

# HOW TO BUILD BUSINESS CREDIT

# 1. Fundamentals of Building Business Credit

Financing is a critical part of a small business and almost always a very large concern for the owners. Nothing is more important and vital to the health of a small business than having the right financing in place.

Most small businesses are initially financed by the personal savings or assets of the owners and can rapidly reach a stage of growth where they are forced to seek credit or investment solutions to fund that growth. This guide will teach you how to build your business credit profile in order to obtain the financing you need to grow and succeed.

Business owners quickly realize that applying for a business loan is a much more complicated process than applying for personal credit. Applying for a business loan requires careful preparation and demands that you understand the process and what it takes to qualify.

## Why Do I Need A Business Credit Profile?

When you apply for a business loan, most lenders look at your personal credit and the business credit profile to determine if they will make a loan, the amount and what the loan terms will be.

*Tip:* Let's say you have an average personal credit history (FICO of 650) with no business credit profile, and the business is approved for a loan of \$100,000 on terms of 13% interest over 10 years. If there had been a favorable business credit profile, the terms on the same loan might have been 7% interest over 10 years, resulting in savings of tens of thousands of dollars.

**Example: Here is what you could save by having a favorable business credit profile**

Loan Amount	\$100,000	\$100,000
Interest Rate	13%	7%
Term of Loan	10 Years	10 Years
Monthly Payment	\$1,493.11	\$1,161.08
Total Payments	\$179,173.20	\$139,329.60

**Total Savings: \$39,843.60**

Whatever your financing needs are, whether you have poor credit, ok credit or good credit, it is possible to obtain a loan for your business. Getting the financing you're looking for is a matter of knowing how to go about it and where to go. This guide will teach you how to go about it the right way, improve your chances of success, build your business credit profile and be able to get a loan on solid terms.

## **Step One – Knowing Where You Are and Where to Start**

In order to obtain business financing, you must know where you are right now! Do you?

You must know what any lender is going to look at before you apply for your loan. If you don't, you are completely wasting your time and will most likely be declined. Start by having a *Business Credit Analysis* performed on you and your business. This simple and very inexpensive process greatly increases your chances of gaining a successful credit approval.

The *Business Credit Analysis* lets you know where you are today and it will tell you exactly where to begin to obtain the business credit profile that is vital to your business success.

## **Step Two – Building a Positive Business Credit Profile**

In order to obtain business credit successfully, you must first build a favorable credit profile for your business. To accomplish this, you must:

**I. Incorporate:** You must separate the business as an entity apart from the owners, and the only way to do this is by incorporating. Every corporation must file a SS-4 form with the IRS to obtain a Federal Tax ID number. This number is vital to successfully building your business credit profile.

**II. Office Location:** Your corporation must have a physical office space (even if it is a home), a separate phone line that is listed with directory assistance (call them and make sure anyone can find you) and a fax. It will greatly enhance your success if you have a business e-mail address and web site with your own domain (at <http://www.godaddy.com>, a domain name, set-up and hosting can cost as little as \$100 a year.)

*Tip:* In order for this process to work, your business must be real and not just an attempt to build personal credit by using a corporation. If that is what you are doing, **STOP HERE!** **This process will not work for you.**

**III. Licenses:** You must obtain a business license and, if applicable, a tax resale license in the state, and possibly county or city, where you are conducting business. These items are critical to building a business credit profile.

**IV. Financials & Tax Returns:** The business should have two years of financial statements and tax returns. **How do you have two years of financials with a corporation that was just set up?** If you have been in business as a sole proprietorship or partnership prior to forming the corporation, you can use those financials. Ideally, the financials include a balance sheet and income statement for each of the last two years. CPA-prepared financial statements are recommended for credibility. The statements should show that liabilities don't exceed 40% of assets. The tax returns for the previous two years should also be prepared and filed with the IRS.

*Tip:* Don't stop here if you haven't been in business for two years. Begin building your financial statements from the day you started the business and keep going with this process.

**V. Trade References:** The corporation will need five trade references that have given you a credit account and report a favorable credit history to the credit reporting agencies. This can be one of the most difficult steps in the credit-building process. Don't worry, and don't stop here!

