ELECTRONIC BANKING DISCLOSURE STATEMENT & CARDHOLDER AGREEMENT

This document includes a General Disclosure Statement and a Cardholder Agreement. We are providing you with the General Disclosure Statement in the event that you subscribe to electronic funds transfer (EFT). EFT is a transfer of funds initiated through an electronic terminal, telephone, computer (Online Banking) or magnetic tape for the purpose of ordering, instructing, or authorizing the Bank to debit or credit a customer's account. EFTs include, but are not limited to point-of-sale (POS), ATM, direct-deposits or withdrawal of funds, transfers by telephone, transfers by debit card, whether or not initiated through electronic terminals. (EFT withdrawals are not permitted on passbook accounts)

If you request or have a Colonial Federal Savings Bank ATM/ VISA Check Card ("Card"), the Cardholder Agreement explains the services available to you and, together with the General Disclosure Statement, sets forth your rights and responsibilities in connection with the use of the Card. These constitute a legally binding contract and by using the services, you agree to comply with the terms. Online Banking and Bill Payment through Quicken® is inclusive of the terms and conditions of the EFT disclosure including but not limited to transaction limits, transaction processing and system availability. Specifics of Online Banking and Bill Payment through Quicken® are documented in the Online Help which is accessible via the Internet service.

GENERAL DISCLOSURE STATEMENT - EFT

In addition to any other agreements applicable to such services, the following terms and conditions govern these services and are being provided to you in Accordance with Federal and State laws:

1. YOUR ABILITY TO STOP PAYMENT.
   The initiation by you of certain EFTs from your account will, except as otherwise provided in this Agreement, effectively eliminate your ability to stop payment of the transfer.

2. PREAUTHORIZED PAYMENTS (ACH)
   (*Does not apply to the Bill Payment service)*
   a. Your right to stop payment. If you have told us in advance to make regular payments from your account to a third party, you can stop any of these payments by calling us at (617) 471-0750, or writing to:

      Colonial Federal Savings Bank
      15 Beach Street, Quincy, MA 02170

      We must receive your stop payment request at least 3 business days before the payment is scheduled to be made. If you call, you will be required to put your request in writing and get it to us within 14 days after you call. Once we have processed your stop payment request we will stop all payments in the amount indicated by you to the third party named in your request, unless you instruct us in writing to resume making such payments. A stop payment fee is applied to each request. For preauthorized transfers originated by a third party, cancellation must be originated through the third party originator. Any unauthorized payments will be handled by the method outlined in section 7.
   b. Our liability for failure to stop payment. If you properly requested us to stop any of these regular payments, and we fail to do so, we will be liable to you for damages which you prove are caused directly by our failure to stop payment.
   c. Notice of varying amounts. If these regular payments will vary in amount, the person whom you are paying will notify you 10 days before each payment is due, when the payment will be made and how much it will be.

3. DOCUMENTATION OF TRANSFERS:
   a. Terminal transfers. You will get a receipt at the time you make any transfer to or from your account using any NYCE, Cirrus, Plus, SUM or MoneyPass automatic teller machine (ATM), as well as purchases at VISA Debit terminals. Receipts are not required for EFTs of $15 or less.
   b. Preauthorized credits. If you have arranged to have direct deposits made to your account at least once every 60 days from the same third party (such as a company or government agency) and the third party does not tell you that the deposit has been sent, you may call us at the following numbers to find out whether the deposit has been made: 1-888-865-5507 - Telephone Banking Center, or 617-471-0750 to reach a Customer Service Representative.
   c. Periodic statements. You will receive a monthly statement covering all the activity on your statement accounts, including Bill Payments, Online Banking transfers, ACH, Phone Banking, and ATM/VISA transactions. (If there is no activity in a given month, statements may not be generated, however you will at minimum receive a statement quarterly.)
   d. Passbook Accounts. Only preauthorized EFT credits are possible. If you bring your passbook to us, we will record any electronic deposits that were made to your account since the last time you brought in your passbook.
   e. Any documentation provided to you, which indicates that an EFT was made, shall be admissible as evidence of such transfer and shall constitute prima facie proof that such transfer was made.

