

**OPENING STATEMENT OF
CONGRESSMAN PAUL E. KANJORSKI
COMMITTEE ON FINANCIAL SERVICES
HEARING ON THE NEED FOR CREDIT UNION
REGULATORY RELIEF AND IMPROVEMENTS
THURSDAY, MARCH 6, 2008**

Mr. Chairman, I am very pleased that we meet today to examine the need for making statutory improvements and providing regulatory relief for our nation's credit unions. Nearly four years have passed since the Financial Services Committee last met to exclusively examine the many issues of concern to the credit union movement. I therefore commend Chairman Frank for convening this long overdue hearing. I am also optimistic that today's proceedings will lay the groundwork for swift action on legislation to modify the Federal Credit Union Act.

The last time we acted on comprehensive credit union legislation occurred a decade ago, when the Congress adopted H.R. 1151, the Credit Union Membership Access Act. For the last five years, we have also worked to craft and build bipartisan support for the Credit Union Regulatory Improvements Act, or CURIA. I have been a leader in both of these reform efforts.

CURIA would help to fix several problems created by the rushed drafting of H.R. 1151. These fixes include putting in place a modern risk-based capital system for credit unions, allowing credit unions of all types to expand into underserved communities, and amending conversion voting standards.

CURIA also contains a number of provisions to facilitate the ability of credit unions to make business loans. For example, CURIA would raise the current asset limit on member business loans from 12.25 percent to 20 percent, a limit comparable to the current one of thrifts for their non-real estate commercial lending.

Some have suggested that this modest change represents a "major expansion" of business lending authority. I have a different view. Prior to the enactment of H.R. 1151, we had no limits on the business lending activities of credit unions. CURIA would therefore provide minor, but needed, adjustments to the limitations on business lending currently imposed by the law.

Support for CURIA has steadily grown over time. During the 108th Congress, we had 69 supporters. In the 109th Congress, we garnered 126 supporters. To date, in the 110th Congress, we have now gained the endorsement of 147 supporters in the House.

Our legislation, moreover, no longer has just bipartisan support in the House. It now enjoys bicameral support. I am very pleased that Senator Mary Landrieu announced that she would introduce CURIA in the Senate along with Senator Joseph Lieberman. Their support clearly demonstrates that the momentum for enacting credit union statutory reforms is growing.

Although support for CURIA is building, I recognize that enacting legislation into law is often a multi-stage process. Therefore in order to achieve some progress on these matters, I recently introduced a pared back credit union bill known as the Credit Union Regulatory Relief Act. Like CURIA, Congressman Ed Royce joined me in these efforts.

H.R. 5519 contains eight non-controversial provisions found in CURIA and previously passed by the House. It also includes language to permit all credit unions to assist those living and working in underserved census tracts, help individuals with short-term financial difficulties to obtain loans, and expand member business lending activities very modestly through some narrow carve-outs and clarifications. The swift adoption of H.R. 5519 will allow us to continue to work on enacting the many other important legislative reforms contained in CURIA, but not contained in this new bill.

Before I close, I would like to strike a cautionary note. At today's hearing, we will hear not only from regulators, but also credit unions and banks. In the past, banks and credit unions have sometimes found themselves engaged in what might be termed a family feud. In reality, credit unions and banks have much in common. I hope that they realize this fact. In my view, we can work to expand the pie for both of them by advancing well-crafted reforms to their underlying statutes consistent with safety and soundness objectives.

In closing, I look forward to hearing from our witnesses and engaging in a thoughtful debate. I also I look forward to moving a credit union bill through our committee in the very near future. I yield back the balance of my time.
