

Check Hold Policy Disclosure Statement

Our policy is to delay the availability of funds from your cash and deposits as allowed by regulation. During the delay, you may not withdraw the funds in cash or make other payments and we will not use the funds to pay checks that you have written.

DETERMINING AVAILABILITY OF A DEPOSIT

The length of the delay is counted in business days from the day of your deposit. Every day is a business day except Saturdays, Sundays and holidays. If you make a deposit before 4:00 p.m. Eastern Time on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 4:00 p.m. Eastern Time or on a non-business day, we will consider that the deposit was made on the next business day we are open.

The length of the delay varies depending on the type of deposit and is explained below.

SAME DAY AVAILABILITY

Funds from electronic direct deposits to your account will be available on the day we receive the deposit.

NEXT-DAY AVAILABILITY

Funds from the following kinds of deposits are available on the first business day after the day of your deposit:

- U.S. Treasury checks that are payable to you.
- Wire transfers.
- Checks drawn on Presidential Bank.

If you make the deposit in person to one of our employees, funds from the following deposits are also available on the first business day after the day of your deposit:

- Cash.
- State and local government checks that are payable to you.
- Cashier's, certified, and teller checks that are payable to you.
- Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders, that are payable to you.

Note: Longer delays may apply to checks over \$6,725.

OTHER CHECK DEPOSITS

Our policy is to make funds from checks available as follows:

The first \$275 from a deposit of checks will be available on the first business day after the day of your deposit. The remaining funds will be available on the second business day after the day of your deposit. For example, if you deposit a check for \$700 on a Monday, \$275 of the deposit is available for cash withdrawal on Tuesday, and the remaining \$425 is available on Wednesday. Additional rules apply to checks greater than \$6,725.

Checks Greater Than \$6,725 - Checks totaling more than \$6,725 deposited on any one day, the first \$6,725 deposited on any one banking day will be available to you according to our general policy. The amount in excess of \$6,725 will generally be available on the first business day after the day of deposit for checks drawn on Presidential Bank, the seventh business day after the day of deposit for all other checks. If your check deposit, exceeding \$6,725 on any one day, is a mix of checks drawn on Presidential Bank, or checks that generally receive next-day availability, the excess will be calculated by first adding together the on-us checks, then the other checks.

LONGER DELAYS MAY APPLY

Funds you deposit by check may be delayed for a longer period under the following circumstances:

- We have reasonable cause to believe a check you deposit will not be paid.
- You deposit checks totaling more than \$6,725 on any one day.
- You redeposit a check that has previously been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

HOLDS ON OTHER FUNDS

Other Accounts - If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

Check Cashing - In order to cash a check for you that is drawn on another bank, there must be sufficient available funds in an account with Presidential Bank. We may withhold the availability of a corresponding amount of funds that are in that account. Those funds will be available at the time funds from the check(s) we cashed would have been available if you had deposited the check(s). For example, if we cash a \$500 check for you, \$225 of the deposited funds will not be available until the second business day after the day of your deposit, depending on the category of the check that was cashed.

SPECIAL RULES FOR NEW ACCOUNTS

If you are a new deposit customer, the following special rules apply during the first 30 days your account is open: Funds from deposits of cash, wire transfers, and the first \$6,725 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$6,725 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$6,725 will not be available until the second business day after the day of your deposit.

Otherwise, funds from checks will be available on the seventh business day after the day of your deposit. As with other accounts, funds from electronic direct deposits to new accounts will be available on the day we receive the deposit.

CHECK IMAGES

In compliance with federal law under the Check Clearing for the 21st Century Act (a.k.a. Check 21), original checks presented to Presidential Bank are converted to check images for all processing and filing purposes. Original checks are destroyed. Check images are legal proof of payment and are fully supported by the Federal Reserve for all check transactions.

As a result of Check 21, original cancelled checks are not available. Instead, check images are provided in mailed statements and electronic statements. Electronic statements are available through our Online Banking service where check images are available to be viewed, printed, and/or saved to your home computer.

