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ICBA Applauds Credit Union Charter Choice Act Legislation Would Roll-Back NCUA Rules

Washington, DC (July 13, 2005) — The Independent Community Bankers of America (ICBA) commended Rep. Patrick McHenry (R-NC) and Rep. Edolphus Towns (D-NY) for introducing legislation that would roll back many of the rules approved by the National Credit Union Administration (NCUA) that expanded the regulator's authority to oversee credit union conversions. The Credit Union Charter Choice Act of 2005 (H.R. 3206) will prohibit the NCUA from using inappropriate regulatory measures to prevent credit union members from exercising their choice to convert their charters.

"It's deplorable for NCUA to use intimidation and throw up roadblocks to stop credit unions from converting to mutual savings banks," said David Hayes, ICBA Chairman and president and CEO of Security Bank of Dyersburg, Tennessee. "A financial institution has the right to choose the type of charter under which it operates – and if a credit union wants to become a mutual savings bank, it should be free to do so."

"ICBA is delighted that Reps. McHenry and Towns have taken up this cause and are working to bring fairness back into the way NCUA regulates," said Camden Fine, ICBA president and CEO. "NCUA has allowed credit unions to proliferate and expand without restriction and without regard to the reasons they have a tax-exempt status – to serve people of modest means. If a credit union wants to play by the rules and give up this exemption, we take our hats off to it."

A recent study by the nonpartisan Tax Foundation, "Competitive Advantage: A Study of the Federal Tax Exemption for Credit Unions," estimated that the federal tax loss from credit unions' special tax exemption will exceed \$31 billion over the next 10 years. The study found that there is no evidence that the \$650 billion credit union industry has used its tax subsidy

to service low-and moderate income people and to any greater extent than banks.

For more information on the Tax Foundation study, visit www.icba.org.