

History of the Litigation

This case has been litigated in the Court of Common Pleas for Newberry County, State of South Carolina. The parties have engaged in discovery and the Court certified this case as a class action. Proceedings have been stayed pending consideration of the proposed settlement.

No Opinion Expressed by the Court as to the Merits

In ordering that this Notice be sent to you, the Court expresses no opinion as to the validity or truth of any of Plaintiffs' legal or factual allegations or of any of Defendant's defenses.

Reasons for Settlement

The settlement being submitted to the Court for approval is between the Plaintiffs and the Class on the one hand and Defendant on the other, and includes a release and dismissal with prejudice of the claims of the Plaintiffs and the Class against Defendant.

Plaintiffs and Class Counsel view this settlement as advantageous to the Class. The Settlement Agreement provides for substantial compensation to the Class. In addition, the Class faces risks in continuing litigation, with respect to both proof of liability and proof of damages. Defendant, while denying that it is liable to anyone and denying that it has committed any wrongdoing, wishes to avoid further lengthy, costly and time-consuming litigation, to obtain total and final settlement of Plaintiffs' claims and the Class Claims, and to extinguish any liability of Defendant under federal or state laws with respect to claims which were or could have been asserted on behalf of the Plaintiffs or the Class in the Complaint.

The Settlement Class

The Settlement Class (herein "Class") is defined as all persons who obtained a loan secured by real estate in South Carolina from First Family Financial Services Inc. after July 1, 1982 but on or before February 6, 1997, who made a payment on such loan within three (3) years of May 3, 1996. Class Members are listed on Exhibit A to the Settlement Agreement on file with the Court.

The parties have stipulated that the number of Settlement Units, as defined below, within the Class is 2820. Attached to the Settlement Agreement on file with the Court as Exhibit A is a listing of the Settlement Units in the Class and the individuals within each Settlement Unit. "Settlement Unit" means each entry shown on Exhibit A to the Settlement Agreement, which contains 2820 entries. "Settlement Unit" may refer to one or more Class Members who individually or jointly are obligors on one or more loan transactions with Defendant. Each person in the Settlement Unit will give a release of all claims, known and unknown, related to the real-estate secured loans described above. "Settlement Unit" may refer to one or more Class Members who individually or collectively are entitled to receive compensation under the Settlement Agreement. For example, if you and another person are co-obligors on one or more loan transactions, then you and that person collectively make up one Settlement Unit, and one single check will be issued showing both of your names.

The Settlement

The following is an outline of the compensation and certain other terms of the Settlement Agreement. The complete terms of this settlement are set forth in the Settlement Agreement, a copy of which is available as described in the last paragraph of this Notice.

1. To settle the claims of Class Members Defendant will pay up to \$5,750,000.00 in exchange for a release by all Class Members of all claims that were or could have been asserted in this Action. The Representative Plaintiffs, Elijah Johnson and Shirley Johnson, will jointly receive one payment of \$ 7,521.20. This amount includes a premium to compensate Elijah Johnson and Shirley Johnson for assuming and executing special responsibilities as Representative Plaintiffs. Each Settlement Unit other than Elijah Johnson and Shirley Johnson will receive \$2036.34. A single check will be issued to each Settlement Unit and will be made jointly payable if there are two or more persons in the Settlement Unit.

2. All persons receiving any benefit under the Agreement will thereby give a General Release in favor of Defendant, and no further action will be pursued by any person in the Class.

3. Plaintiffs and Defendant will enter into a Consent Order, dismissing this Action as to the Class Members with prejudice.

Attorneys' Fees and Costs

4. Counsel will petition the Court for an award of attorneys' fees, costs and out-of-pocket expenses incurred in prosecution of this Action. Defendant has agreed to pay (a) attorneys' fees to Class Counsel in an amount to be approved by the Court but not to exceed \$ 1,610,000.00, and (b) reasonable costs and expenses up to a maximum of \$50,000. Class Counsel have agreed not to seek fees in excess of \$1,610,000.00 or reimbursement of verified costs and expenses in excess of \$50,000.00.

Hearing on the Settlement

The Court will hold a hearing to consider the fairness and adequacy of this proposed settlement and to consider Class Counsel's petition for fees and costs on Friday, **September 19, 2003**, at **2:30 p.m.**, at the Court of Common Pleas for Newberry County, State of South Carolina, 1226 College Street, Newberry, South Carolina. If you are a member of the Class, you have the right to object in writing to the proposed settlement or to Class Counsel's petition for fees and costs, provided such objections are made within 20 days of the Date of Notice. If you file such written objections, you must also appear in person or through counsel at the hearing to present them.

If you wish to object to the settlement or to Class Counsel's petition for fees and costs, you must file your objections in writing, referring specifically to the case captioned Elijah Johnson and Shirley Johnson vs. First Family Financial Services Inc., pending in the Court of Common Pleas for Newberry County, Civil Action No. 96-CP-36-115, by mailing or personally delivering the original thereof within twenty (20) days of the date of this Notice to:

Jackie Bowers
Clerk of Court for the Court of Common Pleas
P.O. Box 278
Newberry, South Carolina 29108

With copies to:

Bradford P. Simpson
P.O. Box 8
Columbia, South Carolina 29202-0008

and
B. Rush Smith III
Nelson Mullins Riley & Scarborough, L.L.P.
Post Office Box 11070
Columbia, South Carolina 29211

Except for good cause shown, no objector who has not timely filed written objections will be allowed to be heard at the hearing. The objections must be received by and filed with the Clerk of Court for the Common Pleas for Newberry County, Eighth Circuit within twenty (20) days of the date of this Notice. Please include with any objections your name, address and telephone number.

Release

The proposed settlement is intended to resolve and terminate all claims which have been or could have been raised by the members of the Class against Defendant arising out of or in any way related to Defendant's loan transactions with members of the Class. The proposed settlement is intended to resolve and terminate all such claims of any kind whatsoever that were or could have been brought by the members of the Class and their successors, heirs, and assigns against Defendant in the Action. The proposed settlement will result in the release by each member of the Class of all such claims which have been or which could have been brought against Defendant and related persons or entities as more specifically provided in the Settlement Agreement, or any of

them. The claims against Defendant alleged in the Complaint, will be dismissed with prejudice as to all members of the Class but without prejudice to the rights, if any, of any persons not within the Class.

**This settlement does not affect your duty to make loan payments.
Do not stop making payments on a First Family loan.**

Change of Address

If you received this Notice, but it was addressed to you at an incorrect address, please send your current address to the following:

**Johnson v. First Family
Settlement Administrator
Post Office Box 708
New Albany, Ohio 43054**

Likewise, if you change your address at any time, please send your name, social security number, telephone number, and your new address to the address shown above.

Further Information

The descriptions in this Notice of the Complaint and other pleadings, orders and settlement documents in this case are only summaries. All papers filed in the Action may be inspected at the Office of the Clerk of Court for the Court of Common Pleas, 1226 College Street, Newberry, South Carolina. If you have any questions with respect to this Notice or the lawsuit generally, please telephone 1-877-962-7537 or write to Johnson v. First Family, Settlement Administrator, Post Office Box 708, New Albany, Ohio 43054. **PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION.**

Date of Notice: August 28, 2003

CLERK, COURT OF COMMON PLEAS
FOR NEWBERRY COUNTY