

**Americans for Fairness In Lending
Association of Community Organizations for Reform Now (ACORN)
Center for Responsible Lending
Consumer Action
Consumer Federation of America
Consumers Union
Dēmos: A Network for Ideas & Action
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Small Business Association
Public Citizen
SEIU
U.S. Public Interest Research Group**

21 April 2009

SUPPORT CREDIT CARDHOLDER BILL OF RIGHTS, HR 627

Support Maloney Amendment For Compliance Within 90 Days With
Requirement That All Rate Increases Meet 45-Day Disclosure Requirement
--OPPOSE WEAKENING AMENDMENTS--

Dear Representative and member of the Financial Services Committee:

The undersigned consumer, small business, labor and community organizations representing tens of millions of Americans strongly urge you to vote for H.R. 627, the Credit Cardholders' Bill of Rights Act (Rep. Maloney), when it is brought to a full committee vote as early as this Wednesday, 22 April 2009. The bill passed the House on an overwhelming 312-112 vote, as HR 5244, in September 2008. It enjoys broad public support.

We also urge you to vote against any amendments to weaken the bill's provisions. The subcommittee amendment delaying implementation was disappointing; the bill should not be further weakened.

To partially ameliorate the effects of that delay, we urge you to support Rep. Maloney's amendment to require compliance within 90 days of passage with the bill's provision requiring that all interest rate increases be disclosed 45 days in advance (including increases for any reason that would subsequently become illegal when the bill takes full effect). Our organizations are hearing an increasing number of complaints of unfair "any time, any reason, no reason" rate increases and issuers should be required to inform consumers in advance of these practices.

H.R. 627 rests on the basic rules of fair dealing that Americans expect everyone to play by. It curbs some of the most arbitrary, abusive, and unfair credit card lending practices that trap consumers in an un-ending cycle of costly debt. These tricks and traps have always been unfair, but they produce devastating financial repercussions in times of economic difficulty. Working

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families are particularly hard hit as they are paying more each year in unreasonable fees and credit card interest. Signs that credit card delinquencies and defaults are rising to historically high levels strongly suggests that many families cannot sustain the cumulative burdens of these abuses. The sub-prime meltdown demonstrates the importance of ending abusive lending practices when warning signs arise. Congress should take steps now to rein in these practices to forestall an even greater economic crisis.

National surveys have consistently found that Americans are highly critical of many current credit card industry practices, place very little trust in credit card companies, and are overwhelmingly supportive of strengthening regulation of the credit card industry. More than 50,000 consumers have written the Federal Reserve Board in support of eliminating abusive credit card practices. While the Federal Reserve and other agencies have finalized rules similar to the protections of HR 627, those rules do not take effect until July 2010. Codifying these proposals into law as HR 627 protects consumers better and more quickly and is a crucial step so that they are not weakened by regulators before they take effect next year or in the future.

Although it does not include all of the reforms for which our organizations have advocated, H.R. 627 incorporates fair, common sense changes that target the most indefensible credit card abuses. The bill protects consumers from these abuses without stopping credit card companies from taking a number of steps to account for the financial risk of the consumers to whom they are loaning money. Issuers can set initial interest rates based on the risk of the borrower, increase the rate for future purchases or on existing balances if a cardholder is more than 30 days late in paying, or reduce or freeze credit lines that are offered.

We look forward to working with you toward final passage of this important legislation.

Sincerely,

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