits Greater credit capacity (10 to 100 times)
- Greater funding opportunities (net 30, 60 & 90 day terms, revolving lines of credit,
- term loans, revenue based lines of credit, corporate charge cards, etc.)
-

WHAT DO YOU NEED?

- Separate legal entity (Corporation, LLC, etc.) Company must be in good
- standing - A "Certificate of Good Standing" indicates that your Business has filed all reports and paid all the
- necessary taxes and fees with your state's Secretary of State office.
- Employer Identification Number (EIN)
- Business Contact Information
-





1. REGISTER YOUR BUSINESS

Depending upon where your business is located, you'll likely have to register with your Secretary of State. In many states, this is part of the incorporation process you will complete when you set up your LLC or corporation. Nonetheless, it's a good idea to double- check with your Secretary of State to confirm you've completed all of the necessary business registration requirements.

LEGALZOOM.COM
ROCKETLAWYER.COM
WWW.INCFILE.COM

WHAT DO YOU NEED?

2. REQUEST AN EMPLOYER IDENTIFICATION NUMBER (EIN) FROM THE IRS

An EIN is like a Social Security Number for your company. You'll use it to identify your business when you pay taxes to the IRS. An EIN is also important when you fill out applications for business financing, like business credit cards and loans, and when you open a bank account in your company's name.



APPLY FOR YOUR EIN - IT'S FREE
WWW.IRS.GOV

APPLY FOR YOUR DUNS NUMBER- IT'S FREE
HTTPS://WWW.DNB.COM/DUNS-NUMBER/GET-A-DUNS.HTML



3. OPEN A BUSINESS BANK ACCOUNT

Having a separate business bank account can make your company seem more credible in the eyes of lenders. The health of a business is frequently measured by reviewing the cash flow in and out of its business bank account. A business bank account can also help you keep your corporate and personal finances separate – avoiding accounting issues and challenges at tax time.

FIND YOUR NAICS - SIC CODE (YOU NEED THIS WHEN OPENING BANK ACCOUNT)

CREATE A BUSINESS EMAIL- SOMETHING PROFESSIONAL
YOURNAME@YOURDOMAIN.COM

WHAT DO YOU NEED?

4. GET A DEDICATED BUSINESS PHONE NUMBER

You don't have to sign up for an expensive phone service if your business doesn't need it. However, getting a dedicated phone number for your company is a must if you want to appear credible to lenders and service providers (not to mention your customers). Remember to get your business phone number listed in your local directory as well.



REGISTER YOUR BUSINESS NUMBER WITH 411 WWW.LISTYOURSELF.NET



5. HAVING A PHYSICAL COMPANY ADDRESS

- Trust and credibility. Some clients may steer away from businesses that provide no contact address, or only a P.O. Box number —for example, people may worry that businesses without physical addresses might disappear without a trace. Depending on your type of business, being able to present potential clients with a physical address at which they can contact you may help your business build both trust and credibility.

MAKE A BUSINESS LOGO
HTTP://WWW.FIVERR.COM

WHAT DO YOU NEED?

5A. HAVING A PHYSICAL COMPANY ADDRESS

- Professional image. According to data released by the U.S. Census Bureau in 2011, more than half of businesses responding to the 2007 Survey of Business Owners were home-based businesses; home businesses are obviously alive and doing well in the U.S. today. Despite these statistics, however, it can be difficult for a home-based business to shake the image some clients may have of the home-based business owner sitting in bed working in his or her pajamas. A physical address provides your business with a more polished, professional image.





5B. HAVING A PHYSICAL COMPANY ADDRESS

- Meeting place for clients. While it's certainly feasible to meet clients at their places of business, or conduct meetings at your local coffee shop, if your business requires a lot of client meetings you may eventually want to have your own place for holding client meetings. Having a place where you can meet clients also helps your business to build trust and credibility, as well as enhance your business's professional image.

ESTABLISH BUSINESS PRESENCE WITH GOOGLE. HTTPS://WWW.GOOGLE.COM/BUSINESS/

HOW TO GET A BUSINESS ADDRESS

VIRTUAL OFFICE SPACE.

Virtual office spaces, or virtual business addresses provide you with a professional-looking mailing address, and many also offer additional features and facilities, such as receptionist services and meeting spaces which can be rented when you need them.

HTTPS://IPOSTAL1.COM/

MAILBOX SERVICES.

When you rent a mailbox at a service such as those offered at The UPS Store or Mail Boxes Etc., rather than using your mailbox number as the address, you can use the store's street address with your mailbox number as a suite, or apartment number. For businesses that do a lot of shipping there is the added bonus of being able to make use of their other services.



USPS'S STREET ADDRESSING FOR P.O. BOXES.

