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Americans for Democratic Action
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Community Action Partnership
Consumer Action
Consumer Federation of America
Consumers Union
Demos
The Greenlining Institute
International Union, United Automobile, Aerospace, & Agricultural Implement
Workers of America (UAW)
Leadership Conference on Civil Rights
Military Spouses for Change
NAACP
National Association of Consumer Advocates
National Council of La Raza
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
National Consumers League
National Small Business Association
National Training and Information Center
ProgressOhio
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Sargent Shriver Center on Poverty Law
SEIU
USAction
U.S. PIRG
Woodstock Institute

January 12, 2009

Co-sponsor Maloney Credit Cardholders' Bill of Rights Act
-- Passed House 312-112 in September 2008 --

Dear Representative:

The undersigned consumer, civil rights, small business, community and labor organizations representing tens of millions of Americans strongly urge you to cosponsor the Credit Cardholders' Bill of Rights Act, which Chairwoman Carolyn Maloney of the Financial Institutions and Consumer Credit Subcommittee, Chairman Barney Frank and others will introduce next week.

The Credit Cardholders' Bill of Rights Act (as HR 5244) passed the House on an overwhelming 312-112 vote in September 2008. (The Senate did not have time to act.) Now that the Federal Reserve Board and other regulators responded to over 56,000 consumer comments and approved final rules, , the need for the Credit Cardholders' Bill of Rights has never been greater.

**Consumer, Community, Civil Rights and Labor Urge
Co-Sponsorship of Credit Cardholders Bill of Rights (Maloney-NY)**

- First, despite the urgent need to rein in unfair credit card practices now, the bank regulators gave the credit card companies an unacceptable 18 month delay, until July 2010, before the final rules take effect. **Just as the economy needs a recovery now, consumers need protection from abusive credit card practices now, not in mid-2010.** The Credit Cardholders' Bill of Rights would take effect just 90 days after passage.
- Second, the Credit Cardholders' Bill of Rights provides stronger protections for consumers who receive extraordinarily high-cost "subprime" cards than the Federal Reserve rule.
- Third, the Credit Cardholders' Bill of Rights add new consumer protections not called for in the Federal Reserve rule. Under the bill, consumers will be able to choose to not exceed their credit limit and pay hefty fees and credit card companies will not be able to extend credit to borrowers younger than 18.
- Fourth, final Congressional action to pass a law will provide certainty of consumer protection that a rule cannot. The seven members of the Federal Reserve Board could reverse themselves quite quickly; final Congressional action will grant consumers guaranteed protection for a long time.

The bill 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 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.

Although it does not include all of the reforms for which our organizations have advocated, the Credit Cardholders' Bill of Rights Act 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. While it is significant that the bill includes the most significant regulatory changes adopted by the Federal Reserve Board and other regulators, the 18-month delay by the Fed is unacceptable. Credit card companies are using unfair practices now. In addition, codifying these proposals into law is crucial so they are not weakened by regulators in the future.

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

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Sincerely,

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cc: The Honorable Barney Frank
The Honorable Carolyn Maloney