

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2311
OFFERED BY MR. EMMER OF MINNESOTA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

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

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

6 Section 118 of the Federal Credit Union Act (12
7 U.S.C. 1764) is amended—

8 (1) in subsection (a)—

9 (A) by striking “subsection (b)” and in-
10 serting “subsections (b) and (c)”; and

11 (B) by striking “him” and inserting “to
12 the member” ;

13 (2) by redesignating subsection (c) as sub-
14 section (d);

15 (3) by inserting after subsection (b) the fol-
16 lowing:

17 “(c) EXPULSION FOR CAUSE.—

1 “(1) IN GENERAL.—Except as provided in sub-
2 sections (a) and (b) of this section, a member may
3 be expelled for cause by a two-thirds vote of a
4 quorum of the directors of the Federal credit union
5 pursuant to a policy which the National Credit
6 Union Administration Board shall adopt, pursuant
7 to a rulemaking, not later than the end of the 18-
8 month period following the date of enactment of the
9 Credit Union Governance Modernization Act of
10 2021.

11 “(2) DISTRIBUTION OF POLICY TO MEMBERS.—
12 A Federal credit union may not expel a member pur-
13 suant to this subsection unless the Federal credit
14 union has provided, in written or electronic form, a
15 copy of the policy adopted by the National Credit
16 Union Administration Board under paragraph (1) to
17 each member of the Federal credit union.

18 “(3) PROCEDURES.—

19 “(A) NOTIFICATION OF PENDING EXPUL-
20 SION.—If a member will, subject to the policy
21 adopted under paragraph (1), be subject to ex-
22 pulsion, the member shall be notified in advance
23 of the expulsion, along with the reason for such
24 expulsion. Such notice shall be provided in per-
25 son, by mail to the member’s address, or, if the

1 member has elected to receive electronic com-
2 munications from the Federal credit union, may
3 be provided electronically.

4 “(B) RIGHT TO A HEARING.—

5 “(i) IN GENERAL.—A member shall
6 have 60 days from the date of receipt of a
7 notification under subparagraph (A) to re-
8 quest a hearing from the board of directors
9 of the Federal credit union.

10 “(ii) EXPULSION IF NO HEARING.—If
11 a member does not request a hearing dur-
12 ing the 60-day period described under
13 clause (i), the member shall be expelled
14 after the end of the 60-day period.

15 “(C) HEARING; VOTE ON EXPULSION.—If
16 a member requests a hearing during the 60-day
17 period described under subparagraph (B)(i)—

18 “(i) the board of directors of the Fed-
19 eral credit union shall provide the member
20 with a hearing; and

21 “(ii) after such hearing, the board of
22 directors of the Federal credit union shall
23 hold a vote in a timely manner on expelling
24 the member.

1 “(D) NOTICE OF EXPULSION.—If a mem-
2 ber is expelled under subparagraph (B)(ii) or
3 (C)(ii), notice of the expulsion of the member
4 shall be provided to the member in person, by
5 mail to the member’s address, in written form
6 or, if the member has elected to receive elec-
7 tronic communications from the Federal credit
8 union, may be provided electronically.

9 “(4) REINSTATEMENT.—

10 “(A) IN GENERAL.—A member expelled
11 under this subsection—

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

14 “(ii) may be reinstated by either—

15 “(I) a majority vote of a quorum
16 of the directors of the Federal credit
17 union; or

18 “(II) a majority vote of the mem-
19 bers of the Federal credit union
20 present at a meeting.

21 “(B) RULE OF CONSTRUCTION.—Nothing
22 in this paragraph may be construed to require
23 that an expelled member be allowed to attend
24 the meeting described in subparagraph (A)(ii)
25 in person.

1 “(5) CAUSE DEFINED.—In this subsection, the
2 term ‘cause’ means—

3 “(A) a substantial or repeated violation of
4 the membership agreement of the Federal cred-
5 it union;

6 “(B) a substantial or repeated disruption,
7 including dangerous or abusive behavior (as de-
8 fined by the National Credit Union Administra-
9 tion Board pursuant to a rulemaking), to the
10 operations of a Federal credit union; or

11 “(C) fraud, attempted fraud, or other ille-
12 gal conduct that a member has been convicted
13 of in relation to the Federal credit union, in-
14 cluding the Federal credit union’s employees
15 conducting business on behalf of the Federal
16 credit union.”;

17 (4) in subsection (d), as so redesignated—

18 (A) by striking “either subsection (a) or
19 (b)” and inserting “subsection (a), (b), or (c)”;
20 and

21 (B) by striking “him” and inserting “the
22 member”; and

23 (5) by adding at the end the following:

24 “(e) NO AUTHORITY TO EXPEL CLASSES OF MEM-
25 BERS.—An expulsion of a member pursuant to this section

1 shall be done individually, on a case-by-case basis, and nei-
2 ther the Board nor any Federal credit union may expel
3 a class of members.”.

