

CONFIRMATION OF TERMS Expander 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 (the “Advance Amount”). 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 _____ (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. 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. Expansion Option

Subject to the terms and conditions set forth in this Confirmation, the Advance Agreement and the Master Application, Member shall have the option on _____ (the “Expansion Date”) to borrow from the Bank an additional advance in the amount of _____ (the “Expansion Amount”), with the same provisions as specified above for the original Advance Amount. In order to exercise this option, prior to the Notification Cut-off Time,² Member must give the Bank written notice, in the form attached hereto as Exhibit A, which shall be irrevocable, that it wishes to expand the original Advance Amount. After the funding of the Expansion Amount, the Advance Amount shall be deemed to include such Expansion Amount for all purposes hereunder. In the event that Member does not exercise its option to expand the Advance on the Expansion Date, Member is not entitled to receive the cash value, if any, of the unexercised option.

4. Prepayment Provisions

Member may, at its option, prepay the Advance 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. The Advance may be prepaid: (1) in whole, but not in part, prior to the Expansion Date; and (2) in whole or in part on or after the Expansion Date (provided, however, that any partial prepayment shall be in a minimum amount of \$100,000 and integral multiples of \$100,000 in

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

² “Notification Cut-off Time” is defined as noon (12:00 p.m. (EST)) on the third Boston Banking Business Day prior to the Expansion Date.

excess thereof), but in either case, 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”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:

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

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.

5. 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.

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).

EXHIBIT A

FORM OF IRREVOCABLE EXPANSION NOTICE

VIA FACSIMILE ((617) 261-3327)

Federal Home Loan Bank of Boston
800 Boylston Street, 9th Floor
Boston, MA 02199
Attention: Loan Operations

Re: Expander Advance (Account # _____)

Ladies and Gentleman:

Reference is made to the above-referenced Expander Advance (the "Advance") in the original principal amount of _____ (the "Advance Amount") disbursed by the Federal Home Loan Bank of Boston (the "Bank") to _____ ("Member") on _____. Capitalized terms used, but not otherwise defined herein shall have the meaning assigned to such terms in the Confirmation (hereinafter defined).

Pursuant to this irrevocable notice, Member hereby exercises its option, subject to the terms and conditions set forth in the Confirmation of Terms for the original Advance Amount (the "Confirmation"), to borrow from the Bank an additional _____ (the "Expansion Amount") on the Expansion Date, with the same provisions as specified in the Confirmation.

By signing this irrevocable notice, the undersigned signing officer certifies that in accordance with a resolution adopted by the board of directors of the undersigned Member, a certified copy of which has previously been submitted to the Bank, the officer is duly authorized to enter into and approve on behalf of Member advances and other extensions of credit made to Member and is therefore authorized to execute this irrevocable notice and thereby confirm the transaction.

Very truly yours,

(Member)

By: _____
Name: _____
Title: _____