

## **Member Conduct & Limitation of Services for Members Not in Good Standing Policy**

### **PURPOSE**

The Board of Directors has determined that the privilege of Streator Onized Credit Union services available to members must be reserved for members who are in “good standing” with the Credit Union. The purpose of this policy is to protect the employees, board members, supervisory committee members and members of the Credit Union from abusive members. To this end, this policy is enacted to address standards of member conduct in order to assure the rights and protection of the Credit Union’s employees, board members, supervisory committee members and members. This policy also defines what constitutes a “pecuniary loss” which may serve as a basis for limiting member services or if necessary, expelling a member. The Credit Union’s good reputation is due in large part to the loyalty, commitment and continued efforts of its employees, board members, supervisory committee members and members. The Credit Union is committed to treating its employees, board members, supervisory committee members and members with the respect they deserve and is committed to maintaining a workplace free from unacceptable conduct from any source. In the event that any member or non-member engages in any type of abusive conduct towards a Credit Union member or a Credit Union employee, board member or supervisory committee member engaged in Credit Union business, the CEO, or his or her designee, is authorized to apply appropriate remedial measures against such individual.

### **SCOPE**

This policy shall extend to any member “not in good standing” who seeks member services whether directly or indirectly through a Credit Union account. This policy shall also apply to any person, including but not limited to a joint account owner, who has access to Credit Union services directly or indirectly through a member who is considered to be “not in good standing” with the Credit Union.

A member will not be considered to be in “good standing” with this Credit Union if:

- a. The member fails to comply with the terms and conditions of any lawful obligation with this Credit Union and causes the Credit Union to suffer a “pecuniary loss” as defined below;
- b. The member manipulates or otherwise abuses Credit Union services or products to the detriment of the Credit Union’s membership; or
- c. The member engages in “abusive behavior,” as defined below, or otherwise injures any person or damages any property while on Credit Union premises, including any Credit Union function.
- d. The member violates the terms of his/her membership or account agreement which may include, but may not be limited to, failure to provide current address or contact information, default or delinquency, misuse, or misrepresentation.

The determination of whether a member is in “good standing” with this Credit Union will be made at the sole discretion of the Senior Management of this Credit Union. Management will report to the Board of Directors on members not in good standing as appropriate.

## DEFINITIONS

“Member services” are hereby defined as any products or services now or hereafter provided or sponsored by the Credit Union or otherwise made available to Credit Union members, which services shall include, but are not limited to: loans, deposit accounts, checking or share drafts, ATM services, online banking services, and other electronic fund transfer services.

A “pecuniary loss” to the Credit Union occurs when the Credit Union writes off as uncollectible any monies which the member owes, for whatever reason, to the Credit Union.

- For loans: the pecuniary loss is defined as the principal amount of any monies owed and written off as uncollectible. The amount of the pecuniary loss does not include interest and expenses.
- For shares: the pecuniary loss is defined as the negative balance in the share account written off as uncollectible.

“Abusive behavior” includes, but is not limited to, any of the following conduct:

- Any threats of or actual bodily harm or illegal activity against another member or an employee, board member, or supervisory committee member engaged in Credit Union business.
- Any form of action which may constitute harassment under the Credit Union’s harassment policy. For example:
  - Any type of harassment, including age, sexual, ethnic, or racial harassment; making racial or ethnic slurs, engaging in sexual conduct; making sexual overtures.
  - Inappropriate touching.
  - Making sexual flirtations, advances or propositions; engaging in verbal abuse of a sexual, racial or ethnic nature; making graphic or degrading comments about an individual or his or her appearance.
  - Displaying sexually suggestive objects or pictures.
- Fighting, kicking or other physical harm or attempted harm towards a Credit Union member, employee, board member, or supervisory committee member engaged in Credit Union business. For example:
  - Engaging in offensive or abusive physical contact.
  - Making false, vicious or malicious statements about any Credit Union employee, board member, supervisory committee member or the Credit Union and its services, operations, policies, practices, or management.

