

I. OBJECTIVE

It is the policy of TrailNorth Federal Credit Union to offer its services only to those members who have not caused the credit union a monetary loss or otherwise abused the rights, privileges, or benefits of credit union membership. This policy is intended to establish limitations and restrictions of services, up to and including expulsion from membership, for members, joint owners or others who are not in “good standing” with the TrailNorth Federal Credit Union (TFCU) and to assure the rights and protection of credit union employees, members, volunteers, vendors, and property from abusive members or other persons.

II. MEMBERS, JOINT OWNERS AND OTHERS NOT IN “GOOD STANDING”

Members, joint owners and others are not in “good standing” with the credit union if:

- A. They fail to comply with the terms and conditions of any lawful obligation with the credit union, including, but not limited to, failing to purchase the required number of shares within the time period set forth in TFCU’s bylaws.
- B. They cause the credit union to suffer any non-bankruptcy related “Monetary Loss” as defined in Section III and have not repaid or made arrangements acceptable to the Credit Union to repay the loss except when it is in the best interests of the credit union to do otherwise.
- C. They cause the credit union to suffer any “Monetary Loss” as described in Section III as a result of bankruptcy and have not voluntarily repaid or voluntarily made arrangements acceptable to the credit union to repay the loss except when it is in the best interests of the credit union to do otherwise.
- D. They have had an account with the credit union closed due to abuse or negligent behavior.
- E. The credit union has a rational belief, or in good faith, determines that it may incur a loss.
- F. They manipulate or otherwise use credit union services or products in the furtherance of any illegal purpose.
- G. They knowingly disseminate incorrect, misleading, confidential, or proprietary information regarding the credit union.
- H. They engage in threatening, violent, intimidating, verbally abusive, disruptive, harassing, or illegal behavior during any communication with credit union employees, members, volunteers, or vendors while on credit union premises or at any credit union function. Refer to the definition of “Abusive Conduct” located in Section III of this policy.
- I. They inflict or threaten to inflict physical injury to any person or damage any property while on credit union premises, with or without authorized use or access, or at any credit union function.
- J. They take any action that may cause material or financial risk or harm to the credit union.

The credit union Leadership Team has the sole discretion within the limits of this Policy to determine whether a member, joint owner or other is in “good standing.” Further, it is the policy of this credit union to limit the ability of any member to name as joint owner(s), authorized signer(s), agent(s), information user(s), fiduciary, joint borrower(s), or guarantor, anyone who has caused the credit union a loss.

III. DEFINITIONS

“Member Services” Member Services are any products or services now or hereafter provided or sponsored by the credit union or otherwise made available to credit union members, joint owners or others. These services include but are not limited to: loans or other credit extensions, share draft accounts, share certificate accounts, check cashing privileges, ATM, debit or credit card services, home banking services, telephone banking services, and other electronic transfer services.

“Monetary Loss” A “Monetary 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 Monetary Loss is defined as the principal amount of any monies owed and written off as uncollectible. The amount of Monetary Loss does not include interest and expenses.
- For shares, the Monetary Loss is defined as the negative balance in the share account written off as uncollectible.

Generally, a Monetary Loss may not be attributed to a member if the loss is attributable to a case of “Identity Theft” and/or “Account Takeover” impacting the member’s accounts, unless it is determined that a member was negligent with respect to safeguarding information directly relating to their account.

“Cause” A “cause” means a substantial or repeated violation of the membership agreement of the Credit Union; A substantial or repeated disruption, including dangerous or abusive behavior, to the operations of the Credit Union; or Fraud, attempted fraud, or conviction of other illegal conduct in relation to the Credit Union, including the credit union’s employees conducting business on behalf of the Credit Union.

“Abusive Conduct”

TFCU will not tolerate members, joint owners or other persons who are abusive whether it is over the phone, in-person or through electronic media. Our intent is to address certain unacceptable conduct to assure the rights and protections of the credit union’s employees and members. Accordingly, “Abusive Conduct” includes but is not limited to the following conduct:

1. Any type of harassment, including age, sexual, ethnic or racial harassment.
2. Making racial or ethnic slurs.
3. Engaging in sexual conduct.

4. Making sexual overtures.
5. Making sexual flirtations, advances or propositions.
6. Engaging in verbal abuse of a sexual, racial or ethnic nature.
7. Making graphic or degrading comments about an individual or his or her appearance.
8. Displaying sexually suggestive objects or pictures.
9. Engaging in offensive or abusive physical contact.
10. Making false, vicious or malicious statements about any credit union employee or the credit union and its services, operations, policies, practices or management.
11. Using profane, abusive, intimidating or threatening language towards credit union employees or members.
12. Repeated verbal vulgar abuse either in person or through electronic or telephone communication.
13. Making or suggesting threats of bodily harm or property damage to an employee or their family members.
14. Attempting to coerce or interfere with credit union employees in the performance of their duties at any time.
15. 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.
16. Any posting, defacing or removing notices or signs on credit union premises.
17. Appropriation or misappropriation of credit union funds, property or other material proprietary to the credit union.
18. Immoral conduct or indecency on credit union premises.
19. Deliberate or repeated violations of security procedures or safety rules.
20. Possession, use of being under the influence of drugs or alcoholic substances on credit union premises.
21. Fighting or possession of weapons of any kind on credit union premises except for on-duty law enforcement or security officers.

