

## **INTRODUCTION**

The question looming in front of every business owner is: How will we sustain our business despite of what's happening in the economy? How can we get business credit and raise capital? Are banks still lending?

Yes!

With the recession and credit freeze that is going on, many are nervous that banks will stop lending money to businesses. Here's what I would like to share with you; 59% of businesses rely on business credit just for day-to-day operations. And the bloodline of our country is directly tied to banks lending to small businesses. So even if we dipped into a depression, banks will still be lending to small businesses.

Sure, this course is a lot more fun to study in an up market. For example, in an up-market like two and a half years ago, you could literally get \$25,000, \$50,000, \$100,000 very easily with no documentation and no personal guarantees. However, in this market, although not impossible; it is harder. The good news is: if you want to learn how to obtain money in your business' name that does not show up in your personal credit profile you are in the right place. By the end of this course you will learn how to obtain business credit without affecting your personal credit and structure your business in such a way that banks are willing to lend to you. Bottom-line is you will be able to focus on making more money instead of worrying about day to day cash flow!

## **WHY LEARN FROM ME?**

Not only have I been using these strategies for years in my own successful companies, but I have hundreds of students who are just like you and are now able to work on their businesses without worrying about how to obtain business credit – it simply is no longer a concern for them. And after this course, it will no longer be a concern for you.

I am an investor who teaches business credit strategies at nation-wide seminars. I have formulated a system that works, and it works in an up market and it works in a recession. It works for small business owners, whether they are part-time or full time and it even works for

real estate investors (like myself!). In fact, I am still actively obtaining business credit to this day. Every day, I find new companies that are lending that were not lending months ago. These companies are offering business lines of credit and small business loans, most of them are smaller banks that you may have never even heard of.

When you start a new business or when you start investing, you need money. And many people don't know how to leverage business credit to come up with this money. Many people start with what they know – they use their personal credit. Have you used your personal credit when you first started your business? I have too. I used my personal credit in the very beginning when I started investing, as a result, my personal credit score dipped because I started to look over-leveraged, and quite frankly: things weren't working. I started seeking out other methods to obtain money – private money, using other people's money, and then stumbled upon the power of business credit.

About four years ago I learned how to flip houses and started making money in the real estate arena. When I started, I had a considerable marketing budget (in excess of \$4,000-\$5,000 per month). How did I do that? The secret was because I had unsecured lines of business credit. I wasn't using my own money and it didn't show on my personal credit report that I was using credit! Naturally, this resulted in a successful real estate investment company, which I still oversee to this day.

So, how did I obtain unsecured lines of business credit? Well, these are my life's lessons which I will share in this book. As you read further- one of the many strategies you will learn is how to obtain **business credit and leverage it to flip and hold houses as I am doing**. Although these strategies can be applied to any business for a multitude of purposes, a real estate business owner may find them particularly exciting.

As a small business owner, I know how hard it is for companies to get business lines of credit (especially real estate companies). For example, in this market, when you mention the word “real estate” to a bank or lender they don't want to talk to you! But if you own a company (an LLC, S-Corp or C-Corp), which I refer to as an entity, that's positioned as a “business management company”, or if you happen to own a pharmaceutical company, or are in the accounting business, then these are industries that the banks are actively lending to right now.

My first company I started building business credit with is JTI Real Estate. I started lining up business credit for JTI Real Estate and ironically, it was positioned as a real estate company (not a “business management company”). **You’ll see that in** my Dun and Bradstreet report (with a perfect business credit score) in this course. Later, I changed it to a business management services company. The reason I did that is because JTI Real Estate is really an entity that manages the business I do. I do public speaking, I sell houses, and I do consulting. So the term “business management services” covers all the areas of business I do, and that term (line of business) is a buzz with all the banks that are lending. In the following pages you will learn how to create an entity that is a “business management services” business. If you already have a company, I will show you how to re-structure the company so that it is in the business management services field. This will make the process of obtaining business credit a lot easier.

## **PERSONAL CREDIT VS. BUSINESS CREDIT**

A unique characteristic of business credit that really got me excited is that in business credit, you can have as many credit profiles as you want. Whereas with personal credit; you can only have one credit profile. If you damage your personal credit, you have to restore it, whereas in business credit, you could have 5, 10, 20 business “social security numbers”. So if you damaged a business credit profile, you still have a backup profile. I also liked the fact that business credit didn’t show on your personal credit profile. This encouraged me to transfer my personal debt over to a business line of credit and as a result, I appear virtually debt-free to lenders. They can’t see the debt that I have because it does not show on my personal credit report!

## **HOW I GOT INVOLVED TEACHING**

I learned these unique characteristics of business credit and it studied how it changed my business. I also realized that very few people knew what I knew. I started asking technical questions to fellow real estate investors and business owners at networking events and seminars, “Hey, Do you know what a DUNS number is?” or “Do you know what the PAYDEX scoring system is?” They had no clue, and a lot of them had large lines of credit in excess of \$500,000! It dawned upon me, “Wow”! “People really don’t know a lot about business credit”. Furthermore, I did not find any experts who were teaching this information in my area. Nor did I see any reputable company serving this market. So I decided I would like to serve it, because this is my passion and I really enjoy teaching it and changing the lives of others. I took on five

students in the very beginning and I started mentoring them on how and where to get business credit. A few weeks later one of the students asked me to teach in front of a group he was talking to. I had little experience addressing a crowded room, but in the end; the entire room was on their feet applauding and wanted to learn more! My wife, Claire and I, immediately starting hosting local workshops on Business Credit and it took off like wild-fire. This is how Business Credit Workshop was born.

This course is an off-shoot of the Workshop. For those who can't make it the workshop, this will enable you to understand and obtain business credit at the comfort of your home or business. Whatever state the economy is in, if you don't know where to go to get the money for your business you won't go far. You may be a seasoned business owner or someone who's just getting started, but we all could use that extra \$25,000, \$50,000 or \$100,000! Am I correct?

We are going to do some exercises on the workbook pages so to assist you in taking actions towards achieving your goals. So go to the next page The Goals and Objectives page. And at the bottom, write down what your goal and objectives are. What is the amount of business credit you need? What will you do with it? How much money do you want to make with that credit?

Write down what you want to get out of this course in the goals and objectives space. As we cover some strategies in the book you may want to write down the action steps you need to take. Check them off as you act on them. Because a lot of times you get great ideas and if you don't take action on them- then that's all they are; great ideas.

For instance, one of the goals of my student, Mike, is to set up a business line of credit and obtain a small business loan. He runs an air conditioning company for over 11 years in New Jersey. He wants to obtain a line of credit for purchasing additional equipment and needs a loan for hiring staff. With business credit, he will have more inventory to sell and he will have the much-needed employees that can run the business without him. He is looking to grow his businesses because the ultimate goal is to spend more time with his family and less time working. Naturally, one of Mike's action steps was to go to a workshop and study this course so he can learn how to obtain business credit. An additional action step is to structure his company in such a way that lenders will actually be willing to lend to him (more on this later). Finally, would be to put together a list of banks that are lending in his area and to start applying for the credit.

It is little things like putting goals and action steps in writing that got me out of my full time job and allowed me to work for myself. So go ahead just write on the next page, what your goals and objectives are.

Another case is of Christine who attended one of my Workshops. She has two primary lines of business. She is doing short sales (pre-foreclosure investing) and has access to properties but no cash flow. She is looking to obtain business credit to buy houses.

One of the challenges she may run into is getting loans in her name for investment properties. Once she gets around the fourth property, it can become rather difficult for her to finance additional properties due to the risk the lender would take.

Here I suggested to her, the strategy of using her business credit profile for obtaining commercial loans in her company name. So one of her action steps is to create an entity for the purpose of using that entity to obtain commercial loans.

For example, if you want to have 10 houses that have cash flow of \$1,000 each. How do you get financing for house 4 through 10? Use your business credit. In Kansas City, Newark, Philadelphia and other areas of the country where multi-family houses are currently less than \$50,000 and you can make an extra \$500-\$1,000/month from them, you can certainly use business line of credit to purchase those houses. You are actually going to pay cash for it in essence. This means you are the quickest to the closing table and as a result; you can get a better deal, plus you don't have to wait months to close. You can then re-finance the property with a commercial mortgage.

Another benefit of business credit is it is easier to obtain larger amounts of credit for a business than it is for a person. A student of mine, Holly, made a phone call to US Bank to ask for credit (it's really fun to see students go out there and take action on what they've seen). U.S. Bank is one of the companies that I recommend and they informed her that they lend larger amount to companies than to people.

Now here's another tip of why you want to have multiple companies (with multiple business credit profiles): if you got \$5,000 through one company, and if you have 10 companies, that's

\$50,000 in business credit potential. To take it a step further, have a parent company, preferably an C corporation (that you own), take an ownership interest in those multiple companies. The reason you are doing that is if all these companies are under one umbrella, that one parent company can now verify it has \$50,000 in lines of credit (which is leverage in obtaining more credit). You then introduce yourselves to Chase, Sovereign Bank, PNC, Wachovia and Banco Popular (all these banks and more are in this course), and it'll be much easier to obtain a larger line of credit. This is because your company has proved it can handle \$50,000 in business **credit**.

An additional advantage of business credit over personal credit is the way that multiple inquiries affect your business. Multiple inquiries are actually normal in business. Whereas with personal credit, did you know that every inquiry you have on your credit report negatively affects your credit score? In business credit, it doesn't. Lenders understand businesses are constantly looking for new ways to fund their day-to-day operations. So multiple inquiries on your business credit profile are normal and are beneficial to some extent.

Another advantage is having business credit, obviously it gives you access to money quickly, and money can be powerful in negotiations. Money certainly talks, and whoever can access cash quicker, and beat the competition to the table: gets the deal. How many times have you gotten a call from your real estate agent and he says I got this deal but you got to make up your mind in the next hour or so? Point being, cash is king, no matter where the cash is from.

## **WHAT YOU WILL LEARN SHORTLY...**

The following pages will be very exciting as you learn how to build a "business credit building" entity. Your entity can be an LLC, S-Corp or C-Corp. I will teach you the importance of obtaining a local landline for your business. I will encourage you to get a 411 listed phone number, and methods to use to become 411 listed in order to obtain a local, physical presence. We will cover the mechanics behind properly structuring your business checking account, business license, business insurances. You are going to learn how to get your DUNS number ("business social security number") and establish a business credit profile for free (rather than paying Dun and Bradstreet).

Note: There are a few options in getting your DUNS number and there is nothing wrong with paying for it, it's just my preference because I have many of them and I have never paid for it.

But there are many advantages to using the services that Dun and Bradstreet offers, including an expedited process. At the end of the day, if your DUNS profile is built a certain way; you will be able to obtain the most amount of business credit. There are 15 steps to do this correctly and we will discuss each and every one of them in detail.

I am going to show you how to get your first reporting business trade lines. You will learn where to get your first business credit cards from as well. Furthermore, you will learn to build a “5-5-1 profile”, (five trade lines, five business credit cards and 1 bank line). This “5-5-1” profile will explode the amount of business credit you can obtain! I will teach you the strategy on how to get ranked with Experian and Equifax (the additional business credit bureaus). I will teach you the “corporate banking profile” system and how to become a “Low 5 company”.

And of course, one of the most important strategies you will learn is how to obtain the CASH lines of credit, and where to get them!

By the way, the list of lenders is constantly changing. For example, I did a list in December of 2008. I did one in March of 2009, June of 2009, and January of 2010 and the list is always updating. To this day, I speak with hundreds of business lenders per month and I provide the freshest list of companies that are lending in this market. I do this so you don't have to.

If you build your business credit profile the way I teach you in this course, there are companies on this list that will still offer you “no income documentation” loans. This means if you don't have revenue or have not made any money in your business yet, (which many people don't because you might be just getting started) then you can still obtain business credit. In fact, for your first year in business, you can state a projected revenue! In the personal finance world, that's like getting a loan based on future income and you can't project your income if you want to get a mortgage. But with business credit, you are expected to and allowed to project your first year annual sales revenue. And guess who types that number in? You do. Now I'll show you the projected ranges in a few moments: you don't necessarily want to put \$10 million!

I want you to obtain money within 3 to 6 months, and I am going to show you in the next few pages how to do it without showing tax returns, and without presenting business proposals. I suggest when you are filling out a credit application you do it by fax, mail, or email. However, if you have verifiable revenue to show in your business or you are confident enough, then you can do it in person or over the phone. The reason I am asking for you to do it online or via paper

applications is because I am going to give you the underwriting requirements, so in other words, you know how to fill out the application to get approved. You might get asked how much money you made last year. Well nothing yet. Oops. You are declined. Whereas in the application form, it may say Yearly Projected Revenue, and you just put down your projection. Hence, there are advantages to not applying in person at the beginning.

Many of you have verifiable revenue, where if you looked at two years of tax returns, you actually had a profit or at least sales in your business. If that's the case, you can accelerate through the process quicker. You can start lining up credit within two weeks, whereas those just starting out take an average of three to six months. However, there's no reason you can't start getting results sooner than that. It just depends on your activity and how **coachable you are**.

## **SO, WHAT IS BUSINESS CREDIT?**

In a nutshell, it's credit in the name of your corporation. Now I mentioned Dun and Bradstreet many times so far and I am going to do so throughout the workbook. Dun and Bradstreet to the business world is like Equifax, Experian, and Transunion to the personal credit world. In other words, Dun and Bradstreet is a bureau that tracks and monitors business credit.

You also need to understand the scoring system that Dun and Bradstreet uses. This is called the PAYDEX scoring system. Your PAYDEX score is your business credit score. You want to obtain a PAYDEX score high enough to where lenders are willing to lend you money, and the magic number is 80 (and above).

Do you know how to check if you have a PAYDEX score, like 80? Go to the website <http://Eupdate.DNB.com>. You want to use Internet Explorer when you use this website because last time I checked; Firefox doesn't work well with the site. You will need your DUNS number and your Eupdate password. Type that in and click "View Profile." If you don't know your DUNS number or password, **you can call Dun and Bradstreet and receive that information**. If you are not in the Dun and Bradstreet database, meaning you do not have a DUNS number yet, then stay tuned on how to properly obtain an active DUNS number for FREE.

How do you get your eupdate password quickly? Just click the "forgot your password" link on the website (<http://Eupdate.DNB.com>). ***I cover that in some of my coaching calls so go to my***

website at [www.hopehomebuyers.com](http://www.hopehomebuyers.com) and sign up for one. On the next page I have my DUNS profile so you can see what a DUNS profile looks like. You will see on the second page how many trade references I have and then right in the middle, you can see my PAYDEX score. Your first goal with PAYDEX is to get a PAYDEX score of 80.

Your secondary goal should be to get your PAYDEX score as quickly as possible. The reason for that is it'll take you between 30 and 90 days to get a perfect 80 PAYDEX score. Now compare this to personal credit. How long does it take you to get a 850 personal credit score? At least five years. Whereas in business credit, in 30 to 90 days, you can have a perfect business credit score! So again, the magic number is 80.

You may be wondering, how is PAYDEX is ranked? The range for a PAYDEX score is 0 to 100. Whereas personal credit it is 300 to 850; business credit is 0 to 100. You want to be an 80. If your company is in the range of 0 to 79; this means you pay late. 81 to 100 means you are paying ahead of time, so you want to at least be at an 80 and you want to do this as quickly as possible. Make sense?

## **SO WHO NEEDS BUSINESS CREDIT?**

I would say everyone who wants to leverage money and credit or that wants to improve their personal credit score. I don't think it's just business owners and real estate investors who need business credit. You could be someone that, for example, has \$10,000+ in personal credit card debt, and your credit score is at rock bottom because you over-leveraged. In personal credit, for example if you have a \$10,000 credit limit, your balance needs to be about \$3,000 or less, so 30% or less. If you have a \$9,000 balance with a \$10,000 limit- this means you have a high "balance to available credit ratio" and it's negatively affecting your personal credit score.

So anyone could open up a business, (this is America!), for about \$300 and within 60 to 90 days, obtain their first \$25,000 in a business line of credit or a business credit card, and you could transfer that \$10,000 balance over to your business credit card. As a result, you appear virtually debt free! Now the credit score will go through the roof. Now that's pretty cool.

By the way, it's not just full-time business owners that can obtain business credit, even part-time businesses owners can take advantage of these strategies.

## **SO WHY WOULD YOU WANT TO OBTAIN BUSINESS CREDIT?**

Perhaps it's because you want to eliminate your credit card debt; you may want to increase your marketing budget; some may want to buy houses or expand their business or just to improve the quality of their lifestyle. Heck, you could even hire a personal assistant! That helps the quality of your life, right? You could use business credit to create a cushion of cash to fall back on. For example, one of the reasons I was able to actually transition out of my full time job to full time business owner, was because I had business lines of credit. When you go from steady paycheck to "I am going try this thing full time", it's scary. But what if you had a cushion, of even a small amount as \$25,000 to fall back on? For many, that may be a year's worth of household payments.

You are a business- accept it. Whatever you do related to your business is business expense. And you can actually use a VISA line of credit to pay yourself a salary, after all; you are an employee of your business.

So how would you use \$100,000 in business credit? Any new ideas come to mind?

Another reason you would want to get business credit is because majority of businesses fail in the first five years. Now, how many have you heard that before? I honestly think that the reason most businesses fail in the first five years is because they were taught in high school that most businesses fail in the first five years. You are conditioned to believe that's the norm!

But the top reason that businesses fail is due to lack of capital. Hence, if you had more capital which includes business credit, during those hard times, would you agree you are a lot less likely to fail? Absolutely!

## **DO YOU NEED A STRONG PERSONAL CREDIT SCORE TO OBTAIN BUSINESS CREDIT?**

All right, so here's one of the most commonly debated question. Here's the truth – Yes and No.

Yes, lenders do look at managing members of the company to make sure they're financially responsible. And since 2004, with the Patriot Act, someone has to sign for all purchases, which means there has to be a social number attached. That doesn't mean that you are using a personal guarantee though (although in today's market – most of the time you are). A U.S. green card holder or U.S. citizen with a social number needs to sign the receipt for purchases. Now interestingly enough, **if you are a non U. S. resident, you can just partner up** with an American and they can be the primary applicant, and then you could be a co-owner of the company and utilize the credit. But that's a whole another topic.

Lenders are going to look at managing members of the company applying, specifically the managing member who is applying. But, it doesn't have to be you. You can bring in anyone as a managing member. You can do it for one day if you want to. There's nothing wrong with that. That managing member would be your credit partner. So the credit partner applies for the credit on behalf of your company. But you as the owner can control the use of the credit. More on this later.

The personal credit score of the applicant is usually part of the decision process. **If your score is 700 or higher, (generally; your Experian FICO score), you are going to move through the process a lot quicker.** You'll be using your business credit profile though and the lines of credit are not going show up in the personal credit report. Your personal credit score will have a minimal effect which is an inquiry, and inquiries can be removed.

Now, some people are happy about what I shared with them (because they have a good personal credit score) and those with poor personal credit may be concerned. Here's the good news. You can obtain business credit with good credit or with bad credit.

Note: in 2005-2007 there were plenty of companies who did business credit with no personal guarantee. Some of them are now out of business. I'm sure when the market returns to an "up-market", easier lending guidelines will return as well.

Does your personal credit score matter? Sometimes it does, sometimes it doesn't. If you want to quickly obtain business credit, then yes it does matter. And if you don't have 700 score or higher, that's totally fine. Heck, I don't care if you have bankruptcies on your record. I can get anyone who is reading this business credit. Here's how. You can simply restore your credit. If

you don't have a good enough credit score, there's credit restoration service available. How many people have been offered credit restoration? If not, you can learn from my long-time friend, Joe Tonzola of <http://www.vrtechcredit.com>. He has a whole workshop on personal credit. He shows you how you can help restore your own credit and get paid to restore other peoples personal credit. I am working with families in foreclosures right now, and we are removing the short sale and late payments off their record. If you are in foreclosure investing, you definitely should have a credit restoration opportunity under your tool belt as we do.

