

Nevada Prepaid Tuition Program Description and Master Agreement

2011 Open Enrollment

December 1, 2010 through February 28, 2011

Choose Your Plan:

- 4 Year University
- 2 Year University
- 1 Year University
- 2 Year Community College
- 2 Year Community College/
2 Year University Combination

Choose Your Payments:

- One Time Payment
- 5 Year Payment Option
- Long Term Payments

Choose Your School:

- University of Nevada System
- In-State, Public or Private
- Out-of-State, Public or Private



Save for College, One Step at a Time!

Nevada State Treasurer Kate Marshall
Chair, Board of Trustees
Nevada College Savings Plans

Nevada's College Savings Plans

In addition to the Nevada Prepaid Tuition Program, the Board offers the following Nevada College Savings Plans and scholarship programs:



Upromise College Fund 529 Plan

The Upromise College Fund 529 Plan is designed to help families save today for college tomorrow. It's easy to start and flexible to use. The Upromise plan is affordable, flexible, and offers online enrollment. Call 1-800-587-7305 or visit www.upromisecollegefund.com to find out more.



The Vanguard 529 Plan

The Vanguard 529 College Savings Plan features 22 low-cost Vanguard investments, a higher initial contribution minimum, and tax-free withdrawals for qualified higher education expenses. Call 1-866-4530 or visit www.vanguard.com for more information.



USAA College Savings Plan

The USAA College Savings Plan, primarily designed for USAA members, is now available to the general public. For more information, call 1-800-235-5829 or visit www.usaa.com.



Putnam 529 for America PlanSM

Putnam 529 for AmericaSM offers all the tax advantages of a 529 plan plus a wide array of investment choices, including age-based portfolios, individual fund options from Putnam and other prominent companies, and Putnam Absolute Return Funds. The plan has no annual maintenance fee and is backed by Putnam's more than 70 years of investing experience. For more formation, talk to your financial advisor, call 1-877-PUTNAM529 or visit www.putnam.com.



Governor Guinn Millennium Scholarship

Created by the State of Nevada to help Nevada high school graduates with registration fees and other education expenses when enrolled in a Nevada institution of higher education, the Governor Guinn Millennium Scholarship provides eligible students who meet the established criteria up to \$10,000 (lifetime maximum) toward undergraduate coursework. For more information visit NevadaTreasurer.gov.

The Section 529 savings plans can all be used for qualifying higher education expenses not covered by the Nevada Prepaid Tuition Program and are also sponsored by the State of Nevada and administered by the State Treasurer's Office.

The Board of Trustees of the College Savings Plans of Nevada

Kate Marshall, Chair

Mark Stevens, Andrew Clinger, Edward (Ned) Martin, Robert (Bob) Seale



Kate Marshall
State Treasurer

Steve George
Chief of Staff

Mark Winebarger
Chief Deputy Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

November 15, 2010

Dear Nevada Parents, Grandparents, and Families:

Finding the money to send your child to college can be a monumental task, one that can seem overwhelming for a parent, especially in the financial times we face today. As your State Treasurer and the Administrator of the Nevada Prepaid Tuition Program, I'd like to encourage you to begin to ***Save for College, One Step at a Time***. Providing for a child's education needs past high school is one of the greatest and most long-lasting gifts we can give. A college education is a gift that will last a lifetime, and will most certainly pave the way to a more successful future.

The cost of attending college continues to escalate, and that's where the Nevada Prepaid Tuition Program can help you make a profound difference in your child's life. The Program provides many benefits and affordable plan options, including flexible payment plans that start at as little as \$36 per month. The goal of the Nevada Prepaid Tuition Program is to assist parents, grandparents, and other family members in delivering the promise of a college education to their child.

The 2011 enrollment period for the Nevada Prepaid Tuition Program begins on **December 1, 2010, and concludes on February 28, 2011**. I hope you'll review the information and consider joining the more than 13,525 parents and other caregivers who have enrolled their children in the Program. We all want the absolute best for our children. The Nevada 529 College Savings Plans Program, including the Nevada Prepaid Tuition Program, provides an excellent opportunity to help your child meet his or her goal of attaining a college education.

Best regards,

A handwritten signature in blue ink that reads "Kate Marshall".

Kate Marshall
State Treasurer



CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
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Contact Us	Email: PrepaidTuition@NevadaTreasurer.gov
Online Information and Enrollment:	https://NevadaTreasurer.gov
Telephone:	1-888-477-2667 (toll free), or 702-486-2025
Fax:	702-486-3246
<u>Mailing Address:</u>	<u>Payment address:</u>
Nevada Prepaid Tuition	Nevada Prepaid Tuition
555 E. Washington Avenue, Suite 4600	File 749102
Las Vegas, NV 89101	Los Angeles, CA 90074-9102
Office Hours:	Weekdays 8:00 am to 5:00 pm (excluding state holidays)

Introduction

The Nevada Prepaid Tuition Program (“Program”) allows you to lock-in the cost of certain future higher education costs at today’s rates. Contracts available through the Program allow the purchase of community college and university level credit hours at any eligible higher education institution for use when the chosen beneficiary is ready to enroll in college. You can choose from a variety of plan options designed to pay the actual cost of basic tuition charged to a Nevada resident for undergraduate credit hours. Program earnings are currently free from federal taxes if the educational benefits are used to pay for the cost of future college credit hours.

The Program offers flexibility and portability, providing a variety of plan and payment options, including monthly payments up and until the date the beneficiary graduates from high school. The contract can also be used to pay tuition costs at both in-state and out-of-state eligible public or private colleges and universities.

Nevada offers five different “529 Plans” under the College Savings Plans of Nevada to help families prepare for the costs of funding a child’s higher education. The Prepaid Tuition Program is one of these Plans and allows parents, grandparent, businesses, and others to pre-purchase a fixed amount of undergraduate credit hours for a beneficiary.

The Program is offered pursuant to Nevada Revised Statutes (NRS) 353B and the Nevada Administrative Code (NAC) 353B. Internal Revenue Service (IRS) Code Section 529 authorizes states and state agencies to establish and maintain tax-advantaged qualified tuition programs intended to assist individuals and families in paying for qualified higher education expenses. The Nevada Prepaid Tuition Program, administered by the State Treasurer through the Board of Trustees of the Nevada College Savings Plans, is a qualified 529 plan. Funds are deposited and managed in the Nevada Higher Education Trust Fund. To learn more about Nevada’s College Savings Plans, visit our website at <https://NevadaTreasurer.gov>.

The Program is compatible with the Governor Guinn Millennium Scholarship and other 529 college savings plans. While a Nevada Prepaid Tuition contract addresses the basic costs of tuition through credit hour disbursements, the Millennium Scholarship and a personal 529 college savings plan account can provide additional funds to pay for other qualified high education expenses such as fees, books, and equipment required for attendance and certain room and board costs at an eligible educational institution that are not covered by the Prepaid Program.

Even if you do not live in Nevada, you may invest in the Program as long as either the purchaser or the student beneficiary is a Nevada resident or the purchaser graduated from a Nevada public college or university.

NEVADA PREPAID TUITION PROGRAM 2011 PRICES AND PLANS

Four Year University

120 University Level Credit Hours

Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
		Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$22,200	39	\$636	n/a	n/a
8	22,150	51	502	n/a	n/a
7	22,100	63	419	60	437
6	22,050	75	363	60	436
5	22,000	87	323	60	435
4	21,950	99	292	60	434
3	21,900	111	269	60	433
2	21,850	123	250	60	432
1	21,800	135	234	60	431
K	21,750	147	221	60	430
Age 4/5*	21,700	159	210	60	429
Age 3	21,650	171	201	60	428
Age 2	21,600	183	193	60	427
Age 1	21,550	195	186	60	426
Newborn	21,500	207	180	60	425

Two Year University

60 University Level Credit Hours

One Year University

30 University Level Credit Hours

Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
		Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$11,100	39	\$319	n/a	n/a
8	11,075	51	252	n/a	n/a
7	11,050	63	210	60	\$219
6	11,025	75	182	60	219
5	11,000	87	162	60	218
4	10,975	99	147	60	218
3	10,950	111	135	60	217
2	10,925	123	126	60	217
1	10,900	135	118	60	216
K	10,875	147	111	60	216
Age 4/5*	10,850	159	106	60	215
Age 3	10,825	171	101	60	215
Age 2	10,800	183	97	60	214
Age 1	10,775	195	94	60	214
Newborn	10,750	207	91	60	213

Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
		Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$5,550	39	\$160	n/a	n/a
8	5,538	51	127	n/a	n/a
7	5,525	63	106	60	110
6	5,513	75	92	60	110
5	5,500	87	82	60	110
4	5,488	99	74	60	110
3	5,475	111	68	60	109
2	5,463	123	64	60	109
1	5,450	135	60	60	109
K	5,438	147	56	60	109
Age 4/5*	5,425	159	54	60	108
Age 3	5,413	171	51	60	108
Age 2	5,400	183	49	60	108
Age 1	5,388	195	48	60	108
Newborn	5,375	207	46	60	107

*Five year olds not entering kindergarten as of September 30, 2010, will follow the Age 4/5 pricing.

NEVADA PREPAID TUITION PROGRAM 2011 PRICES AND PLANS

Two Year Community College/ Two Year University

60 Community College Level/60 University Level Credit Hours

		Extended Monthly Payment Plan		Five Year Payment Plan	
Grade	Lump Sum Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$15,550	39	\$446	n/a	n/a
8	15,505	51	352	n/a	n/a
7	15,460	63	294	60	\$306
6	15,415	75	254	60	305
5	15,370	87	226	60	304
4	15,325	99	205	60	303
3	15,280	111	188	60	302
2	15,235	123	175	60	302
1	15,190	135	164	60	301
K	15,145	147	154	60	300
Age 4/5*	15,100	159	147	60	299
Age 3	15,055	171	140	60	298
Age 2	15,010	183	135	60	297
Age 1	14,965	195	130	60	296
Newborn	14,920	207	125	60	295

Two Year Community College

60 Community College Level Credit Hours

		Extended Monthly Payment Plan		Five Year Payment Plan	
Grade	Lump Sum Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$4,450	39	\$129	n/a	n/a
8	4,430	51	102	n/a	n/a
7	4,410	63	85	60	\$88
6	4,390	75	74	60	88
5	4,370	87	65	60	88
4	4,350	99	59	60	87
3	4,330	111	54	60	87
2	4,310	123	50	60	86
1	4,290	135	47	60	86
K	4,270	147	45	60	86
Age 4/5*	4,250	159	42	60	85
Age 3	4,230	171	40	60	85
Age 2	4,210	183	39	60	84
Age 1	4,190	195	37	60	84
Newborn	4,170	207	36	60	84

*Five year olds not entering kindergarten as of September 30, 2010, will follow the Age 4/5 pricing.

