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August 18, 2009

The Honorable Ben S. Bernanke
Chairman
The Federal Reserve Board
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Chairman Bernanke:

I write to urge the Federal Reserve Board to issue effective regulations under the Credit Card Accountability Responsibility and Disclosure Act of 2009, signed into law on May 22, 2009.

As you may know, the credit card bill included an amendment that I introduced (which became Sec. 150 of the bill) regarding a consumer's ability to pay credit card debt. This provision requires credit card companies to consider a consumer's ability to pay when opening a line of credit or increasing a line of credit. If properly written, such a regulation would help avoid further bailouts by alleviating the systemic risk that results from the provision of credit to people who have no ability to pay, which could result in defaults on a large scale. I urge the Federal Reserve to write ability to pay regulations that require credit card companies to take into account, at a minimum, a consumer's income and other liabilities before issuing credit.

I should also note that I have received reports of credit card companies using this interim period as an excuse to raise their customers' interest rates in a shameful effort to "beat the deadline" and circumvent the spirit of the legislation.

I look forward to your response on the status of these credit card regulations and the ability to pay regulation in particular.

Sincerely,



ROBERT MENENDEZ
United States Senator