

To: Ben Bernanke, Chairman and Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551 (Sent by-facsimile 202-452-3102 Attn: Jennifer J. Johnson, Secretary to the Board)

03/07/2008

**Consumer Credit Practices by Financial Institutions**

The Regulation Z - Truth in Lending [R-1286], Regulation Z, which implements the Truth in Lending Act (TILA).

First, I want to thank you for taking up the issue of credit card regulation. I missed the public notice period back in May 2007 that was publicized by the Federal Reserve Board and hope that my comments and concerns listed below are not in vain but can be implemented to further safeguard the American consumers. As a government retiree on a fixed income, I find the fees, charges and interest rates by the credit card industry to be reprehensible. I am an avid supporter of government for the people, by the people, and of the people. It is necessary that we have governmental arbiters who protect the public interest. We can not have the fox watching over the hen house.

In addition to any other steps you may have already suggested regarding disclosure, the Federal Reserve must be the recourse for individuals, who do not have the lobbying resources of multi-million dollar companies. The Federal Reserve must have the staff and enforcement powers, delineate to the consumer their appeal rights and procedures and must be held accountable to public and Congress. Protection of astronomical profit should not be a legitimate excuse for predatory behavior.

I support the proposed change that would require a 30-day advance notice before changing certain terms of an open-end credit plan, instead of the current 15-day requirement. I urge you to prohibit universal default and double cycle billing. My other concerns and recommendations follows.

1. The grouping transactions by type, such as purchases, cash advances, balance transfers, fees, and interest, are not easy for consumers to understand. It would be best if every item/type of transaction, etc. is itemized and the merchant/vendor's contact information be noted with the transaction. Telephone number should include the corporation's headquarters in addition to any toll free number. The unscrupulous merchants change addresses and telephone numbers everyday. This will at least provide a place to trace these unsavory characters.
2. As a consumer, I was held on the telephone line for over 45 minutes, had to discuss my billing issues with "outsourced" contracted individuals who are not familiar with the consumer laws of the US, did not have a full understanding of the English language, and did not have contact information for any American office affiliate contact. You make a purchase in the State to which you live, your payment is sent and governed by another State, customer service is governed by the laws of another State, etc. It is beyond being a savvy consumer; you have to be a juggler and a lawyer. A notice should be placed on the bill to inform the consumer what governmental agency has jurisdiction over disputes and how to contact that governmental agency. Furthermore, no consumer should be compelled to take part in arbitration as the only dispute resolution. The consumer's legal rights have been taken away.
3. Consumer consent must be given in writing before the credit card/financial institute implements any form of authorization on a consumer's account. I have had an automatic payment applied to my account without my consent and it changed based upon the balance on the account. This has resulted in the consumer having two payments applied and the possibility of an additional charge due to insufficient funds or a higher payment than anticipated.
4. Collection notices should be sent simultaneously – the consumer should receive the same notice that the collection action receive. Eight years after payments were made, I have had judgments placed on

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my credit report and false reports of 60 days plus, delinquent payments reported to the credit bureaus – mind you, these credit cards were paid off through the refinancing of my home. Now, I am obligated to obtain legal counsel in order to get this matter corrected. This should not be. Consumers should be able to have prior notification of any derogatory information that will be placed in the credit bureaus.

5. Credit bureaus will take third party information without informing you or investigating it and the consumer is not knowledgeable of the matter until they go to apply or credit or engage in a financial matter. This is not fair and must cease. I do not care to be registered in any credit bureau and as a consumer have very limited rights to having the information in them removed, exonerated nor given the criteria into their FICO scoring policies. Are we in a police state where three companies will have control over your life based upon your SSN?
6. When the credit card companies and banks send you 20 pages of an insert on changes and conditions in the use and billing terms of the card, the language is in legal terms and the consumer needs to hire a lawyer to interpret and tell them what it means and how they must comply. When the consumer tries to close their account, they are told that the account cannot be closed until the balance is at zero. When the consumer pays over the amount that is due and they have a credit due on the account, they do not get any interest, yet the credit card company is entitled to interest and fees on a dollar balance. Where is the fairness?
7. Now the finance charges, the consumer has to negotiate with someone who is hired by the company and whose guidelines and criteria for finance interest rate changes is only known by the company and not disclosed to the consumer. You pay a bill on time, never miss a payment, sometimes leave a credit balance and when the consumer request a lower rate they are denied without an explanation. Where is the objectivity and fairness? It ought to be that a consumer has a billing right to have a lower rate when they have proven to be credit worthy by paying their balances timely and fully. Moreover, your credit scoring is penalized for closing accounts. How is the consumer to get the best rate and be financially sound? Additionally, if the consumer is not satisfied with the service of a company they should have the right to close that account immediately and without additional charges, penalty or credit score impairment.
8. Moreover, seniors are on a fixed income and the adjustable APR's, fees, etc. that fluctuate so often result in them making a choice between food, medicine and paying their "without warning or consideration" increased credit bills.
9. Debit cards are the consumer's funds and should have the same protection as the credit card holder. It should be pro consumer and not pro the credit card industry.

In summarization, there are those who do not pay their credit cards and use them to "pay Peter and Paul", abuse their use and are credit "dead beats", but the majority of the consumers are law abiding citizens who pay their financial obligations and credit cards on time and pay them in full.

All should not be penalized, greed and profit should not be imposed and "loan sharking" is illegal. The credit card laws need to be in harmony with the economy and reflective of the various financial levels of the people. Again, protection of "sky-high", astronomical profit should not be a legitimate excuse for voracious, gluttonous behavior by the credit card industry.

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Would you please let me know if my concerns and recommendations will be considered, and if they are late, please keep them for the next review. I would also like a copy of the final ruling on the Regulation Z - Truth in Lending [R-1286], Regulation Z, which implements the Truth in Lending Act (TILA).

If this submission is not in proper order, I apologize. I am not familiar with protocol and format procedures for comments to the FRB. Thank you for the opportunity to express my concerns and recommendations.

Respectfully submitted,



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C: Senator John Warner  
Senator Jim Webb  
Congressman Virgil H. Goode Jr.,