

# OPENING DOORS TO BUSINESS CREDIT 4.0

*The Insider's Step-by-Step Secrets to Business Finance*



## **INTRODUCTION**

Welcome to a dissertation on the subject of business credit, with some comments on personal credit and the methods to manipulate both. Possessing the knowledge of what criteria creditors use in making credit decisions allows you to position yourself for approvals.

To understand business finance, it is important to first understand how financiers view businesses based on entity type. A business “entity” refers to the foundation and legal structure under which the business was formed and subsequently operates. Your business structure may be that of a Sole Proprietor, Partnership, Corporation or a Limited Liability Company (LLC).

When starting or expanding a business as a sole proprietor or partnership, “*You*” are the business. So, even when applying for business trade credit accounts, business leases, business lines of credit, or business loans, credit grantors will review your credit file. Not your business, but your personal credit scores, commonly referred to as your FICO scores, coupled with your personal income, are the credit approval qualifiers. Utilizing personal income and personal credit ratings in funding a business, results in an ever-increasing debt-to-income ratio. A debt-to-income ratio is calculated according to your amount of personal debt against your personal income. A high debt-to-income ratio can, by itself, be the reason for a credit request denial.

Also, every one of your credit applications prompts the credit grantor to pull your personal credit, resulting in an “inquiry” notation on your file. Each inquiry reduces your FICO scores. Too many inquiries can also be a reason for an application to be denied. Continuing with this strategy of applying personally to fund your business will ultimately reduce your FICO scores to a point that the low scores themselves can be the reason for a denial. It isn’t difficult to see that this funding strategy has a very short lifespan. In the near term, your funding options will become limited and will continue to be increasingly limiting until your credit-seeking program ultimately comes to a screeching halt.

In choosing the business entity of sole proprietor or partnership, you have tied yourself inextricably to personal responsibility and liability for any and all debt obligations. Further, while setting in motion an ever-increasing restrictive credit strategy, you have also unwittingly linked your business credit applications directly to the good, the bad, and the ugly of your personal credit history.

If on the other hand, you were to not operate as a sole proprietor or partnership, but rather as a corporation or limited liability company, you would have the ability to play by a different and more advantageous set of rules.

Some of those different rules have to do with how you apply for credit. Making application for business credit is very much like a test. Correct and acceptable answers allow you to pass and unacceptable answers result in denial and failure.

Continuing with this analogy, how well could you do on a test if the test was administered open book style? How well could you do on a test if you were provided the questions and the answers prior to the actual test? You would have to be a idiot not to ace it, right? Well, can you imagine how much business credit you could be approved for if you knew all of the right answers to the questions on a credit application prior to your having to complete the application? Providing you with that open book test and or pre-test experience is what the following information is all about.

By incorporating, an entrepreneur not only enjoys many benefits like those of asset protection and tax reduction options, but also open doors to “business” credit. But, these doors don’t open automatically. In fact, even many corporations that have been operating and generating profits for years are able to garner very little, if any, credit. Often times the reason for denial of a request for credit has to do with the absence of information in the corporation’s credit file. The problem here is that most entrepreneurs finance their businesses through second home mortgages, personal loans, and credit cards, etc. There is very seldom, if ever, anything in the name of the company. Also, most companies do not understand how to build a positive business credit file, and so they simply don’t.

Forming a new corporation allows you to do something very powerful and something that you cannot do as an individual, that is to open a new credit file. If you were able to subsequently fill that newly formed business credit file with content that is consistent with what credit grantors want to see, then your credit applications would be approved every time!

To pull that off you would certainly need to possess some knowledge of the proper steps, sequences and resources to do so. The steps are not difficult. In fact once someone understands the simplicity of the process, they have a tendency to say, “Well, I could have done that.” Consequently, this is not unlike magic tricks. Tricks once performed are absolutely amazing and incomprehensible. But, once how the tricks are accomplished is revealed, the audience has a tendency to say... ”Well, I could have done that”. And, in reality they could have. That is, of course, if they had studied their craft for half a lifetime, then were creative enough to come up with a unique process, and then practiced that process every day for years until perfected.

To reiterate, the steps are not difficult. But, they would take a lifetime of research to uncover and another lifetime of trial and error, and correction, and re-trial to perfect. Knowledge truly is power and certainly something, to be valued.

A great example of this lies in the classic story of a repairman who was called to a factory to fix a downed production machine. He studied the problem for about an hour, then grabbed a hammer from his toolkit and hit the machine, which started upon impact. The repairmen presented his \$1,000 invoice to the production manager who deemed the price outrageous for one hour of work, that involved a mere hammer whack. So, he asked for an itemized invoice. The next day, the production manager received an invoice which read:

- One hour service call and whack with hammer.....	\$ 100.00
- Knowing where to whack.....	<u>\$ 900.00</u>
- Total Due .....	\$1,000.00.

Again, the building of a great business credit file is not difficult. But, doing so is next to impossible without the knowledge of the proper credit resources and the very specific steps to take, and the very specific order in which to take them. Completing these steps incorrectly, or even out of proper sequence, can create problems you may never be able to fix. Seriously, do it wrong, and the business might never recover. You might as well close the doors and start over with a new corporation and a new business credit file. One trap not to fall into, is to respond too quickly to the flood of so called “pre-approved” credit offers that you will be inundated with as a result of your act of incorporating. Responding to these offers before you have positioned your company properly, will most often times result in a credit denial or an approval for a very low amount. You should hold on to these applications and submit them after you have completed phase one and two of this program.

Proper execution of the right steps is invaluable to a business that, without funding, would never be started or would die shortly after launch. These steps are so valuable, and kept so secretive, that some corporate credit building companies can and do charge in excess of \$4,500 for a basic program. That is one big hammer. And, thousands of dollars above this amount are charged for additional secrets and tricks of the trade.

The problem we have in securing business credit is not unlike the quandary of not being able to be hired for a job due to lack of experience, while at the same time not being able to get the experience because we can’t qualify for the job. Overcoming this hurdle lies in employing some simple, but simply genius solutions. In the following steps, you are provided the insider’s secrets and the keys to opening doors to business credit.

There will be some required expenditures along the way, but that small amount of investment will be returned to you a thousand times over. The step-by-step plan eliminates and or minimizes all of your personal challenges while focusing on the business. Follow the instructions to the letter and your success is guaranteed.

## **STEPS TO BUSINESS CREDIT**

### **PHASE I – Compliance**

Lenders will complete some due diligence and research on a company that is applying for credit terms. Failing to meet the criteria of any of the following six points, makes your company appear inept. In short, your company won't be viewed as a real and viable business, and your credit request will be denied. Start by reviewing the following six steps to insure that you are in compliance. Then when lenders check out your company, they will see exactly what you need them to see.

