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Organization: Snohomish County Community Services Advisory Council

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Government Agency: Snohomish County Human Services

General Comment

31 July 2008

To: National Credit Union Administration Board, Federal Reserve Board, Office of Thrift Supervision

From: Michael T. Jonas, Chair, Snohomish County Community Services Advisory Council

I am writing on behalf of the Snohomish County Community Services Advisory Council, the local Community Action Board, to urge you to implement the proposed rule prohibiting credit card and overdraft service practices that are unfair and deceptive under Section 5 of the Federal Trade Commission Act.

The Snohomish County Community Action Agency (CAA) addresses poverty

issues and recommends use of federal and state CSBG funds. We have identified predatory lending and unfair lending practices as a major impediment to those attempting to leave poverty. It is long overdue that these practices were regulated. Unfair fees, time constraints and balance computation as well as deceptive offers of credit adversely affect all members of the community but have profound adverse effects on low-income citizens, who have far fewer resources. Further, they are set up for long-term failure by the credit practices that have been taking place in our community.

The Snohomish County CAA has invested funds in financial literacy and is an active member of the Snohomish County Financial Asset Development Coalition that supports services such as Individual Development Accounts (IDA) to assist individuals and families as they work their way out of poverty. This path is challenging enough without institutions (lending institutions and credit companies) making it more difficult through unfair practices. Please protect the public and tighten rules that would prohibit the following seven practices associated with credit card programs:

1. Providing less than 21 days for consumers to make payments;
2. Allocating payments on balances in cases where multiple interest rates may be applied;
3. Retroactively applying increased lending rates to pre-existing balances except in special cases;
4. Assessing over-the-credit limit fees against members due to holds on accounts;
5. Federal credit unions using two-cycle average daily balance computations;
6. Unfair financing of security deposits and fees for issuance or availability of credit; and
7. Offering anything other than a firm offer of credit with a range of rates and terms of credit.

We welcome the opportunity to comment on these proposed rule changes.