

# Gale Credit Union

## Member Expulsion Policy and Procedures

*Last Approved by the Board of Directors*

**January 30, 2020**

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### **General Policy Statement**

Gale Credit Union recognizes our mission to serve all of our Members, including those who are underserved by other financial institutions. However, in the best interest of protecting the assets of Gale Credit Union and maximizing dividends to all members, the board of directors adopts the following policy which provides for expulsion of members who have caused a loss to the Credit Union or who have engaged in actions that put the credit union at risk of loss or liability.

### **Definition**

Expulsion – the termination of membership with the credit union, thus ending all services and products available to the party subject to expulsion.

Credit Union Loss – the act in which the credit union loses money from the actions or lack thereof, of the member, which includes a loss of principal, interest, fees, charges, and any other amounts due to the credit union from the member.

### **Authority**

The Board of Directors grants full authority to the President/CEO and the Credit Manager to enforce the Expulsion Policy when members actions or lack thereof meet the Expulsion Criteria. Expulsion requests outside of this Criteria shall require the approval of the Board of Directors.

### **Expulsion Criteria**

A Member's membership may be terminated under this Expulsion Policy for the following reasons:

1. A Member's failure to pay amounts due under a loan, thus creating a loss to the credit union:
  - a. Amounts due includes, without limitation: principal; interest; fees and charges; financed insurance premiums; collection agency charges or attorneys' fees incurred in collecting amounts due under a note or guarantee, in repossessing and liquidating collateral under a security agreement, or in obtaining a deficiency judgment.
  - b. A member who files for bankruptcy but signs an enforceable reaffirmation agreement or otherwise voluntarily makes arrangements to repay all amounts due, will remain eligible for membership providing that they continue to repay debts owed to the credit union as agreed.
  - c. Exceptions may occur if it is deemed to be in the best interest of recovering other funds due to the credit union or to limit a future loss, with the President/CEO's approval.

2. A Member's failure to pay amounts due resulting from an account overdraft by any means which was not rectified in a timely manner, typically 60 days.
  - a. Amounts due includes the over-drafted amount, fees, charges, collection agency charges or attorneys' fees incurred in collecting amounts due.
3. A Members intentional act, as deemed by the President/CEO or the Board of Directors, of fraudulent activity that causes a loss to the credit union or puts the credit union at risk of a loss or liability placed on the credit union. Such act may include, but is not limited to, the following.
  - a. Check Kiting
  - b. Attempted or actual deposits of counterfeit checks or currency
  - c. Attempted or actual theft of checks, debit cards, credit cards, or similar activities whereby the member illegally attempts to obtain funds not due the member.
4. Members who repeatedly fail to protect their personal checks, debit or credit cards, login & passwords, and other personal identification and security information, or engage in similar activities resulting from repeated failure to keep their accounts and records secure, thus creating risk to the credit union.
5. Members threatening staff who deny loan applications or other services, members who engage in inappropriate conduct or language directed at staff based on sex, race, national origin, marital status, sexual orientation, physical or mental impairment, age, or membership in the uniformed services, or similar activity whereby staff are subjected to verbal or physical abuse.
6. Members who use or attempt to use false or forged documents or information, including identification documents and ID's, to obtain credit or open accounts with the credit union.

### **Member Funds at Expulsion**

If the member has caused a loss to the credit union, collected funds held in accounts where the member has ownership rights shall be used to offset said loss to the credit union, including the \$5.00 Membership Share funds.

### **Member Notification**

The expulsion criteria will be communicated to new and current members by mail delivery, electronic delivery by posting on the credit union website or disclosure in membership newsletters or account statements.

### **Member's Right to Appeal**

An expelled member may, within 30 days after the expulsion, seek reinstatement by appealing the action in writing to the board of directors of the credit union;

1. The matter of expulsion will be placed on the agenda for the next regular or specially scheduled meeting of the board of directors;
2. The board may affirm, disaffirm, or modify the action taken by the President/CEO or Credit Manager. The board's decision is final.