

**Virginia Prepaid Education Program<sup>SM</sup>**  
**M A S T E R   A G R E E M E N T**  
**As of December 1, 2007**



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**Article I – Introduction**

This Master Agreement describes the basic terms and conditions of the Virginia Prepaid Education Program (“VPEP”) as authorized by Title 23, Chapter 4.9 of the *Code of Virginia* (1950), as amended. Once an Application for a prepaid tuition contract (“Application”) is completed by the Account Owner of the prepaid tuition contract (“Account Owner”) and accepted by the Board (“Board”) of the Virginia College Savings Plan (“Plan”), a Participation and Payment Schedule will be issued to the Account Owner. The Application, the Participation and Payment Schedule, and this Master Agreement constitute the prepaid tuition Contract (“Contract”) between the Account Owner and the Board. Modifications may be made to this Master Agreement by the Board, and will be incorporated into the Contract. The Board will not retroactively modify existing Contracts in a manner adverse to the Account Owner or the Beneficiary of a Contract (“Beneficiary”) except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of VPEP or the favorable tax treatment of interests of Account Owners or Beneficiaries therein. Nothing in a Contract shall be interpreted as a promise or guarantee that: (1) a Beneficiary will be admitted to any institution of higher education; (2) a Beneficiary will be allowed to continue enrollment at any institution of higher education after admission; (3) a Beneficiary will be graduated from any institution of higher education; (4) a Beneficiary’s tuition and fees at any institution of higher education other than a Beneficiary’s Tuition (as hereinafter defined) at a Virginia public institution of higher education will be covered in full; or (5) a Beneficiary will be classified as an in-state student by any Virginia public institution of higher education.

## Article II – Definitions

The definitions of terms included in the provisions of Title 23, Chapter 4.9 of the *Code of Virginia* (1950), as amended, will apply to Contracts and are incorporated herein by reference. In addition, the following definitions shall apply to Contracts:

**“Account Owner,”** defined as “Purchaser” in Section 23-38.75 of the *Code of Virginia* (1950), as amended, means a person who is at least 18 years of age, and is either a U.S. citizen or legal U.S. resident, or a corporation, partnership, trust, charitable organization, or any other person described in Section 7701(a)(1) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Section 7701(a)(1)), and who is or was obligated to make Payments under a Contract. There may only be one Account Owner per account. Trustees are responsible for determining whether the terms of a trust allow ownership of a Contract. The VCSP will not review trust documents and the trustee bears all liability for such determination. The term “Account Owner” also applies to the designee of survivorship rights indicated on the Application upon the death of the original Account Owner or a transferee Account Owner pursuant to the provisions of Article VIII (2). Any person or entity may make Payments on a VPEP Contract, but only the Account Owner may execute Contract changes, conversions, transfers, rollovers, terminations and refund requests. All Payments are deemed to have come from the Account Owner for all state tax reporting and other administrative purposes. Individuals who are not Account Owners have not established a customer relationship with VPEP and have no legal rights with regard to a VPEP Contract. Any requests to change the Account Owner must be signed by both the current Account Owner (or the current Account Owner’s personal representative) and the substitute Account Owner. In order to purchase a Contract, either the Account Owner or the Beneficiary must be a Resident. Contracts may also be purchased for non-resident children who have a parent who is a Resident.

**“Application”** means the form (whether hard copy or on-line) signed by the Account Owner and submitted to the Board to solicit enrollment of the Beneficiary in the Virginia Prepaid Education Program.

**“Beneficiary”** means a person who is a United States citizen or legal U.S. resident and who is entitled to receive Benefits under a Contract and who, at the time the Account Owner submits an Application, has not completed the ninth grade. A Beneficiary must have been born at the time the Application is submitted. Either the Beneficiary or the Account Owner must be a

Resident. Contracts may also be purchased by non-resident Account Owners for non-resident children who have a parent who is a Resident.

