

TERMS AND CONDITIONS

SECTION 1: DEFINITIONS

1.01 “Account” means an account in the Program established pursuant to the Agreement. Each Account may have only one Account Owner, one Survivor, and one Beneficiary.

1.02 “Account Balance” means the amount remaining in an Account, including all contributions, investment earnings and losses, after deduction for any withdrawals and refunds. The Account Balance will be reduced by any applicable fees.

1.03 “Account Owner” means “benefactor” as that term is defined and used in Part IV, Chapter 1009, Florida Statutes, and is the person who is designated on the Application as the “account owner,” unless the Account Owner was subsequently changed, and is the owner of record for the Account. An Account must have an Account Owner. The Account Owner may be:

(a) Any natural person who is 18 years old or older and a United States citizen, or resident alien, with a valid Social Security Number.

(b) If named as the Account Owner prior to September 1, 2013, any trust, estate, partnership, association, company or corporation with a U.S. federal taxpayer identification number. Entities will be required to furnish documentation to substantiate the legal status of the entity.

(c) A state or local government (or agency or instrumentality) or organization described in Section 501(c)(3) of the Code opening an Account to fund scholarships. A Beneficiary need not be designated for a scholarship Account opened by these entities. Entities will be required to furnish documentation to substantiate the legal status of the entity.

(d) A custodian for a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of a state in the United States (“UGMA/UTMA”).

1.04 “Additional Tax” means the same as that term is defined in Section 529 of the Code, which applies a 10% additional tax to any Non-Qualified Withdrawal. Residents of states other than Florida may have a state income tax which applies an additional tax to any Non-Qualified Withdrawal.

1.05 “Administration Fee” means the maintenance fee, as expressed in basis points, and is automatically deducted from the Account Balance on a daily basis.

1.06 “Agreement” means the complete and exclusive statement of agreement between the Account Owner and the Board related to the Program and the Account. The Agreement consists of the Application, Terms and Conditions,

and Participation Agreement, each as amended from time to time by the Board to comply with Federal laws and regulations and the Florida Legislature’s grant of authority under Sections 1009.971(4)(b), 1009.971(6), 1009.981(2)(b)(1) – (11), and 1009.981(2)(d) through the rulemaking process as more fully described in Section 120.54, Florida Statutes,. The Agreement supersedes any prior agreement, oral or written, and any other communications between the parties concerning the Program and Account.

1.07 “Application” means the form used by the Board to collect the information specified in Rule 19B-16.002, Florida Administrative Code to open an Account in the Program.

1.08 “Beneficiary” means “designated beneficiary” as that term is defined and used in both Part IV, Chapter 1009, Florida Statutes, and Section 529 of the Code and is the person designated on the Application as the “beneficiary,” unless the Account Owner subsequently changed the Beneficiary. The Beneficiary must be a United States citizen, or a resident alien, with a valid Social Security Number. An Account must have a Beneficiary, unless the Participation Agreement and the Terms and Conditions provide otherwise. Other Account Owners may open separate Accounts for the same Beneficiary.

1.09 “Board” means the Florida Prepaid College Board.

1.10 “Business Day” means a day other than a Saturday, Sunday or state holiday. Contributions may not be invested or withdrawals may not be withdrawn if the New York Stock Exchange is closed.

1.11 “Code” means the Internal Revenue Code of 1986, as amended.

1.12 “Death, Disability, or Scholarship Withdrawal” means a withdrawal from the Account due to the death, disability, or scholarship receipt of the Beneficiary.

1.13 “Eligible Educational Institution” means an accredited, postsecondary educational institution offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree or another recognized postsecondary degree, including certain proprietary institutions and postsecondary vocational schools and certain institutions in foreign countries, provided such institution must be eligible to participate in U.S. Department of Education student aid programs. Institution of higher education must qualify under Section 529 of the Code as an Eligible Educational Institution.

1.14 “Existing Balance Allocation” means the current allocation of the Account Balance to each Investment Option. The Existing Balance Allocation may fluctuate as a result of, but not limited to, relative performance of selected Investment

Options and the Future Contribution Allocation selected.

1.15 “Future Contribution Allocation” means the allocation of future contributions to each Investment Option.

1.16 “Investment Options” means the Investment Options described in the Comprehensive Investment Plan for the Program adopted by the Board and approved by the State Board of Administration, pursuant to Section 1009.973, Florida Statutes. The Board retains the authority to close or not offer one or any of the Investment Options at any time.

1.17 “Maximum Account Balance” means the limit on the total value of all Accounts and Florida Prepaid College Plans for the Beneficiary.

