

AMERICAN LEGISLATIVE EXCHANGE COUNCIL

Secretary Jennifer J. Johnson
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C.

Dear Secretary Johnson,

I am writing to voice the American Legislative Exchange Council's (ALEC) concern with the proposed rules in Docket No. R-1314 on credit card practices. One proposal in particular, Section 227.27, *Unfair Acts or Practices Regarding Security Deposits and Fees for the Issuance or Availability of Credit*, causes us concern.

ALEC is the nation's largest non-partisan, individual membership organization of state legislators with over 2,000 members. Our organization has long been an advocate for free-market principles and limited government. We have actively opposed regulations that harm consumers by making it more difficult to gain access to credit.

As you know, it has been estimated that one in three American consumers have sub-prime credit scores. That would indicate that approximately 80 million American consumers are credit-challenged. Many credit-challenged Americans are working hard to build or rebuild their credit. Unfortunately, the Federal Reserve's proposed rule limiting fees to get a credit card for sub-prime consumers will effectively remove access to credit cards for these individuals and make the task of rebuilding credit even more difficult.

In these economically challenging times, we need to increase the access to credit for credit-challenged consumers, not make getting credit more difficult. I encourage you to reconsider the language in Section 227.27 of the proposed rule and seek additional recommendations on how to protect sub-prime consumers without denying them access to credit.

I have attached with this letter a copy of ALEC's new policy paper on this issue, which I believe will further indicate the importance of not over regulating access to credit

Sincerely,



Director Commerce, Insurance Economic Development Task Force