Victory State Bank
Talking Points on the BDD Hearing

1. Victory established Staten Island's first BDD in 2000 in St. George and followed up with a second one in Rosebank/Stapleton in 2006. We are the only two BDDs on Staten Island.
   - Substantial work, time and political coordination were involved in establishing these BDDs.
   - Efforts to reach the community have been met with mixed results – Penetration is not as high as we would prefer – Significant resistance from unbanked in these areas – still using check cashers despite our no fee charged for checks cashed policy.
   - Loan efforts have also met with low acceptance – we offer loans as low as $100 for one day to our legal lending limit –We don't use credit score criteria - Borrowers often looking for "venture capital" instead of working capital loans – Got easy credit from credit card companies.
   - Revitalization of St. George and Stapleton has been a lot slower than anticipated – Proposed new construction in both areas still on the drawing board – recent problems with the largest builder in the St. George area puts projects at risk – Still no definitive plan at the Homeport site. SIEDC and the SI Chamber are focusing on these two areas to help move these projects along.

2. Enhancements that would make the BDD program more successful:
   - Extend the time frame for subsidized deposits from two years to seven years with additional one-year extensions based upon merit of renewal application. This would be accompanied by a requirement that the Bank commit at least seven years to the branch in the BDD with no exceptions.
   - More flexibility with collateral – allow the pledging of FNMA and FHLMC bonds, mortgage-backed securities and CMOs – superior yield to Treasuries and GNMA collateral.
   - Institute real estate tax benefits or investment tax credits for buildings built or altered for banking purposes in BDD.
   - Create co-marketing material for Banks to use in BDD depicting NYS' and NYC's support for the BDD branch.
   - Require a minimum standard for BDD enhanced products – level the playing field so that there are bona fide enhancements are recognized as a benefit by consumers and small businesses in the area.

3. Potential negative changes:
   - Allow banks that have not filed or co-sponsored a BDD application access to subsidized funds – Substantial work time and effort has been conducted by the BDD sponsoring banks and political entities – Giving away the store and reducing pool of funds available for the establishment of new BDDs.
     Potential alternatives:

a. Allow access to only market rate deposits only.
b. Reduce time frame for deposits
c. If a subsidy is deemed necessary – cut it in half for the other banks in the area.
d. Require that any bank that wished to participate in the BDD program file an application similar to the original approval application.