**VI. Bank References:** Your corporation must have a minimum of one bank reference. Your corporate bank account should be at least two years old, but more importantly, it should have an average daily balance of \$10,000 for the last three months. Not having the \$10,000 balance will not stop the process of building a favorable business credit profile, but it will slow it down. If you don't have the \$10,000, borrow it from family or friends and don't use it, just let it act as your baseline in the business account so that your balance never drops below that amount.

**VII. Credit Reporting Agencies:** For details about the leading business credit reporting agencies in the United States, see section 5 – 'Business Credit Reporting Bureaus'.

**VIII. Business Credit Cards & Lines of Credit:** Once you have established a Dunn & Bradstreet number and have a minimum of five favorable trade references reporting to D&B, your business will be able to obtain a Paydex® score. When that happens, you will be in a position to start applying for business credit cards and lines of credit.

### **Step Three - Preparing to Obtain a Business Loan**

Once you have completed Steps One and Two, you are ready to begin the process of obtaining a business loan.

In the process of obtaining a business loan, it is critical that you first carefully prepare the proper documentation. In order for a lender to even consider extending you a business loan, they must first understand your business and your need for financing. Most business owners apply first and prepare later. However, not having the proper documentation is where most businesses fail and why they get declined. **Don't let this happen to you. Be prepared!**

*Tip:* Do not approach a lender until you have a well-thought-out and documented business proposal. This proposal must clearly state the purpose of the loan, exactly how the money will be used, the amount of money you need and for how long, and how you will repay it and when.

Your Loan Request must include the following:

- **Business Summary:** Nature of the business, product, service, market, customers, and competition.
- **Personal Profile:** The background and experience of the principals in a brief resume format.
- **Loan Proposal:** The type of loan, its purpose and a detailed use of funds.
- **Business Plan:** Defines the corporate strategy for the next three to five years. It must be the key tool in showing you and the lender how the business will generate the cash flow needed to repay the loan.

- **Loan Repayment Plan:** Exactly how do you propose to repay the loan? The lender will want to see how you will repay the loan from your business profits. You should also develop a plan on how you would repay the loan if the profits did not turn out as planned.
- **Support Documentation:** Include documentation that supports the information in your loan request. For example: office lease, certificate of incorporation, letters of reference, contracts, invoices or vendor quotes, financial statements, tax returns and a copy of your new business credit profile.

## **Step Four – Before Presenting Your Business Loan Request**

You believe the loan package is ready for the lender to reach a favorable credit decision. But, before approaching a lender, seek the advice of a more experienced professional to review your business proposal. For more details, see section 7 – ‘Additional Resources’.

### **Business Credit Facts**

As a business owner or a person planning to start a business, you may need to borrow money to get started or to help your business develop or expand. If so, you should know about a law that protects you against illegal discrimination in business credit.

The Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating on the basis of certain factors unrelated to creditworthiness. This law also permits you to find out why your application was denied and to sue creditors who discriminate illegally.

*Tip:* Credit cannot be denied on the basis of gender, marital status, race, age, national origin, or religion. This applies to you and to the people you deal with. For example, if you request a loan for a store in an ethnic or minority neighborhood, creditors cannot deny your application based on your race or the race of your customers.

*Tip:* If your application for business credit is rejected, you can find out the reason(s) by making a written request within 30 days after you are denied. The creditor must give you the specific reasons in writing within 30 days after you ask. If you do not agree with the reasons, discuss your concerns with the lender. Complaints frequently can be resolved at this level.

*Tip:* If your business is small (less than \$1 million in gross revenues) the lender must keep records of your credit application for a year after telling you of the credit decision. If your business is larger, the lender must keep your records for only 60 days after a credit denial, and, if you do not request reasons within 60 days, the creditor may destroy your records relating to your application. These records are important for any future legal action you may consider against a lender.

*Tip:* If you believe your rights have been violated, you may wish to seek legal advice. You have the right to sue a creditor who violates the ECOA. If your complaint is about a governmental lender, public utility company, small loan and finance company, travel and

expense credit card company or other non-bank creditor, you may also wish to contact the Federal Trade Commission. Although the FTC cannot help you resolve your individual dispute, it may be able to provide you with some useful information and to take enforcement action against the company if it is warranted.

