



PARTNER GUIDE

Little Book Of Credit Tips

Tips and solutions for helping clients improve their credit health.

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Credit Optimization

Credit Utilization

What's Best?

50%

30%

1-10% ✓

0%

Credit utilization has an oversized impact on most credit score models, including traditional FICO and VantageScore models.

Giving advice on credit card utilization is dependent on the client's unique situation and their target credit score. A good rule of thumb is to not spend more than 30% of the available credit limit, and get in the habit of paying it off each month.

Is paying off your credit card balance a bad thing?

No, This is a myth. Paying off credit card balances is a healthy credit habit to establish. However, for clients looking to optimize their credit scores, carrying a small balance (below 10%) has been proven to be an effective strategy.

Reporting Cycles

Bullet Points:

- Credit card companies are not obligated to report information to the credit bureaus.
- Typically, credit card companies report monthly at the end of a billing cycle or the statement date.
- It's up to the credit card company on when and how often they report.
- You can call the credit card company to ask for a reporting date.

Recommendations:

- Not spending more than 30% of the available credit limit.
- Setup auto-pay at the close of each billing cycle.
- Contact the credit card company for their reporting date.
- Monitor credit regularly to ensure balances are reported correctly.
- Implement debt payoff strategy 2-3 months before applying for a loan or line of credit.

Sources:

www.equifax.com/personal/education/credit-cards
The Smart Consumer's Guide to Good Credit







Secured Credit Cards

Secured credit cards are a great option to start building a healthy credit profile.

What are they exactly?

A secured credit card is a revolving credit line that is secured against a deposit placed by the borrower. This allows the borrower to build credit with a credit card, while lowering the risk associated with the debt for the lending institution. Secured credit is contrasted with unsecured credit, where there is no collateral involved.

In most cases, consumers can eventually have their deposit returned based upon consistent payment history without having to close the line of credit. Historically, secured credit cards have lower interest and lower fees compared to unsecured credit cards that are tailored for individuals with low credit scores.

-  **Avoid spending more than 30% of the available credit limit.**
-  **Get in the habit of paying the balance in full every month.**
-  **Monitor credit to ensure accurate reporting and score increases.**
-  **If possible, use the secured card for recurring expenses and put on auto-pay.**

Disputing & Client's Rights

Explained: The Dispute Process

The Fair Credit Reporting Act (FCRA)

- 100% of the information on a credit report should be FAIR & ACCURATE.
- Accounts that are **INACCURATE, UNVERIFIABLE, MISLEADING, OR OUTDATED** are not allowed to report on the credit report.
- Consumers have the right to dispute information on their credit report that they believe may be reporting in error or violation of the FCRA.

The Dispute Process Explained

- The most effective way to dispute an account is by writing a letter to each credit bureau (see next page for resources).
- When the letter is received, it is scanned and broken down into one of twenty-nine different dispute codes.
- That code is transferred electronically through a system called e-OSCAR to the creditor.
- The creditor has 30 days to respond to that specific dispute reason code.
- The credit bureaus have 5 days to issue a response to the individual in writing regarding the status of their dispute request.
- If the account is not coded correctly, or if the client disagrees with the result, they have the option to re-dispute the account.
- Providing supporting documentation increases the likelihood of generating the desired result.
- In some cases, the action of disputing can leave a "Dispute Notation" on the account (See next page for details)

Disputing Resources

Service	More Information
Electronic (Free)	Dispute electronically online via www.annualcreditreport.com (Least Effective Option)
Written (Free)	Free dispute template via consumer.ftc.gov/articles/sample-letter-disputing-errors-credit-reports-business-supplied-information (Effective Option)
Written (Paid)	AI powered credit repair software via www.premiercredit.ai (Most Effective)
Dispute Note Removal	Call each credit bureau, provide account number, and request the account be taken out of dispute.
Identity Theft	Report identity theft and get resources via www.identitytheft.gov
CFPB Complaint	File a complaint with the CFPB via consumerfinance.gov/complaint
Free Resources	Get resources on debt validation, identity theft resolution, and dispute process via www.premiercredco.com/premiercredit

Important Credit Tips

Debt Validations

The Fair Debt Collection Practices Act

The FDCPA sets limits to how debt collectors communicate and how they approach the process of collecting on a debt. Here is a summary of the FDCPA from the CFPB:

- *Sets limitations for debt collectors' acquisition of location information and communications in connect with debt collection.*
- *Prohibits harassment or abuse, false or misleading representations, and unfair practices.*
- *Prohibit certain other practices*
- *Create a procedure for the validation of debts and a model form to notify a consumer or a debt.*
- *Set requirements for the sending of required disclosures, including disclosures sent electronically*
- *Require record retention*

Validating A Debt

It's your right to validate a debt with a creditor before seeking a resolution. We recommend always seeking validation, ensuring the creditor can validate the source, amount, and information associated with the specific account. This can be done in writing or over the phone.

Negotiating A Debt

Always start the negotiation with the outcome first, before the balance. Many debt collectors are willing to work with a consumer to alter or remove derogatory information from the credit report. Remember, not all creditors are willing to delete information from the credit report upon resolution. It's important to know that creditors (data furnishers) freely provide information to the credit bureaus, and have the ability to alter or change the reporting status of an account.

Sources:

<https://www.consumerfinance.gov/compliance/supervision-examinations/fair-debt-collection-practices-act-fdcpa-examination-procedures/>

Spotting Credit Issues

Credit Issues	More Information
Errors	Examples: Accounts reporting as open that were closed. Accounts reporting without proper dates, balances, or creditor information.
Merged Credit Profile	Happens when someone else’s name or SSN is tied to a different person’s credit report. Check for variances in names or Social Security Numbers on the credit report.
Identity Theft	Unauthorized accounts or inquiries on the credit report, often originating from someone who has stolen a consumer’s data.
Medical Debts	Medical collections that are paid or under \$500 are not allowed to report on a credit report per the No Surprise Act.
Outdated Information	Accounts reporting past the Federal Statute of Limitations. Check the Date of Last Activity to catch outdated account information.
Inaccuracies	Examples: Accounts reporting with the wrong balance, dates, or creditor information.
Free Resources	Get resources on debt validation, identity theft resolution, and dispute process via www.premiercredco.com/premiercredit

Premier Credit Resources

A photograph of a modern interior setting. In the foreground, a silver laptop is open on a small, round, light-colored wooden table with a black metal tripod base. To the right, a portion of a brown leather ottoman with horizontal ribbing is visible. The background is a softly lit room with a white wall and a window with light-colored curtains. The entire image is overlaid with a semi-transparent dark blue filter.

Services

Premier Credit Smart DIY Credit Repair Software

Website: www.premiercredit.ai

Cost: \$39.99/mo

Intelligent credit repair software that uses professional dispute templates to help clients fix or remove errors and FCRA violations on their credit report.

Features:

- Powered by AI
- Helps identify errors and violations
- Auto-populates professional dispute templates
- Auto-updates results every 40 days
- Low cost, high impact solution

Premier Credit Smart DIY Credit Repair Software

Website: www.premiercredco.com

Cost: \$139.99/mo

For clients looking for a more complete solution to improving their credit health, we proudly provide our Complete Service. With this service, clients get access to our intelligent software in addition to a dedicated Credit Specialist who helps them build healthy credit habits, resolve credit challenges, and ultimately reach their credit goals.

Features:

- Everything included in Premier Credit Smart
- Dedicated Credit Specialist
- 6-Stage Action Plan
- Resources for building and optimizing credit health
- Assistance with creditor validations
- Coaching and assistance with resolving debts with creditors

Questions?

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