

Agreement and Disclosures

Internet Banking Terms and Conditions Agreement

This Agreement describes your rights and obligations as a user of the On-line Banking Service or the Bill Payment Service ("Service" or "Services"). It also describes the rights and obligations of First Federal of SC, FSB. Please read this Agreement carefully. As an authorized account holder you must abide by the terms and conditions of this agreement, and those provided to you at account opening, in order to use this Service.

CUSTOMER DISCLOSURE AND AGREEMENT TO RECEIVE ELECTRONIC COMMUNICATIONS

By selecting the "I Accept" button below, you are (1) acknowledging your receipt of the information listed below, (2) agreeing that any contract you enter into with First Federal of SC, FSB for the provision of certain On-line Banking Services, may be in electronic form, and (3) agreeing that certain information that may be delivered in connection with the Services may also be in electronic form.

You are also acknowledging receipt of the following information and agree that:

* We may provide you with this Agreement and any revisions and amendments thereto in electronic form, and that, if you choose to accept the Agreement, you are consenting to enter into and are entering into an agreement electronically that will govern all future transaction you conduct using the Service.

* We may provide you revisions and amendments to the Agreement and such other information, including but not limited to information under Regulation E and under other applicable banking or financial services laws or regulations in connection with the Service, electronically as a part of the Agreement or otherwise as a part of the Services. While you may print and retain a copy of the Agreement or any information provided to you in relation to the Service, we only provide these documents electronically.

* You have a right at any time to withdraw, without service charges, your consent to receive information electronically. However, because the Agreement and the Information are provided only in electronic format, your withdrawal of consent will terminate all the Services.

* If you wish to withdraw consent to receive information electronically, to terminate the Services, or to update your information such as a change of address, or email address, you may call First Federal of SC, FSB at (843)-549-2526, or write a letter and send it to:

First Federal of SC, FSB
Attention: On-line Banking

300 Robertson Boulevard
Walterboro, SC 29488

You are able to access information that is provided in the same manner as the information and the Services via the Internet.

DEFINITIONS

The following definitions apply in this Agreement.

"On-line Banking" is the Internet-based service providing access to your account(s) under the terms set forth in this Internet Banking Terms and Conditions Agreement.

"On-line Account" is a First Federal of SC, FSB account from which you will be conducting transactions using a Service.

"Bill Payment" is the Internet-based service providing payments to First Federal of SC, FSB or to third parties from your designated First Federal of SC, FSB account(s).

"Bill Pay Account" is the transaction account from which you are initiating a Bill Payment.

"Business Day" refers to Monday through Friday, excluding holidays as determined by First Federal of SC, FSB. All On-line transaction requests received after 7:00 p.m. EST, or on a non-Business Day, will be processed immediately, but will not appear in the On-line history until the following Business Day.

"Password" is a series of numbers and/or letters that you select after the initial sign-on, that establishes your connection to the Service. First Federal of SC, FSB will provide you with a code for use during the initial sign-on process.

"Payment Initiation Date" is the date you enter into On-line Banking when setting up a bill payment.

"Time of day" references are to Eastern Standard Time.

"We," "us" "our" or "First Federal of SC, FSB" refer to First Federal of SC, FSB, which offers the Services provided under this Agreement and holds the accounts accessed by the Services.

ACCESS TO SERVICES

First Federal of SC, FSB will provide on-line instructions describing how to use the On-line Banking Service or Bill Payment Service. To gain access to this Service you will need your Access ID and your Password.

HOURS OF OPERATION

The Services are generally available 24 hours-a-day, 7 days a week, except during special maintenance and upgrade periods, which routinely are scheduled between 12:00 a.m. and 5:00 a.m. Monday mornings.

USE OF YOUR SECURITY PASSWORD

The safety of our customers' accounts and account information is of paramount importance to First Federal of SC, FSB. We go through great lengths to protect confidentiality and the security of your account, and urge you to do the same. You agree not to allow anyone to gain access to the Services or to let anyone know your Password used with the Services. You agree to assume responsibility for all transactions initiated through the Services with your First Federal of SC, FSB User-ID, up to the limits allowed by applicable law. While First Federal of SC, FSB continues to provide our customers with the level of on-line security we believe necessary and appropriate, customers who share their User-IDs and Passwords are giving up the full benefit of our security measures and legal protections to which they may be entitled. No First Federal of SC, FSB representative will ever call and ask for your Access ID or User Password.

