
From: scatesinc [mailto:scatesinc@yahoo.com]

Sent: Tuesday, May 13, 2008 11:17 PM

To: _Regulatory Comments

Subject: proposed credit card rules

Finally! There is no way to express the joy I have regarding the latest proposals to rein in the credit card companies. For years, I have been infuriated by their underhanded tricks. Even though they now send out new "terms" with the option to "decline", as a consumer I have always been left with the impression that if I declined, they would find something worse to do to me, or require me to close an account, when I have nowhere else to go. They get you by the gonads and then start adding on new rules, penalties, interest rates, etc.

YES! I support:

1. Prohibiting raising interest rates on money already borrowed (unless it is pre-agreed to have a limited-time reduction).
2. Prohibiting extra payments being forced to the lower interest balance. Once a borrower has sent in the minimum amounts for each of the various balances, a consumer should be allowed to direct any excess/extra to a specific balance/interest combination.
3. Swapping/rearranging balances to the highest balance: On one card, an automatic draft was made by a merchant by mistake, and then reversed. The new charge was put into a high-interest category, but the return/credit was applied to the lower interest balance. At first, it did not seem like a big deal, but now a year later, that minor mistaken charge has doubled (since no payments are ever applied to reduce it or the interest that accrues), and there is no way to get rid of it except to pay off the entire card balance.
4. Imposing incredible "late fees" even though they have "suffered no loss" for the delayed payment. They continue to collect interest on the unpaid balance, at the agreed rate, and whole idea of a "late fee" is, and always has been, ludicrous. I understand that they need a way to pursue deadbeats who will never pay, but to demand payment month after month, regardless of how much (over and above the "minimum") was paid on the month prior has no basis of cost offset for the banks. This is an underhanded tactic to catch someone who misses their mail for a couple of weeks, such as on extended vacation, and collect more money even though the bank has suffered no loss. The fact that they make 39% of their money from fees, and that 70% of that is late fees clearly illustrates how successful this tactic has been for the banks.

I don't buy the industry's arguments that these new rules will "limit consumer choices". Really? I find that, even with a credit score over 700, I have very limited choices since all of the credit card companies are rolling in the same restrictive and unfair practices on all of their cards. I don't feel that I have choices. Furthermore, the banks exert considerable "intimidation" on the consumers who feel that if

they complain or “reject” the new terms, the banks will find something worse to do. The current consumer’s choice is “take it or leave it”, and if you can’t pay off all balances in full, the consumer has no choice except to continue to allow the banks to crush them further. The banks' argument is as hollow as their feigned concern for "consumer's choice."

Thank you! Thank you! Thank you for finally doing what we, as individuals, have been helpless to do. I believe in paying my debts: After giving the banks what they wanted to make bankruptcy more difficult, if not impossible for most, it’s time the banks were forced to stop taking advantage of their recently-found power whereby they implement rules to keep debtors in their servitude forever.

- John E. Scates