

COLONIAL SAVINGS, F.A. CONSUMER PRIVACY POLICY

INTRODUCTION

Part 1016, Chapter X of Title 12 of the Code of Federal Regulation (Privacy of Consumer Financial Information) restricts the use of Consumer Financial Information and requires that certain disclosures be provided to consumers and customers prior to sharing their information with third parties.

Several additional laws, rules and regulations govern the handling of Consumer Financial Information. For example, the Fair Credit Reporting Act directs users of credit information as to the limitations of sharing information with affiliated companies. The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM) limits the ability of companies to sending marketing e-mail to consumers not their customers. Rules regarding Telemarketing, Children's Online Privacy and Telephone Consumer Protection impact our ability to interact with consumers and customers. Various state rules govern privacy issues for customer interaction with Colonial websites, including disclosure of tracking and use of "cookies".

DEFINITIONS

Consumer means an individual who obtains or has obtained a financial product or service from you that is to be used primarily for personal, family, or household purposes, or that individual's legal representative. Consumers would include individuals who are loan applicants, ATM users, or those who are inquiring about a financial product or service who provide nonpublic personal information.

Customer means a consumer who has a customer relationship with you, which is defined as a continuing relationship between a consumer and you under which you provide one or more financial products or services to the consumer that are to be used primarily for personal, family, or household purposes. Examples of this type of relationship would be depositors and those whose loans Colonial services.

POLICY

It is the policy of Colonial Savings, F.A. and its operating divisions ("Colonial") to respect the privacy of persons seeking information or services from us. Colonial employees are to keep consumer and customer information confidential. Colonial seeks to abide by the laws and regulations governing access to consumer and customer activity and information.

Colonial recognizes how important it is to our customers that sensitive information remains confidential. Our employees have been directed to abide by a comprehensive Consumer Privacy Policy.

A. Categories of Information We Collect

We collect non-public personal information about consumers and our customers from the following sources:

- Information we receive from our customers on applications or other forms,
- Information about our customers' transactions with us, our affiliates, or others; and
- Information we receive from a consumer reporting agency.

B. Web Site Privacy

www.colonialsavings.com www.colonialnationalmortgage.com www.cumembers.com

Persons may browse our web site anonymously. Colonial tracks which pages of our site are visited and we note users' ID (host) addresses (as all web sites do automatically), but this tracking does not gather personal information about individuals. This tracking allows Colonial to identify current usage patterns in order for us to improve the information we provide.

Colonial has the ability to gather specific information from web site users only when web site users elect to provide information to us such as in the case of users completing and transmitting a mortgage prequalification form, applying for consumer loans or applying to open a deposit account.

Colonial's digital ID allows the user's browser to verify Colonial's Internet identity every time a user visits our site. In addition, portions of Colonial's site have encryption capabilities, making information transmissions from or to consumers secure from third party interception.

C. Sharing Consumer and Customer Information

We do not disclose any non-public personal information about consumers who seek information about products and services, or our customers or former customers to anyone, except as permitted or required by law.

Conducting our Business

Colonial may provide customer information to third party companies in order for Colonial to conduct its normal business of originating and servicing loans and accepting deposit and transaction accounts. Information on accounts at Colonial may also routinely be reported to credit bureaus. Colonial may also provide customer information as provided on applications or other forms to marketing companies in order to facilitate Colonial's own marketing endeavors. Colonial and its affiliated companies, may enter into Joint Marketing Agreements with Third Party Companies to offer our customers products or services that we consider beneficial.

Complying with Applicable Law

Colonial is required to comply with various laws governing consumer information. This includes, for example, an obligation to report suspicious activity involving consumer accounts. Another example includes the requirement to permit access by regulators to information in the course of routine examinations. It is the express policy of Colonial to abide by the laws and regulations governing its operations. Colonial will report and allow access to consumer information only within the parameters set by the laws and regulations, or required by the courts.

Making Available Special Products and Services

Colonial is affiliated, through common ownership, with DuBose and Associates (also d/b/a Colonial National Insurance Services), Colonial Life Insurance Company of Texas, and Colonial Lloyds. Colonial may share information regarding our customers' accounts with our affiliates. Customers may limit some marketing by our affiliates. Please refer to the last page of this policy notice titled "Your Choice to Limit Marketing" for opt-out information. We will not share credit reports or third party information with our affiliates. As a matter of policy, Colonial does not allow these opt outs to expire.

Colonial administers an automated loan payment plan known as the Interest Saver Program. For this program to be offered to our customers, basic customer loan information may be made available to a marketing group.

D. Colonial's Customer Privacy Principles

We restrict access to non-public personal information about our customers to only those employees who need access to the system containing customer information in order to perform their job. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard customers' non-public personal information. We will continue to update these safeguards as technology changes occur.

In recognition of the high level of trust and confidence our customers have in Colonial, the following Customer Privacy Principles have been adopted as a guide for our officers and employees to follow in the use of customer information.

- We recognize and respect our customers' expectations of financial privacy.
- We will limit the collection and use of customer information to the minimum necessary to offer and deliver the products and services that we provide.
- We will restrict access to customer information to authorized employees for authorized purposes.

- We will establish safeguard standards for the security and confidentiality of customer information.
- We will not reveal specific information about customer accounts or other personally identifiable data to unaffiliated third parties, unless (1) the information is provided to help complete a customer-initiated transaction; (2) the customer requests it; or (3) the disclosure is allowed or required by law.
- Whenever we hire other organizations to provide support services, we will require those organizations to adhere to similar privacy principles.

A copy of this policy will be maintained at each of our branch and loan production offices and will be available to the public upon request.

GOVERNANCE ROLES AND RESPONSIBILITIES

The roles and responsibilities of Colonial’s Board of Directors, Executive Management, Corporate Legal, Chief Compliance Officer, Privacy Officer, Bank Management and Employees is outlined in the accompanying Privacy Program, which is incorporated herein by reference.

POLICY ADMINISTRATION

This policy, and the accompanying program, will be reviewed annually by the Board of Directors.

Customers may address questions regarding privacy issues by writing to the Customer Service Department, Colonial Savings, P. O. Box 2988, Fort Worth, Texas 76113 or by calling 1-800-937-6002.

Colonial Savings, F.A.
Adopted by Board of Directors

(Date)

Secretary of the Board

Your Choice to Limit Marketing

This Privacy Policy is provided by and applicable to Colonial Savings, F.A., and its operating divisions including Colonial National Mortgage, CU Members Mortgage, and Community Bankers Mortgage.

Federal law gives you the right to limit some but not all marketing from our affiliates. Federal law also requires us to give you this notice to tell you about your choice to limit marketing from our affiliates.

You may limit our affiliates in the Colonial group of companies, such as our insurance affiliates: DuBose and Associates (d/b/a Colonial National Insurance Services), Colonial Life Insurance Company of Texas, Colonial Mortgage Insurance Company, CLICOT Agency, Colonial Lloyds, from marketing their products or services to you based on your personal information that we collect and share with them. This information includes your income, account status and transaction history, and loan terms.

Your choice to limit marketing offers from our affiliates will apply until you tell us to change your choice.

To limit marketing offers, contact us by completing this form and mailing it to:

Customer Service Department
P. O. Box 2988
Fort Worth, TX 76113-2988

Do not allow your affiliates to use my personal information to market to me.

Your name (please print): _____

Your property address or account number:

Your signature: _____

Date: _____