- 1.) Establish a business structure that is separate from you individually. Log online to the Secretary of State for your state of choice and follow the instructions for establishing a Limited Liability Company (LLC), or a Corporation. Once completed, you will receive a copy of your “Articles of Incorporation or Organization” from your state.

If your Corporation or LLC was established some time ago, then log online to your Secretary of State's website and insure that the company filings and status are listed as “current”.

For your convenience, a link to all available online Secretary of State websites follows:

<http://entrepreneurs.about.com/od/generalresources/a/secretarystate.htm>

*(Note: Because before extending credit, many credit grantors require that a business be in business a minimum of six months or one year; or in some instances, as much as two years, it is advisable to form the company by registering with the state as early as possible. Credit grantors consider the start of your company to be the same as the date of registration with the Secretary of State, regardless of the date the company first generated revenue or hired employees, etc. Registering the company as early as possible is probably the most significant thing you can do, and will provide the highest leveraged return on investment regarding the cost to do so. In other words, while there is a cost to incorporate, you will nonetheless, in benefits, get that back one hundred times over.)*

While the fees to form an entity in most states are around one hundred dollars, a few charge as much as three hundred dollars.

Whatever the cost, it is a relatively small expenditure when weighed against the benefits an entity provides in protection of personal assets and the ability to build corporate credit. And, should you decide not to use the corporation for your originally intended purposes you will have the option to sell the corporation. There is a demand for aged corporations since as previously mentioned, one of the credit qualifiers has to do with how long the company has been in existence. In fact, some investors spend the hundred dollars or so, and create a new corporation with a generic name, and then literally do nothing with it. The company does nothing but sit inactive, all the while developing nothing more than age. A company like this is referred to as a “shelf corp.” A one year old shelf corp will typically sell for about \$1,500, and a two year old shelf corp for around \$2,500. Not a bad investment for the investor, and a great tool for the credit building wannabe entrepreneur in need of funding.

Purchasing a shelf corp can speed the credit building process immensely. But, purchasing such a company is not without its potential hazards. The way the buy-sell transaction occurs is for the buyer to purchase all of the shares or stock certificates of the target shelf corp. In doing so, the buyer now has total control and risk. If the corporate shell is not a clean one, then there may be issues that will fall to the new owner(s) to handle. If the corporation owes taxes, then that tax liability is now the responsibility of the new owners. If there is a pending lawsuit that is not revealed and or filed until after the ownership transfer, then it may be the new owners that have to defend that suit. Obviously, careful and thorough due diligence is of extreme importance when considering the purchase of a shelf corp.

**IMPORTANT:** Please take note that as a direct result of filing incorporation papers, you will most likely be barraged with a number of mailers touting pre-approved lines of credit. You should hold these offers until you have completed phases I and II of this program and then, and only then, should you consider submitting any “pre approved” applications. Jumping ahead before being in compliance and establishing a business credit score, and applying to any credit grantors will most likely result in a denial, and subsequently sabotage your efforts to establish credit. Don’t do it.

2.) Obtain a Federal Employer Identification Number (FEIN)

a.) Log online to the IRS website at <http://www.irs.gov/> and

b.) under “Tools”

c.) select > Apply for an EIN Online

d.) complete Form SS-4 “Online” to immediately receive your number.

Other options to file this form are by mail or fax which can take up to eight weeks for issuance of your number. For your convenience, a copy of the instructions are included in the Appendix at the end of this program.

The IRS has provided instructions for completing the form and the form itself is rather self-explanatory. Nonetheless, there are a few items where additional information is helpful.

For example, line 9a requests the filer to specify the “Type of entity.” But, when checking “Corporation” the form requires the filer to (enter “form number to be filed”) and nowhere is one told what that means. What the IRS is referring to is the Corporate Tax Return “form number” that you will be filing. If you will be filing as a C-corporation then the correct entry is form 1120. But, the correct entry is form 1120S if you will be filing as an S corporation.

Next, unless you want the IRS to send you official but unnecessary mail on a regular basis and expect you to do the same then you should leave line number 13 completely blank, while being sure to check line 14 box.

Once issued, be sure to write your number in the upper right corner of your Form SS-4 in the “EIN” block. Store the form and number in your corporate book as you will need to refer to it often.

3.) Business License(s)

The local office of your state’s Tax Collector and also your County Clerk, can advise you as to what licenses are required in your area and industry, and how to apply. (Note: Some licensing agencies set up their business license cost schedule based on the business annual income. So, acting like “Mr. or Mrs. Big Entrepreneur”, and boasting that you have the best business concept that is going to bring in a million dollars first year, may translate into a business license costing hundreds of dollars. Whereas, your more realistic estimate of under one hundred thousand in income will probably mean a business license cost of something more like \$50.00.

A problem may arise if you are trying to build credit in advance of acquiring a business, since you cannot obtain a business license for a business that you do not yet own. To satisfy the business license compliance issue, you may consider applying for a business license for a consulting business. After all, until you buy or start the business, all you can do is talk about it. Hence, the consulting license. Once you start or acquire your target business, you will most likely have to apply for an additional license for the new operation.

#### 4.) Business Phone and Listing

There are at least three methods to having your business and phone number listed with (411) directory assistance in the name of the business:

- create your free directory listing by using [www.listyourself.net](http://www.listyourself.net), or
- obtain *hard wired* “business” phone service for a physical business location from a local phone service provider, or
- obtain “Virtual Office” service from a nationwide phone service provider like:
  - PhoneBoost - <http://www.phoneboost.com> or
  - Onebox - <http://www.onebox.com>

Virtual Office phone service is not hard wired to a physical location, which makes the service portable. This portability is important as a business grows and moves either from an entrepreneur’s kitchen table to an office building or storefront. The business can even move from one state to another while keeping the same number(s).

#### 5.) Establishing a Business Bank Reference

Step 1. – Opening a Business Checking Account at a bank of your choice will require the following information and documents:

- Your drivers license
- Your social security number
- The business FEIN (Federal Employer Identification Number)
- The business Articles of Incorporation or Organization
- A Corporate Resolution from your company’s directors, authorizing your power to open and sign on the account(s)

Step 2. – Manage your account(s). When asked for a reference, bankers won’t divulge your account balance, but may report the “average daily balance,” as well as the age of the account and any significant overdraft activity. So, if you have some money that you do not need to use right away, park it in your newly established business account. You can even

use personal funds that you loan to your corporation. When it comes to calculating your “average daily balance,” banks don’t differentiate between deposited funds that come from loans, or deposited funds that come from earned income. Secondly, because the age of the account is reported, the sooner the account can be opened, the better. Lastly, do not, do not, and do not under any circumstances neglect your accounts to the point that a check is returned due to insufficient funds. That will kill your bank reference quicker than almost anything.

