



December 14, 2005

The Honorable Jeb Hensarling
U.S. House of Representatives
224 Cannon House Office Building
Washington, DC 20515

Re: GAO Study on NCUA's Treatment of Credit Union Conversions

Dear Congressman Hensarling:

Like you, America's Community Bankers believes that financial institutions across the country should have the freedom to choose the best charter based on each individual institution's needs and business plan. Because of unwarranted interference by the NCUA, we believe that some credit unions have been hindered in their ability to make business decisions that are best for their institution and its members.

As you are well aware, Congress passed the Credit Membership Access Act of 1998, and that states credit unions have a right to convert to a bank charter if their members vote to do so. The NCUA was given authority to oversee the voting process to ensure that there is proper disclosure to credit union members about a proposed conversion, but the statute made clear that conversion rules be "consistent with rules promulgated by other financial regulators" and that the conversion be "subject to regulation that is no more or less restrictive than that applicable to charter conversions by other financial institutions."

Since it remains unclear how NCUA will treat credit union conversion applications in a consistent and fair basis, we urge you to formally request a GAO study on the NCUA's treatment of these applications, both current and past, as well as going forward. After the study is finished you may want to consider a committee hearing to review the GAO's findings.

Thank you for your continued leadership on this issue and we look forward to working with you in bringing more fairness and consistency to the credit union conversion process.

Sincerely,

A handwritten signature in cursive script that reads "Diane Casey-Landry".

Diane Casey-Landry
President and CEO