

**From:** tgs1@rni.net on 06/27/2008 04:10:09 AM

**Subject:** Regulation AA

Comments Federal Reserve Board

Dear Comments Federal Reserve Board,

The credit card industry is out of control. Many of their own practices contribute to a high rate of default. At a minimum, the following points need to be addressed by regulation:

1. Arbitrary changes in terms. Lenders are allowed to change terms at their whim, regardless of actual account performance. Changes to terms need to be limited and linked only to serious failures in payment of the actual account. There is no other type of loan where the lender can get away with changing the terms of a loan on-the-fly - the contract must be honored for the life of the loan.
2. Extrordinarily high interest rates. Current Federal regulations make the usury laws established by the states meaningless. A maximum interest rate of 3 times the Prime Rate needs to be established at a national level. This includes the so-called 'default rate' which can exceed 30% in some cases. A 30% interest rate should be a criminal offense.
3. Excessive fees. Extraordinary fees may be imposed on customers for payments being as little as one hour late. National caps on late fees, over limit fees, etc must be established.

A single late payment on a credit card today can impose so many additional fees and interest hikes that it becomes impossible for the borrower to ever pay back the loan. It is imperative that this situation be addressed now, especially in these uncertain economic times.

The new proposed credit card rules curb some abusive lending practices that drive consumers deeper in debt. I urge you to implement these rules to provide relief to people like me who just want a fair deal from credit card companies.

Sincerely,  
Terry Stambaugh  
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