

September 19, 2008

Dear Representative:

The undersigned consumer, civil rights, small business, community and labor organizations representing tens of millions of Americans strongly urge you to vote for H.R. 5244, the Credit Cardholders' Bill of Rights Act, when it is brought to a floor vote next week. We also urge you to vote against any amendments to weaken the bill's provisions.

H.R. 5244 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. (Please see the attached for a description of the key provisions of the "Credit Cardholders' Bill of Rights Act" that will help restore fairness to the credit card marketplace.)

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.

Although it does not include all of the reforms for which our organizations have advocated, H.R. 5244 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. Importantly, the bill includes the most significant regulatory changes proposed by the Federal Reserve Board. Codifying these proposals is crucial so they are not weakened by regulators before they are adopted at the end of the year or in the future.

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

Sincerely,

ACORN
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
California Reinvestment Coalition
Campus Progress
Center for American Progress Action Fund
Center for Responsible Lending
Consumer Action
Consumer Federation of America
Consumers Union

Dēmos: A Network for Ideas & Action
International Union, United Auto Workers
Jewish Association for Services for the Aged
Joint Public Affairs Committee for Older Adults
Leadership Conference on Civil Rights
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza
National Small Business Association
Public Citizen
Service Employees International Union
U.S. Public Interest Research Group
Woodstock Institute

cc: The Honorable Barney Frank
The Honorable Carolyn Maloney