

[SAMPLE FORM OF LETTER OF CREDIT]

[Date]

State Treasurer, State of Alabama
State Capitol
600 Dexter Avenue
Suite S-106
Montgomery, Alabama 36104

Re: Irrevocable Letter of Credit Number: _____

Dear Treasurer:

1. At the request of and for the account of _____ (“Member”), we hereby issue this irrevocable Letter of Credit no. _____ (“Letter of Credit”) in favor of the State Treasurer, State of Alabama (“Beneficiary”).
2. The amount of this Letter of Credit is _____ U.S. Dollars (\$_____) (the “Credit Amount”). You shall be entitled to draw under this Letter of Credit from time to time amounts not exceeding, in the aggregate, the Credit Amount.
3. This Letter of Credit expires at 5:00 p.m., [insert time zone where issuer has its principal office] time, on [insert date no sooner than 365 days after date of Letter of Credit] (“Expiration Date”). The Expiration Date shall be automatically extended, without amendments, for successive one-year periods from the Expiration Date, unless at least ninety (90) days prior to the then applicable Expiration Date, the Beneficiary receives notification in writing from us (which notification shall be sent by registered mail or overnight delivery), that we, in our sole discretion, do not elect to extend the Expiration Date for any such additional period; provided, however, that in no event shall the Expiration Date be extended beyond _____, _____. If the Expiration Date is not a date on which we are open for business, then the Expiration Date shall be the next day on which we are open for business.
4. We undertake to the Beneficiary to honor, at sight, a presentation made by you to the Federal Home Loan Bank of _____ at [insert address], Attn.: _____, of the following documents:
 - (a) Original Letter of Credit (including any amendments); and
 - (b) A demand using the form of Exhibit A attached hereto.

Such documents must be delivered to us by no later than 5:00 p.m., [insert time zone where FHLB located] time, on the Expiration Date of this Letter of Credit.

5. Multiple and partial drawings are permitted provided that drawings honored by us hereunder shall not, in the aggregate, exceed the Credit Amount as in effect from time to time. The Credit Amount shall be reduced by any partial draws.
6. The Beneficiary may designate, by any writing accompanying a demand for payment or otherwise delivered to us prior to the actual payment of a drawing under this Letter of Credit, that any drawing shall be honored by wire transfer to a custodian designated by the Beneficiary, and we agree to abide by any such instructions. In the absence of any such written instructions from the Beneficiary to pay the Beneficiary’s designated custodian, each drawing will be honored by us by payment to the Beneficiary. If a drawing is presented at or prior to 11:00 a.m., [insert time zone where FHLB is located] time, on a day on which we are open for business, payment of the amount drawn shall be made by 4:00 p.m., [insert time

zone where FHLB is located] time, on the same day. If a drawing is presented after 11:00 a.m., [insert time zone where FHLB is located] time, on a day on which we are open for business, payment of the amount drawn shall be made by 11:00 a.m., [insert time zone where FHLB is located] time, on the next day on which we are open for business. All payments by us will be in immediately available funds.

7. This Letter of Credit is issued subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (“ISP98”). This Letter of Credit shall also be governed by the laws of the State of Alabama to the extent not inconsistent with ISP98.
8. This Letter of Credit sets forth our undertaking and such undertaking shall not in any way be modified, amended, amplified or limited by any document, instrument or agreement referred to in this Letter of Credit or in any certificate presented by you under this Letter of Credit.
9. This Letter of Credit may be amended from time to time pursuant to the written application for such amendment submitted by the Member to us, but no such amendment shall be effective unless executed by us in writing and expressly approved in writing by the Beneficiary.
10. This Letter of Credit is not transferable, either in whole or in part, except with our express written consent.

Sincerely,

Federal Home Loan Bank of _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title _____

EXHIBIT A

The undersigned beneficiary demands payment of U. S. \$ _____ under Letter of Credit No. _____
_____, dated, _____.

State Treasurer, State of Alabama

By: _____

Name _____

Title: _____

Date: _____