

12 U.S.C. §1764 – EXPULSION AND WITHDRAWAL

(A) EXPULSION BY TWO-THIRDS VOTE

Except as provided in subsections (b) and (c) of this section, a member may be expelled by a two-thirds vote of the members of a [Federal credit union](#) present at a special meeting called for the purpose, but only after opportunity has been given ~~him~~ to the member to be heard.

(b) EXPULSION BASED ON NONPARTICIPATION

The [board](#) of directors of a [Federal credit union](#) may, by majority vote of a quorum of directors, adopt and enforce a policy with respect to expulsion from membership based on nonparticipation by a member in the affairs of the credit union. In establishing its policy, the [board](#) should consider a member's failure to vote in annual credit union elections or failure to purchase shares from, obtain a loan from, or lend to the [Federal credit union](#). If such a policy is adopted, written notice of the policy as adopted and the effective date of such policy shall be mailed to each member of the credit union at the member's current address appearing on the records of the credit union not less than thirty days prior to the effective date of such policy. In addition, each new member shall be provided written notice of any such policy prior to or upon applying for membership.

(c) EXPULSION FOR CAUSE.--

(1) In general.--Except as provided in subsections (a) and (b) of this section, a member may be expelled for cause by a two-thirds vote of a quorum of the directors of the Federal credit union pursuant to a policy which the National Credit Union Administration Board shall adopt, pursuant to a rulemaking, not later than the end of the 18-month period following the date of enactment of the Credit Union Governance Modernization Act of 2022.

(2) Distribution of policy to members.--A Federal credit union may not expel a member pursuant to this subsection unless the Federal credit union has provided, in written or electronic form, a copy of the policy adopted by the National Credit Union Administration Board under paragraph (1) to each member of the Federal credit union.

(3) Procedures.--

(A) Notification of pending expulsion.--If a member will, subject to the policy adopted under paragraph (1), be subject to expulsion, the member shall be notified in advance of the expulsion, along with the reason for such expulsion. Such notice shall be provided in person, by mail to the member's address, or, if the member has elected to receive electronic communications from the Federal credit union, may be provided electronically.

(B) Right to a hearing.—

(i) In general.--A member shall have 60 days from the date of receipt of a notification under subparagraph (A) to request a hearing from the board of directors of the Federal credit union.

(ii) Expulsion if no hearing.--If a member does not request a hearing during the 60-day period described under (i), the member shall be expelled after the end of the 60-day period.

(C) Hearing; vote on expulsion.--If a member requests a hearing during the 60-day period described under subparagraph B)(i)--

- (i) the board of directors of the Federal credit union shall provide the member with a hearing; and
- (ii) after such hearing, the board of directors of Federal credit union shall hold a vote in a timely manner on expelling the member.

(D) Notice of expulsion.--If a member is expelled under subparagraph (B)(ii) or (C)(ii), notice of the expulsion of the member shall be provided to the member in person, by mail to the member's address, in written form or, if the member has elected to receive electronic communications from the Federal credit union, may be provided electronically.

(4) Reinstatement.--

(A) In general.--A member expelled under this subsection--

- (i) shall be given an opportunity to request reinstatement of membership; and
- (ii) may be reinstated by either--
 - (I) a majority vote of a quorum of the directors of the Federal credit union; or
 - (II) a majority vote of the members of the Federal credit union present at a meeting.

(B) Rule of construction.--Nothing in this paragraph may be construed to require that an expelled member be allowed to the meeting described in subparagraph (A)(ii) in person.

(5) Cause defined.--In this subsection, the term `cause' means—

- (A) a substantial or repeated violation of the membership agreement of the Federal credit union;
- (B) a substantial or repeated disruption, including dangerous or abusive behavior (as defined by the National Credit Union Administration Board pursuant to a rulemaking), to the operations of a Federal credit union; or
- (C) fraud, attempted fraud, or other illegal conduct that a member has been convicted of in relation to the Federal credit union, including the Federal credit union's employees conducting business on behalf of the Federal credit union.

(d) LIABILITY TO CREDIT UNION

Withdrawal or expulsion of a member pursuant to either subsection (a) or (b) or (c) of this section shall not operate to relieve ~~him~~ **the member** from liability to the [Federal credit union](#). The amount to be paid a withdrawing or expelled member by a [Federal credit union](#) shall be determined and paid in a manner specified in the bylaws.

(e) No Authority to Expel Classes of Members.

An expulsion of a member pursuant to this section shall be done individually, on a case-by-case basis, and neither the Board nor any Federal credit union may expel a class of members.