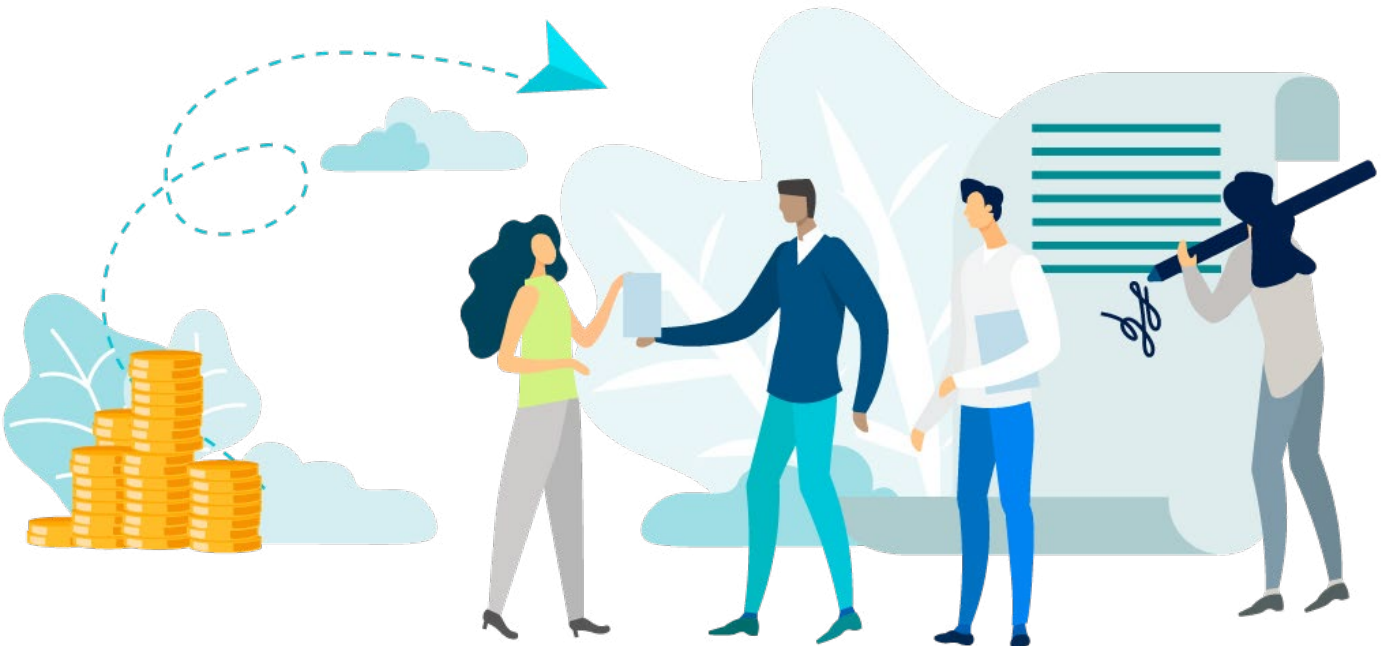




CREDITSUITE

HOW TO **BUILD CREDIT** FOR YOUR **EIN** THAT'S NOT LINKED TO YOUR **SSN**



How to **Build Credit** for Your **EIN** That’s Not Linked to Your **SSN**

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What is Business Credit?

Business Credit is credit obtained in a **Business Name**. With business credit, the **Business** builds its own credit profile and credit score. With an established credit profile and score, the business will then qualify for credit. This credit is based on the business's ability to pay, and not the business owners. Since the business qualifies for the credit, in some cases there is no personal credit check required from the business owner.

You must actively work to build business credit.

But you can do it easily and quickly – much faster than building consumer credit scores. vendor credit is a big part of this process. If you try to do the steps out of order, you will be turned down repeatedly. **Fortunately, we know the steps to take.** And we know the order in which you need to take them.

There are a ton of benefits that business credit provides. This includes that you can build a credit profile for a business that is completely separate from you personal credit profile. This effectively gives you **DOUBLE** the borrowing power as they have both personal and business credit profiles built.

Business credit scores are based only on whether the business pays its bills on time. You can get credit *much faster* using their business credit profile versus their personal credit profile. Approval limits are much higher on business accounts versus personal accounts. This is yet another benefit. Per SBA, credit limits on business cards are usually 10 – 100 times higher than consumer credit.



The business can use its credit to qualify for retail credit cards like Staples, Lowes, Sam's Club, Costco, BP, Wal-Mart, even MasterCard or Visa. The business can also qualify for credit lines and loans.

When done right, you can build business credit without a personal credit check. You can get business credit quickly, regardless of personal credit quality. Plus you can get a lot of business credit without taking on personal liability, or a personal guarantee. This means in case of default; your personal assets can't be pursued.

Even though most don't know this, when you apply for financing, your business credit IS reviewed. Not having established business credit will get you DECLINED for financing. There are no regulations that require lenders to notify you of their reason for denial, so most never know.

