

TEXAS PREPAID HIGHER EDUCATION TUITION PROGRAM MASTER AGREEMENT



ARTICLE I - INTRODUCTION

This Master Agreement describes the basic terms and conditions of the Texas Prepaid Higher Education Tuition Program (Program) as defined by the Texas Education Code, Chapter 54, Subchapter F, Section 529 of the Internal Revenue Code and by the Program rules adopted pursuant to Section 54.618 of the Education Code and published in Title 34, Chapter 7 of the Texas Administrative Code. Once an application for a Prepaid Tuition Contract (Application) is completed by the Purchaser of the Prepaid Tuition Contract (Purchaser) and accepted by the Texas Prepaid Higher Education Tuition Board (Board), a Participation and Payment Schedule will be issued to the Purchaser. The Application, kept on file by the Board, the Participation and Payment Schedule furnished to the Purchaser upon acceptance of the Application, the Purchaser Acceptance Form signed by the Purchaser and returned to the Board on or before the date the first payment under the contract is due, and this Master Agreement, constitute the Prepaid Tuition Contract between the Purchaser and the Board. Modifications may be made to this Master Agreement by the Board, and will be incorporated into the Prepaid Tuition Contract. The contract is at all times subject to Texas Education Code, Chapter 54, Subchapter F, Section 529 of the Internal Revenue Code and the Program rules, and in the event of a conflict between the terms of this Master Agreement and Texas Education Code, Chapter 54, Subchapter F, Section 529 of the Internal Revenue Code or Program rules, the provisions of Texas Education Code, Chapter 54, Subchapter F, Section 529 of the Internal Revenue Code and Program rules shall govern.

Nothing in this Master Agreement shall be interpreted as a promise or guarantee that a Beneficiary will be: (1) admitted to an institution of higher education or private or independent institution of higher education; (2) allowed to continue enrollment at an institution of higher education or private or independent institution of higher education after admission; or (3) graduated from an institution of higher education or private or independent institution of higher education.

ARTICLE II - DEFINITIONS

The definitions of terms included in the provisions of the Texas Education Code, Chapter 54, Subchapter F, and rules promulgated in Title 34, Chapter 7, Texas Administrative Code, as amended from time to time, will apply to the Prepaid Tuition Contract and are incorporated herein by reference. Any Purchaser or other interested party may receive copies of the statute and rules from the Board upon request.

"Application" means the form completed by the Purchaser and submitted to the Board to solicit enrollment of the Beneficiary in the Texas Prepaid Higher Education Tuition Program.

"Beneficiary" means a person who (i) is entitled to receive benefits under a Prepaid Tuition Contract, (ii) is a resident of the State of Texas or a nonresident who is the child of a parent who is a resident of Texas at the time that parent enters into the Prepaid Tuition Contract, and (iii) under the age of 18 at the time the Purchaser enters into the contract and has not graduated from high school or is 18 years of age or older and is enrolled in high school.

"Participation and Payment Schedule" means the document furnished by the Board to the Purchaser upon enrollment of the Beneficiary in the Program, and describing the due dates and amount of payments required of the Purchaser under the selected Program plan.

"Prepaid Tuition Contract" means the Prepaid Tuition Contract entered into by a Purchaser and the Board to provide for the payment of higher education tuition and required fees of a Beneficiary, which Prepaid Tuition Contract consists of this Master Agreement, the Application, Participation and Payment Schedule and the Purchaser Acceptance Form.

"Purchaser" means the person or persons obligated to make payments under a Prepaid Tuition Contract. Unless otherwise provided herein, the Purchaser will execute all Prepaid Tuition Contract changes, conversions, transfers, terminations and refund requests. Any requests to change the Purchaser must be signed and notarized by the Purchaser.

"Residency" means domiciled within the State of Texas for no less than 12 consecutive months prior to and including the date of application. For a person under the age of one year, he or she must have been born in the State of Texas and have been domiciled in the State continuously from birth through the date of application.

ARTICLE III - PARTICIPATION IN THE PREPAID HIGHER EDUCATION TUITION PROGRAM

1. In order to participate in the Program, a Purchaser must designate, on the application, the age and, if applicable, the grade level and social security number for the Beneficiary who will attend an institution of higher education or a private or independent institution of higher education. For newborns, the social security number should be provided to the Board within six months following the date the Application is submitted. The Purchaser must also designate the type of college plan and the number of years of tuition and required fees that will be purchased under the Prepaid Tuition Contract.
2. A purchaser may purchase tuition and required fees in one year increments for up to two years (up to a total of 64 semester credit hours) under the junior college plan, for up to five years under the private college plan (up to a total of 160 semester credit hours) and up to five years for the senior college plan (up to a total of 160 semester credit hours). The junior-senior college plan may be purchased for four years only (up to a total of 128 semester credit hours). The annual Prepaid Tuition Contract price schedule will specify the cost of the Prepaid Tuition Contract for each age or grade level. The Purchaser may convert from one college plan or level to another during the Program's enrollment period, in accordance with the provisions of this Master Agreement and the Program rules.