## **Special Report: Credit Repair Scams**

You see the advertisements in newspapers, on TV and on the Internet. You hear them on the radio. You get flyers in the mail. You may even get calls from telemarketers offering credit repair services. They all make the same claims *“Credit problems? No problem,” “We can erase your bad credit – 100% guaranteed,” “Create a new credit identity – legally,” “We can remove bankruptcies, liens and bad loans from your credit file forever!”*

### **The Scam**

Every day, companies nationwide appeal to consumers with poor credit histories. They promise, for a fee, to clean up your credit report so you can get a car loan, a home mortgage, insurance or even a job. The truth is that they can't and won't deliver. After you pay them hundreds or thousands of dollars in up-front fees, these companies do nothing to improve your credit report, and many simply vanish with your money.

### **The Warning Signs**

If you decide to respond to a credit repair offer, beware of companies that:

1. Want you to pay for credit repair services before any services are provided. Under the Credit Repair Organizations Act, credit repair companies cannot require you to pay until they have completed the promised services.
2. Do not tell you your legal rights and what you can do yourself for free.
3. Recommend that you do not contact a credit bureau directly.
4. Suggest that you try to invent a 'new' credit report by applying for an Employer Identification Number to use instead of your Social Security Number
5. Advise you to dispute all information in your credit report or take any action that seems illegal, such as creating a new credit identity. If you follow illegal advice and commit fraud, you may be subject to prosecution.

*Tip:* You could be charged and prosecuted for mail or wire fraud if you use the mail or telephone to apply for credit and provide false information. It's a federal crime to make false statements on a loan or credit application, to misrepresent your Social Security Number, or to obtain an Employer Identification Number from the Internal Revenues Service under false pretenses.

## Easy Loans with Poor Credit

Ads that offer to loan money, despite credit history or without collateral, appeal to many people who can't get credit through conventional sources. If you respond to one of those ads and apply for a loan, you may find you will have to pay an up-front "insurance", "security" or "processing" fee. You may also have to pay a percentage of the loan proceeds and whatever fees you do pay are often nonrefundable, whether or not you get the loan.

Most likely, you will receive nothing for your efforts and your payments except, at best, a list of companies that offer financing, which you could have researched yourself for free.

*Tip:* Licensing is important in avoiding an advance-fee loan scam. If you are dealing with an unlicensed lender, it's important to check with the State Attorney General to make certain that the lender is registered and has posted the required bond with the Secretary of State. There are very few exceptions to the registration and bond requirements, but don't take the loan broker's word for it if they say they are one of the exceptions. And remember that it's against the law for an unlicensed lender to require or accept payment from you until he or she has performed what was promised to you.

*Tip:* Use common sense in evaluating loan offers. If your credit history is bad enough that most creditors will not lend you money, be extra careful about dealing with someone who is eager to sign you up. Be sure to get a reliability report from the Better Business Bureau before you do business with one of these companies.

## Do-It-Yourself Check-Up

Even if you don't have a poor credit history, it's a good idea to conduct your own credit check-up, especially if you're planning a major purchase, such as a home or car. Checking in advance on the accuracy of the information in your credit report could speed the credit-granting process. You're entitled to one free report a year if you can prove any of the following:

1. You're unemployed and plan to look for a job within 60 days.
2. You're on welfare.
3. Your report is inaccurate because of fraud.

Otherwise, a credit bureau will charge you for a copy of your report

*Tip:* Credit bureaus usually are listed in the Yellow Pages of your telephone book under "Credit Reporting Agencies." Three large national credit bureaus supply most credit reports: Equifax, Experian and TransUnion.

## **Easy Credit? Not So Fast!**

### **The Truth about Advance-Fee Loan Scams**

Beware of advertisements for “advance-fee” or “guaranteed” consumer and small business loans. They are against the law. Here’s how to recognize ads for advance-fee loan scams, how to tell them from legitimate offers by credit grantors, what to do if you are a victim and where you can find low-cost help in dealing with credit problems.