### **WHAT ELSE CAN YOU DO IF YOUR PERSONAL CREDIT SCORE IS LOW, OR IF YOU DON'T WANT TO USE YOUR PERSONAL CREDIT?**

You can use what's called a credit partner. And let me give you another tip. I want you to actively seek credit partners even if you have a good credit score. The reason I want you to start seeking credit partners is the same reason Donald Trump, Bill Gates, and many millionaires still use them to this day.

Now there are a few reasons. One is simply if I borrow or obtain \$50,000 with my credit partner, Jacques, then I am going treat the money I borrowed or obtained from Jacques much different than I treat my own. Also, he gave it to me as investment, and if I don't make a return, he is not going to lend me money again or acquire money with me again as a credit partner. The point being, we treat other peoples' money differently than we treat our own. Plus, I think it is useful to use and leverage other peoples' profiles to obtain financing.

But the most important reason is: in any market, if you have multiple credit partners, you can literally line up unlimited amounts of business credit, UNLIMITED. There is no cap to how many business credit profiles you can build. I am going to cover later how to get a credit partner, what the compensation agreements are, what are the legal and the written agreements that you want to put in play with them so that you are protected. The easiest way to find a credit partner is in your own market, you can use your wife, your spouse, or a family member.

I have a student who never made a late payment but his credit score is mid-600s. He is now using his mother as a credit partner, and probably will have to do this for 90 days at most. He is going to get some business credit, move his personal credit over to business credit. His personal

credit score increases, and he can now remove her as a member of his company and take her off the obligation as a credit partner. We will cover this in the coming chapters.

Another strategy to increase your credit score or if your credit score is lower than 680 is to get secured loans. You can deposit \$1,000 into your checking account and borrow that \$1,000. The reason you are doing that is because you want to build a positive track record of paying on time. And the best part about secured loans is they don't show up in your personal credit or business credit profile as a secured loan. If we apply the same concept with \$100,000, it will look like you have been lent \$100,000. And it doesn't say that it is a secured loan. You will learn all these in detail as we go along.

So clearly, whether your personal credit is up-to-par or not, you can still obtain business credit.

**There are companies that you can use to build small business trade lines without a personal guarantee or credit check. For example: Quill and Uline.** We have found 11 new companies that do 30-day trade lines. If you don't know 30-day trade lines are. Just write 30-day trade lines in your Workbook space and circle it. We'll cover it soon and it's a huge step in building your business credit score.

As you build a solid business, your business credit profile can outweigh your personal profile (especially if you have cash-flow and/or assets in your company!), then your personal credit score becomes not as important. And every now and then, we do find a local, small bank that will lend to a business with no personal guarantee.

Do you know that there are hundreds of small banks that are lending to small, local businesses? The reason is because they have millions of dollars of investors money and they need to invest it out there into the market (by lending to you). Plus, for them it looks great to invest with local projects. So let's say you are a local business owner, who buys and sells houses, doing business in Somerset County, NJ and you go to Skylands Community Bank, which is a local bank. You meet with the President of the company and say "Hey, this is what I am doing and this is what I've done, I just need X amount of financing and this is what I am going to do with it". The point here is that there are local, small community banks that want to invest with local business owners. Furthermore, you will probably never meet a top decision maker, the CEO, of a National Bank, whereas with local banks, the CEO is available to meet any day of the week.

Does anyone know Cal National Bank and Banco Popular? These two banks, that are actively lending to small businesses-sometimes without personal guarantees. Remember to have your business credit profile built the way I teach you though. I highly recommend you complete this system before you apply, because that's the only way I can teach you how to get approved!

Even if you have fantastic personal credit, don't apply for business credit without obtaining your PAYDEX score. On average, with an 80 PAYDEX Score you can obtain three times the credit than without a PAYDEX score. For example, a student of mine got \$7,000 credit through Chase Bank on a business credit card without having any PAYDEX score. However, I obtained \$23,000 with the same bank, having an 80 PAYDEX. If she had an 80 PAYDEX score she would have been able to obtain more credit from the Bank.

Now some business owners that have existing companies may consider creating a separate entity (LLC, S-Corp, C-Corp) that's just for the purpose of obtaining business financing. You should still obtain business credit within your main companies, but having a separate entity for purposes of obtaining capital has its advantages. One advantage to doing this is that the company that is taking the risk and actively doing business is different than the company obtaining the money. This separates risk.

Another advantage of having separate entities is that one company can charge your other companies for their services and vice-versa. This will enable revenue being made from the brand new company. In essence you are just moving money around. Naturally, you should enlist the assistance of a tax or legal professional when using this method, but I know many large corporations that bill their subsidiaries for services rendered.

If you own additional "business-credit" companies, and anything happens to your main company, you don't lose your financing. Alternatively if your second company gets sued, you still have the other company to finance it.

Now, imagine this, if you had a credit partner, let's say a spouse, parent, an aunt/uncle, business partner, and they own an entity. They own it, but you control the decisions of that company. But who knows that you control it? No one but you and them! So if anything catastrophic does happen, you are protected. I recommend building business credit in all of your entities, and as far as liability is concerned the best way to leverage the risk of losing your financing it is to have

multiple entities. You can have credit partners; have corporations that are not as known to the public that holds your cash and other assets and liabilities. These are things that need to be discussed with an attorney, accountant or an asset protection business professional and there are many advantages to doing so.

If you are just starting out and brand-new to this process, I recommend you create two companies, two LLC's. They're cheap, and you will have good liability protection. The reason you create two is you are going double the amount of money you can obtain, and if anything happens to one of them, you have the other one. We are not just talking about lawsuits here. If you made a late payment on one of them, now you've got a bad credit score, but you have this other company as backup. Hence, if you are just starting out, I would recommend at least having two. Most importantly start with what you can manage.

You can build business credit with or without your personal credit being reviewed. If you seriously want to obtain, \$25,000, \$100,000, \$300,000, then either use your credit as the guarantor or that of your credit partner. In this economy, most banks are not lending higher amounts of money without knowing a little more about the managing member of that company (and checking their credit) who is applying. And the good news is that even if you have poor credit, you can use a credit partner, or you can restore your credit within 90 days.

One of the companies that I have business credit cards through is First National Bank of Omaha, they always give me between \$9,000 and \$18,000 per company. And after they see six months of positive payment experience, you can call them up and they will increase your credit line by request.

Another topic you need to understand to obtain credit has to do with business checking accounts. Does anyone have a business checking account for more than one year? Anyone who has a business checking account for more than a year has a huge advantage. A business checking account affects your business credit profile, and the longer you have one, the farther you are from your competition. If you are already coming from the standing of having a business checking account for one year, you are ahead of the game. Those who follow our system get results in three to six months on an average. **But if everyone took action quicker, you are looking at an average of two to three months.** And if you have a business checking account

for more than one year or two years, it gives you two grade points, a point each for the first year and another for more than two years. This can accelerate the process a lot quicker.

## **WHAT IS A SHELF CORPORATION?**

It is a company that somebody has formed and essentially they put on the shelf because they're not going to do anything with it until it's seasoned. They have filed all the paperwork and all the documents that are necessary for it to be considered an entity. They have built trade lines for it, got its PAYDEX score and then after a few years, they will actually sell it. It has a street value, usually based on the business credit profile and on the amount of credit associated.

But be very wary. I have had students who have found a shelf corporation that supposedly comes with a \$100,000 line of credit. And then they email the offer to me to review, and when I check the company's Dun and Bradstreet profile, the company does not even have an 80 PAYDEX yet! Just do your homework. However, here's what I want you to be careful of. I could say "Hey, I have a \$100,000 line of credit attached to this company, and I am going to sell it to you for \$10,000, 10% of the credit, right?" The thing is, there's no guarantee that the credit line is being transferred over to you. It has a good history, but there's no guarantee. That lender can certainly pull it back and put a stop to it because they don't have a relationship with the new owner of the company.

Sometimes students ask about buying a shelf corporation. If you find a reputable company then it is a great option to accelerate the process. Remember to consult an attorney though because there are a lot of scams that sell shelf corporations.

## **COMING UP...**

I will give you a lot of the underwriting requirements and strategies in the following chapters. I will show you how to get approved with the credit card applications by asking the banks a few simple questions. I simply call the banks, and I speak to the person right below the underwriter because you are not really supposed to speak to the underwriter. And I just ask them, "I am a business owner, I own multiple companies in multiple states. What do you need to get this approved?" Or "I teach business credit seminars. I will bring you lots of business..." And they

will say, “Well, Joe, you need an 80 PAYDEX, you need to be in business for two years, you need to have at least \$250,000 in projected revenue, etc.”

I compiled the entire list of requirements the banks need and I put it in this workbook so you can know how to apply. How long does this take? Well it’s going take between one to three months to get your 80 PAYDEX score if you want to do it the free way. If you want to pay for it, you can obtain it in less than 30 days.

If you already have a DUNS number, and you have a PAYDEX score of 80, then within two weeks you have the potential to get money. But before you go to get money, just run your company through the 7 steps which are mentioned in the following pages of the book. This will maximize the amount of money you obtain and the odds of getting approved.

Now, you are going to learn how to build your own corporations that will build business credit. Here’s step one.

**Transcription: Joe Lawrence**

**A0348**

### **Create an LLC or Corporation**

The first step towards obtaining business credit is to have a business. If you have an entity, then you have completed this step. If not, you start with creating an LLC or corporation. You can use IncorporateFast.com, LegalZoom.com, or use an accountant or attorney. Chris Goodson, the attorney that we work with created an entity for someone. A lot of people who know him have never heard of him doing entity creation but as an attorney he can do it. If you want an attorney, go ahead however, I believe you can do it yourself plus it is a lot cheaper. Use the secretary of state website to help guide you. I prefer IncorporateFast.com. Whatever ways you choose create your entity as quickly as possible. A point for you to remember is that don't change your company name once it is created. Even if you have mistyped the company name it is fine. If you correct or change it, then it is a change and that is a red flag with the lenders. So stick with the company name you created.

You may get away with any recent changes you have done if you do not have any transactions, but every change is a red flag. And you don't want red flags.

Second, when you are creating your entity, you will be asked what your primary line of business is. I recommend you mention it as business management. You will also be asked for SIC codes. If you don't know what an SIC code is, it is the code that directly relates to your industry when you create your company. Now the tricky thing about the 8741 is that it is the code for business management consulting. Again, I recommend you consult with your accountant before using that code. I usually use SIC code 8741 and based on my past experiences with myself and students alike it works well for obtaining business credit. You can use consulting if you want, but it is a lot easier to work with business management.

Now what do you do if you already have an LLC and you didn't call it a business management company? Well, that is fine. Walk through the entire program. See how well you do because when I started I used retail real estate. They had me down as a real estate manager/broker. I'm not a broker. And I still cleared six figures. If you have a company that is not set up as a business management company, just create another one and that will kind of cover your liability too.

When you are picking your company name, I would recommend going with a neutral name. For example, what does JKR Real Estate do most likely? Yes, real estate. What does JKR Management do? We don't know what they do. The point is, when you pick a neutral name, it is not like a giveaway. In this economy where most real estate companies are finding it hard to obtain money, you may not want to come out as JKR Real Estate, and try and get some money. If you have an entity that says JKR Management, you are doing the same thing, but because you picked a neutral name you are 10 times more likely to get credit.

Now a student of mine has at the end of the name of his company "Financial Management". What it shows to the lender is that he is in the financial industry. He might be hurting right now because the financial industry has been hit hard, and that could hinder his ability to get business credit. Of course that doesn't mean he may not get it as it all depends on the underwriter.

Business Management is the rule of thumb. Business management, because business management can manage the financial business, the real estate business, short-sales, events whatever you do. In this economy if you are doing short sales it is a good idea to have an entity that looks like a financial company.

For someone who has a legitimate construction company and it is called XYZ Construction Company, would that affect him? Yes, it is going to negatively affect him/her. But I would first try obtaining credit with the old name. Especially if the company already has revenue and it is making money. It takes 30 days to create a new entity and another 30 days to manage it so in such situation I would try with the old name first. However, there is another way to work around it. That is to create another entity that manages the construction company.

**We'll be back in 30 days with a new company with the exact name, and it is a different name. Call it Vince Management.**

Create a C-Corp if possible. A C-Corp can obtain more credit than the LLC. LLC's are actually quicker and easier. It is up to you ask your accountant or your business advisor or attorney for advice. I use LLC's but know C-corporation can obtain the most amount of credit. Do you know why? Because all the big companies are C-Corps! You want to use the entity that the big

guys are using. C-Corp however means little more money than LLC however more responsibility, like managing the minutes of your meeting etc. Also, C-Corps have different tax rules to it.

Here is a secret strategy which I mentioned at the beginning of the book, create multiple entities. Start the process for more than one company. This way you will have numerous credit profiles to build the money a lot faster and have a back-up profile in case you have negative reports on one of the companies. For example if you had two companies and you had late payment on one, it would be difficult for you to start a new business credit profile on that one. Thank God you have another one as back-up. And then if one gets sued, you have a back-up.

I am going to give you a quick tip. You are going to receive quite a few tips in the entire book as most of the strategies and techniques I have written in this book are based on my personal experiences and interactions with lenders. So here it goes. Most of you are real estate investors or have been involved with real estate at one time or the other. Let's say you have a property in New York you give on rent. You create an entity ABC Management that owns and manages this rental unit. ABC Management owns it and they collect rent. So someone slips and falls, God forbid breaks their neck, and they are suing ABC Management. Now ABC Management wants to get business credit. Well, ABC Management is a management company. It qualifies as business management. But the problem is they are on the hook for any liability. This a lender is going to consider as a risk when lending to ABC Management. Hence the trick is for you to have XYZ Management who collects the rent, but isn't on the hook if someone trips and slips. In other words, you have two entities and you are in a sense collecting the money from XYZ. XYZ can now say it is a property management company that manages property it does not own. You are not being dishonest because XYZ doesn't own this house that is making you rent every month.

So to give you a quick recap; this company that traditionally was managing and collecting the rent is at a risk in case when someone gets hurt. I'm sure a lot of you already have an LLC that you have that manages and collects rent. To avoid this risk, you have another entity that is a business management company that manages that other company and collects rent every month. Your new management company has revenue and no liability, which is wonderful. Lenders want to lend to companies that collect revenue and have no liability. Isn't that awesome? I would go a step further and have an LLC that none are aware of and that manages the other LLC.

**This new LLC is collecting rent from the management company you hired. If you are already using a management company, have it cut the checks to an LLC.**

This won't hinder you as long as you state that it is a property management company that manages third-party property that is not owned by the LLC. Even though Jack is the guy who controls all of it, it doesn't matter. This entity manages that one. At the end of the day, it is all you, you own all of it.

One more quick strategy for you regarding business credit and secured assets would be for example Pelicans an LLC let's say owns a lot of property. You can obtain a business line of credit that is secured to the assets of Pelicans, and Pelicans is the man with this company, because it is Pelicans' Management. So what I'm driving at is if you have real estate and you have 50% equity position, which means it is valued at \$100,000 and you only owe \$50,000, you have equity in that property of \$50,000. You can get a business line of credit secured to the asset of your company that owns this house. The exciting part is it is not a home equity line of credit. It is not a lien on the house. It doesn't show up on title because you didn't secure it to the house. You secured it to your assets of your company. And one of your assets is the equity position you have. **Getting a business credit secured to the assets of your company is something we will cover later in the chapters.**

## **Avoiding Red Flags while making the business profile**

### **Change of Address**

Any change you make on your business entity is going to raise a red flag, so changing your address is not recommended. It is going to show on your profile **and** you want the records to match.

I have a strategy I will share with you whenever you want to change your address. There is a way to do it where it won't have a negative effect on your business credit profile.

If you've already done it, it is not going to prevent your ability to get business credit. It is going to be a red flag. They are going to scrutinize your business as a whole more closely. But in the future, if you do change your address, try my way of doing it.

That is it can all have the same address, but you want to add a suite.

**If** It has a suite you change the suite. What's your suite right now? 2? So change it to Suite 2-A, Suite 2-B. So technically it is a different address. You must have a different address for each company, but in reality, it is all at the same house and you've made up a suite.

Does anyone run a business out of their home? Do you have suites in your house? Well, you do today, you do now. The point is that let's say you live at 123 Main Street. That is your house address and 80% of you use your home address for your business. So if you have two companies, and I told you, that you must have a separate address for each company, what do you do? Do you buy another house? No. You just use a suite number. You can use Suite 101, Suite 102. Suite 103. And if you live in an apartment, you can use letters instead of numbers. Now you can tell your postmaster what you are doing. Another strategy here is to maintain two locations. Now maintaining two locations is actually a good thing. You don't have to do this, but I am going to give you every strategy I know that works. The reason you maintain two locations is because Microsoft, Apple, **Fidal's**, they all have multiple locations. Big entities have more than one office. You are just creating a business credit profile that is mirrored after what's currently working.

Now an average person moves every 5 to 7 years, so what do you do in case of moving locations? If you are moving out and you can't maintain the original location what I would recommend you do is "my moving trick". The first step is you want to add the new address as a secondary address, which you can do on your business credit profile. The next step is to wait 30 days and then switch the two. So your primary is your secondary and your secondary is now your primary. The next step is to wait 30 days and then drop the secondary address. Switch them and then drop it. What you just did was, added the new address as your primary address but a change of address did not occur in your profile.

When I started on my profile, I did it wrong too. I moved from 123 Main Street, to 123 Main Street, Suite 101. Alright that is silly because I maintained the same location. All I did was add a suite. But if it is a move, it is a red flag. So I had to find a way to fix that, and I figured out

“my moving trick”. This is how you change your address with Dunn & Bradstreet without getting red flags. The above is only for Dunn & Bradstreet, which is where 80% of lenders look at.

Now if you are using your home address, the world will know where you live. If you are uncomfortable with that, then don't use your home address. A lot of accountants don't care but that is personal preference.

Another location tip I want you to remember is that you need to list the physical address for your business. This is very important I didn't say mailbox or a virtual address is OK, because it is not. You need a physical address for your business. Use a suite number after your home address if you don't have an office. Lenders do understand that business owners work from home. Don't use a P.O. Box.

Something else you can do is rent a shared office. It is \$200 a month, 200 square feet and gets you a receptionist too. If you don't want to do that, go to another part of your city where it is about half the cost. In most states if you are doing business in that state, you need a physical address you can mention on an application that you do business there. Now you can't ethically or morally say you physically do business at a mailbox or at the FedEx store. In this case you are tip-toeing down the gray line. You can get away with it but when they call up the database that 35 companies maintain that address, and that you don't have a phone or a mailbox, then an underwriter can pull your lines of credit back. I therefore would not recommend a Mailbox for purposes of a business address. I have a bunch of P.O. Boxes and I think they are awesome. However, when I'm asked for a physical address on my Dunn & Bradstreet profile and on all my credit applications, I write my physical address where I actively do business at. You can use your home address. If any of your buddies own an office, just ask them if you could have a mailbox there. You can rent or share an office or even a virtual office. There are virtual offices for like \$100 a month, and those are the good ones. You can get them for a lot cheaper. Craig's List has them for \$60. It is not going to be free to build business credit but the most effective way where your applications go through smoothly and don't get kicked back from the underwriter is what you want to do. If there is no office, no desk, no file, it presents a problem. Having an office allows you the ability to actually state you physically do business at that location.

## Step 4

### Business insurance

I recommend that you do get business insurance, but it is not a requirement for getting business credit. It is important to have protection. This is going to minimize the risk that lenders have. It minimizes your risk and it also minimizes the risk of the person lending you the money. In other words, lenders will feel more comfortable if you have insurance than if you have no insurance. So every now and then on a cash line of credit for like \$50,000 or more, you will be asked if you have business insurance. Just make sure the owner and all the managing members of the company have car insurance, health insurance, and preferably E&O insurance which is Errors and Omissions or liability insurance. The umbrella is up to you. It is cheap but it is up to you if you want to get that. So to summarize regarding business insurance: it is not a requirement to getting business credit. However, when you are getting larger lines of credit, 10-15% of lenders feel a lot more comfortable if you are insured. Where do you get business insurance from? Check the phone book or your present insurance company. I work with Eric Petro, if you want his number, email us at [joe@hopehomebuyers.com](mailto:joe@hopehomebuyers.com) and I will pass it to you.