**“Benefits”** means the payments provided under a Contract which are described in Article IV of the Master Agreement.

**“Contract”** means the Master Agreement, the Application, and the Participation and Payment Schedule.

**“Disabled”** means that the Beneficiary is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be disabled unless proof of the existence thereof in such form and manner as may be required by applicable regulations is furnished.

**“Member of the Family”** means the definition of that term in Section 529 of the Internal Revenue Code, as amended. Generally, this definition includes a Beneficiary’s immediate family members. “Member of the Family” means an individual who is related to the Beneficiary as follows: a son or daughter, or a descendant of either; a stepson or stepdaughter; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the designated Beneficiary or the spouse of any individual described above; or a first cousin of the Beneficiary. For purposes of determining who is a “Member of the Family,” a legally adopted child of an individual shall be treated as the child of such individual by blood. The terms “brother” and “sister” include half-brothers and half-sisters.

**“Participation and Payment Schedule”** means the document furnished by the Board to the Account Owner that provides the due dates and amount of Payments required of the Account Owner under the selected plan.

**“Payment(s)”** means payment(s) required to be made under the Contract.

**“Resident”** means a person who is a resident of the Commonwealth of Virginia at the time an Application is submitted, and who is a U.S. citizen or legal resident alien. The term “Resident” also includes (i) military personnel and their dependents who are stationed in

Virginia at the time the Contract is purchased or who claim Virginia as their domicile and who have authorized the withholding of Virginia income tax, and (ii) a corporation, partnership, trust, charitable organization, or any other person described in Section 7701(a)(1) of the Internal Revenue Code (26 U.S.C. Section 7701(a)(1)) and having significant contact with the Commonwealth of Virginia, as determined by the Board.

“**Tuition**” means the undergraduate in-state quarter, semester or term charges for tuition imposed by any two-year or four-year public institution of higher education in the Commonwealth of Virginia and all mandatory fees required as a condition of enrollment of all students at such institution. Undergraduate tuition at public institutions of higher education in Virginia includes the normal full-time course load for students enrolled in a general course of study. If the Virginia Public Institution imposes additional charges for a specific major or course of study, such as nursing or engineering, or for credits above the normal full-time course load, these additional costs are not covered.

### **Article III - Participation In The Prepaid Education Program**

1. In order to participate in VPEP, an Account Owner must designate on the Application the social security number, the age and, if applicable, the grade level of the Beneficiary. For newborns, the social security number should be provided to the Board within 60 days following the date the Application is submitted. The Account Owner must also (i) designate the Account Owner’s SSN or TIN and (ii) indicate the type of college and the number of years that will be purchased under the Contract.
2. An Account Owner may purchase one-year increments (the equivalent of two semesters of full-time Tuition for a normal course load) for up to three years under the community college plan, or for up to five years under the university plan for a total of no more than eight years of undergraduate education. An Account Owner may combine one-year increments of the community college plan and the university plan. An Account Owner may convert from one college plan or level to another, in accordance with the provisions of Article VI (5) of the Master Agreement.

### **Article IV - Prepaid Tuition Contract Benefits**

1. VPEP is intended to pay Tuition for the normal course load for a full-time student for the number of years of education selected and paid for under a specific Contract. Additional charges for a specific major

or course of study, such as nursing or engineering, or charges for credits above the normal full-time course load are not covered. Unused Benefits may be applied toward graduate-level tuition, although full coverage of graduate-level tuition is not guaranteed.

