



## Limitation of Services and Expulsion Policy

Effective: 05/01/2024

It is the policy of CBC Federal Credit Union to offer its services only to those members who have not caused the credit union a monetary loss or otherwise abused the rights, privileges or benefits of credit union membership. This policy is intended to establish limitations and restrictions of services, up to and including expulsion from membership, for members, joint owners or others who are not in “good standing” with CBC Federal Credit Union (CBCFCU). The policy protects credit union directors, personnel, members, volunteers, and vendors (collectively Credit Union Related Parties) from abusive members or other persons. CBC Federal Credit Union will not tolerate members or other persons who are abusive in any way. Our intent is not to restrict anyone’s rights and freedoms, but rather to address certain unacceptable conduct or abusive account behavior to assure the rights and protections of the credit union and Credit Union Related Parties.

This policy shall extend to any member “not in good standing” who seeks member services directly or indirectly through a CBC Federal Credit Union account, any person who has access to CBC Federal Credit Union services directly or indirectly through a member, or a member or other person’s conduct through the use of mobile, ATM or electronic devices, or through any shared network.

Any combination of the following restrictions may be imposed by the management of the credit union against a member or other person who has engaged in abusive conduct:

- Suspension, restriction or termination of all or some of CBC Federal Credit Union services other than the right to maintain a share account and the right to vote at annual and special meetings.
- Suspension or termination of services of CBC Federal Credit Union that involve personal contact with credit union employees.
- Suspension or termination of access to CBC Federal Credit Union premises.
- Any other sanctions or restrictions which the management of the credit union deems necessary or appropriate under the circumstances and which is not otherwise prohibited by the Federal Credit Union Act, National Credit Union Administration Rules and Regulations, other applicable law or by the credit union’s bylaws.
- Threats of any nature will be reported to the appropriate law enforcement authorities. Any order will be obtained to protect the credit union premises, members, employees, officials and officers.

The Board of Directors of CBC Federal Credit Union is committed to treating our employees and Credit Union Related Parties with the respect they deserve and is also committed to maintaining a workplace and business environment free from any type of abuse.

### DEFINITIONS

**1. “Good Standing”**

A member is not in “good standing” with the credit union if they meet any of the following requirements:

- a. Fail to comply with the terms and conditions of any lawful obligation with the credit union, including, but not limited to, failing to maintain the required number of shares within the

- time period set forth in CBCFCU's bylaws.
- b. Fail to comply with the terms and conditions and/or causes, or can potentially cause the credit union a loss.
  - c. The member is delinquent, in default on any credit union loan, or has caused the credit union a financial loss.
  - d. The member has an overdrawn savings or share account, or has repeated overdrafts in the member checking account.
  - e. The member manipulates or otherwise abuses credit union services or products to the detriment of the credit union's membership.
  - f. The member manipulates or otherwise abuses credit union services or products in the furtherance of an illegal purpose for personal gain.
  - g. The member engages in threatening, abusive, disruptive, harassing, belligerent or illegal behavior during any communication with Credit Union Related Parties, or otherwise injures any person or damages any property while on credit union premises, at any credit union function, or while using any electronic or network services. Refer to the definition of "**Abusive Conduct**" located in this policy.
  - h. Inflict injury to any person or damage any property while on credit union premises, with or without authorized use or access, or at any credit union function.
  - i. The member fails to keep their accounts and records secure, including but not limited to: failing to adequately protect debit cards, credit cards, ATM cards, checks, card PINs, or passwords; or engages in improper activity such as filing excessive dispute claims; making frivolous claims; defrauding or attempting to defraud the credit union; failing to maintain adequate security procedures to safeguard accounts; deliberately or repeatedly violating credit union account requirements; or otherwise abusing an account relationship.
  - j. The member engages in check kiting, attempted or actual deposits of counterfeit checks or other non-negotiable items, ATM transfers between checking and savings accounts which result in overdrafts of both accounts, attempted or actual theft of credit union or other member funds, or similar fraudulent type activities whereby the member illegally attempts to obtain funds not due to the member.