One last benefit: business credit determines the rate and term someone pays and how much they'll get approval for.

Business Credit Building Step 1– Building Business Fundability

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

It is very important that you use your exact business legal name. Your full business name should include any recorded DBA filing you are using. Make sure 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. But if you truly want to separate business credit from personal credit, your business **must** be a separate legal entity and not a sole proprietor or partnership. Unless you have a separate business entity (Corporation or LLC) you might be *doing business* but you are not **truly a business**. You need to be a Corporation or an LLC to separate personal from business.

Your business entity also matters for taxes, and for liability in the event of a lawsuit.

Whether you have employees or not, your business entity must have a Federal Tax ID number (EIN). 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



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show your business listing with the **same** Tax ID number.

Your business address must be a real brick and mortar building, a deliverable physical address. It cannot be a home address, or a PO Box, or a UPS address. Some lenders will not approve and fund unless this criterion is met.

You must have a dedicated business phone number with a listing with 411 directory assistance, under the business name. Lenders, vendors, credit issuers, and even insurance providers will verify that your business has a listing with 411. A toll-free number will give your business legitimacy. But you must have a LOCAL business number for the listing with 411 directory assistance.

Lenders perceive 800 numbers or other toll-free phone numbers as a sign of business legitimacy. 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 easy and inexpensive to set up 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 unestablished business that is too high of a risk. DON'T give a personal cell phone or residential phone 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 learned everything directly from your company website. Not having a company website will **severely** hurt your chances of getting 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. It also greatly helps your chances of getting the thumbs up from a credit provider. Setting up a business email address is too easy and inexpensive to neglect.

One of the most common mistakes when building credit for your company is nonmatching business addresses on your business licenses. Even worse is when you don't have the **required** licenses for your type of business to operate legally. Contact the State, County,

and City Government offices. See if there are any required licenses and permits to operate your type of business.

State business, county license and/or permit, city license and/or permit and IRS filings must have correct listings. Take the time to verify that main agencies (State, IRS, Bank, and 411 national directory) list your business the same way and with your **Exact Legal Name**. Also take the time to ensure **every bill** you get (power bill, phone bill, landlord, etc.) has the right business name and comes to the business address.

Business Credit Building Step 2– Getting Your Business Credit Reports

Go to the D&B website and get your free D-U-N-S number. This is how D&B gets your company into their system, to generate a PAYDEX score. If you have no D-U-N-S number, then there is no record and there can be no PAYDEX score.



Experian, Dun & Bradstreet, and Equifax all offer business credit reports. First get a copy of your business credit reports. See what is being reported before you start your business credit building.

Business Credit Monitoring

Know what is happening with your credit. Make sure it is being reported. Address errors as soon as possible. Get in the habit of checking credit reports. Dig into details, not just scores.

You won't need to get reports with all three. But you should at least have monitoring set up with Dun & Bradstreet, and possibly Experian.

Smart Business credit reports from Experian show how many trade lines are reporting. You can see if you have a business credit score assigned. See if you have an active Experian Business Profile and check on recent inquiries.

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It typically takes more time to create a file with Equifax Small Business than D&B and Experian. This is because not a lot of vendors and credit issuers actually report to Equifax. Instead, most 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.

Dun & Bradstreet offer a CreditMonitor product where you can get unlimited access to your D&B reports and scores.

IMPORTANT NOTE, if you do end up getting this, you might get a call from Dun & Bradstreet Credibility. Keep in mind this is not actually Dun & Bradstreet. This is a completely separate privately owned company.

Do NOT buy their *credit builder* program, no matter what they tell you. This is NOT something you need and NOT something you should pay for. This program only adds trade references to your report. Instead, you want to be building your business credit using real usable credit.

Contact us for help with this at 610-331-4546 or email us at Karen@vergefundinggroup.com.

Fix Business Credit

While monitoring, you may find errors in your reports. You can update errors or incomplete data as follows:

- D&B: <https://iupdate.dnb.com/iUpdate/viewiUpdateHome.htm>
- Experian: experian.com/small-business/business-credit-information.jsp
- Equifax: equifax.com/business/small-business

Business Credit Building Step 3 – Getting Vendor Credit

A business credit report can be started much the same as a consumer report commonly is, with small credit cards. The business can get approval for small credit cards to help build an initial credit profile.

These types of initial cards in the business world are commonly referred to as **vendor credit**.

You must start a business credit profile and score with starter vendors. Starter vendors are ones who 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 try applying. Most stores will NOT approve you for business credit unless you have an established credit profile and score, like in the consumer world. You must use vendor credit accounts first to establish a profile and score. Then you can get store credit. It usually takes only 90 days or less to establish a score and profile with trade lines.



A vendor line of credit is when a company (vendor) extends a line of credit to your business on Net 15, 30, 60 or 90 day terms. This means that you can buy their products or services up to a set 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 were to buy \$300 worth of goods today, then that \$300 is due within the next 30 days.

