



CASTLE

Business Credit

The Definitive Guide to Building Your Business Credit

How to Obtain Credit That's Linked
to Your EIN Not Your SSN...
With No Personal Guarantee
or Credit Check



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Having access to money and credit for your business ultimately determines your business's success or failure according to the SBA. But unfortunately according to Entrepreneur.com 90% of business owners know nothing about business credit, and ironically of all the businesses in the United States that open, 90% end up failing and closing their doors for good.

Having a good business credit profile and score can be all of the difference between you having a highly prosperous business, or being at the helm of a sinking ship. You have to have money and credit to grow, especially to grow into a highly successful business. This is actually one commonality ALL successful business have... they all have established business credit.

Facebook, Microsoft, Apple, and every highly successful private and public company does have business credit. This means the business can use its own credit profile to grow, without the owner or CEO providing their personal credit or liability to secure that credit. Walmart gets 80% of their total cash injection from business credit alone, one of the reasons they have grown into one of the largest retailers in the world.



But what about you? Do you have business credit established now? Are you able to go out right now and get high-limit store and cash credit cards for your business... without even having to provide your social security number on the application? If not, you need business credit, it actually might be the only thing holding you back from ultimate success.

But how do you get business credit... how do you become one of the exclusive and elite 10% of entrepreneurs who understands business credit and gets it for your company to help you grow? In this Definitive Guide to Business Credit Building, you will learn how it is done, even if you know nothing about business credit now.

Business Credit is credit that is obtained in a **Business Name**. With business credit the **Business** builds its own credit profile and credit score. With an established credit profile and score, the business will then qualify for credit. This credit is in the business name and based on the business's ability to pay, not the business owners. Since the business qualifies for the credit, in some cases there is no personal credit check required from the business owner.

There are a ton of benefits that business credit provide including that a credit profile can be built for a business that is completely separate from the business owner's personal credit profile. This gives business owners **DOUBLE** the borrowing power as they have both Personal and Business credit profiles built.

Business credit scores are based only on whether the business pays its bills on time. A business owner can obtain credit much faster using their business credit profile versus their personal credit profile. Approval limits are much higher on business accounts versus personal accounts which is yet another benefit. Per SBA, credit limits on business cards are usually 10-100 times higher than consumer credit.

When done correctly Business Credit can be built without

a personal credit check. Business credit can quickly be obtained regardless of personal credit quality. And business credit doesn't report to the consumer credit reporting agencies and won't show up on your personal credit report. So as you obtain new business credit and use it, your scores won't dramatically decrease as they will with consumer credit.

Plus most business credit can be obtained without the owner taking on personal liability, or a personal guarantee. This means in case of default, the business owner's personal assets can't be pursued.

Even though most don't know this, when a business owner applies for financing, their business credit IS reviewed. Not having business credit established will get an owner DECLINED for financing. There are no regulations that require the lenders notify the business owner for their reason for denial, so most never know.

The business can use its credit to qualify for revolving store credit cards like Staples, Lowes, Sam's Club, Costco, BP, Wal-Mart, even MasterCard, Visa, and AMEX. The business can also qualify for credit lines and loans.

Building Your Business Credit

It's actually not hard to build business credit... you just need to know the proper steps to get started. Business credit building isn't that much different than consumer credit. You start off with no credit established. You then get approved for new credit that reports to the **BUSINESS** credit reporting agencies helping you establish and initial credit profile and score.

Once your profile and score are established, you can then use that profile to start getting more and more credit. As you grow your credit you will get access to more useful credit such as store credit cards and cash accounts such as Visa and MasterCard credit you can use anywhere. Your credit limits will also grow, so you'll have access to more and more credit as you continue to expand your credit profile.

Let's jump in a take a look at the actual business credit building steps.

Business Credit Building Step 1- Building Your Business Credibility

The perception lenders, vendors, and creditors have of your business is critical to your ability to build strong business credit. Before applying for business credit a business must insure it meets or exceeds all lender credibility standards. There are over 20 credibility points that are necessary for a business to have a strong, credible foundation.

It is very important that you use your exact business legal name. Your full business name should include any recorded DBA filing you will be using. Insure your business name is exactly the same on your corporation papers, licenses, and bank statements.

You can build business credit with almost any corporate entity type. If you truly want to separate business credit

from personal credit your business **must** be a separate legal entity not a sole proprietor or partnership. Unless you have a separate business entity (Corporation or LLC) you might be "doing business" but you are not truly "a business". You need to be a Corporation or an LLC in order to separate personal from business.

Whether you have employees or not, your business entity must have a Federal Tax ID number (EIN). Just like you have a Social Security Number, your business has an EIN. Your Tax ID number is used to open your bank account and to build your business credit profile. Take the time to verify that all agencies, banks, and trade credit vendors have your business listed with the **same** Tax ID number.



