



# Limitations & Terminations of Services Corporate Policy

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## Table of Contents

I. Objective.....	2
II. Definitions.....	2
III. Limitation or Termination of Services – Member Rights .....	4
IV. Actions by Credit Union.....	4
V. Expulsion or Termination of Membership.....	4
VI. Member Appeal Process .....	5
VII. Applicability and Effect of Policy .....	5

## I. Objective

This Policy establishes limitations and restrictions of services for members who are not in Good Standing with First Technology Federal Credit Union (the "Credit Union"). The Policy protects the Credit Union directors, Supervisory Committee Members, personnel, members, volunteers, shared branch participants, vendors, and visitors (collectively, "Credit Union Related Parties") from abusive members or other persons. The Credit Union will not tolerate members or other persons who are abusive whether it be over the phone, in-person, or through electronic media. Our intent is not to restrict anyone's rights and freedoms, but rather to address certain unacceptable conduct to assure the rights and protections of Credit Union Related Parties.

## II. Definitions

### Good Standing

A member is not in "Good Standing" with the Credit Union if they, or any legal entity or trust they control, meet any of the following requirements:

- A. Fails to comply with the terms and conditions of any lawful obligation with the Credit Union.
- B. Causes the Credit Union to suffer any Pecuniary Loss, as defined in Section II.
- C. Manipulates or otherwise uses the Credit Union services or products in the furtherance of any purpose Credit Union in its sole discretion believes to be illegal.
- D. Conducts transactions related to "Non-Supported Business(es)" as defined on the Business Profile Form at the time the account was opened.
- E. Engages in "Manufactured Spending" (a.k.a. "churning" and "travel hacking"), which is characterized by: purchasing cash equivalents with credit cards (such as money orders or gift cards); redeeming and depositing the cash equivalents into a share, share draft, or bank deposit account and using the funds to pay a credit card; performing transfers to other financial institutions; or any other activity the Credit Union deems indicative of Manufactured Spending. The cycle is considered Manufactured Spending even if it is spread over multiple financial institutions or accounts owned by different individuals. "Excessive Manufactured Spending" is defined as more than 50% of the total monthly transactions in any one or more account that is determined to be Manufactured Spending.
- F. Fails to respond within 30 days to a written request for updated information about the ownership, control, nature, and/or purpose of a business.
- G. Engages in threatening, abusive, disruptive, harassing, or illegal behavior during any communication with Credit Union Related Parties while on Credit Union premises or at any Credit Union related function.
- H. Inflicts injury to any person or damage any property while on Credit Union premises or at any Credit Union function.

The loss of the status of being a member in "Good Standing" shall result in termination of both the business/legal entity/trust account(s) the member controls and the member's personal accounts. The Credit Union's Chief Retail and Marketing Officer ("CRMO") or Vice President ("VP"), Internal Audit and Enterprise Risk, have discretion within the limits of this Policy to determine if a member is in Good Standing. In the absence of the CRMO or VP, Internal Audit and Enterprise Risk, each may delegate their own authority to make a member Good Standing determination to an Officer of the Credit Union holding the title of Director or higher for the period of the CRMO's or VP, Internal Audit and Enterprise Risk's respective absence.

### Member Services

"Member Services" are any products or services now or hereafter provided by or sponsored by the Credit Union or otherwise made available to Credit Union members. Member Services include, but are not limited to: loans or other extensions of credit, share accounts, ATM services, home banking services, telephone banking services, and other electronic transfer services.

## **Pecuniary Loss**

A "Pecuniary Loss" to the Credit Union occurs when the Credit Union charges off any monies or has not been paid any sums owed to the Credit Union within ninety (90) days of written demand to the member.

- A. For loans, the Pecuniary Loss is defined as the principal amount of any monies owed which has been charged off.
- B. For shares, the Pecuniary Loss is defined as the negative balance in the share account when charged off.
- C. For all other sums owed to the Credit Union (e.g., interest, expenses, or fees), the Pecuniary Loss is defined as the Credit Union's failure to receive payment of any other sums owed within ninety (90) days of written demand being mailed to the member.

