Limitation of Services & Termination of Membership Corporate Policy

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Limitation of Services & Termination of Membership Corporate Policy

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Limitation of Services & Termination of Membership Corporate Policy

I. Objective

The Limitation of Services & Termination of Membership Corporate Policy ("Policy") establishes the requirements to appropriately manage limitations of services and termination of membership for members of First Technology Federal Credit Union (the "Credit Union"). The Policy protects the Credit Union's Directors, Supervisory Committee Members, personnel, members, volunteers, shared branch participants, vendors, and visitors (collectively, "Credit Union Related Parties") from unacceptable conduct, losses, and 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 any other media. The intent of the Policy is to address certain unacceptable conduct to assure the rights and protections of the Credit Union and Credit Union Related Parties.

II. Definitions

A. Abusive Conduct

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

1. Any type of harassment, including age, sexual, ethnic, religious, or racial harassment.
2. Making racial or ethnic slurs.
3. Engaging in sexual conduct.
5. Making sexual flirtations, advances, or propositions.
6. Engaging in verbal abuse of a sexual, racial, or ethnic nature.
7. Making graphic or degrading comments about an individual or their appearance.
8. Displaying sexually suggestive objects or pictures.
9. Engaging in offensive or abusive physical contact.
10. Making false, vicious, or malicious statements about Credit Union Related Parties or the Credit Union and its services, operations, policies, practices, or management.
11. Using profane, abusive, intimidating, or threatening language toward Credit Union personnel or members.
12. Repeated vulgar abuse either in person (verbal) or through any written medium, telephone communication, or other form of communication.
13. Making or suggesting threats of bodily harm, physical violence, or property damage to Credit Union personnel or their family member(s).
14. Attempting to coerce or interfere with Credit Union Related Parties in the performance of their duties at any time.
15. 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.
16. Any posting, defacing, or removing notices or signs on Credit Union premises.
17. Appropriation or misappropriation of Credit Union funds, property or other material proprietary to the Credit Union.
18. Immoral conduct or indecency on Credit Union premises.
19. Deliberate or repeated violations of security procedures or safety rules.
20. Possession, use, or being under the influence of drugs or alcoholic substances on Credit Union premises.
21. 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.
B. Good Standing

A member may be deemed not in “Good Standing” with the Credit Union if they, or any legal entity or trust they control, meets any of the following requirements:

1. Fails to comply with the terms and conditions of any lawful obligation with the Credit Union.
2. Causes the Credit Union to suffer any Pecuniary Loss, as defined in Section II.
3. Manipulates or otherwise uses the Credit Union’s services or products in the furtherance of any purpose the Credit Union, in its sole discretion, believes to be illegal.
4. Conducts transactions related to a “Non-Supported Business” as defined on the Business Profile Form, at the time the account was opened.
5. Fails to respond within 30 days to a written request for updated information about the ownership, control, nature, and/or purpose of a business.
6. Engages in Abusive Conduct, or any other illegal behavior during any communication or other interaction with Credit Union Related Parties.
7. Inflicts injury to any person or damage any property while on Credit Union premises or at any Credit Union function.

C. 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:

1. Loans or other extensions of credit;
2. Share accounts;
3. ATM services;
4. Remote banking services;
5. Telephone banking services; and
6. Other electronic transfer services.

D. 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 being mailed to the member.

1. Loan Accounts: the Pecuniary Loss is defined as the principal amount of any monies owed which has been charged off.
2. Share Accounts: the Pecuniary Loss is defined as the negative balance in the share account when charged off.
3. Other Sums: 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 Management of the Special Assets Management (“SAM”) department may recommend the member no longer be classified as a member in Good Standing.
III. Actions by the Credit Union

A. Limitation of Member Services

The loss of “Good Standing” may, with the exception of the Membership Share saving account, result in the closure of the member’s other personal accounts, other business accounts, and the other accounts of any legal entity, and/or trust the member controls as outlined below.

The Credit Union reserves the right to limit, restrict, suspend, or close any Members Services. Limitation of Member Services shall include, but are not limited to:

1. Denial of in-person contact with Credit Union and Credit Union Related Parties;
2. Denial of usage of the 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. Exclusion from personal contacts with Credit Union Related Parties such that the Credit Union’s 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 cases of continued Abusive Conduct or an extremely abusive incident, a member may be subject to expulsion from membership at a special meeting of the membership;
7. Only permitting the member to retain a basic Membership Share savings account with a cash only status;
8. Restriction of access to services including, but not limited to, debit cards, ATMs, online and mobile banking, shared branch services, and/or mobile deposit; or
9. Closure of accounts or termination of lines of credit.