## Step 5

### Business license

Did you ever see business licenses hanged up in small stores like pizza places? This is a requirement to get business credit. Let me rephrase that. This is a requirement of my Business Credit Workshop. I have obtained business credit without a business license. I recommend and it is a requirement of our system to get a business license. Now some businesses don't require a business license, and some do. In most townships if you own an LLC in that town like Philly, you need to have a business license. Fees are about \$50. Now this is not a realtor's license. There is no test, no fingerprinting and no state exam. This is just the government's way of knowing what you are doing, what your address is and what's going on. I would recommend you either check out your secretary of state website, **or believe it or not, people at Trenton are very helpful** so call them up.

Just say "Hi, I'm a business owner. What license do I require?" They will provide you the information you need?

For instance, I will say “I’m a real estate investor. I don’t have clients at my house. I go out and I look at property and I come home and I go to sleep”.

They will say, “Do you have an office in your house?”

“No. I have a laptop, a computer, but that is it”.

You are going to have a similar conversation with your state and with your local government, township, or city.

This conversation will determine whether or not they will send someone over to your home office to verify. If you say it the way I said above, they are not going to come by to check. If your story is different than mine, you have to tell the truth, and then they may want to look at your office. But again, if you are not seeing clients there on a regular basis and you don’t have a sign out in front, then it should be an easy process. But it could delay the process if you start saying “Yes, I have an office and I have clients there and yes clients use the driveway”. Before long you will need an access ramp for the handicapped and so on. Follow the way I do it and you will have lesser delays. The next step is to fill in a form and pay a fee. That way you will have a business license.

Sometimes the question comes up, “Do you get a license for every LLC you own?” I would say, “Yes every LLC you own needs a business license especially if you are in the cities”.

**Now there are times some students don’t want to get an LLC as they don’t want to pay for the office space? If you have had no experience in getting a red flag? Just try it. You would never know without trying. I don’t want some of the technical things to hold you back from trying.**

All the strategies I am sharing with you are after years of trial and error. These are strategies that I’ve found that work after all the underwriters I’ve met. I literally sat down with countless Vice Presidents of various banks and they shared with me their secrets. Why? The reason is because if they do, I allow them come to our Business Class Workshop. They can educate our students and create awareness for themselves for free or alternatively I send them students who are looking for credit. I got \$100,000 in a recession with no license. And then later on I found I

should have had a business license. **So could you clear up without a business license? Yes, absolutely,** again, if you had two companies, then you should be alright. I haven't heard any stories yet of people getting a red flag. The only thing I've had people run into problems with is moving and their address and you just have to explain it. If you look good enough then the underwriter doesn't care. And if he's under pressure to lend a certain amount of money that month then you will probably get the money. A lot of small, local and private banks (I have a list of small banks in Burkham county) have money from investors that is pulled out of one project and need to go back into another project. If Money is idle for too long they are in trouble. Money doesn't earn anything if it sits idle. Hence a number of Vice Presidents have huge incentives to get lines of credit out in the market. If you have a project or a local business and have a good business credit profile that matches the banks profile, banks are incentivized to lend you. One of the main jobs, of the Vice President of your local bank, is to build new business relations with the local companies. So don't be afraid to walk in a bank and spark up a conversation because a lot of times you will walk out of there knowing exactly what you need to do first before you apply for the line of credit.

The next strategy therefore is to get a business license. If you don't have one, you can get away with it for a while, but it could catch up with you. If your state or local town requires a business license and you don't have one, you are in violation. There is a database wherein lenders can check if a company has a business license or not. What happens if one company, for example Chase, finds out that you need a license and you don't have one. They can put you on a national database and you get a red flag which will obstruct you from getting the much needed credit. It hasn't happened to anyone I know, but it could happen.

### **Get a Federal Tax ID Number**

**Step 2 is to get a federal tax ID number.** If you don't have one, you can go to your secretary of state website or pay \$25 at IncorporateFast.com to get one. Some of my students suggest going to the IRS website and get it for free. Once again it is your decision.

**3<sup>rd</sup> step**

**411 Directory**

Next you need to be in the 411 directory. Are you already in the 411 national directory? If someone calls 411, can they find your company? That is a step you have to complete. It is one of our 7 Steps. If you are using your home address and I call 411 and I ask “What’s the address for Pelican’s Management? And it is your home address, I could knock on your door and say, “Hey buddy, what’s up?” Now some people may not mind sharing their address with the world, but some do. In such cases, I recommend you get a shared office or a virtual office. We do offer shared office space with mailbox service. I don’t remember the cost because I’m not really in the business of selling these. But if you do want one, it is based out of New Jersey, just go to our website at [www.hopehomebuyers.com](http://www.hopehomebuyers.com) and send us your requirements. You get a representative and professional representation of your business. But again, you can always find on Craig’s List cheaper ones. I actually found one at \$60 on Craig’s List a couple of weeks before I started writing this book. There are a lot of solutions. Don’t obsess over it and don’t let it hold you back. At the very least, get started with your home address, get some business lines of credit, and then you will be on a foreign virtual office anyway.

Another important step is to verify that all companies have you listed the same way. By companies I mean the phone company, the 411 directory, any lines of credit you have, vendor lines, revolving credit lines, everyone. All your information must match. For instance I have two entities **JK Real Estate LLC and JK Real Estate, LLC**. Can anyone tell me what the difference is between these two companies? It is the comma. So if I start using JK Real Estate space LLC, which is what I started using, and that is how I registered my company in the beginning when I created my company, I need to maintain that with every company I work with at all times.

My next company I created had the little comma, space LLC. So every time I do business, I must throw that comma space in there. You get it? If I did a typo, maintain the typo. At least be consistent in all databases. There is a database that lenders are going to check and if anything is inconsistent, it raises a red flag. If you add commas, make sure it **is** in the right spot, the space is important, too. A lot of this is computerized so you have to be a little analytical about it.

Once a student came up to me and said “But Verizon doesn’t enter commas. So Verizon is non-comma. It is not necessary that all companies will be analytical. If 250 million companies in the U.S. have the same issue then it is not going to set off a red flag. You, however have to make sure that you are consistent when you fill in your information and check for any inconsistencies

with the different companies. Changing a comma is a name change and you will be charged \$60 for just having it to match. Plus, it might hinder your ability to get business credit.

If you have a change in the name of a company before you set up your DUNS & Bradstreet profile then it won't have any impact. The impact is felt only after your profile becomes active on D & B, because if no one knows you why will they raise a flag.

Although any change can raise red flags a change in phone number won't hurt you much. Here's what the underwriter going to do with the phone number. The underwriter is the person reviewing your business credit application. All they are going to do is call that phone number and make sure if it is 411 listed. They are not going to check how long you have had the phone number for, and if you just changed it, or even if another company owns it. The business needs to have that phone number attached to it in the 411 directory. If the phone number is in someone else's name, call 411 and find out if they can do it. I don't know if they would catch on. That could present a problem because they are going to ask you your tax ID number for your business. But you can use Vonage which is \$20-\$25 a month Or Magic Jack which is \$19.99. As long as you can get on the 411 database, then you are OK. You will learn how to get 411 listed in the following pages.

Many lenders want to make sure you are 411 listed. It is a national database. You need to be on it. Your company needs to have a local LAN line that is listed on the 411 database. Students sometime ask, "I have Cat Line, it is an 800 number. Is that alright?" The answer is no! You need a local LAN line. Use that 800 number for your marketing. However, if you have a local CAT line number that can get on the 411 database that is alright. We are talking about business credit and you need to have a local LAN line. You can use Magic Jack or Vonage. If it is a local area code and you get on the 411 database, you are listed.

**Call forwarding \_\_\_\_.**

**Yes, but what I want you to be wary of is cell phones, and digital phone service, or Toll-free Forwarding.com.** I love those sites as an investor. If you ever want to put up bandit signs in a town and have a local area code number and it is all digital but not a real phone, use TollFreeForwarding.com. However, don't use that as your local LAN line because they can see that you went onto a website and got the phone number. It is just a forwarding service.

If you have Vonage, Magic Jack, and the Cat Line, and you are not on the 411 database. Call Verizon, between 9:00 to 5:00, Monday through Friday, and ask to be listed in the national 411 directory. Now you are not a Verizon customer, so it is a foreign listing for them. You may pay activation fee and you may pay \$1.80 per month. Is it worth it? Yes. By doing this, you will get on the 411 national directory that you must be on, and I highly recommend you get on it.

If you don't have a LAN line number, I would not recommend you using your cell phone as your primary business line because it comes up as a cell phone. The technology is so advance that I could just type in your cell phone right now on Yahoo and verify that it is a cell phone.

By the way, Verizon reports to Dunn & Bradstreet as a trade line. You want to build positive reporting trade lines. It doesn't have to be Verizon. It is up to you. You have to remember to tell Verizon you are a business. I have Optimum Voice, Cablevision triple play; I told them I was a business. I want my account under my tax ID#, not my social, so it builds a positive reporting trade line. That LAN line is owned by my company, I'm on the 411. Do you have to call and ask to be on it? Yes and it is free. It takes 7-10 days. Call 611 from your LAN line phone.

If you turn your cell phone into your business account, will they start reporting on you? Yes, they will as soon as you make a switch. Sprint and Verizon do. Verizon Wireless and Sprint report to Experian and Dunn & Bradstreet. They will report to Dunn & Bradstreet and Equifax of the switch. There are three credit bureaus for business credit that you want to be concerned with: Equifax, Experian, and Dunn & Bradstreet. We start with Dunn & Bradstreet because 80% of the lenders use it and it is the easiest to get you up and running. So Experian and Dunn & Bradstreet are the two bureaus that Verizon Wireless and Sprint report to if you get a business account. It is the largest database, and it is very easy to formulate. And if you follow this system, you are going to get ranked with the other two. I am giving you two phone companies that report to Experian and Dunn & Bradstreet. **This is the phone number you call.** \_\_\_\_\_ . This is how you get listed; and get in the 411 database. There are websites you can use as well.

All right, so just to recap on what you need. One is a business local LAN line which is way better than a cell phone. It is more favored in the industry. You want to have a business

checking account, and you want to open a business checking account with a bank that you intend on staying with long term.

Here's what I want you to recognize. Some may have a number of these steps taken care of; just go through each step to make sure you didn't miss any. For some, this may be repetition and you are waiting for the juicy stuff that comes later. For some, it is all new information. But I want you to know that even when multi-millionaires who come to work with me one on one I literally get them started at Step 1. Everyone has to meet the same qualifications. It doesn't matter if you are a newbie or you are well established as a business owner, you need to go through all the steps. So you want to have a business checking account, stay with it long term. Banks love years. If you can have a business checking account for more than one year, that is a break point. You get rated differently. Two years is another break point for your rate. Two and above is great, but it is not a break point. And lastly, have a physical address for your business, not a P.O. Box.

Get your LLC, make sure you have tax ID #, and then step 3 get your business checking account. And go with a bank that you will stay with long term. Like don't have a fight with the teller and then close your account. Business checking account stability really helps your profile. I'll tell you the secret why. Lenders are catching on that we figured out the trick of how to show you've been in business for two years, which we are about to cover. In the beginning I always thought that you had to be in business for two years before you could get business credit. So like all the experts I was shot down. And I found a method that proved that it was a myth. Lenders are staying on top of things, and so they ask, "Fine, how long have you had a business checking account?" And if you have at least one year and then two years, those are the two break points. Most banks give you two years free for a business checking account. If they don't, just tell them that the bank across the street does.

Does anyone know about bank ranking system? Your checking account, depending on how much money is in there determines your ranking in the business credit world. It is one of the ways that you are ranked. See page \_\_\_\_ that shows the chart that I stole from the banks.

Banks go for a three-month average. You start at \$1,000 to \$4,000, which would be a low 4 company. This is what the ranking is called. That is what is known in the industry as low 4, and on the right is the balance. **So it makes low 4 is \$4,000 to \$7,000 is high 4, etc.** What is the

recommended bank ranking? Low 5! You want to have at least \$10,000 in your business checking account. Now I want to remind you, Step 4, if you don't have \$10,000 in your checking **account, still go through the system, try it.** I've gotten lines of credit without money in the checking account. But in case you were wondering how to maximize instead of getting maybe \$10,000. How do you come back with \$23,000 like Joe, when most people come back with \$5,000, well it is because I use the system.

I don't want to say it glibly, but I know how to work at it. So \$10,000 to \$40,000 a new ranking is called a Low 5. Here's a little tip. I said they use a three-month average, but a lot of banks look at the balance of one day. The day that you are applying for credit, so you probably want to keep in your balance for a week. Can anyone borrow \$10,000, for a day? A lot of banks get back to you in 24 hours. They have a 24-hour approval period. Meanwhile, you need to have your bank appropriately profiled with your checking account. And there are ways to actually increase the amount of money in your checking account other than just making money. I'm going to teach you some creative methods to fill in money into your checking account, even if you are absolutely broke. It is important to increase the amount of cash in your checking account before you ask for a loan or line of credit. We're going to touch on this later. Let us study the the chart in your book for now.

### **DUNS number for free**

Step 4 is how to get a DUNS number for free. How many people have a DUNS number? Has anyone seen my video on how to get a DUNS number? If you have signed in and given us the best e-mail to reach you, you would receive five e-mails from me. Now don't get overwhelmed, because they are all on different subjects. Put them in a little folder and focus on what's relevant to you at that time. And just like our system, there is a lot of information I'm throwing out at you, but at the end of it all they are broken into 7 simple steps. All you have to do is just recap and check it off, and that should not take you more than two weeks. Once you get that done, you are good, and now you can go start getting money. Don't get overwhelmed and not get started.

So how do you get a DUNS number free? Most of you have a DUNS number, so I'm not going to show you how to do it, but I do have a video that does the same. It will be e-mailed to you if you don't have it already. Your next workbook page is called "How to get a DUNS number for free?" There are ten steps that you want to follow.

Within 20 minutes you are done. In fact the first day I did the video of how to get a DUNS number I started with logging onto the E-update at DNB.com. It is Dunn & Bradstreet's website, and I did a conference call with all the students. When you watch my video on how to get a DUNS number, have Internet Explorer open beside it and just do it step by step. You should be done in like 15 minutes.

If you look at Step 6 and in brackets it says Step 1 of 4, well what's in brackets is Dunn & Bradstreet stuff. So it is my Step 6 but in brackets I wrote Step 1 of 4. Everyone with me? It is in there. How you set up your Dunn & Bradstreet profile is one of the most important steps in our system.

If you already have your DUNS number, I want you to go back and click on view my profile, and I want you to make sure that your profile is set up correctly, because it may have been set up for you. I'm going to touch on just a few things here, a few key components.

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The first is you are going to enter your business address. Again, if it is a home address, office, enter a Suite No, for example, Suite 101. Enter a local phone number and click next.

Next is 7, which in brackets it says Step 2 of 4. You are going to enter the name of the CEO or business owner. I like to use the title of President or CEO, etc.

It is going to ask you for your legal structure of business. I recommend you put in corporation, AKA "Company", even if you are a limited liability company. There is no spot for LLC, so I recommend use corporation. It is going to say year of business started. Two years ago or older is best. So everyone that has DUNS numbers, does it say 2007 or earlier that you started business? The way you are going to find out is on the website E-update.DNB.com, and you are going to log in and click "View." If it is anything other than '01 through '07, then you need to update it. For those that don't have DUNS numbers, here's the reasoning behind two years. You have to have your DUNS profile reflect that you've been in business for two years. I didn't say you have to be in business for two years. Fortunately, Dunn & Bradstreet doesn't ask when you were formed or created. It just says how many years you've been doing business. I think they are doing us a favor there and they will never admit it, because it allows you to say I've been

doing business for two years. “Yes, I created my LLC this morning, but I’ve been doing business for two years. I was a sole proprietor before that.” Or “I was in the research development stage of my business and I was going to seminars, and I have receipts to prove it.” That is one way to show you’ve been in business for at least two years, even though you just created an LLC last week.

Another way to show you’ve been in business for at least two years is to have a DBA. If you have a DBA that is been in business for more than two years, then you can prove that you’ve been in business for more than two years.

Here’s a third way. I find 20% of students call me and say Joe, “Dunn & Bradstreet has 2009 as the year my business was formed because that is the year I was incorporated”. I’ll say “Well that is not good because it needs to say at least two years, which would be 2007”. The student comes back saying “Well they want me to prove that I’ve been in business for at least two years. How do I do that?” It is in the next handout in your workbook on the left side. It is called a fictitious business name statement. We have here the New Jersey and Philadelphia version of this, and what I circled is #6. It says have you started doing business? If yes, insert date on line. Here, you can put any date you want. Make sure it is at least two years ago. If that is not your story, then don’t bluff. It is widely accepted that the first two years of your business are going to be a loss, whether you are a sole proprietor or going to seminars, bought a book, or whatever, you were doing part time. It doesn’t ask when you were incorporated or formed. It just says have you started your own business? Yes, and insert the date on that line. After you have inserted the date then file this at your county clerk office, with a filing fee. It is now on record that you’ve been in business for at least two years. So in case you have to go back to Dunn & Bradstreet and say “Hey buddy, I’ve been in business for two years. Check the county clerk records. Or, here’s an official copy from the clerk for you”. They will adjust it for you.

Does it have to have the same business name? Yes.

If I’ve been in business for more than two years with another company can you use that name?

You can use that. If you had one business as a partnership from about 15 years ago with a checking account but we stopped running the business, will it still work? Yes. That is fine.

Now does the business have to be in operation for a number of years?

No, it doesn't have to be in operation for all those years. For example, Greg a student of mine had an inactive DBA from like ten years that expired. In such cases, bring it back to life. You will have to pay a state registration fee for every single year that you haven't paid, and now you have a DBA that is been incorporated since 10 years ago. So if you have a DBA, an LLC, an S-Corp, C-Corp, you can use that as proof.

A sole proprietorship will work, but it is not as strong as this argument. But if you have documentation, like a business checking account for your sole proprietorship from two years ago, you can use that as proof.

In a day you present the facts to a representative who is commission based, and fax it to him/her. They will put down what they feel is best. For most of you, just type in the date and the year at the Dunn & Bradstreet website by following the above steps and it won't be asked again. Now your business credit profile shows you've been in business for at least two years, which means you can start getting money. So when Chris Henry from Chase Bank says "How many years have you been in business?" You will say, "Two years." They'll say, "Oh, good."

All the business credit card lenders I refer don't ask for Tax ID, and I'd say 30% of the cash lenders don't. Banco Popular, Cal National Bank, First National Bank of Omaha, these are three lenders that are lending right now without asking for tax returns.

Lastly you are going to be asked your primary line of business; you are going to give them business management. This is #9 in this workbook.

You are going to be asked total number of employees. Between 5 and 9 is ideal. If you are making revenue in your business, like over six figures, then put 10 or higher. If you realistically filed a few tax returns and you are not clearing six figures, then don't project more than 10 employees because it just doesn't add up. You are allowed to project for the year how many employees your company has. I want you to project between 5 and 9.

And then there are few things you need to check off, like do you sell on the Internet or that you import/export, etc. Just follow the directions.

At the end pay \$49 and get this expedited, or you can wait 30 days to get your DUNS number for free. Once you get your DUNS number, you are going to log back into the account and E-update at D&B.com, and you are going to click “update” because the one thing they don’t ask when you fill this in is your sales. Now you want your sales to reflect on your Dunn & Bradstreet profile that you earn between \$250,000 and \$500,000 as projection for the year.

If you earned more than that mention that, however, if you make less than that, I want you to project that you are going to make at least \$250,000 to \$500,000. If you don’t feel comfortable projecting \$250,000 to \$500,000 for the year, then don’t put it. But I feel very comfortable projecting it, and I hope you do, too, because you are not lying, it literally says “projected sales,” so you are not being misleading. If you can project that and it reflects on your profile, you are a zillion times more likely to get a line of credit through the companies they recognize.