2. VPEP will not pay for more than two semesters (or the equivalent) for each year of the university plan purchased, or 32 credit hours (or the equivalent) for each year of the community college plan purchased.
3. Under no circumstances will the mandatory fees component of a Beneficiary’s Tuition be paid for more than two registrations (or the equivalent) for each year of Benefits purchased under either the university plan or the community college plan.
4. (a) For a university plan Beneficiary, VPEP Benefits may be utilized in fractions of a semester, subject to the restriction on payment of the mandatory fees in Article IV (3) above, to accommodate part-time attendance or credits in addition to those covered by the tuition charge for a normal full-time course load. The fraction of a semester utilized for any part-time enrollment or additional credits will be determined based on the cost for part-time or additional credits taken as a percentage of the cost for full-time enrollment at the same institution for the same semester. For example, if a Beneficiary’s first utilization of Benefits under a four-year university plan contract is by enrollment for six hours at a four-year institution that charges the Beneficiary an amount equal to 50% of the cost for full-time enrollment, then the Beneficiary is charged with one registration for mandatory fee purposes and 1/2 semester for tuition purposes. The Beneficiary will then be entitled to another seven registrations and seven and 1/2 semesters of tuition.  
(b) For participants in a community college plan, the Beneficiary may enroll for any number of semesters to utilize the Benefits purchased subject to the restriction on payment of mandatory fees in Article IV (3) above and the time limit specified in Article VI (1).
5. The Board may develop other methods for the calculation of Benefits payable under Contracts as it determines necessary to provide consistent Benefits. This specifically allows the Board to adapt the calculation of Benefits to the methods for calculating credits and tuition that may be adopted by any public institution of higher education in Virginia in the future. This includes varying the benefit payouts to accommodate differential pricing structures implemented by institutions of higher education.

### **Article V - Payments**

1. No Payments will be allowed on behalf of a Beneficiary in excess of Payments required to provide the Benefits

under a Contract, as set forth in the Participation and Payment Schedule for that Beneficiary. Payments are due in the amounts and on the dates specified for your Contract. There is no prepayment penalty.

2. (a) Following acceptance of the Contract, if all Payments then due are not received within 60 days of the first payment due date, the Contract shall be deemed to be in default, subject to reinstatement upon the payment of all delinquent amounts within 30 days following the date of default.  
(b) For subsequent Payments due, failure to make full payment within 30 days of the due date shall result in default by the Account Owner. If within 180 days following the date of default all delinquent amounts are paid, the Contract will be reinstated. If reinstatement is not made within the time provided in this paragraph, the Contract will be deemed terminated and a refund or conversion shall be made pursuant to the provisions of Article VI (5) or Article VII (6), at the Account Owner's option.
3. An Account Owner may pay for a Contract by: (i) a lump sum payment for the full amount of the Contract as specified in the Participation and Payment Schedule; (ii) an initial down payment of less than the full amount of the Contract and installment Payments of the balance due; or (iii) Payments of the amount of installments required under the option selected, accompanied by account coupons or other invoice devices provided to the Account Owner by the Board. All installment payments include a fixed-rate interest charge. The Board may, at its option, approve other payment schedules, such as annual or quarterly Payments. Payments may be made only by: (i) check; (ii) money order; (iii) electronic funds transfer; or (iv) payroll deduction. The Account Owner may change payment methods at any time upon written request to the Board, subject to any administrative fees as determined by the Board.

#### **Article VI - Use Of Prepaid Tuition Contract Benefits**

1. In accordance with Article VII (2), the Beneficiary must use all Contract Benefits within a ten-year period beginning on the date the Beneficiary is projected to graduate from high school based on information provided in the Application or any transfer-related information with regard to a substitute Beneficiary. Absent an extension from the Board, failure of the Beneficiary to use all Contract Benefits within the specified ten-year period will be deemed a decision by the Beneficiary not to attend an institution of higher education and will result in termination of the Contract pursuant to the provisions of

Article VII (6). Any time spent by a Beneficiary as an active-duty member of the United States Armed Services will be added to the ten-year period specified in this paragraph.