The USPS also offers a ~~Street~~ Addressing option ~~which allows you~~ to use either the street address for the post office where your P.O. Box is located, followed by the number sign (#) and your P.O. Box number, or the more traditional P.O. Box address. You will need to sign up for the Street Addressing option, so check with your local post office for more details.

COWORKING SPACE.

Much like virtual office space, coworking spaces provide you with a more professional mailing address to use for your business and meeting and conference rooms you can use. However, coworking spaces also offer you a physical space to actually work in, along with the use of shared resources, such as Wi-Fi. If you find yourself working at the local coffee shop in order to occasionally escape the isolation of working at home, membership in a coworking space may be an option to consider.

REGISTERED AGENT REQUIREMENTS



There is one situation where a physical address is legally required: if you're starting your business as a limited liability company (LLC) or a corporation, or as a limited partnership or a limited liability partnership, you will need to have a registered agent address in the state in which you've registered to do business.

A REGISTERED AGENT IS SIMPLY SOMEONE THAT YOUR BUSINESS HAS DESIGNATED TO RECEIVE IMPORTANT PAPERS RELATED TO THE BUSINESS, SUCH AS GOVERNMENT DOCUMENTS AND NOTICES RELATED TO LAWSUITS (ALSO KNOWN AS "SERVICE OF PROCESS").



Many small businesses registered as LLCs will often have a member of the LLC serve as the registered agent for the business, with the place of business used as the registered agent address. However, in cases where an LLC is being operated out of your home, this may not be the ideal situation, as the registered agent's address is a matter of public record. P.O. Boxes aren't an option in such cases, as a P.O. Box can't be used as a registered agent's address. A physical address is required, because the address must be a place where service of process can occur.

If you operate your LLC out of your home and prefer not to have your home address listed in public documents as the address of your registered agent, you will need to appoint a third-party to serve as your registered agent. The third party can be an individual, such as an attorney, or it can be a company whose business offers registered agent services.

TYPES OF BUSINESS CREDIT

Once you've put your business on the map by completing the steps in the previous pages, you can start thinking about which accounts you want to open to establish your business credit profile. Even as a startup, you have options.

Here's a look at the four primary types of business credit your company can try to obtain.



1. INSTALLMENT ACCOUNTS

- Commercial installment accounts are business loans where you borrow a fixed amount of money. You repay the lender a fixed payment amount over a fixed period of time. Notice the trend? Your interest rate is also fixed and doesn't change from month to month.

2. REVOLVING ACCOUNTS

- The two main types of revolving credit you can open for your business are lines of credit and small business credit cards. With revolving credit, you can borrow money up to a preset credit limit. Once you pay down your balance, you're free to charge up to your credit limit again, as long as the account remains in good standing.



2A. REVOLVING ACCOUNTS

- With a credit card, your business doesn't have to pay back the full amount charged in a given month. Rather, only a minimum payment is due. But it's wise to pay off your full account balance each month, even if it isn't required. Doing so can help you avoid expensive interest fees and keep your credit utilization rate low. Some business credit scoring models will reward you for maintaining low utilization on your credit cards.

3. VENDOR ACCOUNTS

Vendor accounts, sometimes called net-30 accounts, let your company pay for products and services after you've purchased them. You can buy now and pay later, typically within 30 days. However, net-90, net-60, and even net-15 terms may be offered by certain companies instead.

A vendor account can help you to stretch your cash flow. It may also add a positive tradeline to your business credit report, provided the vendor reports to a commercial credit bureau.



PERSONAL GUARANTEES

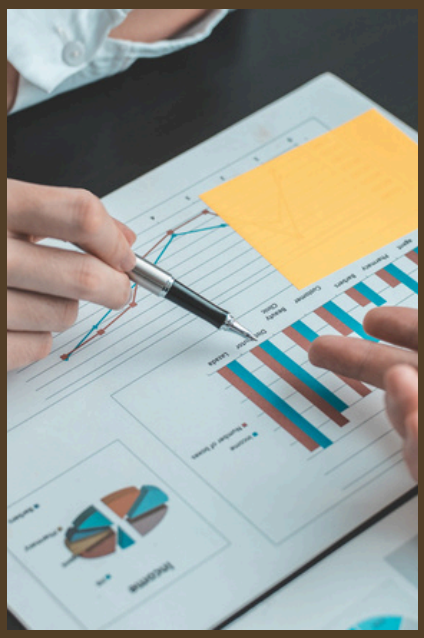
With many types of business credit, you'll need to sign a personal guarantee to open an account. A personal guarantee makes you a co-signer for your business card or small business loan. If your business fails to pay back its debt as agreed, you agree to be held personally liable.