IF YOUR PASSWORD HAS BEEN LOST OR STOLEN

If your Password has been lost or stolen, call First Federal of SC, FSB immediately at (843)-549-2526, between 8:30 am - 5:00 pm Monday through Thursday and 8:30 am through 6:00 pm on Friday EST. Telephoning First Federal of SC, FSB is the best way of minimizing your losses. You may also restore the security of your Service by immediately changing your Password. If you believe your Password has been lost or stolen and you notify us within two Business Days after you learn of the loss or theft, you can lose no more than \$50.00 if someone uses your Password to conduct unauthorized electronic funds transfers without your permission. If you do NOT notify us within two Business Days after you learn of the loss or theft of your Password, and we can prove we could have stopped someone from using your Password to conduct unauthorized electronic funds transfers without your permission if you had told us, you could lose as much as \$500.00.

BANKING TRANSACTIONS WITH ON-LINE BANKING

In addition to viewing account information, you may use On-line Banking to conduct the following transactions:

* Transfer funds among your linked checking, savings, money market, loan and line of credit accounts.

NOTE: Because regulations require First Federal of SC, FSB to limit pre-authorized transfers (including On-line Banking transfers), the following limitations apply:

* Statement Savings Account-- You can make no more than six (6) transfers per statement period by pre-authorized or automatic transfer, or by telephone or On-line Banking.

* Money Market Savings Account-- You can make no more than six (6) transfers per statement period by pre-authorized or automatic transfer or by telephone or On-line Banking, and no more than three (3) of these may be by check, draft or debit card.

* Initiate bill payments.

New services may be introduced for On-line Banking from time to time. First Federal of SC, FSB will notify you of the existence of these new services. By using these services when they become available, you agree to be bound by the rules that will be made available to you concerning these services.

BILL PAYMENT SERVICE

The Bill Payment Service permits you to use your Internet-enabled device to direct payments from your designated on-line Bill Pay Account to third parties you wish to pay and who accepts Bill Payment Services.

Through the Bill Payment Service, you can pay bills from your Bill Pay Account to:

* Business Payees-- any business, merchant, or professional that generates a bill or invoice for products or services provided to you on your behalf and that has an address we can verify

* Individual Payees-- payments made to individuals, family, or friends for non-business purposes.

You may set up the following types of bill payments:

* Single Payments-- a payment to be made to a payee one time

* Recurring Payments-- payments of fixed amounts to a single payee at recurring intervals (e.g., weekly, bi-weekly, monthly, bi-monthly, quarterly, annually or semi-annually).

All payments you make will be deducted from the account that you designate as your Bill Pay Account on the Payment Initiation Date. Any payments you wish to make through this Service must be payable in U.S. dollars to a payee located in the continental United States. We reserve the right to restrict or limit the number of transactions processed through this Service from time to time. Further, we reserve the right to check your credit history at enrollment and obtain follow up credit history reports at a later date.

You should not use the Bill Payment Service to make payments to settle securities purchases, payments to interest bearing accounts, tax payments, or court ordered payments (e.g., alimony or child support payments). Payments, additional fees, fines,

penalties or other losses associated with payments to these payees that are delayed or improperly addressed or credited are your sole responsibility.

Funds must be available in your Bill Pay Account, including overdraft lines of credit, on the scheduled Payment Initiation Date. If the Payment Initiation Date falls on a non-Business Day (i.e., Saturday, Sunday or holiday), funds must be available in your Bill Pay Account the following Business Day (i.e., Monday). After funds are withdrawn from your Bill Pay Account to make a payment, we may make the payment either by transferring funds electronically to the payee or by mailing the payee a check.

If your Bill Pay Account does not have sufficient available funds to make a payment as of the Payment Initiation Date, the payment will be canceled and no further attempt will be made by First Federal of SC, FSB to make the transfer or payment. First Federal of SC, FSB will attempt to notify you by e-mail or U.S. Postal Mail, but First Federal of SC, FSB shall have no obligation or liability if it does not complete a transfer or payment because there are insufficient available funds in your account to process a transaction. In all cases, you are responsible for either making alternate arrangements for the payment or rescheduling the payment through the Bill Payment Service. In the case of recurring payments, only the payment currently scheduled will be canceled. Recurring payments scheduled for future dates will not be affected. In the event you have sufficient funds to make some, but not all, of the bill payments scheduled for a particular payment date, First Federal of SC, FSB may use such method as First Federal of SC, FSB, in its sole discretion, may elect in determining which payments to complete.