Program Fee Chart

<u>Type of Fee</u>	<u>Amount</u>
▪ Enrollment Fee	\$100
▪ Document Replacement Fee (for example, a coupon book)	\$ 7
▪ Late Fee for Lump Sum Purchase (plus 1% per month of outstanding balance for additional months)	\$15 for 1 st month
▪ Late Fee for Monthly Purchase	\$15 per month
▪ Delinquency Fee on any payments over 90 days past due (applied to overdue amount)	7.25% per annum
▪ Out-of-state School Processing Fee	\$ 25
▪ Payment Option Change Fee	\$ 20
▪ Plan Conversion Fee	\$ 20
▪ Change of Purchaser Fee	\$ 20
▪ Dishonored Payment Fee	\$ 25
▪ Change of Beneficiary Fee	\$ 20
▪ Termination Fee	\$100
▪ Fraud Penalty	\$250
▪ Interest on Monthly Payment Option	7.25%
▪ Early Pay-off Discount	3.75%
▪ Interest on Refunds	0%

NOTE: The Board, in its sole discretion, may change existing Program Fees or impose future administrative fees without notice.

Chapter I: Program Information

The Nevada Prepaid Tuition Program (“Program”) agrees to pay for the fixed number of undergraduate credit hours bought by a purchaser. The Program pays the in-state rate of credit hours at two and four year public colleges and universities located in Nevada. The Program was created by the Nevada State Legislature and is administered by the State Treasurer’s Office under the oversight of the Board of Trustees of the College Savings Plans of Nevada (“Board”).

Disclosure Statement

The Program must operate and finance its activities only through its own assets. It is not guaranteed by the State of Nevada, is not an obligation of the general funds of the State of Nevada, and is not commingled with the investment funds of any other Nevada 529 Plan. Payment of Program obligations will be made only from the Nevada Higher Education Trust Fund.

Contracts are with the Board of Trustees of the College Savings Plans of Nevada. To protect its assets from other uses by the state, only the Board— not the state—controls the assets. Pursuant to NRS 353B.130, contracts are not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the state is pledged directly, indirectly, or contingently. Contract owners in the Program assume all investment risk, including the potential loss of contributions and liability for additional income taxes or penalties for non-qualified withdrawals.

Please read this Nevada Prepaid Tuition Program Description and Master Agreement (“Master Agreement”) prior to purchasing a contract.

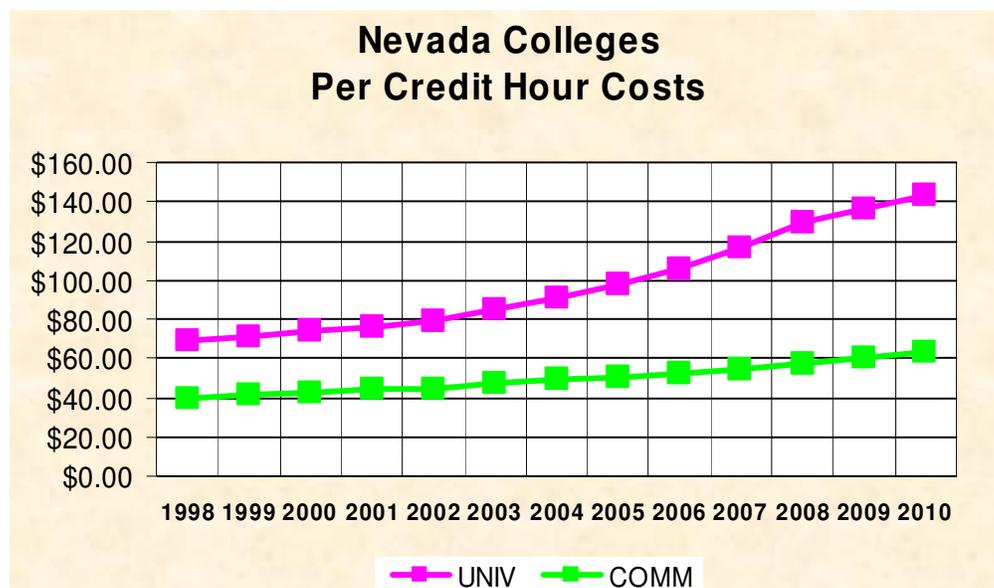
Contracts and Pricing: 2011 Enrollment

For each enrollment period, the Board will use actuarial methods to help determine contract prices for a fixed amount of credit hours purchased during that enrollment period. These contract prices may include a premium over the current cost of credit hours at representative Nevada colleges and universities. Once a contract is purchased the cost of and payment for credit hours purchased will be “locked in” and will not change.

Plan pricing is based in part on an actuarial formula, which incorporates several factors, including the current cost of credit hours, the estimated future costs of credit hours, a general inflation adjustment, anticipated investment returns and administrative costs, and the need for a reserve to assist in periods of fluctuating returns or higher than average costs for credit hours at Nevada colleges and universities.

Annual Tuition Increases Over Time

Resident undergraduate tuition at Nevada universities and community colleges increased an average of 6% and 4%, respectively a year over the past 12 years as shown in this chart.



Using Your Contract

A Nevada Prepaid Tuition contract can be used at any accredited public or private university, college, or vocational school in the United States, as well as at selected colleges in other countries. An institution is eligible if it participates in federal financial aid programs through the U.S. Department of Education. For a complete list of eligible schools in the United States and other countries, please visit the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA) website (www.fafsa.ed.gov). If the institution is listed, the credit hour benefits of a contract may be used at that school.

During the spring before the student beneficiary is to attend college, the Program Administrator will send a Nevada Prepaid Tuition Student Handbook, which includes the Intent to Enroll form and explains enrollment and disbursement procedures at qualified institutions.

Requesting a Refund

All cancellations and refunds are made according to IRS Code Section 529, Nevada State Law, and the Nevada Prepaid Tuition Master Agreement. In general, the purchaser can receive a refund with some exceptions specifically noted in the Master Agreement. Please review the Nevada Prepaid Tuition Refund Policy on our website (<https://NevadaTreasurer.gov>) for details. A refund request must be submitted on the form provided by the Program, along with any required documentation. The Refund form must be mailed or faxed to:

Nevada Prepaid Tuition Program
Office of the State Treasurer
555 E. Washington, Suite 4600
Las Vegas, NV 89101
Fax: 702-486-3246

Once your refund has been approved, you will receive a refund within six weeks. Penalties and fees may be assessed on certain refunds. Please review the Master Agreement or visit our website (<https://NevadaTreasurer.gov>) for details.

Privacy Policy

The Board considers the privacy and security of personal information a top priority. The Board adheres to policies for the benefit of current and past purchasers and beneficiaries. In administering the Program, the Board may collect the following types of personal information:

- Information received from enrollment forms, communication, and other forms, such as name, address, and Social Security Number.
- Information the Board may require as a result of administering contracts, such as transaction information and account balances.

The Board restricts access to this personal information to its employees and agents who need to know the information to provide the purchaser with the products and services requested. The Board may make disclosure of such information, as permitted or required by law, and may ask the Purchaser for verification, or additional information. The Board maintains appropriate physical, electronic, and procedural safeguards to protect your personal information.

Online Contract Service

Individuals may access their Nevada Prepaid Tuition Contract information and access account statements and records online at <https://NevadaTreasurer.gov>. Purchasers can establish a log-in and password once the enrollment form has been accepted. Contact the Nevada Prepaid Tuition Office for assistance.

Chapter II: Tax Matters

This section provides a discussion and overview of certain federal treatment of contributions to and withdrawals from the Nevada Prepaid Tuition Program. The information is included for general information only. Potential purchasers should consult a qualified tax advisor regarding their individual situation.

General Information Only

This summary is not exhaustive and should **not** be construed as tax advice. The information is based on our general understanding of current tax law and regulations and is meant **only** to provide background about the characteristics of 529 Plans. Neither this section nor any other section in the Nevada Prepaid Tuition Program Description is intended to constitute legal or tax advice. Interested parties should consult a tax advisor on how the purchase of a Prepaid Tuition contract might specifically affect an individual purchaser or beneficiary.

Changing Tax Laws and Regulations

This summary is based on the relevant provisions of the IRS Code Section 529, relevant legislative history, and official interpretations of applicable federal laws as of the date of this document. Changes to federal or state tax laws may occur in the future which could have a significant impact on the Program and your investment, including termination of the Program.

Federal Income Tax Treatment of Contribution, Distributions and Refunds

The Program is designed to constitute a “qualified tuition program” under IRS Code 529. Under federal tax law, if the contract is used for qualified higher education expenses, any increase in the value of the Program contract is not subject to federal income tax. If a non-qualified refund is requested, the purchaser may owe federal tax on the interest received in the year the refund is processed. If a Program contract is terminated and the interest portion is not used to pay qualified education expenses, contract “earnings” (the value of the interest) are subject to federal income taxes and additionally a 10% federal penalty tax. The purchaser or person receiving the non-qualified refund would be responsible for those taxes.

Special Termination of Contract

In the event of the beneficiary’s death, disability, or receipt of a full scholarship that renders the Program educational benefits unusable, the purchaser may receive a qualified refund of the price of the contract, plus interest at a rate determined annually by the Board (currently 0%). Any interest is subject to federal income tax as ordinary income, but will not be subject to the 10% federal penalty tax.

**Enroll Online: NevadaTreasurer.gov
Enrollment ends February 28, 2011**

Federal Gift and Estate Taxes

The purchase of a Nevada Prepaid Tuition contract may constitute a gift from the purchaser to the beneficiary. Contributions to a 529 Plan, excluding those from an Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minor Act (UTMA) account, are generally considered to be completed gifts to the designated beneficiary and may qualify for the \$13,000/\$26,000 (single taxpayer/taxpayers filing jointly) annual gift and generation skipping transfer tax exclusions for calendar year 2010. In cases where contributions to a 529 Plan such as the Nevada Prepaid Tuition Program exceed the then current UGMA/UTMA annual gift limits, a purchaser may elect to treat the contributions as if they were made ratably over a five-year period. This election, which is made on the taxpayer's gift tax return, is applicable only for contributions up to five times the available annual exclusion in the calendar year of the contribution. Thus, for calendar year 2010, the maximum contribution pursuant to this rule would be \$65,000 (or \$130,000 for a married couple). Estate, gift, and generation-skipping tax issues arising in conjunction with 529 Plans are complex. Potential purchasers and beneficiaries should consult a tax advisor for advice on their individual tax situation.

State Income Tax

Nevada does not have a state income tax. Potential purchasers who are not residents of the State of Nevada, but are qualified purchasers may want to first consult a tax advisor.

Hope Scholarship and Lifetime Learning Tax Credits

The use of Education Tax Credits will not affect participation in the Program. However, a purchaser cannot claim Hope Scholarship or Lifetime Learning Tax Credits for amounts withdrawn tax free under a Program contract. Please be aware that the coordination of the various federal higher education tax incentives can be complex. A purchaser or potential purchaser should contact a tax professional or the IRS for assistance in determining eligibility for the various tax incentives and in allocating higher education expenses.

