

Smart Investing for Public Funds

Access Multi-Million-Dollar FDIC Insurance | Earn CD-Level Interest



ONE BANK

Access multi-million-dollar FDIC insurance by working directly with just us—the bank you know and trust.

ONE RATE

Negotiate one rate with our bank for each CD maturity, and enjoy the option of reinvesting funds through a simple process.

ONE STATEMENT

Receive one easy-to-read statement from our bank summarizing all your CD holdings.

“ I have found participation in the CDARS program to be simple and a time saver. We earn very competitive interest rates on our investments while freeing up staff time. We were in the CDARS program last audit and we passed with flying colors!”

- Christine J. Johnson,
Treasurer, Dekalb County, IL

Through the CDARS® service, we can provide easy access to multi-million-dollar FDIC protection on CD investments for many types of government depositors.

How does CDARS work?

We are part of a special network—the CDARS Network. When your organization places a large amount with us, we place your funds into CDs issued by other banks in the Network—in increments below the standard FDIC insurance maximum—so that both principal and interest are eligible for FDIC protection. With help from a sophisticated matching system, we exchange deposits with other members of the Network. These exchanges, which occur on a dollar-for-dollar basis, bring the full amount of your organization’s original deposit back to our bank. As a result, we can make the full amount of the deposit available for lending in the local community, and your organization can access FDIC insurance coverage through many banks while working directly with just us and receiving just one monthly statement.

What else should you know?

By providing access to FDIC insurance, CDARS can help your organization comply with investment policy mandates. And, with access to FDIC insurance, your organization can reduce collateralization requirements, including tracking changing collateral values on an ongoing basis. This means your organization can devote more time to other activities in support of its mission.

Want to learn more?

The Victory Bank
info@victorybank.com
(610) 948-9000
www.victorybank.com/



When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the Network, the full amount of the deposit placed through CDARS can be used for local lending, satisfying some depositors’ local investment goals or mandates. Alternatively, with a depositor’s consent, and in states where this is allowed by law, our bank may choose to receive fee income instead of deposits from other banks. Under these circumstances, deposited funds would not be available for local lending.

Placement of funds through the CDARS service is subject to the terms, conditions, and disclosures in the service agreements, including the Deposit Placement Agreement (“DPA”). Limits apply. Although funds are placed at destination banks in amounts that do not exceed the FDIC standard maximum deposit insurance amount (“SMDIA”), a depositor’s balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before CDARS settlement for a deposit or after CDARS settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not a bank). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of CDARS satisfies those restrictions. CDARS and One Bank One Rate One Statement are registered service marks of Promontory Interfinancial Network, LLC.

Using CDARS® for Public Funds in the Commonwealth of Pennsylvania



Pursuant to H.B.1296, effective May 24, 2016, all Pennsylvania municipal authorities and public corporations may place public funds through **CDARS Reciprocal**¹:

Section 1.1 (a) In addition to products otherwise authorized by law, a **public corporation or municipal authority** may invest and reinvest money of the public corporation or municipal authority in any of the following financial products:

* * *

(7) Savings or demand deposits placed in accordance with the following conditions:

- (i) The money is initially deposited and invested through a federally insured institution having a place of business in the Commonwealth, which is selected by the public corporation or municipal authority
- (ii) The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- (iii) The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- (iv) On the same date that the money is redeposited pursuant to paragraph (ii), the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

(b) Nothing in subsection (a) shall be construed to supersede or preempt other investment powers of public corporations or municipal authorities as authorized by law.

Public corporation “shall mean **any county, city, borough, township, school district, or other municipality or incorporated district.**” 53 P.S. §5406.

For the following local government entities public funds may also be placed through CDARS One-Way: boroughs, cities of the third class, municipal authorities, school districts, and townships of the first and second class.

¹ Certain Pennsylvania jurisdictions may be deemed authorized to place funds through CDARS One-Way.