You must schedule the Payment Initiation Date at least four (4) Business Days before any Payment Due Date (that is, the due date shown on your invoice or provided in your agreement with the payee, not taking into account any applicable grace period). If you do not, you will be fully responsible for all late fees, finance charges or other action taken by the payee. If the actual due date falls on a non-Business Day, you must select a scheduled payment date that is at least one (1) Business Day prior.

If the session during which you schedule a payment or transfer ends by 7:00 p.m. EST, First Federal of SC, FSB will be considered to have received it on that day. Otherwise, it will be considered received the following Business Day. For all entries made using the service, the time recorded by the On-line Banking service controls.

You may cancel or change a scheduled payment by using the payment screens in the Bill Payment Service. Payments must be changed or canceled using the Bill Payment Service prior to 7:00 p.m. EST on the Business Day the transaction will be initiated. If you ask us to cancel a payment after it is issued and we agree to do so, we will charge you a stop payment fee to stop the bill payment. Stop payment orders, whether oral, written, or electronic, will be in effect for a period of six months. If requested by First Federal of SC, FSB, you will confirm any stop payment order in writing within 14 days. After six months, any stop payment will terminate and must be renewed to continue in effect. First Federal of SC, FSB may pay any item that is presented following the lapse

of any stop payment order.

BILL PAYMENT GUARANTEE

First Federal of SC, FSB reserves the right to refuse any transaction if the Bank believes such refusal is necessary for security reasons, without any liability for damages or fees. However, if we do not properly complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will reimburse you for any late payment fees or penalties you are charged up to a maximum of \$50.00 per scheduled payment. In order for you to be eligible for reimbursement, you must meet each of the following conditions:

- * You must properly schedule the payment to be initiated on a date at least four (4) Business Days prior to the bill's actual due date. This means that you must initiate a Single Payment before 7:00 p.m. Eastern Standard Time on a Business Day at least four (4) days prior to the bill's actual due date. For recurring payments, this means that you must allow additional time for months in which weekends or holidays reduce the number of Business Days between the recurring Payment Initiation Date and the bill's actual due date.
- * You must provide us with the correct Payee name, address, phone number and account information, and with the correct payment amount.
- * On the Payment Initiation Date your checking account must contain sufficient available funds, including overdraft lines of credit, to complete the payment.
- * The late payment fee or penalty, or the method of its calculation, must be published by the payee prior to the bill's actual due date.
- * The Service will not process any payments less than \$1.00 or greater than \$99,999.99
- * You can schedule a Payment Due Date up to a year in advance.

STATEMENTS

You will continue to receive your regular account statement either monthly or quarterly, depending on the type of account.

IF YOUR STATEMENT SHOWS TRANSFERS THAT YOU DID NOT MAKE

If your statement shows transfers that you did not make, notify First Federal of SC, FSB immediately at (843)-549-2526, or write a letter and send it to:

First Federal of SC, FSB
Attention: On-line Banking

300 Robertson Boulevard
Walterboro, SC 29488

If you do not notify First Federal of SC, FSB within sixty (60) days after the statement was mailed to you, you may not recover any money lost after the sixty (60) days which would not have been lost if First Federal of SC, FSB had been notified in time.

ERRORS AND QUESTIONS

In case of errors or questions regarding an On-line Banking or Bill Payment transaction, you may call First Federal of SC, FSB at (843)-549-2526, or write a letter and send it to:

First Federal of SC, FSB
Attention: On-line Banking
300 Robertson Boulevard
Walterboro, SC 29488

We must hear from you at the specified telephone number or address no later than sixty (60) calendar days after we sent you the first statement on which the problem or error appeared. We will need:

- * Your name and account number
- * A description of the error or the transfer in question, and an explanation concerning why you believe it is an error or need more information.
- * The dollar amount of the suspected error
- * The date on which it occurred.

If the report is made orally, we may require that you send the complaint or question in writing within ten (10) Business Days from your initial contact. We will notify you with the results of the investigation within ten (10) Business Days after you contact us and will correct any error promptly. If more time is needed, however, we may, at our sole discretion, take up to forty-five (45) calendar days to investigate a complaint or question. If this occurs, we will credit your account within ten (10) Business Days for the amount you think is in error. This will allow you to use the money during the time it takes us to complete our investigation. If your complaint or question is not received in writing within ten (10) Business Days from your original contact, we may not credit your account until the investigation is completed.