1.18 “NAV” means the net asset value per Trust Unit and is calculated at the time when trading closes on the New York Stock Exchange by dividing the value of each respective Investment Option’s assets less its liabilities including, without limitation, the Administration Fee, by the number of outstanding Trust Units of that Investment Option.

1.19 “Non-Qualified Withdrawal” means a withdrawal or refund from the Account other than a Qualified Withdrawal, a Death, Disability or Scholarship Withdrawal or a Rollover Withdrawal. The earnings portion of the withdrawal is subject to state and federal income taxes and the Additional Tax.

1.20 “Notarized Request” means an authorization requiring the notarized signature of the Account Owner and, for Accounts established on or after February 1, 2009 and for Accounts where the Account Owner and Survivor irrevocably elected to have the Account subject to such requirements, the notarized signature of the Survivor. The original document properly notarized must be received by the Board prior to processing.

1.21 “Parent” means the same as that term is defined in Section 1000.21(5), Florida Statutes. [Current language or guidance may be inserted as applicable.]

1.22 “Program” means the Florida College Savings Program which is established under Section 1009.981, Florida Statutes, and marketed as the Florida 529 Savings Plan.

1.23 “Program Description” means the document published periodically by the Board which contains information, as updated from time to time, about the Program, Investment Options, and risks for the Account Owner to consider before enrollment and during the duration of the Agreement.

1.24 “Qualified Higher Education Expenses” means the tuition, fees, room and board, and the cost of books, supplies and equipment permitted under Section 529 of the Code and required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution, including undergraduate and graduate schools. Room and board expenses are subject to limitations under Section 529 of the Code.

1.25 “Qualified Tuition Program” means the Program established by the State of Florida under which an Account

Owner may make contributions to an account which is established for the purpose of meeting the Qualified Higher Education Expenses of the Beneficiary of the Account and meets the other requirements of Section 529 of the Code.

1.26 “Qualified Withdrawal” means a withdrawal from the Account that is used to pay the Qualified Higher Education Expenses of the Beneficiary.

1.27 “Request” means an authorization or request form completed either online at [website of the Program] or as a written request which identifies the Account and is signed by the Account Owner.

1.28 “Rollover Contribution” means the withdrawal from another Qualified Tuition Program, a Coverdell Education Savings Account or a Series EE Savings Bond for the purpose of contributing to the Program, as authorized by Section 529 of the Code. The two conditions for this withdrawal not being treated as a Non-Qualified Withdrawal are: (1) the funds are transferred to the Program within 60 days of such distribution; and (2) the transfer occurs at least 12 months from the date of a previous transfer to any Qualified Tuition Program for the benefit of the Beneficiary.

1.29 “Rollover Withdrawal” means a withdrawal from the Account for the purpose of contribution to another Qualified Tuition Program, as authorized by Section 529 of the Code. The two conditions for this withdrawal not being treated as a Non-Qualified Withdrawal are: (1) the funds are transferred to another Qualified Tuition Program within 60 days of such distribution; and (2) the transfer occurs at least 12 months from the date of a Rollover Contribution to the Program for the benefit of the Beneficiary.

1.30 “Survivor” means the person who is designated on the Application as the “survivor,” unless the Survivor was subsequently changed or was designated after the submission of the Application. The Survivor must be 18 years old or older and a United States citizen, or resident alien, with a valid Social Security Number. The designation of a Survivor on, or subsequent to, the Application is optional.

1.31 “Trade Date” means the Business Day on which a NAV is applied to process a contribution or withdrawal transaction for the Account. If a contribution or withdrawal is requested after the close of trading on the New York Stock Exchange, or on a day other than a Business Day, the NAV for the next Business Day is applied to the transaction.

1.32 “Trust Units” means the share of assets held by the Program for an Account Owner with respect to a particular Investment Option.

SECTION 2: PARTICIPATION IN THE PROGRAM

2.01 Enrollment in Program.

Any person or entity eligible to be an Account Owner may apply for participation in the Program by submitting an

Application, and an initial contribution to the Program that meets the requirements of Section 2.02 Minimum Contribution. Florida residency is not required. The Application may be completed online at www.MyFloridaPrepaid.com.

2.02 Minimum Contribution.

The minimum initial contribution to an Account is \$250. The minimum initial contribution may also be met through a series of payroll deduction or automatic withdrawal contributions of \$25 per month for a minimum total of \$250.

SECTION 3: ACCOUNT RIGHTS

3.01 Rights of Account Owners.

(a) The Account Owner is the owner of the Account Balance.

