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Secretary Jennifer J. Johnson
Board of Governors
Federal Reserve System
20th St. and Constitution Ave., N.W.
Washington, D.C. 20551
RE: Docket No. R-1314

Dear Secretary Johnson,

I think that it is beneficial for lenders to charge program fees on subprime rate credit cards. In all lending markets, consumers with poor credit have to pay higher interest rates. Extending credit to high risk consumers costs credit companies money, and they need the security of the fees they charge.

A few years ago, the company I was working for dissolved, and I lost my job as a real estate underwriter. Soon after, I was faced with a divorce, and left in near financial ruin. I knew my credit was poor, so I waited two years for my income and life to stabilize before applying for a credit card again. I knew I had to go with a subprime rate card, and I expected the program fees and slightly higher interest rate. I did not mind paying the fees in exchange for the opportunity to rebuild my credit history and the convenience that having a credit card provides.

With the economy in such turmoil, consumers are fighting a losing battle. Mortgage foreclosures, auto repossessions, and defaults on lines of credit are common, and people are left with nothing of value for credit collateral. Consumers need these subprime credit lenders because their cards are the only avenue for credit. I feel that Federal Reserve involvement in these issues is out of hand. For example, regulating mortgage loans might be good for consumers at this time, but restricting credit card lenders is going too far. I think that the Federal Reserve Board should rescind any regulations against subprime credit card companies.

Regards,



Michael Keblusek