ARTICLE IV - PREPAID TUITION CONTRACT BENEFITS

The Program provides payment of undergraduate in-state tuition and required fees on behalf of the Beneficiary to an institution of higher education or a private or independent institution of higher education in which the Beneficiary matriculates under the plans listed in Article III, (2) as follows:

1. A total of 160 credit hours may be purchased or paid pursuant to a Prepaid Tuition Contract for attendance under the senior college plan or the private college plan.
2. A total of 128 tuition credit hours may be purchased or paid pursuant to a Prepaid Tuition Contract under the junior-senior college plan, with 64 credit hours of tuition and required fees for attendance at a public junior college and 64 credit hours for attendance at a public senior college or university.
3. While some required fees are assessed on a credit hour basis, other required fees are assessed on a per semester basis. For those required fees

assessed on a per semester basis, no more than the equivalent of ten semesters of such required fees on a semester basis shall be paid, or two semester fee terms per year purchased.

4. The Board may prescribe other limits to the amount of tuition and required fees payable under any Prepaid Tuition Contract.
5. The Beneficiary may elect to pay from another source his or her tuition and required fees for some or all of the semester credit hours to which he or she is entitled to payment under the Contract and to defer to a subsequent semester or term the right to benefits under the Contract.
6. If the Beneficiary registers in a graduate or professional degree program before the termination of the Contract and has not received payment under the Contract for tuition and required fees for all of the semester credit hours to which the Beneficiary is entitled, the Beneficiary may apply the value of the remaining semester credit hours under the Contract to the payment of his or her tuition and required fees in the graduate or professional school. For this purpose, the value of a semester credit hour is equal to the average amount of tuition and required fees for an undergraduate semester credit hour for the same term or semester for which the Beneficiary applies the payment to tuition and required fees of the graduate or professional school.

ARTICLE V - PAYMENTS

1. Payments are due in the amounts and on the dates specified in the Participation and Payment Schedule. For the annual open Enrollment Period that typically begins in late autumn, the first payment under the contract, including the lump sum payment, is due by August 1 of the following year. An actuarial assessment of 1 percent of the outstanding balance will be added for each month that the lump sum payment or annual installment payment is past due. Late payment fees may also be assessed. For the five-year monthly payment schedule, the first monthly payment is due on August 1 of the following year, with the remaining payments due on the first day of each month thereafter for a total of 60 months. For the ten-year monthly payment schedule, the first monthly payment is due on August 1 of the following year, with the remaining payments due on the first day of each month thereafter for a total of 120 months. For monthly installments until matriculation, the first monthly payment is due on August 1 of the following year, with the remaining payments due on the first day of each month thereafter until August 1 of the year of the projected high school graduation of the Beneficiary. For the five-year annual installment schedule, the first annual installment is due on August 1 of the following year with the remaining payments due annually thereafter for a total of 5 payments. For the ten-year annual installment schedule, the first annual installment is due on August 1 of the following year with the remaining payments due annually thereafter for a total of 10 payments. For annual installments until matriculation, the first annual installment is due on August 1 of the following year, with the remaining payments due annually thereafter until August 1 of the projected high school graduation year of the Beneficiary.
2. A late fee of \$10.00 will be added to each monthly payment not received by the Board within 15 days of the date due. All assessed late fees must be paid prior to utilization of contract benefits.
3. A Purchaser will be assessed a \$25.00 fee for all payments returned for insufficient funds.
4. If no payments are received within 60 days of the first payment due date of a Prepaid Tuition Contract, the Purchaser shall be deemed to be in default, subject to reinstatement upon the payment of all delinquent amounts within 30 days following the date of default. For subsequent payments due, failure to make any payment within 30 days of the due date shall result in default by the Purchaser. Thereafter, if within 180 days following the date of the oldest outstanding default, all delinquent amounts are paid, the Prepaid Tuition Contract will be reinstated. In all cases, if reinstatement is not made within the time provided in this paragraph, the Prepaid Tuition Contract will be deemed terminated and all amounts shall be refundable, less any applicable fees as defined in Article IX, Fees.
5. A Purchaser may purchase tuition and required fees by (a) lump sum payment for the full amount of the Prepaid Tuition Contract; (b) annual installments as specified in the Participation and Payment Schedule; or (c) payments of the amount of monthly installments required under the option selected by check or money order, accompanied by payment coupons provided to the Purchaser by the Board, electronic funds transfer from the Purchaser's financial institution account, or by payroll deduction. The Purchaser may change payment methods at any time upon written request to the Board.
6. Where more than one person is named as Purchaser, each named person will be jointly and severally liable for the payment of all amounts due under the Prepaid Tuition Contract. In the event of a transfer of a Prepaid Tuition Contract the person to whom the contract is transferred will become the Purchaser of that contract and will become liable for the payment of all amounts due thereunder.