PERSONAL GUARANTEES P2

Good personal credit can be an asset and may help you qualify for business credit, but you shouldn't sign a personal guarantee without understanding the risks. You'll be putting your personal finances and credit on the line if your business can't keep up with its payments. Note that personal guarantees may be required, especially for bank loans or for financing to younger businesses and those without strong business credit.

BUILD BUSINESS CREDIT EASILY & AUTOMATICALLY

You can add up to 8 eligible business accounts and up to 24 months of business credit history by reporting your business landline phone, business mobile phone, internet, cable, web hosting, subscriptions, to business credit Business, and utility payments reporting agencies:
Equifax, Creditsafe, Ansonia, Transunion, Experian, Self Credit and many more.



BUSINESS CREDIT REPORTING AGENCIES

- Experian Business
- Equifax Business Dun &
- Bradstreet Creditsafe

Just like the consumer credit bureaus collect data about you personally, business credit bureaus collect data about your company and how it manages its credit obligations.

GET BUSINESS CREDIT ACCOUNTS THAT REPORT

- When you open a business account, the creditor or vendor must report your account activity to a business credit reporting agency before the account can help you establish credit.



HOW INFORMATION IS ADDED TO YOUR BUSINESS CREDIT REPORT

The business credit bureaus use information submitted by creditors and vendors (aka data furnishers) to create credit files for businesses. Once you have a business credit file with a commercial credit reporting agency, a business credit report on your company can be created and sold to others who wish to review it.

Naturally, a vendor or lender might want to access your company's credit report when you apply for business financing. However, there are other reasons a company might want to review your business credit as well.

Insurance companies, for example, may review your business credit when you apply for a new policy. The condition of your business credit can even affect your insurance premium. Businesses who are considering working with your company might also review your commercial credit to assess the health of your business. They also could look up information on your business through the Small Business Financial Exchange.



NO RIGHT TO PRIVACY

- Anyone can review your business credit reports for any reason. There's no right to privacy when it comes to corporate credit reports. The business credit bureaus can sell your credit information to anyone they wish.

- This is one more reason why working to establish and maintain strong business credit is an important responsibility to add to your to-do list.

BUSINESS FICO SCORE

- Your business may have not one, but many credit scores. You're probably familiar with FICO Scores from personal lending. If you ever purchased a home, financed a vehicle, or opened a credit card account, there's a good chance your lender reviewed a personal FICO Score as part of the application process.

- FICO is dominant in the personal credit score marketplace. 90% of top lenders use FICO Scores when making consumer lending decisions. Yet FICO Scores are very relevant in the business credit score marketplace as well.



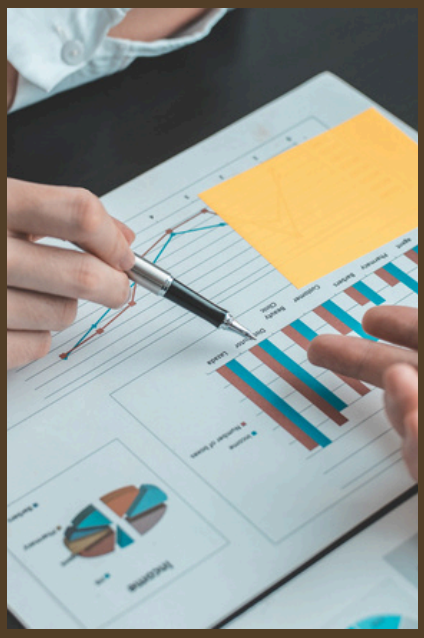
THE FICO SBSS SCORE

- The FICO LiquidCredit Small Business Scoring Service, also known as FICO SBSS, is a popular credit score used by lenders and financial institutions to help predict risk when businesses apply for financing. The FICO SBSS Score, with a range of 0 to 300, is a hybrid score which considers both business and personal credit together. The higher your score, the better your likelihood of making on-time payments to a business lender.

- If you want to earn a decent FICO SBSS Score (and you should because lenders commonly use it), you'll need to focus on maintaining healthy credit reports – both business and personal. On-time payment history, low credit utilization on credit cards, and lengthier credit history are all factors that could potentially improve your FICO SBSS Score. You can also check your FICO SBSS score with Nav's Business Loan Builder plan.

BENEFITS OF BUSINESS CREDIT

Good business credit can pay off in many ways. Here are five great benefits your company may be able to enjoy when you put in the effort to build your business credit.



1.QUALIFY FOR FINANCING.

A Nav survey reveals that 20% of small business owners were turned down for business funding in the past five years. Although credit isn't the only factor lenders consider, good business credit scores can improve your odds of approval the next time you fill out a business credit application.

