



CONFIRMATION OF TERMS Callable SOFR-Indexed Floater 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 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

Reference Rate (Benchmark):	SOFR
Spread to Reference Rate:	Plus / minus ____ basis points
Interest Rate:	Compounded SOFR (determined as set forth herein), plus the Spread (non-compounded) to Reference Rate.
Day Count Basis:	Actual/360
Minimum Reference Rate:	Subject to a daily Reference Rate floor of 0%.
Reset Date:	Daily; provided, however, that if such Reset Date is a U.S. Government Securities Business Day, the Reference Rate will be the second U.S. Government Securities Business Day immediately preceding such Reset Date, and if such Reset Date is not a U.S. Government Securities Business Day, the Reference Rate will be the immediately preceding U.S. Government Securities Business Day.
Interest Payment Dates:	Quarterly, from the Disbursement Date, on the Boston Banking Day immediately following such period end date provided, however, that (i) the Reference Rate will be the second U.S. Government Securities Business Day immediately preceding such period end date, and (ii) on the Maturity Date, all interest accrued and previously unpaid shall be paid, unless payable sooner in accordance with the terms of this

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

(Revised 12/2021)

	Confirmation.
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3. Call Options

(a) First Call Date: _____

(b) Call Option Style:

- ☐ **One Time Call Option.** The one time call date shall occur on the First Call Date.
- ☐ **Quarterly Call Option.** Quarterly call dates shall begin on the First Call Date, and thereafter shall occur in accordance with the Call Date Schedule attached hereto (each a “Quarterly Call Date”).
- ☐ **Annual Call Option.** Annual call dates shall begin on the First Call Date, and thereafter shall occur in accordance with the Call Date Schedule attached hereto (each an “Annual Call Date”).

Call Option Exercise Terms:

- ☐ **One Time Call Option.** Notwithstanding anything to the contrary in this Confirmation, on the First Call Date (or on the next Business Day if such day is not a Business Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof), provided that the Member has given the Bank at least nine (9) Business Days’ written notice of its intention to exercise its option.
- ☐ **Quarterly Call Option.** Notwithstanding anything to the contrary in this Confirmation, on each Quarterly Call Date (or on the next Business Day if such day is not a Business Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof), provided that the Member has given the Bank at least nine (9) Business Days’ written notice of its intention to exercise its option.
- ☐ **Annual Call Option.** Notwithstanding anything to the contrary in this Confirmation, on each Annual Call Date (or on the next Business Day if such day is not a Business Day), the Member may, at its option, repay the Advance without fee, in whole or in part (provided, however, that any partial prepayment shall be in a minimum amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof), provided that the Member has given the Bank at least nine (9) Business Days’ written notice of its intention to exercise its option.

4. Definitions

Compounded SOFR

Compounded SOFR, with respect to an applicable Interest Period, will be determined by the Bank in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d} \right)$$

where:

$SOFR\ Index_{Start}$ is the SOFR Index value on the date that is two U.S. Government Securities Business Days preceding the first date of the applicable Interest Period;

$SOFR\ Index_{End}$ is the SOFR Index value on the date that is two U.S. Government Securities Business Days preceding the Interest

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Payment Date or Maturity Date, as the case may be, relating to the applicable Interest Period; and

“d” is the number of calendar days in the applicable Observation Period.

For purposes of determining Compounded SOFR:

“Interest Payment Determination Date” means, with respect to an applicable Interest Period, the date that is two U.S. Government Securities Business Days preceding the Interest Payment Date or Maturity Date, as the case may be, relating to the applicable Interest Period.

“Observation Period” means, with respect to an applicable Interest Period, the period from, and including, (a) the date that is two U.S. Government Securities Business Days preceding the first date of the applicable Interest Period to, but excluding, (b) the date that is two U.S. Government Securities Business Days preceding the Interest Payment Date or Maturity Date, as the case may be, relating to the applicable Interest Period.

