

From: kbreeds@hotmail.com on 08/01/2008 06:05:02 PM

Subject: Regulation AA

Federal Reserve Board Docket No. R-1314

Dear Federal Reserve Board Docket No. R-1314,

I use credit cards primarily for air travel, hotels, and major purchases. At one point I held 3 credit cards from 3 different companies. I usually pay the minimum payment plus the interest plus any additional principal I can manage; my payments are made on time, often well in advance of the due date. My credit rating has always been very good. Through mergers and buyouts only 2 companies, not any of the original companies, eventually held the accounts for my cards. I paid off one account. Another merger resulted in one company holding the accounts for my 2 remaining cards. When I applied for the cards, the interest rates were low, 4% and 8%. Once the merger took place, the company began raising the rate on the card with the higher rate. In less than a year the rate went from 9% to over 15%, in spite of the fact I continued to increase the amount I submitted each month, usually at least \$100.00 above the minimum payment plus the interest charged for the period. When I contacted the company about lowering the rate, citing my excellent payment history and account longevity, my options were to pay the balance or close the account. I closed the account. From that point forward the interest rate continued to increase even though I was remitting higher and higher payments in an attempt to shorten the time it would take to pay the balance. At one point I wrote a check for the wrong amount- less than the minimum payment, a mistake I did not catch until I received my next credit card statement. The interest rate was now the maximum rate allowed since I had in effect, according to the company, submitted a late payment. My 8% card now had an interest rate of 22%. I could not convince the company to consider my excellent payment history or to lower the rate to the previously already high rate once I submitted the correct payment. Fortunately, I had enough savings to pay the balance which I did. The second card continues to have a low rate due the current state of the economy and the prime rate, not because of any moral suasion on the part of the credit card company. But the company changed the due date for that account- a fact I did not know until I opened the next statement and discovered that the low rate had now been raised to over 15% due to my "late payment". I spoke with a manager who agreed to re-set my interest rate to the lower rate and my original due date once I made it clear I would be closing that account, too. At the time I had the means and resources to off-set the effects of the unfair and deceptive practices of these credit card

companies. I worry about what would happen if my fortunes change even for a short period. A job lost, a hospital stay, a major home repair will leave me at the mercy of these unscrupulous banks and companies, much like the many consumers who already are facing financial ruin due to these practices. Keep in mind these companies and banks are abusing even their good customers. Where is the protection?

I appreciate the opportunity to file comments in support of Regulation AA - Unfair or Deceptive Acts or Practices [R-1314], the recent proposal to curb unfair and deceptive credit card and overdraft practices. I support the credit card aspects of the rule, while also suggesting that protection is needed against additional unfair credit card practices beyond those covered in this proposed rule. I believe that stronger protection against unfair practices in bank overdraft programs is also needed.

Sincerely,
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