Because now the lenders are saying, “Great, the company has been in business for two years, **they request it**, they are projecting \$403,000 of sales this year, and have 5 employees, it sounds about right. They have a 80 PAYDEX score, that is a perfect score. Everything’s adding up. Let’s move on, go ahead and push that application through”.

Lastly for Dunn & Bradstreet, they have a pretty aggressive sales system. They are going to call you. They are going to e-mail you. They are going to scare you. They are going to say there has been an update on your Dunn & Bradstreet profile, call us immediately. They are going to say I’m a liar and that the DUNS number they gave you for free is not an active DUNS number – a whole bunch of baloney. At the end of the day, I would recommend that instead of debating with them, which I tried once, (yes you are smarter than them, but don’t let them know that). Just say, “Alright, yes, I hear what you are saying. Sounds interesting, but right now I just want a free DUNS number”, and hang up the phone. If you do feel you want to buy the product they are selling you. Go ahead and buy it. It sells between the ranges of \$329 to \$1,600.

They are not supposed to hold onto releasing your DUNS number for more than 30 days but although pretty unethical, they’ll hold onto it. You can file a complaint because that is a breach of the agreement they offered. And if you want to pay the \$49 to make it go a lot quicker, that option is at the end. I usually get it in 7 days though.

Let me tell you another secret. Don't tell this to Dunn & Bradstreet that you know this. They are going to say, "Alright Mike, here's your free DUNS number, but it is not an active DUNS number. You can't build business credit on this and this is totally pointless. There is no value in you doing this." And you will say "OK, you are right. I'll take it anyway."

The secret which they will never tell you is that the way you activate your DUNS number is how you build your first trade line. Once that first trade line reports to Dunn & Bradstreet, your DUNS number is now active. **So that is how you make a free and active trade line.** And the advantage is you save \$500 per DUNS number, and when you are building 10 companies at once, it saves you money.

You will receive an e-mail from them with your DUNS number. The first thing they ask you is to log onto your account with an user name and password they provide. You get your DUNS number and your password for the E-update at DNB.com website because you need that to log in and view or update your profile. The reason you want to learn how to log in is because you need to know when you get your 80 PAYDEX score which is a perfect business credit score.

This is how to build a DUNS profile the best way. Lenders like to see years. Remember, this is a new concept here, when you are asked how many years you've been in business, there is two break points – 2 years and 5 years. This is different than the banking years of your business checking account. The easiest way to remember this is just 2 years. 2 years is the magic number. I showed you how to file forms with the county clerk. You can show receipts from the seminar you took 2 years ago if you want to use that as proof that you've been in business since 2 years ago. You might be a sole proprietor, DBA's, etc.

Alright another quick tip; Remember, the fun of building your business credit profile is that unlike your social security number which is given to you, your DUNS number which is your business social security number, you are typing in the information. You control what's in your DUNS profile. At the end of when you finish typing it in, it is going to give you an option and it is a trick. It is going to say, "Do you want to go back to verify all the information?" And you are going to think, "Yes, I should probably double check it." What I am going to say is DON'T. Don't double check it. Like your SAT's where you change the answer and then they are wrong. If you double check it, it triggers a red flag and they call you. I don't know why. But it will

literally stop the application. It will say a D&B representative is going to call you or you can call us at – whatever their number is. So just go ahead and submit it without verifying anything.

### **Establishing your first 3-5 Trade Lines**

You need to establish your first 3 to 5 trade lines of credit using your DUNS number. **So you should be able to get your DUNS number.** Now it is time to start building trade lines for it. There are two types of lines of credit. There are trade lines and revolving lines. A trade line is a net 30 day account. So if I purchase something from a company, the full net is due within 30 days. That is a trade line. A revolving account means I bought something for \$100 and I only have to pay \$10 a month for 10 months or whatever, similar to your credit cards. We are not at revolving lines yet, we are still at trade lines. We need to pay the full balance and you need to go get 5 of these. Build 5 trade lines. I have a list of about 25 of these in your next work page. This is the latest list. What you will find is when you are building trade lines, they will list changes based on the company you moved.

Let's start with Quill. I have a video of how to do this, just email us if you do not have one. All you do is log onto Quill.com. You are going to purchase something. There is a notepad they sell for \$10. You are going to add that to your cart, and when you go to check out, you are just going to click "Invoice me later." It'll say "subject to credit approval." Now you are going to pay \$10 in shipping. You are paying \$10 for the product. That is the notepad of paper. Instead of paying by credit card, by check, by phone, you are simply saying "bill me later." What's going to happen is they'll send you that notepad, you will receive it within three days because you just paid for the most expensive shipping – that is all they offer – and you are going to get a bill in the mail within a few weeks. When you get that bill, it is due in 30 days. That is why it is called a net 30 for the account. So pay off that bill in full. You can use any method of payment you want. You can use a friend's credit card as long as they are there to authorize the transaction, cash, check, whatever is convenient for you. Quill will then take 30 to 90 days to report to Dunn & Bradstreet that you borrowed \$10 from them for a pad of paper, because they shipped you the product and you hadn't paid for it yet, and you promised to pay them back in 30 days, and you went ahead and made good on that promise. This way they give you a small trade line if you paid it on time. Remember, Quill is not going to ask for your DUNS number. They can look it

up. Make sure when you are filling out the information, you are giving your company name and your company's local LAN line. They are going to ask you how many employees you have. You are going to project at least 5 for the year? And then your DUNS number that you just got for free, will become active once Quill reports. Usually they report within 30 days.

Make note that it is very important to pay your trade line on time every time. It may sound like common sense, but think about this, if you have two companies with five new bills on each, how many bills just came in the mail? 10. So don't forget to pay one. Create a folder, have reminders on your cell phone, ask your secretary or accountant to make note of it but make sure you pay them on time. If you are not paying them on time, you are creating negative reporting trade lines. What you should know is that this is going to build your Experian score too hence pay it on time.

You need to repeat the above process five times. Now, let's find another company like Quill, say Reliable, Big Apple Outlet, etc. Once the third trade line reports to Dunn & Bradstreet, you are going to be logging in, clicking to view your profile, and checking your 80 PAYDEX score. This is because your first three positive reported trade lines give you an 80 PAYDEX score.

The reason you want five is because I want you to build what's called a 1-5-3 company, and the 5 is trade lines. The 1 is the bank line, which we will talk about later, and the 3 is 3 business credit cards. How you can get your 80 PAYDEX score and how to reflect being in business for 2 years in your Dunn & Bradstreet profile are two of the most important things you can take from this workbook.

The rest you are just following underwriting guidelines, checking it off, and then you will know where to get the money from.

**Let me explain something about some of the companies like NEBs and Uline you will come across while building your trade lines.**

There are two people that work at NEB. There is an older woman and then there is an older woman. Depending on who you get, you get a different answer. She doesn't report the trade line. So here's what I want to share with you. I have reporting trade lines with NEBs, Uline and Quill. The reason I added 8 new companies is because a lot of people came back and said well NEBs doesn't work. What you should know is some of these trade lines take up to 90 days to

report, and some of the older woman who work there, for some reason don't like the fact that we are buying \$20 paper, paying \$10 in shipping just for the fact that we want a trade line. Hence, it might take you full 3 months. Now if you are having problems with NEBs, just move to the next company. That is all I can say. My wife, Claire and a few students went ahead and called the companies first so that they don't waste their time. This is the feedback as of the day I wrote this chapter, AramarkUniform.com, one of the trade lines is the 5<sup>th</sup> one down, and needs bank and trade references. What this mean is that they want to know your banking information and they want to see that you already have a trade reference with someone else. Just do me a favor. Make your first trade reference Quill. It is the easiest. .

What you are going to do is one, your company purchases one time from at least five of the below companies, not five items from one company. In other words, you have to buy one item from Quill, Uline, Grainger, Tech Depot and Gamblers. Yes Verizon Wireless is a trade line, too. So if you get your LAN line in your company name that would be a trade line. There are thousands of companies that report to Dunn & Bradstreet.

Pens.com report has one free bay. They don't want to give you a trade line the first time you ask for it. They are going to ask you to order something from them. And you will say, "I'll take that \$50 box of pens" Pay it off. Now they feel comfortable with you that you are a real person, and on the next purchase they'll give you a trade line, and that is the case for Pens, Grainger, and Gempler's, Squares. Tech Depot, instead of it being called a bill me later, invoice me later, or trade line, they call it a purchase order. So Tech Depot is highly recommended. Another company is BigAppleOutlet.com, I've ordered from them before. Earlier their site was under construction, but they do exist, so keep checking them out.

## **Transcription: Joe Lawrence**

**DW\_A0349**

So far we have covered the first three references and that you have a PAYDEX score of 80 that is a perfect business credit score. And again remember that student of mine who got \$7000 credit through Chase Bank on her business credit card without meeting the 80 PAYDEX Score. If she had met the 80 PAYDEX score she would have been able to average more credit from the Bank. The lenders pulled her social and looked at her business credit profile. They gave her line of credit on her business credit card, and it didn't show up on her personal credit report. Had she had an 80 PAYDEX score, I bet you she would have got anywhere from three to five times the amount. I did, I received \$23000 early this year from Chase. I didn't need to show my income statements or tax returns. So it is not that I have something that you don't have. I have written down a detail description of how I fill the application form in your **workbook on Page \_\_\_**. Just follow that and it will help you leverage more credit from the lenders.

Next you will see what a PAYDEX scoring system looks like? Do you want to see my credit report? The page **number \_\_\_\_** in your Workbook has my credit report. You will notice, it is just a bunch of text. It is not pretty. If you paid for the credit builder, then you get it in a pretty color version. But what is important here is to see how it just started two years ago. You notice what it says under sales? I'm going to share with you a trick. When you are done filling in your DUNS profile, you are going to get your DUNS number within 30 days via e-mail. Use your DUNS number to log into the Dunn & Bradstreet website and type in your DUNS number and password. If you don't have your password, call and ask for it or you can just put "forgot password" and they will e-mail it to you.

I would suggest email them because if you call them they will try to sell you something when you call them. Again, that is OK. Based on my own experiences with Dunn & Bradstreet, they are going to say something and get you to call them. They are going to e-mail you and say there has been an update on your credit report. Sometimes they say someone has recently made an inquiry on your credit report please call them immediately. They will try to scare you. They are going to try and convince you that unless you pay them, there is no way you can build business

credit and it is just not true. They will do whatever they think necessary, and I guess it is real lackadaisical what they can get away with. But just know this. You are smarter than them. I usually politely say “OK, great, thank you.”

**So the point is that it is 50/50.**

Coming back to your DUNS profile, you now need to update it. One of the things you are going to put in there is your sales. Now if you remember, I told you in the previous chapter, your sales should be between \$250,000 and \$500,000. I picked \$405,000. Now I won't update the number during the day. If you do this during the day, you are going to get a call; it is going to be challenged. If you do it on like a Thursday after 7:00 p.m., and like two hours later it will say your profile has been updated. It would work on a Friday evening as well. I don't think I would try it on a Monday. Weekends you can't access the system and you can't access it after midnight. But my point in bringing this up is no one is going to challenge your projected sales. No one will call and say “Hey, Joe, really? \$405,000? Let's see it.”

This is because you are allowed to project your income, projected revenue. That is what the field asks. And you want to have your profile state that you projected between \$250,000 and \$500,000. **Updating your projected sales after the day is over means there is no staff to call you back either.** That is the little trick. It makes your life that much easier when you are trying to get credit through a lender. Please type that in your profile. You can call and do it, but remember one of the rules we established is to do things online and by fax, not in person or on the phone.

See the way I have filled in my application, you can see it says employees – 5. I put between 5 and 9 which is ideal. The next is the SIC code.

They use two-digit numbers for the SIC code. One of them is consulting. When I gave you the SIC code earlier, it was for creating your articles of formation, creating your entity. Now we are covering the Dunn & Bradstreet profile. Here you can use whatever SIC code you want. You can see it says business management services. Again, it is because I typed it in. They had me pegged for a real estate company. Gee, I wonder why. Of course I corrected it. So a lot of times what happens is you are going to input information the way you want it, then a representative, of theirs is going to put it the way they want it to be. They will try and match your year with your articles of formation.

The fact is the question does not say when were you formed? It says how many years have you been in business? Technically, therefore I don't care what my articles of formation have to say. I have been in business for two years, and I can prove it. This brings me to another point. Remember I gave you a fictitious business name statement. You only have to use that when you are challenged. Most of the time when you type in the information on Dunn & Bradstreet, they let it ride. But the fictitious business name statement is just ammunition in case you need to defend yourself.

The next page that I want to show you is the business address exchange? Remember I taught you that trick how to not do that? Because I learned by doing. The page that follows the change in business address is my PAYDEX. My PAYDEX score is 80. That is because I have 5 trade lines reporting at Dunn & Bradstreet. Once the third one hit, I had it at 80. So this is how your PAYDEX page will look like. "Congratulations, you have a PAYDEX score of 80."

Now for those of you who want to know "What if I want better than an 80?" It is very challenging to do that. At best you are probably going to get like an 81, 82, and it doesn't make that much of a difference because remember, zero to 79 is pays late, 80 is perfect on time, and 81 to 100 means you pay ahead of time. So about 90% of the money is lent to businesses that have an 80, which is why I encourage you to get an 80. If you want to do better, yes, higher is better. There are a few strategies. I wouldn't do them, but if you wanted to, one of them would be that you pay the three lines within 15 days instead of 30 days.

Now most of these companies, if you pay early, are going to still report it as 30 days because they don't participate in what is called the accelerated payer. The accelerated payer means you pay ahead of time. Companies don't have the ability to report you ahead of time. I think Verizon does. Another would be that if you have a \$25 invoice you pay \$250, because then you have just prepaid for purchases that have not yet occurred. Inquire about it with your vendors with whom you are working. It is known as a fast payer or accelerated payer. If you look at all the underwriting requirements for every lender, they want an 80 PAYDEX or higher, so it doesn't really matter that much.

Next we are going to cover building your bank profile. Remember the 1-5-3 company I mentioned earlier? 1 is a bank line, the 5 is 5 trade lines, and the 3 are 3 business credit cards.

So when you build your 5 trade lines, you are establishing a credit profile with Dunn & Bradstreet and Experian, and the third bureau, Equifax. And you want to be ranked with Equifax. To establish credit with Equifax, you need to get a bank loan and that can be a cash line of credit through any of the vendors that are on our list. There are 10 of them on our list. It can also be a CD secured line of credit if you want. If you really want to start getting \$50,000, \$100,000, \$250,000, \$350,000, what you would want is a 1-5-3 company profile. And the 1 in the 1-5-3 is a bank line. So how you get a bank to lend you money if you don't have any money? Well one of the options that you can do is it is called a CD secured line of credit. Banks like Valley National Bank, Wells Fargo and Bank of America offer it. However, their programs are very poor. **You have to put \$25,000 into the account and they lend you up to 80% of that. It is like \$20,000. Isn't that ridiculous?** Two years ago, one of the business credit lenders I worked with was Bank of America. Now I have removed them from my list because it is not logical for me and they have their reasons. Valley National Bank is a bank that you can go into and you can get a CD secured line of credit. So let's say you don't want to show income statements or tax returns but you want the bank to lend you \$1,000. I would have an 80 PAYDEX at this point and I would see that everything is in order. You will have an 80 PAYDEX because you did your 5 trade lines, and then you need to build your 3 business credit cards, and then lastly your bank line.

Do you have to live in the same state as the bank? Yes/No. I understand you have to personally walk into the bank and speak to a representative. They have what is called an easy application, but at the end of the day you have to personally meet a representative. Valley National Bank has branches all over New Jersey. I think they do in New York and PA too. The issue here is it has to be your city's small bank. What I refer to as small banks are banks that very few are aware of. In your workbook I have added a list of small banks I know. One of these banks on the list besides Valley National Bank is Bay Home Community Bank. Guess what area they are in? Hudson County. They have six little branches surrounding Hudson County. One of the branches is the main office branch. That is where you want to go and you want to speak with the highest authority figure you can reach. In many cases in small banks you can speak to the president of the bank directly. I'll tell you another secret. A lot of times when you are meeting with the president of the bank, you are meeting with someone that owns a portion of the bank. It is a small bank you have never heard of and they have two or three branches. Walk into one of the three branches, the main branch, and meet with the president. He is 1/6<sup>th</sup> owner of the bank, which means he can write you almost any line of credit he wants. There is a gentleman whose

name I can't mention who used to work at Citizen's Community Bank who confirmed this strategy with me.

The Presidents and owners of these Small banks need to lend money out because they have investors that gave them money in expectation of a return. If the bank manager just lets the money sit idle it is earning nothing, so he needs to invest it out. If he invests out to you, and you are paying back 9% interest on it as a line of credit, he's making 9% rate of return for his investors.

And what's the savings account going to give him? Like 2%? You can refer to the list of small banks I have in the workbook or you can get it yourself. You can get it from NJDOBI that is the New Jersey Department of Banking and Insurance. Now for those from other states replace NJ with your state initial, and pull up banks by their size. When you see a bank name that you have not heard of look them up and drive by and introduce yourself. But before you start networking with VP's of banks, I would want you to be at this step that is your 80 PAYDEX score.

One of the main reasons you need to work with small banks like Valley National Bank is that they have CD secured lines of credit. That is if you deposit \$1,000 into a business checking account, they'll lend you \$1,000. May be sometimes it is only 80% but at least you get \$800. All you have to do is keep that open between three to six months and pay it back on time. This way you are building a positive trade line that reports on your Equifax business credit report. That'll give you your 1 in your 1-5-3. Now you want to be Equifax ranked when you are looking to get large cash lines.

Credit cards do count as trade lines, except they are revolving lines. I would say with 5 credit cards that report to Dunn & Bradstreet, you would not need to go through the process of buying small ticket items. I would say you are past that. One of the things you need to know while obtaining large line of credit from banks is that it is vital to get these small lines of credit. The fact is that someone is willing to give you a bank line. They have no idea that is what they are doing. In addition, it doesn't show on your business credit report that it was a secured line of credit. What you are doing is leveraging. We are using \$1,000 to get a bank line, and that you use to go get your \$25,000.

**You need at least one bank line.** Lenders know how hard it is to get a bank line so if you can walk in and say, “I have a bank line of credit”, then you have leverage. Also, even though this is a secured CD line of credit, no one can tell that it is secured nor you will need to tell them the amount. You are really just building your profile in a way that shows you have a bank line and that you have been paying on time for past three to six months. You just need the underwriter to check off “OK,” that your company is Equifax ranked.

In case of personal debt with the small banks – pay your bills on time. At a small bank with three branches and four decision-makers personal loans would hold weight. For larger banks like Bank of America, they have too many decision makers and it is too bureaucratic, so it won't make much of a difference.

And by the way, you have to do CD secured bank loans only if you don't want to show tax returns. If you don't have revenue from last year to prove or you are just starting out you may not have filed tax returns. If you are ahead of the game and you have revenue and you have been in business for a couple of years and you are established, then just go get a bank loan, once you get a bank line and you have your 80 PAYDEX.

So I talked earlier about bank profiles and the ranking you want to obtain is Low 5. How much is Low 5? Exactly \$10,000. So how would you show that you have cash especially if you are just starting out or you don't have any cash?

