Federal Home Loan Bank of New York

ID: HLB-115

IRREVOCABLE LETTER OF CREDIT REIMBURSEMENT AGREEMENT

THIS AGREEMENT, dated as of _____, is between _____, an institution organized and existing under the laws of _____ having its principal office at _____ (the "Customer") and FEDERAL HOME LOAN BANK OF NEW YORK, having its principal office at 101 Park Avenue, 5th Floor, New York, NY 10178-0599 (the "Bank").

WHEREAS, in order to facilitate certain transactions between the Customer and third parties, the Customer may from time to time request the Bank to issue a letter of credit ("Letter of Credit") for the benefit of such third parties ("Beneficiaries") whereby the Bank would agree, subject to the terms and conditions set forth therein, to honor drafts of up to a specified amount from each Beneficiary; and

WHEREAS, the Customer and the Bank have entered into a certain Advances, Collateral Pledge and Security Agreement, dated as of _____ (such agreement, including any amendments thereto and any successor agreement that may be entered into by the Customer and the Bank in substitution for such agreement, is hereinafter referred to as the "Advances Agreement"), whereby the Bank may advance funds to the Customer from time to time under the terms and conditions thereof; and

WHEREAS, pursuant to the provisions of the Federal Home Loan Bank Act (the "Act"), and the regulations and guidelines of the Federal Housing Finance Agency (the "Regulations"), the Bank is authorized to issue such Letters of Credit.

NOW, THEREFORE, the Customer and the Bank agree as follows:

1. Applications. The Customer may apply for the issuance of one or more Letters of Credit, which unless otherwise specified by the Bank shall be in the form of *Exhibit 1* hereto, by executing and delivering to the Bank an application (HLB-116, HLB-117, or HLB-118) therefore (an "Issuance Application") that is in form and substance satisfactory to the Bank. The Customer may apply to the Bank for a commitment to issue a Letter of Credit (a "Commitment") by executing and delivering an application (a "Commitment Application") that is in form and substance satisfactory to the Bank. As used herein, the term "Application" refers to any Issuance Application or Commitment Application.

Except as may be provided in a Commitment, the Bank shall have no obligation to accept any Application and may in its sole discretion approve or reject any Application on a case by case basis. In the event that the Bank determines that an Application submitted to it by the Customer is incomplete or must be modified in any manner in order to be acceptable to the Bank, or in the event that the Customer requests that the Bank agree to issue a Letter of Credit prior to the time that an Application has been received by the Bank, the Bank may at its sole option complete or modify an Application submitted by the Customer or prepare a new Application, as appropriate, based upon information furnished by the Customer to the Bank and upon terms agreed to by the Bank and the Customer by telephonic or other unwritten communication. Any Application that has been completed, modified or prepared by the Bank and that has been executed by the Bank shall be sent by the Bank to the Customer. The Customer shall execute

and return such Application to the Bank within five business days of the date such Application is sent by the Bank to the Customer. Notwithstanding the foregoing, however, unless, prior to the earlier of (a) the expiration of such five business day period or (b) the issuance of the related Letter of Credit, the Customer has delivered to the Bank written notice specifying any disputed term or condition of the related Letter of Credit, the Application as executed by the Bank shall be conclusive as to the terms of the related Letter of Credit, and the Customer shall be stopped from asserting any claim or defense with respect to the repayment of any draw under such Letter of Credit or the terms and conditions thereof.

Unless otherwise agreed to in writing by the Bank, the Bank shall have no obligation to renew, reinstate all or a portion of the credit amount of, extend the expiration date of, or otherwise alter the initial terms of any Letter of Credit, and in the case of any Letter of Credit that provides for such renewals, reinstatements, extensions or other alterations of terms to occur automatically unless notice to the contrary is given, the Bank may determine to provide such notice in its sole discretion.