B. Process to Limit a Service to a Member

1. Authority

Management shall establish procedures for Credit Union personnel to recommend loss of Good Standing status to the Credit Union’s Chief Retail and Marketing Officer (“CRMO”) or Vice President (“VP”), Internal Audit and Enterprise Risk. In the absence of procedures, subject to approval outlined below, any member of Management, the Security Officer, and any designee of the Security Officer may recommend loss of Good Standing status and limitation of Member Services, including, but not limited to, issuing a “no trespass” letter restricting access to Credit Union facilities and personnel.

The CRMO or 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 an Officer of the Credit Union holding the title of Director or higher, to make a determination to limit services for the period of the CRMO’s or VP, Internal Audit and Enterprise Risk’s respective absence.

2. Notice of Limitation

i. Account Limitation

The Credit Union will notify the member in writing of the limitation, restriction, or closure of their Credit Union account(s), and will inform the member of the basis for the restriction or closure 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 closed prior to notification of the reason for the restriction or closure of the member’s account(s).

ii. Service Limitation

The Credit Union will notify the member in writing of limitation of any other Member Services and will inform the member of the basis for limitation pursuant to any agreements that control those Member Services. In the absence of any such agreements, the Credit Union will notify the member thirty (30) days prior to enforcement of such action. In the event of a “no trespass” letter, suspected fraud, negative balance, or loss, Member Services may be immediately limited, and notification of the reason for the limitation of Member Services sent at the time of limitation of Member Services.

3. Members Rights

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

i. Maintain a dividend bearing Membership Share savings account with the Credit Union, and

ii. Vote at annual and special membership meetings subject to the [Credit Union Bylaws](#) and policies.

In addition to limitation 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. 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 by a special meeting of the membership or for “nonparticipation” as defined below.

**A. Expulsion from Membership by Special Meeting**

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. The membership shall be terminated, all accounts may be closed, and services terminated.

**B. Termination of Membership for Nonparticipation**

The Board may, upon the recommendation of Management, by majority vote of a quorum of directors, expel from the membership or terminate the membership of any member based on the member’s nonparticipation in the affairs of the Credit Union. In determining whether expulsion or termination of the membership for “nonparticipation” is appropriate, Management and the Board shall consider the extent to which the member utilizes Credit Union services, votes in annual Credit Union elections, purchases or maintains shares equal to or greater than the par value of one share, and obtains loans or other Credit Union products.

1. **Authority and Reporting**
   
   i. **Management**

   Management shall establish procedures to provide recommendations for termination of membership to the CRMO or VP, Internal Audit and Enterprise Risk.
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ii. **CRMO or VP, Internal Audit and Enterprise Risk**

The CRMO or VP, Internal Audit and Enterprise Risk, shall review Management’s recommendations and make a report to the Board of members recommended for termination of their memberships. In the absence of the CRMO or VP, Internal Audit and Enterprise Risk, each may delegate their own authority to an Officer of the Credit Union holding the title of Director or higher, to make recommendations for the period of the CRMO’s or VP, Internal Audit and Enterprise Risk’s respective absence.

iii. **Board**

The Board shall review the report of members recommended for termination of their membership. Upon approval by the Board, the members’ memberships may be terminated at the end of the required Notice of Nonparticipation period.

2. **Notice of Nonparticipation**

The Credit Union will provide members notice, at their last known address in the Credit Union’s records, by mail or courier, at least thirty (30) days prior to termination of their membership. Unless the member has cured or notified the Credit Union of their intention to cure their nonparticipation before the expiration of the notice period and with Board approval, their membership may be terminated. Upon termination for nonparticipation, the Credit Union will close the membership, all services, and member account(s); except the Credit Union, in its sole discretion, may allow services necessary to pay outstanding obligations. The Credit Union will provide the member with any funds from their share account(s) remaining after exercise of any rights of the Credit Union. If the member cannot be located to receive the funds, the Credit Union will escheat the funds to the applicable state in accordance with the applicable state escheatment laws.

V. **Member Appeal Process**

A member may appeal any restriction or closure of member accounts, limitations of services, or termination of membership due to nonparticipation by submitting a written request to the Credit Union’s Office of the General Counsel with details explaining why such restriction, closure, limitation of services, or termination of membership should not be implemented or should be reversed. 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 which accounts, services, or membership, if any; may be restored.

In accordance with this Policy, members who have been expelled following a vote by the membership do not have a right to appeal expulsion.

VI. **Applicability and Effect of this 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 this 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.

VII. **Policy Review**

The Board shall review this Policy periodically, but no less than once a calendar year.