### **Recognizing an Advance-Fee Loan Scam**

The vast majority of legitimate lenders are owned and managed by professionals. Fraudulent loan brokers and other individuals misrepresenting the availability of credit and credit terms definitely are in business. One of the favorite strategies is the “advance-fee” loan scam. That’s where you are guaranteed to get a loan or other type of credit – but you must pay before you apply.

Tip: Advertisements that promise loans generally appear in the classified section of local and national newspapers and magazines. They also may appear in mailings, radio spots and on local cable stations. Often, these ads feature 900 numbers, which result in charges on your phone bill or toll-free 800 numbers.

Some companies claim they can guarantee you a loan for a fee paid in advance. The fee may range from \$100 to several hundred dollars as an advance fee for a loan. Whether you are an individual consumer or an owner of a small business, the result is the same: you don’t get your money; the con artist does. And once con artists get your money, they disappear. Keep in mind, though, that mortgage brokers, banks, savings and loans and credit unions may contact you with legitimate pre-approved credit offers; don’t confuse these with the scams!

Tip: If someone guarantees – or states – there’s a strong chance they can arrange to get you a loan or other form of credit, be suspicious. And if you’re asked to pay before you receive the loan or credit offer, hang up. It’s against the law.

### **Protecting Yourself**

According to the Federal Trade Commission’s (FTC) Telemarketing Sales Rule, if someone guarantees or suggests that there is a strong chance they can get or arrange for a loan or other form of credit for you, they cannot ask you to pay – or accept payment – for their service until you get your loan or credit. Here are some points to keep in mind before you respond to ads that promise easy credit, regardless of your credit history:

*Tip:* Legitimate lenders never “guarantee” or say that you are likely to get a loan or a credit card before you apply, especially if you have bad credit, no credit or a bankruptcy.

*Tip:* If you apply for a real estate loan, it is accepted and common practice for lenders to request payment for a credit report or appraisal. However, legitimate lenders never ask you to



pay for processing your application.

*Tip:* Never give your credit card account number, bank account information or Social Security Number over the telephone unless you are familiar with the company and know why the information is necessary.

*Tip:* If you don't have the offer in hand – or confirmed in writing – and you are asked to pay, hang up. It's fraud, and it's against the law.

## **2. Overview of the Business Credit Building Process**

The objective is to promote the success of your business by improving your access to several types of financing. Financing is a critical part of operating a small business and is almost always of major concern to its owners. Few things are more important and vital to the health of a small business than having the right financing in place. This program will help your business earn the opportunity to secure financing in the form of trade credit, leases, lines of credit and business loans.

The first step to building your business credit is to make sure your company meets the expectations established by lending companies. This process is most commonly known as corporate compliance. Corporate compliance helps your company put all of the necessary elements in place to qualify for the initial lines of credit used to build the score.

After the corporate compliance process has been completed, you will begin working with specific companies that are willing to extend initial lines of business credit. These companies report payment history to business credit bureaus, producing a business credit profile.

The final section focuses on developing your company's business credit profile. Using lines of business credit you have already obtained will help establish a favorable business credit profile. Larger lines of credit and access to leases and business loans should be the direct outcomes of this part of the process.

### **Steps to Success:**

- Follow the business credit building instructions as stated.
- Make sure all areas of your company's corporate compliance are addressed as directed.
- Apply for lines of business credit with the list of recommended vendors willing to extend payment terms to your business.
- Use the new lines of business credit to generate purchase and payment activity on a monthly basis to ensure your company's business credit profile is established.
- Pay all invoices for your company as soon as they are received. Doing so will assure your company receives a favorable credit rating and will guarantee the continued development of your business credit profile.