2. Payments Under a Letter of Credit. In the event that the Bank makes a payment under a Letter of Credit, such payment shall constitute an Advance (as defined in the Advances Agreement) to the Customer under the Advances Agreement. Such Advance shall be immediately due and payable, without demand, and shall bear interest from the date thereof at the rate in effect and being charged by the Bank from time to time on overdrafts on demand deposit accounts of its customers. The Customer hereby authorizes the Bank to debit the Customer's demand deposit account(s) with the Bank for any and all amounts due on such Advance and for all fees, charges and other amounts payable in connection with any Letter of Credit or hereunder. In the event that the balance in such demand deposit account(s) is insufficient to pay such amounts, the Bank may without notice to the Customer apply any other deposits, credits, or monies of the Customer then in the possession of the Bank to the payment of such due and payable amounts.

3. [Intentionally Deleted]

4. Collateral and Security Interest. As security for all of the obligations of the Customer hereunder, the Customer hereby assigns, transfers and pledges to the Bank, and grants to the Bank a security interest in, all collateral now or hereafter pledged to the Bank under the Advances Agreement ("Collateral"). The rights and duties of the Customer and the Bank with respect to Collateral shall be as provided in the Advances Agreement. At all times that a Letter of Credit has been issued and is outstanding hereunder, each such Letter of Credit shall constitute an Outstanding Commitment (as defined in the Advances Agreement) and shall be included in the computation of the Customer's Collateral Maintenance Level (as defined in the Advances Agreement). The Customer agrees to make, execute, record, and deliver to the Bank such financing statements, notices, assignments, listings, powers and other documents with respect to the Collateral and the Bank's security interest therein in such form as the Bank may require.

5. Acceptance and Honor of Letter of Credit. The Bank may: (a) accept and pay drafts or other documents requesting payment under each Letter of Credit regardless of whether or not the same are drawn "without recourse"; (b) confirm or advise each Letter of Credit through one or more correspondents; (c) honor drafts or other documents requesting payment drawn under each Letter of Credit for less than the maximum aggregate amount of such Letter of Credit; (d) accept or pay, as complying with the terms of each Letter of Credit, any drafts or other documents requesting payment signed or issued by any administrator, executor, trustee in bankruptcy, debtor-in-possession, assignee for benefit of creditors, liquidator, receiver, agent, attorney in fact or other representative of any Beneficiary or of any successor or assign approved in writing by the Bank; (e) accept or pay any drafts or other documents requesting payment dated and presented on or before the expiration date of any Letter of Credit, regardless of when drawn and when or whether negotiated; (f) accept documents of any character which comply with the terms of the Letter of Credit; and (g) at Bank's sole and exclusive option, exercise any right of Bank under the Letter of Credit.

6. Fees and Other Charges. The Customer agrees to pay the Bank, on demand, such administrative fees as may be charged by the Bank and any and all charges, costs and expenses (including, but not limited to, attorneys' fees) paid or incurred by the Bank in connection with the issuance or amendment of, or performance under, each Letter of Credit or in connection with the negotiation, preparation or enforcement of this Agreement and any documentation relating thereto. In addition, the Customer agrees to pay to the Bank the origination fee specified in the Issuance Application for each Letter of Credit issued hereunder, the commitment fee specified in the Commitment Application for any Commitment hereunder, and any draw fees as may be charged by the Bank.

7. Customer's Warranties and Representations. The Customer represents, warrants and covenants to the Bank that the following are and shall remain true, complete and correct as of the date hereof and for as long as any Letter of Credit shall be outstanding: (a) this Agreement has been duly and validly executed and delivered by the Customer and Customer's execution, delivery and performance hereof have been authorized by all necessary corporate action; (b) neither this Agreement nor any Letter of Credit nor any transaction to which this Agreement or any Letter of Credit relates violates or will violate any law or regulation applicable to the Customer; (c) the Customer has duly entered into the Advances Agreement and the same is currently in full force and effect; (d) the Customer agrees to maintain one or more demand deposit accounts with the Bank at all times during which any Letter of Credit issued hereunder remains outstanding; and (e) when the Bank so requests, each agreement, contract, term sheet, or other document relating to the transaction between the Customer and the Beneficiary with respect to which a Letter of Credit is issued shall be in a form approved by the Bank, and the Customer shall have accurately communicated the terms thereof, or delivered a copy thereof, to the Bank prior to the issuance of the related Letter of Credit.