(b) For an Account opened on or after February 1, 2009: (1) the Account Owner, together with the Survivor, must authorize changes in the Beneficiary, Account Owner and Survivor; voluntary terminations; and refund requests associated with an involuntarily terminated Account; (2) the Account Owner may, without the consent or authorization of the Survivor, make all other Account changes, withdrawals and requests; and (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

(c) For an Account opened prior to February 1, 2009: (1) the Account Owner may, without the consent or authorization of the Survivor, make all Account changes, withdrawals, requests, terminations and refund requests; (2) the Account Owner and Survivor together may irrevocably elect to change the Account Owner's rights to be the same as those in (b) by submitting a request containing the notarized signatures of the Account Owner and Survivor; and (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

(d) All requests and authorizations by the Account Owner must include all necessary information required by the Board in order to process that request or authorization. The Board may request additional information, documentation or authorization before processing any request or authorization.

(e) The Account Owner may obtain and update information regarding the Account. All official notices from the Program will be directed only to the Account Owner.

3.02 Account Owners Acting in a Custodial Capacity.

(a) The rights of an Account Owner are limited where the Account Owner acts in a custodial capacity pursuant to a court order appointing a guardian or pursuant to the Beneficiary's right of survivorship while the Beneficiary is under 18 years of age.

(b) The Account Owner may not: (1) change the Account Owner without providing documentation to the Board indicating authority to do so; (2) change the Beneficiary; or (3) designate a Survivor.

(c) Withdrawals may be made payable only to the Beneficiary or an Eligible Educational Institution on behalf of the Beneficiary.

(d) The Account Owner may not voluntarily terminate, or request a refund from, the Account. A Rollover Withdrawal may be made for the benefit of the Beneficiary.

3.03 UGMA/UTMA Funds in an Account.

(a) The rights of an Account Owner acting in a custodial capacity for a minor under UGMA/UTMA are limited by the applicable UGMA/UTMA laws and by the Program with respect to those funds. The Account Owner solely is responsible for ensuring compliance with all UGMA/UTMA requirements.

(b) All contributions received for an Account are deemed non-UGMA/UTMA contributions unless the Account Owner advises the Board in writing that a contribution is an UGMA/UTMA contribution.

(c) The Account Owner may change the Account Owner only to a successor custodian or the Beneficiary, without providing a court order directing the change. Once the Beneficiary is named the Account Owner, the Account will be treated as a non-UGMA/UTMA Account.

(d) The Account Owner may not: (1) change the Beneficiary; or (2) designate a Survivor.

(e) Withdrawals may be made payable only to the Beneficiary or an Eligible Educational Institution on behalf of the Beneficiary.

(f) The Account Owner may not voluntarily terminate, or request a refund from, the Account. A Rollover Withdrawal may be made for the benefit of the Beneficiary.

3.04 Rights of Survivors.

(a) For an Account opened on or after February 1, 2009: (1) the Account Owner, together with the Survivor, must authorize changes in the Beneficiary, Account Owner and Survivor; voluntary terminations; and refund requests associated with an involuntarily terminated Account; (2) the consent or authorization of the Survivor is not required for the Account Owner to make all other Account changes, withdrawals and requests; and (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

(b) For an Account opened prior to February 1, 2009: (1) the consent or authorization of the Survivor is not required for the Account Owner to execute Account changes, withdrawals, requests, terminations and refund requests; (2) the Account Owner and Survivor together may irrevocably elect to change the Survivor's rights to be the same as those in (a) by submitting a request containing the notarized signatures of the Account Owner and Survivor; and (3) the Account Owner and Survivor each will enjoy a right of survivorship for each other.

(c) The right of survivorship is not effective whenever: (1) the Account Owner is acting in a custodial capacity pursuant to Section 3.02 Account Owners Acting in a Custodial Capacity; or (2) the Account Balance is designated as UGMA/UTMA funds pursuant to Section 3.03 UGMA/UTMA Funds in an Account.

(d) All requests and authorizations by the Survivor must include all necessary information required by the Board in order to process that request or authorization. The Board may request additional information, documentation, or authorization before processing any request or authorization.

(e) The Survivor may obtain information regarding the Account and update the Survivor's Account information.

(f) Refunds and withdrawals will not be made payable to the Survivor.

3.05 Rights of Beneficiaries.

(a) For an Account opened on or after May 29, 2013, the Beneficiary will enjoy a right of survivorship for the Account Owner, which is subordinate only to an effective right of survivorship by the Survivor. If, and for as long as, the Beneficiary is a minor, the exercise of the right of survivorship requires a parent or legal guardian of the Beneficiary to be the Account Owner acting in a custodial capacity pursuant to Section 3.02 Account Owners Acting in a Custodial Capacity .

