



Policy Name: Membership Expulsion and/or Service Limitation Policy

Approved By: Board of Directors

Date: 09/24/2024

General Policy Statement:

This policy outlines the various actions, up to and including expulsion from membership, which TruNorth 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, may be 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.

The Board of Directors of TruNorth Federal Credit Union, in recognition of its fiduciary duty to safeguard the assets of the Credit Union and in order to mitigate the Credit Union’s exposure to risk of financial losses and harm to the reputation of the Credit Union, hereby adopts this Membership Expulsion and/or Service Limitation Policy. This policy is not enacted to restrict the rights of membership, but rather to address certain unacceptable conduct so as to best protect the Credit Union's members, employees and property.

Guidelines:

1. **CRITERIA FOR LIMITING SERVICES.** All members are entitled under the Federal Credit Union Act 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. 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 as provided herein.
 - 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 inappropriate or negligent behavior;
 - iii. Has not caused a financial loss to the Credit Union;
 1. As used herein the word “loss” shall be defined in its broadest terms and shall include, but not be limited to, the material default on a loan obligation owed to the Credit Union, the failure to pay any other obligation to the Credit Union, the discharge of all or part of an obligation in bankruptcy, or the confirmation of a bankruptcy Plan of Reorganization which fails to provide for the payment of the

Credit Union in full, or the perpetration, or attempted perpetration, of a fraud upon the Credit Union.

2. The President/CEO shall have the discretion to extend any or all services that would, pursuant to this policy, have been denied to a member who has caused the Credit Union a loss but who is in the process of repaying the Credit Union for that loss.
- 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. Causing or threatening damage to Credit Union property;
 3. Unauthorized use or access of Credit Union property;
 4. Knowing dissemination of incorrect, misleading, confidential, or proprietary information regarding the Credit Union;
 5. Inappropriate use of an account for purposes other than which the account was intended.
 6. Any actions that may cause material risk or financial harm to the Credit Union.

B. 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.

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

2. **EXPULSION FROM MEMBERSHIP, GENERALLY.** As provided in the Federal Credit Union Act, a member may be expelled by two-thirds vote of the membership of the Credit Union present at a meeting called for the purpose of expelling the member.

The member must be given an opportunity to be heard.

- A. **NOTIFICATION TO MEMBER OF PROPOSED EXPULSION.** The Credit Union will notify members who are subject to expulsion and will provide such members with the opportunity to be heard.
 - B. **NOTICE TO BOARD OF DIRECTORS.** The President/CEO will provide the Chair of the Board of Directors a list of members who are subject to expulsion.
 - C. **SPECIAL MEETING.** The Chair 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 may be expelled from membership due to nonparticipation by the member in the affairs of the Credit Union. Nonparticipation by a member in the affairs of the Credit Union includes failure to vote in annual Credit Union elections or failure to purchase shares from, obtain a loan from, or lend to the Credit Union for more than two years.
- 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. **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.