4. OUR BUSINESS DAYS. Our business days are Monday through Friday. Holidays are not included.

5. OUR LIABILITY IF WE FAIL TO MAKE CERTAIN TRANSFERS OR BILL PAYMENTS is governed by Federal and State laws. The following is a summary of those laws and is provided for your information; it is not intended to affect our or your rights under the laws. If we do not complete a transfer to or from your accounts on time or in the correct amount according to the agreement applicable to such transfer when you have properly instructed us to do so, we will be liable to you for damages which you prove are caused directly by our action.

   There are some exceptions to our liability. We will not be liable, for instance:
   a. If, through no fault of ours, you do not have sufficient money in your account to make the transfer or bill payment;
   b. If we are restricted legally from transferring the funds;
   c. If circumstances beyond our control (such as fire or flood) prevent the transfer or bill payment despite reasonable precautions that we have taken;
   d. If the ATM you are using does not have enough cash; or
   e. If the ATM, store terminal, network or bill payment service was not working properly when you started the transfer or bill payment;
   f. If information supplied by you is incorrect (payee name & address, your name & account number as it appears on payee records).
   g. If a bill payment is made to a prohibited payee (refer to the Online Banking & Bill Payment Agreement on colonialfed.com).
   h. There may be other exceptions stated in our agreement with you.

6. WHEN WE MAY DISCLOSE INFORMATION TO THIRD PARTIES CONCERNING YOUR ACCOUNTS. In order that your privacy may be protected, we will not disclose any information about you or your account to any person, organization, or agency, except:
   a. for disclosures necessary for the completion of a transfer;
   b. for verification of the condition and existence of your account for credit bureau or merchant;
   c. to persons authorized by law in the course of official duties;
   d. to our employees, auditors, service providers, attorneys or collection agents in the course of their duties;
   e. pursuant to a court order or lawful subpoena;
   f. to a consumer reporting agency as defined in Chapter 93 of the Massachusetts General Laws; or
   g. by your written authorization which shall expire automatically after 45 days.

   If an unauthorized disclosure has been made we must inform you of the particulars of the disclosure within 3 days after we have discovered that an unauthorized disclosure has occurred.

7. IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC BANKING

   Telephone us at **(617) 471-0750** Monday through Friday (excluding holidays) between 9:00A.M. & 4:00P.M. or write to us promptly at:

   Colonial Federal Savings Bank
   15 Beach Street, Quincy, MA 02170

   If you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt, you should contact us only at the above telephone number or address.

   We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared.
   1. Tell us your name and account number (if any).
   2. Describe the error or transfer you are unsure about, and clearly explain why you believe it is an error or why you need more information.
   3. Tell us the dollar amount of the suspected error.
   4. Tell us a telephone number at which you can be reached in case we need further information.

   If you notify us orally, we require you to send us your complaint or question in writing within 10 business days. We will report to you the results of our investigation within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we do not receive your complaint or question in writing within 10 business days, we may not credit your account. For errors involving new accounts, point-of-sale, or foreign-initiated transaction, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error. We will tell you the results within three business days after completing our investigation. If we decided that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation. If your alleged error concerns a transfer to or from a third party (for example, a Social Security payment) our investigation may be limited to a review of our own records. If we decide that there was no error, you may want to contact such third party to pursue the matter further.

   ELECTRONIC CHECK CONVERSION (ECK): You may provide your check to a merchant or service provider (payee) who will scan the check for the encoded bank and account information. The payee will then use this information to convert the transaction into a one time EFT form your account. This may occur at the point of purchase, or when you provide your check by other means such as by mail or drop box. Payees must obtain your authorization for each ECK.

8. PROTECTED CONSUMER USE OF ELECTRONIC FUND TRANSFER SERVICES. Chapter 167B of the Massachusetts General Laws was enacted to provide a means for financial institutions, business, and consumers to conduct their business relations more conveniently. Transferring funds electronically will supplement the use of checks, credit, and cash and will not replace these present methods of doing business. As a consumer, you should be aware of your rights if you choose to utilize this system.
   a. Prohibition of compulsory use. No person may require you to: (1.) use a preauthorized electronic transfer as a condition for the extension of credit unless the credit is being extended in connection with an Advance Account to maintain a specific minimum balance in your account. (2.) require you to pay electronically for the purchase of goods or services.

