

BUSINESS

House passes legislation expanding credit unions

Special to Sentinel-Voice
WASHINGTON — President Clinton says he will sign a bill that allows more people to join credit unions.

Clinton said after last Tuesday's voice vote in the House that he would sign the measure even though it lacks a provision sought by his administration that would require credit unions to abide by fair-lending rules that banks already must follow.

The Senate had overwhelmingly approved the bill last week.

Those community lending

rules, long championed by Democrats and attacked by conservative Republicans, require banks to serve low-income people and minorities in their communities.

The overall bill will make it easier for credit unions "to expand where appropriate" and "ensures that consumers continue to have a broad array of choices in financial services," Clinton said in a statement.

Under the legislation, all current credit union members would be allowed to remain with their institutions. That

gives credit unions a boost in their competition with smaller community banks to attract customers.

The legislation overrides a 5-month-old Supreme Court ruling by allowing federally chartered credit unions to continue to include more than one occupational group in their memberships, as long as each group doesn't exceed 3,000 people.

Credit unions compete with banks — especially small community banks — by often providing lower-cost loans and other services at more favorable rates for their members. They contend they are the best source of help for people of modest means.

But the banking industry has bitterly protested credit unions' exemption from federal taxes, which is retained by the legislation.

"I would say it was a victory of David over Goliath," Rep. Paul Kanjorski, D-Pa., one of the bill's original sponsors, said before the vote.

Dan Mica, president and CEO of the Credit Union

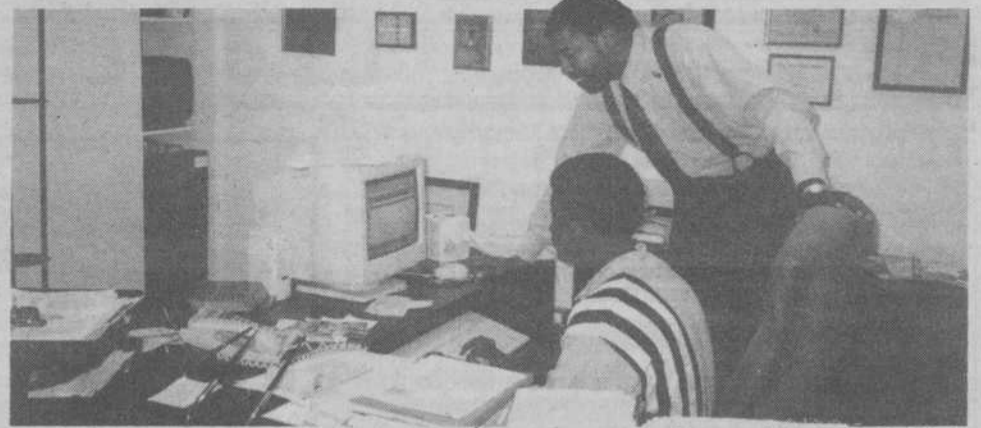


Photo special to the Sentinel-Voice
Having the opportunity to explain to his apprentice Terrance Johnson what information is on a spreadsheet at the Enterprise Community Federal Credit Union, Ernest Fountain, Chairman of the Board tries to preserve his knowledge of the business through the youth.

National Association, called the vote a "tremendous victory for consumers across the country ... who want the door open to low-cost credit union service."

He said some 62 million employees of small businesses, who were rendered ineligible by the high court ruling, now would be able to join an existing credit union.

The legislation also tightens rules governing cash reserves and other internal controls for credit unions — changes that Clinton said would help put them "on sounder footing" and could "pay enormous dividends in more difficult times."

For months, a feverish

lobbying campaign has pitted the banking industry — which brought the lawsuit that reached the high court — against the 70 million-member credit union industry.

"We see it primarily as a taxpayer issue," said Virginia McGuire, a spokeswoman for


the American Bankers Association, the industry's biggest lobbying group.


The group has cited an estimate by the congressional Joint Committee on Taxation that the exemption would cost taxpayers some \$4.4 billion between 1998 and 2002.



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