

From: Roy Smithson - 07/25/2008 01:10:03 PM

Subject: Regulation AA

Jul 25, 2008

Dear Email comments,

I turned 70 in May, and my wife of 52 years is 68, and in extremely poor health.

Though we had an outstanding credit report for decades, consistently paying bills on time every month, the sharp practices (questionable ethics) of credit card companies forced us into bankruptcy. More

recently, I've had to go back to work from retirement just to make ends meet--though my wife wants me at home with her and needs my care. Let me explain:

A few years ago, we had 4 credit cards, and when medical bills began to soar for us due to serious illness of my wife, we were offered

significant discounts by medical providers if we put those bills on our credit cards.

Before we became eligible for medicare, no insurance company--including small employer plans--would accept us, so we were purely self-pay for over 25 years.

MBNA especially encouraged us to move the majority of the resulting debt onto our high-limit platinum card with them, offering us special low interest rates. Their low monthly payment (2% of balance, I believe) also encouraged this.

We had automatic monthly payments scheduled out a year in advance on the websites of all 4 cards.

Suddenly both MBNA and First USA simultaneously more than doubled our interest rate, raising the minimum payments to more than we could pay.

First USA was open about it, sending a clear notice. As a result we immediately cancelled the card, thus locking in the former rate and payment. We're convinced, however, that MBNA did NOT communicate this clearly--in effect sneaking it past us somehow. We could find no notice with bills on file, nor did either of us remember seeing one come in (we read our mail carefully, file bills). As a result of this we filed bankruptcy, thus ruining our perfect credit record.

The reason both banks gave us was that we had high balances and were

making only the minimum payment, both of which they had encouraged. We had never missed or shorted a single payment--or been late even one time.

I've read in magazines (AARP, and others) of many others who've been similarly treated by their credit card providers.

So they have been the direct causes behind thousands of bankruptcies,

yet they've managed to get laws passed by Congress making it harder to file bankruptcy. This is a miscarriage of justice.

We feel very strongly that you should take action to reign in these credit card companies.

Among other things, I think these few restrictions are especially important:

Stop or severely limit credit card companies from enlisting doctors, hospitals, and other medical providers from pressuring patients into paying for services with credit cards. This gives up certain rights and protections, including the ability to negotiate discounts when uninsured.

Restrict card companies from hiking interest rates on existing

balances if the cardholders haven't been more than 30 days late paying.

More fairly distribute cardholder payments to higher-interest debt.

This help ends the unfair practice of preventing cardholders from paying down high-interest balances until they've paid off low-interest ones first.

Ending two-cycle billing, in which a finance charge is calculated based in part on balances already paid. This practice is legal "loan-sharking" at best, often doubling interest rates from those quoted.

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Sincerely,

Mr. Roy Smithson
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