
2232: Membership Expulsion and/or Service Limitation

Revised Date: 9/6/2023
Board Approved Date: 9/6/2023

General Policy Statement:

This policy outlines the various actions, up to and including expulsion from membership, which ETMA Federal Credit Union (Credit Union) may take in response to behavior that is illegal, threatening, abusive, or otherwise disruptive to credit union operations and/or any activity that causes a financial loss, is associated with fraud, and/or increased reputational or regulatory compliance risk to the Credit Union. Any suspension or limitation of service is subject to the discretion of appropriate management personnel.

This policy is not enacted to restrict the rights of membership, but rather to address certain unacceptable conduct and protect the Credit Union's members, employees and property.

1. **CRITERIA FOR LIMITING SERVICES.** All members are entitled to maintain a single share (defined as the par value share or membership share) in the Credit Union and are eligible to attend, participate and vote at the annual and special meetings of the members and maintain a share account. No other access to products, services, or facilities is a right of membership. All such access may be reduced or limited at the discretion of the Credit Union.

A. **MEMBER IN GOOD STANDING.** A member in good standing is a member who:

- i. Maintains at least their minimum share, as defined within the Credit Union's bylaws;
- ii. Has not had any account with the Credit Union closed due to abuse or negligent behavior;
- iii. Has not caused a financial loss to the Credit Union;
- iv. Has not engaged in violent, belligerent, disruptive, or abusive activities such as:
 1. Violence, intimidation, threats, harassment, or physical or verbal abuse of duly elected or appointed 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;
 2. Causes or threatens damage to Credit Union property;
 3. Unauthorized use or access of Credit Union property;
 4. Knowingly disseminating incorrect, misleading, confidential, or proprietary information regarding the Credit Union; or
 5. Any actions that may cause material risk or financial harm to the Credit Union.

B. **BYLAW DEFINITION OF CAUSE.** In the Federal Credit Union Bylaws, "cause" means:

- i. A substantial or repeated violation of the membership agreement of the Credit Union;
- ii. A substantial or repeated disruption, including dangerous or abusive behavior, to the operations of the Credit Union; or
- iii. Fraud, attempted fraud, or conviction of other illegal conduct in relation to the Credit Union, including the credit union's employees conducting business on behalf of the Credit Union;

Union.

C. **LIMITING SERVICES.** The Credit Union may limit services for any member that is not in good standing. For violent, belligerent, disruptive, or abusive activities, the Credit Union will limit services when there is a logical relationship between the activities and the services to be suspended. For example, if a member is verbally or physically abusive to a Credit Union employee or other members, the Credit Union may refuse to permit the member onto the Credit Union premises and/or may further restrict the availability of certain services to limit personal contact with Credit Union employees or members. Whether violent, belligerent, disruptive, or abusive activities has occurred will be determined in the sole discretion of the Credit Union and Credit Union's Management.

D. **MEMBER NOTIFICATION.** The Credit Union will notify the member of what accounts or services have been discontinued.

2. **EXPULSION BASED ON LOSS.** A member who has caused the Credit Union a loss but has indicated to the Credit Union an intent to repay that loss in a manner that is acceptable to the Credit Union (in the discretion of management), and who is in fact following through with repayment arrangements, will not be expelled. The Credit Union manager (or delegate) will periodically determine which members satisfy the foregoing expulsion criteria.

A. **NOTIFICATION TO MEMBER OF EXPULSION POLICY.** The Credit Union will notify members who have caused the Credit Union a loss of the Credit Union's expulsion policy and will provide such members with the opportunity (as deemed appropriate by Credit Union management) to indicate to the Credit Union their desire to pay their debts and to begin repayment.

B. **MEMBER'S FAILURE TO RESPOND.** The Credit Union manager will provide the Chairman of the Board of Directors a list of members who, after having been notified of their proposed expulsion, have failed to show the Credit Union their intent to repay their debt.

C. **SPECIAL MEETING.** The Chairman of the Board of Directors shall subsequently call a special meeting of the membership for the purpose of expelling such members, after they have been given the opportunity to be heard, in accordance with the procedures prescribed by the bylaws of the Credit Union.

3. **EXPULSION BASED ON NONPARTICIPATION.** A member who has failed to vote in annual Credit Union elections or failed to purchase shares from, obtain a loan from, or lend to the Credit Union may be deemed to be non-participatory and expelled from membership.

A. **NOTIFICATION TO MEMBER OF EXPULSION POLICY.** At least thirty days prior to the effective date, the Credit Union will mail to each member at their current address a copy of this policy. New members will be provided written notice of this policy prior to or upon applying for membership.

4. **EXPULSION FOR CAUSE.** If provided within the bylaws, the Credit Union may expel a member for cause with two-thirds vote of the Board if the Credit Union has provided a written copy of Article XIV of their bylaws or a copy of the standard disclosure notice to each member of the Credit Union. The Credit Union will follow their procedures for proper written notification requirements, timelines for hearings, meetings, and record retention.

A. **NOTIFICATION TO ALL MEMBERS.** The Credit Union will include either a copy of Article XIV of their bylaws or the standard disclosure as indicated in Credit Union procedures, to all members.

B. **NOTIFICATION TO MEMBER OF EXPULSION.** If a member is subject to expulsion, the member will be notified in advance and in writing for the reason. The notice will also include (at

a minimum):

- i. Relevant dates, sufficient detail for the member to understand the grounds for expulsion, the member's right to request a hearing, how to request a hearing, the procedures related to the hearing, notification that, if a hearing is not requested, membership will terminate after 60 calendar days, and if applicable, a statement on the effect of expulsion related to the member's accounts or loans at the Credit Union.
- ii. The notice must also tell the member that any complaints should be submitted to NCUA's Consumer Assistance Center if the complaint cannot be resolved directly with the Credit Union.

5. **MEMBER'S LIABILITY.** Expelled members shall continue to be liable to the Credit Union for any outstanding amounts owed to the Credit Union. The Credit Union will ensure that this provision will be stated in its membership agreement provided to members upon acceptance to Credit Union membership.