Business Address must be a real brick-and-mortar building, deliverable physical address, cannot be a home address, cannot be a PO Box, and cannot be a UPS address. Some lenders will not approve and fund unless this criteria is met.

You must have a dedicated business phone number that is listed with 411 directory assistance, under the business name. Lenders, vendors, creditors, and even insurance providers will verify that your business is listed with 411. A toll-free number will give your business credibility, but you must have a LOCAL business number for the listing with 411 directory assistance.

Lenders perceive 800 Number or toll-free phone numbers as a sign of business credibility. Even if you're a single owner with a home-based business, a toll-free number provides the perception that you are an even bigger company. It's incredibly easy and inexpensive to set-up a virtual local phone number or a toll free 800 number.

A cell or home phone number as your main business line could get you "flagged" as an un-established business that is too high of a risk. DON'T give a personal cell phone or residential phone as the business phone number. You can forward a virtual number to any cell or land-line phone number.

Credit providers will research your company on the internet. It is best if they learned everything directly from your company website. Not having a company website will **severely** hurt their chances of obtaining business credit. There are many places online that offer affordable business websites so you can have an internet presence that displays an overview of your company's services and contact information.

It is important to get a company email address for your business. It's not only professional, but greatly helps your chances of getting the thumbs up from a credit provider. Setting up a business email address is just too easy and inexpensive to neglect.

One of the most common mistakes when building credit for your company is non-matching business addresses on your business licenses. Even worse is not having the "required" licenses for your type of business to operate legally. You will need to contact the State, County, and City Government offices to see if there are any required licenses and permits to operate your type of business.

State business, county license and/or permit, city license and/or permit and IRS filings listed correctly. Take the time to verify that main agencies (State, IRS, Bank, and 411 national directory) have your business listed the same way and with your **Exact Legal Name**. Also take the time to ensure **every bill** you get (power bill, phone bill, landlord, etc.) has the business name listed correctly and comes to the business address.



Business Credit Building Step 2- Getting Your Business Credit Reports

Business Credit reports are offered by Experian, Dun & Bradstreet, and Equifax. You will first want to get a copy of your business credit reports to see what is being reported before you start your business credit building.

We've made this easy for you by putting link for all business credit reporting agencies in one place. We even have

affiliate relationships with them so they'll provide you with discounted pricing you won't normally find on your own. To get your reports now you can visit www.castlebusinesscredit.com to access your business credit reports with Experian, Equifax, and Dun & Bradstreet.

You won't need to get reports with all three reporting



agencies, but you should at least have monitoring setup with Dun & Bradstreet, and possibly Experian.

Smart Business credit reports from Experian cost \$37-175. With these reports you can find out how many trade lines are reporting, see if you have a business credit score assigned, see if you have an active Experian Business Profile, and check on recent inquiries.

It typically takes more time to create a file with Equifax Small Business than D&B and Experian. This is because not a lot of vendors and creditors actually report to Equifax, most of them report to Experian or D&B. This is also why it's important to apply with the credit providers who report to Equifax when you find them. You can get setup for Equifax credit monitoring for as little as \$19.95 monthly.

Dun & Bradstreet offer a CreditMonitor product where you can get unlimited access to your D&B reports and scores for \$49 monthly.

IMPORTANT NOTE, if you do get setup for this you might get a call from Dun & Bradstreet Credibility. Keep in mind this is not Dun & Bradstreet themselves, this is a completely separate privately owned company.

Do NOT purchase their “credit builder” program no matter what they tell you. This is NOT something you need and NOT something you should pay for. This program only adds trade references to your report, but instead you will be building your business credit using real useable credit.

You can visit www.castlebusinesscredit.com to access your business credit reports with Experian, Equifax, and Dun & Bradstreet.

Business Credit Building Step 3- Getting Vendor Credit

When you started building your consumer credit report you probably did so with small-limit credit cards, possibly even secure credit cards. A business credit report can be started much the same as a consumer report commonly is, with small credit cards, but in the business world these aren't secure credit cards, they just have set repayment term versus being open-ended revolving accounts. Your business can be approved for small credit cards to help you build an initial credit profile. These types of initial cards in the business world are commonly referred to as “vendor credit”.

You must start a business credit profile and score with starter vendors. Starter vendors are ones who will give you

initial credit even if you have no credit, no score, or no tradelines (or what's known as payment experiences, now. Most stores like Staples will NOT give you initial starter credit so DON'T even try applying. Most stores will NOT approve a business owner for business credit unless the owner has an established credit profile and score, just like in the consumer world. Vendor accounts must be used first to establish a profile and score, and then store credit can be obtained. It usually takes only 90 days or less to establish a score and profile with trade lines.

