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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:

As a professional in the lending industry, I can certainly understand your stance on limiting the flexibility of credit cards issued based on fees. These subprime cards have their place, however, and I believe that it would be a good idea to give careful thought to your decision. Please consider their usefulness in assisting the beginning borrower and those recovering from credit mishaps.

I have been a mortgage broker for ten years, and in that time, I have had ample opportunity to interview people with various credit histories. Of course, there are many people who do not use credit wisely, but I view this as more of a need for consumer education than just a misuse of credit or faulty credit cards. On the other hand, I have seen some people who get these subprime credit cards and use them to build up a positive credit file. It all depends on the individual and how they manage their credit. Many of my clients have been wise enough to use cards offered on a fee-basis to build their profiles and acquire more desirable cards. I even have a couple of cards like this myself, and they have aided me in creating better credit. When I started out with them, my score was somewhere in the 500s, and within one year, it has risen into the 600s. It would have been more, but I keep a relatively high balance on the couple of cards I have. As I mentioned, it is up to the management of the individual card holder.

Moreover, the change I would really like to see happen, if there is to be any change at all, is for borrowers to become more credit savvy and, possibly, to see more of a credit line given on the initial cards. These are things that can be up to the individual and the lender. Please give careful consideration to these thoughts while deliberating the possible outcomes of the changes that you propose. I appreciate your time.

Thanks,

Matthew Horner

A handwritten signature in black ink, appearing to read 'M Horner', written over the printed name.