8. Liabilities and Responsibilities of the Bank. It is agreed that the Bank shall not be responsible to the Customer or (except with respect to the Bank's obligations under a Letter of Credit) to any other party for, and no obligation of the Bank under a Letter of Credit shall be affected by: (a) the use which may be made of any Letter of Credit or any act or omission of any Beneficiary or assignee of any Letter of Credit; (b) any act, omission, insolvency or failure in business of any confirming or advising bank or any of the Bank's correspondents, agents or subagents; (c) the validity, authenticity, completeness, sufficiency, or collectibility of any drafts, instruments, notices of default, or other documents, including endorsements and signatures thereon; (d) any breach of contract between the Customer and any other party; (e) compliance with or circumstances resulting from the existence or exercise of applicable laws, regulations, customs controls or restrictions by any government or by any group asserting or exercising

de facto or de jure governmental powers; (f) any failure of drafts or other evidences of withdrawal to bear reference or adequate reference to any Letter of Credit, failure of negotiating banks to comply with directions of the Customer or failure of any person to surrender, take up or forward any Letter of Credit or to note thereon any withdrawal thereunder, each of which requirements the Bank may waive even if included in the Letter of Credit; (g) any errors, omissions, interruptions or delays in transmission or delivery of any messages, however sent and whether plain or in code or cipher, or errors in translation or in interpretation of technical or other terms, other than due to the bad faith of the Bank, its agents or subagents; (h) any event, fact or condition beyond the control of the Bank; and (i) without limiting the foregoing, any act or omission of the Bank or any confirming or advising bank or any of the Bank's correspondents, agents or subagents done or omitted in good faith. The Bank is expressly authorized and directed to honor any draft or other request for payment which is made under and in compliance with any Letter of Credit without regard to, and without any duty to inquire into, the existence of any disputes or controversies between the Customer, any Beneficiary or any other person or firm, or their respective rights, duties or liabilities or whether any fact or event referred to in any notice of default or other document presented under the Letter of Credit is true and correct. The sole obligation of the Bank to the Customer with respect to a Letter of Credit is limited to honoring requests for payment made under and in compliance with any Letter of Credit even though the Bank may have prepared the Letter of Credit or any notice of default or other document required to be presented thereunder and even though the Bank may otherwise be aware of facts concerning the transaction which gives rise to the Letter of Credit.

9. Events of Default. The following occurrences shall be Events of Default: (a) any Event of Default as defined in the Advances Agreement; (b) the failure of the Customer to pay any amount due hereunder; (c) the breach by the Customer of, or the failure of the Customer to perform, any covenant, agreement, term or condition under or in connection with this Agreement; and (d) the Bank reasonably and in good faith determines that a material adverse change has occurred in the financial condition of the Customer from that disclosed at the time of the issuance of any Letter of Credit or from the condition of the Customer as theretofore most recently disclosed to the Bank.

10. Remedies. Upon the occurrence of an Event of Default, the Bank shall have all rights and remedies as provided for a default under the Advances Agreement.

11. Governing Law; Cumulative Remedies. In addition to the terms and conditions specifically set forth herein and in any Application between the Bank and the Customer, this Agreement and all Letters of Credit issued under this Agreement shall be governed by the statutory and common law of the United States and, to the extent state law is applicable, by the laws of the State of New York (without giving effect to choice of law principles included therein). Notwithstanding the foregoing, Article 9 of the Uniform Commercial Code as in effect in the State of New York shall be deemed applicable to this Agreement. It is further agreed that this Agreement shall be supplemented by the provisions (to the extent that such provisions are consistent with the provisions of this Agreement) of the International Standby Practices 1998, International Chamber of Commerce Publication ISP98, and any subsequent revisions thereof approved by a Congress of the International Chamber of Commerce and, to the extent not inconsistent therewith, by the provisions of Article 5 of the Uniform Commercial Code as in effect in the State of New York. All rights and remedies of the Bank hereunder are cumulative of each other and of every other right or remedy which the Bank may otherwise have at law or in equity or under any other contract or other writing for the enforcement of the security interest herein or the collection of any amount due hereunder.

