

MEMBER EXPULSION POLICY

FOX VALLEY CREDIT UNION

In the interest of protecting the assets of Fox Valley Credit Union (the Credit Union) and maximizing dividends to members, the board of directors adopts the following policy. This policy provides for expulsion of members who have caused a loss to the Credit Union or who have engaged 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 the Credit Union. The Illinois Credit Union Act provides authority for the board of directors to expel members who have caused the Credit Union a loss or who have engaged in actions that put the credit union at risk of loss or liability.

This policy is not enacted to restrict the rights of membership, but rather to address certain unacceptable conduct and protect the Credit Union's members, employees and property.

MEMBER IN GOOD STANDING. A member in good standing is a member who:

- Maintains at least their minimum share, as defined within the Credit Union's bylaws;
- Has not had any account with the Credit Union closed due to abuse or negligent behavior;
- Has not caused a financial loss to the Credit Union;
- Has not engaged in violent, belligerent, disruptive, or abusive activities such as:
 - Violence, intimidation, threats, harassment, or physical or verbal abuse of duly elected or appointed officials or employees of the Credit Union, members, or agents of the Credit Union. This includes actions while on Credit Union premises and through use of telephone, mail, email or other electronic method;
 - Actions or activities that result in a disruption of operations and services in a manner that negatively affects the members, staff, officials, or other individuals, or that results in increased reputational, financial, or regulatory and compliance risks to the Credit Union.
 - Causes or threatens damage to Credit Union property;
 - Unauthorized use or access of Credit Union property;
 - Knowingly disseminating incorrect, misleading, confidential, or proprietary information regarding the Credit Union; or
 - Actions that may cause material risk or financial harm to the Credit Union.

A member who is no longer in good standing may be subject to expulsion.

EXPULSION BASED ON LOSS.

The Credit Union has always had a policy that if a member causes a loss to the Credit Union or who have engaged in actions that put the Credit Union at risk of loss or liability, they are no longer considered a member in good standing. The member's account will be closed and they will not be eligible to join this Credit Union unless they voluntarily reimburse the Credit Union. Expelled members shall continue to be liable to the Credit Union for any outstanding amounts owed to the Credit Union.

A member who has caused the Credit Union a loss but has indicated to the Credit Union an intent to repay that loss in a manner that is acceptable to the Credit Union (in the discretion of management), and who is in fact following through with repayment arrangements, will not be expelled. The Credit Union President or the Vice President of Operations will periodically determine which members satisfy the foregoing expulsion criteria.

Some examples of these losses include, but are not limited to, the following activities:

- Member's failure to pay amounts due under a loan. "Amounts due" includes, without limitation: principal; interest; fees and charges; financed insurance premiums; 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. 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, although a restriction of certain services may be enforced.
- Member's failure to provide collected funds to cover share account withdrawals, to cover personal share drafts, or Credit Union drafts purchased by the member.
- Member's failure to provide reimbursement for deposits returned as NSF, closed accounts, fraudulent checks, and other means of fund deposits.
- Member's failure to pay fees or charges due the Credit Union for any reason.
- Fraudulent activities of any kind.
- Any other activities that cause a loss or financial hardship to the Credit Union

EXPULSION BASED ON NONPARTICIPATION

A member who has failed to vote in annual Credit Union elections or failed to purchase shares from, obtain a loan from, or lend to the Credit Union may be deemed to be non-participatory and expelled from membership.

NOTICE TO CURRENT MEMBERS

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

NOTICE TO NEW MEMBERS

The expulsion criteria will be communicated to new members at the time of application, by using one of the distribution methods described in the paragraph above or in their new member packets.

EXPULSION PROCEDURES

Expulsion by Senior Management Official.

The Board of Directors authorizes a senior management official of the credit union to conduct a member expulsion when the expulsion criteria have been met. A "senior management official" includes the Chief Executive Officer, VP of Operations and Lending, VP of Finance, VP of Member Services, or others as designated by the Board. In the event a member engages in activities that meet the expulsion criteria, a Senior Management Official may expel the member in accordance with the following procedures:

- 1) The Credit Union will apply any member shares available to cover any losses;
- 2) Any shares remaining, after the credit union exercises its right to apply shares to amounts due, will be sent to the member.

Member Expulsion Appeals

- (a) A member expelled by senior management may, within 30 days after the expulsion, seek reinstatement by appealing the action in writing to the board of directors of the credit union;
- (b) The matter of expulsion will be placed on the agenda for the next regularly or specially scheduled meeting of the board of directors;
- (c) The board may affirm, disaffirm, or modify the action taken by the senior management official. The board's decision is final.
- (d) If the board votes to expel the member:
 - (1) The Credit Union will apply any member shares available to cover the loss;
 - (2) The member who has caused such loss will be sent a letter, notifying the member of his or her expulsion;

Effective Date of Expulsion Policy. This policy will become effective thirty (30) days after the policy is provided to the current membership.