## **Business Credit Building Timeline:**

- Establish corporate compliance:
  - Establish physical address
  - Establish land line telephone number listed with directory assistance
  - Do foreign filing if necessary
  - Obtain necessary licensing
  - Open business bank account
  - Obtain EIN number if necessary
- Set up one or two initial lines of vendor credit
- When vendor credit card arrives utilize it for purchases totaling at least \$60 in each billing cycle.
- When vendor bills arrive, pay them in full and on or before time. **Do not carry a balance or pay the minimum amount.**
- Update your records using the vendor progress sheet provided.
- Establish free DUNS number with D&B – see [www.dnb.com](http://www.dnb.com)
- Continue using existing lines of credit.
- Begin development of a business plan.
- Between 30 and 60 days after paying first billing start checking for profile to be established with Dunn & Bradstreet.
- Pay invoices in full from previous month's purchases on or before due date.
- Update your records using the vendor progress sheet provided.
- Once profile is established, pull the credit report ([www.dnb.com](http://www.dnb.com)) and move to second tier of vendors; choose one or two for which to apply.
- When cards arrive, utilize them for purchases totaling at least \$60 in each billing cycle on all vendors.
- Update your records using the vendor progress sheet provided.

## **3. Corporate Compliance – Critical Items to Address Before Moving Forward**

Before you begin applying for the lines of business credit that will result in a credit score, your company must meet the requirements of the credit market. Meeting these requirements will provide your company with the highest degree of assurance that all applications submitted to obtain lines of trade credit have the highest likelihood of approval.

### **Physical Business Address**

Your business must establish and maintain a physical address. Your address will be used by vendors who extend business credit when they report purchase and payment activity to business credit reporting bureaus. Needless to say, this point of compliance is extremely important. A home-based office is fine as an address, however no other business should be operating out of the same physical location. Your address must be unique to your business. Meeting this criterion will ensure your business credit profile is created with the credit reporting bureaus in a timely manner. Your address CANNOT be a post office box, mail drop or virtual office. Using any one of these addresses for the purpose of business credit building will result in your business being declined for lines of trade credit.

### **Business Telephone Line**

Your business must establish and maintain a telephone landline, which must be listed with directory assistance in the name of the business. This line must also be answered in the name of the business during normal business hours. A voice message system is an acceptable alternative to this requirement. The business telephone number will always be checked by potential vendors and lenders whenever an application is submitted for a line of credit or a business loan. A telephone number in the name of your business is the lending market's way of verifying and validating the existence of your business. A cell phone number CANNOT be used for this purpose. There are no exceptions.

As a business owner, you must anticipate a potential vendor or lender asking you to provide a copy of your business telephone bill. This bill must indicate that the phone service is a landline and is recorded in the name of the business. The physical address and telephone number must match the information submitted on the application for credit.

If your company uses a DBA (doing business as) designation, make sure it is listed with the phone carrier along with your corporate name. Do not use VOIP (voice over internet protocol) technology. This service will typically not list your business with directory assistance.

### **State Document Filing Requirements**

All state filing requirements must be addressed before applying for lines of credit for your business. Filing requirements include the list of officers, foreign filing requirements and any applicable fees. If the required filings are already in place, any applicable renewal fees must be current.

In the event that any of the items listed in this category do not reflect current status, a potential vendor or lender will be able to see from public record via an internet search that your entity is either unable to pay or is disorganized. You do not want to be labeled as either, because such a designation will prevent you from obtaining the lines of credit needed to build the business credit score for your entity at an accelerated rate.

### **Business License**

A general business license should be established for your entity, even if it is not required by the jurisdiction in which you are conducting business transactions. Each city, county and state jurisdiction has different requirements for filing a business license. Contacting the local city hall or county clerk will ensure your business has the required licenses to operate in your specific jurisdiction.

## Credit Builder Compliance Worksheet

Company Name \_\_\_\_\_

DBA \_\_\_\_\_

Nature of Business \_\_\_\_\_

Business Structure  
(S-Corp, C-Corp, LLC) \_\_\_\_\_

State in which your  
business is conducted \_\_\_\_\_

Physical address of business  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Business telephone number (\_\_\_\_\_) \_\_\_\_\_

Business fax number (\_\_\_\_\_) \_\_\_\_\_

Business e-mail \_\_\_\_\_

Date of incorporation \_\_\_\_\_

State of incorporation \_\_\_\_\_

Federal tax number \_\_\_\_\_

Business bank account \_\_\_\_\_

Owner/Officer FICO score \_\_\_\_\_

Lending amount requirements \_\_\_\_\_

Purpose of loan  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## 4. Establishing Initial Lines of Trade Credit for Your Business

### Overview

This section of the program is intended to ensure lines of business credit are established for your company. You will receive a list of vendors who will enable you to create a business credit profile through the routine, recurring use of the accounts established for your business.