(b) For an Account opened prior to May 29, 2013, the Beneficiary does not enjoy a right of survivorship. The Account may be irrevocably changed such that the Beneficiary's rights are the same as those for Beneficiaries of Accounts opened on or after May 29, 2013, by submitting a Notarized Request.

(c) All requests and authorizations by the Beneficiary must include all necessary information required by the Board in order to process that request or authorization. The Board may request additional information, documentation, or authorization before processing any request or authorization.

(d) The Beneficiary may obtain information regarding the Account and update the Beneficiary's Account information.

SECTION 4: INVESTMENT OPTIONS

4.01 Comprehensive Investment Plan.

(a) The Florida 529 Savings Plan Comprehensive Investment Plan, which is authorized under Section 1009.973, Florida Statutes, specifies the Investment Options and investment policies of the Program. The Account Balance is invested in accordance with the Comprehensive Investment Plan.

(b) The Program Description provides descriptions and performance data for each available Investment Option.

(c) The Comprehensive Investment Plan provides the allowable ranges of each Investment Option subject to rebalancing. Periodically, the Board will review and rebalance Investment Options in accordance with the allowable ranges.

(d) The Board may change the Comprehensive Investment Plan at any time, subject to the approval of the State Board of Administration.

4.02 Authority to Direct Investments.

(a) The Account Owner may not direct the investment of any contribution or the Account Balance into an investment other than the Investment Options then available under the Program.

(b) Section 529 of the Code currently limits the ability of the Account Owner to change the Existing Balance Allocation. [Current Internal Revenue Code guidance may be inserted as applicable.]

(c) Neither the Beneficiary nor Survivor may direct the investment of any contributions or the Account Balance.

4.03 Changing Investment Options for Account Balance.

(a) The Existing Balance Allocation may be changed only to the extent allowed by Section 529 of the Code. [Current Internal Revenue Code guidance may be inserted as applicable.]

(b) The Account Owner may reallocate the Existing Balance Allocation by submitting a Request, indicating the Investment Option changes or the new allocation percentages to the Board.

4.04 No Investment Advice.

(a) Neither the Board, the Program, nor employees thereof are registered investment advisors or broker/dealers. Accordingly, they cannot offer investment advice or make recommendations with respect to enrolling in the Program or the selection of Investment Options, and they do not assume any responsibility for investment performance.

(b) The Account Owner acknowledges and agrees that he or she has not been advised by the State of Florida, the Board or any employee, agent, independent contractor, or affiliate or any vendor, contractor, investment advisor, investment consultant, or investment manager of the State of Florida or the Board to invest, or to refrain from investing, in the Program or a particular Investment Option.

SECTION 5: RISKS OF INVESTING IN THE FLORIDA 529 SAVINGS PLAN

5.01 No Guarantee of Attendance.

Participation in the Program does not guarantee admission to, continued enrollment at, or graduation from an Eligible Educational Institution of any Beneficiary.

5.02 No Guarantee of Adequate Funds to Pay Education Expenses.

Participation in the Program does not guarantee that sufficient funds will be available to cover all Qualified Higher Education Expenses for any Beneficiary, even if the Account reached the Maximum Account Balance. Recently, Qualified Higher Education Expenses have grown more rapidly than increases in the general cost of living; and future inflation is uncertain. Increases in Qualified Higher Education Expenses could exceed the rate of return under any or all of the Investment Options over the same period.

5.03 Not a Direct Investment in Mutual Funds or

Registered Securities.

- (a) None of the Investment Options is a mutual fund.
- (b) Investment Options are not registered with the U.S. Securities and Exchange Commission or any state.

5.04 Limited Liquidity.

Investment in the Program involves the risk of reduced liquidity for the investment. Once an Account for a Beneficiary is opened, the circumstances under which funds may be withdrawn from the Account without the imposition of tax liability and the Additional Tax are limited.

5.05 Potential Impact on Financial Aid and Medicaid Eligibility.

(a) The eligibility of the Beneficiary for financial aid will depend upon the circumstances of the Beneficiary's family at the time the Beneficiary enrolls in an Eligible Educational Institution, as well as on the policies of the governmental agencies, school, or private organizations to which the Beneficiary and/or the Beneficiary's family applies for financial assistance. Because saving for college will increase the financial resources available to the Beneficiary, it most likely will have some effect on the Beneficiary's eligibility. However, because these policies vary at different institutions and can change over time, the Board cannot say with certainty how the federal financial aid program, or the school the Beneficiary applies to, will treat an Account.

(b) Ownership of an Account could have an impact on eligibility for Medicaid. Although the results may vary from state to state, assets in an Account may be considered available assets for determining Medicaid eligibility.

