



WORKERS
CREDIT UNION

LIMITATION OF SERVICES, NONPARTICIPATION & EXPULSION POLICY

Policy Owner:	Director of Retail Operations
Committee Review:	Risk Oversight Committee ("ROC")
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Board of Directors (“Board”) Governance Policy Statement

The Workers Federal Credit Union (“Workers” or, the “Credit Union”) Nonparticipation, Limitation of Services, and Expulsion Policy (collectively, the “Policy) complies with the Federal Credit Union Act and the Code of Federal Regulations Title 12, Chapter VII, Subchapter A, Part 701 – Organization and Operation of Federal Credit Unions which includes updates under the Credit Union Governance Modernization Act (“CUGMA”).

Policy Objective and Purpose

The purpose of this Policy is to set forth the requirements under NCUA laws and regulations for limiting services or expulsion of Members. The Policy outlines the various actions, up to and including expulsion from Membership which the 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, is associated with fraud, and/or increased reputational or regulatory compliance risk to Workers. Any suspension or limitation of service is subject to the discretion of appropriate management personnel.

This Policy is not enacted to restrict the right of Membership, but rather to address certain unacceptable conduct and protect the Credit Union’s members, employees, and property. The definition of Membership is defined within the Credit Union Bylaws (ARTICLE II. QUALIFICATIONS FOR MEMBERSHIP).

“Member” means a person must:

1. Be eligible for membership under Section 5 of the Credit Union’s Charter;
2. Sign membership forms as approved by the credit union board;
3. Subscribe to at least one share (par value) of stock;
4. Pay the initial installment;
5. Pay an entrance fee, if required; and
6. Be eligible to vote upon reaching the minimum age the credit union establishes for voting and participation in the affairs of the credit union.

Governance Structure and Oversight

Board Oversight – The Board has the authority over and is solely responsible for the management, supervision, and administration of the Credit Union. The Board may delegate its power, but none of its responsibilities, to such persons or committees as the Board may determine.

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Additionally, the Board has authority to establish and implement policies and procedures to achieve compliance with Federal and State laws and regulations which include the Federal Credit Union Act and the Federal Credit Union Bylaws.

Board & Management Committee – The Risk Oversight Committee (“ROC” or the “Committee”) has been created by the Board to provide focused oversight of the Credit Union’s identified enterprise risk categories on behalf of the full Board. The ROC is comprised of Board Directors (at least 2 Directors) and members of the senior management team, and ensures that resources, support, and annual training are available to support regulatory responsibilities to successfully implement the policy.

The Chief Risk Officer & General Counsel serves as the Chair of the Committee and the Management Liaison to the full Board.

The Committee ensures that the Policy sets forth the guidelines for management and staff to use in establishing and maintaining related policies and procedures to comply with all applicable laws and regulations.

Director of Retail Operations - The Director of Retail Operations is the day-to-day Policy “owner” providing the oversight over the implementation and compliance of the Policy throughout the Credit Union.

Reporting

The Policy shall be reviewed and approved by the ROC and the Board at least on an annual basis.

Program Elements

Member in Good Standing:

Under Workers Bylaws (ARTICLE II. QUALIFICATIONS FOR MEMBERSHIP; and ARTICLE III. SHARES OF MEMBERS), a Member must subscribe to and maintain one share in a regular share account (defined as the “par value” share or membership share) in the Credit Union.

Members in good standing retain all their rights and privileges in the credit union. For the purposes of determining if a Member is in good standing, the following criteria shall be utilized:

1. Member maintains at least their minimum share, as defined within the Credit Union’s Bylaws;
2. Member has not had any account with the Credit Union closed due to abuse or negligent behavior;

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3. Member has not caused a financial loss to the Credit Union; and
4. Member has not engaged in dangerous or abusive behavior. This behavior includes the following: 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 Workers employees are insufficient to constitute dangerous or abusive behavior.

Additionally, Members cannot be expelled due to or in retaliation for their complaints to the NCUA or any other regulatory agency or law enforcement, and Members who are employees or former employees of the Credit Union cannot be expelled for any protected whistleblower activities.

Member Not in Good Standing:

A Member not in good standing shall be subject to this Policy that limits access to Workers services or expulsion from membership. A Member not in good standing is one who cannot meet the requirements under Workers Bylaws Article III and/or has engaged in any of the conduct described within Article XIV, section 3, related to a for “Cause” expulsion.

In the event of a suspension of service, the Member shall be notified of what accounts or services have been discontinued. Subject to Workers Bylaws Article XIV, this Policy and any other applicable limitation of services policy approved by the Board, Members not in good standing are eligible to attend, participate, and vote at the annual and special meetings of the Members and maintain a share account.

