



CONFIRMATION OF TERMS Discount Note Floating Auction Rate 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, unless prepaid in accordance with the terms of this Confirmation, mature, 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

2. Interest Period

Interest shall be payable on the last day of every 28-day or 91-day period (the “Interest Period”), or on the next Boston Banking Day if the last day of the Interest Period is not a Boston Banking Day. Each Interest Period shall be the same number of days (either 28 or 91 as determined by the term of the first Interest Period). The first Interest Period shall begin on ___ and shall end on (and interest shall be due on) _____. The interest payable for each Interest Period shall be the interest accrued during the 28-day or 91-day Interest Period even if due on the next Boston Banking Day, except that if the Maturity Date is not a Boston Banking Day, the last Interest Period shall be extended to the next Boston Banking Day and interest shall accrue for any additional days.

3. Interest Rate

The Interest Rate for the first Interest Period shall be __%, which rate may increase or decrease on the first day of each subsequent Interest Period (each a “Reset Date”) and shall be the Base Rate plus the Spread (each as hereinafter defined), rounded, if necessary, to the next highest one one-hundredth of one percent. 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. Interest shall be computed on the basis of actual days elapsed in a year of 360 days.

- a. **Base Rate:** The Base Rate for an Interest Period shall be the rate identified on the Federal Home Loan Bank - Office of Finance (“FHLBank OF”) web site (www.fhlb-of.com (or any successor location)) as the 4-Week MMY (money market yield) (plus any fees or transaction costs) or 13-Week MMY (plus any fees or transaction costs), as

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

applicable,² for FHLBank Discount Notes (“DNs”) for the auction date³ immediately preceding the first day of that Interest Period (the “MMY Rate”), adjusted as follows - the Base Rate equals:

$$((\text{MMY Rate} * \text{the Interest Period} / 36000) / (1 - \text{MMY Rate} * \text{the Interest Period} / 36000)) * 360 / \text{the Interest Period}.$$

If the Base Rate cannot be determined on the scheduled Reset Date, the Member shall have the option to: (i) continue performance under the terms of the Advance at a Base Rate determined by the Bank in its sole discretion; or (ii) to prepay the Advance in full in accordance with the Prepayment Provisions of Section 4 below and any notice requirements specified therein shall be deemed satisfied.

b. **Spread:** _____

“Spread” means the per annum rate expressed as a percentage and determined by the Bank in its sole discretion.

4. Program Provisions

a) Community Development 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”) Application that has the project name of «HOUSE PRJ» and which CDA 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 Application, 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 Application;
- Call the Advance and, if applicable, assess a prepayment fee.

The Bank may monitor compliance with the CDA Application 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, 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 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. Prepayment without a fee shall be allowed only on Reset Dates. In the case of a prepayment on any other date, 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

² The 4-Week all-in MMY shall apply for advances with a 28-day Interest Period and the 13-Week all-in MMY shall apply for advances with a 91-day Interest Period.

³ The FHLBank OF auctions DN twice weekly, on Tuesdays and Thursdays, provided however that if the Tuesday or Thursday of a given week is not a Business Day, the FHLBank OF will, in its discretion, move the DN auction scheduled for such Tuesday or Thursday to either the Business Day immediately preceding or immediately following such Tuesday or Thursday. For purposes of this Confirmation, a “Business Day” shall mean 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 New York City.

prevailing on the date of prepayment and the “current yield on Federal Home Loan Bank securities”⁴ of the same maturity as the remaining period to the next Reset Date or, if there are no further Reset Dates, the Maturity Date, discounted at the “current yield on Federal Home Loan Bank securities” for this period. 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:

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

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

Prepayment Fee Variables Definitions:

A = “Current yield on Federal Home Loan Bank securities” of the same maturity as the remaining period to the next Reset Date or, if there are no further Reset Dates, the Maturity Date, provided, however, that in no event will “A” be less than zero

T = Remaining period to the next Reset Date or, if there are no further Reset Dates, the Maturity Date (in months) (as an exponent)

contract rate = the interest rate of the Advance prevailing on the date of prepayment

R = The current yield on Federal Home Loan Bank securities (“A”), stated on a monthly pay, actual/360 day-count 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, including any prepayment occurring on Reset Dates, 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.

⁴ “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 01/2019)