SECTION 6: CONTRIBUTIONS

6.01 Making a Contribution.

- (a) A contribution to the Account may be made at any time.
- (b) A contribution or authorization for recurring automatic contributions may be made through the Board's website (www.MyFloridaPrepaid.com).
- (c) A contribution may be made by calling customer service at 1-800-552-GRAD (4723).
- (d) Contributions may be made by check, Money Order, cashier's checks, automatic contribution plan, or payroll deduction.
- (e) Checks must be in U.S. dollars and should be made payable to the Florida 529 Savings Plan.
- (f) Traveler's checks are not permitted and third party checks may not exceed \$10,000, unless the third party is distributing funds from an UGMA/UTMA account or for the purposes of a Rollover Contribution to the Program.
- (g) Contributions by credit card or other means of credit are not permitted.

6.02 Rollover Contributions Accepted.

- (a) The Program accepts Rollover Contributions to the extent allowed by Section 529 of the Code.
- (b) Direct Rollover Contributions involve the transfer of money directly to the Program.
- (c) Indirect Rollover Contributions involve the withdrawal of money before transferring the money to the Program.
- (d) Until the Program receives documentation indicating the portion of the Rollover Contribution attributable to earnings, the entire amount of the Rollover Contribution will be treated as earnings, which would be subject to taxation in the case of a Non-Qualified Withdrawal.

6.03 Investment Allocations for Contributions.

- (a) Contributions will be credited to the Account and invested in accordance with the allocation percentages indicated on the Application, unless the Account Owner subsequently changed how future contributions would be allocated.
- (b) The Future Contribution Allocation may be changed at any time. The Account Owner may change the Future Contribution Allocation by submitting a Request indicating the new allocation percentages for each selected Investment Option to the Board.

6.04 Purchasing Trust Units.

- (a) A contribution received by the Board will be credited at the NAV of the applicable Investment Option determined on the Trade Date.
- (b) The contribution will cause the purchase of Trust Units for each Investment Options in accordance with the allocation percentages indicated on the Application or, if the Account Owner subsequently changed the allocation, by the Future Contribution Allocation applicable at time of processing.

(c) The number of Trust Units purchased will be determined by dividing the contribution for a specified Investment Option by the NAV of that Investment Option as described in (a).

6.05 NAV Valuation.

Individual securities held by an Investment Option are valued using market quotations or independent pricing services. If market quotations or independent pricing services are not readily available, or if events that have a significant effect on the value of an investment occur between the time when its price is determined and the time a portfolio's NAV per share is calculated, a security's "fair value," as determined in good faith, may be used.

6.06 Maximum Account Balance.

- (a) The Board periodically reviews the Maximum Account Balance and publishes the amount on the Board's website (www.MyFloridaPrepaid.com).
- (b) The Maximum Account Balance may be lower than other Qualified Tuition Programs and lower than previously published amounts for the Program.

(c) Contributions will be rejected and returned to the extent the amount of the contribution would cause the total balance of the Account(s) plus the redemption value of any Florida Prepaid College Plan(s) for the Beneficiary to exceed the Maximum Account Balance. However, Accounts that have reached the Maximum Account Balance may continue to accrue earnings.

SECTION 7: FEES AND PENALTIES

7.01 Administration Fee.

(a) The Board periodically reviews the Administration Fee and publishes the amount on the Board's website (www.MyFloridaPrepaid.com). [Current Administration Fee inserted as applicable.]

(b) The following table compares the approximate costs of investing in the Florida 529 Savings Plan over different periods of time at the specified rates. The example illustrates the hypothetical expenses an Account Owner may incur over various periods if \$10,000 is invested in an Account with a 5% annually compounded rate of return. All units are redeemed at the end of the period shown for Qualified Higher Education Expenses (the results do not take into account any Nonqualified Withdrawals subject to state or federal income taxes, or any penalties).

[Table of approximate costs of investing in the Program over different time periods as applicable to the current Administration Fee.]

These examples do not represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

7.02 Insufficient Funds Fee.

If a contribution to the Account is returned due to insufficient funds, a \$20 fee will be deducted from the Account Balance.

7.03 Termination Penalty Due to Misrepresentation.

A penalty of up to \$250 or 100 percent of the Account Balance, whichever is less, will be assessed if the Account is terminated pursuant to 10.04.

7.04 Fee Changes.

The Board may add, remove, increase, or decrease the Administration Fee or other fees charged, which could have a material effect on the Account Owner's investment in the Program and the Account Balance.

SECTION 8: ACCOUNT CHANGES

8.01 Change of Beneficiary.

(a) The Beneficiary of an Account may be changed by submitting a Notarized Request.

