



## House of Representatives

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STANDING  
COMMITTEES:  
  
BANKS and BANKING  
CHILDREN and YOUTH  
WAYS and MEANS

June 7, 2008

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551  
Docket No. R-1314

Re: Proposed Rules Related to Unfair or Deceptive Acts or Practices

Dear Ms. Johnson:

I am writing to comment on the rules proposed by the Board of Governors of the Federal Reserve System; the Office of Thrift Supervision, U.S. Treasury; and the National Credit Union Administration (collectively, the "Agencies") intended to address unfair or deceptive practices by credit card companies under Section 5(a) of the Federal Trade Commission Act.<sup>1</sup>

I am concerned that certain sections of the proposed rule would result in decreased access to credit for a large portion of my constituents. In particular, I am opposed to those provisions of the proposal (73 Fed. Reg. 28,904, 28,923-25; May 19, 2008) that would prohibit certain fees in connection with sub-prime credit card lending.

While I support broadly the goal of protecting consumers from unfair lending practices, I cannot support the proposals' arbitrary fee limits because they will severely reduce the availability of credit for consumers whose credit ratings are below prime. I am also concerned that this proposal would have a disproportionate and adverse impact on my minority constituents, who historically have had difficulty obtaining access to credit.

Many of my constituents are struggling with their personal and business finances during this current economic downturn. These citizens depend on the opportunity to access credit in order to meet their everyday needs and respond to unforeseen emergencies. Without access to credit, many more individuals and families in my legislative district will likely face more severe financial hardship. For this reason, I am opposed to the fee restriction provisions and urge the Agencies to withdraw them.

Under the proposed rule, sub-prime borrowers would find it even more difficult to improve their credit scores. This is true because without the opportunity to demonstrate their responsible management of a credit card, most consumers would have few options to prove their creditworthiness over time, and thereby earn a higher credit rating from the credit reporting agencies.

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<sup>1</sup> "Unfair Acts or Practices Regarding Security Deposits and Fees for the Issuance or Availability of Credit." See 73 Fed. Reg. 28,904 (May 19, 2008).



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I support unequivocally those provisions of the proposed rule that would prohibit such practices as double-cycle billing and universal default, while mandating more disclosures and “opt-out” opportunities for cardholders. However, I again urge the Agencies to reconsider the potential negative consequences of the proposed rulemaking as it relates to arbitrary and ill-advised fee limits.

During events held recently within my state legislative district, I have invited comment from my constituents and others in attendance. Many expressed interest in adding their names to this public comment, and have joined me as co-signers to this filing, as listed below.

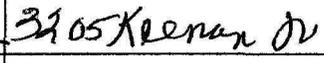
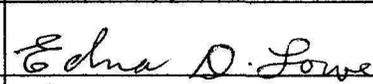
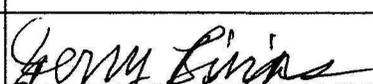
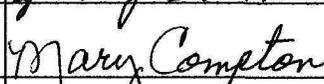
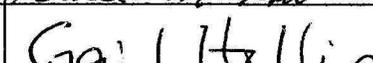
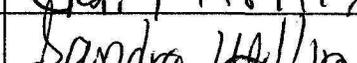
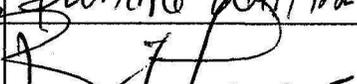
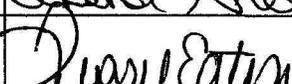
Thanks in advance for your prompt attention to this request. Please contact me if you have any questions or need additional clarification. I can be reached at 770-486-0942.

Sincerely,



Rep. Virgil Fludd

**Representative Virgil Fludd  
District 66**

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