2. To begin using a Beneficiary's Contract Benefits, the Board must first be notified in advance of the institution the Beneficiary will attend. The Board shall then request information from the selected institution confirming the Beneficiary's enrollment at such institution. If the selected institution is not covered by the plan specified in the Application, the Board will apply Contract Benefits in accordance with Article VI (5) on a per-semester basis. For example, if Contract Benefits were purchased for the university plan, and subsequently the Beneficiary attends a community college, the Board will convert the Contract Benefits to the community college rate on a semester-by-semester basis, and the Account Owner may either request a refund, if one is due, or request that any excess amounts be held for application toward future Tuition payments pursuant to Article VI (5).
3. Upon receipt of all the documentation required by the Board, the Board will pay the following Benefits directly to the specified institution: For a Beneficiary of a university plan or community college plan Contract who enrolls in (i) any public institution of higher education in Virginia, the Tuition of such institution; (ii) an accredited, nonprofit, independent institution of higher education in Virginia or an accredited proprietary technical school or college in Virginia, the Payments made, including actual interest and income earned on such Payments, not to exceed the highest payment made for Tuition at the same type of public institution of higher education in Virginia in the same academic year; (iii) a public or accredited, nonprofit, independent institution of higher education, or an accredited proprietary technical school or college located in another state or abroad, the Payments made, including a reasonable return on such Payments as determined by the Board, not to exceed the average payment made for Tuition at the same type of public institution of higher education in Virginia in the same academic year; provided, however, that all payments made under this subsection 3 shall be actually used to pay for qualified higher education expenses at an eligible educational institution, both as defined in Section 529 of the Internal Revenue Code, as amended.
4. A Beneficiary who attends either an accredited, nonprofit, independent institution of higher education in Virginia, an accredited proprietary technical school or college in Virginia, or a public or accredited, nonprofit, independent institution of higher education,

or an accredited proprietary technical school or college located in another state or abroad is responsible for paying to that institution the amount by which the expenses of that institution exceed the amounts payable under the Contract. A Beneficiary who attends a Virginia public institution but who does not qualify for the in-state tuition rate at that institution is responsible for paying to that institution the amount by which the expenses of that institution exceed the amount payable under the Contract.

5. An Account Owner may convert a Contract from one plan to another, i.e., community college to university and vice versa, upon written request to the Board, and upon payment of any required fees. No conversion to increased Benefits may be made if the Beneficiary has completed the ninth grade at the time the conversion is requested. Conversions to increased Benefits may only be implemented during an enrollment period. Any additional amount due shall be determined based on the Contract pricing for the enrollment period during which the conversion to increased Benefits takes place. Amounts paid before the Contract is converted shall be credited against the amount due under the plan to which the Contract is converted. If the amount paid prior to conversion exceeds the amount due at the time of conversion under the plan to which the Contract is converted, the amount of Payments made in excess of the amount due after conversion shall be refunded to the Account Owner less any applicable fees.
6. Unused Benefits may be applied toward graduate-level courses. VPEP will pay directly to the institution the same amount the Beneficiary would have received under the Contract if enrolled as an undergraduate at the same institution. This provision is not intended to cover the full cost of graduate-level courses.

### **Article VII - Termination And Refund**

1. Except as otherwise specifically provided herein, only the Account Owner may terminate a Contract. Only the Account Owner may receive a refund of Payments made under a Contract. The Board shall determine the amount of any refund pursuant to the terms of the Contract. An Account Owner must designate on the Application a person or entity with a right of survivorship in the event of the Account Owner's death. Such designee(s) shall have all the rights and obligations of the former Account Owner upon the former Account Owner's death. If an Account does not have a valid survivorship designation at the time of the Account Owner's death, the Board may, in its sole discretion, designate the current Beneficiary of the Account as the new Account Owner. If the current

Beneficiary is under the age of 21, the Board may designate the deceased Account Owner's executor or administrator as the custodian under the appropriate Uniform Gifts to Minors/Uniform Transfers to Minors statute for the current Beneficiary until the current Beneficiary reaches the age of 21. If no executor or administrator was named or appointed, the Board, in its sole discretion, may designate a parent or other close relative of the current Beneficiary as the custodian. An Account Owner may modify or terminate a Contract or request a refund without the consent or authorization of the designee of survivorship rights or the Beneficiary.