(b) If the substitute Beneficiary is a "member of the family" of the Beneficiary, as defined by Section 529 of the Code, the

change is usually a non-taxable event and will not be subject to the Additional Tax.

(c) The Account Owner may request to change the Existing Balance Allocation and/or the Future Contribution Allocation in conjunction with the change of Beneficiary request.

(d) The change of Beneficiary request will not be processed to the extent that it will cause the substitute Beneficiary to exceed the Maximum Account Balance.

8.02 Change of Account Owner.

(a) The Account Owner of an Account may be changed by submitting a Notarized Request.

(b) To effectuate a change in Account ownership after the death of the Account Owner, the Survivor will be required to submit to the Board a copy of the death certificate or other proof of death that is acceptable to the Board and a request including the notarized signature of the Survivor.

(c) If the rights of the Beneficiary allow and either no Survivor was designated or the Survivor predeceased the Account Owner, then the Beneficiary may effectuate a change in ownership of the Account after the death of the Account Owner. The Beneficiary will be required to submit to the Board certified copies of the death certificate or other legally recognized proof of death of the Account Owner and, if applicable, of the Survivor that is acceptable to the Board and a change of ownership request including the notarized signature of the Beneficiary or, if applicable, the parent or legal guardian acting in a custodial capacity pursuant to 3.02.

(d) To effectuate a change in ownership of the Account after the death of the Account Owner where no rights of survivorship exist, the Board will accept: (1) a court order; (2) a notarized, written request from the personal representative of the Account Owner's estate, a copy of the death certificate of the Account Owner and letters of administration issued to the personal representative; or (3) other documentation acceptable to the Board to effectuate the requested change.

8.03 Designation or Change of Survivor.

(a) If a Survivor has not been designated on an Account, the Account Owner may designate a Survivor by submitting to the Board a Request.

(b) The Survivor of an Account may be changed by submitting to the Board a Notarized Request. The Survivor may not be changed by will or codicil.

(c) To effectuate a change in Survivor due to the death of the Survivor, if the Account was established on or after February 1, 2009 or if the Account Owner and Survivor had elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009, the Account Owner will be required to submit to the Board a certified copy of the death certificate or other legally recognized proof of death that is acceptable to the Board and a change/removal of survivor request including the notarized signature of the Account Owner.

SECTION 9: WITHDRAWALS

9.01 General.

(a) The Account Owner may direct a withdrawal from the Account at any time.

(b) Withdrawals may be classified into four categories: Qualified Withdrawals; Death, Disability or Scholarship Withdrawals; Rollover Withdrawals; and Non-Qualified Withdrawals. It is the Account Owner's and Beneficiary's responsibility, as applicable, to obtain and retain documents related to the withdrawal to substantiate the withdrawal classification to the Internal Revenue Service.

(c) The withdrawal classification affects the tax treatment of the earnings portion of a withdrawal. Residents of states other than Florida may have state income tax liabilities in addition to any federal income tax or Additional Tax liabilities.

9.02 Directing a Withdrawal.

The Account Owner may direct a withdrawal payable to the Account Owner, Beneficiary, or Eligible Educational Institution by submitting a Request. The Account Owner also may direct Rollover Withdrawals.

9.03 Source of Withdrawal.

(a) A withdrawal is deducted from the Account at the NAV of the applicable Investment Options determined on the Trade Date

(b) The withdrawal will cause the sale of Trust Units from each Investment Option in proportion to the market values represented by each Investment Option in the Account prior to the withdrawal.

(c) The number of Trust Units sold will be determined by dividing the withdrawal for a specified Investment Option by the NAV of that Investment Option as described in (a).

SECTION 10: TERMINATION AND REFUNDS

10.01 Voluntary Termination.

(a) The Account may be voluntarily terminated at any time by submitting a Notarized Request.

(b) Upon receipt of the Notarized Request, the Board will process a full withdrawal of the Account and issue a refund to the Account Owner.

(c) A voluntarily terminated Account may be reactivated at any time by making a contribution to the Account.

10.02 Involuntary Termination.

(a) The Board will involuntarily terminate the Account by processing a full withdrawal if, within 120 days from time of enrollment, the Account Owner fails to provide the Board with all information required to complete the Application. The

Board will attempt to notify the Account Owner of any information that is required to complete the Application.

(b) The Board will involuntarily terminate the Account if the Account Balance is less than \$250 on the first day of any calendar month that is more than 24 months following the date on which the Board received the Application to the Program.

(b) Upon receipt of the Notarized Request, the Board will issue a refund to the Account Owner.

