

CONFIRMATION OF TERMS Community Development Member Option Advance

ACCOUNT: _____

(Date of Request)

DOCKET NUMBER: _____

(Disbursement Date)

[MEMBER]
[ADDRESS]
[ATTENTION]

The purpose of this Confirmation of Terms (this "Confirmation") is to memorialize certain of the terms and conditions applicable to the borrowing by you ("Member") of an advance (the "Advance") from the Federal Home Loan Bank of Boston (the "Bank"), as further described below. This Confirmation supplements, is incorporated into, and is subject to the terms and conditions of the Agreement for Advances, Collateral Pledge and Security Agreement between the Bank and Member (as amended from time to time, the "Advances Agreement"). This Confirmation shall be binding on Member in accordance with the terms of the Advances Agreement.

1. General Terms

On the Disbursement Date, the Bank will disburse to Member the Advance in the amount of \$.00. Such Advance will have the terms specified herein, and will mature, unless otherwise stipulated in this Confirmation, and all principal will be paid in full, on _____ (the "Maturity Date"), or on the next Boston Banking Day if the Maturity Date is not a Boston Banking Day.¹

2. Interest

The Advance will bear interest at a fixed rate of .00 %, per annum (the "Interest Rate"). Interest on the Advance is calculated on an actual/360-day basis, payable monthly on the second Boston Banking Day of the month, in arrears (except that, on the Maturity Date, all interest accrued and previously unpaid shall be paid).

3. Put Options

(a) First Put Date: _____

(b) Put Option Style:

- One Time Put Option.** The one time put date shall occur on the First Put Date.
- Monthly Put Option.** Monthly put dates shall begin on the First Put Date, and thereafter shall occur in accordance with the Put Date Schedule attached hereto (each a "Monthly Put Date").
- Quarterly Put Option.** Quarterly put dates shall begin on the First Put Date, and thereafter shall occur in accordance with the Put Date Schedule attached hereto (each a "Quarterly Put Date").
- Semi-Annual Put Option.** Semi-Annual put dates shall begin on the First Put Date, and thereafter shall occur in accordance with the Put Date Schedule attached hereto (each a "Semi-Annual Put Date").
- Annual Put Option.** Annual put dates shall begin on the First Put Date, and thereafter shall occur in accordance with the Put Date Schedule attached hereto (each an "Annual Put Date").

¹ A "Boston Banking Day" is defined as any day on which the Bank is open for business.

(c) Put Option Exercise Terms:

- One Time Put Option.** Notwithstanding anything to the contrary in this Confirmation, on the First Put Date (or on the next Boston Banking Day if such day is not a Boston Banking Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in excess thereof), provided that Member has given the Bank at least four (4) Boston Banking Days' written notice of its intention to exercise its option.
- Monthly Put Option.** Notwithstanding anything to the contrary in this Confirmation, on each Monthly Put Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in excess thereof), provided that Member has given the Bank at least four (4) Boston Banking Days' written notice of its intention to exercise its option.
- Quarterly Put Option.** Notwithstanding anything to the contrary in this Confirmation, on each Quarterly Put Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in excess thereof), provided that Member has given the Bank at least four (4) Boston Banking Days' written notice of its intention to exercise its option.
- Semi-Annual Put Option.** Notwithstanding anything to the contrary in this Confirmation, on each Semi-Annual Put Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in excess thereof), provided that Member has given the Bank at least four (4) Boston Banking Days' written notice of its intention to exercise its option.
- Annual Put Option.** Notwithstanding anything to the contrary in this Confirmation, on each Annual Put Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in excess thereof), provided that Member has given the Bank at least four (4) Boston Banking Days' written notice of its intention to exercise its option.

