To amend the Federal Credit Union Act to modernize certain processes regarding expulsion of credit union members for cause, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2021

Mr. EMMER (for himself and Mr. PERLMUTTER) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Credit Union Act to modernize certain processes regarding expulsion of credit union members for cause, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Credit Union Governance Modernization Act of 2021”.

SEC. 2. EXPULSION OF FEDERAL CREDIT UNION MEMBERS FOR CAUSE.

Section 118(a) of the Federal Credit Union Act (12 U.S.C. 1764(a)) is amended to read as follows:
“(a) Expulsion for Cause.—

“(1) In General.—Except as provided in subsection (b) of this section, a member may be expelled for cause pursuant to a policy adopted by a majority vote of a quorum of the directors of the Federal credit union and provided in written or electronic form to all members of the Federal credit union.

“(2) 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 written form 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 15 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 15-day period described under clause (i), the member shall be expelled after the end of the 15-day period.

“(C) Hearing; vote on expulsion.—If a member requests a hearing during the 15-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 the Federal credit union shall hold a vote on expelling the member in a timely manner.

“(D) Notice of expulsion.—If a member is expelled under subparagraph (B)(ii) or (C)(ii), the member shall be provided with written or electronic notice of the expulsion.

“(3) 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 a two-thirds 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 attend
the meeting described in subparagraph (A)(ii)
in person.

“(4) CAUSE DEFINED.—In this subsection, the
term ‘cause’ includes—

“(A) a material loss to the Federal credit
union;

“(B) a violation of the membership agree-
ment of the Federal credit union;

“(C) a substantial disruption to the oper-
ations of a Federal credit union; and

“(D) fraud, attempted fraud, other illegal
behavior, or dangerous or abusive behavior, as
defined by the policy described in paragraph
(1), such as physical or verbal abuse of Federal
credit union members or staff.”.