2. SAVE MONEY

Good business credit can lead to lower insurance premiums, better rates and fees, and smaller deposits when you take out a new lease or service for your company. Solid business credit may also help you secure better trade terms from suppliers. The opposite is true for bad credit scores.



3. KEEP YOUR PERSONAL FINANCES AND BUSINESS FINANCES SEPARATE.

Separating your credit can protect your personal credit reports and simplify accounting.

4. SHOP FOR BETTER BUSINESS CREDIT CARD AND LOAN OPTIONS

When your business credit is in great shape, you can likely afford to shop around for the best rates and offers different lenders have to offer.

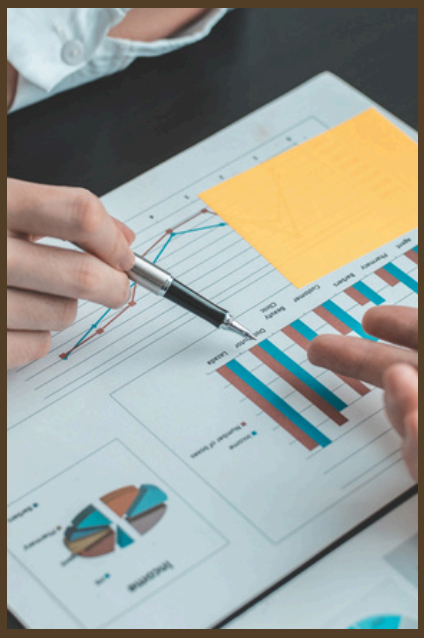
5. INCREASE THE VALUE OF YOUR COMPANY

If you ever hope to sell your business or attract investors in the future, a strong business credit profile can be a strong selling point.

Ready to see where your business credit stands? Register for free at Nav.com to check your business and personal credit side by side.

EASY NEW BUSINESS CREDIT BUILDING

Step 1: Sign up for a business lift account at http://businesscreditbuilderservices.com for $49.95 set up fee and $9.95 month. (includes monthly business credit reporting)



STEP 2:

- Log in and link up to 8 business accounts They securely download up to 24 months of payment history directly from your service provider's website.
- The service automatically reports your ongoing monthly payments from Each account linked to Equifax Business, Creditsafe and Ansonia.

STEP 3

- The $9.95 monthly business lift subscription reports to Dun & Bradstreet "If service provider does not provide 24 months of payment history online, they can manually verify the additional
- payment history for $19.95 per account https://businesscreditbuilders.org



ON DEMAND BUSINESS CREDIT REPORTING

- Vendors
- Equipment Web
- Hosting
- Accounting Legal Insurance
- Office warehouse Equipment
- Storage rental Lease Advertising
- Marketing

"With a business lift subscription, cost is $19.95 per on demand account verification. Trade line with up to 24 months of payment history is reported once. "To be considered an eligible business account, payment must be made monthly or no less than quarterly with the service provider.



EASY APPROVAL NET-30 ACCOUNTS

- FuelMan
- CapitalOnTap
- Citizens Bank
- Grainger.com
- Vendorcreditline.com
- Net30account.com
- summaofficesupplies.com
- stntsol.com (code# SNSSBC)

GET 5-10 TIER 1 ACCOUNTS

- Supplyworks www.supplyworks.com
- Sunbelt Rentals. www.sunbeltrentals.com
- Crown Office Supplies
- Strategic Network Solutions
- Wise Business Plans www.wisebusinessplans.com
- Business Tshirt Club
- Home Depot Pro
- Ceo Creative https://theceocreative.com
- Msc Direct www.mscdirect.com
- Pilot Axle Fuel Card
- BP Business Solutions Fuel Card
- US Plastics www.usplastics.com
- AtoB Fuel card www.atob.us
- Circle K Fuel Card



GET 5-10 TIER 2 ACCOUNTS

- Honda power equipment
- Caterpillar
- Newegg www.newegg.com
- Hertz Rent a Car
- Enterprise Rent a Car
- Lowes Account Receivables
- Winn Dixie Grocery
- Amazon
- Net 55
- Best Buy
- Business Advantage
- Dell Business credit
- Uber for Business
- Grubhub for Business
- Sams Club Store
- Verizon Business
- Home Depot Commercial
- Office Depot
- AT&T wireless
- Auto Zone

APPLY FOR ALL NO PG CORPORATE CREDIT CARDS

- What does PG mean ?- personal guarantee you will be responsible for debt if your business defaults on the credit given.
- If your personal credit is GREAT 750+, you can bypass Tier 1, go straight to Tier 3 to get a few Cash Credit Cards, then circle back to Tier 1 to solidify your Business credit foundation.

- GetKleercard www.getkleercard.com
- GetDivvy Brex www.brex.com
- Torpago www.torpago.com
- Sams Club Mastercard