A Pecuniary Loss may not be ascribed to a member if the loss is attributable to a case of identity theft or account takeover impacting the member's account(s) wherein the member was not complicit in the incurrence of the loss. Upon the occurrence of a Pecuniary Loss, the Senior Director or Director, Special Assets Management ("SAM") may recommend that the member no longer be classified as a member in Good Standing.

## **Abusive Conduct**

"Abusive Conduct" includes, but is not limited to, any of the following conduct:

- A. Any type of harassment, including age, sexual, ethnic, or racial harassment.
- B. Making racial or ethnic slurs.
- C. Engaging in sexual conduct.
- D. Making sexual overtures.
- E. Making sexual flirtations, advances, or propositions.
- F. Engaging in verbal abuse of a sexual, racial, or ethnic nature.
- G. Making graphic or degrading comments about an individual or their appearance.
- H. Displaying sexually suggestive objects or pictures.
- I. Engaging in offensive or abusive physical contact.
- J. Making false, vicious, or malicious statements about Credit Union Related Parties or Credit Union and its services, operations, policies, practices, or management.
- K. Using profane, abusive, intimidating, or threatening language towards Credit Union personnel or members.
- L. Repeated verbal vulgar abuse either in person or through any written medium or telephone communication.
- M. Making or suggesting threats of bodily harm or property damage to Credit Union personnel or their family member(s).
- N. Attempting to coerce or interfere with Credit Union Related Parties in the performance of their duties at any time.
- O. Conducting or attempting to conduct or engage in any fraudulent, dishonest, or deceptive activity of any kind, involving Credit Union Related Parties or Credit Union services.
- P. Any posting, defacing, or removing notices or signs on Credit Union premises.
- Q. Appropriation or misappropriation of Credit Union funds, property or other material proprietary to the Credit Union.
- R. Immoral conduct or indecency on Credit Union premises.
- S. Deliberate or repeated violations of security procedures or safety rules.
- T. Possession, use, or being under the influence of drugs or alcoholic substances on Credit Union premises.
- U. Fighting or possession of weapons of any kind on Credit Union premises except for on-duty law enforcement or security officers.

This list is not comprehensive and is used only as an example of types of behavior that may be viewed as Abusive Conduct by the Credit Union. Threats of any nature may be reported to federal and local authorities.

## III. Limitation or Termination of Services – Member Rights

If the Credit Union terminates or limits access to Member Services as outlined in this Policy the member can still:

- A. Maintain a dividend bearing share account with the Credit Union, and
- B. Vote at annual and special membership meetings subject to the [Credit Union Bylaws](#) and policies.

In addition to termination or limitation to accesses of Member Services, the Credit Union reserves the right to move for expulsion of the member from the Credit Union in accordance with the [Credit Union's Bylaws](#).

