

From: "Paul Dusseault" - 08/01/2008 02:30:06 PM

Subject: Regulation AA

August 1, 2008

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Docket No. R-1314

Dear Federal Reserve Board:

I am writing regarding the Federal Reserve's proposed rules on credit card practices.

First, full disclosure. I am a consultant who counts among my clients a company that specializes in sub-prime credit. And here is my story. I'm now 50 and living a middle-class American life with three kids, two cars and a home in the suburbs. When I was in my 20s, I had a difficult period with credit and dug my way out with the help of a credit product whose fees I would now consider unacceptably high. But it was the smartest path open to me. I grabbed it and gradually worked my way back to the world of prime credit customers. That credit product was essential to getting me through a rough financial period. It was affordable to me, in part, because I was able to string fee payments over of several years.

Please know that I strongly support the Federal Reserve's proposed rules that ensure that cardholders are given a reasonable amount of time to make payments. Also, I support the prohibition of unfair billing practices, such as when credit card companies increase the rate on a pre-existing balance.

I am concerned, however, that the proposed fee limits (Section 227.27) would lead to decreased credit access for people with sub-prime credit scores. When I was younger I was a high credit risk, and the lender priced the product I purchased in a manner that reflected that risk. If the Federal Reserve prohibits card issuers from pricing their cards according to risk, then companies may stop offering these cards to those with lower scores. Indeed, if this rule now being considered by the Fed were in place some years ago, I would likely have been left with no options (or at least, no legal options) at all. If this one problematic rule is installed, the choices of millions of Americans with credit challenges would be severely cut, making their economic situation even worse.

Thank you for considering a revision.

Sincerely,

Paul Dusseault