2. A Contract terminates on the 10th anniversary of the date the Beneficiary is projected to graduate from high school, not counting time spent by the Beneficiary as an active duty member of the United States Armed Services if the Board has been notified of such military service. If, after the 10-year period specified above, a Contract has not been terminated and there are unused Benefits, unless the Account Owner has requested and received a waiver from the Board of this requirement, the Board, after making reasonable efforts to locate the Account Owner, the Beneficiary, and any designee as provided for under Article VII (1), shall report the unclaimed amounts to the State Treasurer as unclaimed property pursuant to Section 55-210.12 of the Code of Virginia (1950), as amended. The value of any such amounts reported as unclaimed property shall be the amount of Payments made less (i) any Benefits used; (ii) any refunds paid; and (iii) an administrative fee.
3. If the Beneficiary dies or becomes Disabled prior to receiving all Benefits under a Contract, any unused Benefits under the Contract may be transferred to a Member of the Family pursuant to the provisions of Article VIII. If a change of Beneficiary is not requested or is not approved by the Board, a lump sum refund, reflecting all Payments made, less the amount of any Benefits already used, plus a reasonable return as determined by the Board, shall be made to the Account Owner or other individual or entity designated within 90 days of the date the Board is notified of the death or disability, provided proof of death or disability is submitted in a form acceptable to the Board. The Board will consider all written requests for expedited refunds.
4. If the Beneficiary accepts a full or partial tuition scholarship prior to using all Benefits under a Contract, any unused Benefits under the Contract may be transferred to a Member of the Family pursuant to the provisions of Article VIII. If a change of Beneficiary is not requested or is not approved by

the Board, the Account Owner shall receive a refund of Payments made, less the amount of any Benefits already used and less the amount of any tuition and mandatory fees not covered by the scholarship, plus a reasonable return as determined by the Board on an annual basis. In no event shall the amount of such refund exceed the amount of the scholarship. Refund payments shall be issued to the Account Owner each academic term as long as the scholarship is effective. Proof of scholarship must be submitted in a form acceptable to the Board.

5. If the Account Owner dies and Payments cease before a Contract is paid in full, a lump-sum refund equal to Payments made less any applicable fees may be made within 90 days to the person designated in writing by the Account Owner as having a right of survivorship with respect to the Account Owner's rights and obligations under the Contract or, if there is no valid designee of survivorship rights, to the legal representative of the Account Owner's estate upon that individual's written request. If the Contract has been held longer than three years, the provisions of 6(b) below will apply. In the alternative, the designee may request that Contract Benefits be converted to a plan offering reduced Benefits under the provisions of Article VI (5). The Board will consider all written requests for expedited refunds.
6. If the Account Owner determines at any time to terminate a Contract for a reason other than one specifically provided for in this Article, the Board shall refund to the Account Owner the following amounts: (a) In the event of a termination request prior to the third anniversary of the original Contract purchase date, an amount equal to all Payments made less the amount of any Benefits already used, less any applicable fees as determined by the Board. (b) In the event of a termination request following the third anniversary of the original Contract purchase date, an amount equal to all Payments made, plus a reasonable return as determined by the Board on an annual basis, less the amount of any Benefits already used and less any applicable fees as determined by the Board. Any refund under this subsection (b) shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 of the Internal Revenue Code, as amended, and any regulations promulgated pursuant thereto. Any such refund shall be issued in a lump sum within ninety days from the date of the termination request. The Board will consider all written requests for expedited refunds in cases constituting hardship, as determined by the Board. Notwithstanding the foregoing,

no refund shall be made of Payments for the remainder of any semester (or equivalent academic term) during which the Beneficiary was enrolled at the time of withdrawal or termination.

7. In order to terminate a Contract and receive a refund under this Article VII, the Board must be provided with a written request specifying the Account Owner's name, the Beneficiary's name, the Contract account number, the reason for termination, supporting documentation as may be required by the Board, and payment of any fees specified by the Board.
8. If the Board determines that either the Account Owner or the Beneficiary has made any material misrepresentation related to the Contract, the Contract may be terminated by the Board. If the Contract is so terminated, the Account Owner will be entitled to a refund of Payments made less the amount of any Benefits already used, less any applicable fees, as determined by the Board.

