



CONFIRMATION OF TERMS LIBOR Floating Rate Advance with an Interest Rate Corridor

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 «MAT DATE» (the “Maturity Date”), or on the next Boston Banking Day if the Maturity Date is not a Boston Banking Day.¹ As further explained in Section 2 hereof, such Advance includes an embedded Interest Rate Corridor (as defined below).

2. Interest

Interest on the Advance is calculated on an actual/360-day basis, payable on each Reset Date (as defined below), in arrears (except that, on the Maturity Date, all interest accrued and previously unpaid shall be paid). The interest rate for the Advance shall be determined in accordance with the provisions below:

- (a) Initial Rate: The initial interest rate on the Advance is ___%, per annum.
- (b) Reset Dates: The interest rate will be adjusted on the ___ day of ___, beginning ___, and continuing through maturity (each a “Reset Date”). If any Reset Date falls on a day that is not a Boston Banking Day, the Reset Date shall be deemed to be the next Boston Banking Day. If any Reset Date would be the 31st day of a month but the applicable month does not have a 31st day (and, in the case of February, the 29th or 30th day), the Reset Date shall be deemed to be the last calendar day of that month, or the next Boston Banking Day if the last calendar day of that month is not a Boston Banking Day.
- (c) Adjusted Rate: The adjusted rate at each Reset Date will be ___-month LIBOR ___ ___ basis points, subject to adjustment in accordance with the following provisions:
 - (i) if ___-month LIBOR is less than or equal to the Cap #1 Strike Rate (as defined below), then no adjustment shall be made to the interest rate for the relevant interest period;
 - (ii) if ___-month LIBOR is greater than the Cap #1 Strike Rate, but less than or equal to the Cap #2 Strike Rate (as defined below), the interest rate shall be reduced by the difference between ___-month LIBOR and the Cap #1 Strike Rate for the relevant interest period; and

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

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(iii) if ___-month LIBOR is greater than the Cap #2 Strike Rate, the interest rate shall be reduced by the difference between the Cap #2 Strike Rate and the Cap #1 Strike Rate for the relevant interest period.

(d) Cap #1 Strike Rate: ___%

(e) Cap #2 Strike Rate: ___%

(f) Definitions:

“Interest Rate Corridor” shall mean an embedded combination of two interest rate caps, one purchased by Member from the Bank at a set strike rate (“Cap #1 Strike Price”) and the other sold by Member to the Bank at a higher strike rate (“Cap #2 Strike Rate”).

“LIBOR” shall mean the ICE Benchmark Administration Limited (“ICE”) Interest Settlement Rate for ___-month fixed rate deposits in U.S. dollars posted by the information vendor designated by the ICE at 11:00 a.m., London time two (2) _____ Business Days² prior to each Reset Date.

(g) In the event that the Bank determines, in its sole discretion, that:

- (i) LIBOR, or any replacement thereof (the “Index”), is suspended, discontinued, not published, or otherwise no longer available, and adequate and reasonable means do not exist for ascertaining the Index; or
- (ii) The Index is no longer a reliable market indicator, even if it continues to be published; or
- (iii) Another market accepted index is more suitable to reflect the Advance’s economic terms considering the Bank’s underlying funding and related derivative transactions, other market factors, and the Bank’s regulatory requirements,

then the Bank shall have the right, from time to time, to, in good faith, (1) substitute an alternative benchmark index for the Index, which itself may or may not be an interim Index, and (2) adjust the spread to Index, as may have been previously adjusted, to maintain the current yield on the Advance or make the new rate economically neutral, in the sole determination of the Bank, and which, at minimum, complies with the Bank’s regulatory requirements. In connection with the foregoing, the Bank may also determine the day count convention, Reset Dates, Cap Strike Rates, and any other relevant methodology for calculation of the substitute rate in a manner consistent with the foregoing.

The Bank shall provide Member with notice as soon as practicably possible of any determination made as set forth above and the effective date of any substitutions, adjustments or other changes.

3. Prepayment Provisions

Member may, at its option, prepay the Advance, in whole or in part, prior to the Maturity Date on any Boston Banking Day, provided the Bank receives irrevocable notice of prepayment by 12:00 p.m. (EST) two (2) Boston Banking Days prior to the date of prepayment and provided further that any partial prepayment shall be in a minimum amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof. A prepayment fee will be assessed equal to 100% of the present value of lost cash flow based upon an annual rate of ___ basis points times the principal amount of the Advance that is prepaid on a monthly basis for the remaining life of the Advance, discounted at the “current yield on Federal Home Loan Bank securities”³ of the same maturity as the scheduled final maturity of the Advance (the “Prepayment Fee”). In addition to the Prepayment Fee, Member will be charged any termination costs that the Bank incurs in terminating interest rate swaps, futures, options contracts, and other debt instruments as necessary to render the Bank financially indifferent to Member’s decision to prepay, as determined solely by the Bank (the “Termination Costs”). The Prepayment Fee and Termination Costs 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 amount due upon prepayment is therefore the amount determined by the following formula:

² A “Business Day” is defined as a day (other than a Saturday or Sunday) on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the political subdivision so specified.

³ “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).

$$\left(\left[\left(1 - \frac{1}{(1+A/2)^{(T/6)}} \right) / A \right] \times \text{_____ basis points} \times \text{principal} \right) + \text{Termination Costs}$$

A = "Current yield on Federal Home Loan Bank securities" of the same maturity as that remaining on the Advance, provided, however, that in no event will "A" be less than zero

T = Remaining maturity (in months) (as an exponent)

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

The Bank may also charge Member any 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.

4. 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.