Always apply first without using your SSN. Some vendors will request it and some will even tell you on the phone 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, you CAN get credit based on your EIN only.

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

You need to have a total of at least three (3) Net 30 day pay accounts reporting, and more is even better. Some vendors require an initial prepaid order before they can approve your business for terms.

Starter Vendor #1: Uline Shipping Supplies

Find them online at uline.com. They sell shipping, packing and industrial supplies. They report to Dun & Bradstreet and Experian.

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You **MUST have a D-U-N-S number and an EIN** before starting with them. They will ask for your business bank information. Your business address must be uniform everywhere. You need for an order to be \$50 or more before they'll report it. Your first few orders might need to be prepaid so your company can get approval for Net 30 terms.

You need the following to qualify:

- Entity in good standing with Secretary of State
- EIN number with IRS
- Business address (**matching everywhere**)
- D-U-N-S number
- Business License (if applicable)
- Business Bank account

How to apply with them:

- Add an item to your shopping cart
- Go to checkout
- Select to Open an Account
- Select to be invoiced



Starter Vendor #2: Quill

Find them online at quill.com. They sell office, packaging, and cleaning supplies. And they also sell toner, office furniture, and even shipping and school supplies. They report to Dun and Bradstreet every quarter.

To apply, you **MUST have a D&B PAYDEX score**. If not given a Net 30 they will ask you to do prepaid orders of \$100.00. Normally any prepaid order won't report but you would need them to have given you a Net 30 account. Net 30 accounts require a \$500.00 purchase to report.

New business or businesses with no credit history may need to prepay until Net 30 approval. Terms are Net 30.

Here's how to qualify:

Your business entity must be in good standing with the applicable Secretary of State

- You must have an EIN and a D-U-N-S number
- Business address (matching everywhere)
- Business license (if applicable)
- A business bank account
- Apply online or over the phone.

Starter Vendor #3: Grainger Industrial Supply

Find them online at: www.grainger.com. They sell hardware, power tools, pumps and more. They also do fleet maintenance. They report to Dun & Bradstreet.

To qualify, **you need** the following:

- A business license (if applicable)
- An EIN number
- A business address matching everywhere
- A business bank account
- A DUNS number from Dun & Bradstreet

Business entity in good standing with the applicable Secretary of State

If your business doesn't have an established credit, they will require additional documents like accounts payable, income statement, balance sheets, and the like.

Apply online or over the phone.

Non-Reporting Trade Accounts

While you do want trade accounts to report to at least one of the credit reporting agencies, a trade account that does not report can still be of

some value. You can ask non-reporting accounts for **trade references**. Plus credit accounts can help you to better even out your business expenditures, making budgeting easier. These are companies like PayPal Credit, T-Mobile, and Best Buy.

Business Credit Building Step 4 – Getting Retail Credit

After 3 trade lines are established under vendor credit, getting retail credit accounts is the next step. Retail credit accounts tend to have revolving terms. Therefore, you can *use these cards and not be required to pay the full balance owed each month*.



Retail credit account approvals will begin coming from stores. You must get retail credit before you can start getting Visa or MC type cards. Most stores will NOT approve you for business credit unless you have an **established credit profile and score**, like in the consumer world. Vendor credit accounts must be used first to establish a profile and score. Then you can get retail credit cards. 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. Many major retailers like Office Depot and Staples offer business credit. And a lot 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 as agreed, and once you have 3 payment experiences or more established on your business credit profile.

Business Credit Building Step 5 – Getting Fleet Credit

With more accounts reporting, you can *move onto fleet credit*. These are companies like BP and Conoco. This kind of credit is used to buy fuel, and repair and maintain vehicles. Apply with your EIN and not your Social Security number.

Business Credit Building Step 6 – Getting More Universal Cash Credit

With even more accounts on the credit report, you can then start applying for more universal cash credit. This is **Visa or MC type credit**. Approval amounts will be equal to the highest credit limit account on the business report. *Try to have 10 accounts with at least one of them having a \$10,000 high limit. **Keep using the credit, keep applying for more.** Talk with credit providers to raise credit limits. If you do this, **business credit will keep growing until you get higher limit credit lines, within 6 – 12 months.***

These are often MasterCard credit cards. With more **trade accounts reporting**, these are within your reach.

Business Credit Building is Well Worth It

Building business credit is 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 and not your SSN. Now the next step is to take action on the first step and make sure your business is set up legitimately. As you are doing this *get your business credit report access established.* Then you can start building vendor credit to establish your credit profile and score so you can start getting retail credit accounts.

Good luck on building your business credit! Let us know if we can every help you in the process. www.vergefundinggroup.com

Start Building Business Credit for Your EIN That's Not Linked to Your SSN – and Get Your Business Soaring

If you are looking for business credit and financing to help your business grow, then we can help. Give us a call at 610-331-4546. You can also email us at Karen@vergefundinggroup.com.

Check out our website @ www.vergefundinggroup.com