#### **Article VIII - Substitution, Assignment, Transfer And Rollover**

1. At any time, the Account Owner may, upon payment of any additional amounts determined by the Board to be due, transfer any unused Benefits to a substitute Beneficiary. The substitute Beneficiary must be a Member of the Family who had not completed the ninth grade at the time the original Contract was purchased. All requests for transfers of Benefits must be in writing and include (i) the Contract account number; (ii) the name, address, SSN or TIN, telephone number, date of birth and the projected year of college enrollment of the substitute Beneficiary, (ii) relationship to the current Beneficiary, and (iii) such other information as the Board may require.
2. The Account Owner may, upon approval of the Board, transfer ownership of a Contract to another individual or entity provided no consideration is given for the transfer. All requests for substitution of an Account Owner must include: (i) the Contract account number; (ii) the name, address, social security number, and telephone number of the substitute Account Owner, (iii) the signature of the Account Owner and of the substitute Account Owner; and (iv) such other information as the Board may require.
3. Section 529 of the Internal Revenue Code provides that all or a portion of an account with a qualified tuition program such as the Virginia Prepaid Education Program may be rolled over to an account with another qualified tuition program either within the same state or in a different state. In order for the transfer of funds to be a qualified rollover so as not to incur a penalty, the funds from the first account must be

deposited into the new account within sixty (60) days from the distribution from the first account. You are allowed one rollover per 12-month-period for the same Beneficiary. Additional rollovers may be made, but there must be a change of Beneficiary to a Member of the Family of the former Beneficiary. In order to roll over a Virginia Prepaid Education Program Contract to another qualified tuition program the Account Owner must complete and submit a Rollover Request Form. If the funds are not paid directly to a qualified tuition program, the Account Owner may incur a federal penalty tax of 10% of any earnings. In the event of a rollover request prior to the third anniversary of the original Contract purchase date, the amount to be rolled over will be all Payments made less the amount of any Benefits already used, less any applicable fees as determined by the Board. In the event of a rollover request following the third anniversary of the original Contract purchase date, the amount to be rolled over will be all Payments made, plus a reasonable return as determined by the Board on an annual basis, less the amount of any Benefits already used and less any applicable fees as determined by the Board. Notwithstanding the foregoing, in the event of a rollover from the Virginia Prepaid Education Program to the Virginia Education Savings Trust, CollegeAmerica, or CollegeWealth, the amount to be rolled over will be all Payments made, plus a reasonable return as determined by the Board on an annual basis, less the amount of any Benefits already used and less any applicable fees as determined by the Board. Any rollover shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 of the Internal Revenue Code, as amended, and any regulations promulgated pursuant thereto.

4. Except as specifically provided in this Master Agreement, the Account Owner may not sell, assign, transfer or roll over a Contract, nor any interest, rights or benefits in it. No interest in all or any portion of a Contract may be used as security for any loan.
5. The Board may require that requests for a change of Beneficiary, conversion of a Contract to another plan, termination of a Contract, Rollover Request Forms and any other actions the Board may designate from time to time, be verified under oath or be supported by certified documents.

## **Article IX - Fees**

1. An Account Owner may be charged fees in amounts to be determined by the Board, including a nonrefundable application fee, fees for late payments,

changes, substitutions, cancellations, rollovers and other administrative fees established by the Board. All such fees shall be set out in a Fee Schedule, which is incorporated by reference herein in its entirety. The Fee Schedule, set forth in Attachment A hereto, may be amended from time to time, and Account Owners will receive updated Fee Schedules upon request. The Board reserves the right to waive certain fees in circumstances where it deems a waiver appropriate.