4. Community Development Advances; New England Fund Advances

Member warrants and covenants that the Advance shall be used exclusively for the purpose and within the constraints described in Member's Community Development Advance ("CDA") or New England Fund ("NEF") Application, as applicable, that has the project name of _____ and which CDA or NEF Application shall be deemed a part of this Confirmation. If at any time during the term of the Advance the funds are not used in accordance with Member's CDA or NEF Application, as applicable, the Bank may, in its sole discretion, exercise any one or more of the following:

- Re-price the Advance to the interest rate applicable to a non-restricted advance of comparable type and maturity at the time the Advance was originally priced;
- Assess Member for the present value of the difference between the interest rate received on the Advance and the interest rate for a non-restricted advance of comparable type and maturity at the time the Advance was originally priced from the date the Advance ceased being used for the purpose enunciated in the CDA or NEF Application, as applicable;
- Call the Advance and, if applicable, assess a prepayment fee.

The Bank may monitor compliance with the CDA or NEF Application, as applicable, by on-site inspections of the project site, if any, and Member shall allow the Bank to access Member's books and records concerning the Advance during normal business hours upon one (1) Boston Banking Days' notice.

Moreover, to the extent the Advance constitutes a CDA advance, Member: (i) represents and warrants (a) that the initiative described in Member's CDA Application meets the guidelines for CDA advances, and (b) that all information provided in Member's CDA Application is true and correct; and (ii) agrees to maintain a statistical summary or a list of the incomes of the borrowers, rents for the project, or salaries of jobs created or retained.

5. Prepayment Provisions

Member may, at its option, prepay the Advance, in whole or in part, prior to maturity on any Boston Banking Day that is not a put date subject to a fee, provided the Bank receives irrevocable notice of prepayment by 12:00 p.m. (EST) two (2) Boston Banking Day prior to the date of prepayment and provided further that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in excess thereof. In the case of any such prepayment, a prepayment fee will be assessed equal to 100% of the present value of lost cash flow based upon the contract rate of the Advance and the “current yield on Federal Home Loan Bank securities”² for a new advance with a maturity equaling the earlier of the next scheduled put date or the Maturity Date, discounted at the “current yield on Federal Home Loan Bank securities” of the remaining period which shall be deemed to be the earlier of the next scheduled put date or the Maturity Date. The prepayment fee will be charged against Member’s IDEAL Way Deposit Account on the day of prepayment. The prepayment fee shall be no less than zero. The formula for determining the prepayment fee is:

$$\left[\left(1 - \frac{1}{(1 + A/2)^{(T/6)}} \right) / A \right] \times (\text{contract rate} - R) \times \text{principal}$$

$$\text{Where: } R = [(((A/2) * 360/365) + 1)^{1/6} - 1] * 12$$

A = “Current yield on Federal Home Loan Bank securities” with a maturity equaling the earlier of the next scheduled put date or the Maturity Date, provided, however, that in no event will “A” be less than zero

T = The lesser of the remaining period to the Maturity Date or the remaining period to the next scheduled put date (in months) (as an exponent)

contract rate = The Interest Rate of the Advance

R = The current yield on Federal Home Loan Bank securities (“A”), stated on a monthly pay actual/360 daycount basis

The term “principal” for purposes of the prepayment formula shall mean the principal amount of the Advance that is prepaid.

Termination cost may apply to any prepayment and will include any additional costs the Bank may incur (including, but not limited to, the cost of terminating interest rate swaps, futures, and options contracts, extraordinary operational or legal costs, and unusual debt retirement costs) as necessary to render the Bank financially indifferent to Member's decision to prepay, as determined solely by the Bank.

6. Representations and Warranties

As a reminder, Member shall be deemed to have repeated each of the representations and warranties set forth in the Advances Agreement each time the Bank funds an advance.

If you have any questions or identify any discrepancies with regard to this transaction, please contact the Bank immediately.

² “Current yield on Federal Home Loan Bank securities” is defined as the yield on Federal Home Loan Bank consolidated obligations (without concessions), as estimated for the prepayment date by the Bank System's Office of Finance (fiscal agent).