

Stephen Hatfield <kyhatfield@alltel.net> on 08/22/2008 02:10:03 AM

**Subject:** Regulation AA

Aug 22, 2008

Federal Reserve Board Email comments

Dear Email comments,

I propose the Fed adopt the same terms for banks borrowing at the Fed overnight window as the terms used by the credit card industry. The bank lobby supports credit card terms as fair for customers. The Fed should give the Banking industry the same treatment the banks are giving their customers. The credit card customers are bankrupting millions of USA citizen's. If the Fed doesn't act to protect citizen's, then the states need to act. I plan to pay off all my

credit cards, and cut them up if nothing is done to protect poor people who don't have the resources.

I just received an "Important Notice of Change in Terms" from my Kohl's credit card.

The credit card industry appears to already be changing terms in reaction to anticipated Fed rules that will negate the effect of any Fed rules implemented.

1. Late payment fees

a. Kohl's is changing the late fee to \$15 if the balance is greater

than \$15, but less than \$50.01. Fee range 30%-100% if 1 day late, plus finance charges until paid.

b. Kohl's is changing the late fee to \$29 if the balance is greater than \$50. Fee range 58% if 1 day late, plus finance charges until paid.

2. Kohl's is changing the minimum monthly payment calculation on my account, which will be revised to permit the addition of certain fees

and finance charges as part of the minimum monthly payment. The change is being made to comply with enhanced regulatory standards.

The minimum payment will be the largest of the following: \$5.; 3% of the New Balance rounded up to the nearest dollar; or the sum of 1% of the New Balance, total billed periodic rate finance charges, and any

billed late fees rounded to the nearest dollar. As part of the minimum payment due, Kohl's will also add any amount past due.

3. If the customer pays more than the minimum monthly payment, but less than the New Balance, the customer will still be required to pay the minimum monthly payments due as shown on future statements.

4. The customer agrees that Kohl's is authorized to allocate customer payments and credits in a way that is most favorable or convenient to Kohl's.

5. Kohl's is changing the way they determine the average daily balance by adding unpaid finance charges and fees to the daily balance formula.

6. Subject to the Grace Period, Kohl's will accrue Finance Charges on a purchase, fee or Finance Charge from the date that it is added to the

account until payment in full. On the first day of each billing period Kohl's will add to the daily balance the unpaid Finance Charges from the prior billing period (in this way Kohl's will compound Finance Charges on a monthly basis).

7. We are changing the Grace Period for repayment of purchases from "between 28 and 31 days" to "not less than 25 days".

As a side note, a cautionary note needs to be added to Gift Card literature to the effect, "Cards should be used asap, or value may drop to zero in bankruptcy". I received a flyer about Kohl's gift cards with, "Terms and Conditions apply", but the terms and conditions are not on the flyer.

Sincerely,

Mr. Stephen Hatfield  
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