### Vendor Guidelines

The initial selection of vendors is meant to provide a starting point that will enable you to establish a business credit profile. This profile will contain a credit score that will be built by obtaining lines of business credit and generating purchase and payment activity. Many of these vendors will provide your business with basic needs such as office supplies, office equipment, shipping supplies and fuel. These companies will serve as “stepping stones” to the next set of vendors who will provide a wider variety of products and services.

The initial lines of business credit are carefully selected for you with the following considerations in mind.

- The vendor must report *positive* credit experiences (some only report negative) to the major credit reporting bureaus on a *monthly* basis.
- Some vendors will only report credit experiences on a bimonthly, quarterly or annual basis.

The recommended number of vendors with whom you should establish credit will number from two to 10 over the course of your credit building experience with the **BizCredit™ Do-it-Yourself Kit**. The minimum number of vendors who must be established is two to five. These vendors must be used over a six-month period to generate a viable business credit score for your business.

Do not set up more than two vendors at a time. Ensure the two vendors you establish are used for two to three months before establishing additional vendors. Doing so will help to maximize your credit building potential to build the highest possible score in the shortest amount of time.

**CREDIT ACTIVITY TRACKING TOOL - EXPLANATION OF USE**

**VENDOR PROGRESS STATUS**

Company name

Vendor's Name		Contact Phone #s	Status	Date Submitted	Credit Limit \$	Purchase Amounts \$\$					
						#1	#2	#3	#4	#5	#6
1											
2											
<p>Record the names of the vendors you are working with to build business credit.</p>		<p>Record contact numbers from business credit applications you submit. This will help in the event you need to follow up.</p>	<p>Record the status of the business account:  <b>1. Pending</b> - application recently submitted, await response.  <b>2. Approved</b> - begin using the credit line as it becomes available  <b>3. Declined</b> - contact your credit coach for further instruction</p>	<p>Record the date the application was submitted.</p>	<p>Record the credit limit assigned by each vendor.</p>	<p>Record total purchases each month. Adhere to vendor guidelines. Use each line of credit every month.</p>					
8											
9											
10											
				Date Submitted		Purchase Amounts \$\$					
						#1	#2	#3	#4	#5	#6
1	Vendor [as I above]										
2											
3											
<p>Establish two - three business accounts to begin building business credit. Use each account every month following vendor guidelines.</p> <p>It is recommended that you do not establish more than 10 trade lines during this stage of the credit building process.</p>						<p>Record total payments each month. Adhere to vendor guidelines. Each line of credit must be paid in full every month at this stage. Do not carry a balance during this critical period.</p>					
4											
5											
6											
7											
8											
9											
10											

**CREDIT ACTIVITY TRACKING TOOL - FOR YOUR USE**

**VENDOR PROGRESS STATUS**

Company name

	Vendor's Name	Contact Phone #s	Status	Date Submitted	Credit Limit \$	Purchase Amounts \$\$						
						#1	#2	#3	#4	#5	#6	
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
						Purchase Amounts \$\$						
						#1	#2	#3	#4	#5	#6	
1												
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4												
5												
6												
7												
8												
9												
10												

**CREDIT ACTIVITY TRACKING TOOL - FOR YOUR USE**

**VENDOR PROGRESS STATUS**

Company name

	Vendor's Name	Contact Phone #s	Status	Date Submitted	Credit Limit \$	Purchase Amounts \$\$					
						#1	#2	#3	#4	#5	#6
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
						Purchase Amounts \$\$					
						#1	#2	#3	#4	#5	#6
1											
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10											



## **5. Business Credit Reporting Bureaus – How and When to Request Your Company’s Credit Report.**

The following list identifies the business credit reporting bureaus with which your company will have contact with at some point during the business credit building process. These bureaus establish and maintain your company’s business credit report (also referred to as a business credit profile) by gathering information about trade credit transactions. In other words, when your company establishes a trade account with companies like Staples or Office Depot, each purchase and payment made by your business is reported to the business credit bureaus. This compiled data is used to establish a business credit score. Potential vendors and lenders considering issuing credit to your company will rely on your business credit score to determine if they want to grant you credit. Your score also determines how much credit lenders will give.