(d) An involuntarily terminated Account may be reactivated at any time by making a contribution to the Account sufficient to satisfy 2.02 Minimum Contributions.

10.03 Account Expiration.

(a) The Board will involuntarily terminate the Account if no contributions or withdrawals from the Account have been made for a continuous period of 25 calendar years.

(b) Time expended by a Beneficiary as an active duty member of any of the armed services of the United States shall be added to this period, upon receipt of sufficient documentation by the Board.

(c) The Board may, but is not obligated to, consider requests from the Account Owner or Beneficiary to extend this period before the involuntary termination.

(d) After notice to the Account Owner at least six months prior to involuntary termination, the Account Balance shall be declared unclaimed and abandoned property. The Board shall retain any moneys from an Account terminated under this subsection.

10.04 Termination Due to Misrepresentation.

(a) The Board may terminate an Account if a material misrepresentation is made in the Application or in any communication from the Account Owner or Beneficiary to the Board regarding the Account. A material misrepresentation includes, but is not limited to, providing an invalid Social Security Number or taxpayer identification number, providing false certification that a person is a "member of the family" of the Beneficiary, or falsely certifying that a person is a citizen or resident alien of the United States.

(b) Upon receipt of the Notarized Request, the Board will issue a refund to the Account Owner, if any, less the penalty authorized in 7.03 and any other outstanding fees.

10.05 Refund Classification.

Generally, refunds are considered Non-Qualified Withdrawals and, therefore, subject to state and federal taxes and the Additional Tax.

10.06 Unclaimed Refunds.

Any unclaimed refunds for terminated Accounts and any unclaimed Account Balances shall escheat to the Florida Prepaid College Trust Fund seven years after the date the Account was terminated or such amounts became unclaimed, respectively.

SECTION 11: REPORTING

11.01 Account Statements.

(a) The Board maintains separate records for each Account and will provide to the Account Owner quarterly statements indicating, for the period and calendar year, the: (1) contributions to, withdrawals from, and changes between each Investment Option in the Account; (2) ending value of the Account; and (3) investment performance of each Investment Option.

(b) Quarterly statements will not be provided to the Account Owner for any quarter where: (1) there have been no contributions or withdrawals; and (2) the beginning and ending Account Balance is \$0.

(c) The Account Owner is responsible for reviewing each quarterly statement and for verifying the information contained on each quarterly statement. If the Account Owner fails to notify the Board in writing of any error on the quarterly statement within 60 days after the last day of the period to which the quarterly statement relates, the information pertaining to the Account contained on the quarterly statement is deemed to be correct, the Account Owner will be considered to have approved the information contained on the quarterly statement and its inclusion on subsequent quarterly statements, and to have released the Board from all liability for any error contained on the quarterly statement.

11.02 Tax Treatment, Withholding and Reporting.

(a) The application and impact of tax law vary widely based upon the specific facts involved. The Account Owner and Beneficiary are strongly encouraged to consult a qualified tax advisor regarding the tax consequences of contributing money to, or withdrawing money from, an Account.

(b) Under proposed federal tax regulations, withdrawals from Accounts are not subject to back-up withholding. Accordingly, the Board does not withhold any portion of a withdrawal or refund for tax purposes.

(c) The Board will issue a Form 1099-Q to the Beneficiary for the calendar year in which a withdrawal is made payable to the Beneficiary or an Eligible Educational Institution.

(d) The Board will issue a IRS Form 1099-Q to the Account Owner for the calendar year in which a withdrawal or refund is made payable to the Account Owner or a Rollover Distribution is made.

SECTION 12: OTHER INFORMATION ABOUT ACCOUNT

12.01 Not an Obligation of the State.

The Agreement is only a debt or obligation of the Program, and is not otherwise a debt or obligation of the State of Florida.

12.02 Actual Receipt by Board Required.

All requests and authorizations are effective only upon actual receipt by the Board and after a reasonable processing time.

12.03 Privacy and Account Confidentiality.

(a) Information that identifies the Account Owner or Beneficiary of any Account is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.

(b) The Board may authorize the release of such information to a Florida College System institution, college, or university in which a Beneficiary may enroll or is enrolled.

12.04 Accounts Not Registered Under the Securities Laws.

(a) Neither the Accounts under, nor the Participation Agreement to be executed in connection with, the Program will be registered under the Securities Act of 1933, as amended, or with the securities regulatory authority of any state.

(b) To the extent that registration of the Accounts or Participation Agreement is required, or registration of the Board or its officers and employees is required in order to offer or sell the Accounts or Participation Agreement, and the Accounts or Participation Agreement are offered and sold without the proper registration(s): (1) the Board could be required to cease and desist operating the Program and to terminate the Program; (2) monetary penalties could be imposed; or (3) both.