Tax Deduction for Education Expenses

The 2001 Tax Act provided for a deduction for the payment of tuition and related expenses by taxpayers who fall within certain income limits. However, the deduction may not be claimed for expenses paid from the earnings portion of a tax-free withdrawal from any tax-favored facility. For more information, refer to IRS Publication 970, "Tax Benefits for Education," which is available at www.irs.gov.

Impact on Medicaid Eligibility

Purchasing a Nevada Prepaid Tuition contract could impact eligibility for federal and state health care assistance programs. A purchaser or potential purchaser should contact his/her state's Medicaid authorities regarding their individual situation.

Federal and State Bankruptcy Laws

Federal bankruptcy legislation excludes from the debtor's bankruptcy estate certain assets contributed to a 529 Plan account. Nevada law provides that up to \$500,000 of an account owner's assets in a Nevada 529 Plan may be protected from creditors, depending on when such assets were contributed to the account and whether they are eventually used to pay qualified higher education expenses of the beneficiary.

Chapter III: Frequently Asked Questions

What is Nevada Prepaid Tuition?

Nevada Prepaid Tuition is Nevada's 529 prepaid college tuition program, which allows purchasers to select and purchase a contract for a specific number of either college or university level higher education credit hours at a locked-in contract price and pay for that contract over an extended period of time.

How do I purchase a contract?

Enrollment forms are available as part of this Program Description, online at <https://NevadaTreasurer.gov>, or can be mailed directly to you by contacting the Nevada Prepaid Tuition Office.

When can I purchase a contract?

Open Enrollment dates are set annually. For the fall of 2010 and winter of 2011, contracts may be purchased between December 1, 2010, and February 28, 2011. Contracts for newborn children only will be accepted until June 30, 2011.

May two people jointly purchase a contract?

No. Only one purchaser is allowed to own a contract. However, other individuals may make gifts and payments toward the contract. The purchaser may also appoint a legal successor.

What will a contract pay for?

Your contract will pay the undergraduate in-state rate of credit hours at the level you select on the contract (university or community college). The contract can not be used to pay room and board, books, or any fees or surcharges, including athletic fees, entrance fees, technology fees, or parking fees.

Do I have to pick a school when I enroll?

No. When your beneficiary is ready to begin college, the Program Administrator will send information about how to use your contract at any eligible educational institution.

Does the purchase of a contract ensure that my child will be admitted to a college or university?

No. A beneficiary must meet the admissions requirements of the college of his/her choice and maintain the required academic status. The Program does not guarantee acceptance to any college or university.

What if I move out-of-state after I purchase a contract?

You can still make any regular contributions and use your benefits at eligible institutions.

What if I suddenly can't make the monthly payment on my contract?

You may be able to convert the contract to a lower cost contract, increase the years you pay on the contract to lower the monthly payment, or close the contract and request a refund.

How does the Program pay for the future costs of credit hours?

Assets in the Nevada Higher Education Trust Fund are used to pay Contract benefits. The Board through the State Treasurer is responsible to invest the money paid on contracts in the Trust Fund. As of June 30, 2010 the Trust Fund had current assets of over \$108.5 million.

Do other states offer similar programs?

Yes. At least thirteen other states currently offer prepaid tuition programs and 47 states and the District of Columbia currently offer 529 College Savings Plans. Visit www.collegesavings.org for more information.

Chapter IV: 2011 Master Agreement

Before you enroll in a Nevada Prepaid Tuition contract, please carefully read the Master Agreement, which explains the rules of the Program. When you sign an Enrollment form, you are agreeing to the terms of the Master Agreement.

1. DEFINITIONS

Definitions. Terms used in this Master Agreement and the forms for purchase of a contract have the following meaning:

- A. **“529 Plan”** A qualified prepaid tuition program or college savings program within the meaning of IRS Section 529 of the Code.
- B. **“Academic Year”** Undergraduate school year beginning the first Semester, term, or quarter after July 15th of any year.
- C. **“Basic Tuition Fee”** Basic Credit Hour fee established by the Nevada Board of Regents paid for the fall and spring semesters.
- D. **“Beneficiary”** or **“Qualified Beneficiary”** The child designated in the Program Contract Enrollment form to receive the Educational Benefits of the Program.
- E. **“Benefit Use Year”** The year of Matriculation to college, the Beneficiary may begin drawing on Educational Benefits in the form of Credit Hours from the Contract.
- F. **“Board”** The Board of Trustees of the College Savings Plans of Nevada.
- G. **“Cancellation of Contract”** A voluntary request from the Purchaser to terminate the Contract and request a refund.
- H. **“Clock Hours”** College level credit course benefit requested to be converted to Credit Hours for payment to an Eligible Educational Institution that charges tuition based on hours spent in class time rather than Semester Credit Hours. Clock Hours are converted based on the Free Application for Federal Student Aid (FASFA) guidelines for the current academic year.
- I. **“Code”** IRS Code of 1986, as amended.
- J. **“Community College”** An Eligible Educational Institution which grants a two-year associate degree.
- K. **“Contract”** A Program contract accepted by the Program Office, including the Master Agreement, the Plan and payment option selected by the Purchaser.
- L. **“Credit Hours”** Semester Credit Hours established by the Nevada Board of Regents. Credit Hours paid for by the Program will be applicable toward undergraduate studies only.
- M. **“Custodian”** Person who is designated with the rights of the Purchaser on a Contract where the Purchaser is a minor or the Contract was acquired by way of UGMA or UTMA and the Custodian is required to act under the terms of the UGMA or UTMA. The Custodian is responsible for performing all duties of the Purchaser.
- N. **“Disabled”** or **“Disability”** Limitation of an individual’s physical or mental abilities resulting from an injury or disease which renders the individual incapable of participating in the Program as either a Purchaser or Beneficiary.
- O. **“Distribution”** Payment by the Program to the Beneficiary’s Eligible Educational Institution toward Credit Hours, if authorized by the Contract Purchaser.
- P. **“Down-payment”** means the payment of a minimum of \$1000 toward the total purchase price of a Contract at the time of enrollment.
- Q. **“Educational Benefits”** Credit Hours purchased for use by the Beneficiary that otherwise have no monetary value.
- R. **“Eligible Educational Institution”** A public higher education institution, an independent or private degree granting college or university or an out-of-state institution of higher education. To be an Eligible Educational Institution for purposes of Section 529, an institution must be eligible to participate in U.S. Department of Education Free Application for Federal Student Aid (FASFA – Chapter 4).
- S. **“Family Member”** Member of the family as set forth in IRS Code Section 529(e)(2) which includes a son or daughter, or a descendant of either; a stepson or stepdaughter or a descendant of either; 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 beneficiary or the spouse of any individual listed above; and a first cousin. A legally adopted child or foster child is also treated as a Family Member, as is a brother or sister by half-blood.
- T. **“Fiscal Year”** Time period from July 1st to June 30th (inclusive) of the next calendar year.
- U. **“Gift Contribution”** Contribution or payment by a Person who is not the original Contract Purchaser in connection with an established Contract.
- V. **“Gifter”** An individual authorized by the Purchaser to make a Gift Contribution(s) to the Contract.

- W. **“Guardian”** An adult authorized to make decisions on a Contract owned by a minor who becomes the Purchaser due to death of the original Purchaser without a Purchaser Legal Successor having been chosen.
- X. **“Lump Sum Payment”** Payment in full for the Plan at the time of enrollment in the Program with the Contract accepted by the Program.
- Y. **“Mandatory Fee”** Any fee, other than charges for Credit Hours, which a public educational institution requires all students to pay as a condition of enrollment in such institution, including but not limited to registration fees, health fees, or technology fees. These examples are not all inclusive. Mandatory Fees are not covered by the Program as Educational Benefits. Credit Hours are the only payments made on behalf of Beneficiaries in the Program.
- Z. **“Matriculation”** The year that a beneficiary plans to commence attendance at a postsecondary educational institution.
 - aa. **“Monthly Purchase”** Monthly installment payment option chosen by the Purchaser, with the Monthly Purchase Amount to be remitted on or before the 15th day of each month to the Program.
 - bb. **“Monthly Purchase Amount”** Monthly dollar amount specified by the Program for payment by the Purchaser on a Monthly Purchase Contract by the 15th day of each month.
 - cc. **“Newborn”** A child under one year old born prior to the June 30th of the calendar year in which an Open Enrollment closes.
 - dd. **“Non-qualified Refund”** All voluntary refunds (that are not Qualified Refunds), caused by Terminations and cancellations subject to Program Fee and penalties payable by the Purchaser, and shall also include refunds due to the actuarial unsoundness of the Program as described in Section 10.B, for which Program fees will not be applicable. A Non-qualified Refund may also have adverse tax consequences.
 - ee. **“Open Enrollment”** Period of time designated by the Board annually to accept new contracts.
 - ff. **“Person”** An individual who is a citizen of or legal alien resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws of the United States or any state of the United States.
 - gg. **“Plan”** Type of Program contract purchased under Section 2 of the contract.
 - hh. **“Program”** The Nevada Prepaid Tuition Program.
 - ii. **“Program Administrator”** The State Treasurer of the State of Nevada, or designee.
 - jj. **“Purchaser”** Person specified in the Contract who is responsible for payments under the Contract. If the Purchaser is a natural Person, he or she must be 18 years of age or older, or have a trustee, or a designated Custodian of a minor under the UTMA, or be represented by a court appointed or approved conservator or Guardian. The Purchaser also must satisfy applicable residency requirements.
 - kk. **“Purchaser Legal Successor”** Person designated by the Purchaser on the Contract to receive correspondence and have full ownership rights for the contract in case of the death or Disability of the Purchaser.
 - ll. **“Quarterly Payments”** Payments requested to be converted to Semester Credit Hours from an Eligible Educational Institution that charges based on a quarter year system.
 - mm. **“Qualified Refund”** A refund made (1) because the Beneficiary received a full scholarship, or (2) as a result of the Beneficiary’s death or Disability
 - nn. **“Resident”** Individual who is domiciled in the State of Nevada and meets the definition of US Citizen as defined in the IRS Code Section 529. Includes military personnel who reside out-of-state, but list Nevada as their home of record in their military files.
 - oo. **“Rollover”** Contribution from or Qualified/ Non-qualified Refund transferred to a qualified 529 Plan which shall include a contribution from an ESA, for the same Beneficiary or a new Beneficiary.
 - pp. **“UGMA/UTMA”** Uniform Gifts to Minors Act/Uniform Transfers to Minor Act.
 - qq. **“Semester”** The fall or spring term of the Academic Year of 15 to 18 weeks, or the summer Semester equivalent, as defined by the Nevada Board of Regents.
 - rr. **“State”** State of Nevada.
 - ss. **“Standard Bachelor Degree”** consists of 120 Semester Credit Hours achieving a defined course of study at an accredited Eligible Education Institution granting undergraduate degrees.
 - tt. **“Termination”** Discontinuation of the Beneficiaries right to receive Educational Benefits at an Eligible Educational Institution under the Contract.
 - uu. **“Total Contract Price”** means the cumulative amount of all Monthly Purchase Amounts owed under a Monthly Purchase Plan, or the Total Contract Price set forth in a Lump Sum Contract.
 - vv. **“Trust Fund”** Nevada Higher Education Tuition Trust Fund, which contains Program assets and from which all Program Educational Benefits are paid.

ww. **“University”** An Eligible Educational Institution which grants a four year standard bachelor’s degree. In the context of this document, any institution which includes “college” in its name and is otherwise eligible for this Program will be described as a “University,” as long as it also grants a standard bachelor’s degree.

