

Title: Member Expulsion Policy	Board Review Date:	Date Revised: 8/15/23
Member Harassment Expulsion	09/2023	

In the interest of protecting the assets of the Credit Union and maximizing dividends to members, the board of directors adopts the following policy. This policy provides for expulsion of members who have caused the Credit Union a loss or who have engaged in actions that put the credit union at risk of loss or liability. Additionally, it is the policy of this Credit Union to expect fair and polite treatment of its employees by Credit Union members. The Credit Union reserves the right to deny services or on-site access, or to expel from its membership any member who verbally or physically harasses Credit Union employees in any manner.

Class of Members:

- At the discretion of the credit union board of directors, an expulsion of a member will be done individually and on a case by case basis. Additionally, neither the NCUA board nor any credit union may expel a class of members. Prohibitions on expulsion of a class of members include:
 - All anti-discrimination laws and regulations are applicable, and expulsions of a class of members based on any class or characteristic such as but not limited to race, religion, national origin, gender, sexual orientation, age, familial status, or disability status, are strictly prohibited.
 - Members cannot be expelled solely due to or in relation for their complaints to the NCUA or any other regulatory agency, such as the CFPB.
 - Members who are employees or former employees of the credit union cannot be expelled for any protected whistleblower activities.
 - A credit union board acting to remove all members who engaged in a certain violation of the membership agreement, or all delinquent members or a class of delinquent members in one action is prohibited.

Disparate Treatment: The credit union must ensure that its implementation of the authority to expel members for cause is done consistently and does not violate anti-discrimination laws or regulations. Cause for expulsion is outlined in this policy.

Retention:

Each recommendation for expulsion and vote for expulsion will be documented and retained for 6 years. This documentation will include all notices and notes leading up to the recommendation for expulsion, as well as the documentation of the board vote regarding the expulsion. If Expulsed, the documentation will also include all subsequent notices as required by this policy and any subsequent correspondence from the member regarding application for reinstatement or comments or complaints from the member in association to the expulsion.

Expulsion may result, upon board action, in the situations described below:

Expulsion Criteria.

Member-caused loss that may subject the member to expulsion action by the board of directors includes the following:

- Member’s failure to pay amounts due under a loan. "Amounts due" include, without limitation: principal; interest; fees and charges; financed insurance premiums; collection agency charges or attorney's fee incurred in collecting amounts due under a note or guarantee, in repossessing and liquidating collateral under a security agreement, or in obtaining a deficiency judgment.

- A member who files bankruptcy but signs an enforceable reaffirmation agreement or otherwise voluntarily makes arrangements to repay all amounts due, will remain eligible for membership.
- Member's failure to provide collected funds to cover share account withdrawals or to cover personal share drafts.
- Member's failure to provide collected funds to cover Credit Union drafts purchased by the member.
- Member's failure to pay fees or charges due the Credit Union for any reason.
- Not with standing the foregoing, a member who has caused a loss (due to bankruptcy) but, in the sole discretion of the management of the Credit Union, establishes that the loss was unavoidable and the result of extraordinary hardship resulting from: loss of job, serious family illness, dissolution of marriage, or death in the immediate family, will remain eligible for membership.

Member actions that put the credit union at risk of loss or liability that may subject the member to expulsion action by the board include the following:

- A substantial or repeated violation of the membership agreement:
 - Behaviors that constitute substantial violations of the membership agreement, or that are deemed dangerous or abusive shall be decided at the boards discretion.
 - **The board may act to expel a member immediately without written documentation or advance warning notice of the qualifying act for substantial violations.**
- Repeated non- substantial violation of the membership agreement must:
 - A written notice of violation to the member at least one time prior to the notice of expulsion, and the member must have repeated the violation after having been notified of the violation.
 - The written notice must state the specific nature of the violation and that if the conduct occurs again the member may be expelled from the credit union.
 - **There is a two- year limit on the amount of time that may occur between non- substantial repeated violations to qualify as grounds for expulsion.**
- Members who engage in check kiting, attempted or actual deposits of counterfeit checks or other non- negotiable items, foreign ATM transfers between checking and savings accounts which result in overdrafts of both accounts, attempted or actual theft of credit union or other members funds, or similar activities whereby the member illegally attempts to obtain funds not due the member.
- Members threatening staff who deny loan applications or other services, members who engage in inappropriate conduct or language directed at staff based on sex, race, national origin, marital status, sexual orientation, physical or mental impairment, age, or membership in the uniformed services, or similar activity whereby staff are subjected to verbal or physical abuse.
- Fraud, Attempted Fraud, or other illegal activity.
 - A criminal conviction is not necessary to initiate member expulsion related to fraud or attempted fraud.
- Members who fail to protect blank personal checks as evidenced by repeated claims of lost checks and unauthorized transactions (particularly when the forgeries are committed by persons living in the members household), or engage in similar activities resulting from repeated failure to keep their accounts and records secure.

Member Harassment Expulsion Criteria.

- If a member is verbally or physically abusive to a Credit Union employee, the Credit Union may deny services or on-site access, or to expel such member from its membership.
- A substantial or repeated disruption of credit union operations
 - Conduct that constitutes dangerous or abusive behavior may be grounds for immediate action and termination of membership.
 - The CU may immediately take action such as limiting services, contacting law enforcement, seeking a restraining order, or pursuing other lawful means to protect the credit union, the members and staff.