Borrow it. That is one way. There are a lot of other ways you can do it. If you allow your mind to think creatively you'll figure it out. I do provide a few solutions which some of my students and I use. You guys ever heard of [VirginMoney.com](http://VirginMoney.com)? Or [Prosper.com](http://Prosper.com)? These are basically two websites that facilitate peer-to-peer social lending. For instance, I'm Joe Lawrence and I go to [Prosper.com](http://Prosper.com) or [VirginMoney.com](http://VirginMoney.com) assuming they are still taking new members. By the way, if you go to [Prosper.com](http://Prosper.com), they are trying to become SSC ranked, so they may not be accepting new members, you can get in only with an invitation. There are multitudes of these sites, so go on one of these sites. You go on there and say “I need \$10,000 for a week and you will give you an 8% rate of return”. You post that. These are private lenders and everyone who has money chips in. Some may want to give \$20, one \$30, another \$100, yet another \$500, and it'll grow, so all your investment risk is leveraged out because you didn't put that much in, but I still need to get my \$10,000. Now I owe you back whatever I promised – 8%, 10%, 12%. It is very neat,

clean, and organized. There are a lot of companies on those sites and all that they do is lend money privately. You can speak to them about other projects you are working on or may need private money for whether it is short term or long term. Isn't that cool?

Another way of getting money is that you could move it over from another account to your credit account that is if you have it in another account.

Also, there are business equipment buy back lease programs you can use to generate cash. Now if you don't have \$5,000 in business equipment then don't waste your time on these type of programs. If you do have it say for example 4 laptops, 2 projectors, flat screen TV, desktops, printers, you can actually sell your equipment to a lender. This way the lender now owns the equipment and gives you cash for it. So suppose you sell them \$5,000 of equipment, and they give you \$5,000. Then you have to pay them back a lease for those equipments that you sold to them. In other words they are owners and you are leasing it from them and you can maintain possession of the equipment. This is a lot more popular in Midwest with farming equipment where you are looking at excess of \$25,000, \$50,000.

Here's one of the most common techniques that I use. If you are a single this is what I would recommend you do most of the time? If you have an 80 PAYDEX and let's say 680 minimum, 700 preferred credit score, or you know someone that does, you can get up to \$25,000 credit card from Chase. (And from past notes you know you can do it within three months) What you do is you write yourself a check from that business credit card and you put that money into your checking account. Now your checking account is worth the amount you have deposited. You don't require income verification or tax returns. You can let it season and request more money as a loan and you can pay back the credit card. Or the most obvious is just to go out there and make more money.

The sixth technique of getting cash is when you have a credit card with let's say \$5,000 limit. What you do especially if you have two companies is you have one company charge the other company for services rendered. That is company A that I own charges company B \$5,000 for services rendered. Company B now has \$5,000 because they swiped the credit card of company A. Now I have \$5,000 cash minus a processing fee whatever it is, 3%. This is another way to pull cash out of a credit card without paying a cash APR which is sometimes 18-20%. You can call the credit card company and ask for them to send you checks. Do you have Capital One? In

that case you must be getting a lot of requests? If you have available credit Capital One will keep sending you checks because they want you to start writing checks. This money comes right out of your credit limit and it is at the purchase swipe APR which is usually a lot less, like 6 to 12%. You can Charge your credit cards too and it is faster than writing a check . But when you do the numbers you have to pay a 3% processing fee and now you have to pay the APR too. So it makes sense to just ask for a check. If you have PayPal, you can just do business from one company to another. And there are plenty of other merchants out there. However, ensure that you have an invoice written and be very honest if your merchant asks you what you are doing. If one company is billing another company for services rendered there is nothing illegal about that.

### **Lines of credit:**

As of March of '09, there were no lenders lending money without a personal guarantee. In June 09 however, there have been some improvements. Why, I don't know but real estate picked up. I found two lenders that will lend - Cal National and Banco Popular. Now that is as of June 09. You can find their website and their phone number in the list I have given. One company is lending \$35,000. The other company is lending up to \$65,000. These are business lines of credit that is strictly based on your business credit profile. In the business credit profile they need your social because you have to be able to sign for it and authorize all the charges. But again these are two companies and they are hard to come by. And by the way, if you called all of the local banks, especially local banks in your county, you won't **find it difficult to find lenders that** are lending strictly on business credit profiles. It really depends on the economy and it is constantly changing. Here's the bottom line, I use personal guarantees for my business credit most of the time. Why? I don't want to mess around with \$25,000 - \$50,000.

For many banks, just to get money from them, even though it is business credit, they want a personal guarantee because we are in a down market. None of the business lines of credit or credit cards show up on my personal credit report. All that occurs is the lender looks at my business credit profile and analyzes it. As long as I hit all the steps in the system, I am good. The bank then pulls the credit of whoever is applying, and it doesn't have to be the owner of the company. It doesn't have to be me. I could use Joe Gonzola's if I want to as long as we have a credit partner agreement in play. All the bank will do is hit inquiry to check Joe Gonzola's personal credit score. If it is 680 or higher, we are good. I get the line of credit, I control it. It doesn't show on his credit profile. What does happen is they'll have an inquiry on Joe's personal

credit. Later on I'll show you a method to delete inquiries and credit inquiries as well or you can have a company do it for you.

Using personal guarantees will accelerate you through the program and therefore, your personal credit is very important. The lender is going to take a sneak peak at your personal credit score and you want to make sure it is at least 680 or higher. If it is not, then you would want to restore your credit and actually improve your credit score. You can avail of services from companies that specialize in credit restoration and I will be happy to share with you details of few companies my students found worthwhile.

Now if you want to obtain higher than \$50,000 in such cases use credit partners. We are going to spend probably at least an entire book on credit partners because you can literally have unlimited amounts of business credit if you use credit partners. You can register as many companies and credit partners as you would want and literally obtain literally as much money as you want. I use credit partners even to this day. It gives me better leverage.

Chris Henry can personally write up to \$350,000 as a business line of credit. It doesn't necessarily mean you are going to get \$350,000. There is a big difference. He can write up to \$350,000 and can get approval for millions of dollars, for seven figures and greater. So don't get stuck on the idea because we are in a recession, it is harder to get business credit. I want you to focus on is what is your business credit goal. What is your number, what do you want? Some want to obtain \$100,000. Very doable. I did it within 90 days of putting this program together. It doesn't mean I have \$100,000, one cash line of credit. I have it broken up between business credit cards and between cash lines of credit. Valley National Bank max up to \$15,000. First National Bank of Omaha was \$18,000. Chase was \$25,000. We have cleared six figures in the past, so don't get stuck on the idea that you got to get \$100,000 from one source. My advice to you is look at the underwriting requirements. For instance Cal National Bank considers less than \$35,000 as a stated loan. Yes, stated loan. It still exists. If you want a higher amount documentation is required. So if you can prove your income you can request higher than \$35,000. If you are just getting started and can't prove an income request less than \$35K. You may only be able to get \$35K through Cal National and may be another from \$65K through Banco Popular. At the end of the day, you are clearing \$100K. Of course ensure you have a C-corporation **that controls all of these lenders**. Once you have a year of strong, solid business credit for one to two years, you can then use your profile as leverage. At that point, you would

be able to obtain large lines of cash credit. **The only exception to this would be if you can truly prove you make \$250K to \$500K, which a lot of people can.**

Time for yet another little secret tip. It is a little more advanced but a right time to share it with you. A lot of banks base your annual sales revenue on deposit history. That is if you can prove you make \$250K to \$500K by looking at tax returns, then you can start getting larger lines of cash credit. If you can't then of course you can break your lines of credit from Cal National Bank \$35K and Banco Popular, \$65K etc. A large number of banks are not looking at two one year tax returns. They are looking at three-month bank statements and they need to see a positive cash deposit history. Hence if I'm going to say I make \$300K per year my average deposit need to be \$25K each month. How do you use this to your advantage? I have made a list of credit cards in your workbook wherein you can literally clear \$65K in business credit. This amount will not show up on your personal credit report and do not require tax returns or proof of income or any other supporting documents. Thus, even if you don't have any money, you can do the following. Remember I talked about pulling cash out of your card? So pull cash out of your card and deposit it into your business checking account. This way you are creating a positive deposit history and making the numbers match.

Are you going to just deposit the money or break it up? It depends on you. The outcome is to average it over the last three months. This was shared to me from someone who was working for a Bank. He informed me what his bank does and then I filled in the rest. Now I'm not going to lie if the bank asked is that \$25,000 from revenue? I would say "No. It was from another asset I have and I put it over". Never lie about it. Usually you are not questioned. They are just looking at the deposit history. It is assumed to be revenue. This is when you want to start getting larger lines of credit, \$50K, \$100K or more. **Take a step further and build a relationship with the person that you are working with to get you a line of credit at this stage because you are not \_\_\_\_ [45:21] anymore.** Discuss with them how you can maximize your money without breaking any laws because all you want is to leverage your own cash.

A student asked me "What about small business association (SBA) loans? Are those viable?" Yes! They are viable too. What I would recommend is follow the 7 steps, get your 80 PAYDEX, build a 1-5-3 and start going for SBA loans. This way you will be able to take out a lot more money. In an SBA loan, they ask for proof of income or revenue that is tax returns, which is why I don't really cover it. Following my 7 steps, getting your PAYDEX score and the

1-5-3 system will absolutely gear you up to where you'd be in a lot better position for an SBA loan.

Do you have to deposit the amount in cash? This is a question that only your accountant can answer for you. Do not however claim it as income because that is fraud. You won't be paying taxes on it. If asked you can mention it is cash from one account to another like sort of a transfer. Your accountant will help you with that. If you need an accountant, email us we have one we can recommend, but be up front with what you are doing and just make sure you have legal counsel and you'll be fine. Don't claim that the deposit is revenue and pay taxes on it to obtain the loan for they won't ask you for it but as far as creating a positive deposit history, you are in the clear. You would be doing this only if you are not making \$25,000 per month or whatever is the credit amount you want to obtain or if there is no money to show or any revenue.

The next page you see is the Dunn & Bradstreet credit evaluator plus report. This is what they are trying to sell you looks like. The next page is Experian. This one's in color and that's how an Experian business credit report looks like. The third is Equifax. To get ranked with Experian and Dunn & Bradstreet simply build your first 5 trade lines. And then lastly is the credit report of Equifax. It is hardest to get ranked with Equifax. For Equifax, the only way you can get your business credit report is if you have a bank loan or you have applied for one in the last 60 days. Go to Equifax.com, you can call the 800 number if you want to order a copy of your report. Again, there is no point in ordering a copy of that report if you don't have a bank loan or you haven't applied for one in the last 60 days

## **Transcription: Joe Lawrence**

### **DW\_A0350**

It is important to be educated on both business credit and personal credit. Personal credit is very technical. There are many tips, tricks, and secrets that are not openly discussed unless you read a lot of books. To save you time, I decided to share with you the success and wisdom of a good friend and colleague of mine, Joe Gonzola. Joe and I started together three years ago. We met over lunch and realized we both had similar life lessons to offer to the world. And now he is my partner in educating people about personal credit.

**JOE TONZOLA – BASICS OF PERSONAL CREDIT + BUSINESS OPPORTUNITY  
WITH [WWW.VRTECHCREDIT.COM](http://WWW.VRTECHCREDIT.COM)**

### **Introduction**

I have been with the company since December 2007. I have been involved in real estate for the past two years. Joe and I got talking and started networking and going to a lot of different functions. This ultimately led us to where we are today with this Workshop. The beautiful part about the company that I am going to get into in a little bit is we are just getting started with what we are doing. The results that I will share with you of what we have been doing are just the tip of the iceberg.

There are so many people that need to get educated on what you are learning right now. Many have no clue about credit and it is not taught in the schools or universities. We learn by either making a mistake or if we are lucky enough by learning about it in this type of a setting. In personal credit, what you want to look out for are protective steps that you need to do right now to be proactive. If we are not aware even though we may have a score of 800 lenders may be taking things away from us. You have heard of people getting their credit cards closed, home equity loans stripped and so on despite great credit. Hence even though you have an 800 credit score and have immaculate credit, paid on time, never been late yet they are going to do the same to you. This is because right now they are in the process of consolidating \$2 trillion worth of

available credit. Available credit, not debt, available credit! It is imperative therefore for you to be aware of what is going on.

So let's just talk a little bit of statistics.

Credit scores range from 300 up to an 850. The median U.S. score is now 723. Our national average is 680. We have 13% of our population with a credit score above an 800, and the opposite extreme of that is 15% of the population has a credit score below 550. Those below a score of 550 are actually having trouble opening up bank accounts right now. 580 credit scores are minimal for most financial institutions to open up a checking account. 22 states have a score of below our national average and 29 states have a score above the national average, which is 680. Where do you think New Jersey is in this? New Jersey is 693, barely above. Obviously, the higher the score, the better the interest rate of payment, but most people overlook that. All they look for is the payment. "Just get me in this house for under \$5,000 a month or this car for under \$300 a month". That is all they care about because they know that is what they can afford. Now the most crucial point of all of this is realistically, we need to learn the whole picture.

For example if you see **Workbook page \_\_\_\_\_**, you will notice the calculations for mortgage payments for those above the bracket and those below the bracket. This is based on a \$250,000, 30-year fixed rate. When you compare the top and bottom bracket over 30 years, it is a difference of \$700 a month that is \$8,000 a year or an extra \$253,000 over the life of the loan. This way you would have had financed two homes but got only one because you are in the bottom bracket.

People don't look at this, and that is just the mortgage payment. Imagine the difference it makes to your credit card interest rates, your insurance premiums and your car payments and so on. We pump out thousands of dollars every year just because of our credit score.

Another point to notice in this kind of scenario is the difference between a 699 and a 700. One is the difference between going into that higher or lower interest bracket that is the difference of \$129 a month, \$1,500 a year, or an extra \$46,000 on the life of that loan. And that again is just the mortgage payment. If I gave you \$46,000 right now to compound, what type of retirement account do you think you would have at the end of 30 years? A couple of million dollars! So why pay that to your mortgage payment or to your car payment? Why pay that extra money?

You could be socking it away for something that is going to gain you more in the long haul. Hence we need to maximize our credit score to minimize this.

5 factors that make up our score:

- New accounts,
- Amount of debt,
- Length of history,
- Type of debt, and
- Your payment history behind that debt

These are the 5 key things that are of interest to the card companies . Out of these five your two biggest factors are the amount of debt that you owe and how you make that payment. Experian, Equifax, and Transunion, these bureaus are for profit companies. They are no different than Pizza Hut, Domino's, Dunkin' Donuts; they are in it for the money. But they don't deal with one another. That is why when you pull your credit, you might be 500 from Experian, 700 from Equifax, and 59 on Transunion. However, they do use the same general information when they flip through your scores. They look at your identity information, your trade lines; whether it is a credit card or a mortgage payment etc. They have different weights and measures. Every time you pull your credit it results in an inquiry. They are going to look for that kind of information. Another biggest factor is your public records, anything that is public knowledge be it bankruptcies, judgments or tax liens these are things that hold down your scores the most.

These credit score companies make their money by selling our information. **If I wanted to find anybody in Muni County with a 600 credit score or less, that has a three-year mortgage payment on that mortgage, I can buy that list and have them delivered.**

The problem in the past was that everyone made numerous mistakes and that lead to the forming of the Fact Act of 2004. The Fact Act of 2004 allows us to pull our one free credit report every year. The only place you want to go to pull your one free credit report is AnnualCreditReport.com, or the three major bureaus. Outside of that, if you go anywhere else it will drop your score and cost you money.

So how can we improve our credit? What do we have to do to maintain it?

There are four essential 4 keys to this. The first one is we have to limit the number of times we pull our credit score. The more we pull it, the more our score drops. On the other hand if you are trying to get approved for something, obviously you have to go through the underwriting process. In this case do you know what your scores are? Yes you know! You know your income.

Tell them your score without them having to pull your credit. That is if you walk into a bank trying to get a personal loan or a car dealership, find a representative and say “Listen, I have a 700 credit score and I make \$100,000 a year, What can you do for someone with my requirements?” And if they do not want to work with you until they pull your credit, go somewhere else. Don’t pull your credit with them to find out later that they are not going to give you what you want and that you do not want to do business with them.

So walk into a place and find out what they are willing to offer you preliminarily. Then if you think you want to do business with them let them pull your credit. This way you are not running your score many times. It is your credit not theirs and you hold the ball in your court. The more inquiries you have in a short period of time, the more your score is going to drop. Another main issue is the amount on new credit cards within a short period. For example you get a credit card today and you max it out. You get a credit card 30 days from now and you max it out as well. Then 90 days later when you are trying to go and finance a house or refinance a house, they are going to reject it saying, “Why are we going to give you a \$250,000 loan? You just got \$15,000 worth of debt over the last 90 days and you maxed it out.” You are a risk to that lender.

Therefore, you want to limit the number of inquiries and limit the amount of debt you form on your new trade lines within that timeframe. Also, when we look for the best rate we do have a window to shop. You have a 30 to 45-day window to pull your credit and go to multiple banks to get the best rate. But outside that period, it will result in additional inquiries. We will learn how to remove these inquiries when we get into more on the company and related topics later.

Right now you educate yourself on how inquiries affect your scores. Inquiries remain up to 24 months on your credit report. They don’t affect your approval process unless they have been made within the first 12 months.

Secondly don’t close your credit card accounts. If you have an account that is open and active, it will keep your credit strong. In this market credit card companies are closing accounts on us.

You don't even have to be late and they will close the account. Therefore, if you have an account that you haven't been using for sometime use it for something otherwise the credit card company is going to close it. Use it for something that reoccurs every month.

**Well if you charge money on anything, it is going to drop your score because what you are doing is you are affecting your available credit to debt ratios.** They are scrutinizing everything right now. They are scrutinizing even the place you shop. They will take your card and turn it off depending on where you use it. So if you live in a high income area and you go to Wal-Mart to buy towels, you are a risk to that lender now because you are now shopping in lower income neighborhood.

The down economy has changed the way credit card companies' function. A student of mine got a call from one of the credit card companies informing her that they are going increase their interest rates and she had a certain amount of time to agree. When she didn't agree they asked her to use her card until it expires and then they will close her account. At least in this case they gave her a notice before closing it on her.

And here are financial experts on TV telling you to have only one credit card. Now when they cut my credit card off, what do I do? Also they advise us to pay the bare minimum, otherwise the companies are going to lower your credit limit. This I agree. A friend of mine got his credit limit lowered by the card company. He has three American Express cards and had \$10,000 limits on each one. He had used about \$19,000 of it. They called him up and negotiated with him. They said, "We will settle this debt with you. You pay us \$ 14,000, and we will knock off \$5,000". In addition we will cancel all three of your credit cards and give you one credit card with a \$5,000 credit limit on it." I mean that is crazy, are you kidding me? I hope he didn't agree, that would have crushed his credit.

**Another key effect is** when they do reduce the amount you have to report whatever amount they reduce your credit card with as income the next year on your taxes. This is what a charge-off is. They don't mention it to you. A charge-off is not, you have \$5,000 worth of debt and we like you so we are going to charge you only \$500. You are writing \$4,500 of that as your income on your taxes, and they don't tell you that.

We are going into a very large cash based society. That is why the opportunity to maximize your credit score and integrate business credit is going to be huge. Now it is not just you, it is your experience within your business that is going to give you the cash, not your personal credit score or your lending history or how you pay on any one. Therefore utilizing your business credit is going to be key for investment. Personal credit is going to play an intricate part in it if you have a good score. That is why at some point if you have to buy a house with business credit, go ahead and do it for ultimately it is a much better option.

Normally we would say if you have a card, don't use it and keep that account open. Just throw it away, cut it up and pretend like it doesn't exist. That keeps your available credit ratios high, your debt low and you have another active trade line that is open. In this economy they are going to close it on you now. There are no federal regulations stopping them from doing it. There is nothing in place to protect the consumer. The only thing that they did put in place is they have to give you written notice that they are going to cut your credit line off. This however, doesn't take effect until July of 2010. At least they will tell you they are going to cut your credit until then they could just close it anytime. Currently most people aren't finding out until their card is declined. They are at the grocery store making a \$400 purchase and they find out they have insufficient funds on their card.

They are not just cutting your limit, they are cutting it down below you owe. For instance let's say you have a \$5,000 credit card and you used \$2,000 of it. Now you have \$3,000 available. Hence, if you owe \$2,000 they will cut it down to like \$1,000, which will make you \$1,000 over your limit. In addition, they want you to pay it immediately.