Access to products, services, or facilities is **not** a right of Membership. Any and all such access may be reduced or limited at the discretion of the Credit Union.

Criteria For Limiting Services and Expulsion:

Limiting Services. The Credit Union may limit services for any Member that is not in good standing or for “Cause” as defined in the Credit Union’s Bylaws and within this Policy. For violent, belligerent, disruptive, or abusive activities, Workers 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 Workers premises and/or may further

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restrict the availability of certain services to limit personal contact with Workers employees or other Members. Whether violent, belligerent, disruptive, or abusive activities have occurred will be determined in the sole discretion of the Credit Union. If the Credit Union limits services, it will notify the Member of what accounts or services have been discontinued or limited.

For Cause. The term “Cause” is defined within Workers Bylaws (ARTICLE XIV. EXPULSION AND WITHDRAWAL; Section 3) to mean:

1. A substantial or repeated violation of the membership agreement of the Credit Union,
2. A substantial or repeated disruption, including dangerous or abusive behavior, to the operations of the Credit Union; or
3. Fraud, attempted fraud, or conviction of other illegal conduct in relation to the Credit Union, including the Credit Union’s employees conducting business on behalf of the Credit Union.

Failure to maintain one Member share.

1. Fails to complete payment of one share within 30 days of admission to membership, or
2. Fails to complete payment of one share within 90 days from the increase in the par value of shares, or
3. 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 180 days of the reduction.

Nonparticipation. “Nonparticipation” is defined as the Member’s failure to vote in elections and failure to conduct business with 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.

Expulsion. Workers Bylaws Article XIV outlines the criteria and process for expulsion and withdrawal of a Member. A summary is below (and the Bylaw Article XIV is included in its entirety within the Appendix of this Policy):

Workers may expel a member in one of three (3) ways:

1. **Special Meeting.** The Credit Union must call a special meeting of the Members, provide the Members with the opportunity to heard, and obtain a two-thirds (2/3) vote of the Members present in accordance with the Bylaws of the Credit Union.
2. **Nonparticipation Policy.** The Credit Union must have a Nonparticipation Policy (this Policy), which follows the requirements found in the Act, and it must be provided to each member.

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- a. **Notification to Member of Expulsion Policy.** At least thirty (30) days prior to the effective date, the Credit Union will mail to each Member at the current address the Credit Union has on file, a copy of this policy. New Members will be provided access to this Policy on Workers website upon applying for membership.
 - b. **Termination of Membership due to nonparticipation.** Termination 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 on the Credit Union's records unless the member has notified the 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, less any amounts due to the Credit Union.
3. **For Cause.** With a two-thirds (2/3) vote of a quorum of the Board, the Credit Union can expel a Member for "Cause" if the Credit Union has provided a copy of the applicable Article of the Bylaws or a copy of the model disclosure notice to each member of the Credit Union. The Credit Union will follow its procedures for proper written notification requirements, timelines for hearings, meetings and record retention.
- a. **Notification of Expulsion Policy to all Members.** The Credit Union will provide either a copy of the Bylaws Article of Expulsion or the Model Disclosure of Expulsion Policy on Workers website.
 - b. **Notification to Member of Expulsion.** If a Member is subject to expulsion, the Member will be notified in advance and in writing of the reason. The notice will include at a minimum:
 - i. Relevant dates, sufficient detail for the Member to understand the grounds for expulsion, the member's right to request a hearing, how to request a hearing, the procedures related to the hearing, notification that, if a hearing is not requested, Membership will terminate after 60 calendar days, and if applicable, a statement on the effect of expulsion related to the Member's accounts or loans at the Credit Union; and
 - ii. The notice must also tell the Member that any complaints should be submitted to NCUA's Consumer Assistance Center if the complaint cannot be resolved directly with the Credit Union.

Communication. All communications to Members required under these options will be legible, written in plain language, will be reasonably understandable by ordinary Members, and may be provided electronically if Members have elected to receive electronic communications from the Credit Union.

Termination. Termination of Membership does not relieve a Member of any liability to the Credit Union.

Training

Management shall ensure that all appropriate staff receive any necessary or required training. Training can be provided through various solutions which include, but are not limited to, online training, in- person training, webinars, etc.

APPENDIX: WORKERS BYLAWS, ARTICLE XIV

ARTICLE XIV. EXPULSION AND WITHDRAWAL

Section 1. Expulsion procedure. A credit union may expel a member in one of three ways. The first way is through a special meeting. Under this option, a credit union must call a special meeting of the members, provide the member the opportunity to be heard, and obtain a two-thirds vote of the members present at the special meeting to expel a member. The second way to expel a member is under a nonparticipation policy given to each member that follows the requirements found in the Act. The third way to expel a member is by a two-thirds vote of a quorum of the directors of the credit union. A credit union can only expel a member for cause and through a vote of the directors of the credit union if it follows the policy for expulsion in section 2.