2. PROGRAM OBLIGATIONS

- A. **General Provisions:** The Program agrees to pay the Basic Tuition Fee cost of Credit Hours from the assets in the Trust Fund for the level of Credit Hours purchased in a Contract. University Credit Hours and Community College Credit Hours are priced and disbursed at different amounts and will determine the Total Contract Price and Educational Benefit disbursed under a Contract. Educational Benefits may be used at any Eligible Educational Institution, but only at the level purchased and to the maximum number of Credit Hours purchased.
- B. **Standard Bachelor Degree:** A Standard Bachelor Degree usually consists of 120 Semester Credit Hours (or, on average, 30 credit hours each year). The student beneficiary may require more credit hours than purchased in order to graduate for various reasons, such as dropping, failing, or repeating classes; taking non-transferable classes at another eligible educational institution; or changing majors. The Program will not pay for such additional Credit Hours.
- C. **Limit of Benefits:** The Program will stop providing Educational Benefits under this Contract when the Program has paid the total Credit Hours purchased, regardless of the number of Credit Hours the Beneficiary has accumulated toward graduation.
- D. **Basic Tuition Fee–Credit Hour Payments Only:** The Program will only pay Educational Benefits, as defined by the Contract and provide Qualified and Non-qualified Refunds under the Contract from the assets of the Trust Fund. The ability of the Program to pay Educational Benefits and provide Qualified and Non-qualified Refunds under the contract is not guaranteed by the State of Nevada.
- E. **Educational Benefits Disbursed at Community College and University Level:** The Educational Benefits disbursed at both the Community College and University level will be established by the Board and based on the cost of basic fee credit hours established for Nevada Universities and Community Colleges set by the Nevada Board of Regents. The rate will be the rate paid to both in-state and out-of-state Eligible Educational Institutions. The Program agrees to pay the cost of Credit Hours from the assets of the Trust Fund. Out-of-state and private or independent Eligible Educational Institutions may charge tuition fees in excess of the Contract Educational Benefits. If the Beneficiary chooses to attend one of these institutions, Colleges, or Universities, the beneficiary is required to pay the difference between the Program Educational Benefits disbursement amount and the actual costs.

If the basic tuition fee is less than the rate of Educational Benefits paid under the Contract during that year, the Purchaser may have an overpayment at the termination of the Contract and an overpayment reimbursement may be made by the Program.

- F. **Contract Requirements.** Before the Contract Educational Benefits can be utilized, all outstanding balances and administrative fees must be paid in full. A contract is considered paid in full when the Total Contract Price owed and all outstanding fees are paid to the Program. The Contract must have been purchased at least three years prior to the Benefit Use Year and a valid Social Security number must be on file for the Beneficiary.

3. PLAN OPTIONS

- A. **Four Year University Contract, 120 University Level Credit Hours:** The Program will pay for 120 Credit Hours at the Beneficiary’s Eligible Educational Institution. The Basic Tuition Fee for Credit Hours established by the Nevada Board of Regents for Nevada-domiciled four-year Universities will be the Basic Tuition Fee paid to both in-state and out-of-state Eligible Educational Institutions.
- B. **Two Year University Contract, 60 University Level Credit Hours:** The Program will pay for 60 Credit Hours at the Beneficiary’s Eligible Educational Institution. The Basic Tuition Fee for Credit Hours established by the Nevada Board of Regents for Nevada-domiciled four-year Universities will be paid to both in-state and out-of-state Eligible Educational Institutions.
- C. **One Year University Contract, 30 University Level Credit Hours:** The Program will pay for 30 Credit Hours at the Beneficiary’s Eligible Educational Institution. The Basic Tuition Fee for Credit Hours established by the Board of Regents for Nevada-domiciled four-year Universities will be paid to both in-state and out-of-state Eligible Educational Institutions.
- D. **Two Year Community College Contract, 60 Community College Level Credit Hours:** The Program will pay for 60 Credit Hours at the Beneficiary’s Eligible Educational Institution. The Basic Tuition Fee for Credit Hours established by the Nevada Board of Regents for Nevada-domiciled Community Colleges will be paid to both in-state and out-of-state Eligible Educational Institutions.
- E. **Combination, Two Years of Community College Level (60) Credit Hours and Two Years of University Level (60) Credit Hours:** The Program will pay for 60 Credit Hours at the Beneficiary’s Eligible Educational Institution at the Community College level. The Program will then pay for 60 Credit Hours at the University level. The Basic Tuition Fee for Credit Hours at both the Community College and the University levels will be established by the Nevada Board of Regents for Nevada-domiciled Community College and four-year

Universities and will be paid to the Beneficiary's Eligible Educational Institution. All remaining provisions of the University and Community College Contracts will apply to the combination two-year Community College contract and two-year University contract.

4. ENROLLMENT

- A. **Submitting an Open Enrollment Form:** The Open Enrollment form and enrollment fee must be submitted to the Program between December 1 and February 28 and must be completed according to the Open Enrollment form instructions and may be accepted only during Open Enrollment periods designated by the Board. A separate Open Enrollment form is required for each Beneficiary. The Open Enrollment form must be completed online by midnight on the last day of Open Enrollment or postmarked by the last day of the Open Enrollment period in order to be processed. The Board may extend the Open Enrollment period for Newborn children. Either the Purchaser or the Beneficiary must be a Nevada resident or hold a degree or certificate from a Nevada University or Community College.
- B. **Contract Acceptance:** The Program has no obligation to the Beneficiary unless and until it accepts the Contract. The Program will accept the Contract only after it receives a fully completed Open Enrollment form from a qualified Purchaser and payment of the Enrollment Fee is received in the form of a personal check, credit card, cash, cashier's check, certified check, or money order payable to the Program.
- C. **Purchaser Qualifications:** A qualified purchaser must (1) satisfy the Nevada residency requirements, (2) provide a valid Social Security number or taxpayer identification number, and (3) be 18 years of age or older or have a designated Custodian under UTMA who may name a minor as the Purchaser; or be a trust with the authority to enter into the Contract on behalf of the Beneficiary, or be a court-appointed conservator or Guardian, and (4) either be a resident of the State of Nevada, hold a degree or certificate from a Nevada-domiciled University or Community College or designate a Beneficiary who is a resident of the State of Nevada.
- D. **Beneficiary Qualifications:** The Beneficiary must not have completed the ninth grade of school **and** not reached the age of 18 at the time of Contract acceptance. The beneficiary must be a resident of the State of Nevada at the time of enrollment in the Program, and/or the Purchaser must be a resident of the State of Nevada and/or hold a degree or certificate from a Nevada-domiciled University or Community College.
- E. **Enrollment Form Acceptance or Rejection:** A Contract is not established until the Program sends a written or electronic confirmation of acceptance of the Open Enrollment form and initial payment (either Lump Sum or the initial Monthly Payment) is

processed. If an Open Enrollment form is not accepted based on criteria established by the Program Administrator, the Enrollment Fee will be forfeited by the potential enrollee, but an amount equal to any lump sum or down-payment made will be returned to the Purchaser. The Purchaser must have a valid Social Security number (or a taxpayer or employer identification number) and provide accurate and full information on the Open Enrollment form, or the enrollment will be rejected. The Program Administrator will accept more than one Open Enrollment form, up to a maximum of four contracts for a single beneficiary, as long as the total Credit Hours of the combined Contracts do not exceed 120 Semester Credit Hours at any level. Applications post marked after the close of Open Enrollment may be accepted at the Program Administrator's discretion.

- F. **Payment and Participation Schedule:** A payment and participation schedule will be forwarded in writing or electronically to the Purchaser of an accepted Contract within 60 days of the close of Open Enrollment and first payments are due by May 15th of the Open Enrollment year. If the Purchaser does not receive this schedule by that time, the Purchaser should immediately notify the Program.
- G. **Newborn Enrollment:** A Contract for a Newborn child may be accepted by the Program until June 30th of the calendar year of the close of an Open Enrollment period. First payments are due within 60 days of acceptance of the Contract by the Program on a date determined by the Program.
- H. **Ownership:** The Purchaser will hold ownership rights to the Contract, and only the Purchaser may exercise rights under the Contract, unless the Purchaser's rights are transferred to the Purchaser's Legal Successor, or to the Beneficiary. Any person making a Gift contribution will not have any title to or rights under the Contract. If the Program is unable to locate either the Purchaser or the Beneficiary within the term of the Contract, the Program will treat the Contract payments received as unclaimed property and they shall be transferred to the State Treasurer in accordance with NRS 120A.
- I. **Automatic Transfer of Ownership:** The Beneficiary designated in the contract will automatically assume the Purchaser's rights and responsibilities under the title to the contract in the event that the purchaser dies, becomes legally incompetent, or cannot be located by the Program and the Purchaser has not designated a living Purchaser's Legal Successor to assume control of the Contract. In such event, the Program, without further notice, consent, authorization or otherwise, shall act at the specific direction of the Beneficiary, if not a minor. If the Beneficiary is a minor, the Contract shall not distribute Educational Benefits unless and until the Program in its sole judgment receives acceptable documentation that a legal Guardian may act on behalf of the Beneficiary, and the Program will adhere to the directives of such

Guardian. A Change of Purchaser Form, acceptable documents and Program Fee must be submitted to the Program Office.

- J. **Voluntary Transfer of Ownership:** The Purchaser may transfer ownership rights under the Contract to another Person to act as the Purchaser if such a transfer is not prohibited by state or federal law or regulation, and is specifically approved by the new Purchaser and completed in full on a Change of Purchaser form provided by the Program. The new Purchaser must agree to the transfer by signing the Change of Purchaser form, submitting the required fee, and shall be subject to all the terms of the contract and any outstanding and unpaid balance and Program Fees on the Contract. The signature of the current Purchaser must be notarized.