ARTICLE VI - REDEMPTION OF PREPAID TUITION CONTRACTS

1. The Beneficiary must redeem Prepaid Tuition Contract benefits within a ten-year period beginning on the date the Beneficiary is projected to graduate from high school. Failure of the Beneficiary to redeem all Prepaid Tuition Contract benefits within the specified ten-year period will result in (i) termination of the Prepaid Tuition Contract, and (ii) the forfeiture of any right to a refund of amounts paid under the terminated contract. In accordance with the rules for the Program, any time spent by a Beneficiary as an active duty member of the United States Armed Services will be added to the ten-year period specified in this paragraph.
2. To redeem a Beneficiary's Prepaid Tuition Contract benefits, the Board must first be advised of the institution the Beneficiary will attend. The Board shall then require information from the selected institution reflecting the Beneficiary's enrollment at such institution. The Board will convert previously purchased Prepaid Tuition Contract benefits, in accordance with this Master Agreement, if the selected institution is different from the plan type specified in the Application. The conversion shall be calculated based on the Texas average tuition and required fee rate of the plan purchased.
3. Upon receipt of all the documentation required by the Board, the Board will pay directly to the specified institution:
 - (a) For a Beneficiary of a senior, junior, or junior-senior college plan contract who enrolls in an institution covered by that plan, the tuition and required fees of the institution.
 - (b) For a Beneficiary of a private college plan contract who enrolls in a public institution of higher education, the tuition and required fees of the institution and shall refund to the Purchaser the amount by which the estimated average private tuition and required fees exceeds the tuition and required fees of the institution.
 - (c) For a Beneficiary of a private college plan contract who enrolls in a private or independent institution of higher education:
 - (1) the lesser of:
 - (a) the tuition and required fees of the institution; or
 - (b) the estimated average private tuition and required fees; and
 - (2) if applicable, the Board shall pay to the Purchaser the amount by which the estimated average private tuition and required fees exceeds the tuition and required fees of the institution.
 - (d) If the Beneficiary of a senior, junior or junior/senior college plan enrolls in a private or independent institution of higher education, the Board shall pay an amount equal to the average tuition and required fees the Board would have paid had the Beneficiary enrolled in an institution of higher education covered by the plan selected in the Prepaid Tuition Contract. The Board shall have no responsibility for any tuition or fees in excess of this amount.
4. To the extent otherwise permitted under the Program rules, a Purchaser may convert a Prepaid Tuition Contract from one plan to another plan during the annual enrollment period specified by the Board upon written request to the Board in the form specified by the Board, and upon payment of any additional amounts due under the plan to which the Prepaid Tuition Contract is converted plus any required fees specified in the Board's fee schedule. The value of the Prepaid Tuition Contract before conversion shall be credited against amounts due upon conversion in accordance with the Program Rules.

5. Any prepaid tuition contract purchased under this program may be applied to the payment of tuition and required fees at a proprietary school as if the proprietary school were a public institution of higher education or private or independent institution of higher education. On the purchaser's request, the board shall apply any existing amount of prepaid tuition contract benefits, as determined by the average rate of tuition and fees under the contract purchased, to the payment of tuition and required fees at a proprietary school. The board is not responsible for the payment of tuition and required fees at the proprietary school in excess of that amount.

