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Opening Statement

Chairman Michael G. Oxley
Financial Services Committee

Subcommittee on Financial Institutions and Consumer Credit
H.R. 3206, Credit Union Charter Choice Act
May 11, 2006

I thank Chairman Bachus for holding today's hearing and Rep. McHenry for introducing his bill, H.R. 3206. Credit union charter choice and the credit union-to-thrift conversion process are subjects worthy of this Subcommittee's attention.

The number and size of credit unions converting are increasing. Since 1995, 29 credit unions have become mutual thrift institutions or mutual holding companies. Two Texas credit unions, with combined assets of \$2.5 billion, converted early this year. To date, however, the assets involved in conversions represent less than one percent of the credit union industry's assets.

In 1998, the Credit Union Membership Access Act allowed credit unions to convert to thrifts without the National Credit Union Administration's prior approval and required that only a majority of those voting could approve a conversion. NCUA was directed to administer the voting process and some of the agency's subsequent rules and actions have been controversial.

The McHenry bill addresses complaints by the management of some converting credit unions that NCUA, in monitoring the vote, may have overreached its authority, by requiring certain disclosures and procedures. This bill intends to make the conversion process more clearly defined and uniform in the law.

Since credit unions are member-owned cooperatives, NCUA feels responsible to see that members are protected and the conversion process is transparent. They want members fully informed about why their credit union is converting and what the future holds.

Today's hearing should help to inform this debate. Everyone seems to agree that charter choice among depository institutions is a freedom that must be upheld. Consumers must be properly informed in order to make the choice that is best for them. A converting credit union's management and

board, as well as their regulator, should keep the interests of the members front and center.

I welcome our witnesses from the regulatory agencies and industry groups involved in this conversion process.

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