A vendor line of credit is when a company (vendor) extends a line of credit to your business on “Net 15, 30, 60 or 90” day terms. This means that you can purchase

their products or services up to a maximum dollar amount and you have 15, 30, 60 or 90 days to pay the bill in full. So if you're set-up on Net 30 terms and were to purchase \$300 worth of goods today, then that \$300 is due within the next 30 days.

Always apply first without using your SSN. Some vendors will request it and some will even tell you on the phone they need to have it, but submit first without it. Most credit issuers will approve you without your SSN if your EIN credit is strong enough. If your EIN credit is not good enough, you might be declined and they then might ask for your SSN. No matter what ANY credit representative tells you, credit CAN be obtained based on your EIN only.

When your first Net 30 account reports your "tradelines" to Dun & Bradstreet, the DUNS system will automatically activate your file if it isn't already. This is also true for Experian and Equifax. It's important to note, in the consumer credit world we refer to these types of accounts as "tradelines", but in the business world they are called payment experiences.

A payment experience is the reporting of an account to one credit reporting agency. So if you get approved for a Staples account that reports to both Experian and Dun & Bradstreet that would actually count as 2 payment experiences. But if that account only reported to Experian and not D&B, it would only count as one payment experience.

You need to have a total of at least five(5) payment experiences of Net 30 day pay accounts reporting to be able to start getting revolving store credit cards. Some vendors require an initial prepaid order before they can approve your business for terms. Some companies like Uline might even require you purchase from them 3 times in order for them to extend you credit, if you have no credit established now. Your vendors do not necessarily

have to serve 100% of your business needs.

Some of the most popular starter vendors including Uline, Laughlin & Associates, Quill, and Reliable. All of these have different requirements to approve you, but they are great sources to help you build initial business credit when you have none established now.



Business Credit Building Step 4- Getting Revolving Credit

After 5 payment experiences are established using vendor accounts, obtaining revolving accounts is the next step. Revolving accounts are cards a business owner can use and not be required to pay the full balance owed each month.

Revolving account approvals will begin coming from stores. Store revolving credit must be obtained before the business owner starts getting Visa, MC, Amex, type cards. Most stores will NOT approve a business owner for

business credit unless the owner has an established credit profile and score, just like in the consumer world. Vendor accounts must be used first to establish a profile and score, then store credit can be obtained. It usually takes only 90 days or less to establish a score and profile with trade lines.

Most major retail stores offer business credit accounts, although they don't promote that they do. Major retailers including Walmart, Target, Best Buy, Amazon, Sam's Club, Costco, Staples, Office Depot, Lowes, Home Depot, BP, Chevron, and most other retailers all offer business credit. And most of these retailers will approve you for new credit once you have a credit profile established, have a good business credit score that results from you paying your bills as agreed, and once you have 5 payment experiences or more established on your business credit profile.

Once 10 total payment experiences are on the credit, an owner can then start applying for Visa, MC, and American Express type credit. Approval amounts will be equivalent to the highest credit limit account on the business report. Try to have 10 payment experiences with at least one of them having a \$10,000 high limit. It is essential to keep using the credit, keep applying for more, and talk with credit providers to raise credit limits. If you do this, business credit will keep growing until higher limit credit lines are obtained, within 6-12 months.

Building business credit is truly as easy as building consumer credit once you know the proper steps to take. Now you know the 4 essential steps to take to build business credit that's linked to your EIN and not your SSN. Now the next step is to take action on the first step and make sure your business is setup credibly. As you are doing this get your business credit report access established. Then you can start building your vendor credit to establish your credit profile and score so you can start securing revolving credit accounts.

Congratulations!

If you have followed these steps you will have an established business credit profile and score that you can use to grow and get more and more credit. Many people ask,

“how long does it take to build business credit?” Keep in mind, just like with your consumer credit this is a never-ending process. You will always be growing your business credit as your business grows because you'll have a need to access more and more credit as your business grows.

If you pull a credit report for Walmart for example, you will find that their highest reported credit line has a limit of \$50,000,000! You can be assured that they didn't start out with those high of credit limits, they grew their credit to get those kinds of limits over the course of 40 years.

You may never need a credit line for \$50,000,000. But as your company grows you will have an appetite for more and more credit. For this reason, building your business credit is a never-ending process.

You can start getting vendor credit right away. It will then take about 30-90 days for that new credit to report, and then you can start to get revolving store credit cards. If you continue to grow your credit you will qualify for cash credit in only 4-6 months of starting the business credit building process.

Get started today securing your first vendor accounts. This will get you a business credit profile and score which you can then use to get your hand on real useable store credit, leading you to accessing cash credit to help your business grow.

Good luck on building your business credit! Let us know if we can ever help you in the process. Call 248-579-8175 or email credit@castlecommercialcapital.com.