   If your account is to be credited by a preauthorized transfer you may choose the financial institution to which the transfer may be made, if the institution is technically capable of receiving such transfer.

   b. Waiver of rights. No writing or agreement signed by you can waive the rights conferred to you by Chapter 167B of the Massachusetts Laws unless you decide to waive these rights in settlement of a dispute or action.
   c. Discounts prohibited. A retail business or store which contains an electronic terminal may not offer a discount to you to encourage purchases by EFT rather than by cash, check or charge.
   d. Refunds. If it is the policy of a retail business or store to give cash refunds in return for an item purchased by cash, then this policy must also cover refunds for items purchased by EFT, unless it is clearly disclosed at the time the transaction is consummated that no cash or credit refunds are given for payments made by electronic fund transfer.
   e. Suspension of obligations. If a person agrees to accept payment by means of an EFT and the system malfunctions preventing such a transfer, then your obligation is suspended until the transfer can be completed unless that person, in writing, demands payment by other means.
   f. Prohibited means of identification. Your Social Security number cannot be used as the primary identification number, although it can be used as a secondary aid to identify you.
   g. Criminal liability. Procuring or using a Card, code, or other means of electronic access to an account with the intent to defraud is a basis for criminal liability.

9. Amendments. We may amend the above terms and conditions at any time. We will give you written notice at least 30 days before the amendment becomes affective if the amendment will result in increased costs or liability to you or stricter limitations on the transfers you make. If, however, an immediate change in the terms and conditions is necessary for security reasons, we may amend these terms and conditions without such prior notice.

10. Governing Law; Conflict with Applicable Law. The above provisions will be construed in accordance with the laws of the Commonwealth of Massachusetts, In the event of any conflict between these provisions and any applicable law or regulation, these provisions shall be deemed modified to the extent, and only to the extent, required to comply with such law or regulation.

Member FDIC

II CARDHOLDER AGREEMENT

1. USE OF CARD. A card cannot be used until it is activated. To activate a card you must use it at an ATM with your Personal Identification Number (PIN), which will be mailed to you two days after the card. THE CARD AND PIN ARE PROVIDED FOR YOUR USE ONLY, AND YOU AGREE TO RETAIN THEM AND NOT PERMIT OTHER PERSONS TO LEARN YOUR PIN. THE PIN MUST NOT BE WRITTEN ON, OR KEPT WITH THE CARD. You can only use the card for transactions on accounts designated by us, such as a checking account or statement savings account. Such accounts will be referred to in this Cardholder Agreement as "designated accounts". Your designated accounts may be accessed through the NYCE, Cirrus, Plus, SUM and MoneyPass ATM networks, as well as VISA Debit merchants.
   YOU MAY USE YOUR CARD AND PIN AT ANY AFORE MENTIONED ATMS OR POINT OR SALE (POS) TERMINAL TO: *(Services may not be available at all terminals)*
   a. make withdrawals from your designated accounts up to the collected balance or Card limit, whichever is less;
   b. make deposits to your designated accounts.
   c. make purchases anywhere you see "VISA Debit".
   d. make transfers between your designated accounts;
   e. Pay bills directly or by phone from your designated accounts in the amounts and on the days you request.
   f. conduct other transactions as we add services. We will notify you when such services are available.

2. AUTHORIZATION. You authorize us to charge your designated account(s) for money disbursed and to credit your designated account(s) for deposits received in connection with transactions involving the use of the card. Deposits can be made only at Colonial Federal Savings Bank terminals.

3. LIMITATION ON TRANSACTIONS: Cards are issued with a $500 (POS) limit and a $500 ATM limit for any one calendar day.
   YOUR ATM/VISA CHECK CARD MAY NOT BE USED TO PERFORM AN ILLEGAL TRANSACTION!
   Your card and account may be used only for valid and lawful purposes. If you use, or allow someone else to use the card or account for any other purposes, you will be responsible for such use and may be required to reimburse Colonial Federal Savings Bank and VISA International for all amounts or expenses either institution pays as a result of such use.
   You may not use your card for a transaction that would cause the collected balance of any of your designated accounts to be less than zero. Nor may the card be used to transfer money to or from accounts, which you do not have, or which are not "designated accounts". We shall not be required to complete any such transactions but, if we do, you agree to pay us any excess amount or any improperly withdrawn or transferred amount immediately upon request from us. We may impose additional restrictions or limitations on the use of your card when we believe they are necessary to safeguard the card against misuse.