### Step 3. – Building a personal relationship with your Bankers.

Ever since the deregulation of the industry, banking has become more and more national and institutional, and less and less hometown. Internet and ATM banking coupled with frequent moves of managers and staff along with the position of “floater” to cover changing staffing needs throughout the branches, have all contributed to less personal contact and distant banking relationships.

All of this makes building personal banking relationships a task that is more difficult than ever. Nonetheless, with a little effort it is most attainable. One of the keys to doing so is to build relationships with all of the bank employees, not merely the branch manager. One technique is to raise the awareness of all bank employees as to who and what you are. And, since all business is show business, you need to put on a little show.

By example, you could take a page out of author Bill Greene’s life and copy one of his strategies. On the day that Bill paid off a commercial loan he met with his banker, thanking him profusely for the loan and telling him all about the money he had made on a soap deal. He furthered his success story by sharing a cucumber-scented glycerin soap bar with every bank employee. From that day forward all bank employees knew him as the “soap guy.”

Establishing this kind of recognition means that Bankers that know you can do things for you that they cannot, and will not for a customer with whom they are unfamiliar. We experienced this first hand when applying for a business line of credit.

We tested every aspect of this program by running Beyond Breakeven, Inc. through each and every step. When we came to the last step of applying for business credit, which is outlined in Phase VI, we were not required to submit past tax returns, profit and loss statements, and balance sheets. The bank had a policy of waiving the submission of those business financials if the applicant was currently a bank customer.

As Bill Green has proposed, establishing a healthy personal relationship with your bank will be well worth the effort. And, by the way there was no soap deal! Bill made up the business opportunity to:

- 1.) Borrow money from his bank
- 2.) Not spend the borrowed funds, but rather to hold them in savings and use them to pay back the loan over a shorter time than granted, thereby establishing a great payment history. (Note: he did not pay the loan off in thirty or sixty days, but rather over a much longer period so that he could establish a payment history and let the bank make some money on the loan).
- 3.) Establish himself in the eyes of his banker and all bank employees as a successful, trustworthy, creditworthy business man and bank customer.

Building a relationship with your banker will be beneficial to your company's success in more ways than you can currently imagine.

#### 6.) Establishing Business Credit Files at the Business Credit Bureaus

A.) According to Wikipedia... *“Dun & Bradstreet traces its history back to July 20, 1841, with the formation of The Mercantile Agency in New York City by Lewis Tappan, later called R.G. Dun & Company. The company was formed to create a network of correspondents who would provide reliable, objective credit information. In 1933, Dun merged with competitor John M. Bradstreet to form today's Dun & Bradstreet. The [Data Universal Numbering System](#) (DUNS) was invented in 1962. The DUNS number is a nine-digit number, issued by D&B, assigned to each business location in the D&B database, having a unique, separate, and distinct operation for the purpose of identifying them.”*

**You will want to obtain a DUNS number. You can do so by visiting the website at [www.dnb.com](http://www.dnb.com). **But you must take caution in doing so!****

While there is no charge for you to be issued a DUNS number the D&B representative may aggressively try to sell you some services. They have a “credit builder” program, for which they charge thousands of dollars, and you do not need, as you have a superior program in the one that you are currently reading.

On a more basic level the representative or more appropriately described “salesperson” that you will be talking with, may try to get you to pay as much as \$499.00 for your file to be, in their words, “set up properly.” Do not let the representative scare you into thinking that you need to spend ANY amount of money for your D&B file to be set up. The day that you formed your company is the day that you were on D&B’s radar and they set up your file. Just like all of the other business credit reporting agencies and personal credit reporting agencies do. You’re company information is their inventory which they sell to generate revenue. And, one would have to be a fool to believe that if you hadn’t yet paid your file set-up fee that D&B wouldn’t sell your file information to someone who was willing to pay for it.

Since its inception in 1841, Dun & Bradstreet which is also commonly referred to as either (D&B) or (DnB) has, been providing financial and credit information on businesses. As the innovator and granddaddy of business credit reporting the company enjoyed decades of operating with little to virtually no competition. Hence, was the go-to company for business credit information for many years. That status started to change in the late 1990’s and has steadily eroded since then. The reason for D&B’s compromised reputation has come at this writer’s conjecture and the influence of three contributing elements:

**A.) D&B is the only credit monitoring agency that has set up charges.**

The fact that, for the first time ever, and in an unprecedented move the company, sometime around the late 90’s or early 2000’s started to charge businesses for the set up of their credit files. As of this writing, D&B is the only credit agency, business or personal that has a charge of any kind to set up a credit file. People didn’t and still don’t like this level of greed.

**B.) Since the late 1990’s the D&B business file scores have been manipulated.**

For a cost of between \$4500 and \$10,000, Business Credit Builder Programs which teach how to engineer a D&B credit score or PAYDEX score (which is D&B’s name for a credit score) have been widely sold to business owners or wannabes since the late 1990’s.

**C.) Since 2011 D&B files have been incomplete.**

D&B did not like the fact that their files and hence a businesses’ credit scores could and were being manipulated. So, in an effort to stop the score manipulations, sometime in 2011 the company instituted a policy of only taking credit history information from larger companies. That meant

that if a local vendor like a small printing company provided products with payment terms, say net 30 days, to a local business, the payment history of the business and that invoice would not ever be reported to D&B, resulting in incomplete file information.

So, if D&B makes it's money by selling credible information, and their company's credibility has been compromised due to their unprecedented charges, their file scores having been manipulated since the late 1990's and due to new policies the files are incomplete, then they have less than credible information to sell. That would not be a problem for D&B if this were years ago when the company had no competitors and buyers of credit information had no other options. But, that is not the case today. In fact, those who need and buy business credit information have at least four other places to go for that information. Also, it is widely held the information provided by these other sources is much more complete, and credible. Those other business credit reporting agencies are Experian for Business, Equifax for Business, Credit.net and Cortera.

With these agencies, as well as D&B, you should verify and or update any and all information that is listed for your company.

