

## CONFIRMATION OF TERMS Amortizing 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 remaining 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.<sup>1</sup>

### 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 first Boston Banking Day of the month, in arrears (except that, on the Maturity Date, all interest accrued and previously unpaid shall be paid).

### 3. Program Provisions

#### a) Community Development Advances; New England Fund 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”) or New England Fund (“NEF”) Application, as applicable, that has the project name of «HOUSE PRJ» and which CDA or NEF 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 or NEF Application, as applicable, 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 or NEF Application;
- Call the Advance and, if applicable, assess a prepayment fee.

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

The Bank may monitor compliance with the CDA or NEF 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, to the extent the Advance constitutes a CDA advance, 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.

**□ b) Affordable Housing Program Advances:**

Member warrants and covenants that the Advance shall be used exclusively for the purpose and within the constraints described in Member's Application for Affordable Housing Program ("AHP Application") which has the project number of \_\_\_\_\_ and which AHP Application shall be deemed a part of this Confirmation and shall be within the guidelines of 12 C.F.R. § 1291 *et seq.* If at any time during the term of the Advance the funds are not used in accordance with Member's aforementioned AHP Application and 12 C.F.R. § 1291 *et seq.*, the Bank may, in its sole discretion, exercise any one or more of the following:

- Re-price 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 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 AHP Application;
- Call the Advance and, if applicable, assess a prepayment fee.

The Bank shall monitor compliance with Member's approved AHP Application, and Member shall submit to the Bank quarterly reports which comply with the requirements of 12 C.F.R. § 1291.7, illustrating that the funds are being used in accordance with Member's approved AHP Application.

**4. Amortization Schedule**

The first amortization payment of principal and interest will be due on \_\_\_\_\_; thereafter, payments will be due every month, on the first Boston Banking Day of the month. A complete amortization schedule will be made available to Member upon request.

**5. Prepayment Provisions**

**□ a) Amortizing Advances (with the exception of Affordable Housing Program Advances):**

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) one (1) Boston Banking Day 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 the contract rate of the Advance, and the "current yield on Federal Home Loan Bank securities"\* of the same weighted average maturity as that remaining on the Advance, discounted at the "current yield on Federal Home Loan Bank securities"\* of the remaining weighted average maturity. 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:

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

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

A = "Current yield on Federal Home Loan Bank securities"\* of the same weighted average maturity as that remaining on the Advance, provided, however, that in no event will "A" be less than zero

T = Weighted average remaining maturity (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 day-count basis

□ **b) Amortizing Affordable Housing Program Advances:**

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) one (1) Boston Banking Day 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 on the cost of funds at the time the Advance was initiated and the "current yield on Federal Home Loan Bank securities"\* for the same weighted average maturity as that remaining on the Advance. 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:

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

**C** = Yield on Federal Home Loan Bank securities, at the time the Advance was originated, for the original maturity of the Advance

**A** = "Current yield on Federal Home Loan Bank securities"\* of the same weighted average maturity as that remaining on the Advance, provided, however, that in no event will "A" be less than zero

**T** = Weighted average 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.

\* "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).

Termination cost 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, 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.**