Section 2. A credit union's directors may vote to expel a member for cause if the credit union has provided a written copy of this Article or the optional standard disclosure notice to each member of the credit union. The communication of the policy, along with all notices required under this section, must be legible, written in plain language, reasonably understandable by ordinary members, and may be provided electronically only in the case of members who have elected to receive electronic communications from the credit union.

If a member will be subject to expulsion, the member shall be notified in writing in advance, along with the reason for such expulsion. The notice must include, at minimum, (i) relevant dates, (ii) sufficient detail for the member to understand the grounds for expulsion, (iii) the member's right to request a hearing, (iv) how to request a hearing, (v) the procedures related to the hearing, (vi) notification that, if a hearing is not requested, membership will terminate after 60 calendar days, and (vii) if applicable, a general statement on the effect of expulsion related to the member's accounts or loans at the credit union. The notice cannot include only conclusory statements regarding the reason for the member's expulsion. The notice must also tell the member that any complaints related to the member's potential expulsion should be submitted to NCUA's Consumer Assistance Center if the complaint cannot be resolved directly with the credit union. The FCU must maintain a copy of the provided notice for its records. The notice shall be provided in person, by mail to the member's address, or, if the member has elected to receive electronic communications from the credit union, may be provided electronically.

A member shall have 60 calendar days from the date of receipt of a notification to request a hearing from the board of directors of the credit union. A member is not entitled to attend the hearing in person, but the member must be provided a meaningful opportunity to present the member's case orally to the FCU board through a videoconference hearing. The member may choose to provide a written submission to the Board instead of a hearing with oral statements. If a member cannot participate in a videoconference hearing, then the FCU may offer a telephonic hearing. If a member does not request a hearing or provide a written submission, the member shall be expelled after the end of the 60-day period after receipt of the notice. If a member requests a hearing, the board of directors must provide the member with a hearing. At

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the hearing, the board of directors may not raise any rationale for expulsion that is not explicitly included in the notice to the member.

After the hearing, the board of directors of the credit union must hold a vote within 30 calendar days on expelling the member. If a member is expelled, either through the expiration of the 60-day period or a vote to expel the member after a hearing, written notice of the expulsion must be provided to the member in person, by mail to the member's address, or, if the member has elected to receive electronic communications from the credit union, may be provided electronically. The notice must provide information on the effect of the expulsion, including information related to account access and any deductions by the credit union related to amounts due. The notice must also tell the member that any complaints related to their expulsion should be submitted to NCUA's Consumer Assistance Center if the complaint cannot be resolved directly with the credit union. The notice must also state that the member has an opportunity to request reinstatement.

A member expelled under this authority must be given an opportunity to request reinstatement of membership. The FCU may act on a reinstatement request through a majority vote of a quorum of the directors of the credit union, a majority vote of the members of the credit union present at a special meeting, or a majority vote of members at an annual meeting, provided the annual meeting occurs within 90 days of the member's reinstatement request. If the FCU holds a meeting of the members to vote on the reinstatement request, an in-person vote is not required. An FCU is only required to hold a board vote or special meeting in response to a member's first reinstatement request following expulsion.

FCUs are required to maintain records related to any member expelled through a vote of the directors of the credit union for six years.

Section 3. The term cause in this Article means:

- (a) a substantial or repeated violation of the membership agreement of the credit union;
- (b) a substantial or repeated disruption, including dangerous or abusive behavior, to the operations of a credit union, as defined below; or
- (c) fraud, attempted fraud, or conviction of other illegal conduct in relation to the credit union, including the credit union's employees conducting business on behalf of the credit union.

If the FCU is considering expulsion of a member due to repeated non-substantial violations of the membership agreement or repeated disruptions to the credit union's operations, the credit union must provide written notice to the member at least once prior to the notice of expulsion, and the violation or conduct must be repeated within two years after having been notified of the violation. The written notice must state the specific nature of the violation or conduct and that if the violation or conduct occurs again, the member may be expelled from the credit union.

Dangerous or abusive behavior includes the following: 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

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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. Additionally, members cannot be expelled due to or in retaliation for their complaints to the NCUA or any other regulatory agency or law enforcement, and members who are employees or former employees of the FCU cannot be expelled for any protected whistleblower activities.

Section 4. Expulsion or withdrawal does not relieve a member of any liability to the credit union. The credit union will pay all of the member's shares upon the member's expulsion or withdrawal less any amounts due to the credit union.

Section 5. An expulsion of a member pursuant to section 2 shall be done individually, on a case-by-case basis, and neither the NCUA Board nor any credit union may expel a class of members.