ARTICLE VII - TERMINATION AND REFUND

1. Except as otherwise specifically provided herein, only the Purchaser of a Prepaid Tuition Contract may terminate the Prepaid Tuition Contract or receive a refund of amounts paid in under the Prepaid Tuition Contract. The Board shall determine the method by which the amount of any refund is calculated. A Purchaser may designate in writing to the Board a person who will have rights in the contract in the event of the Purchaser's death. Unless such designee becomes the purchaser of the contract, he/she has no right to direct decisions regarding contract changes, conversions, transfers or termination. Without limitation on the foregoing, the Contract may be modified or terminated, or refund disbursed, without the consent or authorization of such designee pursuant to this paragraph.
2. Notwithstanding any other provision of this Master Agreement, a Prepaid Tuition Contract terminates on the 10th anniversary of the date the Beneficiary is projected to graduate from high school, not counting time spent by the Beneficiary as an active duty member of the United States Armed Services.
3. Under any plan, if the Beneficiary receives a full scholarship, for tuition and required fees, the amount of tuition and required fees that would have been paid under the plan selected may be refunded. Under a junior college plan, junior/senior college plan, or a senior college plan, the amount of such refund shall not exceed the tuition scholarship amount. Refund payments may be issued each academic term as long as the scholarship is effective. The Purchaser of the Prepaid Tuition Contract shall be entitled to such refund. Proof of scholarship must be submitted in a form acceptable to the Board.
4. Under the junior college plan, junior/senior college plan, senior college plan or private college plan, if a Beneficiary receives a partial scholarship for tuition and required fees the tuition scholarship amount may be refunded. Refund payments may be issued each academic term as long as the scholarship is effective. The Purchaser of the Prepaid Tuition Contract shall be entitled to such refund. Proof of scholarship must be submitted in a form acceptable to the Board.
5. If the Beneficiary dies or becomes disabled while attending an institution of higher education or a private or independent institution of higher education, the amount of benefits remaining available under the Prepaid Tuition Contract, less any applicable fees, may be refunded. A lump sum refund may be made within 60 days of the date the Program is notified of the death or disability to the Purchaser of the Prepaid Tuition Contract, provided proof of death or disability is submitted in a form acceptable to the Board.
6. If the Beneficiary dies or becomes disabled before contract benefits have been used, a refund may be issued or the benefits under such contract may be transferred to another qualified Beneficiary. If a change of Beneficiary is not requested, a lump sum refund may be made within 60 days of the date the Program is notified of the death or disability to the Purchaser of the Prepaid Tuition Contract, provided proof of death or disability is submitted in a form acceptable to the Board. For junior college plans, junior/senior college plans, or senior college plans, the refund amount will be equal to a pro rata amount of the average amount of tuition and required fees in effect at the time the refund is requested, such pro rata amount determined by the number of payments made under the contract by the Purchaser divided by the number of payments required to pay the contract in full. For private college plans, the refund amount will be equal to a pro rata amount of the estimated amount of private tuition and required fees in effect at the time the refund is requested, such pro rata amount determined by the number of payments made under the contract by the Purchaser divided by the number of payments required to pay the contract in full.
7. If the Beneficiary is at least 18 years old or has graduated from high school when the contract is voluntarily cancelled, such contract may be refunded in an amount equal to the average amount of tuition and required fees of junior college plans, junior/senior college plans, and senior college plans or the estimated amount of private tuition and required fees for the private college plan in effect at the time the refund is requested, less (i) a cancellation fee; and (ii) any other applicable fee as defined in Article IX, Fees. In no case shall a refund be made in an amount less than the total amount paid by the Purchaser under the contract less any applicable administrative fees or amounts previously distributed.
8. If the Purchaser who selected the junior college plan, junior/senior college plan, senior college plan or private college plan dies or becomes disabled and payments cease before the contract is paid in full, and unless otherwise directed by the Purchaser in writing, a refund may be made. The refund amount will be equal to a percentage of the average amount of tuition and required fees for the applicable plan type in effect at the time the refund is requested, determined by reference to the percentage of payments made under the contract by the Purchaser. A lump sum refund may be made within 60 days to the Purchaser of the Prepaid Tuition Contract unless otherwise specified in writing by the Purchaser as described in this paragraph. In the alternative, contract benefits may be converted to a plan with reduced benefits. Proof of death or disability shall be in a form acceptable to the Board. Notwithstanding any other provision of this paragraph, the Purchaser, in a writing to the Board, and providing such other information as the Board may request, may designate a person who shall have a right of survivorship with respect to the Purchaser's rights and obligations pursuant to a Prepaid Tuition Contract; provided that such designation shall in no way affect the Purchaser's ability to modify or terminate the contract and receive a refund without the consent or authorization of the designee.
9. If the Beneficiary does not meet the criteria listed above in Items 3-7, or the Purchaser does not meet the criteria in Item 8, the refund will be calculated as the amount of contract payments made less a cancellation fee and other applicable fees as defined in Article IX, Fees.
10. The Purchaser may transfer benefits to an out-of-state college or university accredited by a regional accrediting association which is an "eligible educational institution" within the meaning of Section 529 of the Internal Revenue Code. The amount of the transfer shall not exceed the average amount of tuition and required fees for the current academic year under the plan selected, or the estimated average private tuition and required fees for the current academic year, as applicable, less a benefits transfer fee and any other applicable fees as defined in Article IX, Fees. Payments may be transferred each academic term to the out-of-state college or university as necessary to pay for tuition and required fees up to the credit hours limit identified in the Prepaid Tuition Contract. An invoice from the out-of-state college or university shall be submitted to the Board during each academic term, in a form acceptable to the Board.
11. If the Board determines that the Purchaser or the Beneficiary have made any Material Misrepresentation on the Application or in communications with the Board regarding the Prepaid Tuition Program, the Prepaid Tuition Contract may be terminated by the Board. If the Prepaid Tuition Contract is so terminated, the Purchaser will be entitled to a refund in accordance with the provisions of this Master Agreement.

