



CONFIRMATION OF TERMS
Knock-Out Advance with a Strike Rate

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.¹

2. Interest

The Advance will bear interest at a fixed rate of .00 %, per annum (the "Interest Rate"). 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).

3. Strike Rate/Knock-out

(a) Strike Index: -month LIBOR²

(b) Strike Rate: .00 %

(c) First Strike Date: _____

(d) Strike Style:

- One Time Strike Date.** The one time strike date shall occur on the First Strike Date.
- Monthly Strike Dates.** Monthly strike dates shall begin on the First Strike Date, and thereafter shall occur in accordance with the Strike Date Schedule attached hereto (each a "Monthly Strike Date").
- Quarterly Strike Dates.** Quarterly strike dates shall begin on the First Strike Date, and thereafter shall occur in accordance with the Strike Date Schedule attached hereto (each a "Quarterly Strike Date").

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

² 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.

- Semi-Annual Strike Dates.** Semi-Annual strike dates shall begin on the First Strike Date, and thereafter shall occur in accordance with the Strike Date Schedule attached hereto (each a “Semi-Annual Strike Date”).

(e) Knock-Out:

- One Time Strike Date.** Notwithstanding anything to the contrary in this Confirmation, if the interest rate of the Strike Index as observed four (4) London Business Days³ prior to the First Strike Date (or on the next Boston Banking Day if such day is not a Boston Banking Day) equals or exceeds the Strike Rate, the Advance shall mature and all principal and interest shall be payable in immediately available funds on the First Strike Date.
- Monthly Strike Dates.** Notwithstanding anything to the contrary in this Confirmation, if the interest rate of the Strike Index as observed four (4) London Business Days prior to any Monthly Strike Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day) equals or exceeds the Strike Rate, the Advance shall mature and all principal and interest shall be payable in immediately available funds on such Monthly Strike Date.
- Quarterly Strike Dates.** Notwithstanding anything to the contrary in this Confirmation, if the interest rate of the Strike Index as observed four (4) London Business Days prior to any Quarterly Strike Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day) equals or exceeds the Strike Rate, the Advance shall mature and all principal and interest shall be payable in immediately available funds on such Quarterly Strike Date.
- Semi-Annual Strike Dates.** Notwithstanding anything to the contrary in this Confirmation, if the interest rate of the Strike Index as observed four (4) London Business Days prior to any Semi-Annual Strike Date (or on the next Boston Banking Day if any such day is not a Boston Banking Day) equals or exceeds the Strike Rate, the Advance shall mature and all principal and interest shall be payable in immediately available funds on such Semi-Annual Strike Date.

4. 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”⁴ 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.

³ 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.

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).

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.