5. CONTRACT PURCHASER

- A. **Only One Contract Purchaser Allowed:** The Purchaser must meet the following qualifications (as applicable):

1. A Purchaser must provide a valid Social Security number and/or a Taxpayer Identification Number.
2. A Purchaser under the age of 18 must have an adult sign the Open Enrollment form and certify that this adult will serve as the Guardian or Custodian of the Contract.
3. In case of a legal entity purchasing a Contract, a legally authorized representative of the entity must sign the Open Enrollment form. This authorized representative is an individual designated by a partnership, corporation, trust, estate, association or organization to control a Contract, however the entity itself and not the representative, will be the Purchaser of the Contract. The authorized representative must sign all forms. The entity must notify the Program in a timely manner if the authorized representative changes by submitting a completed Change of Purchaser form provided by the Program.
4. The Purchaser must meet the qualifications of a Purchaser as defined in Section 1.jj.
5. **Notices** - All notices from the Program will be directed only to the contract Purchaser, unless otherwise requested in writing by the Purchaser.
6. **Address Change** - The Purchaser in a timely manner shall notify the Program in writing of any change of address of the Purchaser, Beneficiary, or the Purchaser's Legal Successor.

- B. **Using Funds from UGMA/UTMA Accounts:** Custodians for minors under UGMA/UTMA may purchase a Contract using funds from an UGMA/UTMA account subject to all state laws and rules governing such accounts.

1. When proceeds from UGMA/UTMA accounts are used to purchase a Contract, the Beneficiary must be shown as the Purchaser and a Guardian must

be designated and provide required documentation to the Program and the Guardian will be considered the Purchaser by the Program for all transactions and documentation.

2. The Beneficiary will obtain ownership control of the Contract and all rights of the Purchaser upon reaching the age of majority. No Change of Purchaser fee will be charged for transfer of the Contract at the time of majority.
3. Any and all contributions toward the purchase of the Contract will be considered to be UGMA/UTMA funds and become an asset of the Beneficiary.
4. The Program will not be liable for any consequences related to a Guardian's improper use, transfer, or characterization of UGMA/UTMA-related activity, or other custodial funds.

- C. **Rollovers:** The Purchaser must indicate if the purchase of a Contract is funded by a Rollover contribution from a Coverdell Education Savings Account, or another IRS Code Section 529 plan for the same Beneficiary or for a new Beneficiary who qualified as a family member of the previous Beneficiary. If it is a Rollover contribution, the Purchaser must provide documentation acceptable to the Program showing the earnings portion of the contribution. To the extent such documentation is not provided, the Program will treat the entire amount of the Rollover proceeds as earnings. Acceptable documentation includes:

1. IRS Code Section 529 plan statement issued by the 529 plan showing the earnings, less the portion of the Purchaser's withdrawal.
2. Coverdell Education Savings Account (ESA) statement or documentation issued by the account custodian that shows the basis and earnings.
3. Such other documents determined by the Program Administrator in its sole judgment to be acceptable and in accordance with current and future guidance issued by the IRS.

Rollovers will be applied to a Lump Sum payment on the Contract unless the Purchaser specifies otherwise. The distribution must be reinvested in the Contract within 60 days of the withdrawal date to avoid adverse tax consequences on the part of the Purchaser.

- D. **Power of Attorney:** The Program will accept a Power of Attorney acting on behalf of a Purchaser. It is the Purchaser's responsibility to notify the program if and when the Power of Attorney ends.

6. BENEFICIARY

- A. **Designation:** An individual designated as a Beneficiary must meet the qualifications designated in Section 1.D. and have a valid Social Security number or have applied for a Social Security number. If the Beneficiary does not have a Social Security number, the Purchaser must submit the Beneficiary Social Security number within six months after the date of acceptance of the Open Enrollment form. The Beneficiary need not be related to the Purchaser.

B. **Change of Beneficiary:** For any reason prior to the Benefit Use Year designated in the Contract and if the Contract is not in default, has not been Terminated, and no Educational Benefits have been distributed on behalf of the current Beneficiary, the Purchaser may submit a Change of Beneficiary form to designate a new Beneficiary, who must qualify as a Family Member of the previously designated Beneficiary. The Purchaser must submit the required Program Fee and a complete Change of Beneficiary form including the name, date of birth, Social Security number, and date of benefit use year for the new Beneficiary before the Program may consider amending the contract. The Contract may be amended by the Program, if the age of the proposed new Beneficiary is less than the age of the existing qualified Beneficiary plus three years; or the Purchaser pays any additional sum the Program determines in its sole judgment to be necessary, as a result of the change, to ensure the actuarial soundness of the Trust Fund. A Change of Beneficiary form must be notarized.

C. **Transfer to a Family Member Due to Death/Disability of the Beneficiary:** If the Beneficiary dies or becomes Disabled and benefit distributions have not begun at the time of death or Disability, all Contract Educational Benefits may be transferred with the Program's written approval and in accordance with Section 529 to a Family Member of the Beneficiary. The transfer shall be subject to (1) payment of any outstanding Program fees (if any), and (2) payment to the Program of the amount necessary in its sole judgment to reimburse the Program for any additional expense or loss of funds associated with the transfer to an older beneficiary, if applicable. If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the transfer may not be approved by the Program. A Change of Beneficiary form must be completed and documentation acceptable to the Program of death or disability submitted. The Program Administrator may waive the Change of Beneficiary fee.

D. **Total Credit Hours:** A Beneficiary may not be the Beneficiary or accumulate Contracts that exceed 120 Credit Hours in the Program.

E. **Designation of Benefit Use Year:** The Purchaser must designate a Benefit Use Year for the Beneficiary of a Contract. The year must coincide with the Beneficiary's Matriculation. The Purchaser may submit a Deferment of Benefit Request form to the Program on behalf of the Beneficiary during any year the Program would disburse Educational Benefits on the Contract, but the Program must begin to distribute benefits within 6 years of the Benefit Use Year, except as provided by the Contract.

7. PURCHASING OPTIONS

A. **Annual Enrollment Period:** The Board will announce an annual Open Enrollment period for each fiscal year. Open Enrollment forms to purchase a Lump Sum, Five Year, or an extended Monthly

Installment payment plan may be submitted only during the Open Enrollment period. The purchaser must indicate on the Open Enrollment form the option selected for payment.

B. **Lump Sum Contracts:** The Purchaser may choose to purchase a Contract in one Lump Sum payment at the time of enrollment.

1. **Insufficient Payment** - If the Purchaser who has chosen a Lump Sum Contract pays less than the total Program Contract amount plus the one-time Enrollment Fee, the Program will notify the Purchaser. If the Program does not receive instructions and payment (if applicable) from the Purchaser within 90 business days of the date notice is sent, the Program shall Terminate the Contract. If the Program sends a notice, the Purchaser shall advise the Program by mail that he/she will do one of the following:

- Enclose payment in full, including any specified Program Fees;
- Inform the Program to apply the amount submitted and convert the unpaid balance (if any) to a Monthly Purchase option;
- Inform the Program to convert the Contract to a different Plan Option (see Section 3) which is equal to or less than the lump sum paid; or
- Withdraw the Open Enrollment Application.

2. **Lump Sum Late Fees** - If the Program does not receive payment within 15 days of the due date, a Late Fee for Lump Sum Purchase will be applied (see Program Fee Chart). Forty-five days after the due date, a penalty of 1 percent of the total amount due, including the amount of all outstanding fees and penalties imposed pursuant to the contract, will be imposed for each period of 30 days or portion thereof that passes until:

- The total amount due is paid; or
- The contract is terminated at the discretion of the Program Administrator, whichever occurs first.

The Program will then return to the purchaser the amount paid by the purchaser (without interest), less the enrollment fee and termination fee (see Program Fee Chart).

C. **Monthly Payment Purchase Options:** A Purchaser may choose one of two Monthly Purchase options: make monthly payments over a 60 month timeframe (five years); or make monthly payments from the time of enrollment in the Program until the Beneficiary graduates from high school.

1. **Down Payment on Monthly Purchase Plans** - If either Monthly Payment option is selected, the Purchaser may choose to apply an upfront Down Payment to reduce the total cost of the Contract balance subject to Monthly Payments. The minimum Down Payment is \$1,000.

2. **Interest on Balance** - The Purchaser must pay any outstanding balance, calculated Program Fees, and interest included in the Total Contract Price by submitting Monthly Purchase Amounts to the Program. If the Program accepts the Contract, the Program will advise the Purchaser of the terms of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an interest component, which is based on the Board's annual investment assumption for money in the Trust Fund (see Program Fee Chart). The total cumulative amount paid under a Monthly Payment option over the Contract's life will be more than if paid by Lump Sum. The Purchaser may submit Monthly Purchase Amounts early without penalty, but will still be obligated to the Total Contract Price, except as provided for under Early Payoff (see Section 8. E).

8. PAYMENTS

A. **Methods of Payment:** Payments for Contracts, including any Program Fees must be made in United States currency, using any of the payment methods permitted by the Program, which may include the following:

1. Cashier's check or personal check.
2. Money order
3. Cash
4. Automated withdrawal authorization. Purchasers selecting this method must complete the Automated Withdrawal Authorization Form provided by the Program, along with a voided check for verification of routing and bank account numbers.
5. Payroll deduction. Purchasers selecting this method must be employed by an organization that offers payroll deduction for the Program and must complete a Payroll Deduction Authorization Form provided by or acceptable to the Program.
6. Online automated payment option via the Program's website.
7. Credit Card accepted in accordance with the Program Administrator's policy and subject to any service fees authorized by the State of Nevada and imposed by the Program.

B. **Wire Transfers:** The Program does not accept payments via wire transfers.

C. **Fees:** The Purchaser will be responsible for any fees charged by a bank or entity that may be applicable to the payment method selected, including fees assessed on returned or dishonored payments.

D. **Acceptance of Payments:** Upon acceptance of a Monthly Purchase Amount or Lump Sum payment, the Program will record payment in the purchaser's account based on policies established by the Program Administrator.

E. **Early Payoff:** A Purchaser under a Monthly Purchase option who makes a Lump Sum payment to complete the Total Contract Price before the final Monthly Purchase Amount is due will receive an Early Payoff Discount on the paid remainder balance at the rate set annually by the Board (see Program Fee Chart). In order for the Early Payoff Discount to be applied by the Program the contract may not be delinquent or converted to a different Plan Option (see Section 11) to bring the Contract current on payments, and all Program Fees must be paid in full.

F. **Late Payments:** If a Monthly Purchase Amount is not paid by the 15th day of the month due, the Program will accept the payment only if it is accompanied by a Late Fee for Monthly Purchase (see Program Fees). Additional late fees apply for each month the payment is late (see Program Fee Chart).