### **Dun & Bradstreet (D&B)**

*Dun and Bradstreet’s credit score is called the D&B Paydex® Score.*

- In business since 1841 when first established as a commercial credit service.
- Best known for its D-U-N-S (Dun & Bradstreet Universal Numbering System).
- Credit scores range from 1-100 with higher scores indicating better performance.

D&B will issue business owners a “free” D-U-N-S number when you register with them. However, after collecting information specific to your business, D&B will advise you that the D-U-N-S number will only be active and accessible to potential vendors and lenders through your purchase of a program Dun & Bradstreet calls *CreditBuilder*. The cost of this program is approximately \$500.00. Although the program is called *CreditBuilder*, D&B will update your payment experiences with existing lines of credit only. In other words, D&B will not help you to establish trade lines so that your business can begin generating purchase and payment activity. Their *CreditBuilder* program represents limited value to a new business that does not have existing credit lines or activity. Registration with D&B is recommended, but only after your business has established lending market compliance, obtained initial lines of business credit and generated activity sufficient to populate a credit profile and obtain a Paydex® score.

## **Experian Business Credit**

*Experian's credit score is called Intelliscore.*

- Credit scores range from 0-100 with lower scores indicating high risk.
- Experian will only establish a business credit profile for a company in response to active trade lines reporting. In other words, unlike D&B, Experian Business Credit will not establish a profile for your business and ask you to pay them to record and maintain credit activity.
- Experian has a consumer credit division as well as a business credit division. You may obtain your Experian *Business Profile Report* at anytime for a nominal fee. Your Experian *Business Profile Report* can also be obtained at no charge if your business has been declined within the past 60 days based upon information obtained from an Experian *Business Profile Report*.

## **Equifax – Business**

*Equifax's credit score is referred to as the Small Business Credit Risk Score.*

- Equifax has been in business since 1899, employs 4,600 in 13 countries and has \$1.4 billion in revenue.
- Credit scores range from 101-992, with the lower score indicating higher risk. This score is intended to forecast the likelihood of a small business incurring greater than 90 days delinquency or charge-off on financial services accounts or bankruptcy over the next 12 months.
- Equifax has a consumer credit division as well as a business credit division.

## 6. The Business Credit Score and Commercial Lending Opportunities

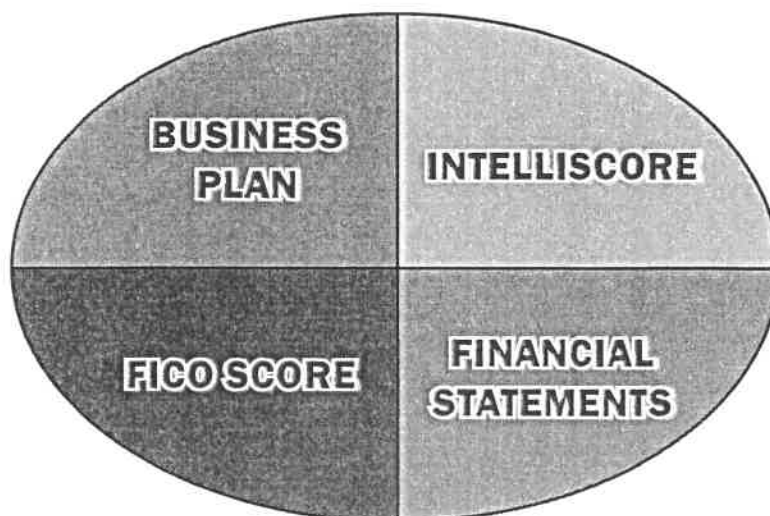
Before lenders will grant a business loan, they want to be sure the loan will be repaid. Every loan carries risk, so banks and lending brokers want to take as small a risk as possible.