- Experian - [www.experian.com/business/bcr.html](http://www.experian.com/business/bcr.html)  
The options here to update basic information are:
  - Pay \$8 for what they call a Biz Verify Report
  - Report content questions to 1-800-520-1221
  - Update online at: [www.businesscreditfacts.com](http://www.businesscreditfacts.com)
  
- Equifax - [www.equifax.com](http://www.equifax.com)  
The options here to update basic information are:
  - Search their database at:  
[www.equifax.com/small-business/home/en\\_sb](http://www.equifax.com/small-business/home/en_sb)
  - Purchase a report for \$99
  
- Credit.net - [www.businesscreditusa.com](http://www.businesscreditusa.com)  
The options here to update basic information are:
  - Simply call 1-866-482-2555 to obtain a free report or update
  
- Cortera - [www.cortera.com](http://www.cortera.com)  
The options here to update basic information are:
  - Search their data base at: [www.cortera.com](http://www.cortera.com)
  - Update by emailing to [data\\_quality@cortera.com](mailto:data_quality@cortera.com)

Other than making sure your information is up to date and accurate, there is little else you can or should do. Making sure that the business credit bureaus' file information matches your information will insure that information that you enter into a business credit application will match the bureaus' file information. Anything short of a match would make the credit grantor wonder if you are an identity thief or at the very least sloppy and not on top of your business. Either way, information that doesn't match will most likely result in a quick and easy denial of your business credit application. If you want business credit grantors to approve your request for credit, then all you have to do is make your company look like their ideal customer. The first of two steps to doing that is putting your company in compliance.

Following through with these six steps in the first phase of building corporate credit will not only make your business a real, legal and compliant business, but it will also make it look like the ideal customer for any and all credit grantors. With this phase completed you can move on to the next step, Phase II.

## **PHASE II - Obtaining Trade Accounts – (without a Credit Score) to get a Credit Score**

The second part of making your company look like the perfect customer of credit grantors is to have a good corporate credit score. When companies submit applications for credit accounts, they are many times denied because they lack a credit score. If the applicant were to call the business credit bureaus and inquire as to how to get a business credit score, the answer would be that a company has to have lines of credit from at least three different vendors that report payment history to the business credit bureaus. Right about now you might be scratching your head wondering... if I need a credit score to get the credit accounts and I need three credit accounts reporting my payment history to have a credit score, then how do I accomplish that? Obtaining corporate credit is truly a which came first, the chicken or the egg situation.

The solution is to locate companies that will:

- Open a credit trade account for your newly formed LLC or (preferably) Corporation, and
- Will open a credit trade account without requiring a business credit score, and that
- Will report your payment history to the business credit bureaus so a credit score can be established.

Locating companies that will meet these stringent criteria is like looking for a needle in a hay stack. Nonetheless, we have located a few such companies. In this phase the goal is to open, in the name of the business, at least three trade accounts that report your business credit payment history to the bureaus. That is, to have at least three companies from which you will purchase products and or services on payment terms. The vendors deliver products or services and bill you for payment due some time in the future. You pay the vendors' invoices, ideally before the due date, and the vendors subsequently report the transactions to the bureaus. This reporting is what the business credit report agencies use in calculating a company's business credit score.

Not all credit grantors or vendors offer the same payment terms. Some may require payment in 10 days, others in 30, and some offer discounts if paid early. So, a business credit score is calculated based on vendors terms and how timely customers are in remitting payments. Establishing a credit score, and a positive one, is a qualifier for other credit grantors listed in subsequent phases of this stepped program.

So, if your business has completed all of the items in Phase I - Compliance, and is:

- a Corporation or Limited Liability Company, currently compliant with all state requirements, and has
- a Federal Employment Identification Number (FEIN), and
- a current business license, and
- a listed business phone number, and
- a good bank reference, then

The next step is to apply for trade lines of credit with any or all of the following resources:

*Note: Some companies allow application online while others require application over the phone. Either way you'll find their contact information on their websites.*

ACI Printing Services Inc. - <http://www.aciprinting.com>

*Will open an account with credit references*

BP Oil - [www.bp.com](http://www.bp.com)

FedEx - <http://fedex.com>

Reliable - [www.reliable.com](http://www.reliable.com)

Quill - [www.Quill.com](http://www.Quill.com)

Shell Oil - [www.shell.us](http://www.shell.us)

While this is an excellent list of companies that fit our all important criteria, it is by no means a list of all of the companies on the planet that fit our criteria. For that reason, you are encouraged to seek and use any resources of which you are currently aware or find through your independent research.

Once you have opened accounts, purchase something for your business using your new credit accounts. Credit ratings can be established by the purchases of minimal amounts of products or services via these credit accounts. But, due to the fact that some credit grantors only report transactions above \$75.00, you would be well advised to make sure your charges exceed this minimum. Upon receipt of the account statement, immediately pay off the entire balance due. Creditors reporting of your responsible management of your accounts to business credit bureaus, will establish your favorable credit scores. Since companies change their credit policies from time to time, you would also be well advised before you place an order, to confirm that the company in fact currently reports customer payment history to the business credit bureaus. Otherwise, there may be little, if any, reason to open an account or place an order. After all, the sole purpose in establishing accounts and buying anything on terms is to establish a credit score for your business.

The little bit of money that you will spend to establish your company, put it in compliance and then obtain a credit score will range between \$400 and \$600. Depending upon your situation this may seem like a sizable expenditure. But, it is miniscule when compared to the tens, if not hundreds, of thousands of dollars of business credit that may developed as a direct result of the expenditure.

One way to lessen or even totally eliminate this vendor step and expense, is to request that the companies that you may currently be doing business with to simply report your payment history to the business credit bureaus. Another time and money saving short-cut is to approach any and all companies with which you currently have “personal” credit accounts, like Visa, MasterCard, Lowes, Home Depot, etc. and request that they open up a “business” account for you under your new business name. For example, if you currently have a personal Bank of America Visa, in good standing, then asking that credit grantor to open a business account for you, would not only provide you with an instant account but a trade account most likely reporting to D&B. Now, all you have to do is use your new Visa card for something like dinner. A business dinner that is, so that your company can not only take a step toward building corporate credit, but can also enjoy a tax deduction while you enjoy a meal.

Upon establishing your business credit score you can then move on to the next step, Phase III.

### **PHASE III - Building Trade Accounts (once a Credit Score is established)**

Now that you have established a business credit score, you will be able to make application to another strata of credit grantors. Those that require a good business credit scores:

Business Supply - [www.business-supply.com](http://www.business-supply.com)

Dell Computers - <http://del.com>

Home Depot - [www.homedepot.com](http://www.homedepot.com)

Lowes - [www.Lowes.com](http://www.Lowes.com)

Office Depot - [www.officedepot.com](http://www.officedepot.com)

Staples - [www.staples.com/sbd/content/help/index.html](http://www.staples.com/sbd/content/help/index.html)

Once you have secured credit with some of these accounts you can then move on to the next step, Phase IV.

