



**CONFIRMATION OF TERMS
HLB Convertible Option Advance
(Floater to Fixed with One Time, Quarterly or Annual Put Date(s))**

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

2. Interest

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, unless payable sooner in accordance with the terms of this Confirmation).

- (a) The initial interest rate on the Advance is __%, per annum. The interest rate will be adjusted on the __ day of _____, beginning _____ and continuing through _____ (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. The adjusted rate at each Reset Date will be __-month LIBOR, plus/minus __ basis points. The LIBOR rate of interest for each relevant interest period will be 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.

For the avoidance of doubt, although the initial interest rate shall not be less than zero, the interest rate may adjust to a rate less than zero on a Reset Date.

- (b) Thereafter, if the Bank does not exercise its put option on the First Put Date (as defined below), the interest rate for the remaining term of the Advance will be fixed at a rate of __%, per annum.
- (c) In the event that the Bank determines, in its sole discretion, that:

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

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.

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- (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, Put Dates, 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. 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.
- 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”).
- 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”).

(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 Bank may, at its option and in its sole discretion, require Member to repay the Advance provided that the Bank has given Member 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 Bank may, at its option and in its sole discretion, require Member to repay the Advance provided that the Bank has given Member 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 Bank may, at its option and in its sole discretion, require Member to repay the Advance provided that the Bank has given Member at least four (4) Boston Banking Days’ written notice of its intention to exercise its option.

4. Prepayment Provisions

Member may, at its option, prepay the Advance, in whole or in part, prior to maturity 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 paid on a monthly basis for the remaining

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life of the Advance, discounted at the “current yield on Federal Home Loan Bank securities”³ of the same remaining maturity as that remaining on 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:

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

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.

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).

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