



APPLICATION FOR ADVANCE: Member Option Advance

Loan No: []

The purpose of this application for advance (“Application”) is to memorialize the terms and conditions of the transaction entered into between the Member, by its Borrowing Officer, and the Federal Home Loan Bank of Boston (“the Bank”) on the Effective Date. This Application supplements, is incorporated into, and is subject to the terms and conditions of the Agreement for Advances, Collateral Pledge and Security Agreement between Member and the Bank, which together, with the specific terms and conditions of this transaction to which the Member and Bank agreed orally, constitute the legally binding agreement between the Member and the Bank. This Application shall be conclusive as to the terms of the advance and binding on the Member. Member shall be estopped from challenging the terms on any grounds and from denying its obligation to repay the advance or any interest or fees thereon. In the event that Member believes that a discrepancy exists herein, Member must immediately deliver notice to the Bank.¹ The Member shall promptly execute and return this Application.

1. CERTAIN DEFINED TERMS – The following terms shall have the meanings given below:

Member:² []

Docket Number:[]

Effective Date: [] (Application Date)

Borrowing Officer [] (Member’s officer who agreed to this advance)

Amount: [\$]

Disbursement Date: [] (Funding Date)

Maturity Date: []

Interest Rate: [] % per annum (Fixed)

First Put Date: []

Put Option Style:

- a. **One Time Put Option.** The one time put date shall occur on the First Put Date.

- b. **Monthly Put Option.** Monthly put dates shall begin on the First Put Date, and thereafter shall occur in accordance with the Put Date Schedule attached hereto (each a “Monthly Put Date”).

- c. **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”).

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

- e. **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”).

Boston Banking Day: Any day on which the Bank is open for Business.

¹ Any notice, request, response, demand, claim or other communication required or permitted hereunder shall be in writing and transmitted, delivered or sent by (a) personal delivery, (b) courier or messenger service, whether overnight or same day (c) certified United States mail postage prepaid, return receipt requested, or (d) a confirmed facsimile to the Bank’s Credit Operations Department.

² For purposes of this Application, a housing associate applicant is deemed “the Member.”

2. **GENERAL TERMS** – On the Effective Date, the Member applied for an advance (a “Member Option Advance”), and the Bank and the Member agreed to the following: The Bank shall provide the Member with a Member Option Advance on the Disbursement Date for the Amount which will, unless otherwise stipulated in this Application, mature on the Maturity Date or on the next Boston Banking Day if the Maturity Date is not a Boston Banking Day. The Member shall pay a fixed rate of interest, which rate shall be the Interest Rate. Interest on the Member Option Advance will be calculated on an actual/360-day basis, payable monthly, on the second Boston Banking Day of the month (except that any interest accrued and unpaid on the Maturity Date shall be paid on the Maturity Date), in arrears.

3. **PUT OPTION EXERCISE TERMS**

a. **One-Time Put Option.** The Member may, at its option, repay this advance without fee, in whole or in part, on the First Put Date (or on the subsequent Boston Banking Day if such day is not a Boston Banking Day) provided that the Member has given the Bank at least four Boston Banking Days' written notice of its intention to exercise its option. Any such written notice received by the Bank on a non-Boston Banking day will be deemed to be received on the next following Boston Banking day.

b. **Monthly Put Option.** Beginning on the First Put Date and on each Monthly Put Date thereafter (or on the subsequent Boston Banking Day if such day is not a Boston Banking Day), the Member may, at its option, repay this advance without fee, in whole or in part, provided that the Member has given the Bank at least four Boston Banking Days' written notice of its intention to exercise its option. Any such written notice received by the Bank on a non-Boston Banking day will be deemed to be received on the next following Boston Banking day.

c. **Quarterly Put Option.** Beginning on the First Put Date and on each Quarterly Put Date thereafter (or on the subsequent Boston Banking Day if such day is not a Boston Banking Day), the Member may, at its option, repay this advance without fee, in whole or in part, provided that the Member has given the Bank at least four Boston Banking Days' written notice of its intention to exercise its option. Any such written notice received by the Bank on a non-Boston Banking day will be deemed to be received on the next following Boston Banking day.

d. **Semi-Annual Put Option.** Beginning on the First Put Date and on each Semi-Annual Put Date thereafter (or on the subsequent Boston Banking Day if such day is not a Boston Banking Day), the Member may, at its option, repay this advance without fee, in whole or in part, provided that the Member has given the Bank at least four Boston Banking Days' written notice of its intention to exercise its option. Any such written notice received by the Bank on a non-Boston Banking day will be deemed to be received on the next following Boston Banking day.

e. **Annual Put Option.** Beginning on the First Put Date and on each Annual Put Date thereafter (or on the subsequent Boston Banking Day if such day is not a Boston Banking Day), the Member may, at its option, repay this advance without fee, in whole or in part, provided that the Member has given the Bank at least four Boston Banking Days' written notice of its intention to exercise its option. Any such written notice received by the Bank on a non-Boston Banking day will be deemed to be received on the next following Boston Banking day.