## **PHASE IV - Business Credit Cards**

As soon as you receive the credit cards you applied for from the companies in Phase III, particularly the Office Depot and Staples cards, flip them over and read the fine print. What you will be looking for is the information that follows the phrase, “Card issued by: \_\_\_\_\_”. Since most of the companies you applied to do not underwrite their own credit programs, the card issuing company will be different.

Your next step is to do an online search for the websites of the “Card issued by” companies, visit their sites and immediately apply for that card issuing company’s Visa and or MasterCard. Applying for a business credit card from the issuing company, will result in an approval since you have already met their criteria when you were approved for the cards you applied for during Phase III. Congratulations, you are well on your way to building massive corporate credit.

Now, you can move on to the next step, Phase V.

## **PHASE V - Business Credit Cards**

American Express, Business

<http://home.americanexpress.com/home/corporations.shtml?referrer=ushome&section=globalnav>

Bank of America

<http://business.bankofamerica.com/creditcard/CardChoicesPage>

Chase

<https://creditcards.chase.com/business-credit-cards.aspx?split=2>

SunTrust

[www.suntrust.com/SmallBusiness/BusinessBanking/BusinessCards](http://www.suntrust.com/SmallBusiness/BusinessBanking/BusinessCards)

US Bank

[www.usbank.com/cgi\\_w/cfm/small\\_business/products\\_and\\_services/credit\\_cards/credit\\_card\\_ps.cfm](http://www.usbank.com/cgi_w/cfm/small_business/products_and_services/credit_cards/credit_card_ps.cfm)

Wells Fargo

[www.wellsfargo.com/biz/creditcards/how\\_to\\_apply](http://www.wellsfargo.com/biz/creditcards/how_to_apply)

Note: While these resources are some of the best we have found, they are certainly not the only business credit cards and lines of credit available to your business. Now that you have established a complete and positive credit file, you can fearlessly apply to any resource you may find, including commercial bank loans.

**WARNING:** Please be advised that you should **stay away like superman from kryptonite**, anything to do with **Business Discover products and Business Capital One products**.

We have seen instances where these companies have reported the corporation debt to the personal credit file of the guarantor of the business credit account. That is absolutely opposite of what we are focusing on accomplishing. Business credit debt reported to an individual's personal credit file will increase their personal debt to income ratio thereby lower the guarantor's personal credit scores. And, do so ultimately to the degree that it could totally destroy the guarantors credit. So, stay away from these two company's business products... period.

## **PHASE VI - Business Lines of Credit**

While the terms may be slightly different from lender to lender, most business lines of credit (BLOC's) possess these elements:

- Short application
- Credit decisions usually within 48 hours
- No income documentation required (stated income only)
- Line amounts up to 10% of annual revenue with at max. line of credit of \$50,000
- No application fees
- Credit payment history reports to the business credit file, not the guarantors
- Interest only payment options
- Credit reports not to the applicant/guarantor but to the business credit file
- Interest rates of prime plus 0 to 6% (the current prime rate can be found any day by checking - <http://www.bankrate.com>)
- Ability to expand the line as the business grows (financials may be required for increase)

Bank of America

[http://www.bankofamerica.com/small\\_business/business\\_financing](http://www.bankofamerica.com/small_business/business_financing)

Chase

<https://www.chase.com/business-banking/business-loans>

Wells Fargo

[https://www.wellsfargo.com/biz/loans\\_lines/fund\\_operations](https://www.wellsfargo.com/biz/loans_lines/fund_operations)

This is a short list of some of the more aggressive and business friendly issuers of business lines of credit. But, obviously they are not the only issuers of business lines of credit. So you can and should apply to whatever lenders that you choose. These types of lines are most often times offered by banks so you should especially apply to those banks with which you already have a relationship and a history. Lastly, these loan instruments are “unsecured” lines of credit, meaning that they are signature loans that do not require assets to back them. Which allows an applicant the ability to apply for multiple lines from multiple lenders.

As a last note, some credit grantors require the inclusion of a personal financial statement (PFS) with a loan/credit application. For your convenience, a PFS is included in the Appendix.

## **PERSONAL CREDIT**

While this “Opening Doors to Business Credit” program focuses on developing business credit, there are some doors that can also and only be opened with the help of respectable personal FICO scores. While most lenders consider a minimum acceptable personal FICO score to be 700 the reality is that the higher the guarantor’s personal credits scores the more business credit will be available to their company. In fact, to garner any significant amount of business credit requires a guarantor with credit scores north of 750.

While there are things that you could do to improve your scores we have found that improving scores and doing so quickly requires a deep understanding of the personal credit scoring system. Which is not in any way rooted in common sense. For this reason we highly, highly, highly recommend that if not already, you should utilize the Beyond Breakeven Credit Enhancement program. This program has been developed by our Certified Credit Coach, specifically for our clients who have a goal of obtaining business credit. For each client the coach crafts a personalized blueprint designed to increase the client’s scores. The plan, if followed, is guaranteed to get the client’s scores to between 730 and 750 regardless of the client’s starting point. The program is so powerful that it comes with a money-back guarantee.

Should you want to improve your personal credit scores to increase your business funding options and/or for some other reason, you may obtain more information about the Beyond Breakeven Credit Enhancement program by calling our office at 813-977-7071.

## **Final Notes**

The keys to a successful credit campaign are:

- 1.) Compliance – Make sure that the information that credit grantors find on your company in their due diligence is accurate and up to date.
- 2.) Systematically fill up your credit files with the information credit grantors want to see.
- 3.) Neatness counts. – All of the information on your applications must be legible. What might look good on the original, once faxed may be unreadable. Illegible information will cause delays and possibly denials.
- 4.) Pay your bills on time.

While these steps have been tested and retested, many factors affect credit approvals, most of which are out of the control of this writer. Each business is unique in what it does, and how it does it, including how each will fill its credit file. For this reason alone, funding results will certainly vary from business to business. Hence, the information included herein is in no way an offer or proposal, nor a guarantee of funding.

The steps included in this paper are intended to assist in the establishment of a solid business credit base upon which you will continue to build. These concepts are designed to foster resourceful thinking in companies, which never had or have lost, that creative edge. There is always money available for good projects, you just have to be resourceful in locating it. We wish you the best of luck in your funding quest.

Please remember that possessing great corporate credit is not something that just happens, but rather is something that must be nurtured. When developed and maintained, corporate credit can be like an incredible gift that just keeps giving.

Steven Spielberg once defined success as when opportunity meets preparedness. Building corporate credit is an effort of a little preparedness that goes a very long way in providing the funding necessary to successfully grab your life's opportunities.

# APPENDIX

## Application for a Federal Employer Identification Number (FEIN) IRS Form SS-4

Go to the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and click on *Employer ID Numbers*.

