

**PREFERRED RATE LOAN DISCLOSURE WITH
VARIABLE FEATURE**

NOTICE: This disclosure, describing the features of a Preferred Rate Loan is only applicable to transactions where the interest rate can increase upon the termination of First National Bank of Liverpool's Automatic Loan Payment Agreement.

This disclosure describes the features of a Preferred Rate Loan Program you are considering. This disclosure does not represent a commitment by First National Bank of Liverpool to make a loan to you. Information relating specifically to your loan will be contained in the actual loan documentation, which alone establishes your rights.

This transaction contains a variable rate feature. The Annual Percentage Rate (APR) and payment may increase during the term of this transaction if your First National Bank of Liverpool Automatic Loan Payment Agreement (hereafter called ALPA) is terminated for any reason. Upon closing, you will receive notice of this fact in your Consumer Disclosure Statement and Preferred Rate Addendum to your Note and/or Mortgage documents.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

- Your interest rate is the interest rate disclosed in your Note and/or Mortgage.
- Your payment will be based on the interest rate, loan amount and loan term.
- The interest rate will increase if the ALPA is terminated for any reason.
- If the ALPA is terminated for any reason, the interest rate payable shall automatically increase by one percent (1%) for the balance of the term of the Note. Your new payment amount is calculated based on the principal balance of your loan at the time your ALPA is terminated.

HOW YOUR INTEREST RATE CAN CHANGE:

- Should the ALPA be terminated for any reason, your interest rate shall automatically increase by one percent (1%) in accordance with Preferred Rate Addendum to your Note and/or Mortgage.
- After this adjustment, your interest rate will remain fixed for the remainder of the loan term.

HOW YOUR MONTHLY PAYMENT CAN CHANGE:

- If the ALPA is terminated for any reason, your monthly payment will increase based on the increase in your interest rate.
- Change in payment amount may only occur once, upon the termination of the ALPA.
- Your original term of loan will not change. You will continue to make monthly payments until paid in full.

NOTICE OF ADJUSTMENT:

- Once notice of termination of your ALPA is received, your interest rate will be adjusted. We will provide you with a Rate and Payment Change Notice which will contain information about your outstanding balance, interest rate adjustment and new payment amount. Your monthly statement showing the new monthly payment and current balance will be sent during your normal billing cycle. Your original due date will not change.

Signature

Date

Signature

Date