

City of Solon

Record of Ordinances

Requested by the
Mayor

RESOLUTION NO: 2008-196

INTRODUCED BY: Council as a Whole

A RESOLUTION TO URGE THE NATIONAL CREDIT UNION ADMINISTRATION, THE FEDERAL RESERVE BOARD AND THE OFFICE OF THRIFT SUPERVISION TO ADOPT THE REFORMS PROPOSED FOR THE FEDERAL TRADE COMMISSION ACT, TRUTH IN SAVINGS ACT, AND TRUTH IN LENDING ACT TO PROTECT CONSUMERS FROM UNFAIR AND ABUSIVE PRACTICES BY THE CREDIT CARD INDUSTRY

WHEREAS, many responsible consumers are being harmed by a growing number of fees, penalties, and interest charges attached to bill payments and credit card debts; and

WHEREAS, the home foreclosure crisis serves as a daily reminder of the need for responsible federal regulation to protect citizens from unfair or predatory business practices; and

WHEREAS, the proposal from the National Credit Union Administration, the Federal Reserve Board and the Office of Thrift Supervision will help consumers in our community avoid excess fees and unfair charges that put their personal financial stability in jeopardy; and

WHEREAS, the proposed regulations will put an end to business practices that only serve to increase the amount of interest and fees that are owed and trap more consumers in a cycle of debt; and

WHEREAS, the proposed regulations will help to provide responsible consumers with greater peace of mind that the terms they agreed to when they opened their credit card accounts will not be changed unexpectedly or without their knowledge; and

WHEREAS, through the adoption of these principles, the National Credit Union Administration, the Federal Reserve Board and the Office of Thrift Supervision will help to protect our community's quality of life by preventing financial hardship and lessening the demands on our local social-service providers for help; and

WHEREAS, this resolution constitutes an emergency measure for the immediate preservation of public peace, property, health or safety.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Solon, State of Ohio:

RICHARD CORDRAY
OHIO TREASURER *of* STATE



May 20, 2008

The Honorable Susan Drucker
34200 Bainbridge Rd
Solon, OH 44139

Dear Councilmember *Susan* Drucker:

Even as Ohioans pay closer attention to their wallets, chances are good that their pockets are being picked by the growing frequency of fees, penalties, and interest charges they encounter on bill payments and credit card debts. This so-called "gotcha capitalism" hurts families at a time they can least afford it. There are many questionable practices that your constituents may have complained about or that you may have experienced for yourself.

Fortunately, three federal regulators—the National Credit Union Administration, the Federal Reserve Board, and the Office of Thrift Supervision—have now proposed new rules that would ban many detrimental practices associated with credit-card accounts. No longer would consumers who are working hard to play by all the rules be penalized because of:

- (1) Unfairly short time frames to make payments;
- (2) Allocation of payments first to balances with the lowest interest rates;
- (3) Increased interest rates that are applied to existing past balances;
- (4) Charges for exceeding credit limits because they placed a hold on your account;
- (5) Unfairly computing outstanding credit balances in various ways;
- (6) Unfair security deposits and fees for providing you with credit; and
- (7) Deceptive offers of "firm" interest rates that change after you sign up.

The home foreclosure crisis reminds us daily how the federal regulators' lack of attention leads to real hardships for local communities. I believe very strongly in the importance of these proposed rules to protect Ohioans, but their adoption is not a given. **A comment period is now open until August 4th and I hope you will take advantage of this opportunity to join me in expressing your strong support.** Please consider having your council pass a resolution that makes clear to our leaders in Washington D.C. that responsible consumer protections are a must for the well-being of our communities. A sample resolution is enclosed for your consideration.

Feel free to convey your resolution to my office and we will make sure to send it to the appropriate agencies along with the other public comments we receive. It can be sent to the attention of Todd Dieffenderfer, Special Advisor to the Treasurer, at 30 E. Broad Street, 9th Floor, Columbus, Ohio 43215. You can also visit our new web site for financial resources at www.yourmoneynowonline.org for further information or insights. I look forward to working together with you to restore fairness to our financial system.

Sincerely,

A handwritten signature in black ink that reads "Richard Cordray".

Richard Cordray
Ohio Treasurer

Enclosure