



Consumer Federation of America



**Consumer Action**  
Education and Advocacy Since 1971



**Consumers Union**

The Honorable Louise M. Slaughter  
United States House of Representative  
2469 Rayburn House Office Building  
Washington D.C. 20515

October 29, 2007

Dear Representative Slaughter:

We the undersigned organizations would like to express our support for the “Student Credit Card Protection Act of 2007, H.R. 3347.”

This important legislation would go a long way in assisting young people, who are often inexperienced in the practices of the credit card industry, from getting deeply in debt before they have even had the chance to earn a decent living and a solid credit history.

This bill would limit the amount of credit – and therefore debt - a college student could amass without a co-signer and without a job. College is the only time in a person’s life where credit may be extended without any ability to repay the debt.

Far too many students find themselves graduating from universities with hefty student loans and mounds of credit card debt that limits their ability to become active participants in our economy because debt repayment swallows up what income they do have. What’s more, if a student with little experience does not handle her finances carefully she risks ruining her credit record, by making even one late payment and jeopardizing opportunities for future car loans, apartment rentals, mortgages, and employment.

Those that are able to obtain future loans will pay a high price for the cost of those products in the form of much higher interest rates.

With 85% of the top 20 credit card issuers currently imposing punitive interest rates for late payments, those students with a credit history that contains at least one late payment are likely to find the cost of repaying that original debt far more expensive when a card issuer imposes costly penalty fees *plus* penalty interest rates that can exceed a 32% APR.

The Student Credit Card Protection Act would:

- Limit the amount of credit any one lender could extend in one year to 20% of a student's gross annual income, or \$500
- Limit the total amount of credit a student could carry to 30% of his gross annual income
- Require adequate proof of income and credit history to open a credit card account
- Prohibit the extension of credit to any student without an income unless a responsible adult assumes joint liability for that debt
- Require written co-signer approval for credit line increases where joint liability has been assumed
- Prohibit the extension of more than one credit line per card issuer for each student.

We applaud your efforts in working on behalf of the best interests of students' financial future. Thank you for your commitment in this area. We look forward to working with you on this legislation.

Sincerely,

Center for Responsible Lending  
Consumer Action  
Consumer Federation of America  
Consumers Union  
National Association of Consumer Advocates  
National Consumer Law Center (on behalf of its low income clients)