



## CONFIRMATION OF TERMS Curve Flattener or Steepener 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.<sup>1</sup>

### 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).

#### **Curve Flattener Advance:**

The initial interest rate on the Advance (“Curve Flattener Advance Rate”) is \_\_\_\_\_, per annum. The Curve Flattener Advance Rate will be adjusted quarterly on the \_\_\_\_\_ day of \_\_\_\_\_, beginning \_\_\_\_\_, until final maturity (each a “Reset Date”). If any Reset Date falls on a date that is not a New York Business Day<sup>2</sup> the adjustment date shall be adjusted in accordance with the Modified Following Business Day Convention. The Curve Flattener Advance Rate shall be equal to a fixed component, equal to \_\_\_\_\_%, that will be fixed for the term of the Advance, **plus** a variable component, equal to \_\_\_\_\_% at the inception of the term, but which thereafter on each Reset Date will be the difference between the \_\_\_ year Constant Maturity Swap rate expressed in percentage terms and the \_\_\_ year Constant Maturity Swap rate expressed in percentage terms, each quoted two (2) New York Business Days prior to each Reset Date.

#### **Curve Steepener Advance:**

The initial interest rate on the Advance (“Curve Steepener Advance Rate”) is \_\_\_\_\_, per annum. The Curve Steepener Advance Rate will be adjusted quarterly on the \_\_\_\_\_ day of \_\_\_\_\_, beginning \_\_\_\_\_, until final maturity (each a “Reset Date”). If any Reset Date falls on a date that is not a New York Business Day<sup>3</sup> the adjustment date shall be adjusted in accordance with the Modified Following Business Day

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

<sup>2</sup> 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.

<sup>3</sup> A “Business Day” is defined as a day (other than a Saturday or Sunday) on which banks are open for business (including dealings in  
(Revised 8/2016)

Convention. The Curve Steeper Advance Rate shall be equal to a fixed component, equal to \_\_\_\_%, that will be fixed for the term of the Advance, **less** a variable component, equal to \_\_\_\_% at the inception of the term, but which thereafter on each Reset Date will be the difference between the \_\_\_\_ year Constant Maturity Swap rate expressed in percentage terms and the \_\_\_\_ year Constant Maturity Swap rate expressed in percentage terms, each quoted two (2) New York Business Days prior to each Reset Date.

The Constant Maturity Swap rates that comprise the variable component of both the Curve Flattener Advance Rate and the Curve Steeper Advance Rate are the USD\_ISDA\_Swap rates which appear on Reuters or Bloomberg ISDAFIX1 page at or around 11:00 a.m. EST on the applicable Reset Date. In the event the rates referenced in the preceding sentence do not appear on Reuters or Bloomberg ISDAFIX1 page or if such service and page shall cease to be available, a comparable replacement, as determined by the Bank in its sole discretion, may be used by the Bank. In the event the rates referenced in the first sentence of this paragraph are not available, market convention for such rates will be used.

For the avoidance of doubt, although the initial Curve Flattener Advance Rate and the initial Curve Steeper Advance Rate shall not be less than zero, both the Curve Flattener Advance Rate and the Curve Steeper Advance Rate may adjust to a rate less than zero on a Reset Date.

### 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 \$100,000 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 paid on a monthly basis for the remaining life of the Advance, discounted at the “current yield on Federal Home Loan Bank securities”<sup>4</sup> 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:

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

**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.**

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foreign exchange and foreign currency deposits) in the political subdivision so specified.

<sup>4</sup> “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).

(Revised 8/2016)