“SOFR Index value” on a U.S. Government Securities Business Day means:

- (1) the value of the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the SOFR Administrator’s Website at 3:00 p.m. (New York time) on such U.S. Government Securities Business Day (the “SOFR Index Determination Time”); or
- (2) if the value of the SOFR Index does not so appear as specified in (1) above at the SOFR Index Determination Time, then:
 - (a) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to the section entitled “SOFR Index Unavailable” below; or
 - (b) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to the section entitled “Effect of a Benchmark Transition Event” below.

where:

“SOFR” means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator’s Website;

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of SOFR); and

“SOFR Administrator’s Website” means the web site of the SOFR Administrator, currently at www.newyorkfed.org, or any successor web site of the SOFR Administrator.

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor entity) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

SOFR Index Unavailable

If a *SOFR Index_{Start}* or *SOFR Index_{End}* is not published on the associated Interest Payment Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, “Compounded SOFR” means, with respect to the applicable Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the SOFR Administrator’s Website at www.newyorkfed.org/markets/treasury-repo-reference-rates-information (or any successor web site of the SOFR Administrator containing such information). For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to “calculation period” shall be replaced with “Observation Period” and the words “that is, 30-, 90-, or 180-calendar days” shall be removed. If the daily SOFR (“SOFRi”) does not so appear for any day “i” in the Observation Period, SOFRi for such day “i” shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website.

Effect of Benchmark Transition Event

- (a) *Benchmark Replacement.* Notwithstanding any of the foregoing provisions, if the Calculation Agent determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Bonds in respect of such determination on such date and all determinations on all subsequent dates.
- (b) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Calculation Agent will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (c) *Decisions and Determinations.* Any determination, decision or election that may be made by the Bank pursuant to this section entitled “Effect of Benchmark Transition Event,” including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Bank’s sole discretion.
- (d) *Certain Defined Terms.* For purposes of this section entitled “Effect of Benchmark Transition Event,” the following definitions shall apply. To the extent the following definitions are inconsistent with any other definition contained elsewhere in Confirmation, the following definitions shall control with respect to this section entitled “Effect of Benchmark Transition Event”.

“Benchmark” means, initially, Compounded SOFR, as such term is defined above; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published SOFR Index used in the calculation thereof) or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Bank as of the Benchmark Replacement Date:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (3) the sum of: (a) the alternate rate of interest that has been selected by Bank as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Calculation Agent as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; or
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Bank giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of “Interest Period,” the timing and frequency of determining rates and making payments of interest, the rounding of amounts or tenors, and other administrative matters) that the Bank decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for use of the Benchmark

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Replacement exists, in such other manner as the Bank determines is reasonably necessary).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

“ISDA Definitions” means the 2021 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Index Determination Time, as such time is defined above, and (2) if the Benchmark is not Compounded SOFR, the time determined by the Calculation Agent in accordance with the Benchmark Replacement Conforming Changes.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

5. 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 plus funding adjustment times the principal amount of the Advance that is prepaid on a monthly basis for the period equaling the earlier of the next scheduled call date or the Maturity Date, discounted at the “current yield on Federal Home Loan Bank securities”² of the remaining period which shall be deemed to be the earlier of the next scheduled call date or the Maturity Date (the “Prepayment Fee”). 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 amount due upon prepayment is therefore the amount determined by the following formula:

$$[(1 - \frac{1}{(1+A/2)^{(T/6)}}) / A] \times \text{____ basis points plus funding adjustment} \times \text{principal}$$

A = “Current yield on Federal Home Loan Bank securities” with a maturity equaling the earlier of the next scheduled call date or the Maturity Date, provided, however, that in no event will “A” be less than zero

T = The lesser of the remaining period to the Maturity Date or the remaining period to the next scheduled call date (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 term “funding adjustment” for purposes of the prepayment formula shall mean an adverse market change for the Bank’s cost of funds.

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.

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.

² “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).