You want to keep your balances below 30% of your available limit. **Having agreed to that, if all that deficit on that one card is below 30% of your available limit, because now they are looking at how much, what is your high available limit and what is your high average? How much have you ever spent on that available credit line at any one time? What is the highest it is ever been?** They look at that, and if it is more than 30%, it is a no-no when it goes to the underwriters. Beware; they are lowering your available credit line. Therefore, you want to have multiple trade lines and spread it out amongst the cards below 30%, because if they do cancel one, it is not going to be easy for you to go out and get another card.

The fourth thing is we need to obviously pay the bills on time. At the very least, make the minimum payments. However in this market people are getting their credit lines cut, for example, when I am a 700 credit score and have a 9% interest rate and you cut my credit line off, that knocks me down 50 points. I go from a 700 to a 650, so where does that put me into? It puts me into a higher risk, higher interest bracket. Therefore my 9% now goes into let's say a 24% interest bracket. Now a minimum payment of \$25 will increase to \$125. When you have people out there that are struggling to make the minimum payment of \$25 how will they even come close to making the minimum payment of \$125.

The lenders are trying to get us on all ends – the front, the back, and anywhere they can in between. Hence we need to figure out, are we able to pay it? If we are not, we have companies that do debt elimination and counseling and similar activities to get us out of debt.

I don't recommend any of them. I do get positive feedback of some of them and many of my customers have been going over that way. However, they can be extremely damaging to your credit if you don't know how good they are hence you have to choose carefully.

**A student of mine got her credit card cancelled because they had tacked on like an extra dollar on one and \$13 on another and \$19 on another, and they say it is the interest from when she paid it off.** The bigger surprise was when she got a notice that they were going to cancel her credit card for non-payment, and this is when she didn't even receive her statement on time. I advised her to seek legal help on this one. Ask the Card companies questions, "Where is that in the contract that you signed? Where is it in the Terms and Conditions that they sent to you that changed the terms of the contract?" Ask them to show you where they just changed your terms? This is how I work with my credit card companies. If I didn't sign that contract I am not liable for it.

Credit Card companies are now scrambling. They are changing contracts in the periodic statements in the mail. **The envelope comes and your terms in your agreement have changed! It is not uncommon for a creditor like a utility company to go in and report you late. This is despite that for the past four years you have been paying on time.** So if you have positive payment history with a creditor that is not on your credit report, have them pull that history onto your credit bureau. Even if that is your utility company, you can increase your credit score. It will also show that you have another positive trade line.

Most negative information stays on your credit report for 7 years; 10 years if it is public knowledge and in the public records. Now, there is nobody at Experian, Equifax, or Transunion saying “Look, it has been 7 years, this negative report has to come off.” You will see stuff on peoples’ credit reports 15-20 years from now. Therefore you need to be aware of what is on your report, what are your rights etc. As Americans we have innumerable laws in place to protect us. Now improving your score can be tedious. That is why it is a service. 80% of all consumer reports have some serious errors on them. **Alright, the information can be yours, but it could be misrepresented within the SCRA laws. The SCRA is who we use to govern the information. (Please define SCRA or FCRA –Jini)**

The Fair Debt Collection Practices Act laws are how they can collect the debt. Most collection bills are violated within these laws. Those laws are being violated by collection accounts all day long. That is why most collection accounts are bogus and could be eliminated relatively quickly. You have the right to challenge almost everything. Let me rephrase that, you have the right to challenge everything as long as it is yours and you have it in your file. You can report it to the credit bureaus, have it challenged, and also challenge the procedures in which they use to file that information. However, there are guidelines for everything. The average person is not going to research 86 pages and understand half of what they are saying inside the Fair Credit Reporting Act. The question is, “Can you work with third-party companies?” And the answer is a resounding “Yes!”.

Be careful of with whom you are working. A number of times they charge somewhere between \$700 and \$3,000 sometimes as high as \$5,000-\$6,000. Also, there are so many regulations behind who can actually do this. Most people who are doing it don’t even know that they are doing it illegally. They charge by the number and types of items. Whether you pay \$700 or \$3,000, the process is the same.

The company I am going to introduce to you is now is United Credit. They have one flat fee and have an amazing deletion ratio. When I accepted their service, they brought me up 87 points in a 25-day period. Recently, we had a customer who had 10 negative items. 5 of them came off in a 30-day period and one of them was a Chapter 7 bankruptcy. It went up 144 points. He went from a 500 score to a 644 and met all FHA guidelines across the board. He didn’t even need to go to FHA for now you can go conventionally. That is what we do to credit scores of individuals within a period of 30 to 60 days. Many just don’t know where to go to get that type of result.

Next we will learn more United Credit, and the structure of the company, the products, how they work, and then more importantly, what it means to be in this type of business today. I want to make sure that you guys truly understand what credit restoration is really about. **There are only 3 entities on the Fair Trade Commission Guidelines that are exempt from the prologues, the CLOA laws, Credit unions and nonprofit organizations.**

**Those are the only 3 that are exempt from the CLOA laws.** What the CLOA laws state is, that it is illegal for anyone to provide this type of a service and charge up front unless they are exempt from those laws. Who is exempt? For example a mortgage company does credit restoration charging a fee. Is it legal? No. Random Joe Schmo with a business card operating out of his home office, No! The guy that is walking into banks or into mortgage companies selling credit restoration franchises for \$15,000, legal? No. Not legal. These are the ones Fair Trade Commission is shutting down. Those businesses or people who the Fair Trade Commission wants to go out of business because these are ones who are charging \$4,000, \$1,500, \$2,000, and many a times not doing anything.

**United Credit on the other hand started as a nonprofit organization and now it is a national federal credit union.** We are right now in the process of purchasing a bank. We have no debt and have made \$12 million last year, 60% of which we paid out to the field. We are putting together all types of programs. We are approved not only at the federal level and at some state levels. There are certain states that say we don't care what your federal exemptions are, in order for you to do business in-state, these are what our guidelines are. For instance: North Carolina and South Carolina wanted us to have a brick and mortar in their location. We are in Michigan. We are not going to South Carolina to open up a brick and mortar. So what did we do? We bought a \$100,000 surety bond to do business in that state. We did the same with California, Nevada, Utah, a couple of the other major states where we do business. We are so compliant that there is nobody at our competition level. We did \$1 million in production last month. There is nobody doing that type of volume and not getting red flags raised against them, and you will soon find out in the following pages why.

United Credit Education Services handles all credit restoration processing. They hold all the licenses at the federal and state levels. Financial Education Services brings together the other products besides the credit restoration. New York Tech Marketing is the exclusive marketing

firm for these two companies, and that is who I represent. I am an independent agent from New York Tech Marketing. I provide the outlets and the distribution centers for these two companies. I got started in business in December 2007. By the end of January, beginning of February, my credit score went up 87 points. We are now talking a year and 6 months later. We have about 825 agents in my organization across the country in 29 states. And we are just getting started. **All the people that are in foreclosure or have gone through foreclosure need our services. When property value stopped decreasing in May, the unemployment rate from April to May went from 740,000 to 1.4 million in one month, it doubled.** If that would have been the other way around, people would get jobs, property values would increase, and the number of people that have been affected by the credit crunch and the foreclosure crisis today would still be serviceable for probably the next five years to come. This type of a service is huge in the economy right now.

There are 150,000 people in Jersey in foreclosure right now. 500,000 people every month that continuously roll in and out of the foreclosure process in the country. We would never be able to turn out the number of agents we would need to service those people. So what you are looking at today is the strongest company in my mind in the business, and definitely the greatest time to be in this type of a business. This is because we are before the leap. The leap is coming. We are located in Michigan as I said. We have a software system that has been developed for a long time. Over 7 years, they have had the system in place. It enables the individual and the company if that was their customer, to watch the progress. If somebody enrolls today, they can see all three credit scores and they can see everything negative that is listed and they can see line by line what is being deleted as the company works on it. **If that was a mortgage company and that was their client, they can watch that client. So if the mortgage company put 5 in this month, 3 in next month, 2 in the following month, they are building a pipeline of buyers and they can sell to.**

Even the people that they turn away can be captured and turned into buyers. We are showing them how to do it. We are also registered as members of the Better Business Bureau. We are the only credit restoration company with a true accreditation of the Better Business Bureau. For four years there are no complaints against us on file with an A rating. That is near impossible when you are doing a million dollars of production a month. Ask any other company that is doing this service and doing that type of volume if they have any complaints against them. We have none. That is key when you look at the structure.

We talked about how credit card companies are changing, how everything is starting to change and how it affects people. For example if we had a couple Mike and Marcy and they were married today. They lived together and the utility bills were in Marcy's name and she was paying them. Mike is not aware of her payment history and let's just say every once in a while she pays 30 days late. Mike has no idea about it, and all of a sudden Mike and Marcy get divorced. Mike moves to California. When Mike goes to open up a utility bill in California, they are going to base his utility rates off of her credit, and what she paid over that time. He has no idea that his rates are based on Marcy's credit score. **He will end up paying more for the same exact house as Marcy's living in across the street, because** even though his was higher at 780 **her credit score was 500**. And all because she was paying the joint bills irregularly and had a lower credit score. He is going to pay more per therm or per kilowatt depending if he is on gas or electric and some more because of Marcy's credit score.

This applies for insurance on your vehicles too. They determine everything on credit right now. You can't even rent a car if you don't have good credit, depending on the rental car and the company that rents it. It is going beyond the ability to obtain loans anymore. It is everyday living. And that is why the average consumer is realizing how important the credit score is. Many can't even get jobs and are actually losing jobs because of credit.

The Credit Score companies like Equifax collect, maintain the data and then sell it off in large lists. The problem is they make mistakes. The most common mistake is spelling, so one letter off in somebody's name is cutting somebody else's report. One number off of somebody's social security number could be somebody else's file.

But when they make a major mistake like that or if they cut one credit line off, it costs you 50 points. So going from a 700 to a 650 is a major difference. That is why they promote the information to be protected by the Fair Credit Reporting Act, and the Federal Trade Commission enforcing the FCRA laws. They want us to have good credit. The better credit we have, the less we pay on our bills, and the more we spend money on disposables such food, going out, all the things that stimulate the economy. That is where things separate right now. Most people don't have that extra cash to play with. They can't even pay their bills. And why? Because we are overspending on everything in our lives. That is why we have come up with the credit restoration service.

The price of the service is \$499. They can split that up into two payments if necessary. What you get for this is your own website and you will be able to track all the three credit scores, everything that is negatively listed. You get a customer service center you can call Monday through Friday and they will answer any questions you have about credit, about the products. These representatives have 20+ years of experience. They really understand what is going on. On the website, you will have your own education tool that explains the ins and outs about credit. You will find detail information on Good credit versus bad credit, debt to income and pitfalls of owning your own home, buying cars, and what to look out for to avoid low scores.

The service is good for 5 challenge cycles. A challenge cycle is approximately 60 days, so like my first cycle took me 45 days and I went up 87 points. The customer I mentioned earlier went up 144 points in 30 days. A cycle is approximately 60 days. You are going to get 5 cycles throughout the year. So a person enrolls today, our company looks at your three credit reports. They develop the letters for you. They send them to your homes. You sign the letters. You put them in an envelope. You send them to the bureaus. That is it. The credit bureaus have 30 days to respond from the day that they get those letters. They do the research; and send back new credit reports to your home. These credit reports are automatically updated. They have your scores and you have your deletions right away. Hence, when you send those to our company, we now know what they did. If anything else happened during that timeframe that they were working on like let's say you went late again or something happened that wasn't yours and it shows up on your credit report, they are going to challenge that on the second cycle, in addition to anything that didn't come off on the first one. That is basically one cycle. So we can use the service for six months for 3 out of these 5 cycles. If you are not happy with our results for whatever reason, we have a written money back guarantee. The company is only going to deduct \$125 out of the \$499 for working on the file for six months. That is the only thing that they are going to keep. If they take anything negative off, they are going to keep \$25 for each negative item they pull off. So if two items come off, they are going to keep \$25 for each one of those items and \$125 for processing. The rest goes back to the customer. It is more than fair. Is there any an attorney who charges \$1,500 and if you are not happy after day one he guarantees that you are going to get any of that money back?.

Now we have a lot of other products, and these services are managed by Financial Education Services, the second entity within my company. They developed the Ultra Score Program which is actually getting ready to be tweaked even more. I have seen people that would use this service

even though they have a score of 680. They don't have anything negative, but they have a lot of accounts, or a lot of debt that is kind of spread out within their credit report. This will tell them exactly what to do. It will say pay this, you have got 30% of your debt within credit cards, 20% within mortgages, another 5% within personal lines. It will tell you what percentage to bring those categories down to and in what order to pay those bills in every month. I have seen people go from like 680 to 720 within 30 or 60 days of using the program just by balancing whatever's in their score, or in their report. You can get approved at a 680, right? But why not be a 720 and shave a quarter of a point, or even a point, or a third of a point off that rate while you are trying to find that home, and that is what this will help someone do. It is \$149 for the year. If it saves you \$100 a month, it pays for itself in two months. It works the same with the credit restoration. If it saves you \$300 a month, it pays for itself in two months. It is a onetime investment to improve your lives in the long haul.

Another major subject is writing of a Will. For that we have a program called My Care Plan. Anyone want to guess what percent of our economy has a will? 1% of the economy has a will. How many of them have it in a trust? What percentage of the 1% have their information tied into a trust? 3%. Alright the trust is more important. That is why you can go to LegalZoom.com and get a will for nothing because it is worth nothing. A will, when you die, goes to the courts. It goes into probate. The judge says does anybody contest this will? No? OK, great. As soon as somebody contests that will, it goes into probate. That is why we have probate courts. Have you asked anyone who has gone through probate how long it goes on? The answer is sometimes probates can go for as long as six years or more.

Having your trust prevents that from happening. When you have a trust set up properly, it is impenetrable through probate. It is spelled out in black and white where do you want what to go. **When you pass away, this is pour over will, you can actually set that will up to have specific things pour over into your trust and**

That is what these documents do. This is good for people that do not own multiple copies. This is for the average Joe, with a \$2.5 million estate or less. This is not for people that have extensive \$6 million, \$7 million, \$10 million estates, but the power attorneys are probably more important than those two documents today. For example If I live about a good 75 miles from home. God forbid something happened to me when I left here and I got into a car accident and I couldn't make decisions on my own, I can never be brought anywhere medically for treatment

unless I have a health care power of attorney. They can't even request my medical records without my consent unless I have a health care power of attorney. Anybody ever been with someone and then all of a sudden you get a phone call like an hour later or the next day something happened to them? Right, isn't that scary stuff? We don't have a crystal ball. Anything could happen to us. At the end of the day, I want the doctor to make the decision medically, not my wife or someone else. But the most scary part about that is not so much the health care but financial care. If I don't have the power of attorney in place and what if I had a \$300,000 401K, and I am the primary breadwinner, and I am incapacitated and I can't make decisions on my own. This means nobody can touch the assets. I can't pay my house, credit cards, I can't pay anything. Everything starts to go into default and so does rest of the family. So for \$499, we need to get serious about looking at our financial future. I have done this presentation in an attorney's office, they claimed even if they knew me, they would charge me \$1,000, and that is just to do the will. I know people that have paid \$4,000 or \$5,000 just to do their will.

\$499 is a competitive price. If a husband and a wife enroll at the same time, we could deduct \$100 on one of the prices. It is the same with credit restoration. One person would pay \$499, the other one would pay \$399, and both My Care Plan and the credit restoration can be split up into two payments, so you don't have to pay all that in one shot.

I think the My Care Plan is probably more serious when you look at how many people have that in place compared to credit restoration.

**Lawyers can charge more than \$2000 for the Living Trust . They will do a will for free,** because once he gets in there and he starts telling you of the various things you need that is when he will charge you. It is the Living trust; it is not the will.

### **Auto Loan Program**

Where are you going to get an auto loan for a 500 credit score? Nowhere! The auto industry is as bad as real estate. Once you enroll into this program. Within 24 hours someone will know if they are approved or not. 24 hours later, then we get a check overnight to them. They can walk into a major dealership, franchise dealership, Chrysler, Honda, Jeep, Porsche and say Fiat, (name brand only) to walk in and pay for a vehicle with cash now. And this is also good for someone

that is trying to refinance. Any major purchase or refinance, they can use this program. They are capped at 19% interest. They will never go into the 20% range.

So if someone's credit is really bad and he is paying 29% for a car, and wants to refinance through us, worst case scenario, they would've paid 19% which is 10 points on his payment. All these programs kind of work hand in hand. Now if somebody needs the Auto Loan Program, chances are they could use the Credit Restoration. **And if they need the Credit Restoration, there could be a chance that they need to get an auto loan and they can't.**

#### Identity Theft Protection - Lifelock

Anybody familiar with Lifelock? Lifelock is an identity theft protection program. Identity theft is no joke. If somebody opens up a credit card in your name and maxes out \$10,000, you have 60 days by law to catch that or else it is your debt and you owe it. How are you ever going to know what happened to you unless you pulled your credit and found it on your credit report? Therefore, how are people finding out? The exact same way. I had a woman that was trying to get a mortgage, pulled her credit, found out she was married to three different men. That person would have a really hard time trying to prove who she even is in court systems, when she just had her information used to marry three different people. When you are a victim of identity theft, the thieves do a really good job and 25% of people never recover from it. They can never prove they didn't do it. People steal somebody's information, go out and commit a crime, then the real person has a broken taillight, gets pulled over and find out they have a warrant out for their arrest and they have to show up in court. They didn't even do it. They didn't even know it existed. However, this is happening right now. One of the episodes on Dateline NBC was how they had put two credit cards out into a black market website. Within two minutes, one of them was maxed out from major purchases all over the world, Germany, Japan, all over the place. That is powered information. Think of all the places you have gone into and left your name, your date of birth, your social and driver's license, a photo ID, etc. We think "Oh, I am OK because I am cool with my documents. I shred everything that comes into my home and do everything necessary". Well, what about the places where you left your information? What do they do with it? How secure is it over there? And that is where you want to be careful. That is why you definitely want to have some type of protection.

Whether you work with us or not, whether you go with these programs or not, you need to get yourselves into something because of this. I did a webinar for a colleague in Florida. His

brother, two years in a row, had somebody file his tax return check before he even had a chance. How about that? You go to file your income tax check and somebody else already did it and got it back. That is the number one related identity theft right now. It is up over 600% in the last year. Lifelock is preventative, and this is why it is the number one program. It is before it happens. All the others are monitoring service. If you are dealing with a typical identity theft program, what happens is, a thief walks into a dealership with your information, signs the contract, gets in the car and drives away. Now it is on your credit report, and you got to try to reverse the effects of it. I don't know about you guys, but I want to know before it happens. That is what Lifelock does. While that person is at the dealership and they run your credit, that triggers Lifelock to call you, and they ask you, are you at the dealership trying to make a purchase? You say, "No, I am not." Lifelock employees will then go pick that person up in his tracks. They are going to arrest him on the spot. It is \$99 for the year to have that protection. God forbid they do gain access and they damage you, you have up to \$1 million of protection for everything, losses, and attorneys. They will cover everything up to a million dollars. Most other services are anywhere from \$20 to \$40 a month, and it is only after it has happened. You have already been a victim and now they got to try and chase that person. This is a fraction of the cost and it does so much more than that. They scour hundreds of black market websites where these thieves are giving these credit cards and all different types of stuff back and forth to one another. If they see your information on there, they cancel and lock down all of your accounts and reestablish new ones. They do it for you. Has anybody ever lost their wallet or their purse or their credit cards? You got to call the company and get the representative on the phone. You got to tell them what color pants you are wearing down to your socks just to tell them it is your account and you want to cancel it and why. It takes hours of valuable time. Lifelock will do all of this for you. If you have ever lost your wallet or your purse, you call them up and you tell them. They will cancel everything. They will reestablish your driver's license, your social security information, everything down to the credit cards. That alone to me is worth the \$99. Kids are the number one victims. Think about it. Have you ever seen a kid pull his credit report and it said that he had a mortgage or a credit card from when he was like 5? Did you ever hear anybody say that? It is crazy. Well, my son is 3 and my daughter is 1, I put them into the service. It is \$22 per year, per kid, for Adults it is \$99.

