

NEWS RELEASE 2005

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ABA STATEMENT ON CREDIT UNION CONVERSION LEGISLATION

by Floyd Stoner, executive director, congressional relations and public policy

“Legislation introduced yesterday provides some needed direction to the National Credit Union Administration, an agency that appears intent on setting up roadblocks for credit unions daring to change their charters.

“By introducing the Credit Union Charter Choice Act of 2005 (H.R. 3206), Reps. McHenry and Towns are clearly trying to offer converting credit unions some certainty in the process by which conversions will be judged. Recently, NCUA has pulled the rug out from under two Texas credit unions seeking to become mutual savings banks. It has done so by substituting its judgment for the democratic will of the credit unions’ members.

“By rejecting members’ votes because of the way the credit unions’ disclosure forms were folded, NCUA has demonstrated the lengths to which it will go to stop credit unions and their members from making legitimate charter choices.

“Credit unions that seek to convert to mutual savings institutions do so because it is an appropriate and effective way to better serve their communities while preserving mutual ownership for their members. No agency should be allowed to unfairly influence this decision.

“The introduction of this bill comes on top of previous congressional communications exhorting NCUA to change its approach to conversions. We hope NCUA gets the message.”

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