Any amount owing that is 90 days past due will also be subject to a Delinquency Fee (see Program Fee Chart) not to exceed 8% applied to the delinquent balance. The Delinquency Fee will be applied from 90 days past due going forward until overdue payments are received by the Program or the Contract is Terminated. When a Contract is 180 days past due the Program will inform the Purchaser of pending cancellation and will Terminate the Contract in 45 days from the date of pending cancellation notice, if no payment or appeal is received (see Section 10).

G. **Overpayments:** If a Contract is paid-in-full and the Program receives additional payments or Gift contributions of \$10 or more toward the contract, the Program will notify the purchaser and return the overpayment to the Purchaser. No Program Fees will apply to overpayments.

H. **Prepayments:** The Purchaser may prepay or allow Gift contributions toward any amount due under the Monthly Purchase option, including the remaining balance of a Contract. The Program will automatically apply prepayments in the following order of priority: (1) to any outstanding Program Fees; (2) to future Monthly Purchase Amounts in chronological order by due date. A prepayment will not result in a reduction in the cumulative Monthly Purchase Amounts due under the Contract, including the interest component thereof. A Purchaser may prepay the remaining balance on a Contract in full as a Lump Sum payment (see Section 8. E).

I. **Default:** The Purchaser must remit payments pursuant to a Contract on the dates and in the amounts set forth in the schedule for payment and participation provided to the Purchaser in the Contract. If the Purchaser: (a) fails to remit a payment as required pursuant to a Contract within 30 days after the date the payment is due, the purchaser shall be deemed in Default; (b) does not make the required first payment for a new Contract within 90 days after the date the payment is due, the Program will Terminate the Contract; or (c) does not make all past due payments (including relevant Program Fees) required pursuant to a

Contract within 180 days after the date the Purchaser is deemed to be in Default pursuant to this section, the Program will inform the Purchaser of pending cancellation and will Terminate the Contract in 45 days from the date of pending cancellation notice, if no payment or appeal is received. The Program will provide the Purchaser, after deducting the total amount of any Program Fees and penalties imposed pursuant to the contract, a Non-Qualified Refund of the balance of the amount paid by the purchaser pursuant to the Contract under the terms and conditions established by the Program Administrator.

- J. **Dishonored Payments:** If a check, automated withdrawal, or other payment by a Purchaser is not honored or not paid in full by the applicable bank or other entity (including stop payments), the payment will be treated as a dishonored payment and subject to a Dishonored Payment Fee (see Program Fee Chart). If the dishonored payment represents the initial payment, the Program may choose not to accept the Contract. If the Contract was previously accepted, the Program will cancel the Contract. If the dishonored payment is a Monthly Purchase option payment, the amounts relating to the dishonored payment and applicable Program Fees will remain due and subject to Late Payment conditions (see Section 8.F).
- K. **Gifts:** A Purchaser may authorize individuals to make Gift contributions toward a Contract. Gifts will only be accepted when accompanied by a signed Gifto Form provided by the Program. The Gift contribution may be applied to the current or future Monthly Purchase payments of the Contract, subject to the Total Contract Price. If a Gift contribution results in an overpayment that exceeds the Total Contract Price, the overpayment will be refunded to the Purchaser (see Section 8.G). All Gift contributions will be used to meet Contract obligations and will be owned by, and subject to direction solely by, the Purchaser of the Contract, not by the Person making the Gift contribution. Gift contributions may be received at any time.
- L. **Suspended Contract:** A Purchaser may request the monthly payments in a Monthly Purchase option be suspended for a maximum 90 day period without being subject to Termination once during the term of the Contract. The Program may approve the suspension request and will charge a Late Fee for Monthly Purchase. Reinstatement of the Contract will require the payment of all past due payments, any applicable Program Fees accrued during the 90 day period or the Contract will be considered in default. Contracts may only be suspended once during the term of the Contract and a Contract may not be suspended within one year of the stated Matriculation of the Beneficiary.
- M. **Term of Payments:** The term of a Monthly Purchase option must end before the Academic Year the Beneficiary is projected to Matriculate.

- N. **Due Date of Monthly Payments:** Monthly payments of a Monthly Purchase option are due on or before the 15th day of the month in which the obligation is due.

9. DISTRIBUTION OF BENEFITS

- A. **Distribution of Educational Benefits:** Educational Benefits distributed from a Contract are payments made only for the Basic Tuition Fee for Semester based Credit Hours as determined in a manner prescribed by the Board and have no monetary value to the Purchaser. Additional fees, Mandatory Fees, or additional costs charged by an Eligible Educational Institution for room or board, supplies, or any application, entrance, parking, technology, athletic, or studio fees or fines are not eligible for a distribution under any Contract. Distribution to Eligible Educational Institutions requested in any form other than Semester Credit Hours (including Quarterly Payment and Clock Hour calculations) will be converted by the Program using a formula prescribed by the Board with guidelines from the Free Application for Federal Student Aid (“FAFSA”) for the current Academic Year.
- B. **Notification of Intent to Enroll:** A Beneficiary who intends to begin using Education Benefits at the start of an Academic Year must notify the Program by returning the Intent to Enroll Form signed by both the Purchaser and the Beneficiary 60 days prior to the start of the Academic Year.
- C. **Payment to Eligible Educational Institutions:** Any distribution of Educational Benefits by the Program on behalf of a Beneficiary will be paid directly to the Eligible Educational Institution to which the Beneficiary has submitted an Intent to Enroll Form.
- D. **Conditions of Payments to Eligible Educational Institutions:** A distribution of Educational Benefits will be made only after the Program determines:
 - 1. The chosen institution is an Eligible Educational Institution.
 - 2. The requested Educational Benefits distribution has been converted to Credit Hours, if the request is from an institution based on Quarterly Payments or Clock Hours.
 - 3. The Program has established third-party billing for each out-of-state and private eligible educational institution in order to distribute Educational Benefits to the chosen institution and the required Private/Out-of-State Processing Fee has been paid (See Program Fee Chart). If the Eligible Educational Institution will not accept third-party billing from the Program, the Beneficiary must submit to the Program proof of enrollment in the form of a letter, transcript, or enrollment certificate including the Semester Credit Hours Educational Benefits requested to be distributed from the Eligible Educational Institution acceptable to the Program and the Program will then issue payment directly to the Eligible Educational Institution. The Beneficiary

is responsible for any reimbursement from the Eligible Educational Institution for any direct payments made to the Eligible Educational Institution.

- E. **Deferment of Educational Benefits:** A Beneficiary who does not intend to begin using Education Benefits during the stated Benefit Use Year must submit a Deferment of Benefits Form signed by the Purchaser and the Beneficiary. All Deferment of Benefits forms must be submitted at least 60 days prior to the start of an Academic Year.
- F. **Reinstatement of Educational Benefits:** Requests to reinstate the use of deferred Educational Benefits should be submitted on an Intent to Enroll Form and submitted at least 60 days prior to the start of the academic Semester in which the Beneficiary will commence use of Educational Benefits.
- G. **Term of Educational Benefit Use:** Distributions will not be made more than two years before the date the specified Benefit Use Year unless the Beneficiary is a senior in high school and enrolls in an Eligible Educational Institution before that date and provides proper documentation of enrollment acceptable to the Program, and an Intent to Enroll Form to the Program. Commencement of distributions will not be made later than six years from the original Benefit Use Year excluding any period during which the Beneficiary was (1) on active duty in the Armed Services of the United States, (2) been actively serving or participating in a charitable, religious or public service assignment or mission after the expected date of Matriculation, as evidenced by documentation acceptable to the Program Administrator for extension of the term of a Contract. Nor may distribution of Educational Benefits commence after the Beneficiary reaches the age of 30 plus any period during which the Student Beneficiary was (1) on active duty in the Armed Services of the United States, or (2) actively serving or participating in a charitable, religious or public service assignment or mission after the expected date of Matriculation, as evidenced by documentation acceptable to the Program Administrator.
- H. **Forfeiture of Contract:** The Program may Terminate the Contract if there is no activity on the Contract in the 6 years after the Beneficiary reaches the specified Benefit Use Year and no notification of intended usage or request for extension to the term of the Contract has been received by the Program. Written notification of the forfeiture of Contract will be sent by the Program to the Purchaser, Beneficiary, and any Purchaser's Legal Successor. Parties will have 60 days to respond from the date of the mailing. Failure to respond within the time given will result in the rights to distribution of Educational Benefits being forfeited and the Contract Terminated. The balance of payments made, minus any Program Fees will be turned over to the State Treasurer as unclaimed property for proper disposition.

- I. **Tax Implications:** The Program is not responsible for any taxes imposed on (1) the Contract or (2) any contributions made to the Contract, or (3) the Educational Benefit distributions made from the Contract. Purchaser and Beneficiaries are urged to consult a tax advisor.

10. TERMINATION AND REFUNDS

- A. **General Rules:** All Terminations and Qualified/Non-qualified Refunds will be made in accordance with State law, Program rules and policies, and IRS Code Section 529, including:
1. Qualified Refunds will be made by the Program only for the amount held in the Program for a minimum of three years or such shorter time period as may be imposed by state or federal laws, regulations or policies or approved by the Program Administrator.
 2. The Program may charge Program Fees which may include penalties in connection with a Qualified or Non-qualified Refund (see Program Fee Chart). The Program will deduct all such Program Fees prior to a Qualified or Non-qualified Refund being issued.
 3. The Program will make Qualified or Non-qualified Refunds or transfer remaining balances to another Contract, an amount paid to the Purchaser, or an alternate 529 account at the direction of the Purchaser.
 4. The Board will set an annual rate of interest on Qualified Refunds (see Program Fee Chart). No interest will accrue on Non-qualified refunds.
 5. The Board will provide a Qualified or Non-qualified Refund only after deducting Educational Benefit payments the Trust Fund made on behalf of the Beneficiary. A Qualified or Non-qualified Refund amount shall not exceed the total amount paid by the Purchaser pursuant to the contract, with the interest on the adjusted amount (Qualified Refunds only) in accordance with the applicable rates established by the Board in the year in which the request is made. (see Program Fee Chart). A Non-qualified Refund amount shall not exceed the total amount paid by the Purchaser.
 6. Qualified and Non-qualified Refund and Termination disbursements will be made as soon as practicable following the end of the calendar month of the request to a Purchaser who has agreed to accept in full satisfaction a Qualified/Non-qualified Refund/Termination claim. The amount will not exceed the total amount paid by the Purchaser pursuant to the Contract as of the last business day of the calendar month.
 7. Qualified/Non-qualified Refund amounts may be set by the Board at a rate lower than 100% of the Total Contract Price if the Board, in its sole judgment, determines that any such refunds would jeopardize the actuarial soundness of the Fund. If the Board

institutes such a policy, a purchaser will have the option to (1) accept an amount determined by the Board, which may be less than the cumulative Monthly Purchase Amount or Lump Sum paid by the Purchaser pursuant to the Contract; or (2) choose to wait until the market value of the Trust Fund is sufficient, in the sole judgment of the Board to provide a Qualified/Non-qualified Refund equal to 100 percent of the cumulative Monthly Purchase Amount/Lump Sum made by the Purchaser. No representation is made regarding the timing when the market value of the Trust Fund will achieve a level of adequacy to provide 100% refund values.

