

From: Benjamin Coonfield <bcoonfield@gmail.com> on 06/19/2008 11:30:04 AM

Subject: Regulation AA

Jun 19, 2008

Federal Reserve Board Email comments

Dear Email comments,

As a consumer, I am delighted to learn that the Fed has taken the first step toward dealing with some of the abusive practices of credit card companies. The proposed regulation AA addresses some of the most severe abuses. Any system which essentially traps consumers by allowing the creditor to change the rate or terms on an existing loan unilaterally violates every principle of fairness. Consumers cannot reasonably manage their finances if their accounts are subject to unpredictable, unilateral, and even in effect retroactive changes (by applying updated provisions to balances acquired under prior rules). I urge you to put into effect everything in the current proposed regulation. It is a good start, although even this doesn't go far enough in some areas.

In particular, I find overlimit fee rules to be frequently abusive. First of all, as a consumer, I would like to be able to require my credit card grantor to refuse any inadvertent overlimit point of sale transactions. Secondly, if an overlimit fee is chargeable, it should apply only once in a billing cycle. And thirdly, if an account was under-limit, it should not be allowable for an overlimit fee to be triggered solely by interest, late penalties, or such fees in the absence of any purchases. This could easily happen for example in the event of a lost statement or payment.

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Sincerely,

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