If your notice of error concerns a transaction that occurred during the first 30 days after the first deposit to the account was made, the applicable time periods are 20 Business Days in place of 10 Business Days and 90 calendar days in place of 45 calendar days.

If we determined that no error occurred, we will send you a written notice within three (3) Business Days. You may request copies of the documents that were used in the investigation.

You agree that First Federal of SC, FSB may respond to you by e-mail with regard to any claim of unauthorized electronic fund transfer related to the Service. Any such electronic mail sent to you by First Federal of SC, FSB shall be considered received within three (3) Business Days of the date sent by First Federal of SC, FSB, regardless of whether or not you sign on to the Service within that time frame.

LIMIT OF FIRST FEDERAL OF SC, FSB'S RESPONSIBILITY

First Federal of SC, FSB agrees to make reasonable efforts to ensure full performance of On-line Banking. First Federal of SC, FSB will be responsible for acting only on those instructions sent through On-line Banking which are actually received, and cannot assume responsibility for circumstances over which the bank has no direct control. This includes but not limited to, the failure or malfunctions in communication facilities, which may affect the accuracy or timeliness of messages you send. First Federal of SC, FSB is not responsible for any losses should you give incorrect instructions, or if your payment instructions are not given sufficiently in advance to allow for timely payment or delays in mail service.

Any information you receive from First Federal of SC, FSB is believed to be reliable. However, it can only be provided on a best-efforts basis for your convenience and is not guaranteed. First Federal of SC, FSB is not liable for any deficiencies in the accuracy, completeness, availability, or timeliness of such information, or for any investment or other decision made using this information.

First Federal of SC, FSB is not responsible for any fees incurred for Internet access, or for any computer virus or related problems that may be attributable to services provided by any Internet access service provider.

You are responsible for obtaining, installing, maintaining, and operating all computer hardware and software necessary for performing On-line Banking. First Federal of SC, FSB will not be responsible for any errors or failures from the malfunction or failure of your hardware or software.

The limit of First Federal of SC, FSB's liability shall be as expressly set forth herein. Under no circumstances will First Federal of SC, FSB be liable in contract, tort, or otherwise for any special, incidental, or consequential damages, whether or not foreseeable. By consenting to use the Services, you agree to waive any and all right to any of the aforesaid, and you acknowledge that the limit of your remedy is as otherwise expressly set forth herein.

FIRST FEDERAL OF SC, FSB'S RESPONSIBILITY

First Federal of SC, FSB will be responsible for your actual losses if they were directly caused by our failure to:

- * Complete an Electronic Funds Transfer as properly requested
- * Cancel an Electronic Funds Transfer as properly requested.

However, we will not be responsible for your losses if:

- * Through no fault of First Federal of SC, FSB, you do not have enough money in your account to make the transfer
- * Through no fault of First Federal of SC, FSB, the transaction would have caused you to exceed your available credit
- * Circumstances beyond our control (e.g., fire, flood, power outage, mail delivery delays, equipment or technical failure or breakdown) prevent the transfer, despite reasonable precautions that we have taken
- * There is a hold on your account, or if access to your account is blocked in accordance with banking policy
- * Your funds are subject to legal process or other encumbrance restricting the transfer
- * Your transfer authorization terminates by operation of law
- * You believe someone has accessed your accounts without your permission and you fail to notify First Federal of SC, FSB immediately
- * You have not properly followed the scheduling instructions, included in this Agreement, to make a transfer or the Payee refuses the Service.
- * For the failure of any payee to correctly account for or credit the payment in a timely manner
- * We have received incomplete or inaccurate information from you or a third party involving the account or transfer.
- * For changes to the payee's address or account number (unless you have advised us of the change within three (3) Business Days in advance)
- * We have a reasonable basis for believing that unauthorized use of your Password or account has occurred or may be occurring, or if you default under this Agreement, the Deposit Account Agreement, a credit agreement, or any other agreement with us, or if we or you terminate this Agreement.

There may be other exceptions stated in this agreement and in other agreements with you. In no event shall we be liable for damages in excess of your actual loss due to our failure to complete a transfer, and we will not be liable for any incidental or consequential damages.

If any of the circumstances listed above shall occur, we shall assist you with reasonable efforts in taking appropriate corrective action to reprocess the transactions that may not have been completed or to correct incorrect transactions that have been processed.

ELECTRONIC MAIL (EMAIL)

If you send First Federal of SC, FSB an electronic mail message through the Service, First Federal of SC, FSB will be deemed to have received it on the following Business Day. Emails will be answered within a reasonable timeframe.