8. Qualified and Non-qualified Refund and Termination requests must be submitted on the Refund Request Form provided by the Program and be notarized and a Program Fee assessed for Non-qualified Refunds (see Program Fee Chart).

B. Termination:

1. **Voluntary Termination by Purchaser**-The Contract may be Terminated upon written request on the prescribed Refund Request Form to the Program by the Purchaser (or, in the case of death or Disability of the Purchaser, the Purchaser's Legal Successor or estate appointee with acceptable documentation provided to the Program). A Termination Fee will be charged (see Program Fee Chart).
2. **Death or Disability**-Upon submittal of a Refund Request Form and acceptable documentation to the Program that the Beneficiary has died or has become Disabled, the Program will issue a Qualified Refund of the cumulative Monthly Purchase Amount or Lump Sum paid into the contract—less any Program fees and any payments distributed in Education Benefits—with interest on the balance in accordance with the applicable rates established by the Board in the year in which the refund request is made (see Program Fee Chart); or under conditions established in Section 6.C a new qualifying beneficiary may be named.
3. **Scholarship**- Qualified Refunds for full scholarships that make the Educational Benefits of a Contract unusable must be requested during the Academic Year in which the scholarship is awarded. Documentation must be provided by the educational institution or authority issuing the scholarship and the documentation must be acceptable to the Program Administrator. If acceptable documentation is provided within the required timeframe and approved by the Program Administrator, the Program will amend the contract to change the identity of the Beneficiary of the Contract under the conditions provided in Section 6.B, or the Purchaser may choose to

Terminate the Contract pursuant to Section 10.B and receive a Qualified Refund. The Program may waive Program Fees.

4. **Non-payment**-The Program will Terminate the Contract and no Qualified or Non-qualified Refund will be issued if the Purchaser fails to make the necessary payments and the outstanding Program Fees exceed the Monthly Purchase payments and Program Fees already paid.
5. **Forfeiture or Term**-The Contract will be Terminated if the Educational Benefits are forfeited because the term of Educational Benefit use has expired or the age of the Beneficiary now exceeds the Program maximum (see Section 9.G). The Program will pay the Purchaser a Non-qualified Refund to the extent the Lump Sum or cumulative Monthly Purchase amount paid into the Contract exceeds cumulative Educational Benefits paid out (if any) under the Contract. A Termination Fee will apply.
6. **Fraud**-The Program will Terminate the Contract and issue a Non-qualified Refund to the Purchaser made up of the Lump Sum or cumulative Monthly Purchase amount paid by the Purchaser, less a Termination Fee, Fraud Penalty and any cumulative Education Benefits paid out, if any of the following have been fraudulently stated on an enrollment form or otherwise:
 - a. The age of the Beneficiary;
 - b. The grade of the Beneficiary;
 - c. The Academic Year in which the Beneficiary (stated benefit use year) is to receive Educational Benefits under the contract;
 - d. The Social Security Number of the Purchaser or Beneficiary is invalid;
 - e. The residency of the Purchaser, or the Purchaser's academic background, at the time the Open Enrollment Form is submitted to the Program; or
 - f. Other matters as determined by the Program Administrator.
7. **Actuarial Unsoundness** - An actuarial valuation study of the Program shall be made annually by a certified actuary. If this actuary determines that the Program does not have sufficient funds to ensure the actuarial soundness of the Program and the Board reasonably determines there will be an insufficient number of new Contracts in the future with reasonably predictable terms to ensure the actuarial soundness of the Program, the Program may provide Qualified and Non-qualified Refunds at a reduced rate, may pay Educational Benefits at a reduced rate or may Terminate all Contracts and prorate the assets of Program among the existing Contracts. If the Trust Fund is liquidated, the amount to be returned is uncertain and could be less than any Purchaser's contributions. Upon

Termination of the Program pursuant to this subsection, the Program may stop providing Educational Benefits from the Program and will pay Non-qualified Refunds determined as follows:

- a. The Program will calculate the Contract's "asset value," which is the Lump Sum or cumulative Monthly Purchase Amount paid by the Purchaser, less any Educational Benefits or Qualified/Non-qualified Refunds paid by the Program, less any Program Fees due and payable to the Program;
 - b. A percentage of the amount of the total Trust Fund assets after liquidating all of the Trust Fund investments. The percentage is determined by dividing the asset value of a given Contract by the asset value of all Program Contracts combined. This Non-qualified Refund shall be applied, at the option of each Purchaser, either toward the purposes of this Contract on behalf of the Beneficiary, or paid to the Purchaser.
8. **Cancellation by the Program for Failure to Provide Information** - The Program may cancel a Contract immediately and charge a Termination Fee, if:
- a. The Purchaser fails to provide within 90 days of a written request from the Board any reasonable information relating to a Contract.
 - b. The Purchaser fails to provide a valid Social Security number for the Beneficiary within six months after the date a Contract is accepted.
 - c. The initial payment in either a Lump Sum or Monthly Purchase option is dishonored.
 - d. The Purchaser fails to comply with the terms of the Contract (other than failure to make a Monthly Purchase Amount payment by the monthly due date) and does not correct such failure within the time period provided in this Master Agreement.
9. **Three Day Cancellation**-The Purchaser may cancel his/her Open Enrollment application within three business days after the Program receives the Open Enrollment Form. The Program will return all payments to the Purchaser, including the Enrollment Fee. No Termination Fee will be charged.
- C. **Qualified/Non-qualified Refunds:** The Program will calculate the amount of any Qualified/Non-qualified Refund pursuant to the terms of this Master Agreement. The Qualified/Non-qualified Refund amount paid is based on the Lump Sum or Monthly Purchase Amount paid by the Purchaser on the Contract to date less any Program Fees due and payable, and any Educational Benefits already paid on behalf of the Beneficiary:
1. **Non-Qualified Refund Due to Bankruptcy** - If a Non-qualified Refund is requested by the Purchaser due to bankruptcy, the Purchaser must provide the Program with a copy of the bankruptcy

filing. The contract will be valued as in Section 10.B.7 and the value will be equal to the calculated asset value of that provision.

2. **Rollover of Qualified/Non-qualified Refund** - The Purchaser may choose to have any Qualified/Non-qualified Refund administered as a rollover to a qualified 529 Plan. Rollovers between 529 Plans for the same Beneficiary or a new Beneficiary must provide acceptable documentation as detailed in Section 5.C. The Qualified/Non-qualified Refund must be re-invested within 60 days and the Beneficiary of the accepting plan must be an eligible Family Member. Rollover requests must be submitted on a completed Rollover Request Form provided by the Program and be notarized. Requests that do not meet these requirements will be considered under Section 10.B Terminations.
 3. **Maximum Contribution limit** - An account owner may continue to make contributions to both the Nevada Prepaid Tuition Program and other 529 college savings plans for the same beneficiary so long as the aggregate balance of all Section 529 plans sponsored by the State of Nevada does not exceed the maximum contribution limit, which is currently \$370,000. The Board is required to set the maximum allowable contribution limit for all accounts for a beneficiary. The Board expects to evaluate the maximum allowable contribution limit annually, but reserves the right to make adjustments more or less frequently. It is possible that federal law might impose different limits on maximum allowable contributions in the future.
 4. **Tax Implications** - The Program shall not be responsible for any state or federal taxes imposed on the Purchaser, the Beneficiary, or otherwise in connection with any Qualified/Non-qualified Refund, including the 10 percent penalty tax payable to the IRS in connection with a Non-qualified Refund. The Program sends a tax document to recipients of Qualified and Non-qualified Refunds and any distributions made during the calendar year as required by the IRS. The tax document details the gross distribution, gain (or loss), and the basis of all distributions.
- D. **Appeals:** Appeals of Cancellation, Terminations and Qualified/Non-qualified Refunds must be made in writing to the Program Administrator by a Purchaser within 30 days of a notice by the Program to cancel or Terminate a Contract. Appeals of cancellations, Terminations, assessment of Program Fees and special petitions for conversions and waivers will be decided by the Program Administrator. An aggrieved party may appeal the decision of the Program Administrator to the Board by the filing of a written request within 30 days of the notice of denial of appeal by the Program. The Board will conduct a review of the merits of the appeal and render final decision at the Board's next regularly scheduled meeting.

11. CONTRACT AMENDMENT AND CONVERSION

- A. **Contract Amendments and Plan Conversion:** The Purchaser may request the conversion of a Contract either for method of payment or for selection of Plan. The Purchaser must submit the request on a Contract Conversion Form and all required Program Fees and any additional sum the Program determines in its sole judgment to be necessary as a result of the conversion or amendment in the interest of maintaining the Actuarial Soundness of the Trust Fund. The Contract in question must meet the following criteria:
1. No Educational Benefits have been disbursed pursuant to the Contract.
 2. The Purchaser is not in default on the Contract.
 3. The Contract has not otherwise been Terminated.
 4. The Plan requested must be available for the Open Enrollment year the Contract was purchased.
- B. **Fees and Costs:** Amendments to the method of payment (Section 7) and conversion from one Credit Hour Plan (Section 3) to another will likely have Contract price implications to the Purchaser. The Program will determine the change in Total Contract Price, change in monthly payments (where applicable) the proposed amendment/conversion will impose, and provide new Contract documents to the Purchaser detailing the changes prior to the due date of the first new payment. The Purchaser may choose to pay any difference in plan cost either in a Lump Sum or through an amendment in the remaining Monthly Purchase Amount payments. Applicable Program Fees and interest will apply.
- C. **Non-Qualified Refunds Due to Conversion:** Any Non-qualified Refund amount due to conversion to a lower cost Plan will be made by the Program as soon as practicable following the end of the calendar month.

12. OPERATION OF THE FUND

- A. **Higher Education Trust Fund:** Amounts received from Contracts under the Nevada Prepaid Tuition Program are commingled and held by the Board of Trustees of the College Savings Plans of Nevada and/or invested in the Higher Education Prepaid Tuition Trust Fund. The Trust Fund consists of payments received pursuant to a Contract; bequest, endowment, or grant funds from the federal government; and any other public or private sources of money. The Program will not separately invest amounts paid under an individual Contract, but will maintain records showing the Purchaser; the Beneficiary; the amounts paid; the type of Plan purchased; and any distributions of Educational Benefits, Program Fees (already paid, as well as due and payable), and Qualified/Non-Qualified Refunds (to date or pending) in connection with the Contract.
- B. **Program Administrator:** As the Administrator of the Program and Trust Fund, the State Treasurer's Office maintains the financial records and any associated accounts of the Trust Fund.

