

From: Phillip Dampier <consumersunion@phillipdampier.com> on 06/12/2008 10:15:25 AM

Subject: Regulation AA

Jun 12, 2008

Federal Reserve Board Email comments

Dear Email comments,

I am writing to ask the Federal Reserve to enact new credit card rules to reign in credit card industry abuses. Our family has direct experience with the kind of abuse the Federal Reserve needs to put a permanent end to.

In my own family, I have dealt with a number of accounts using two cycle billing, which allows them to charge interest on balances paid off the previous month. It's like being charged interest on a loan that I already paid, and at rates far above the kind of loan rates I could receive.

I also have credit cards whose payment due dates fluctuate every month, making it very difficult to establish online payments in advance that will be assured of reaching the company in time to avoid a late fee. There should be a more uniform payment due date that gives people enough time to pay their bills.

Credit card companies also entice consumers with low interest balance transfers and other short term offers. Then, the credit card companies apply payments first to the lowest interest debt incurred, allowing the higher interest balances to accrue even greater compounding interest charges. Payments should be applied equally across the entire outstanding balance.

Finally, despite promises from the credit card industry, my grandmother has been victimized by interest rate increases, even on accounts paid on time, applying those rates to old debt. Some rates increased to more than 30% APR. We had to intervene and take out a reverse mortgage to keep her in her home because of these punitive interest rate increases, which allowed her to fall behind in her payments, which only piled on late fees (which they also charge interest on!).

No financial services industry should be able to retroactively apply fees and interest on balances accrued under the original terms and conditions of the contract. You don't take out a loan at one rate and have the bank decide to impose a different rate. You pay the loan off at the rate you agreed to.

Most people do not understand the terms and conditions in credit card agreements anyway. And considering the fact this industry imposes arbitration, which a recent article in Business Week found ruled in favor of the credit card companies more than 99% of the time, consumers really have no recourse.

It's time for a change.

Sincerely,

Mr. Phillip Dampier
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