

(B) Payments During Permanent Phase

After the Conversion Date, I will make monthly payments of principal and interest at the initial interest rate as described in Section 2 (B) of this Note on the first day of each month beginning on the first day of the month immediately following the Conversion Date. I will make these payments every month thereafter until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If on November 1, 2005, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called "Maturity Date".

(C) Amount of Monthly Payments (during permanent phase)

When the permanent phase begins, my monthly payment will be in the amount of U.S. \$ 433.03. This amount will change if the interest rate that I must pay changes. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

(D) Place of Payments

I will make all payments required by this Note at First Federal Savings & Loan Association of S.C., P.O. Box 408, Greenville, SC 29602 or at a different place if required by the Note Holder.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**(A) Change Dates**

The interest rate I will pay may change on the first day of the 36 month after the Conversion Date, and on that day every 36 months thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 3 years, and made available by the Federal Reserve Board. The most recent index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

The first index figure for this note is 2.260. It is called the "Original Index."

The Original Index plus a margin of 2.500% (after rounding the result up to the nearest 1/8 of 1%) is called the "Adjustment Base Rate."

(C) Calculation of Changes

Before each change date, the Note Holder will calculate my new interest rate by calculating the difference, if any, between the Current Index and Original Index. If the Current Index is higher than the Original Index, the Note Holder will add the difference to the Adjustment Base Rate. If the Current Index is lower than the Original Index, the Note Holder will subtract the difference from the Adjustment Base Rate. The Note Holder will then round the result of this addition to the nearest 1/8 of 1 percentage point (0.125). Subject to the limits stated in Section 4 (D) below, this rounded amount will be my new interest rate until the next change date.

The Note holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal balance of my loan I am expected to owe on the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payments.

(D) Limits on Interest Rate Changes

The rate of interest I am required to pay shall never be increased or decreased on any single Change Date by more than two percentage points (2.00%) from the rate of interest I have been paying for the preceding twelve months.

Additionally, my interest rate shall never be greater than five percent (5%) above or below the "Initial Interest Rate."

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date, I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. Charges; Liens

Uniform Covenant 4 of the Security Instrument is amended to read as follows:

4. Charges; Liens. Borrower shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Security Instrument, and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument; provided, that Borrower shall not be required to discharge any such lien so long as Borrower: (a) shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender; (b) shall in good faith contest such lien by, or defend against enforcement of such lien in, legal

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