



PENNSYLVANIA ASSOCIATION OF  
COMMUNITY BANKERS



July 26, 2004

Dear PACB and PBA Member:

The Pennsylvania Association of Community Bankers and the Pennsylvania Bankers Association have joined forces to work together to address unfair credit union expansion and marketplace inequity. Each association through its previous grassroots contacts and lobbying has been pursuing the prevention of H.R. 3579 from gaining support among Pennsylvania's Congressional Delegation. H.R. 3579, the Credit Union Regulatory Improvements Act (CURIA), sponsored by Congressman Ed Royce (R-CA) and Congressman Paul Kanjorski (D-PA), would greatly expand credit union commercial lending authority, while simultaneously undercutting the capital regulation at federally insured credit unions.

Taken together, H.R. 3579 exacerbates the competitive inequities between community banks and credit unions, as well as raises safety and soundness concerns. This legislation would further fuel even more rapid growth with an ever-increasing segment of the credit union industry comprised of mega-credit unions virtually indistinguishable from community banks, and would greatly expand the amount of credit union revenue shielded from federal and state taxation. The reality today is that a significant portion of the credit union industry has out-grown its "Depression Era" tax-exempt status and should be treated like any other full service financial services provider, including subjecting such institutions to taxation and bank-like regulation.

H.R. 3579 has been strongly opposed by both associations and we are joining our voices together to demonstrate to our delegation how serious our opposition is to this legislative proposal. It is important to note that our national associations, ABA, ICBA, and ACB, are also cooperating to defeat this measure and to raise awareness with members of Congress on the inequities that exist in competition between community banks and mega-credit unions.

Both associations have worked at the grassroots in outreach meetings with our Pennsylvania Congressional Delegation and more meetings are in process. We feel this approach of scheduling as many opportunities as possible for our members to reach out to their Congressional representatives ensures that members of Congress will hear "early and often" that H.R. 3579 is unsound legislation that should be stopped. We will also continue to reinforce this message with our respective staff continuing their frequent contacts in our nation's capital.

Moreover, we will continue our efforts to persuade our delegation and the Chairman of the House Ways and Means Committee, Bill Thomas (R-CA), to expand his examination and hearings on nonprofit, tax exempt entities, competing with taxpaying ventures, to include credit unions. We believe the facts are on our side and hearings would allow them to be placed on the public record for the Congress to consider.

Finally, Jim Biery and Frank Pinto are well known to members of our Congressional Delegation because of their years of interaction and lobbying. They are sending the attached joint memorandum to all members of the Pennsylvania Congressional Delegation reinforcing the opposition of our associations to H.R. 3579. We urge all of our members to utilize this memorandum and, if you have not already done so, contact your member of Congress with your own opposition to H.R. 3579. Again, watch for continued outreach meetings from both associations so that you may personally convey your opposition to H.R. 3579. Your Member of Congress needs to hear from you.

If you have any questions about this joint effort, please contact either of us; PACB's Dave Transue at 717-231-7447, [dave@pacb.org](mailto:dave@pacb.org); or PBA's Louise Rynd at 717-255-6935, [lrynd@pabanker.com](mailto:lrynd@pabanker.com)

Sincerely,

David R. Hunsicker  
Chairman, PACB

David E. Zuern  
Chairman, PBA