## IV. Actions by Credit Union

- A. **Abusive Conduct or Apparent Illegal Behavior:** In the event a member or other person has or is engaging in Abusive Conduct or apparent illegal behavior on the Credit Union premises or at a Credit Union sponsored event toward Credit Union Related Parties or guests, the Security Officer or the Security Officer's designee is authorized to take any or all of the following actions against a member or other person who has engaged in the Abusive Conduct or apparent illegal behavior:
  - (1) Denial of in-person contact with Credit Union Related Parties.
  - (2) Denial of usage of Credit Union's online social communities.
  - (3) Denial of access to Credit Union premises; if needed, a no trespass order will be obtained from local authorities.
  - (4) Preclusion from personal contacts with Credit Union Related Parties such that Credit Union services may be available only by remote means.
  - (5) Taking any other action deemed necessary under the circumstances that is not expressly precluded by the Federal Credit Union Act, the National Credit Union Administration ("NCUA") Rules and Regulations, or the Credit Union's Bylaws.
  - (6) In the cases of continued Abusive Conduct or an extremely abusive incident, a member shall be subject to expulsion from membership at a special meeting of the membership.
- B. **Loss of Good Standing:** If a member is determined in accordance with this Policy not to be in Good Standing, Member Services available to that member may be limited or otherwise restricted. Such restrictions may include, but are not limited to, only permitting the member to retain a basic membership account with a cash only status. In the event of such a restriction, the member will continue to earn interest, be able to deposit and withdraw on a cash-only basis from their account, and shall maintain the other rights as specified in this Policy.
- C. **Notice of Action:** The Credit Union will notify the member in writing of the restriction or termination of their Credit Union account(s), and will inform him or her of the basis for the restriction or termination thirty (30) days prior to enforcement of such action. In the event of suspected fraud, negative balance, or loss, the account may be immediately frozen or terminated and then notified of the basis for the restriction or termination of their account(s).

## V. Expulsion or Termination of Membership

Pursuant to Article III, Section 3 and Article XIV, Section I of the Credit Union Bylaws and the Federal Credit Union Act, §1764(a) and §1764(b), Credit Union may expel a member or terminate a member for nonparticipation from membership.

- A. **Expulsion from Membership:** Upon approval by the Board of Directors ("Board"), a special meeting of the membership may be called for the purpose of expelling any member. Following reasonable notice of the meeting and an opportunity for the member to be heard at the meeting, the Credit Union's membership by a two-thirds (2/3) vote of the members present at the meeting may vote to expel the member from the Credit Union. Any such member so expelled shall have no further entitlement to any rights to or benefits from Credit Union membership and all accounts may be closed.

B. **Termination for Nonparticipation:** The Credit Union may terminate any membership and close account(s) for nonparticipation in the Credit Union affairs or failure to maintain the required minimum share balance with the Credit Union.

- (1) **Failure to maintain one share.** The Credit Union may terminate membership if a member: (1) does not deposit at least one share at the then current par value within one month of becoming a member or within six months from the increase in the par value of one share, or (2) reduces their share balance below the par value of one share and does not increase the balance to at least the par value of one share within one month.
- (2) **Nonparticipation.** "Nonparticipation" is defined as the member's failure to vote in elections and failure to conduct business with the Credit Union, including the member's failure to purchase shares from, obtain a loan, or lend to the Credit Union. This will not apply to any account held by a member who has at least one other active account or relationship with the Credit Union.

Termination of membership due to nonparticipation will be effective thirty (30) days after the member has been notified of the termination by mail, sent to the member's last known address in Credit Union's records unless the member has notified Credit Union of their intention to participate as defined above before the expiration of the thirty (30) day period. Upon termination for nonparticipation, the Credit Union will close the terminated member account and provide him or her with the remaining funds. If the member cannot be located to receive the funds, the Credit Union will escheat the funds to the applicable state in accordance with state's escheatment laws.

## VI. Member Appeal Process

A member may appeal any restriction placed on Member Services or termination of membership due to nonparticipation by submitting a written request to Credit Union's Office of the General Counsel with details explaining why such restriction or termination of membership should not be implemented. The Office of the General Counsel will review and notify the member within thirty (30) days with an explanation why the action will remain in force or what, if any, services may be restored. In accordance with this Policy, members that have been expelled following a vote by the membership do not have a right to appeal expulsion.

## VII. Applicability and Effect of Policy

The Credit Union will apply this Policy only to member actions which occur more than thirty (30) days after the Board's approval of this Policy and the mailing of written notice to the membership of the adoption and effective date of the Policy. (Electronic delivery of such notice to members who have agreed such delivery of Credit Union notifications shall also meet the mailing requirement.) Additionally, written notice of this Policy shall be included in the Membership and Account Agreement provided to each new member and an effective version of this Policy shall be published and maintained on the Credit Union's public website.