

**MEMBER EXPULSION POLICY  
BAXTER CREDIT UNION  
DATE APPROVED BY THE BOARD: June 2007**

In the interest of protecting the assets of 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 in actions that put the Credit Union at risk of loss or liability. Expulsion may result, upon board action, in the situations described below.

1. Expulsion Criteria.

- (a) Member-caused loss that may subject the member to expulsion action by the board includes the following:
  - (i) Member's failure to pay amounts due under a loan. "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.
  - (ii) Member's failure to provide collected funds to cover share account withdrawals or to cover personal share drafts.
  - (iii) Member's failure to provide collected funds to cover Credit Union drafts purchased by the member.
  - (iv) Member's failure to pay fees or charges due the Credit Union for any reason.
  - (v) Notwithstanding the foregoing, a member who has caused a loss but, in the sole discretion of the Credit Union, 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.
  
- (b) Member action or inaction that put the Credit Union at risk of loss or liability that may subject the member to expulsion action by the board include the following:
  - (i) Members who engage in check kiting, attempted or actual deposits of counterfeit checks or other nonnegotiable items, foreign ATM transfers between checking and savings accounts which result in overdrafts of both accounts, attempted or actual theft of Credit Union or other member's funds, or similar activities whereby the member illegally attempts to obtain funds not due the member.
  - (ii) Members who do not or are otherwise unwilling to fully comply with all applicable laws and regulations, including, but not limited to, providing appropriate documentation as to the nature and purpose of their account(s) as required under the USA Patriot Act.
  - (iii) 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.

- (iv) Members who fail to protect blank personal checks as evidenced by repeated claims of lost checks and unauthorized transactions (particularly when the forgeries are committed by persons living in the member's household), or fail to protect access cards and security information such as personal identification numbers as evidenced by repeated claims of unauthorized transactions (particularly when the unauthorized transactions are committed by persons living in the member's household), or engage in similar activities resulting from repeated failure to keep their accounts and records secure.
  - (v) Members who use or attempt to use false or forged documents or false information to obtain credit or access to an account.
  - (vi) Members who use or attempt to use false identities.
2. Expulsion Procedure. In the event a member causes a loss to the Credit Union or engages in activities that meet the expulsion criteria, the Board of Directors may expel the member in accordance with the following procedure:
- (a) The matter of expulsion will be placed on the agenda for the next regularly or specially scheduled meeting of the Board of Directors;
  - (b) If the Board votes to expel the member:
    - (i) The Credit Union will apply any member shares available to cover any loss or amounts due the Credit Union;
    - (ii) The member will be sent a letter, notifying the member of his or her expulsion before the accounts and membership will be closed;
    - (iii) Any shares remaining, after the credit union exercises its right to apply shares to offset amounts due, will be sent to the member with the expulsion letter.
  - (c) In the case that a Suspicious Activity Report is filed in connection with the member being expelled, under no circumstances may any Credit Union officer, director, employee, or agent notify any person involved in a reported transaction that a SAR has been filed.
  - (d) In the case that law enforcement (federal, state or local) requests that an account relationship be maintained, the Credit Union will comply and allow the account to remain open for the duration of the request, not to exceed six months. Such requests will be required to be in writing and issued by an appropriate supervisory agent or attorney representing the law enforcement agency. Upon expiration of the request, the member may be expelled in accordance with this policy.