

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA  
HOUSE COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS  
A HEARING ON  
“H.R. 3206, CREDIT UNION CHARTER CHOICE ACT”**

Chairman Bachus and Ranking Member Sanders,

I want to express my sincere appreciation for you holding this important hearing on credit union conversions, particularly the “Credit Union Charter Choice Act” introduced by my colleague Congressman McHenry.

Although I am not a cosponsor of his bill, I do share some of his concerns about some of the decisions made and actions taken by the National Credit Union Administration relative to credit union conversions.

Last year, my fellow Texan, Congressman Hensarling, and I, along with several other members of the Texas delegation, sent a letter to NCUA to express our concerns over actions NCUA took that could have invalidated the charter conversion votes of two Texas credit unions seeking to become mutual savings banks.

The letter noted that recent reports at that time seemed to indicate that the NCUA had interpreted its electoral oversight authority in a way that we could only describe as hostile to charter conversions. This included NCUA’s attempt to encumber votes by rejecting the method in which disclosure notices to members were folded.

Mr. Chairman, it was absurd for NCUA to base its charter conversion decision on how a piece of paper was folded instead of on the votes cast by members of the credit union. A lawsuit between the two Texas credit unions and the NCUA ensued.

On August 31, 2005, I was pleased to learn that the NCUA decided to no longer object to the methods and procedures applicable to the membership votes on the two Texas credit unions’ proposals to convert from credit unions to mutual savings banks. NCUA should have focused its efforts, as should we, on ensuring that members of the credit union receive full disclosure of the content, the procedure and the potential impact the conversion vote will have on them.

Mr. Chairman, I opposed the NCUA’s actions relative to the two Texas credit unions because NCUA’s decision centered on the way in which a document was folded. Nonetheless, I look forward to working with you and with NCUA to ensure that its regulations and decisions provide the following: adequate disclosure of the timing and content of credit union conversion vote regulations to credit union members; and, a reasonable explanation of the potential impact a vote in favor of, or in opposition to, the conversion could have on the members’ “control over/share in” the institution. I am open to any and all suggestions on this seemingly controversial issue, and I remain committed to ensuring that all financial institutions are permitted to operate on equal footing.

I ask that all the documents I have in my possession regarding the two Texas conversion cases be inserted into the official hearing record.

Mr. Chairman, I yield back the remainder of my time.