- Dangerous or abusive behavior
 - Violence, intimidation, physical threats, harassment, or physical or verbal abuse of officials or employees of the credit union, members, or agents of the credit union (this includes actions while on credit union premises and through use of telephone, mail, email or other electronic method);
 - Behavior that causes or threatens damage to credit union property; and
 - Unauthorized use or access to credit union property
 -
- Repeated non- substantial disruptions:
 - Requires written notice of the qualifying event

Whether verbal or physical abuse or harassment of a Credit Union employee has occurred will be determined in the sole discretion of the Credit Union and the Credit Union's management. As an interim step, which can lead to member expulsion, the Credit Union may deny abusive members the use of Credit Union services, except for the share membership account, and may also deny the member access to Credit Union facilities under existing, pre-notification criminal trespass laws.

Notice to Current Members.

Requirements:

- **Notice provided in person, by mail to the members address or electronically. Electronic delivery is only permitted if the member has elected to receive electronic communications from the credit union.**
- **The reason for the expulsion must be specific and not just include conclusory statements.**
- **The notice must tell the member that, if the member has first tried to resolve the complaint directly with the CU, any further complaints related to their potential expulsion should be submitted to the NCUA's Consumer Assistance Center.**
- **The notice must also clearly state the members right to request a hearing, but if a hearing is not requested, membership will automatically terminate after 60 calendar days.**
- **If a member requests a hearing and does not attend, the credit union may proceed with the expulsion vote.**
- **Relevant dates**
- **Sufficient detail for the member to understand the grounds for expulsion.**
- **How to request a hearing**
- **The procedures related to the hearing and, if applicable, a general statement on the effect of expulsion related to the member's accounts of loans at the credit union.**

Notice to New Members. The expulsion criteria will be communicated to new members at the time of application, as of the date of mailing the notice to current members. Members who do not apply in person will be mailed the notice as soon as possible but no later than twenty (20) days after application for membership. The expulsion criteria will be communicated to all members. Additionally, notification will be given to a member being considered for expulsion, granting them (60) calendar days from the date of the notice of impending expulsion to request a hearing from the board of directors.

Notification to member of expulsion policy. The Credit Union shall include possible expulsion provisions in its membership and account agreement. This policy is also posted on our website and available at each of our locations. The Credit Union will notify a member who has harassed Credit Union employees of the Credit Union's decision to deny services, deny access to facilities and to expel the member. The Credit Union may provide the member with the opportunity (as deemed appropriate by Credit Union management) to indicate to the Credit Union their desire to cease the harassing behavior and to treat Credit Union employees with respect. After such notice, if the member continues his or her verbal or physical abuse and harassment of Credit Union employees, Credit Union management may exercise all of its available rights under this policy,

including placing the member's name on a list for expulsion, and providing this list will be provided to the Board of Directors.

Expulsion Procedure. In the event a member causes a loss to the credit union that meets the Expulsion Criteria, the board of directors may vote to expel the member in accordance with the following procedure:

- (a) The matter of expulsion will be placed on the agenda for the next regularly or specially scheduled meeting of the board of directors; The member will be recommended for expulsion to the board and they must vote to approve the recommendation or not. This first vote initiates the 60 day period after receipt or the notice of pending expulsion.
 - **PAST MEMBER CONDUCT cannot be used as grounds for expulsion. Conduct that occurred prior to the effective date of 8/25/2023 cannot be used as grounds for expelling members.**
 - (b) The Hearing:
 - If a hearing is not requested, the member is automatically is automatically expelled 60 days after the notice of impending expulsion and a second vote is not required.
 - (c) If a Hearing is requested by the member:
 - During the hearing the credit union may not raise any rationale or reason for expulsion that is not explicitly included in the notice to the member.
 - If additional conduct that may warrant expulsion occurs after the expulsion notice is provided to the member, it may be discussed at an expulsion hearing; however, the subsequent conduct must be related to the conduct outlines in the notice.
 - The member must have the opportunity to present their case to the bard and the board may not raise any new fact or cause for expulsion
 - Each credit union should have the flexibility to conduct a hearing as it deems appropriate.
 - The member may choose to provide a written submission to the credit union board instead of a hearing with oral statements.
 - (d) If the board votes to expel the member:
 - The board must hold a vote within (30) calendar days on expelling the member.
- (1) The credit union will apply any member shares available to cover the loss;
 - (2) The member who has caused such loss will be sent a letter, notifying the member of his or her expulsion.

Notice of Expulsion: If a member is expelled, either automatically or by vote- the credit union must provide a notice of expulsion. The notice must include the following information:

- Information on the effect of the expulsion, including information related to account access and any withdrawals by the credit union related to amounts due.
- Include pertinent information to the member, including that expulsion does not relieve a member of any liability to the credit union and the credit union will pay all of the members shares upon their expulsion less any amounts due.
- Include a line by line accounting of any deductions related to amounts due.
- Include when and how the member will receive any money in their accounts.
- Be provided to the member in person, by mail to the members address, in written form or, if the member has elected to receive electronic communications from the credit union, may be provided electronically.

Any shares remaining, after the credit union exercises its right to apply shares to amounts due, will be sent to the member with the expulsion letter.

Special Meeting. For denial of services and denial of facility access, no special meeting is required. For member expulsion, the Chairman of the Board of Directors shall subsequently call a special meeting of the membership for the purpose of expelling such members. The credit union is not required to provide an in person hearing with the member present. A virtual hearing or telephonic hearing that provides the member to orally present their case is sufficient.

There is no right held by the member to appeal the decision of expulsion by the board.

Reinstatement: A member expelled by a two-thirds vote of the board of directors must be given an opportunity to request reinstatement of membership. Reinstatement would involve:

- At the discretion of a quorum of the directors of the credit union
- A majority vote of the members of the credit union present at a special meeting
- A majority vote of member at an annual meeting provided that the annual meeting occurs within 90 days of the members reinstatement request.

An expelled member is not entitled by right to attend the meeting in person, but the credit union would be allowed to determine whether to permit in person attendance.

A credit union is only required to hold a board vote or special meeting in response to a reinstatement request once.