You can apply for an EIN online, by telephone, by fax, or by mail, depending on how soon you need to use the EIN. Use only one method for each entity so you do not receive more than one EIN for an entity.

### Form SS-4 Specific Instructions

Follow the instructions for each line to expedite processing and to avoid unnecessary IRS requests for additional information. Enter "N/A" (non-applicable) on the lines that do not apply.

#### **Line 1. Legal name of entity (or individual) for whom the EIN is being requested.**

Enter the legal name of the entity (or individual) applying for the EIN exactly as it appears on the social security card, charter, or other applicable legal document. An entry is required.

**Individuals.** Enter your first name, middle initial, and last name. If you are a sole proprietor, enter your individual name, not your business name. Enter your business name on line 2. Do not use abbreviations or nicknames on line 1.

**Trusts.** Enter the name of the trust as it appears on the trust instrument.

**Estate of a decedent.** Enter the name of the estate. For an estate that has no legal name, enter the name of the decedent followed by "Estate."

**Partnerships.** Enter the legal name of the partnership as it appears in the partnership agreement.

**Corporations.** Enter the corporate name as it appears in the corporate charter or other legal document creating it.

**Plan administrators.** Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.

**Line 2. Trade name of business.** Enter the trade name of the business if different from the legal name. The trade name is the "doing business as" (DBA) name.

### **CAUTION**

*Use the full legal name shown on line 1 on all tax returns filed for the entity. (However, if you enter a trade name on line 2 and choose to use the trade name instead of the legal*

*name, enter the trade name on all returns you file.) To prevent processing delays and errors, use only the legal name (or the trade name) on all tax returns.*

**Line 3. Executor, administrator, trustee, "care of" name.** For trusts, enter the name of the trustee. For estates, enter the name of the executor, administrator, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person's name as the "care of" person. Enter the individual's first name, middle initial, and last name.

**Lines 4a-b. Mailing address.** Enter the mailing address for the entity's correspondence. If the entity's address is outside the United States or its possessions, you must enter the city, province or state, postal code, and the name of the country. Do not abbreviate the country name. If line 3 is completed, enter the address for the executor, trustee or "care of" person. Generally, this address will be used on all tax returns.

If the entity is filing the Form SS-4 only to obtain an EIN for the Form 8832, use the same address where you would like to have the acceptance or non-acceptance letter sent.

**TIP**

*File Form 8822, Change of Address, to report any subsequent changes to the entity's mailing address.*

**Lines 5a-b. Street address.** Provide the entity's physical address only if different from its mailing address shown in lines 4a-b. Do not enter a P.O. box number here. If the entity's address is outside the United States or its possessions, you must enter the city, province or state, postal code, and the name of the country. Do not abbreviate the country name.

**Line 6. County and state where principal business is located.** Enter the entity's primary physical location.

**Lines 7a-b. Name of responsible party.** Enter the full name (first name, middle initial, last name, if applicable) and SSN, ITIN (individual taxpayer identification number), or EIN of the entity's responsible party as defined below:

**Responsible party defined.** For entities with shares or interests traded on a public exchange, or which are registered with the Securities and Exchange Commission, "responsible party" is (a) the principal officer, if the business is a corporation, (b) a general partner, if a partnership, (c) the owner of an entity that is disregarded as separate from its owner (disregarded entities owned by a corporation enter the corporation's name and EIN), or (d) a grantor, owner, or trustor, if a trust.

For all other entities, "responsible party" is the person who has a level of control over, or entitlement to, the funds or assets in the entity that, as a practical matter, enables the individual, directly or indirectly, to control, manage, or direct the entity and the

disposition of its funds and assets. The ability to fund the entity or the entitlement to the property of the entity alone, however, without any corresponding authority to control, manage, or direct the entity (such as in the case of a minor child beneficiary), does not cause the individual to be a responsible party.

If the person in question is an alien individual with a previously assigned individual taxpayer identification number (ITIN), enter the ITIN in the space provided and submit a copy of an official identifying document. If necessary, complete Form W-7, Application for IRS Individual Taxpayer Identification Number, to obtain an ITIN.

You must enter an SSN, ITIN, or EIN on line 7b unless the only reason you are applying for an EIN is to make an entity classification election (see Regulations sections 301.7701-1 through 301.7701-3) and you are a nonresident alien or other foreign entity with no effectively connected income from sources within the United States.

**Lines 8a-c. Limited liability company (LLC) information.** An LLC is an entity organized under the laws of a state or foreign country as a limited liability company. For federal tax purposes, an LLC may be treated as a partnership or corporation or be disregarded as an entity separate from its owner.

By default, a domestic LLC with only one member is disregarded as an entity separate from its owner and must include all of its income and expenses on the owner's tax return (for example, Schedule C (Form 1040)). Also by default, a domestic LLC with two or more members is treated as a partnership. A domestic LLC may file Form 8832 to avoid either default classification and elect to be classified as an association taxable as a corporation. For more information on entity classifications (including the rules for foreign entities), see the instructions for Form 8832.

If the answer to line 8a is "Yes," enter the number of LLC members. If the LLC is owned solely by a husband and wife in a community property state and the husband and wife choose to treat the entity as a disregarded entity, enter "1" on line 8b.

#### **CAUTION**

*Do not file Form 8832 if the LLC accepts the default classifications above. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832. See the Instructions for Form 2553.*

**Line 9a. Type of entity.** Check the box that best describes the type of entity applying for the EIN. If you are an alien individual with an ITIN previously assigned to you, enter the ITIN in place of a requested SSN.

#### **CAUTION**

*This is not an election for a tax classification of an entity. See **Disregarded entities** on page 26 of this document.*

**Sole proprietor.** Check this box if you file Schedule C, or Schedule F (Form 1040) and have a qualified plan, or are required to file excise, employment, alcohol, tobacco, or firearms returns, or are a payer of gambling winnings. Enter your SSN (or ITIN) in the space provided. If you are a nonresident alien with no effectively connected income from sources within the United States, you do not need to enter an SSN or ITIN.

**Corporation.** This box is for any corporation other than a personal service corporation. If you check this box, enter the income tax form number to be filed by the entity in the space provided.

**CAUTION**

*If you entered “1120S” after the “Corporation” checkbox, the corporation must file Form 2553 no later than the 15th day of the 3rd month of the tax year the election is to take effect. Until Form 2553 has been received and approved, you will be considered a Form 1120 filer. See the Instructions for Form 2553.*

**Personal service corporation.** Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if:

- \* The principal activity of the entity during the testing period (prior tax year) for the tax year is the performance of personal services substantially by employee-owners, and
- \* The employee-owners own at least 10% of the fair market value of the outstanding stock in the entity on the last day of the testing period.

