

Denial, Termination & Suspension of Services Policy

1. Purpose. This policy establishes limitations and restrictions of services for members who are not in Good Standing with Somerville Municipal Federal Credit Union ("Credit Union"). The policy protects Credit Union directors, personnel, members, volunteers, and vendors (collectively Credit Union Related Parties) from abusive members or other persons. Our Credit Union will not tolerate members or other persons who are abusive in any way. Our intent is not to restrict anyone's rights and freedoms, but rather to address certain unacceptable conduct or abusive account behavior to assure the rights and protections of the Credit Union and Credit Union Related Parties.

2. Termination/Suspension of Services. It is the policy of Credit Union to suspend, deny or terminate services to members who cause a loss, threaten the credit union or its employees or abuses account privileges are not in good standing. These services include, but are not limited to, savings, checking and automatic teller machine and debit card privileges, direct deposit of payroll checks, automatic payment of specified debts and obligations by payroll or account deduction, and the extension of new credit. Terminated services will allow a member to maintain one share, and retain their one vote as a right of membership.

3. Effect on Outstanding Loans. The denial of services to a member pursuant to this policy shall not in any way operate to relieve a member of any liability it may have to the Credit Union pursuant to a loan account or otherwise.

4. Definition of Member in Good Standing. A member who causes a loss to the Credit Union ceases to be in good standing. Furthermore, a member is not in "Good Standing" with the Credit Union if they meet any of the following requirements:

- a. Fail to comply with the terms and conditions of any lawful obligations with Credit Union and/or causes or can potentially cause the Credit Union a loss.
- b. The member is delinquent, in default on any Credit Union loan, or has caused the Credit Union a financial loss.
- c. The member has an overdrawn savings or share account or has repeated overdrafts in the member checking account.
- d. The member manipulates or otherwise abuses Credit Union services or products to the detriment of the Credit Union's membership.
- e. The member manipulates or otherwise abuses Credit Union services or products in the furtherance of an illegal purpose for personal gain;

- f. The member engages in threatening, abusive, disruptive, harassing, belligerent or illegal behavior during any communication with Credit Union related parties, or otherwise injures any person or damages any property while on Credit Union premises, at any Credit Union function, or while using any electronic or network services;
- g. Inflict injury to any person or damage any property while on Credit Union premises or at any Credit Union function.
- h. A member who verbally or physically threatens a credit union employee or attempts to disrupt any credit union operations may also be considered not in good standing. Such behavior and conduct by a member may result in revocation of savings and checking services, as well as the future right to borrow. Additionally, senior management may consider the need to seek a restraining order to prevent the member from being on credit union property and/or commence membership expulsion procedures.

5. Definition of Loss to the Credit Union. A member is deemed to have caused a loss when the Credit Union must charge-off a loan or account whether through non-payment, default or bankruptcy. A loss also includes exposing the Credit Union to a frivolous expense, intentionally or otherwise perpetrating real or potential fraud on the Credit Union or any other reason that poses a safety or soundness threat to the Credit Union. It also includes members that either do not protect their ATM or debit card resulting in numerous and suspicious claims of unauthorized use.

6. Reaffirmation and Workouts. It shall not be considered a loss to the Credit Union and this policy shall not be invoked where a delinquent member has in good faith negotiated and entered into a written agreement to remedy a default, cured a delinquency and/or repaid an obligation in accordance with terms and conditions acceptable to the Credit Union and that the member maintains regular payments in accordance with the agreement; provided, however, that nothing herein shall be construed to require the Credit Union to consent to repayment of an obligation other than in accordance with the original contract terms.

7. Actions

Any combination or all the following restrictions may be imposed by the management of the Credit Union against a member or other person who has engaged in abusive conduct:

- Suspension, restriction or termination of all or some Credit Union services other than the right to maintain a share account and the right to vote at annual and special meetings. (These are the only two rights a member of the Credit Union has.)
- Suspension or termination of services of Credit Union that involve personal contact with Credit Union employees.

- Suspension or termination of access to Credit Union premises.
- Any other sanctions or restrictions which the management of the Credit Union deems necessary or appropriate under the circumstances and which is not otherwise prohibited by the Federal Credit Union Act, National Credit Union Administration Rules and Regulations, other applicable law or by the Credit Union's Bylaws.
- Threats of any nature will be reported to the appropriate law enforcement authorities. Any order will be obtained to protect the Credit Union premises, members, employees, officials and officers.

8. Definition of Member Services. "Member Services" are any products or services now or hereafter provided by or sponsored by the Credit Union or otherwise made available to Credit Union Members. Member Services include but are not limited to loans or other extensions of credit, share accounts, ATM and other card services, home banking services, telephone banking services, shared branching and shared ATM, and other electronic transfer services.

