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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R.

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

Mr. EMMER introduced the following bill; which was referred to the Committee on _____

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Union Govern-
5 ance Modernization Act of 2021”.

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

3 Section 118(a) of the Federal Credit Union Act (12
4 U.S.C. 1764(a)) is amended to read as follows:

5 “(a) **EXPULSION FOR CAUSE.**—

6 “(1) **IN GENERAL.**—Except as provided in sub-
7 section (b) of this section, a member may be expelled
8 for cause pursuant to a policy adopted by a majority
9 vote of a quorum of the directors of the Federal
10 credit union and provided in written or electronic
11 form to all members of the Federal credit union.

12 “(2) **PROCEDURES.**—

13 “(A) **NOTIFICATION OF PENDING EXPUL-**
14 **SION.**—If a member will, subject to the policy
15 adopted under paragraph (1), be subject to ex-
16 pulsion, the member shall be notified in advance
17 of the expulsion, along with the reason for such
18 expulsion. Such notice shall be provided in writ-
19 ten form or, if the member has elected to re-
20 ceive electronic communications from the Fed-
21 eral credit union, may be provided electroni-
22 cally.

23 “(B) **RIGHT TO A HEARING.**—

24 “(i) **IN GENERAL.**—A member shall
25 have 15 days from the date of receipt of a
26 notification under subparagraph (A) to re-

1 quest a hearing from the board of directors
2 of the Federal credit union.

3 “(ii) EXPULSION IF NO HEARING.—If
4 a member does not request a hearing dur-
5 ing the 15-day period described under
6 clause (i), the member shall be expelled
7 after the end of the 15-day period.

8 “(C) HEARING; VOTE ON EXPULSION.—If
9 a member requests a hearing during the 15-day
10 period described under subparagraph (B)(i)—

11 “(i) the board of directors of the Fed-
12 eral credit union shall provide the member
13 with a hearing; and

14 “(ii) after such hearing, the board of
15 directors of the Federal credit union shall
16 hold a vote on expelling the member in a
17 timely manner.

18 “(D) NOTICE OF EXPULSION.—If a mem-
19 ber is expelled under subparagraph (B)(ii) or
20 (C)(ii), the member shall be provided with writ-
21 ten or electronic notice of the expulsion.

22 “(3) REINSTATEMENT.—

23 “(A) IN GENERAL.—A member expelled
24 under this subsection—

1 “(i) shall be given an opportunity to
2 request reinstatement of membership; and

3 “(ii) may be reinstated by a two-
4 thirds vote of the members of the Federal
5 credit union present at a meeting.

6 “(B) RULE OF CONSTRUCTION.—Nothing
7 in this paragraph may be construed to require
8 that an expelled member be allowed to attend
9 the meeting described in subparagraph (A)(ii)
10 in person.

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

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

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

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

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