

Frequently Asked Questions

Q1: What is Overdraft Privilege?

Overdraft Privilege is a discretionary service provided to eligible accounts. It is designed to help guard members against having items returned or declined. At its discretion, Salem VA Credit Union may provide members a specific Overdraft Privilege limit depending on the type of account. The Overdraft Privilege limit will be reduced by any Overdraft or Return fees.

For new accounts, members will receive the full amount of the Overdraft Privilege at the time of account opening.

Q2: How does Overdraft Privilege work?

If members have debits presented on an account with insufficient funds, we may elect to cover their overdrafts up to the Overdraft Privilege limit. As long as members remain in good standing, meet the Overdraft Privilege criteria, bring their accounts to a positive balance as soon as possible within 32 calendar days and maintain a positive balance for one processing day, they will continue to receive the Overdraft Privilege. If the account does not remain in good standing, the limit will be removed and the debit card will be suspended.

Q3: Will the member be charged an overdraft fee?

Yes. Members will be charged a fee of \$35.00 for paid overdraft items and the same fee for returned items. . There is a limit of 10 per day on the total Overdraft or Return fees we can charge your account. As outlined in our Schedule of Fees, these are the same fees that are charged to members who do not have Overdraft Privilege.

Q4: If members do not have insufficient items, will they be charged any additional fees just for having this service?

No. Members only incur charges when they use Overdraft Privilege.

Q5: What procedure will we follow when a member questions fees or asks for an Overdraft Fee or Return Item Fee refund?

A new Overdraft Fee and Return Item Fee Waive/Refund Procedure has been established. The Overdraft Privilege Manager or Management team are authorized to refund Overdraft Fees and/or Return Item Fees as described in the procedure. Fees may be waived in the case of an error by Salem VA Credit Union. To avoid excessive refunding or waiving of fees, Senior Management will monitor refunds to ensure that these procedures are being followed.

(See Appendix D)

Q6: What is the difference between Overdraft Privilege and Overdraft Protection?

Overdraft Privilege is a non-contractual service which allows an account to go negative in order to pay an item. Overdraft Protection is a contractual agreement which transfers funds from another source in order to pay an item and prevents or protects an account from becoming overdrawn.

Q7: What if the member already has Overdraft Protection?

Members with existing Overdraft Protection may receive Overdraft Privilege at the discretion of Salem VA Credit Union and based upon the Overdraft Privilege criteria. It will be used only after any Overdraft Protection has been exhausted.

Q8: Will we continue to offer Overdraft Protection to our members?

Yes. We will offer Overdraft Protection and ensure that our members are aware of all their options for covering and avoiding overdrafts.

Q9: Why are we adding Overdraft Privilege to our members' accounts? Aren't we encouraging them to incur overdraft charges?

No. We are trying to save them the embarrassment of having an ATM or everyday debit card transaction declined, a check or ACH debit returned, and from paying additional merchant fees.

Q10: What account types will receive Overdraft Privilege and for how much?

Eligible Share Draft accounts will receive the Overdraft Privilege at account opening.

Eligible accounts will receive a \$500 Overdraft Privilege limit; eligible accounts with recurring Direct Deposits of at least \$50.00 will receive a \$750 limit.

Account Type	ODP Limit w/o Dir Dep	ODP Limit with Dir Dep
Share draft	\$500	\$750 *

*minimum of \$50 in recurring Direct Deposits

Q11: Will Overdraft Privilege be available on all accounts?

No. The following will be excluded from the Overdraft Privilege program:

- Members who have loans past due more than 30 days with Salem VA Credit Union
- Members with Mastercard delinquencies
- Members who have charge-off accounts with us
- Accounts with a zero or negative balance for more than 32 days
- Accounts with levies, garnishments or bankruptcies
- Dormant accounts
- Minor accounts

- Estate accounts
- Custodial accounts
- Deceased accounts

Q12: Are members notified when Overdraft Privilege is added to their accounts?

Yes. We will inform new members about their limits at account opening and provide them with a copy of the Overdraft Coverage Options Disclosure. Reminder letters regarding the service will be mailed quarterly.

(See Appendix A)

Q13: How can Overdraft Privilege be accessed?

Members may access Overdraft Privilege:

- By writing a check, through an ACH transaction, and a recurring debit transaction
- At the teller window
- Through online bill pay transactions

Overdraft Privilege is NOT available through the following channels:

- Using My Credit Union Online or Audio Response (Call24)
- Through Call Center

Due to the changes in Regulation E that occurred in 2010, if a consumer member consents to opt-in (extend coverage), they may access Overdraft Privilege:

- At the ATM*
- Using a debit card (signature and PIN based)*

*These channels are always available to business members.

Q14: How does Regulation E affect Overdraft Privilege?

Salem VA Credit Union will authorize overdrafts for ATM or everyday debit card transactions, and charge a fee for paying these overdrafts, if the member provides their one-time authorization.