4. **COMMUNITY DEVELOPMENT ADVANCE OR NEW ENGLAND FUND ADVANCES**– The Member agrees to the following additional terms for Community Development Advances or New England Fund Advances: :

Member warrants and covenants that the funds received under this advance shall be used exclusively for the purpose and within the constraints described in Member's Community Development Advance (“CDA”) or New England Fund (“NEF”) Application which has the project name of _____ and which CDA or NEF Application shall be deemed a part of this application. If at any time during the term of the advance the funds are not used in accordance with Member's CDA or NEF Application, as applicable, the Bank may, in its sole discretion, exercise any one or more of the following:

- Reprice the advance to the interest rate applicable at the time the advance was made for a non-restricted advance of comparable type and maturity;
- Assess the 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 with the same disbursement date and of comparable type and maturity from the date the advance ceased being used for the purpose enunciated in the CDA or NEF Application, as applicable;
- Call the advance and, if applicable, assess a prepayment fee.

The Bank may monitor compliance with the CDA or NEF Application, as applicable, by on-site inspections of the project site, if any, and the Member shall allow the Bank to access the Member's books and records concerning the advance during normal business hours upon one Boston Banking Day's notice.

5. PREPAYMENT PROVISIONS

On any date that is not a put date, Member may prepay the advance, subject to a fee, provided the Bank receives 24 hours notice of prepayment. A prepayment fee on other than the aforementioned put dates will be assessed equal to 100% of the present value of lost cash flow based upon the contract rate of the advance and the "current yield on Federal Home Loan Bank securities"* for a new advance with a maturity equaling the lesser of the next scheduled put date or the maturity date, discounted at the "current yield on Federal Home Loan Bank securities" of the remaining period which shall be deemed to be the lesser of the next put date or the maturity date. The prepayment fee will be charged against the member's IDEAL Way Deposit Account on the day of prepayment. The formula for determining the prepayment fee is:

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

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

A = "current yield on Federal Home Loan Bank securities"* of the maturity equaling the lesser of the next scheduled put date or the maturity date.

T = the lesser of the remaining maturity or the next put date upon which member may prepay without fee (in months) (as an exponent).

contract rate = the Interest Rate of the advance

R = the current yield on Federal Home Loan Bank securities ("A"), stated on a monthly pay actual/360 daycount basis.

Termination Cost: Termination Costs may apply to any prepayment 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) in order to render the Bank financially indifferent to the member's decision to repay.

* "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).

6. MEMBER ACKNOWLEDGEMENT FOR MEMBER OPTION ADVANCE

The undersigned Member acknowledges the following in connection with accepting extensions of credit in the form of the Member Option Advance: (i) that the undersigned representative is familiar with Member's level of knowledge and experience in financial and business matters as they relate to Member's ability to evaluate the merits and risks of using options, such as the one embedded in the Member Option Advance product offered by the Bank; (ii) that the board of directors of Member has established risk management and capital policies, and that use of the Member Option Advance has been duly authorized and approved by an appropriate officer of Member; (iii) that there are certain interest rate and liquidity risks associated with the use of the Member Option Advance, and that there are circumstances in which use of the Member Option Advance may increase Member's risk profile in these areas; and (iv) that if the Member, on a date that is not a put date, elects to repay the advance prior to its maturity or termination by the Bank, Member may be subject to a prepayment fee that reflects the Bank's expected loss of income on reinvested funds as well as the cost of terminating any hedge contracts associated with the prepaid amount.

Notwithstanding any general information that the Bank may give Member about the Member Option Advance, it is understood that the Bank is not a financial or investment advisor or fiduciary to Member. Member represents that it is fully capable of evaluating both the merits and risks associated with use of the Member Option Advance and that, in fact, Member has independently reviewed these merits and risks and the suitability of the Member Option Advance for Member's use.

Member further represents that it has not relied, and will not rely, upon any analysis or advice from the Bank in assessing the risks associated with the use of the Member Option Advance

Member acknowledges that use of the Member Option Advance is not the result of any direct solicitation or recommendation by the Bank, but is the result of Member's request arising from the ongoing business relationship between Member and the Bank.

7. **ADDITIONAL TERMS** – Member acknowledges and agrees to the following:

- a. As a condition of making this advance, if the Bank’s capital plan or the Federal Home Loan Bank Act requires the Member to purchase additional Bank capital stock, the Bank may debit the Member’s IDEAL Way Deposit Account, prior to (or after) funding this advance, for the amount of the capital stock that Member must purchase.
- b. Member hereby authorizes the Bank to charge the Member’s IDEAL Way Deposit Account for all principal and interest payments and any expenses applicable to the Advance.
- c. Advances with maturities greater than five years are deemed to be long-term advances and shall only be made for the purpose of providing funds for residential housing finance.
- d. If the Disbursement Date is later than the Effective Date, then the Bank may cancel its obligation to fund the advance: (i) upon notice from the Member’s primary regulator or insurer that the Member has been restricted from obtaining advances from a Federal Home Loan Bank; or (ii) If the Member’s access to advances is restricted pursuant to statute or 12 C.F.R. § 950.4.
- e. Member will abide by all other terms and conditions set forth in the Bank’s Member Products Policy (or Housing Associate Products Policy if applicable) in effect on the Effective Date and as the Bank may amend it from time to time in the future.

By signing this Application, 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 resolution 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 Application and thereby confirm the transaction.

AGREED AND ACKNOWLEDGED
MEMBER

By: _____
(Signature)

(Date Signed)

(Typed Name)

(Title)