### **Prepaid Debit Cards**

The last product we have are prepaid debit cards. They are prepaid. So what we put onto it is what we have to spend, but it is going to establish a trade line and is actually going to build

credit history. 100% approval as long as someone has a social or a tax ID#, they can get the credit card. They load their money on it, they spend their money as they normally would, and pay their bills online. It is going to report to Payment Reporting Builds Credit (PRBC).

If you go to the websites of Bank of America and a couple of other major institutions such as Wells Fargo, Washington Mutual, you will see the PRBC logo on their websites.. They are using PRBC for the underwriting. What PRBC does is, it records information that they will not typically report – rent payments, cell phone payments, things that may not necessarily count towards credit will be traceable through PRBC. The difference between PRBC and Experian, Equifax, and Transunion is anybody can buy the information from Experian. PRBC will only release the information to the consumer who has recorded the information. Nobody else has access to it. So they go to the bank, they try to get approved. There is not a long history. They can request the last two years worth of history from PRBC for rent payments, so the underwriters can look at that and use it for the approval process. A lot of major banks are starting to accept that.

The other thing it has is they have the ability to do a direct deposit onto the card, so think about all the people that are using check cashing and money orders to pay their bills and so on. What they have the ability to do is direct deposit their funds off on this card which eliminates the 3%. The 3 % you typically pay for cashing checks and for every money order that they use to pay their bills. Hence it eliminates all those fees. Typically \$30 to \$60-\$70 a month is what people pay to bank that way. They can eliminate all those fees and they have the cash advance feature. It is like a payday loan. So it is Monday and you want \$100 and you have no money on that card. You can borrow \$100 against the MasterCard from Metabank who is the underwriting bank. When they pay that \$100 down when the direct deposit comes in, it reports that to the three major bureaus as a positive paid credit line as if they went into the bank and got a credit line for \$100 and paid it off.

That is huge for all the people that are going through foreclosure and bankruptcy because they can't get credit cards. I saw a young man at Chuck's the other day, who was 20 or 21 years old. He couldn't even get his first credit card. The young man is sure to almost purchase a house at some point in his life, and he can't even get a credit card. It is kind of like a Catch 22. You need credit, but they are not giving it until they give it to you. So you can give this card to a kid as young as 14 years old. You give them cash. By the time they are 18, they got nothing to show

for it. They spent all their lives and there was no traceability to it. You give them one of these prepaid cards, it is just like a bank account. It has the ability to track it. So 4 years worth of cell phone payments, whatever they pay on, rent, if they get an apartment somewhere on campus, when they get to 18, all those payments are traceable. Now they go to make their first major purchase of a car or a house or whatever it is, they've got history there. They can use that history to get a purchase. This is basically like a bank account but with a number of different features to it that bank accounts don't offer. Another feature which is very crucial in these times is you can transfer money anywhere in the world from one card to another, from one card to a bank account or from a bank account to the card absolutely feeless. Think about all the money that leaves here and goes to different countries, kid goes to school etc. We have the ability to transfer this money without any fees attached to that money, so this way they don't have to go to Western Union.

Do you see a need though for this type of a service and these types of products in today's market? You can get the card established in your business name too but I don't think it is going to report to Dunn & Bradstreet which is what you want it to do.

We can figure out how we could do it, yeah. The difference between business credit and personal credit is you can't challenge negative information on business credit. Yes, you have your Experian, and Equifax, but there are no guidelines in place for business credit as there is for the consumer. The bureaus have 30 days by law to go back and do the research when you and I challenge anything on our credit report. If we challenge something on our business they don't ever have to look at it. So all that is going to mean is **we are going to write a ton of letters and we are going to have a ton of phone calls and a ton of follow-up and they may never even get to** it until they start regulating it like they do personal credit. There really is no clean system for business credit.

The only difference **between this prepaid card and a regular card** is it is not a revolving interest rate, so they are not going to pay interest on it. If you put \$1,000 on the card that is all you have to spend. There is no over limit fees or overdraft fees. You can never spend above or beyond what you put into it, so they can never reduce it on you. That is the only benefit to having the card if you have strong credit. If you see that as a positive and you have strong credit, then utilize it. I think the card would be more beneficial towards the categories I mentioned earlier. If somebody goes through a foreclosure, they can't go out tomorrow and get a regular credit card. So they can get into this and reestablish themselves. Someone listing bankruptcy, chances are their credit cards are wrapped up inside that bankruptcy, here again, they can use

these prepaid cards. It is good for those people especially for the younger generation who are trying to establish their credit.

But I want to show you, if you guys see a need for this or you know people that could use it whether it is individually or on a business level then there is a serious residual income in this program. That is why we were able to get so many new outlets opened up in the last year and a half.

What does it mean to have this in your back pocket? Well, as I talked about, foreclosure numbers are through the roof. They are expecting in 2010 the foreclosure numbers to be double then what it was between last year and this year combined. So unless something changes radically, there is going to be a huge use for this over the next 10 years. It is not going to change. This way we have the ability to help. I could help one realtor last year sell 5 homes because of this program. Even if she made an extra \$5,000 on a home she just made an extra \$25,000 last year. That is 5 mortgages that were closed. That is 5 title policies that were written. That is 5 homeowner insurance policies that were written. What are we doing? We are stimulating the economy. Now do that times 825 agents, and what type of impact do you have in the marketplace? All the people in our business are all real estate driven. 90% of them are attorneys, real estate professionals, mortgage companies, investors and so on. We have the ability to bring people in a room and make certain transactions happen. **Joe, we just bought about 40% of a mortgage company that back ends to Ginny directly.** We have the ability to underwrite our own rules. So I just asked our partners to see can we do it for business credit? If we can, we could be a source of funding. This led us to those people who saw the need for the credit, and it just expanded. Hence what this is doing is building relationships. That is why we ask who do you know? Who do you know in these industries? We all have the ability to help every single one of those guys up there do more business by helping their clients get these products and generate a significant income stream from that. Do you know a Financial planner? If the person has a 400 credit score, how could the financial planner tell them to retire with X amount of money every month, or apply for their kid's college education? They are overspending on every bill now. This way we help the financial planner get that guy from a 450 to a 700, so now they can afford the insurance premiums, have the proper money in their accounts. We are helping every single one of them. And that is what our mission is. That is why we have some of the relationships that we are building. Now to be involved in the business, we do have an investment and it is one time. When I got involved in the business it was \$698.

Until June 20<sup>th</sup> they had a promotion going on that was \$598. They just extended it from June 20<sup>th</sup> another 30 days. It is \$598 to be involved in the business. You get the credit restoration or the My Care Plan. It is very rare that you will find somebody that has an 800 credit score and their estate set up at the same time. Therefore you take one of those two services. If you have strong credit, we would choose the My Care Plan. If you have negative items, we would suggest you choose the credit restoration. Right now, it is only \$100 to be an agent, and we get in the business and we get the service for \$598. That can be split up. The first payment would be instead of \$449 because that was for the \$698, \$349, and that starts both, the service and the business.

Now I would never give this to you and say “OK, go get them.” What we do is we have a training system on how we do. As easily as Joe introduced me to you, you would introduce me to those whom you know. I would come in, I would do this exact same presentation for them – one on one, group setting, over the Internet, doesn’t matter. I will show them the presentation which will help you qualify for all 5 levels of our compensation program. What that looks like is this. Every time you take somebody in for the \$499 service, you would make \$167.40 per client. On your first three, you will make a little lesser. You will make about \$67 on each one, and I will show you why. The Ultra Score program you would get paid \$40.11. The Auto Loan program is free for the customers, when they get approved you get paid \$80. Lifelock’s not up there. It is relatively new. You get paid \$24 for every Lifelock. On the other side, these are bonuses. These bonuses get paid when you have a new agent in your organization come on board and create a sale. So for argument’s sake, Greg introduces me to Mike and I enroll Mike for Greg. Greg’s going to make \$67. That is his first client. Now Mike is on Greg’s first level. So when Mike introduces me to Marcy and I sign Marcy up, Mike’s going to make \$67. That is Mike’s first. Well what is Greg going to receive? Greg is going to receive \$25 because I helped Mike go out and get Marcy. **Greg’s also going to receive a one-time customer acquisition bonus of \$150 because that is Mike’s very first sale.** Every sale I help Mike make after that, He is going to continue to receive the \$25. Now I help Marcy go out and get Jacques. When Jacques signs up, Marcy makes the \$67. Mike makes the \$25.11, plus the \$150. Greg is now going to receive \$16.74 plus the bonus on the right hand side, the \$10, because Marcy’s on his second level. All that matters is you introduce me to who you know and they need the service and I do what I need do, you are going to get paid. It took me three months and I had 100 people in my downline before I understood that. I was making \$2,000 to \$3,000 a month and all I was doing was introducing them to my field guy. That is what I want you to do. Introduce me to

who you know, earn while you learn, build this organization the way that we have built it and you are going to have the same success record that a lot of these guys are having that work on it. For the credit cards we have an activation fee, \$29.95. When the card gets activated, you get paid \$10 for that credit card. It has a monthly fee of \$9.95. You will get \$2 per card, per month, for every credit card you personally put out there. Now if you have a team of people doing the same thing you would be making a lot of money. We just had a company in Canada that found us online that wants 10,000 credit cards to pay their employees. That is, it is either three or four levels from me. Let's look at it from this point; I don't care what I am making on the deal. I don't care what anybody from Levels 1 through 4 is making on that deal. If the guy that called us enrolls in the program to be an agent, \$10 times 10,000 cards is how much? \$100,000!. That is what he is making just by converting his payroll. If he gets 10,000 cards and he gets paid \$2 per card per month, what is he making in a month? He is making \$20,000 a month, just by using the cards for payroll. This \$29.95 counts towards your monthly sales volume times 10,000 cards, that equals roughly \$300,000.

I am going to show you what that looks like in bonuses in the end. At \$9.95 a month, it counts towards your monthly sales volume every month times 10,000 cards is what? \$100,000, right? Roughly \$100,000 a month every month. The biggest accounts have not even come into this business yet. They are out there. There is a need. We are turning into a large cash society. **We hold the only debit card in existence that builds credit besides VISA, because of our competitive differences, and we get paid by MasterCard.** I am sharing with you an opportunity to build an organization inside of what you do. You already talk about this stuff on a daily basis. It is just another tool to have in your toolbox.

We help you train. We help you do your first three sales. **We have one person come in through one of those \_\_\_\_.** Just from doing what you are already doing you will make roughly \$375 to \$400 a month. Half the investment is earned right there. You decide you want to train people, and start making anywhere from \$167 just from selling the service. Or if you help that person get into business and do their first three sales and add it all up, you make \$700 helping one person do three sales. You can do a combination of both. All the people out there with late payments, collection ghosts, charge-offs, repossessions, foreclosures. Why did all that stuff happen to them - because they didn't have enough of income. If they were making more money, they would not have this problem. So at the end of the day, do we have a credit problem or do we have an income problem? We have an income problem. If I can show somebody to go from

a 400 to an 800, but I can't show them how to put an extra \$1,000 a month in their pocket, I would do a disservice to them.

The most important thing is I show this opportunity to everybody and the more people that need the service the more they are interested in making the opportunity happen to themselves. How many people do loan modifications or know someone with a loan modification? I have only been with the company a year and a half, so I don't really even have tax returns yet. **So that means anybody that I brought into the business doesn't even have cash \_\_\_\_, [1:03:08] right?**

Our software system for our income is so sophisticated that banks are accepting our back office for the customer for loan modification. Well, you have to be typically **\$500 in the red or deposit** in order for them to even accept the loan modification. What if the person doesn't have that number? If you can show them how to make income through this and get them to that number, they are accepting the loan modification because they now have another stream of income. I just did one for a client for 30 years fixed, 2%. I didn't tell them that this was there yet.

His income wasn't there based on all the documents I sent to the bank. I showed the banks that they have another \$1,000 in household income, but they don't have tax returns to prove it. "Can I show you how they make it?" And he said "Yeah." I sent it over to them and they accepted a 30 year fixed at 2% based on the back office for the company. Look at the opportunity with that. Look at all the loan modification attorneys out there. This is so much more than a compensation plan especially when you get creative enough. Somebody that lets 5 people in it, they are making \$137. They recoup their money. In addition to field training, this is roughly \$25 a month double and triple it and it is \$75 a month. There are people that work \$50 to \$75 a week. They will make \$6K on it. All this is a combination of sales and training. And the mortgage company is making \$15,000 to \$20,000 a month. The gentleman that developed the marketing system is making \$10,000 to \$20,000 a week. He is been with the company only for two years. He makes \$5,000 a month residually just from that second column from the credit cards, where you get like \$1.50, \$.20, \$.30. Do that in volume and that is what he is making, \$5,000 a month in residuals just for the credit cards. Every time we write a sale, it counts towards sales volume. The sales record, is roughly 20 sales inside your organization. So if Greg did five, and Mike and Marcy and Jacques were in his organization and I helped them do the other 15 sales, Greg just did 20 sales inside of his company. So he is now a sales director and he starts getting \$50 all the

way down to \$950 a month in addition to the commissions, depending on what level. Hence if he does \$50,000 and you do \$20,000, you just did \$70,000. You are now a senior sales director. You are going to get a \$650 bonus check just because he helped you hit that number. So all the business that comes in through your organization generates your bonus check for the month, and this is for the credit cards.

Remember, I was talking about that major company from Canada. \$300,000 in business volume is what you would get from day one activating those cards. He was going to get a \$2,500 bonus check just for using the cards that month. An income of \$100,000 every month from those credit cards that is \$9.95 times 10,000 cards is roughly \$100,000 a month in a business line. He is going to get a \$1,000 bonus check every month just because he is using those cards. And that is just if he stopped there. His business is only in Canada and the United States. He is bringing it to Europe. How many more credit cards could he need five years from now by expanding his business? Credit cards are a global market. Those credit cards are going to be a sleeper cell here. But we get house calls, and they go from \$1,000 up to \$10,000 a month in addition to the commissions. Here is the opportunity. If you haven't had a chance to see the website, go to the website. Everything that you need to run your business is there. All the marketing materials by the flip of a button turns English into Spanish. We have a virtual assistant to help you on the site. . This is the third business of the person who developed it and he has a 30 years worth of track record. He just found a strong company that needed a marketing model. He brought the marketing model and as a result of that, we have what we are looking at tonight. And this is just the beginning, in three to five years from now is really when this thing is going to take off. However you see it fitting into your life, you need the service. If you know somebody who needs the service, if you see the business as even just an extra \$100, \$1,000, whatever it is here and there, that is what it is here for. So if you have any further questions, any questions, feel free, email us and we will be glad to answer your queries. (info@businesscreditworkshop.com)

## Transcription: Joe Lawrence

### DW\_A0351

How do you delete a hard inquiry?

You need to challenge the accuracy and the fact that you authorized it, or that they can prove that you authorized the inquiry. You're going to analyze each of your three credit bureaus and your credit report. Go to MyFICO.com and pull your credit from them. You can use other similar services as well. Print out your three credit reports and go through them and mark any inquiries that are on there. Now here's how you need to position your state of mind and the letter. You're going to mention the following:

“that you've received your credit report, you've looked through it, and you need to discuss some errors that you found. These errors are the inquiries on your credit report. You're very concerned because you found some inquiries that you did not authorize. You're going to list the inquiry, and include the name of the company and the date of the inquiry. You're also going to state that you understand they have 30 days to get back to you”

The above is technical verbiage, **so just put what's in the quotes**. Mention that you understand the credit reporting bureau did not have the right to provide your credit report to anyone without permissible purpose or without your express permission, as mandated by § 604 of the Fair Credit Reporting Act.

For instance, have you ever had a mortgage broker pull your credit over the phone? That is, have you ever been prequalified without signing any papers? If you have, according to § 604, without an express written permission from you, it's technically not authorized and you can get it removed.

The companies listed in your report do not have permissible purpose. As you didn't authorize these inquiries you're just making a case that these unauthorized inquiries are negatively affecting your credit score, which is having a negative impact on your financial life. You are going to request the bureau that these inquiries be removed immediately. The bureau has 30

days to investigate your complaint and respond which is called a dispute cycle. Sometimes it takes more than one dispute cycle and sometimes it might take you two or three letters.

Most companies do not perceive permissible purpose, and they don't have your requested rating. I mean here's the truth. If you really authorized it, you don't have to challenge it. But if you don't have, if they didn't follow the technical aspects that they're required to by the Fair Credit Reporting Act, then whether you authorized it or not is irrelevant and you can challenge it. And one of those requirements is, and this will happen about 60+ percent of the time, that that inquiry was placed by a third party. This can be removed because according to your Fair Credit Reporting Act which is 900 pages, statute 60-whatever, states a third party, or if a third party places an inquiry or negative item on your credit report, you can have it removed.

And most times I would find the majority of inquiries that we challenge are deleted on the first attempt itself. In some cases it takes two or three.

A couple of tips to remember when you ask for inquiries to be removed are: first to request that the bureaus send you an updated credit report after the unauthorized inquiries have been removed. Second, send the letter by snail mail. Just because it is easier and quicker online don't do it. Do it old school. Handwrite the letter, send via certified mail and get a return receipt. A handwritten letter is taken a lot more seriously when you send via snail mail than when you send it online. It goes actually to a different representative at the credit bureau. There's something like 1,500 employees in total for the three credit bureaus, Equifax, Experian, and Transunion, an average of 500 each. So there's no way they can handle inquiries from 300 million people in the U.S... They hire third parties to help them report the data **and there's actually a loophole that if a third party reports data on your credit bureau, you can have it removed.**

And usually there's not a good enough paper trail to support the evidence to allow the inquiry to stay on your credit report. So you can imagine how sloppy it is. Now armed with this knowledge you can use it to your advantage. . Don't forget to give a full name, address, birthday and social, signature and date on the letter that you're writing to the credit bureau.

## **Credit Partners**

A lot of people have been asking about credit partners. A credit partner is essentially someone with good credit that you're going to use to obtain credit. For example suppose I need a business

line of credit but I have too much personal credit card debt and my score is 650. In that case I could use my friend Martin as my credit partner. I'll say,

“Hey Martin, I am going to apply for credit in my business' name. I'm going to provide my business credit profile and I know it's going to get approved because I looked at the underwriting requirements. Now when I'm applying for this credit, the lender is going to ask for an authorized member of the company assigned for this lump or line of credit or credit card. What we're going to do is put your name and your social number down on the application as an authorized member.

We will sign a credit partner agreement and I will make you a managing member of my company.”

Now, Martin does not need to own 49% or more of the company. He doesn't have to have a real ownership interest in my company. So we go ahead and apply. The bank lends my business the \$50,000 line of credit because Martin had a 720 credit score and I had the 80 PAYDEX.

This line of credit will not show on my personal credit report. **We're going to go ahead and delete the inquiry as if it never happened**, and at the end of the day, our credit partner agreement states I am the only one who can control this \$50,000. It's new money. I can do whatever I want with it. Martin can't. What's in it for Martin for we're not family, so most likely he'd want money, compensation, and we'd work something out. It can be \$250 a month, \$500 a month or I could give him 10% of what he helped me obtain which would be \$5,000. We can work this out between us.

Most credit partners are spouse, children or family members. I would want to explain to Martin that his risk is that if I default on the loan, he's on the hook. You want to be very up front, “Martin, your risk here is X and if I default we're both in trouble, and for your risk, here is \$1,000 a month for the next 12 months”.

It will only show on your personal report if you default. Now interestingly enough, a lot of lenders will take the loss instead of going after the credit partner, but I wouldn't even mention that.

Now here's how we complete the cycle. First I'm going to get Martin to pre-sign a resignation letter on the day we come to an agreement. Second, remember I was overleveraged, so I'm going to take my personal debt and move it over to my business lines of credit. This way, I will become debt free and my credit score will skyrocket.

