Special Alert Bulletin for Entrepreneurs and Business Owners Who Need Business Financing …

The 9 Most Devastating Mistakes Entrepreneurs and Business Owners Make When Financing Their Businesses … and How to Avoid Them

Which of these all-too-common mistakes will cost you your business, peace of mind … and even your home?

Find out inside – and also discover how to get financing for your business… WITHOUT Risking Your Personal Assets, Lowering Your Personal Credit Score, and eventually, without a personal guarantee.

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"How Much Are You Willing to Risk For Your Business?"

Dear Friend,

As an entrepreneur, you're hardwired to enjoy a greater level of risk than the average person. But, **do you enjoy the thrill of business and investing so much that you're willing to risk:**

- Being hounded by creditors?
- Declaring bankruptcy?
- Being denied a mortgage?
- Paying more than your fair share of interest on your loans?
- Losing your house?

If you answered "no" to one or more of these questions, this may be the most important report you've read in a long time.

Because, if you're like most entrepreneurs, investors, and business owners I've met over the past 28 years, you're in danger of facing all of these horrific problems.

And *it's all because of your business.*

You see, entrepreneurs typically make one or more financially devastating mistakes when financing the launch, operation, and/or growth of their businesses. In most cases, they don't realize that they're making a mistake.

And to tell the truth, even when they do realize they're making a mistake … they lull themselves into thinking that the consequences will be a minor annoyance, until one day, they can't qualify for a mortgage. Or they can't get the to-die-for financing offered on the new car they're buying. Or they're hounded by creditors and eventually have to declare bankruptcy.

To help you avoid these chilling and all-too-probable consequences, I've assembled a list of the nine most devastating financial mistakes entrepreneurs make. These are critical errors that can bury your business, smother you in personal debt, and destroy your financial future.

Our business-financing experts have helped thousands of entrepreneurs just like you avoid these expensive blunders while building solid, valuable corporate credit – and along with it, the business of their dreams! Follow our time-tested ways of avoiding these nine entrepreneurial dream-killers, and you'll be on your way to a more secure, satisfying, and financially rewarding future.

Devastating Mistake #9

Using personal credit to finance your business

The hands-down biggest and most common mistake entrepreneurs make is using personal credit to finance their businesses. Common examples include:

- Paying for business expenses with your personal credit cards
- Obtaining personal loans to finance your business expenses

If you've used one or more of these financing methods to fund your entrepreneurial ventures, I'm not surprised. Shockingly, many business-start-up experts recommend these methods for funding new businesses.

Their advice is well-intentioned … but nonetheless incredibly dangerous. The reason for not using your personal credit for business purposes is simple: You WILL destroy your personal credit. It's inevitable.

By using your valuable personal credit for business expenses, you run the risk of:

- **Lowering your personal credit score.** When you personally guarantee business-related financing, the lender will require a personal credit check. Every time an inquiry into your credit history is made, your personal credit score takes a hit. The lower your score drops, the harder it is to secure financing…especially financing with the most favorable terms.
- **Reducing the amount of credit available for personal use.** The more credit you have personally guaranteed for your business, the higher your debt-to-income ratio soars … and the less that lenders will be willing to give you for personal use. Signing that loan for your business could prevent you from getting a mortgage on the new house you plan to buy a year from now.
- **Losing everything.** When you use your personal resources or credit to finance a business, you chain your financial security to your company's success. If the company fails, you'll be left holding the bag … and your personal finances will sink along with your business. You'll never recoup the "loan" you took from your retirement account to get your business launched. Creditors will be calling you for payment. And if things get bad enough, you may have to declare bankruptcy.

To protect your financial security, don't use your personal credit to finance your business activities. Instead, take action to secure credit in your company's name – **WITHOUT Risking Your Personal Assets, Lowering Your Personal Credit Score, and eventually, without a personal guarantee.**

Devastating Mistake #8

Putting personal assets at risk

Each time you pledge your personal assets for any type of credit extended to your business, you jeopardize your personal belongings, such as savings and investment accounts, your car, and even your home. If your business can't pay off its debt, the bank will come looking for you to make good on the loan.

A business entity established as a sole proprietorship is most susceptible to this risk. Although you can build business credit as a sole proprietor, you will be completely liable for all personal and corporate debt. Your credit history will be based solely on activity associated with your social security number because you will not have a corporate tax ID number. As a sole proprietor, you also have no legal means for separating corporate and personal credit.

The best way to protect your personal assets is to incorporate your business. You'll shield yourself from personal liability for the company's debts and typically will also reduce your tax burden.

Devastating Mistake #7

Contaminating your credit

When people marry, they vow to share their lives. For some good-hearted but financially naïve couples, this means sharing personal credit.

Unfortunately, adding your spouse to your credit isn't a show of undying loyalty and devotion. It's credit file contamination – an almost unforgivable sin if you're a business owner.

When you initiate joint credit, your spouse's credit history becomes part of your credit file. If your spouse misses a payment, the delinquency affects your credit.

The matter is complicated further if you haven't taken steps to separate your personal credit from your company's corporate credit. Credit file contamination created by a spouse's credit history could easily keep y0u from achieving your business goals – because it will prevent you from securing the financing necessary to grow your company.

To avoid credit file contamination, keep your credit history completely separate from your spouse's history. If your spouse ruins his or her credit, then you'll still have a good credit history to support your family, as well as your business.

Devastating Mistake #6

Not paying your bills on time … 100% of the time

You misplaced your credit card bill and sent in payment a few days late. It happens to the best of us, right? Maybe so … but as an entrepreneur, you can't afford even a single late payment….business or personal.