If a member has not extended their coverage, Salem VA Credit Union is unable to charge an Overdraft Fee for “force post” overdrafts that we must pay, such as:

- a debit card hold that expires before the transaction posts.
- a low dollar transaction that is automatically authorized by a merchant.

Accounts that incur these unauthorized overdrafts pose an inherent risk to Salem VA Credit Union and may result in a loss of revenue.

We are implementing a new Unauthorized Overdraft Procedure for members who exceed their available balance.

(See Appendix D)

Q15: How will we let our members know about extending Overdraft Privilege coverage?

Salem VA Credit Union may use the following methods to remind members to extend coverage:

- Statement messages or stuffers
- Emails to members
- Reminders on our website
- Reminder letters and other mailings
- Calling campaigns to members who have not given consent
- Tellers and other contact personnel will ask members if they would like to extend the Overdraft Privilege coverage.

Q16: How can members extend their coverage?

Members can consent to Extended Coverage by:

- calling Member Service at (540) 344-4419.
- completing the consent form and mailing it to us.
- bringing the consent form by one of our branches.
- visiting our website at <http://www.salemvaafcu.org>.
- sending us an email at info@salemvaafcu.org.

Additionally:

- Any party on a joint account can give consent; any party on a joint account can revoke the decision.
- Members must specify each account for which they want Extended Coverage.
- Extended coverage affects all debit cards on an account.

Q17: Will we confirm the member's decision to extend coverage?

Yes. Members who extend coverage will receive confirmation of their decision by one of the following methods:

- New Accounts personnel will provide new members with a copy of the Extended Coverage Consent form.
- Members that consent over the phone will be mailed the Extended Coverage Confirmation Letter.
- Members that consent via email or on our website will be sent the Extended Coverage Confirmation Letter.
- Members who consent in person with Tellers and other contact personnel will be sent the Extended Coverage Confirmation Letter.

(See Appendix B)

Additionally:

- For a new account, confirmation of consent is not the same as confirmation of eligibility for Overdraft Privilege.

Q18: How will we inform members of their right to extend their coverage?

New Accounts

1. Ask new members if they want a debit card with their checking account.
2. Explain the Overdraft Privilege service, emphasizing the transactions that are automatically covered (i.e., checks, ACH items).
3. Inform members that they also have a right to request that Salem VA Credit Union authorize and pay overdrafts on their ATM and everyday debit card transactions using their Overdraft Privilege limit (extend coverage).
4. Remind members that if they exceed their available balance, which may include the Overdraft Privilege Limit, it will be considered an unauthorized overdraft and their debit card will be suspended.
5. Provide members a copy of the Extended Coverage Consent Form, "**What You Need to Know about Overdrafts and Overdraft Fees**". Regardless of their decision, be sure to provide them with a copy of the form.

Existing Accounts

1. For existing checking accounts, determine if the account has Overdraft Privilege and a debit card.
2. Follow Steps 3 --- 5 above.

(See Appendix B)

(See Appendix D)

Q19: What if a member prefers to have their debit card declined instead of overdrawing the account?

Explain to members that relying on their card to be declined when they have insufficient funds is not an effective way of avoiding overdrafts with their debit card.

Inform members that an overdraft may still occur with their debit card if they do not keep careful track of their balance.

State to the member: "If you exceed your available balance with your debit card, it will be considered an unauthorized overdraft, and your debit card may be suspended."

Q20: What Overdraft Privilege options are available for members?

Members can:

- have all overdraft transactions covered (Extended Coverage).
- have only check, ACH and recurring debit card overdraft transactions covered (Standard Coverage).
- have no overdraft transactions covered (No coverage).

Q21: If members use their entire Overdraft Privilege limit and then make a \$100 deposit, does the \$100 become available as part of the Overdraft Privilege limit?

Yes. The member will have access to the remaining Overdraft Privilege limit.

DAY	ITEM	BALANCE	LIMIT
		\$0.00	\$500.00
1	(\$200)	(235.00)	265.00
5	(\$100)	(370.00)	130.00
7	\$100	(270.00)	230.00
14	(\$570)	(305.00)	195.00
17	(\$100)	(440.00)	60.00
32	\$525	\$ 85.00	500.00

Q22: If members request to have Overdraft Privilege removed from an account, can they have it added back sometime in the future?

Yes. The Privilege can be reinstated at the member's request and Salem VA Credit Union's discretion, subject to the Overdraft Privilege criteria.

Q23: If the Overdraft Privilege limit is revoked, can members have access to the limit again sometime in the future?

Yes. It can be reinstated at Salem VA Credit Union's discretion and subject to the Overdraft Privilege criteria.

Q24: Who will be responsible for communicating with overdrawn members and handling collections and charge-offs?

The Overdraft Privilege Administrator will have these responsibilities.

(See Appendix C)

Q25: When will we begin offering Overdraft Privilege?

The service will become effective for our members June 15, 2014.