

VA DESERT PACIFIC FEDERAL CREDIT UNION

Chapter: Operations

Section: 2-500

Title: Limitation of Services and Membership Expulsion

Policy Adoption Date: 09-01-2025

General Policy Statement

This policy outlines the actions VA Desert Pacific Federal Credit Union ("Credit Union") may take in response to member behavior that is illegal, threatening, abusive, or otherwise disruptive to operations. It also addresses conduct that results in financial loss, fraud, or increased reputational or regulatory risk. Disciplinary actions may include service limitations or expulsion from membership, at the discretion of Credit Union management.

This policy is not intended to restrict member rights, but to protect the Credit Union's members, employees, and property from unacceptable conduct.

1. Criteria for Limiting Services

All members are entitled to maintain a single share (i.e., the par value or membership share) and may attend, participate in, and vote at annual and special meetings. Access to other products, services, or facilities is not a guaranteed right and may be limited at the Credit Union's discretion.

A. Member in Good Standing

A member is considered in good standing if they:

1. Maintain the minimum share as defined in the Credit Union's bylaws.
2. Have not had accounts closed due to abuse or negligence.
3. Have not caused a financial loss to the Credit Union.
4. Have not engaged in violent, disruptive, or abusive behavior, including:
 - Threats, harassment, or abuse (verbal or physical) toward Credit Union staff, members, or agents-whether in person, by phone, mail, email, or other electronic means.
 - Damage or threats of harm to Credit Union property.
 - Unauthorized access or use of Credit Union product, systems or facilities.
 - Dissemination of false, misleading, confidential, or proprietary information.

- Any actions posing material risk or financial harm to the Credit Union.
- 5. Have not provided false or misleading information in connection with any transaction or Credit Union product or service.
- 6. Comply with all agreements with the credit union, including third party service agreements and terms of use (e.g., a member will not be considered good standing if they default under the terms of a loan agreement with us, or have a prolonged negative balance or repeated NSF activity on their account or use a third party service such as Zelle or Bill Pay for an improper purpose).

B. Definition of "Cause" (Per Bylaws)

"Cause" includes:

1. Substantial or repeated violations of the membership agreement.
2. Substantial or repeated disruptions to Credit Union operations, including dangerous or abusive behavior.
3. Fraud, attempted fraud, or illegal conduct involving the Credit Union or its employees.

C. Limiting Services

Services may be limited for members not in good standing. If a member engages in abusive or threatening behavior, the Credit Union may restrict access to physical premises or services involving direct interaction with staff or other members. Violations of service terms (e.g., using Zelle for business transactions under a personal-use agreement) may also result in service limitations.

Any limitation of services will be reasonably related to the nature of the member's conduct and may include restricting their ATM access, EFT/ACH services, wire services, online/mobile banking privileges, their ability to obtain personal or collateralized loans, or their ability to conduct in-branch banking. **D. Member Notification**

Members will be notified of any discontinued accounts or services.

2. Expulsion Based on Financial Loss

A member who causes a financial loss but demonstrates intent to repay—through an arrangement acceptable to Credit Union management—will not be expelled, provided they follow through with repayment.

Members who cause a loss will be informed of the expulsion policy and given an opportunity to express intent to repay.

A. Notification of Expulsion Policy

At least thirty days prior to the effective date, the Credit Union will deliver a copy of this policy to each member either via mail at their current address or via email, provided consent

for electronic notice is in effect. New members will be provided written notice of this policy prior to or upon applying for membership.

B. Failure to Respond

Members who fail to respond or demonstrate intent to repay will be reported to the Board of Directors by the VP of Operations

C. Special Meeting for Expulsion

The Board Chair will call a special meeting to consider expulsion, ensuring affected members are given an opportunity to be heard, in accordance with Credit Union bylaws.

3. Expulsion for Cause

- If permitted by the bylaws, a member may be expelled for cause by a two-thirds vote of the Board, provided All members are provided with either Article XIV or the standard disclosure as part of Credit Union procedures.

A. Notification of Expulsion

Members subject to expulsion will receive written notice detailing:

- Relevant dates and reasons for expulsion.
- Instructions for requesting a hearing.
- Hearing procedures and timelines.
- Notification that membership will terminate after 60 calendar days if no hearing is requested.
- Impact of expulsion on accounts or loans, if applicable.
- Information on submitting unresolved complaints to the NCUA Consumer Assistance Center.

B. Member Liability

Expelled members remain liable for any outstanding debts. This provision is included in the membership agreement provided upon joining the Credit Union.