



## Inactive Account Policy

### ***Policy***

It is the policy of the credit union to comply with all applicable laws and regulations governing inactive accounts and to adhere to sound business practices.

Any member who does not use our services within a six-month time period will be considered "Inactive". Therefore, any member who does not use a range of our services on a regular basis will be assessed a fee and will have their basic share account closed.

### ***Purpose***

The purpose of this policy is to establish guidelines and direction for First Class Community Credit Union staff regarding assessing a fee on inactive member accounts and expelling members for failing to maintain an active account. The objective of the inactive member account policy is to efficiently manage inactive accounts while also ensuring that inactive members are provided sufficient notice when a fee may result in closing the account and expulsion.

### **General Guidelines-Inactive Share Accounts**

- Members must maintain an active First Class Community Credit Union account as well as an ownership share with the credit union. If a member's account becomes "inactive" as defined herein, an inactivity fee may be offset against the ownership share.
- When an account meets the definition of "inactive" as defined in this policy, the credit union shall collect the inactive fee according to its rate and fee schedule and according to the terms provided in the credit union's account agreement until the remaining available balance equals the ownership share. When the ownership share is the only funds remaining in the inactive account, the credit union will limit the member's services to the share account and the ability to vote at the annual or special meetings. The credit union will follow the expulsion process as defined herein. Once the member's account reaches zero, the member may be expelled for failing to maintain an active account, a violation of credit union policy. Upon expulsion, the account shall be closed according to the credit union's procedures.
- The credit union will continually evaluate whether inactive accounts are abandoned property and follow all unclaimed property laws regarding accounts that are abandoned.
- This policy does not apply to account holders under the age of 19.

### **Guidelines-Inactive Sharedraft Accounts**

- In order to be deemed an "inactive" account there must have been no activity on the Sharedraft account for six months.
- This policy does not apply to account holders under the age of 19. The member will be sent a letter explaining that the sharedraft account will be closed within 30 days.
- The Sharedraft account will be closed and all funds will be transferred into the basic share account.



### **Definitions**

Inactive member account: A member account is presumed inactive if within the past six months:

- The member has not increased or decreased the amount of deposit in the account;
  - The member has not corresponded in writing with the credit union concerning the account; and
  - The member does not have another relationship with the credit union such as a loan or safe deposit box.
- In order to be deemed an “inactive” account there must be less than \$100.00 in the account. These accounts will be charged a charged a monthly fee, which will be determined by the board of Directors.
- Any account with Sharedraft, loans or active Line of Credit, VISA card transactions, Safety Deposit Boxes or deposits or withdrawals will not be deemed an inactive account.

### **Fees**

Share or Sharedraft Accounts that are found to be inactive using the above definition will be assessed the following inactive fees by account type rather than account number.

- Accounts under \$100.00 with no activity for 6 months - \$5.00 per month service fee.
- Accounts under \$300.00 with no activity for 24 months - \$5.00 per month service fee.
- Accounts under \$500.00 with no activity for 5 years - \$5.00 per month service fee.

### **Abandoned Property**

The credit union will follow the definition provided in Iowa Code §556.2 to determine if the member’s property is abandoned.

#### *556.2 Property held by banking or financial organizations or by business associations.*

The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:

- 1) Any demand, savings, or matured time deposit made in this state with a banking organization, together with any interest or dividend, excluding any charges that may lawfully be withheld, unless the owner has, within three years:
  - a) Increased or decreased the amount of the deposit, or presented the passbook or other similar evidence of the deposit for the crediting of interest.
  - b) Corresponded in writing with the banking organization concerning the deposit.
  - c) Otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization. Such memorandum shall be dated and may have been prepared by the banking organization, in which case it shall be signed by an official of the bank, or it may have been prepared by the owner.
  - d) Had another relationship with the bank in which the owner has:
    - i) Communicated in writing with the bank.
    - ii) Otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the bank and if the bank communicates in writing with the owner with regard to the property that would otherwise be abandoned under this subsection at the address to which communications regarding the other relationship are regularly sent.
  - e) Been sent any written correspondence, notice, or information by first class mail regarding the deposit by the banking organization on or after July 1, 1992, if the correspondence, notice, or information requests an address correction on the face of the envelope, and is not returned to the bank organization for nondelivery, and if the bank organization maintains a record of all returned mail.



### ***Expulsion Process***

- When an inactivity fee will be offset against the member's ownership share, the credit union will provide the member a notice at least 30 days prior to expulsion. The notice will inform the member that:
  - His/her account is inactive and the credit union's inactivity fee will be assessed against the member's ownership share.
  - So long as the member's account is inactive and the member does not maintain the required ownership share, the member's account services will be limited to the share account and a vote at the annual or special meetings.
  - If the account remains inactive, the fee will continue to be offset against the ownership share until the account reaches zero.
  - The member may be expelled for violating this policy when his/her account reaches zero.
  - Actions the member may take to make his/her account active and avoid expulsion.
  - The member's right to request a hearing before the membership of the credit union to contest the expulsion.
- Once the account reaches zero, the Board of Directors may vote to expel the member due to a violation of the credit union's policy. If a majority of the Board of Directors at a regular or special meeting votes to expel the member, the account will be closed per the credit union's procedures.
- Immediately following the Board Meeting, the accounts approved for closure by the Board of Directors will be closed and if any funds remain a check mailed to the primary account holders.
- If the Board of Directors does not expel the member, the member's services will remain limited until the member deposits the full value of the ownership share into his/her account.
- In the event the member requests a hearing before the membership, it shall be held within 60 days of the expelled member's request. At the hearing, the membership may reinstate the expelled member by a majority vote.

### ***Responsibility***

The CFO will be responsible for oversight and designation of staff that will monitor, identify and manage inactive accounts per policy guidelines. Staff will flag designated accounts as inactive. Reactivation of a previously designated inactive account will require staff supervisory approval.

A report of accounts meeting the definition of inactive will be provided to the COO and Board of Directors on a monthly basis.

### ***Annual Policy Review***

This policy will be reviewed no less than annually by the Board of Directors.

### ***Exceptions to Policy***

It is understood that any exception to this policy will be referred to and approved by the Board of Directors. All exceptions will be formally document.