Personal services include performance of services in such fields as health, law, accounting, or consulting. For more information about personal service corporations, see the Instructions for Form 1120 and Pub. 542.

**CAUTION**

*If the corporation is recently formed, the testing period begins on the first day of its tax year and ends on the earlier of the last day of its tax year, or the last day of the calendar year in which its tax year begins.*

**Other nonprofit organization.** Check this box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization).

**CAUTION**

*If the organization also seeks tax-exempt status, you must file either Form 1023 or Form 1024. See Pub. 557 for more information.*

If the organization is covered by a group exemption letter, enter the four-digit group exemption number (GEN) in the last entry. (Do not confuse the GEN with the nine-digit EIN.) If you do not know the GEN, contact the parent organization. See Pub. 557 for more information about group exemption letters.

If the organization is a section 527 political organization, check the box for *Other non-profit organization* and specify "section 527 organization" in the space to the right. To be recognized as exempt from tax, a section 527 political organization must electronically file Form 8871, Political Organization Notice of Section 527 Status, within 24 hours of the date on which the organization was established. The organization may also have to file Form 8872, Political Organization Report of Contributions and Expenditures. See [www.irs.gov/polorgs](http://www.irs.gov/polorgs) for more information.

**Plan administrator.** If the plan administrator is an individual, enter the plan administrator's taxpayer identification number (TIN) in the space provided.

**REMIC.** Check this box if the entity has elected to be treated as a real estate mortgage investment conduit (REMIC). See the Instructions for Form 1066 for more information.

**State/local government.** If you are a government employer and you are not sure of your social security and Medicare coverage options, go to [www.ncsssa.org/statessadminmenu.html](http://www.ncsssa.org/statessadminmenu.html) to obtain the contact information for your state's Social Security Administrator.

**Other.** If not specifically listed, check the "Other" box, enter the type of entity and the type of return, if any, that will be filed (for example, "Common Trust Fund, Form 1065" or "Created a Pension Plan"). Do not enter "N/A." If you are an alien individual applying for an EIN, see the *Lines 7a-b* instructions on page 3.

\* **Household employer.** If you are an individual that will employ someone to provide services in your household, check the "Other" box and enter "Household Employer" and your SSN. If you are a trust that qualifies as a household employer, you do not need a separate EIN for reporting tax information relating to household employees; use the EIN of the trust.

\* **Household employer agent.** If you are an agent of a household employer that is a disabled individual or other welfare recipient receiving home care services through a state or local program, check the "Other" box and enter "Household Employer Agent." (See Rev. Proc. 80-4, 1980-1 C.B. 581; Rev. Proc. 84-33, 1984-1 C.B. 502; and Notice 2003-70, 2003-43 I.R.B. 916.) If you are a state or local government also check the box for state/local government.

\* **QSub.** For a qualified subchapter S subsidiary (QSub) check the "Other" box and specify "QSub."

\* **Withholding agent.** If you are a withholding agent required to file Form 1042, check the "Other" box and enter "Withholding Agent."

**Disregarded entities.** A disregarded entity is an eligible entity that is disregarded as separate from its owner for federal income tax purposes. Disregarded entities include single-member limited liability companies (LLCs) that are disregarded as separate from their owners, qualified subchapter S subsidiaries (qualified subsidiaries of an S corpora-

tion), and certain qualified foreign entities. See the Instructions for Form 8832 and Regulations section 301.7701-3 for more information on domestic and foreign disregarded entities.

For wages paid on or after January 1, 2009, the disregarded entity is required to use its name and EIN for reporting and payment of employment taxes. A disregarded entity is also required to use its name and EIN to register for excise tax activities on Form 637, pay and report excise taxes reported on Forms 720, 730, 2290, and 11-C, and claim any refunds, credits, and payments on Form 8849. See the instructions for the employment and excise tax returns for more information.

Complete Form SS-4 for disregarded entities as follows:

- If a disregarded entity is filing Form SS-4 to obtain an EIN because it is required to report and pay employment and excise taxes (see above) or for non-federal purposes such as a state requirement, check the “Other” box for line 9a and write “disregarded entity” (or “disregarded entity-sole proprietorship” if the owner of the disregarded entity is an individual).
- If the disregarded entity is requesting an EIN for purposes of filing Form 8832 to elect classification as an association taxable as a corporation, or Form 2553 to elect S corporation status, check the “Corporation” box for line 9a and write “single-member” and the form number of the return that will be filed (Form 1120 or 1120S).
- If the disregarded entity is requesting an EIN because it has acquired one or more additional owners and its classification has changed to partnership under the default rules of Regulations section 301.7701-3(f), check the “Partnership” box for line 9a.

**Line 10. Reason for applying.** Check only one box. Do not enter “N/A.” A selection is required.

**Started new business.** Check this box if you are starting a new business that requires an EIN. If you check this box, enter the type of business being started. Do not apply if you already have an EIN and are only adding another place of business.

**Hired employees.** Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax returns. Do not apply if you already have an EIN and are only hiring employees. For information on employment taxes (for example, for family members), see Pub. 15 (Circular E).

### **CAUTION**

*You must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS). See Federal tax deposits on page 1; section 11, Depositing Taxes, of Pub. 15 (Circular E); and Pub. 966.*

**Banking purpose.** Check this box if you are requesting an EIN for banking purposes only, and enter the banking purpose (for example, a bowling league for depositing dues or an investment club for dividend and interest reporting).

**Changed type of organization.** Check this box if the business is changing its type of organization. For example, the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided (including available space immediately below) the type of change made. For example, "From Sole Proprietorship to Partnership."

**Purchased going business.** Check this box if you purchased an existing business. Do not use the former owner's EIN unless you became the "owner" of a corporation by acquiring its stock.

**Created a trust.** Check this box if you created a trust, and enter the type of trust created. For example, indicate if the trust is a nonexempt charitable trust or a split-interest trust.

**Exception.** Do not file this form for certain grantor-type trusts. The trustee does not need an EIN for the trust if the trustee furnishes the name and TIN of the grantor/owner and the address of the trust to all payers. However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

**TIP**

*Do not check this box if you are applying for a trust EIN when a new pension plan is established. Check "Created a pension plan."*

**Created a pension plan.** Check this box if you have created a pension plan and need an EIN for reporting purposes. Also, enter the type of plan in the space provided.

**TIP**

*Check this box if you are applying for a trust EIN when a new pension plan is established. In addition, check the "Other" box on line 9a and write "Created a Pension Plan" in the space provided.*

**Other.** Check this box if you are requesting an EIN for any other reason; and enter the reason. For example, a newly-formed state government entity should enter "Newly-Formed State Government Entity" in the space provided.

