

# ESTABLISHING BUSINESS CREDIT

Establishing business credit is important and easy. By simply following a few basic steps your business can become eligible for millions of dollars in credit. The first step is to open up bank accounts for your business in the company name. Once that is done, opening credit and wholesale accounts with vendors is the next step. After you have done that move onto secured credit accounts with major credit card companies. The last step is to move into the realm of unsecured lines of credit, credit cards and loans. All of this can be achieved in 6 months.

Opening business bank accounts is the first step because it automatically legitimizes you and your company. It also automatically brings you into the financial world. Open a "Corporate Checking Account" with a major bank such as Key Bank or Bank of America. You will need to take a copy of your business license with you because they keep a copy on file. There is generally a packet of paperwork to fill out; it is about 3 pages long. This packet asks about your business and who you want to be able to use the account and to decide on any security measures and special services that you are interested in. When opening the account you will need to make some sort of a deposit, most banks have a minimum balance requirement of \$100 for a corporate account. Now you have a banking reference to use with any potential creditors.

The first type of accounts to open are vendor accounts. These open up wholesale pricing as well as charge accounts. Vendors such as Napa Auto Parts, Les Schwab Tires, Target, Sears, and basically every other retailer offer this sort of service. This also offers you a way to use your business tax exemption status. Go into a vendor that you will be using to buy anything from for your business and ask about their business credit accounts. There will be a packet that you have to fill out as well as leaving them a copy of your business license. You will no longer have to pay taxes on your purchases. You will pay lower than retail prices for goods and services as well. The packet that you fill out for the vendor is only one or two pages long. These packets ask for the names of the people authorized to use your account, the business's information, the amount of credit desired and who you do your banking with. They also ask for another financial references that you have. Basically every business gets approved for these accounts. Once you have your first approval from a vendor and the account is opened (usually that same day), you now have another reference to use on future account applications. Make sure to use the account, charge items that you know that you can payoff and pay the bill as

soon as it comes or sooner if possible. Go to other vendors and open similar accounts, adding the earlier vendors as references.

After you have several vendor accounts open, start applying for secured credit cards. The best place to start looking and applying is on the internet (try [www.freecreditsearch.com](http://www.freecreditsearch.com)). Look for Visa and MasterCard at first. There are lenders like Providian, Onyx and Arcadia that specialize in secured cards. A secured card generally requires a \$250 deposit. The amount you deposit is your credit limit. It works almost like a savings account that they let you borrow against. If you send them \$500 then that will be the credit limit on that card. Every person and every business gets approved for these cards regardless of credit because the lender is taking no risk.

Once you have your card (about a week later) use it. Charge anything that you know that you could buy for cash, as the bills come in pay them off immediately, every time you make a payment on time or early it helps to establish your good credit rating. After making your payments for 3 months, call the company and ask for a raise on your limit, if you have made all of your payments on time and paid off the entire balance then they will give you a small limit raise.

The next step is to establish non-secured credit accounts. These are just normal credit cards. You should be receiving applications in the mail for non-secured cards. You will want to open 2 or 3 different accounts, one Visa and one MasterCard. Using the same system as the secured cards, buy and payoff, buy and payoff. Again after 3 months you will want to call the company for a credit limit raise.

After you have done all of these things it is time to go back to your bank and inquire about a business loan, or a line of credit. Use your bank because they want to keep your business and because you have a banking history with them. When looking at getting a loan or a line of credit, have a list of all of your credit references and all of their information. This is because not all creditors report to the credit bureaus, particularly vendor accounts. You have a solid payment history with several different types of lenders so a bank will see your business as a good risk.

By following these steps you can establish perfect business credit in just six months. Your business will be well established and have an air of financial legitimacy. By continuing to do these sorts of things your business can have

millions of dollars in buying power and financial backing from well-known and respected lenders in less than 2 years.

SPECIAL REPORT