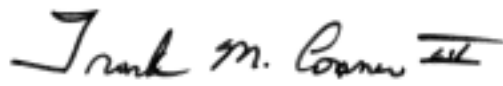
## **Article X - General Provisions**

1. All notices, changes, options and elections requested by an Account Owner under the Contract must be in writing, signed by the Account Owner, and received by the Board. The Board is not responsible for the accuracy of such documentation. If acceptable to the Board, notices, changes, options and elections relating to the Beneficiary will take effect as of the date the notice is received by the Board, unless the Board agrees otherwise. The Account Owner understands and acknowledges that VPEP provisions may be amended by the Board from time to time if the Board determines it is in VPEP's best interests to do so. The Board will not retroactively modify existing Contracts in a manner adverse to the Account Owner or the Beneficiary except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of VPEP or the favorable tax treatment of interests of Account Owners or Beneficiaries therein. The Board shall promptly notify the Account Owner of such amendments, and the Account Owner agrees to be bound thereby unless the Account Owner promptly notifies the Board of the Account Owner's intent to terminate the Contract.
2. No Account Owner or Beneficiary may direct the investment of any contributions to VPEP or any earnings thereon directly or indirectly. VPEP shall provide a separate accounting for each Beneficiary.
3. All factual determinations regarding an Account Owner's or Beneficiary's residency, disability, the existence of hardship, and any other factual determinations regarding Contracts will be made by the Board based on the facts and circumstances of each case.
4. Contracts shall be construed in accordance with the laws of the Commonwealth of Virginia and applicable federal law, including 26 U.S.C. Section 529, as amended, and any regulations promulgated thereunder. Venue for any action arising from or relating to Contracts purchased hereunder shall be in state or federal court located in Richmond, Virginia.
5. In the event any clause or portion of the Contract is found to be invalid or unenforceable by a court of

competent jurisdiction, that clause or portion shall be severed from the Contract and the remainder of the Contract shall continue in full force and effect as if such clause or portion had never been included.

6. The Contract, as defined in Article II, is the complete and exclusive statement of the agreement between the parties hereto, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Contract.
7. The Board shall not be liable for any losses or failure to perform its obligations under this Contract caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, acts of war, terrorism, strikes, power outages or any other conditions or occurrences beyond its control.
8. The Account Owner understands and acknowledges that any claim by the Account Owner or Beneficiary against the Board pursuant to a Contract shall be made solely against VPEP's assets. The Account Owner understands and acknowledges that VPEP's

obligations under each Contract are payable only from moneys received from Account Owners and earnings from investments, and no recourse shall be had by the Account Owner or Beneficiary against the Board's members or its employees individually, or against the Commonwealth of Virginia in connection with any right or obligation arising out of any Contract. Neither the credit nor the taxing power of the Commonwealth can be pledged to the payment of Benefits hereunder. Section 23-38.78 of the *Code of Virginia*, as amended, provides for a financial guarantee in each year's state budget to cover VPEP's contractual obligations in the event of a funding shortfall.



Chairman, Board of the  
Virginia College Savings Plan

### Fee Schedule – Attachment A

Type of Fee	Amount
<b>Application Fee</b>	\$25
<b>Cancellation Fee</b> (Fee waived in case of the Beneficiary's death, disability or scholarship. Refunds for reasons other than the Beneficiary's death, disability or receipt of a scholarship are also subject to a federal tax penalty of 10% of any earnings.)	\$25
<b>Cancellation for misrepresentation</b>	Lesser of \$500.00 or 100% of payments to date
<b>Late fee on monthly payment received more than 15 days past the due date</b>	Lesser of \$15.00 or 5% of monthly payment
<b>Late fee for lump-sum payment</b>	1% of outstanding balance per month
<b>Non-sufficient funds</b>	\$25
<b>Change in monthly payment amount</b> (prepayment minimum is \$1,000 to change payment amount)	\$25
<b>Change in payment plan option</b>	\$25
<b>Rollover/Conversion to a different plan</b> (Fee waived for rollover to the Virginia Education Savings Trust, CollegeAmerica, or CollegeWealth)	\$25
<b>Change of Account Owner</b> (Fee waived in case of Account Owner's death or disability)	\$10
<b>Document replacement fee</b> (example, duplicate coupon book)	\$5
<b>Start college earlier than projected enrollment date</b>	\$50
<b>Expedited Distribution Request</b>	\$50
<b>Receipt of Wire Transfer fee</b>	pass-through of bank charge
<b>Other administrative fees</b>	Set by Board