## 2. **"Member Services"**

The term "member services" refers to any products or services now or hereafter provided by or sponsored by the credit union or otherwise made available to credit union members, joint owners, or others. Member services include but are not limited to loans or other extensions of credit; share accounts; check cashing privileges, ATM and other card services; in-person, mobile, online, or telephone banking services; and other electronic transfer services.

## 3. **"Abusive Conduct"**

CBCFCU will not tolerate members, joint owners or other persons who are abusive whether it is over the phone, in-person or through electronic media. Our intent is to address certain unacceptable conduct to assure the rights and protections of Credit Union Related Parties. The term "Abusive Conduct" includes, but is not limited to, any of the following conduct:

1. Any conduct, language, behavior or other action directed toward the credit union or a credit union employee, officer or official while in the performance of his or her duties for the credit union that is abusive, belligerent or unprofessional.
2. Any type of harassment, including age, sexual, ethnic or racial harassment directed toward any credit union employee, official or officer or a fellow member while on credit union premises.
3. Engaging in offensive or abusive physical contact directed toward any credit union employee, official or officer or fellow member while on credit union premises.
4. Making false, vicious, slanderous or malicious statements about any credit union employee, official or officer or the credit union and its services, operations, policies, practice or

- management.
5. Using profane, abusive, intimidating or threatening language toward credit union employees, officials, officers or fellow members.
  6. Making or suggesting threats of bodily harm or property damage to an employee, official or officer of the credit union or the family members of those individuals.
  7. Conducting or attempting to conduct or engage in any fraudulent, dishonest or deceptive activity or any kind involving credit union employees, officials or officers or credit union services.
  8. Misappropriating credit union funds, property or other material proprietary to the credit union.
  9. Deliberate or repeated violations of security procedures, rules, restrictions or transaction limitations.
  10. Possession, use or being under the influence of drugs or alcoholic substances on credit union premises.
  11. Fighting or possessing weapons of any kind on credit union premises except for on-duty law enforcement officers or security officers.
  12. Endangering the health or safety of themselves or others by failing to comply with credit union safety protocols and policies.

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.

#### **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 may still:

- A. Maintain a dividend bearing share account with the credit union, and
- B. Vote at annual and special membership meetings subject to credit union bylaws and policies.

In addition to termination or limitation of access to member services, the credit union reserves the right to move for the expulsion of the member from the credit union in accordance with the credit union's bylaws.

The credit union will notify the member of any limitations of services pursuant to this policy and the basis for the limitations. In the event of suspected or ongoing fraud, negative balance or possible loss, the member's account may be immediately frozen, restricted or terminated and then notification given. The credit union is not responsible for the return or refusal of any transactions as a result of the limitations of services. Upon receipt of any notice, the member should take action to make changes in his or her financial activity (direct deposit, bill pay, etc.) to avoid disruption.

The credit union may take action to limit, restrict, or terminate services provided and available to a member not in good standing. This may include any one or more of the actions listed below, other than the right to maintain a share account and the right to vote at annual meetings or special meetings of the membership.

#### **LIMITATION OF SERVICES**

Limitation of services may include, but is not limited to:

1. Denial, restriction or termination of any credit union products or services, including social communities.
2. Denial of services which involve personal contact with credit union employees.
3. Denial of access to credit union premises.
4. Preclusion from access to electronic services and networks (electronic account access, online banking, mobile banking, ATM functions).
5. If the credit union incurs a loss, we may limit the services available to that member pursuant to this policy.

6. Taking other action deemed necessary under the circumstances that is not expressly precluded by account contract and the member service agreement provisions, the credit union's bylaws, and any state or federal law including, but not limited to, the Federal Credit Union Act, NCUA rules and Regulations, and the Equal Credit Opportunity Act.
7. Restriction of debit card access. CBCFCU will generally disable debit card functionality in the following circumstances:
  - Applicable individual(s) are delinquent on a loan payment with us;
  - Bad address or disconnected phone on account;
  - We receive a restraining notice;
  - Applicable individual(s) account is 30 days overdrawn;
  - To draw the attention of the member in any way;
  - Member misuses ATM and mobile deposit privileges;
  - Member conducts or attempts to engage in any fraudulent, dishonest or deceptive activity, including any suspicion from the credit union (e.g., scams, falsifying identity, or any form of misrepresentation);
8. Limiting online banking access of service in cases of member misuse, negligence or suspected fraud.
9. Limitation to services for any type of **Abusive Conduct** towards any Credit Union Related Party.
10. Limitation to services for providing false or misleading information in connection with any transaction or Credit Union product or service.
11. In the case of continued **Abusive Conduct** or an extremely abusive incident, a member shall be subject to removal from membership at a special meeting of the members pursuant to our **Member Expulsion** section in this policy.