12. Waiver; Amendment; Severability. No delay on the part of the Bank in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No waiver by the Bank of any Event of Default shall be effective unless in writing and signed by an authorized officer of the Bank, and no such waiver shall be deemed to be a waiver of a subsequent Event of Default or be deemed to be a continuing waiver. No course of dealing between Customer and the Bank or its agents or employees shall be effective to change, modify or discharge any provision of this Agreement or to constitute a waiver of any Default. If any provision of this Agreement is held invalid or unenforceable to any extent or in any application, the remainder of this Agreement, or the application of such provision to different persons or circumstances or in different jurisdictions, shall not be affected thereby.

13. Indemnity. Customer agrees to defend, indemnify and hold harmless the Bank and the Bank's correspondents, agents and subagents from and against any and all demands, actions, damages, claims, losses, penalties, liabilities and expenses (including attorneys' fees and expenses), not involving the Bank's bad faith, resulting from or incurred, suffered or paid by any of them in connection with this Agreement, each Letter of Credit issued hereunder or any breach or failure of any representation, warranty, covenant, agreement, term or condition of this Agreement.

14. Approval by Board of Directors. Customer represents and warrants that this Agreement has been ratified and approved by its Board of Directors and will be maintained continuously among Customer's official records. Customer will provide the Bank with a Secretary's Certificate and Resolution substantially in the form of *Exhibit 3* hereto to evidence such ratification and approval.

15. Entire Agreement. This Agreement embodies the entire agreement and understanding between Customer and the Bank relating to the subject matter hereof and supersedes all prior agreements between such parties which relate to such subject matter.

IN WITNESS WHEREOF, Customer and the Bank have caused this Agreement to be signed in their names by their duly authorized officers as of the date first above mentioned.

FEDERAL HOME LOAN BANK OF NEW YORK

By: _____

Title: _____

By: _____

Title: _____

_____
[Name of Customer]

By: _____

Title: _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____, _____ COUNTY ss:

On this __ day of _____, before me personally came _____ and _____, to me known, who, being by me duly sworn, did depose and state that he/she resides at _____; that he/she is the _____ of _____, the corporation described as the Customer in and which executed the above instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

_____
Notary Public

FEDERAL HOME LOAN BANK OF NEW YORK CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK, NEW YORK COUNTY ss:

On this __ day of _____, before me personally came _____ and _____, to me known, who, being by me duly sworn, did depose and state that they reside at _____ and _____; that they are the _____ and _____ of the Federal Home Loan Bank of New York, the corporation described in and which executed the above instrument; and that they signed their names thereto by order of the Board of Directors of said corporation.

_____
Notary Public

Exhibit 3

I, _____, Secretary of the Institution named below, do hereby certify that the following Resolution was duly adopted by the Board of Directors of such Institution at a meeting held on _____:

RESOLUTION

WHEREAS, the Board of Directors ("Board") of _____ (the "Institution"), the Board has determined that it is in the interest of the Institution to be able to obtain, from time to time, the issuance by the Federal Home Loan Bank of New York ("Bank") of letters of credit ("Letters of Credit") for the account of the Institution and for the benefit of third parties in order to facilitate transactions between the Institution and third parties; and

WHEREAS, the Board has reviewed and approved a form of Irrevocable Letter of Credit Reimbursement Agreement ("Reimbursement Agreement"), to be dated as of _____, between the Institution and the Bank, pursuant to which, among other things, the Institution could from time to time request that the Bank issue Letters of Credit, the Institution would agree to reimburse the Bank for any payments made by the Bank in connection with any such Letters of Credit, and the Institution would provide collateral to secure its obligations under the Reimbursement Agreement.

NOW, THEREFORE, BE IT RESOLVED that:

1. The execution and delivery of the Reimbursement Agreement by and on behalf of the Institution is hereby authorized, ratified and approved;

2. The Institution, acting through its duly designated officers or employees, may, from time to time and in the ordinary course of its business, request the issuance of Letters of Credit by the Bank pursuant to the Reimbursement Agreement;

3. The Institution shall at all times hereafter maintain in its official records originals or true copies of: (a) this Resolution; (b) the Reimbursement Agreement; (c) any and all applications made by the Institution to the Bank for the issuance of one or more Letters of Credit; and (d) any and all collateral pledge or other documentation relating to the Reimbursement Agreement or the Letters of Credit.

WITNESS my hand and the seal of the Institution this ___ day of _____.