Next I will call the lender and say, "Martin has resigned. He's no longer with us. I am the President and CEO and Martin was simply a managing member. Please remove him from the agreement".

The lender's response will be "Ok alright, please replace him with someone of equal value".

And I will add my name to the loan, in other words, now it's my loan, I'm now responsible for it and Martin is off the hook. I will keep the document that mentions this change and file it in case I need it in future. This way I've got a business line of credit of \$50,000 and no proof of it on the personal credit, even though I didn't have good credit to begin with.

### **LLC the company applying for the credit.**

#### **Credit Agreements**

All agreements need to be in writing to avoid any future disputes. Normally we can do a three-month, a six-month, or a one year agreement.

The first one in your workbook is a sample of the one between Martin, my credit partner and me. It says Credit Partner Agreement on it. It is not necessary for me to show this to anyone. I have it in case if any future disputes may arise between my credit partner and me. The agreement mentions that Martin is now an authorized officer of GKR Real Estate, Somerset, New Jersey, until August 7, 2009. It also mentions that this agreement is for obtaining business credit purposes and Martin will cease to be an authorized officer upon either Joe Lawrence's or Martin's request. Signed and dated by both the parties.

And if you think you have to do this only with your friends. In the following pages I'm going to show you, a couple of techniques on how to get credit partners. This means doing it cold that is you don't know them and you're going to advertise for them. If you do go that route, the credit

partner may want a percentage of your company maybe 1% or 10% and you might have to buy him/her out. You can have your attorney draft a credit partner agreement. It's not hokey pokey. It's normal. The first credit partner agreement in the Workbook works very well with LLC's. If you have a corporation, you have to file a resolution. It's part of managing your minutes. That's the next handout in your workbook. It just says CFO resolution. You don't need the credit partner in the papers or in your articles of formation. It's not required. At the section where it says select your role you just mention managing member.

What I recommend you do is after we get the \$50,000 line of credit, call the company and say, "Hey, I need an employee card for Martin. **Now I can use it and once I get the loan, I would then cut his in half.** Again, I've never used a cold market credit partner. It's only with people I know whom I can trust, and vice versa, because that's comfortable for me. But I know, there are those who use credit partners.

Cold Market Credit Partners are like silent partners. They are real. People have silent partners for the purpose of obtaining business credit. You may get your first three investment properties easily and you might find it's difficult to get four, five, six, and seven. In this market it is hard to get that many loans in your name. This is when you need Credit partners.

I can have Greg as my credit partner. I'll control the asset and he's basically my credit partner keeping his house as collateral. And he can be very handsomely compensated.

You can compensate the credit partner with whatever the credit is worth to you – 10%, 25% or 50%. You can take advertisements in the newspaper that just says credit partners needed and a good credit score is required. You can say, "Local real estate investor seeks partner or Local business manager seeks partner in new business". Post them on Craig's List or run newspaper ads, or real estate investment weeklies any media.

**But like I said they're all cold markets, so it is to your benefit if someone is in your sphere of influence.** When I got married, we invited 198 people, 130 showed. I bet you if I asked all 198, and I wrote them all a letter and said, "Hey, I'm expanding my business, I'm looking to bring a partner, I'm willing to pay you 10% of my monthly revenue. Are you in?" What do you think I would get as a response? Maybe 5-10% would show interest, and then from that, 1 out of that 10 may work.

When you fill out the application, there's a drop-down and it just asks, and I don't remember if it says managing member or member.

Yeah, you can't get, there's a difference. I know it's a fact now because that's the first question my accountant asked me is wife a managing member of your company in an LLC. Now let me tell you why Jacques and everyone else who attended my training program are so smart? Because how many houses can you buy if you had 20 credit cards? 20. Yeah, a lot more than you can do by yourself. So the point is, you can obtain as much business credit as you want as much credit per credit card you can find. I don't know the rule of thumb, I would say maybe 5 times. For example, I manage three entities that have business lines of credit and never raised a red flag. Now if I had 10 lines of credit through Chase, through all different LLC's, I'd probably get a comptroller saying what's going on, and then I would have to spread it out. The point is that with credit partners it gives you leverage and you can obtain a lot more business credit. Also, an LLC can be a sole member or a multi-member.

Another point I would like to mention is that there was a time, which means it won't come again, where you could literally have 10 business credit cards all through Chase or First National Bank of Omaha or Citibank, and they're all, 10 different companies. This means if I can get \$20K through one, and I have 10 of this kind of companies, I could have \$200K. That was in 2005-2006. In the recession, I probably need to split it up through a few credit lenders. That is in this market you should be able to clear \$100K on your own. But let's say your goal is a million. Then I would probably line up two or three or four credit partners.

So if I want to buy one house for -\$50,000, how do you do it? You just put the money into an escrow account. Yeah. I would put 25, 65, 35. Those are some of the lines I have. I put it into my attorney's escrow account. He now has proof of funds, is that what it's called, and your attorney writes a letter stating yes, I do have X amount in the escrow. Signed and dated by him. The letter has a lot of weight because it's an attorney. It is called **my account is one entity, \_\_\_\_\_.**

So what do you compensate the attorney? If you're super nice like Jacques, take care of people, the point is it's whatever they charge. And it's what its worth to you. Want to know a secret?

Build business credit separately from your spouse or your partner. Don't assume it's a good thing if you're going in on everything together. I figured out how to get \$25,000. My wife has an LLC. She immediately went through the exact same process and got the \$25,000 for herself. We now have \$50,000. So that's the power of partnership. You can leverage more if you have separate credit from your spouse or partner.

A lot of people have a spouse that has great credit and they don't. You say, "Honey, look, are you willing to apply for credit. It's going to be on our business credit profile. It won't show on your personal credit profile. Yes, we share the liability which we already do because we're married, and it may help us get \$50K, \$100K."

And if it's working through your spouse, go for it. It gives you better leverage, especially if you are two different entities, because if something happens to you, then you still have another back-up. It's like having another personality.

Also, there's nothing wrong with having more than one checking account at the same institution.

Lines of Credit.

Where do you get them? The next handout in your workbook has a secret list of credit cards. Go get three of them. What the secret about it is all the underwriting requirements attached. Remember what a 1-5-3 company is, and the order they need to obtain it? Yes the 5 trade lines 3 credit cards and 1 Bank Loan. I don't know why 1-5-3 is out of order, but it's in an order as it's known in the industry. So Joe, where do I get this money from that?

There's a bunch of lists that I'm giving you in the workbook and I'll get to obtaining the money in the next page.

What I want to show you guys real quick is a business credit tip. How to fill out business credit and business loan applications in a way to get them approved. This is what I do. I put down \$250K to \$400K of income. Why? Because it's generally never verified. And about interviewing your underwriter, you can ask them, "Well, when do you verify income?" And they're probably not going to tell you. And so you'll say, "If I put down \$400K which is what I'm projecting for this year, will you verify it?" "Will you need to see tax returns, etc.?"

I kind of ask questions backwards this way I am able to pull out a lot. And so here it is - \$250K to \$400K. Remember it's projected. You're not making it loud and obvious on your application that it's projected. It's already in your Dunn & Bradstreet profile that it's projected. How long you've been in business? At least 2 years. This should be in your book. You will actually be asked on that application how much money is in your checking account, and then they ask who the bank rep name and phone number. They never check. You want to have at least \$10,000 in your business checking account and it's not necessarily verified. But be honest. Employees – it's OK to project through the year, 5 employees. Then it'll also say on your Dunn & Bradstreet profile projected. The projections are for the following year. For your phone number, list a local phone number. What that means is that it's not an 800 number. Also have a professional greeting on that local number because what they're going to do is check if it's in the 411 database and call the number to verify it. As long as it's not a kid picking up the phone, and it's a professional greeting, you're good. They're not going to talk. It's just a quick check. They hang up. Underwriters really do that. So list a local phone number with a professional greeting. When you're asked what type of business you're in, I am in the service business management services industry. If you're asked how long you are in this position, just tell the truth. "I've been an entrepreneur for 5 years" not "Yeah, I quit my job 2-1/2 years ago", for that is not the question asked. Legal structure - just put your legal structure, which is a corporation.

After you've completed a 1-5-3, 1 bank loan, 5 trade lines, 3 credit cards then I want you to start obtaining cash lines of credit. You can certainly jump ahead in the system if you want. Don't let the fact that we've created 7 steps here hinder your ability to move forward. But for a higher success rate, build that first before you try and get these cash lines of credit. And another tip is when you get your \$5,000 credit line, call in again after three months for positive payment history, they almost always will increase it, especially if you start telling them about how all the other companies gave you \$20K, and \$5K in consulting. Odds of getting approved for these loans are greatly increased if you had a business checking account for 1 year or more, but it's not a requirement. And if you want \$25K, I would ask for \$40K. Ask for more. I have a list of favorite companies – Chase Business Credit, First National Bank of Omaha, American Express, Citi MasterCard in the workbook.

If you just want a quick and easy three credit cards, go get gas cards from BP and Shell and Exxon if you want to clear \$65K in business credit cards. According to the National Small

Business Association approximately 59% of businesses rely on business credit cards for funding their day to day operations. I thought that was interesting. So if you really want higher limit credit cards, that you're not just trying to get your three, Chase is good, First National Bank of Omaha is good, Advanta no longer exists, and AMEX or Citi MasterCard are difficult to get depending on the bank.

There are a number of banks that are lending right now. I have in your handouts the list of top 10 lenders offering business lines of credit in the market. These banks include Banco Popular, Chase, Sovereign, Cal National, PNC, Janus Mortgage. Are you aware of Janus Mortgage? If you have not done business with them in my opinion they're a good company and are DBB ranked. If you have a 720 or higher credit score or the member applying does, then they do no income doc loans for companies that have 80 PAYDEX or higher. If you're in a situation where you can't prove your income yet and are just starting out, then Janus Mortgage would be a candidate. I would apply to them. And they lend between \$1 million and \$2 million. Wells Fargo, Wachovia, U.S. Bank and Valley National Bank etc., are good lenders too. And I update this once every three months, every time I do a workshop. I'll tell you who are hot right now, believe it or not, Chase, Banco Popular, Sovereign Bank, Cal National, PNC – ironically the first five on the handout. These are the banks that I know are actively lending money. I haven't tried anything with Wells Fargo, Wachovia, U.S. Bank, Janus Mortgage, and Valley National Bank recently, but I do know that all of them are lending because **I called every single one of these phone numbers as of when the book went to print. These are businesses with cash lines of credit.** Some of these banks lend between \$100K and \$2 million. If it is less than \$65,000 that you're requesting, then lenders like Banco Popular are offering no income doc loans, which is what a lot of people in this economy may need. And for Cal National, then they're doing no income doc loans if it is less than \$35,000. If stating, they're using no personal guaranty.

I would ask someone like the Vice President of business relations of the bank, or just call the 800 number and ask them. "Hey, I've got a lot of money and I'm looking to apply for a line of credit. Just tell me honestly, if I come out of nowhere and apply, how is that going to look, or do you want me to have a business checking account through you for six months. What's your preference?" And then hang up the phone and speak to another Bank.

The reason I did it all in one day and I did it on a weekend was so that there is no communication and your business credit profiles, Equifax, Experian, do reflect inquiries – not Dunn &

Bradstreet. So I didn't want the staff to catch up to me and I don't want people to think I'm freaking out like I need money, hence I did it all at once. There's the other technique where you do one every 30 days. It's up to you. Just try it. Usually you get one for \$40K and you're excited, and then you bring in your other company and you just repeat it and now you got \$80K.

If you have two different LLC's, I usually do one at a time, see the result, and then I'll bring in another LLC with a different credit partner.

I use almost all LLC's, but a C-Corp's really best. If you see my application I put corporation, usually they don't have a spot for LLC. Corporation is synonymous with company - a limited liability company. Usually they want to know if it is a sole proprietor or corporation or LLP, limited liability partnership.

Time for another trick of the trade: AMEX offers unsecured cash loans of credit but they don't advertise them. So go get a business credit card through AMEX, wait one year, use it and pay it on time, and then you can qualify for their cash line of credit. A lot of companies do that. It's like you don't see commercials for the Black card. But it exists. And if you maintain positive history for 12 months on the AMEX business credit card, you can get their platinum line of credit. It's just not talked about.

**I have in the workbook a list of the top 10 companies that are lending as of when the book went to print.**

Now what happens if you get turned down? Well if for any reason you get turned down, you can use the other LLC or corporation you've created. You can just give it 45 days and try again because it's usually purged out of the system by then. Or you can just check the underwriter requirements and make sure you have your 80 PAYDEX. A number of my students have actually applied for credit without checking the 80 PAYDEX, so before you apply check your PAYDEX confirm it and then apply. Next Go to MyFICO.com and make sure your credit score is at least a 680 preferably 720. And make sure there is money in your business checking account, and I really mean make sure you are able to put that on the application, that you have at least \$10,000 in your business checking account.

All right, here's a quick recap. These are the 7 steps.

Step 1: Create your entity.

Step 2: Get the federal tax ID#,

Step 3: Go get a LAN line,

Step 4: Get 411 listed, and make sure you have a physical address for your business checking account, plus a business license and business insurance. The license is required; the insurance is optional. Go get your DUNS number for free. Fill it out the right way, meaning follow the video and follow the handout in the workbook. This is a major key to getting credit.

Step 5: is establish 3 to 5 trade lines. The reason I put 3 to 5 is that you want to build a 1-5-3 company, which means you want to have 5 trade lines. But after your third, you get your 80 PAYDEX score.

Step 6: Check your PAYDEX score and make sure it's at least an 80, and then build your loan profile. .

Then I would master the bank profile system, which we learned in the previous chapters. You want to be a low 5, which is \$10,000 in your business checking account. How do you do that if you don't have \$10K lying around? Borrow it. You can literally borrow it from someone you know that has it. You can pay it right back. You could use private money sites like [WhereIsYourMoney.com](http://WhereIsYourMoney.com), [Prosper.com](http://Prosper.com), or you can just use your credit cards. Your choice. And I want you to know having \$10,000 in your business checking account is not mandatory. I've lined up a lot of credit without having that, but it is just a recommendation.

The thing you want to be careful about and I would recommend you talked with an attorney about depositing money in your checking account. You don't want to appear like you're trying to trick the bank. You want to have a purpose for putting the money in your checking account, for example you hired your company to do consulting services and have an invoice to prove that. At the end of the day, you're allowed to move money around. It's your money.

**But if you're going to do that, you might want to just consult your accountant, especially if you're doing it with large sums of money. Like \$10K is not that much.**

The \$10,000 in business checking account, the low 5 really comes into play when you're looking at cash lines of credit. As far as your business credit cards, it's really not that important of a factor, but it is recommended.

Step 7 of course is obtaining the lines of credit. Just know the underwriting requirements. I've provided a number of them for you. Use lenders that you listed, and also Google search on your own, but be careful. There are companies without integrity out there and it's very easy to find out if they are a company you should ever do business with. Just go to BBB.org and copy and paste their website, and if their Better Business Bureau ranking is not like a B or A, don't do business with them. I have provided a list of lenders that I approve.

You can find additional lenders on the Department of Banking and Insurance site. And it is alright to find additional lenders. There are a number of small, local community banks out there. Skylawn Community Bank is one of them that want to lend to you and they just need you to reach out to them and apply.

Here's usually how it works. It is like real estate investors negotiating short sales. One of the factors I throw in their face a lot is the importance of a deposit history. That's one of the reasons why it actually is all tied together with Chase, how they want a positive deposit history because that affects their bank ranking system. So in the short sale, I'll say, "You can mark these non-reporting assets as it's been sitting here for three years or take a \$50,000 deposit on it." Ask your question again -- it depends on the bank. If they're hungry for deposits because they haven't opened any accounts, then yes, they're going to really pressure you to open an account with them and maintain it for three to six months. A number of other banks, especially small, local banks, need to lend money out and are not concerned about you having a checking account with them because they're already going to look into your business credit profile and see like 15 or 10 or 9 positive references. So it depends on the bank, and you'll know within a few short minutes of being there if they're excited to open up a new account with you or if they're excited you applied for credit.

**One of my students found out that** there is a credit union who gives loans to businesses and corporations. You need to have your account with them. They would give a loan to someone who's been in business for a year if they just had their account there and the account's free as long as you go online to check it out. We do not have the name of the Credit Union as we went to print but email us at [Info@businesscreditworkshop.com](mailto:Info@businesscreditworkshop.com) and we will let you know once we come to know.

Also, there are lenders like Chris Henry that'll lend against the assets in your company, and one of your assets is your real estate portfolio, 50% or whatever equity position. It's a business line of credit secured to your company.

Speaking further on lenders, I have a gentleman I'm working with. I met him down in Florida, and we're working on a project together where he can put us in front of private lenders. I have given you a list of commercial lenders that are giving cash money. I don't many reliable Private Lenders hence I can't recommend any. I don't know what the fee structure is going to be, but the idea here is if you're interested and let's say paying for a mentorship, we would guarantee six figures, and a full money back guarantee. Again, I don't know what the cost would be, and I have to see him deliver for me first before I bring him out here. But his claim to fame is to put you in front of 10 private lenders per month. He comes from a good referral, so that's like a little sneak peak of what's coming at our next workshop. If that's something you're interested in doing, email us or attend our next workshop. But don't wait to take action because you should already have \$100,000 by then. It's just a new contact that I made and I'm trying it out, and if it works out, it's another resource for us. Of course, when I find out who the private lenders are, I'll add them in my list.

A few resources I would like to mention one is we have a business credit workshop blog. It is a members-only website. I have videos posted there of sections that I teach, so if you want to go back to it. You already have the audio, but you can watch videos on how to get your DUNS number, how to build a trade line, how I apply for a credit card, etc. You can ask me questions on the site. There's a frequently asked questions section and the resources I use for my business credit. For example, I use MyFICO.com for my credit scores. It's a very reputable company and that's where I get my credit scores. I don't check my credit score. I check my FICO score because 90+ percent of lenders use FICO. NewYorkTechCredit.com, that's the marketing division and United Credit, is my forwarding URL. So in other words, when you click on that,

you'll be brought to my version of the site because I'm an independent representative of the company. . **The Corporate\_\_\_\_.com**, that's my preferred company that I like to use to set up LLC's and C-corps. You can also use LegalZoom.com, but they're about \$100 more expensive. And on that site are a lot of testimonials, and videos. There's a lot of good information on there

If you have attended my Business workshop or want to attend you can find details at [www.businesscreditworkshop.com](http://www.businesscreditworkshop.com). The first time you pay for the workshop and after that you can come as many times as you can for free. If want to reach out to me directly with questions, I offer e-mail support to all students for one year.

I teach updated information in every workshop and you're allowed to come back again for free after six months because the information constantly changes. Also, I do have a members-only site. I have the DVD and audio of our workshops which I give to students who attend them.

On the website there is a lot of free stuff and then there's what's called premium content. What that means is that there's exclusive content on there that you can only see if you're a member. If you want to be a member of our site, it's \$47 per month. It's month to month, there's no contract and you can cancel any time. What you get for that is you get one coaching call per month with me. It's a one-hour long group session. I also upload two new video tutorials every month. Recently I uploaded "How To Get It Done and How To Establish a Trade Line. I also give you the latest list of where to get credit on the premier site.

I put together the special offer where you can join other members on the website. I'll give you first month free. **If you sign up today, there are some free offers for those who have this book. Enter offer code BookJoe when you sign for the premier membership.**

**I'm going to give you the workshop on DVD and on audio CD. And you also get an online version of the course.**

And at the end I just ask you if you haven't already to attend the next workshop. This way you can go deeper into the subject and/or join us on our membership site. For those of you that want to join our membership website go to [www.businesscreditworkshop.com](http://www.businesscreditworkshop.com) and the rest go take action and get some credit.

It is my pleasure to share the system of obtaining business credit with you. If I can help you further, please let me know by calling 888-218-6354 or email: [info@businesscreditworkshop.com](mailto:info@businesscreditworkshop.com). Please check out our website at [www.businesscreditworkshop.me](http://www.businesscreditworkshop.me)!