CBCFCU will attempt to provide the member with written notice before any restriction of services is implemented unless circumstances warrant more immediate action. No action to limit, restrict or deny services will relieve a member of the obligation to pay any outstanding balances, charges, or other amounts owned to the Credit Union.

#### **TERMINATION/CLOSURE OF ACCOUNT**

In congruence with our Membership And Account Agreement, we may close an account without notice at any time if:

1. There is a change in owners or authorized signers;
2. There has been an alteration, forgery or other fraud reported involving the account;
3. There is a dispute as to the ownership of the account or the funds;
4. A number of checks have been lost or stolen;
5. We are dishonoring a number of checks, drafts or items taken for deposit are being returned unpaid or you stop payment on a check, draft or item that would otherwise be returned for insufficient funds.
6. There has been falsification, misrepresentation or any other abuse by the member involving their accounts;
7. We determine it is necessary either to stop or prevent a loss to us;
8. The balance of the account does not meet the minimum balance requirements for thirty (30) calendar days\*;
9. As otherwise permitted by law.

\*Pursuant to Article III, Section 3 of the credit union's bylaws, we may close account(s) for failure to maintain the required minimum share balance in the credit union. A member who fails to complete payment of one share within 30 days of admission to membership, within three months from the increase in the par value of shares, or a member who reduces the 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 three months of the reduction may have their account closed and be required to re-apply if they want to open another account.

## EXPULSION POLICY DISCLOSURE

We may terminate your membership in CBCFCU in one of three ways.

1. Through a special meeting. Under this option, we may call a special meeting of the members, provide you an opportunity to be heard, and obtain a two-thirds vote of the members present at the special meeting in favor of your expulsion.
2. Under a nonparticipation policy given to each member that follows certain requirements.
3. By a two-thirds vote of a quorum of the directors of the credit union for cause.

Cause is defined as follows:

- a. A substantial or repeated violation of CBCFCU's Membership and Account Agreement;
- b. A substantial or repeated disruption, including dangerous or abusive behavior, to the credit union's operations; or
  - i. Dangerous or abusive behavior includes the following: (1) 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 only includes (a) actions while on credit union premises or otherwise related to credit union activities, and through use of telephone, mail, email, or other electronic method; (b) behavior that causes or threatens damage to credit union property; or (c) unauthorized use or access of credit union property. Expressions of frustration with the credit union or its employees through elevated volume and tone; expressions of intent to seek lawful recourse, regardless of perceived merit; or repeated interactions with credit union employees are insufficient to constitute dangerous or abusive behavior.
- c. Fraud, attempted fraud, or a conviction of other illegal conduct that a member has been convicted of in relation to us, including in connection with our employees conducting business on behalf of us.

Before the board votes on an expulsion, CBCFCU must provide written notice to your mail address (or email, if applicable) on record or personally provide the written notice. CBCFCU must provide the specific reasons for the expulsion and allow you an opportunity to rebut those reasons through a hearing if you choose. It is your responsibility to keep your contact information with us up to date, and to open and read notices from us. Unless we determine to allow otherwise, there is no right to an in-person hearing with the board. If you fail to request a hearing within 60 calendar days of receipt of the notice, you will be expelled. You may submit any complaints about your pending expulsion or expulsion to NCUA's Consumer Assistance Center if the complaint cannot be resolved with the credit union.

CBCFCU will confirm any expulsion with a letter with information on the effect of the expulsion and how you can request reinstatement. Expulsion or withdrawal from membership does not relieve a member of liability to the credit union, and we may demand immediate repayment of the money you owe to us after expulsion, subject to any applicable contract terms and conditions.

For additional information on expulsion and a copy of our expulsion policy, see Article XIV of our Bylaws.