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**Subject:** Regulation AA

I am 59 years old and I remember that when I was growing up the states all had usury laws which prevented lenders from charging outrageous interest rates and penalties on loans. I understand those laws were enacted because unscrupulous lenders had taken advantage of people in the past. Most usury rates were around 12-14%, meaning anything higher than that was against the law.

Over the years since then, the banking/lending lobbies in Washington and all the state capitals have worked successfully to get these usury laws repealed, leaving lenders free to charge rates that are up to double what was formerly the limit. Banks have not only charged base rates of 14-18% on credit cards, but have carefully crafted procedures that are designed to generate much higher revenues through "penalty" rates of 30% or more. These are implemented as soon as a single payment is late by even one day. These penalty rates often drive up the outstanding balance so that it goes above the approved limit on the account, thereby generating more revenue for the bank through overlimit fees. The perfect trio for the lender is when the account is continually overdue and overlimit, thereby allowing the bank to charge 30% interest plus both a late fee and an overlimit fee each month. By this method banks not only reap interest rates which would have classified them as loan sharks a few decades ago, but up to 50% of their total income from credit card accounts comes in the form of punitive fees.

This is nothing short of predatory lending and in the early 1960's would have resulted in the lenders being sent to jail. It is high time the government stepped up to it's responsibility to protect the public from such unscrupulous business practices. I believe that federal usury laws, or at least banking regulations, should again be put in place to correct this shameful situation. The real interest rate, that is the spread above the normal inflation rate, should be no more than 6-8%. Penalty rates should be no more than 5% above that. If banks can't make on credit card accounts at those rates, then they should stop issuing them. Instead they are voracious in their drive to create more and more credit card accounts, teaming up with vendors of every variety to push new cards out to customers using every type of marketing incentive. This has played a major part in turning the USA into a nation of debtors.

Please do not shrink from this challenge. Do not take the wimpy road. Please, at long last, take firm action to reverse this long and evil trend in our country and fulfill your responsibility to protect the public from unscrupulous lenders.