This list is not comprehensive and is used only as an example of types of behavior that may be viewed as Abusive Conduct by the credit union. Threats of any nature may be reported to federal and local authorities.

IV. ACTIONS BY THE CREDIT UNION

Limitation/Restriction of Services

All members are required to maintain a single share (defined as the par value or membership share) in the credit union and are eligible to attend, participate and vote at the annual and special meetings of the members and maintain a share account. No other access to products, services, or facilities is a right of membership. All such access may be reduced or limited at the discretion of the credit union.

In the event a member or other person engages in abusive conduct or illegal behavior on credit union premises, at a credit union sponsored event or through some other means toward a credit

union employee, volunteer, member, vendor, or guest, the President/CEO, or their designee, is authorized to take action against such member or other person.

The credit union reserves the right to limit and/or restrict services to members/individuals not in good standing as described in Section II of this policy, in a manner and in accordance with its own discretion and based on the individual circumstances and logical relationship between the activities and the services to be limited/restricted. Limitation of services may include, but is not limited to:

1. Denial of in-person contact with credit union employees or volunteers such that credit union services may be available only by remote means if available.
2. Denial of access to credit union premises.
3. Denial of the usage of credit union's online social communities.
4. Taking any other action deemed necessary under the circumstances that is not expressly precluded by the Federal Credit Union Act, the National Credit Union Administration Rules and Regulations, or the Credit Union's bylaws.
5. In the cases of continued Abusive Conduct or an extremely abusive incident, a member shall be subject to removal from membership at a special meeting of the members pursuant to Section IV – *Expulsion* of this policy.
6. Disclosing threats of any nature to law enforcement and/or regulatory authorities.
7. Restriction of debit card access. TFCU will generally “shut off” debit card capabilities when:
 - Applicable individual(s) are delinquent on a loan payment with us;
 - Bad address or disconnected phone on account;
 - We receive a restraining notice;
 - Applicable individual(s) account is 30 days overdrawn;
 - To draw the attention of the member in any way.
 - Member misuses ATM deposit privileges.
8. Limitation to online banking access or service in cases of member misuse, negligence or suspected fraud.

If the credit union limits access to member services as outlined in this policy the member can still:

- A. Maintain (defined as making deposits into and withdrawals from) a share savings account with the credit union, and
- B. Vote at annual and special meetings subject to the Bylaws and policies of the credit union.

Monetary Loss

If the credit union incurs a Monetary Loss, we may limit the services available to that member pursuant to the Limitation/Restriction of Services section of this policy.

Closure of Account

In congruence with our Member Service Agreements, we may close an account without notice at any time we believe it is in the credit union's best interest, including but not limited to the following:

1. We are dishonoring a number of checks, drafts or items taken for deposit are returned unpaid or you stop payment on a check, draft or item that would otherwise be returned for insufficient funds;
2. A number of checks have been lost or stolen;
3. Any alteration, forgery or other fraud has occurred involving the account;
4. There has been any falsification, misrepresentation or any other abuse by the member involving any of their accounts;
5. The balance of the account does not meet the minimum balance requirements for thirty (30) calendar days* ;
6. We determine it is necessary either to stop or prevent a loss to us;
7. The member has or is making multiple additions or changes to an account and/or services;
8. If a member ever becomes abusive or threatens the safety of an employee, volunteer member or affiliated person or organization with TFCU;
9. To avoid a loss or potential loss to the member or to TFCU.

*Pursuant to Article III, Section 3 of the credit union's bylaws, we may close account(s) for failure to maintain the required minimum share balance in the credit union. A member who fails to complete payment of one share within two years of admission to membership, within 2 years from the increase in the par value of shares, or a member who reduces their share balance below the par value of one share and does not increase the balance to at least the par value of one share within 2 years of the reduction may have their account closed and be required to re-apply if they want to open another account.

Generally, the credit union will attempt to provide the member with prior written notice before action is taken.

Expulsion

In accordance with Article XIV of our bylaws, §1764(a) and §1764(b) of the Federal Credit Union Act, and upon approval by the Board of Directors, a special meeting of the membership may be called for the purpose of expelling a member, including but not limited to those who have caused the credit union a loss or engaged in abusive conduct or illegal behavior. Following reasonable notice of the meeting and an opportunity for the member to be heard at the meeting, the credit union's membership, by a two-thirds vote of the members present at the meeting, may vote to expel the member from the credit union. Additionally, 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. The credit union will mail a copy of this policy to each non-participatory member at least thirty days

prior to the effective date of expulsion. Furthermore, the credit union may expel a member for *cause*, which is defined in section III of this policy, by two-thirds vote of the Board of Directors. If a member is subject to expulsion, the member will be notified in advance and in writing with relevant dates, sufficient details for the member to understand the grounds for expulsion, the member's right to request a hearing, how to request a hearing, procedures relating to the hearing, notifications that, if a hearing is not requested, membership will terminate after 60 calendar days, and if applicable, a statement on the effect of expulsion related to the members account or loans the credit union. Any expelled member shall have no further entitlement to any rights to or benefits from credit union membership and all accounts may be closed.

V. LIABILITY TO CREDIT UNION

Actions by the credit union pursuant to Section IV of this policy shall not operate to relieve members from liability to the credit union. The amount to be paid to a withdrawing or expelled member shall be determined and paid in a manner specified in the bylaws.

***Approved by the Board of Directors of the Ticonderoga Federal Credit Union November 25, 2014
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