_____
Secretary

Exhibit 1
Sample Letter of Credit

Federal Home Loan Bank of New York

Irrevocable Stand-By LOC

Date: «eff_dttm» No: «commt_id»

«addressee_name»
«addressee_street_addr»
«addressee_addl_addr»
«addressee_city_name», «addressee_state_code» «addressee_zip_code»

Gentlemen:

At the request and for the account of «cust_name» (the "Customer"), and in order to facilitate certain transactions between the Customer and third parties, the Federal Home Loan Bank of New York (the "Bank") hereby establishes in favor of you, as beneficiary, its irrevocable stand-by Letter of Credit ("LOC"), numbered as set forth above, whereby, subject to the below terms and conditions, the Bank authorizes you to draw on the Bank, in one or more drawings, up to an aggregate of US $«orig_amt» (the "Credit Amount"), at any time from the date hereof until the close of the Bank's business on «expire_dttm», or on any earlier date on which this LOC is terminated as herein provided (the "Expiration Date").

Funds under this LOC are available to you following your presentation to the Bank, on a day upon which the Bank is open for business (a "Business Day") prior to the Expiration Date, the original of this LOC and of your written drawing certificate prepared in the form of Exhibit A included in the Bank's LOC Guide. Upon each payment made by the Bank hereunder, the Credit Amount shall be automatically reduced by the amount of such payment. Rules governing the Bank's specific responsibilities with regard to the time of presentment are included in the Bank's LOC Guide.

If a drawing certificate presented by you does not conform in any instance to the terms and conditions of this LOC, the Bank shall give you notice to that effect, stating the reasons therefor and that the Bank is holding such drawing certificate at your disposal or is returning the same to you, as the Bank may elect. Any attempt to correct any such non-conformance by submitting a corrected drawing certificate shall be treated as a new drawing certificate.

Presentation of your drawing certificate, delivery of all notices to the Bank required hereunder and other communications with respect to this LOC must be made at the Bank's offices at 101 Park Avenue, New York, New York 10178, Attention: Vice President and Director, Credit and Correspondent Services. Such presentation of your drawing certificate or other communications shall be deemed given only when actually received by the Bank and shall be mailed or delivered to the Bank, or (except with respect to presentation or other required delivery of the original of this LOC) may be sent to the Bank by telecopier to (212) 949-0651. The original of any such document delivered by telecommunication shall be delivered to the Bank on or before the next Business Day after such telecommunication.

If requested, payments under this LOC may be made by wire transfer of immediately available funds to such account as is designated in your drawing certificate. If no such request is made, payment shall be made by a check drawn by the Bank and mailed to your address as indicated above. Except as otherwise herein provided, only you may make a drawing under this LOC. The Bank may accept or pay any drawing certificate signed or issued by any administrator, trustee in bankruptcy, debtor in possession, assignee for benefit of creditors, liquidator, receiver, conservator, or similar representative of you as beneficiary of this LOC. This LOC may be terminated by the delivery to the Bank of your written Consent thereto, substantially in the form of Exhibit B contained in the Bank's LOC Guide. Any such Consent must be accompanied by the original of this LOC. This LOC is issued subject to the International Standby Practices 1998, and, to the extent not inconsistent therewith, by Article 5 of the Uniform Commercial Code as in effect in the State of New York. This LOC is not transferable except with the express written consent of the Bank. Requests for such transfer shall be substantially in the form of Exhibit C contained in the Bank's LOC Guide.

This LOC sets forth in full the undertaking of the Bank. Except as otherwise herein provided, this LOC shall not be modified, amended or amplified except by a writing executed by the Bank and by you or your successor or permitted transferee.

Sincerely,

FEDERAL HOME LOAN BANK OF NEW YORK

By: _____

Title: _____

ADDITIONAL LETTER OF CREDIT FORMS

In the event your beneficiary wishes to draw, cancel, transfer, reduce, or reduce and reinstate your Letter of Credit. Please have them complete the respective forms in **HLB-112**:

HLB-112a: Drawing Certificate

HLB-112b: Consent to Cancellation of Letter of Credit (2 Pages)

HLB-112c: Request for Consent to Transfer of Letter of Credit (2 Pages)

HLB-112d: Certificate of Reduction and Reinstatement (2 Pages)