You should not rely on electronic mail if you need to communicate with First Federal of SC, FSB immediately (e.g., if you need to report an unauthorized transaction from one of your accounts, or if you need to stop a payment that is scheduled to occur).

You agree that First Federal of SC, FSB may respond to you by electronic mail with regard to any matter related to the Service, including responding to any claim of unauthorized electronic funds transfer that you make. Any such electronic mail sent to you by First Federal of SC, FSB shall be considered received within three (3) days of the date sent by First Federal of SC, FSB, regardless of whether or not you sign on to the Service within that time frame.

OTHER AGREEMENTS

In addition to this Agreement, you and First Federal of SC, FSB agree to be bound by and comply with the requirements of the agreements applicable to each of your On-line Accounts. Your use of the On-line Banking service or the Bill Payment Service is your acknowledgment that you have received these agreements and intend to be bound by them. You should review other disclosures received by you when you open your accounts at First Federal of SC, FSB, including the charges that may be imposed for electronic funds transfers or the right to make transfers listed in the fee schedules accompanying those disclosures and the fee schedule at the end of this Agreement. We will automatically deduct any fees related to this Service from your Bill Pay Account each month. All terms and conditions of the disclosures provided to you at account opening, including but not limited to, the Truth in Savings, Regulation E Disclosure, Depositor's Agreement and Terms and Conditions apply to this Service.

MODIFICATIONS TO THIS AGREEMENT

First Federal of SC, FSB may modify the terms and conditions applicable to either Service from time to time upon mailing or delivering a notice of the modifications to you at the address shown on our account records, and the revised terms and conditions shall be effective at the earliest date allowed by applicable law. We may send any notice to you via electronic mail and you will have been deemed to have received it three (3) days after it is sent. We reserve the right to terminate this Agreement and your use of the Services in whole or in part at any time without prior notice.

DISCLOSURE OF INFORMATION TO THIRD PARTIES/ PRIVACY POLICY

A copy of First Federal of SC, FSB's Consumer Privacy Statement is available upon request at any of our branches, or can be mailed to you upon request by calling First Federal of SC, FSB at (843)-549-2526, or writing a letter and sending it to:

First Federal of SC, FSB
Attention: On-line Banking
300 Robertson Boulevard

Walterboro, SC 29488

You can also access our Policy On-line by clicking on the Privacy Policy icon on the First Federal of SC, FSB Website.

INACTIVITY / TERMINATION

You are responsible for complying with all the terms of this Agreement and with the terms of the agreement governing the deposit accounts which you access using electronic banking services. We can terminate your On-line Banking privileges (including the Bill Payment Service) under this Agreement without notice to you for any reason; or if you do not pay any fee required by this Agreement when due, if you do not comply with the Agreement governing your deposit or loan accounts, or your accounts are not maintained in good standing. We will promptly notify you if we terminate this Agreement or your use of the services for any other reason.

If you are not paying a monthly service charge for the Service, we may convert your account to inactive status if you do not sign on to the Service or have any transaction scheduled through the Service during any consecutive 90 day period. If your account is considered inactive, you must contact us to have the Service activated before you will be able to schedule any transaction through the Service.

To cancel the On-line Banking and/or Bill Payment Service, you must notify First Federal of SC, FSB. Your notification should include your name, address and the effective date to stop the service(s). When Bill Payment is terminated, any pre-scheduled bill payments made through On-line Banking will also be terminated. Your final charge for the Bill Payment Service will be assessed at the end of your statement cycle. You may notify First Federal of SC, FSB by one of the following methods:

- * By initiating a customer inquiry through our Web site
- * By calling (843)-549-2526
- * By writing a letter and either sending it to:

First Federal of SC, FSB
Attention: On-line Banking
300 Robertson Boulevard
Walterboro, SC 29488

GOVERNING LAW

This Agreement is governed by the laws of the State of South Carolina and applicable federal law(s).

FEE SCHEDULE

First Federal of SC, FSB offers the benefits and convenience of the On-line Banking

service to you at no monthly charge. Account research, stop payment charges and Bill Pay Services will be assessed at the rates published in First Federal of SC, FSB's Miscellaneous Schedule Fees Brochure and deducted from your Bill Pay Account or another account you hold at First Federal of SC, FSB.

These fees are subject to change. First Federal of SC, FSB will notify you in writing regarding any fee changes at least thirty (30) days in advance of the effective date of these changes.

Last Revised: May 26, 2004