

## HOME EQUITY LINE OF CREDIT DISCLOSURE

### USA PATRIOT ACT

Section 326 requires financial institutions to verify the identity of account holders to prevent the use of the U.S. banking system in terrorist and other activity.

### IMPORTANT NOTICE ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions obtain, verify and record information that identifies each person who opens an account. When you open an account we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. In some cases, identification for existing customers may be requested so the bank can ensure that it knows the true identity of our customers.

Presidential Bank, FSB 4520 East-West Highway Bethesda, MD 20814

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### IMPORTANT TERMS OF OUR PRESIDENTIAL HOME EQUITY LINE OF CREDIT

Originator NMLSR ID: 442174

Origination Co. NMLSR ID: 421593

This disclosure contains important information about the Presidential Home Equity Line of Credit (the "Plan" or the "Credit Line"). Read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS.** All of the terms of the Plan described herein are subject to change. If any of these terms change (other than the ANNUAL PERCENTAGE RATE) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees that you paid to us or anyone else in connection with your application.

**SECURITY INTEREST.** We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

**POSSIBLE ACTIONS.** Under this Plan, we have the following rights: We can terminate your account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- a. You engage in fraud or material misrepresentation in connection with the Plan.
- b. You do not meet the repayment terms of the Plan.
- c. Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- a. The value of the dwelling securing the Plan declines significantly below its appraised value for purposes of the Plan.
- b. We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- c. You are in default of a material obligation of the Plan.
- d. Government action prevents us from imposing the annual percentage rate provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.

- e. A government authority has notified us that continued advances would constitute an unsafe business practice.
- f. The maximum annual percentage rate is reached.

The initial agreement permits us to make changes to the terms of the Plan at specified times or upon the occurrence of specified events.

- Fees and Charges. In order to open and maintain an account, you must pay certain fees and charges.
- Late Charge. Your payment will be late if it is not received by us within 16 days after the "Payment Due Date" shown on your periodic statement. If your payment is late, we may charge you 5.000 % of the payment or \$5.00, whichever is greater.
- Third Party Fees. You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These third-party fees generally total between \$240.00 to \$3,500.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**PROPERTY INSURANCE.** You must carry insurance on the property that secures the Plan.

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: ten (10) years (the "Draw Period"). After the Draw Period ends, the repayment period will begin. You will no longer be able to obtain credit advances. The length of the repayment period is as follows: 240 months 20 years, consisting of monthly payments of 0.41667% of the principal balance outstanding at the end of the draw period plus all accrued finance charges. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). You will make 120 of these payments. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment. The Minimum Payment during the First Payment Stream will not reduce the principal that is outstanding on your Credit Line.

After completion of the First Payment Stream, your Regular Payment will be based on a percentage of your balance at the start of this payment period plus all accrued FINANCE CHARGES as shown below ("Second Payment Stream "). Your payments will be due monthly.

Range of Balances	Number of Payments	Regular Payment Calculation
All Balances	240	0.417% of your balance at the start of the repayment period plus all accrued FINANCE CHARGES

Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment. In any event, if your Credit Line balance falls below \$100.00, you agree to pay your balance in full.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 29 years and 11 months to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 9.250 %. During that period, you would make 120 monthly payments ranging from \$70.96 to \$78.56. Then you would make 239 monthly payments ranging from \$42.62 to \$ 120.26.

**TRANSACTION REQUIREMENTS.** The following transaction limitations will apply to the use of your Credit Line:

- Credit Line - Presidential Home Equity Line Check and In Person Request Limitations. The following transaction limitations will apply to your Credit Line and the writing of Presidential Home Equity Line Checks and requesting an advance in person.
- Minimum Advance Amount. The minimum amount of any credit advance that can be made on your Credit Line is \$100.00. This means any Presidential Home Equity Line Check must be written for at least the minimum advance amount.

**TAX DEDUCTIBILITY.** You should consult a tax advisor regarding the deductibility of interest and charges for the Plan.

**VARIABLE RATE FEATURE.** The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), and the minimum payment amount can change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

**THE INDEX.** The annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the Prime rate as published in the Wall Street Journal. When a range of rates has been published, the higher of the rates will be used. Information about the Index is available or published at least weekly in the Wall Street Journal Money Rates Table. We will use the most recent Index value available to us as of the date of any annual percentage rate adjustment.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your First Payment Stream, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE for your First Payment Stream. To determine the Periodic Rate that will apply to your Second Payment Stream, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE for your Second Payment Stream. A change in the Index rate generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the lifetime annual percentage rate limits, as discussed below.

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your ANNUAL PERCENTAGE RATE can change monthly. There is no limit on the amount by which the annual percentage rate can change during any one-year period. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 24.000 % per annum or go below 4.000% per annum at any time during the term of the Plan.

**MAXIMUM RATE AND PAYMENT EXAMPLE.**

**Draw Period.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 24.000% would be \$203.84. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1st payment.

**Repayment Period.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 24.000% would be \$245.54. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment period.

**PREPAYMENT.** You may prepay all or any amount owing under the Plan at any time without penalty.

**HISTORICAL EXAMPLE.** The example below shows how the ANNUAL PERCENTAGE RATE and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the Index from 2009 to 2023. The Index values are from the following reference period: as of the last business day in July. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the Index, or your payments would change in the future.

	Year as of the last business day in July	Index (Percent)	Margin <sup>(1)</sup> (Percent)	Annual Percentage Rate	Monthly Payment (Dollars)
Draw Period	2009	3.250	0.750	4.500 <sup>(2)</sup>	38.22
	2010	3.250	0.750	4.000	33.97
	2011	3.250	0.750	4.000	33.97
	2012	3.250	0.750	4.000	33.97
	2013	3.250	0.750	4.000	33.97
	2014	3.250	0.750	4.000	33.97
	2015	3.250	0.750	4.000	33.97
	2016	3.500	0.750	4.250	36.10
	2017	4.250	0.750	5.000	42.47
	2018	5.000	0.750	5.750	48.84
Repayment Period	2019	5.500	0.750	6.250	94.78
	2020	3.250	0.750	4.000	73.97
	2021	3.250	0.750	4.000	72.27
	2022	5.500	0.750	6.250	86.81
	2023	8.500	0.750	9.250	104.54

(1) This is a margin we have used recently; your margin may be different.

(2) This ANNUAL PERCENTAGE RATE reflects a discount that we have provided recently; your Plan may be discounted by a different amount.

**SETTLEMENT COSTS.** In order to obtain your account without paying the Settlement Costs itemized on the Settlement Sheet, you must keep your account open for 36 months from the origination date. These costs generally range from \$240.00 to \$3,500.00. During the 36 month period the Settlement Costs will be deemed deferred. Upon expiration of the 36 month period, the Settlement Costs will be forgiven. If you terminate your account within the 36 month period, you must pay us the Settlement Costs and we may charge the Settlement Costs to your account as a loan to be repaid at the payoff and termination of your account. Certain costs listed on the Settlement Statement may not be deemed deferred and must be paid in cash at settlement or charged to your account. These costs will be itemized on the Settlement Statement but listed as "POC". These costs will not be forgiven even if your account remains open for 36 months.