- Cursing or other abusive or vulgar language directed towards a Credit Union member, employee or volunteer engaged in Credit Union business. For example:
  - Using profane, abusive, intimidating or threatening language.
- Bringing or possessing firearms or weapons or any hazardous or dangerous device on Credit Union premises or at a Credit Union function.
- Possession, sale, use or being under the influence of an unlawful or unauthorized substance (e.g., drugs or alcohol) on Credit Union premises or at a Credit Union function.
- Attempting to coerce or interfere with a Credit Union employee, board member, or supervisory committee member in the performance of their duties at any time.
- Uncivil conduct or failure to maintain satisfactory or harmonious working relationships with other members, employees, board members, or supervisory committee members at the Credit Union.
- Conducting or attempting to conduct or engage in any fraudulent, dishonest or deceptive activity of any kind involving Credit Union employees or Credit Union services. For example:
  - Bank Bribery
  - Kiting funds between accounts or between financial institutions
- Posting, defacing, or removing notices or signs on Credit Union premises; writing on Credit Union bulletin boards without management authorization.
- Appropriation or misappropriation of Credit Union funds, property or other material proprietary to the Credit Union; immoral conduct or indecency on Credit Union premises.
- Deliberate or repeated violations of security procedures or safety rules.
- Any other act which endangers the safety, health or wellbeing of another person or which is of sufficient magnitude that causes disruption of business at the Credit Union.

“Default” includes, but is not limited to, any of the following:

- Failure to pay amounts due under a loan.
  - “Amounts due” includes, without limitation: principle; interest; fees and charges, including but not limited to, deferred fees; financed insurance premiums; collection agency charges or attorneys’ fees incurred in collecting amounts due under a note or guarantee or in repossessing and liquidating collateral under a security agreement obtaining a deficiency judgment.
  - Failure to pay required insurance premiums, tax payments, licensing fees.
  - Failure to perfect a lien.
- Failure to provide funds to cover overdrawn or negative share accounts due to, including but not limited to, the following reasons:
  - Overdrafts
  - Returned checks deposited or cashed.
  - Reclamation of government funds

- Levy or other court-ordered action/assignment
- Failure to pay any fees or charges due the Credit Union for any reason.

### **MEMBER SERVICE LIMITATIONS**

The availability of member services for members who are not in good standing with this Credit Union may be restricted. Any or all the following actions may be imposed against an individual who is deemed to be “not in good standing”:

- a. Denial of any or all services other than the right to maintain a share account and the right to vote at annual and special meetings.
- b. Preclusion from personal contact with Credit Union employees, board members, or supervisory committee members such that Credit Union services may be available only through written communication through the U.S. mail, online banking, telephone banking, or other remote access device designated by Credit Union Senior Management.
- c. Preclusion from access to Credit Union premises.
- d. Taking any other action deemed appropriate under the circumstances that is not precluded by Illinois Department of Financial Institutions, the Credit Union’s Bylaws, or other applicable federal or state law, up to and including member expulsion.
- e. Threats of bodily harm or any other illegal activity against any Credit Union employee, board member, supervisory committee member or other member will be reported to appropriate federal, state and/or local authorities.

These limitations shall not prohibit a member from exercising his or her rights under federal or state law or regulation (e.g., ECOA/Regulation E or TILA/Regulation Z).

A member who files for bankruptcy but signs an enforceable reaffirmation agreement or otherwise voluntarily makes arrangements to repay all amount due, may remain eligible for membership.

Notwithstanding the foregoing, a member who has caused a loss, due to bankruptcy, but, in the sole discretion of the management of the Credit Union, establishes that the loss was unavoidable and the result of extraordinary hardship resulting from loss of job, serious family illness, dissolution of marriage, or death in the immediate family, may remain eligible for membership.

Any member that causes the credit union a loss, but later repays this loss may again be eligible for membership. In this circumstance special scrutiny should be given before opening a checking account or granting a loan.

Any member that causes a loss to credit union less than \$5,000 that is not repaid may be eligible for membership if at least 15 years has passed since the last date of loss.