Your credit file is a complete history of your credit activity. Not paying your bills on time can ruin your credit file. A single delinquency can be held against you for years and be used to constrict the extension of existing credit or deny new credit – which can make or break your ability to finance the launch, operation or growth of your company.

There are two things you should do to protect yourself from this critical mistake. The first, obviously, is to ensure that you pay your bills promptly. Second, keep your personal credit separate from your corporate credit. That way, problems with your personal credit history will have no bearing on your corporate credit. But if you do not take all the necessary steps to separate your corporate and personal credit, problems with your personal credit file could directly affect your ability to build your corporate credit and your business.

Devastating Mistake #5

Using your family's money

When you use your personal credit card to buy business items, you instantly slash the amount of credit you have available to get the things you and your family need and want. And if you, like many Americans, regard your credit cards as the financial cushion that will carry you through emergencies—such as an illness that makes it impossible to work-- wasting your credit on business expenses weakens your safety net.

Still, many entrepreneurs ignore the dramatic consequences of this dangerous practice:

- They buy business-related items with their personal credit cards hoping to pay themselves back one day.
- They obtain other personal credit cards, leases, loans and lines of credit and then use them for business expenses.

And, once their borrowing limits are maxed out … they persuade their spouses or other family members into using their credit to continue financing the business.

Be forewarned: if you convince your family members to finance your business, you're just digging a deeper hole for your family to crawl out of. If your business fails – as 95% of business do in the first five years, according to the Small Business Administration – your family could be wiped out financially.

Don't ask family members to use their personal credit to invest in your business. As we discussed in Mistake #9, using your personal credit to pay for business expenses is a strategic error. And if it doesn't make sense for you, the business owner, it makes even less sense for family members. Keep everyone's personal credit strictly separated from your company's corporate credit.

Devastating Mistake #4

Not setting up a corporation and building corporate credit – the right way

Many business owners are unaware of the value of incorporation. Even fewer understand the essential steps necessary for building the kind of corporate credit that will enable them to take full advantage of their entrepreneurial status.

Incorporation makes your business entity separate from you, the business owner – a separate entity with its own liability. Incorporation separates your business assets from your personal assets. If someone decides to sue your company, they cannot touch your house, car, or anything else owned by you or your family.

But eliminating your personal liability for your company's debts and actions isn't the only reason to incorporate your business. Let's face it. You are in business to make money. And to make a profit and sustain your business, you need capital –in the right place, at the right time – to help your business grow. By incorporating your business, you enable your business to begin establishing corporate credit, which will ultimately provide the funds you need to grow your business and one day get to the point where your business can obtain funding without a personal guarantee. Keep in mind, this take time to accomplish.

But incorporating your business doesn't automatically qualify you for all the corporate credit you need, much less the best type of corporate credit. Your goal should be to secure cash– not lines of credit that are tied to particular stores or vendors – for which you do not need to offer a personal guarantee. To secure this "Holy Grail" of corporate credit, you need to follow a well-defined, step-by-step system to build your corporate credit history and business credit score.

Some of the preliminary steps every entrepreneur needs to take to secure excellent corporate credit include incorporating your business, maintaining a physical office, obtain a local phone number and a 411 listing, and get a business license and have a business that has real revenue.

These steps begin to pave the way for building your credit score with business credit bureaus. After you follow those preliminary steps and provide the bureaus with the information they require, and go through our Corporate Credit Builder Program, you will be prepared to approach the handful of lenders who will give you a cash line of credit with no personal guarantee. In other words, those few lenders will help you keep your business and personal assets separate AND give you the cash you need to grow your business.

Devastating Mistake #3

Rushing the process for building corporate credit

Corporate credit can be an invaluable tool as you build your wealth; because it gives you the flexibility to invest money in ways that you have determined will help you build your business.

But just as it takes time and patience to build wealth, it takes time and patience to build the corporate credit that enables you to get cash from lenders without your personal guarantee. Incorporating your business is just the start of the process.

The industry standard for building corporate credit to the point where you can secure cash without a personal guarantee is two to three years. We have streamlined its credit-building process so that you can get the corporate credit you need in as little as one month (as long as you meet the criteria, if you don't qualify, don't worry, we will help you understand what changes need to be made in order to help you qualify). And then follow the steps to position your company to qualify for no personal guarantee forms of credit.

Devastating Mistake #2

Not following up on the credit-building process

Once they begin to follow the prescribed process for building corporate credit, many entrepreneurs simply don't do enough follow-up work. But if you don't keep track of your progress during the process of building excellent corporate credit, you may miss key elements that could make the difference between getting the cash line of credit you need … or being denied.

It is always a good idea to delegate, especially if you are busy. But you have to be careful as to which kind of work you delegate. The work that directly affects the growth of your business and your wealth deserves your personal attention.

Devastating Mistake #1

Not recognizing opportunity costs

At the first sign of profits or the first influx of credit, many business owners spend more than they have – or even more than they will make – on material goods. Lured by the luxury car or exotic vacation they've lusted after for years, they ignore long-term business goals in favor of temporary and immediate gratification.

But if you want to achieve your long-term business goals, recognize that corporate credit and profits should only be leveraged to create greater gains for your business. Instead of figuring out how much profit you can take out of the business, seek ways to invest your earnings so that it will deliver greater returns for your business.

This is not, by any means, a comprehensive list of all the mistakes entrepreneurs make when it comes to building corporate credit. But if you address these costly and dangerous errors, you will be on your way to building a safe, secure, and financially sound business—the business you always dreamed of!