**Line 11. Date business started or acquired.** If you are starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. For foreign applicants, this is the date you began or acquired a business in the United States. If you are changing the form of ownership of your business, enter the date the new ownership entity began. Trusts should en-

ter the date the trust was funded. Estates should enter the date of death of the decedent whose name appears on line 1 or the date when the estate was legally funded.

**Line 12. Closing month of accounting year.** Enter the last month of your accounting year or tax year. An accounting or tax year is usually 12 consecutive months, either a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information on accounting periods, see Pub. 538.

**Individuals.** Your tax year generally will be a calendar year.

**Partnerships.** Partnerships must adopt one of the following tax years:

- \* The tax year of the majority of its partners.
- \* The tax year common to all of its principal partners.
- \* The tax year that results in the least aggregate deferral of income.
- \* In certain cases, some other tax year.

See the Instructions for Form 1065 for more information.

**REMICs.** REMICs must have a calendar year as their tax year.

**Personal service corporations.** A personal service corporation generally must adopt a calendar year unless it meets one of the following requirements:

- \* It can establish a business purpose for having a different tax year.
- \* It elects under section 444 to have a tax year other than a calendar year.

**Trusts.** Generally, a trust must adopt a calendar year except for the following trusts:

- \* Tax-exempt trusts.
- \* Charitable trusts.
- \* Grantor-owned trusts.

**Line 13. Highest number of employees expected in the next 12 months.** Complete each box by entering the number (including zero (“-0-”)) of “Agricultural,” “Household,” or “Other” employees expected by the applicant in the next 12 months.

If no employees are expected, skip line 14.

**Line 14. Do you want to file form 944?** If you expect your employment tax liability to be \$1,000 or less in a full calendar year, you are eligible to file Form 944 annually (once each year) instead of filing Form 941 quarterly (every three months). Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total

wages subject to social security and Medicare taxes and federal income tax withholding. If you qualify and want to file Form 944 instead of Form 941, check the box on line 14. If you do not check the box, then you must file Form 941 for every quarter.

**TIP**

*For employers in the U.S. possessions, generally, if you pay \$6,536 or less in wages subject to social security and Medicare taxes, you are likely to pay \$1,000 or less in employment taxes.*

For more information on employment taxes, see Pub. 15 (Circular E); or Pub. 51 (Circular A) if you have agricultural employees (farmworkers).

**Line 15. First date wages or annuities were paid.** If the business has employees, enter the date on which the business began to pay wages or annuities. For foreign applicants, this is the date you began to pay wages in the United States. If the business does not plan to have employees, enter “N/A.”

**Withholding agent.** Enter the date you began or will begin to pay income (including annuities) to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien. For foreign applicants, this is the date you began or will begin to pay income (including annuities) to a nonresident alien in the United States.

**Line 16.** Check the one box on line 16 that best describes the principal activity of the applicant's business. Check the “Other” box (and specify the applicant's principal activity) if none of the listed boxes applies. You must check a box.

**Construction.** Check this box if the applicant is engaged in erecting buildings or engineering projects (for example, streets, highways, bridges, tunnels). The term “Construction” also includes special trade contractors (for example, plumbing, HVAC, electrical, carpentry, concrete, excavation, etc. contractors).

**Real estate.** Check this box if the applicant is engaged in renting or leasing real estate to others; managing, selling, buying, or renting real estate for others; or providing related real estate services (for example, appraisal services). Also check this box for mortgage real estate investment trusts (REITS). Mortgage REITS are engaged in issuing shares of funds consisting primarily of portfolios of real estate mortgage assets with gross income of the trust solely derived from interest earned.

**Rental and leasing.** Check this box if the applicant is engaged in providing tangible goods such as autos, computers, consumer goods, or industrial machinery and equipment to customers in return for a periodic rental or lease payment. Also check this box for equity real estate investment trusts (REITS). Equity REITS are engaged in issuing shares of funds consisting primarily of portfolios of real estate assets with gross income of the trust derived from renting real property.

**Manufacturing.** Check this box if the applicant is engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is also considered to be manufacturing.

**Transportation & warehousing.** Check this box if the applicant provides transportation of passengers or cargo; warehousing or storage of goods; scenic or sight-seeing transportation; or support activities related to transportation.

**Finance & insurance.** Check this box if the applicant is engaged in transactions involving the creation, liquidation, or change of ownership of financial assets and/or facilitating such financial transactions; underwriting annuities/insurance policies; facilitating such underwriting by selling insurance policies; or by providing other insurance or employee-benefit related services.

**Health care & social assistance.** Check this box if the applicant is engaged in providing physical, medical, or psychiatric care or providing social assistance activities such as youth centers, adoption agencies, individual/family services, temporary shelters, daycare, etc.

**Accommodation & food services.** Check this box if the applicant is engaged in providing customers with lodging, meal preparation, snacks, or beverages for immediate consumption.

**Wholesale-agent/broker.** Check this box if the applicant is engaged in arranging for the purchase or sale of goods owned by others or purchasing goods on a commission basis for goods traded in the wholesale market, usually between businesses.

**Wholesale-other.** Check this box if the applicant is engaged in selling goods in the wholesale market generally to other businesses for resale on their own account, goods used in production, or capital or durable non-consumer goods.

**Retail.** Check this box if the applicant is engaged in selling merchandise to the general public from a fixed store; by direct, mail-order, or electronic sales; or by using vending machines.

**Other.** Check this box if the applicant is engaged in an activity not described above. Describe the applicant's principal business activity in the space provided.

**Line 17.** Use line 17 to describe the applicant's principal line of business in more detail. For example, if you checked the "Construction" box on line 16, enter additional detail such as "General contractor for residential buildings" on line 17. An entry is required. For mortgage REITs indicate mortgage REIT and for equity REITs indicate what type of real property is the principal type (residential REIT, nonresidential REIT, mini-warehouse REIT).

**Line 18.** Check the applicable box to indicate whether or not the applicant entity applying for an EIN was issued one previously.

**Third Party Designee.** Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of Form SS-4. The designee's authority terminates at the time the EIN is assigned and released to the designee. You must complete the signature area for the authorization to be valid.

**Signature.** When required, the application must be signed by (a) the individual, if the applicant is an individual, (b) the president, vice president, or other principal officer, if the applicant is a corporation, (c) a responsible and duly authorized member or officer having knowledge of its affairs, if the applicant is a partnership, government entity, or other unincorporated organization, or (d) the fiduciary, if the applicant is a trust or an estate. Foreign applicants may have any duly-authorized person (for example, division manager) sign Form SS-4.