### Loan Package

The following elements will need to be established to create what is commonly referred to as a loan package:

- **Business Profile:** This document describes the type of business, its annual sales, number of employee and length of time in business/ownership.
- **Loan Request:** A loan request is a description of how the loan funds will be used and the purpose and type of loan.
- **Collateral:** This document is a description of what the business offers to secure the loan and can include equity in the business, borrowed funds and available cash. All lenders will look for an officer or owner to give a personal guarantee because your business has unproven lending history.
- **Business Financial Statements:** Normally, the borrower will need to submit complete financial statements for the past three years.
- **Personal Financial Statements:** The lender will want a statement of the owners, partners, officers and stockholders owning 20% or more of the business.

### Four Keys to Lending Success



## **7. Additional Resources**

### **SBA Lending Opportunities**

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. It is a widely accepted fact that small business is critical to our economic strength, to building America's future and to helping the United States compete in today's global marketplace. Although the SBA has grown and evolved in the years since it was established in 1953, the bottom line mission remains the same. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U.S. Virgin Islands and Guam.

For more information, consult their web site – <http://www.sba.gov/index.html>

You may also access the SBA Business Plan Template at:

<http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>

### **Personal Credit Restoration**

Financial institutions nationwide have merged over and over again to the point where most of the financial transactions are handled by just a few “mega-banks”. Gone are the days where you went to your local banker who knew all of your family members by name and negotiated a loan where your family history had an impact on your approval. Now, each of us is considered for loans using only a set of numbers known as a FICO score.

Since credit (or charge it) programs were initiated in the early part of the 20th century, lending has ballooned into a multi-trillion dollar industry. Our country runs on credit. It is rare to find an individual that pays cash for any purchase. Unfortunately, this availability of easy credit, although adding convenience to our lives, has also allowed more than 80% of our working population to accumulate an average high interest debt of more than \$8,000 per family.

Some believe the credit industry is out of control. They appear to hand out credit cards like candy while at the same time penalizing their customers with high interest rates and fees. This odd combination has created a system of debtors who cannot maintain their monthly payments or who are defaulting on their debts altogether. Bankruptcies and repossessions are at an all-time high. These downsides to credit affect the borrower's FICO score negatively. As FICO scores go down, interest rates go up, resulting in more defaults.

A business credit specialist can recommend a unique company. It was begun in 2002 to help fight this spiraling process through education and services. The company can help people to understand the credit system and how to use credit as a powerful tool to enhance their ability to improve their lives.

In our opinion, this is the only "credit score restoration" company in America that truly lives up to its name.

It is the only credit score restoration company that has a combination of unique programs to:

- Raise personal credit scores
- Provide credit education classes and seminars
- Save homes from foreclosures

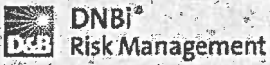
### **Service Corps of Retired Executives (SCORE)**

This is a group of retired business executives who offer advice free of charge.

Contact them through their website at:

<http://www.score.org>

# 8. Sample: An Ideal Business Credit Report



ATTN: John Doe  
Report Printed: July XX, 20XX

**Live Report : YOUR COMPANY NAME LLC**

D-U-N-S® Number: XX-XXX-XXXX  
Endorsement/Billing Reference: username@youremail.com

**D&B Address**

Address 101 Test Avenue  
Any City, US - 55555

Phone 555 555-5555


Fax 555 555-5555

Location Type Single Location

Web

Endorsement : username@youremail.com

### Company Summary

Currency: Shown in USD unless otherwise indicated 

**Score Bar**

PAYDEX®	79
Commercial Credit Score Class	3
Financial Stress Class	3
Credit Limit - D&B Conservative	2,500.00
D&B Rating	2R2

**Company News**

**Today: Tuesday, July XX, 20XX**

This company is not currently tracked for Company News.

Powered by FirstRain

**D&B Company Overview**

**This is a single location**

Manager JOHN DOE, MNG MBR

Year Started	20XX
Employees	X
SIC	XXXX, XXXX
Line of business	Business description and category.
NAICS	XXXXXX
History Status	CLEAR

**Public Filings**

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCCs	0	-


The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

**Detailed Trade Risk Insight™**

Days Beyond Terms Past 3 Months

1

Days





**Notes**

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