12.05 Necessity of Qualification.

(a) The Program is intended to be a Qualified Tuition Program. The Board may make changes to the Program and the Participation Agreement at any time if it is determined that such changes are necessary for the continuation of the federal income tax treatment provided by Section 529 of the Code or any similar successor legislation.

(b) The Account Owner agrees to be bound by any such changes.

12.06 Statute and Rules.

(a) The Account and the Participation Agreement are subject to future changes to the Program, Part IV Chapter 1009, Florida Statutes, as amended, and to Rule 19B-16, Florida Administrative Code (or any similar successor rule), as amended.

(b) All transactions and changes of the Account are subject to such rules and policies as the Board may adopt in accordance with federal law and Florida law.

(c) All references in the Participation Agreement to the Florida Statutes include any similar successor statutes.

(d) The Account Owner agrees to be bound by any such changes, policies, rules, and statutes.

12.07 Program Changes and Termination.

(a) The Board reserves the right to make changes or enhancements to the Program at any time. Account Owners

who have established Accounts prior to the time an enhancement is made available, may be precluded by federal tax law from participating in such enhancement.

(b) Although the Board currently has no plans to do so, the Board may: (1) discontinue the Program, (2) refuse to accept additional contributions to existing Accounts, or (3) refuse to accept Applications for new Accounts.

(c) The Program shall continue indefinitely until its existence is terminated by law, if ever. If the Program is terminated, the Account Balance shall be returned to Account Owners to the extent financially feasible. Any unclaimed Account funds shall be treated as abandoned property and shall revert to the State of Florida in accordance with Florida law.

(d) The State of Florida or the Board may determine that the Program is not financially feasible and may discontinue it after adequate provision is made for the return of the Account Balance to the Account Owner. There is a possibility, due to poor performance of the Investment Options selected by the Account Owner, that the Account Balance may be zero or significantly lower than the amount of funds contributed to the Account. Termination of the Program may result in a Non-Qualified Withdrawal by Account Owners for which tax and penalties may be assessed.

12.08 State Pledge.

The State of Florida pledges to the Account Owners and Beneficiaries of the Program that the State of Florida will not limit or alter the rights under Section 1009.981, Florida Statutes, which are vested in the Program until such obligations are met and discharged. However, Section 1009.981(9), Florida Statutes, does not preclude such limitation if adequate provision is made by law for the protection of the Account Owner and Beneficiary pursuant to the obligations of the Board, and if the State of Florida or the Board determines that the Program is not financially feasible, the State of Florida or the Board may discontinue the Program. If the Program is discontinued, the Board shall refund to Account Owners their Account Balance.

12.09 Disputes.

Any controversy or claim arising out of or relating to the Participation Agreement, or the breach, termination or validity thereof, shall be resolved in an administrative proceeding conducted pursuant to the provisions of Chapter 120, Florida Statutes.

12.10 Indemnification.

(a) Neither the Board nor the Program will indemnify any Account Owner, Survivor or Beneficiary against losses or

other claims caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, terrorism, strikes, changes in federal or state law (including tax law) or other conditions beyond their control.

(b) The establishment of the Account will be based upon the Account Owner's agreements, representations and warranties set forth in the Participation Agreement and the Application. The Account Owner agrees to indemnify and hold harmless the Board, any vendors, contractors, investment advisors, investment consultants or investment managers selected by the Board, and any agents, representatives, or successors of any of the foregoing, from and against any and all loss, damage, liability or expense, including reasonable attorney's fees, that any of them may incur by reason of, or in connection with, any misstatement or misrepresentation made by the Account Owner herein or otherwise with respect to the Account, and any breach by the Account Owner of any of the agreements, representations or warranties contained in the Participation Agreement or the Application.

(c) All of the Account Owner's acknowledgements, agreements, representations and warranties shall survive the termination of the Participation Agreement.

12.11 Improper Action by Account Owner Acting in Custodial Capacity.

Neither the Board nor the Program will be liable for any consequence related to an action taken by an Account Owner acting in a custodial capacity which is an improper use, transfer, or characterization of custodial funds.

12.12 Binding Nature; Third-Party Beneficiaries.

The Participation Agreement shall survive the death of the Account Owner (or sale, liquidation, bankruptcy or receivership in the case of an Account Owner that is an entity) and shall be binding upon the Account Owner's personal representatives, legal representatives, heirs, successors and assigns.

12.13 Headings.

The heading of each section, paragraph and provision in the Terms and Conditions shall not be deemed to modify or qualify any of the rights or obligations set forth in each such section, paragraph and provision.