4. MAINTENANCE OF ACCOUNTS. As long as this Cardholder Agreement remains in effect, you agree to maintain at least one of your designated accounts. Should all of your designated accounts close, your card privileges will be canceled and we may retain the card if you attempt to use it. Your designated accounts shall continue to be governed by your other agreements with us concerning those accounts and by our rules and regulations concerning those accounts to the extent that such agreements are not inconsistent with this Cardholder Agreement.

5. OWNERSHIP OF CARD. The card is not transferable and remains our property. You agree to return the card to us immediately upon our demand. For your protection, ATMs are programmed to retain cards in certain circumstances.

6. UNAUTHORIZED TRANSFERS AND ADVISABILITY OF PROMPT REPORTING.
   TELL US AT ONCE IF YOU BELIEVE YOUR CARD AND YOUR CODE, OR EITHER ONE OF THEM, HAS BEEN LOST OR STOLEN, OR IF YOU BELIEVE THAT AN ELECTRONIC FUNDS TRANSFER HAS BEEN MADE WITHOUT YOUR PERMISSION USING INFORMATION FROM YOUR CHECK.
   Telephone is the best way of keeping your possible losses down (617) 471-0750. You could lose all the money in your account (plus your maximum overdraft amount).

7. LIMITS OF LIABILITY: If you tell us within 2 business days after you learn of the loss or theft of your Card/PIN, you can lose no more than $50 if someone used your Card/PIN without your permission. Colonial Federal will not hold you responsible for fraudulent VISA Debit Card activity. Also, if you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after 60 days if we can prove we could have stopped someone from taking the money had you told us in time. If for good reason (such as a hospital stay) kept you from telling us, we will extend the time periods.

8. REPLACEMENT OF LOST OR STOLEN CARDS. If you ask us to issue you a replacement card, you agree to pay us a fee for the replacement card, which may be charged to your designated account. Refer to the Products Services & Prices document for fee information.

9. COLLECTION EXPENSES. If we have to sue you or take other actions to collect amounts you owe us under this Cardholder Agreement, you will pay our reasonable expenses, including attorney's fees, to the extent permitted by applicable law.

10. TERMINATING THIS CARDHOLDER AGREEMENT. You may terminate this Cardholder Agreement at any time by notifying us in writing and no longer using your card & PIN. We may terminate this Cardholder Agreement at any time. If the Cardholder Agreement is terminated, we shall no longer be obligated to complete transactions involving the card. Termination of this Cardholder Agreement will not affect your obligations under this Cardholder Agreement for transactions completed with the card even if those transactions are completed after the termination date.

11. CHANGES TO THIS CARDHOLDER AGREEMENT. We retain the right to change this Cardholder Agreement at any time. If a change will impose greater costs, increase your liability under this Cardholder Agreement, or limit the types or frequency of transactions which may be accomplished using the Card and PIN, we will mail you a notice of such changes at least 30 days before it becomes effective. We do not have to notify you in advance if an immediate change is necessary for security reasons.

12. NOTICES. Notices sent by us shall be effective when mailed to you at your last address that appears in our records. Except as otherwise provided in this agreement or by applicable law, notices from you to us must be in writing and will be effective when received by us.

13. GOVERNING LAW: Conflict with Applicable Law. This Cardholder Agreement will be construed in accordance with the laws of the Commonwealth of Massachusetts. In the event of any conflict between the provisions of this Cardholder Agreement and any applicable law or regulation, the provisions of this Cardholder Agreement shall be deemed modified to the extent, and only to the extent, required to comply with such law or regulation.

14. NOTICE REGARDING ATM FEES BY OTHERS: If you use an ATM that is not operated by us, you may be charged a fee by the operator of the machine and/or by an automated transfer network. This may also include balance inquiries and transfers. *(Refer to our Products Services & Prices document for fees imposed by Colonial Federal Savings Bank.)*

15. EXCHANGE RATE between the transaction currency and the billing currency used for processing international transactions is a rate selected by Visa from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date, in each instance, plus or minus any adjustment determined by the issuer.