CHECK ENDORSEMENT AREAS

In the example shown, a standard-sized personal check - approximately 3" by 6" - is used to illustrate the endorsement areas. Business checks can vary widely in size. However, the width of the endorsement areas allotted to the Subsequent

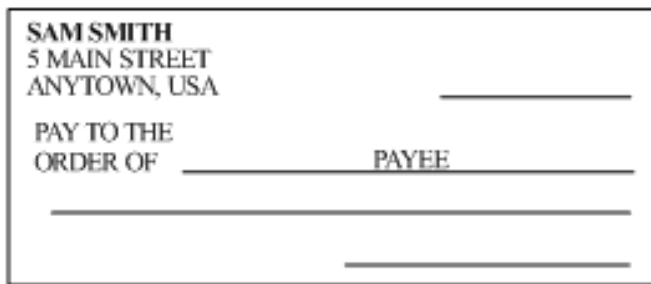
Collecting Bank and the Payee remain the same. When you endorse a check as payee, your endorsement is required to be made within the “Payee” area described below.

Payee - This section of the check - up to 1 1/2” from the trailing edge - is reserved for the Payee (an individual or corporation to which the check is made payable). Required information for this section includes an authorized signature of an individual; or the stamp of an organization; or the stamp used by a merchant to record information about the writer of the check (e.g., driver’s license number, credit card number, etc.)

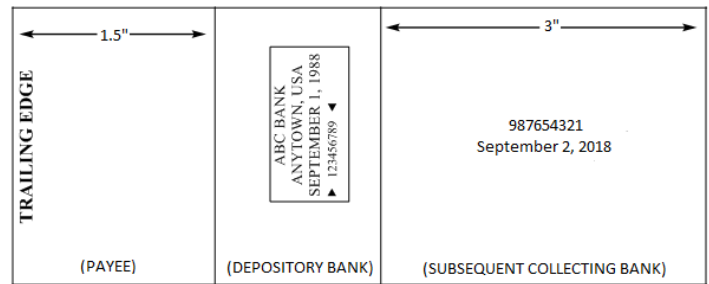
Depository Bank - This section of the check - starting 3” from the leading edge to 1 1/2” from the trailing edge - is reserved for the Depository Bank. Required information to be included in this area is the bank’s 9-digit routing number (set off by arrows at each end and pointing toward the number), the bank’s name and location, and the endorsement date. This endorsement must be in purple or black ink.

Subsequent Collecting Bank - This section of the check - from the leading edge to 3” from the leading edge – is reserved for the Subsequent Collecting Bank and could also be endorsed by the Returning Bank. Required information to be included in this area is the bank’s routing number and the endorsement date; both are to be printed in other than purple ink.

Returning Bank - The returning bank endorsement can be placed anywhere on the check except those areas reserved for the Depository Bank and the Payee (3” from the leading edge to the trailing edge.) In addition, this endorsement must be printed in other than purple ink.

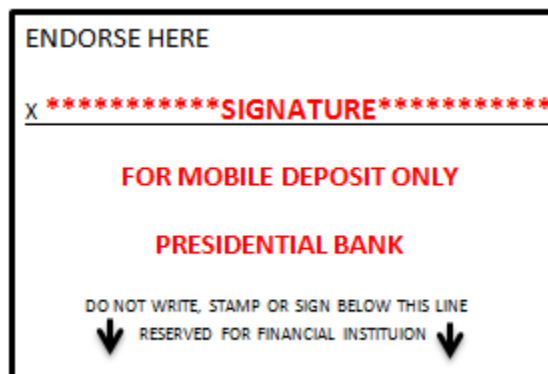


(check front)



(check back)

Mobile Deposits - Mobile deposits must be endorsed with the following restrictive endorsement in the payee section:



Check 21 Substitute Checks Policy

Substitute Checks and Your Rights

What is a substitute check?

To make check processing faster, federal law permits banks to replace original checks with “substitute checks.” These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The

front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other laws with respect to those transactions.

What are my rights regarding substitute checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, insufficient funds check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other laws.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us by calling 800-383-6266, 240-333-9059 or by writing to Presidential Bank, Attention Customer Service Center, 4520 East-West Highway, Bethesda, MD 20814. You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

We may require that you submit your claim in writing. If we require you to submit your claim in writing, we will notify you of the written claim requirement at the time you submit a claim orally. Your claim will still be timely, if we receive your oral claim within the 40 calendar day time period outlined above and receive your written claim no later than the 10th business day after you submitted your oral claim.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount with-drawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check [and/or] the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, date the check was written and the amount of the check.