9. Definition of Abusive Conduct.

"Abusive Conduct" includes, but is not limited to, any of the following conduct:

- Any conduct, language, behavior or other action directed toward the credit union or a credit union employee, officer or official while in the performance of his or her duties for the Credit Union that
Are abusive, belligerent or unprofessional.
- Any type of harassment, including age, sexual, ethnic or racial harassment directed toward any Credit Union employee, official, officer a fellow member or Credit Union Related Parties, while on Credit Union premises or through written, electronic or telephonic communication;
- Engaging in sexual conduct or making sexual overtures, advances, propositions directed toward any Credit Union employee, official, officer a fellow member, or Credit Union Related Parties while on Credit Union premises or through written, electronic or telephonic communication;
- Engaging in offensive or abusive physical contact directed toward any credit union employee, official, officer, fellow member or Credit Union Related Parties while on credit union premises;
- Making false, vicious, slanderous or malicious statements about any credit union employee, official or officer or the Credit Union and its services, operations, policies, practice or management;
- Using profane, abusive, intimidating or threatening language toward Credit Union employees, official or officers or fellow members while on Credit Union premises or through written, electronic or telephonic communication;

- Making or the suggestion of threats of bodily harm or property damage to an employee, official, officers, Credit Union Related Parties or the family members of those individuals;
- Conducting or attempting to conduct or engage in any fraudulent, dishonest or deceptive activity or any kind involving Credit Union employees, official or officers or credit union services;
- Misappropriating Credit Union funds, property or other material proprietary to the Credit Union;
- Deliberate or repeated violations of security procedures, rules, restrictions or transaction limitations;
- Possession, use or being under the influence of drugs or alcoholic substances on Credit Union premises;
- Fighting or possession weapons of any kind on credit union premises except for on-duty law enforcement officers or security officers;

10. Limitation or Termination of Services – MEMBER RIGHTS

If Credit Union terminates or limits access to Member Services as outlines in this Policy, the member can still:

- A. Maintain a dividend bearing share account with the Credit Union and
- B. Vote at annual and special membership meetings subject to Credit Union Bylaws and policies.

In addition to termination or limitation to accesses of member services, Credit Union reserves the right to move for the expulsion of the member from Credit Union in accordance with the Credit Union's bylaws.

The Credit Union will notify the member in writing by mail to the address of record on the Credit Union's files of any limitations of services pursuant to this policy and the basis for the limitations. In the event of suspected or ongoing fraud, negative balance or possible loss, the member's account may be immediately frozen, restricted or terminated and then notification given. The Credit Union is not responsible for the return or refusal of any transactions as a result of the limitations of service. Upon receipt of any notice, the member should act to make changes in his or her financial activity (Direct Deposit, Bill Pay, Debit card, checking account, etc.) to avoid disruption.

The Credit Union may act to limit, restrict, or terminate services provided and available to a member not in good standing. This may include any one or more of the actions listed below, other than the right to maintain a share account and the right to vote an annual meeting or special meetings of the membership.

- Denial, restriction or termination of any Credit Union products or services.

- Denial of service which involve personal contact with Credit Union employees.
- Denial of access to Credit Union premises.
- Preclusion from access to any electronic networks, revoking or limiting any shared branching or shared ATM privileges.
- Taking other action deemed necessary under the circumstances that is not expressly precluded by account contract and the member service agreement provisions, the Credit Union's bylaws, and any state or federal law including, but not limited to, the Federal Credit Union Act, NCUA rules and Regulations and the Equal Credit Opportunity Act.

11. Member Expulsion and Withdrawal

A member of the Credit Union may be expelled at any regularly called meeting by a two-thirds vote of the members present at that meeting for cause. A member may withdraw from a Credit Union by filing a written notice of such intention and closing all accounts. Such member, when withdrawing shares or deposits, shall have no further right in the Credit Union or to any of its benefits, but such expulsions or withdrawal shall not relieve the member from any remaining liability to the credit union.

12. Applicability and effect of Policy

This policy shall take effect immediately upon its adoption by the credit union's Board of Directors. This policy shall be made available upon request to all members and can also be found under the Resources tab (Disclosures section) of our website: www.sommfcu.com.

13. Denial of Services Process. Once senior management has determined that a member shall be denied services, they will notify the member in writing of the denial of services and the reason(s) upon which the denial is based. Management shall notify the Board of their action at the next regular meeting. Unless the member has been expelled in accordance with federal law and the bylaws, they can request a reinstatement of services from the Board no earlier than six (6) months after services have been suspended.

In most cases where an account feature is terminated due to causing the Credit Union a loss and that account is credit related, an adverse action notice is required by Reg B/ECOA. If the account does not have a credit feature, such as a checking account, an adverse action notice is not required.