- C. **Investment and Use:** The Program is permitted to invest amounts paid under the Contracts in accordance with state law and any Investment Policies of the Board.
- D. **Investment Not Subject to Direction:** Contract Purchasers and Beneficiaries may not direct the investment of amounts paid to or otherwise held by the Program in connection with any Contract.
- E. **Use:** The Program may apply amounts received under the Contracts on a commingled basis to pay for or reimburse the State Treasurer's Office for administrative expenses in connection with the Program.
- F. **Reserve:** As part of the contract pricing, the Program will accumulate amounts as a stabilization reserve, available to pay immediate obligations of the Program if the Program does not otherwise have revenues at any particular point in time sufficient to pay such obligations.
- G. **Annual Analysis:** In accordance with State law, the Program undertakes an annual valuation study using a certified actuary of the actuarial soundness of the Program and an annual audit using a certified public accounting firm. The results of the actuarial valuation are used to determine the price of future Contracts and stabilization reserve embedded in the Contract pricing. The reports are available to the public at <https://NevadaTreasurer.gov> and upon request.
- H. **Fund Termination:** If the Board determines (in its sole judgment) that the Program is not financially feasible, or for any other reason determines that the Program shall be terminated, the Board will cease to accept any further Contracts and notify all current Contract Purchasers of the plan for final disbursements (as a Non-qualified Refund to the Purchaser of the Beneficiary) from the Trust Fund as outlined in Section 10.B.7.
- I. **No State Guarantee:** The Nevada Prepaid Tuition Program is not guaranteed by the State of Nevada and is not an obligation of the taxpayers of the State. The Contract is not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly or indirectly or contingently, morally or otherwise, to the payment of Educational Benefits or a Qualified/Non-qualified Refund from the Contract. The Board cannot directly or indirectly or contingently obligate, morally or otherwise, the State to levy or pledge any form of taxation whatsoever, or to make any appropriation for the payment of the Contract or Qualified/Non-qualified Refund.

13. MASTER AGREEMENT AMENDMENTS & PROVISIONS

- A. **Changes in Contract Prices:** Prices are based in large part on actuarial assumptions established on an annual basis and such prices may be changed from time to time by the Board, at its sole discretion.

- B. **Entire Agreement:** This Master Agreement is considered a part of all Contracts and represents the entire understanding of the parties.
- C. **Invalid Provisions:** If any portion of this Master Agreement or Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from this Master Agreement and/or Contract and the remainder will remain in full force.
- D. **Captions:** The captions in this Master Agreement and any Contracts are for convenience only and in no way limit the intent of any provision of this Master Agreement or any Contracts.
- E. **Amendment to Contracts and Master Agreement:** The Board reserves the right to amend any Contract to the extent required by law or to the extent necessary or desirable in order to preserve favorable tax treatment under federal and state law or for reasons in the interest of the Purchaser and the Program to make technical corrections. The Board may in future years unilaterally amend this Master Agreement or individual Contracts if necessary to make reasonable changes including, but not limited to, administrative procedures, Program Fees, and methods of calculation of contract prices. Any such changes shall be implemented across all Contracts affected by the amendment. Purchasers choosing not to be bound by any such Contract changes may elect to terminate the Contract and receive a Non-qualified Refund, which may include Program Fees imposed by the Board.

14. GENERAL TERMS

- A. **Judgment or Attachment:** It is the intent of the parties that the right to Educational Benefits or Qualified/Non-qualified Refunds shall not be subject to any attachment, garnishment, seizure, or attachment by creditors of the Purchaser or Beneficiary.
- B. **Tax Considerations:** The Contract is offered pursuant to Nevada Revised Statute (“NRS”) 353B and the Nevada Administrative Code (“NAC”) 353B promulgated under these statutes. The contract is intended to qualify for the tax benefits described and required in IRS Code 529. The Program is not liable for the effect of any state or federal taxes on any transactions or activity in conjunction with the Contract. Potential Purchasers are strongly advised to consult a tax advisor.
- C. **Arbitration:** Any controversy or claim arising out of or relating to a Program Contract and this Master Agreement, or breach, Termination, or questions relating to the validity thereof, shall be settled by arbitration administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules. Judgment on any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
- D. **Attorney Fees:** Except as otherwise provided by law or the Contract and this Master Agreement, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and the prevailing party’s

reasonable attorneys fees and costs. It is specifically agreed that reasonable attorneys’ fees shall be not more than \$125 per hour.

- E. **Liability Limitations:** The State and the Board will not waive and intend to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Damages for any breach shall never exceed the amount of accrued financial obligations to either party under this contract at the time of breach.
- F. **Prevention of Performance of Contract:** Neither the State nor the Board nor the Program Administrator shall not be deemed to be in violation of any Contract or this Master Agreement if prevented from performing any of their obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event, the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the contract after the intervening cause ceases.
- G. **Failure to Declare Breach:** Failure to declare a breach or the actual waiver of any particular breach of any Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.
- H. **Sale of Contract:** A Contract may not be sold for any reason. A Contract may not be used as security for any loan.
- I. **Impact on Financial Aid:** The Program cannot determine and makes no representation as to what effect, if any, a Contract may have on the current or future state, federal, institutional, or private financial aid eligibility of any student beneficiary.
- J. **Student Eligibility:** Purchase of a Contract or participation in the Program, including being named as a Beneficiary under a Contract, does not constitute a guarantee or a promise by the Program or the State that a Beneficiary will be admitted to any or a particular Eligible Educational Institution, or be allowed to continue to attend an Eligible Educational Institution after having been admitted, or will graduate from an Eligible Educational Institution.
- K. **Nevada Law:** The Contract is to be interpreted under the laws of the State of Nevada. All parties consent to the jurisdiction of Nevada’s district courts for enforcement of the Contract and this Master Agreement. The provisions of NRS 353B and NAC 353B, as amended from time to time, are incorporated into and govern the interpretation and performance of this Master Agreement and individual Contracts.
- L. **Notices to Program:** Notices to the Program must be sent by mail to:
 - Nevada Prepaid Tuition
 - Office of the State Treasurer
 - 555 East Washington Avenue, Suite 4600
 - Las Vegas, NV 89101

M. **Records:** Records for the Program shall be subject to the public disclosure laws of the State. Individual contract records shall be subject to the privacy policy of the Board.

N. **Forms:** Electronic forms and signatures may be accepted at the discretion of the Program Administrator. All forms are available on the Nevada State Treasurer's website:

<https://NevadaTreasurer.gov> or by contacting the Nevada Prepaid Tuition Office:

Nevada Prepaid Tuition
Office of the State Treasurer
555 E. Washington Avenue, Suite 4600
Las Vegas, NV 89101
PrepaidTuition@NevadaTreasurer.gov
Phone (888)477-2667(toll free) or (702) 486-2025
Fax (702) 486-3246

Questions?

Nevada Prepaid Tuition Program
Office of the State Treasurer
555 E. Washington Ave., Suite 4600
Las Vegas, NV 89101

(888) 477-2667 Toll Free
(702) 486-2025 Telephone
(702) 486-3246 Fax

Email: PrepaidTuition@NevadaTreasurer.gov



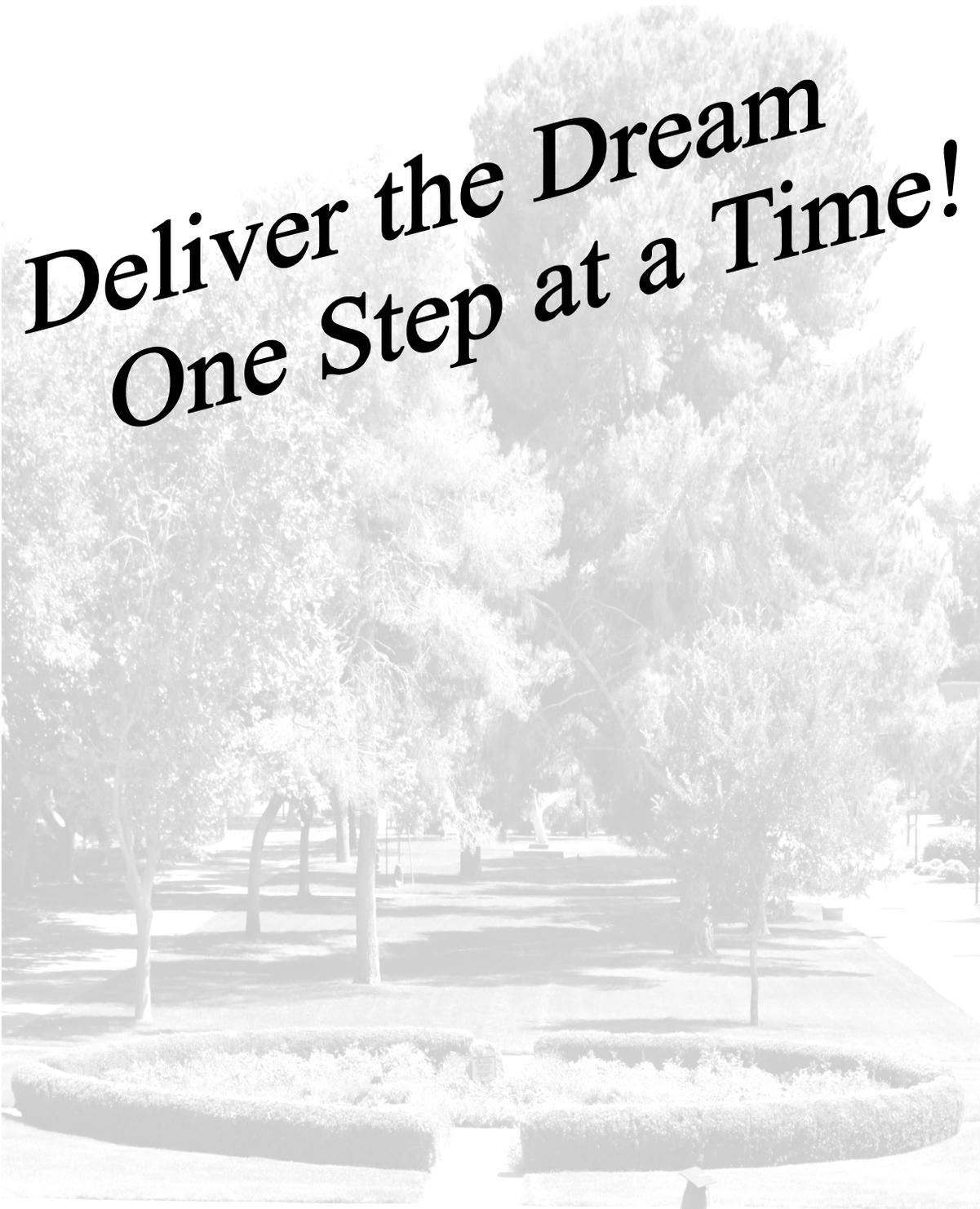
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