ARTICLE VIII - SUBSTITUTION, ASSIGNMENT AND TRANSFER

1. (a) Provided the original Beneficiary has not used any contract benefits and the contract has not been terminated, the Purchaser of a Prepaid Tuition Contract may designate a new Beneficiary if the new Beneficiary meets the requirements of a qualified Beneficiary on the date the designation is changed. The new Beneficiary must be a member of the family of the original Beneficiary who meets the requirements of Section 529 of the Internal Revenue Code so that the change of beneficiary is not treated as a distribution under that law.
(b) The Board may adjust the terms of the Prepaid Tuition Contract so that the Purchaser is required to pay the amount the Purchaser would have been required to pay had the Purchaser originally designated the new Beneficiary as the Beneficiary, taking into account any payments made before the date the designation is changed.
(c) The Purchaser of a Prepaid Tuition Contract may not sell the Prepaid Tuition Contract.
2. The Purchaser may transfer ownership of a Prepaid Tuition Contract to another eligible Purchaser provided that the transfer is accomplished without

consideration (except as part of a transaction in which the transferee of the contract is assuming the transferor's obligation to a third party to pay the Beneficiary's tuition and required fees), and if the Beneficiary is a nonresident of Texas, the substitute Purchaser meets the applicable Residency requirements. All requests for substitution of a Purchaser must include: (i) the Prepaid Tuition Contract number; (ii) the name, address, social security number, and telephone number of the substitute Purchaser; (iii) the reason for the transfer of ownership; (iv) the signature of the Purchaser and substitute Purchaser; and (v) such other information as the Board may require. On the death of all persons named as Purchasers of a Prepaid Tuition Contract, if the Purchaser has so elected on the Purchaser Acceptance Form who meets the requirements of Section 529 of the Internal Revenue Code so that the change of beneficiary is not treated as a distribution under that law. The Prepaid Tuition Contract will be transferred to the Designated Survivor named on the Purchaser Acceptance Form and that Designated Survivor will become the Purchaser.

3. The Purchaser of a Prepaid Tuition Contract who is also the custodian of a Uniform Gift to Minors Act (UGMA) or a Uniform Transfer to Minors Act (UTMA) may transfer ownership of the Prepaid Tuition Contract to the UGMA/UTMA beneficiary in accordance with applicable law.
4. Except as specifically provided in this Master Agreement, the Purchaser may not assign or transfer the Prepaid Tuition Contract, nor any interest, rights, or benefits in it. Neither the Purchaser nor the Beneficiary may use any interest in the contract as security for a loan.
5. A Purchaser may convert a Prepaid Tuition Contract from one covered plan to another covered plan during the Board's annual enrollment period. The Board may adjust the terms of a Prepaid Tuition Contract so that the Purchaser is required to pay the amount required under the plan to which the Prepaid Tuition Contract is converted, taking into account any payments made before the date the Prepaid Tuition Contract is converted.
6. The Board may require that the Purchaser Acceptance Form, and/or requests for a change of Beneficiary, conversion of a Prepaid Tuition Contract to another covered plan, termination of a Prepaid Tuition Contract, and such other acts as the Board may designate from time to time, be verified under oath.

ARTICLE IX - FEES

A Purchaser may be charged fees in amounts to be determined by the Board for the following:

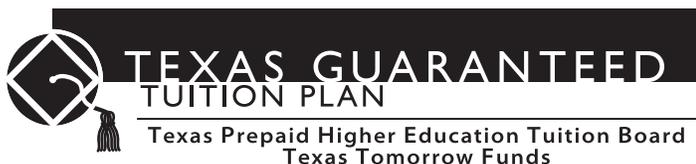
- (a) a termination fee of \$25.00 assessed upon termination of a contract by the purchaser or the Board;
- (b) a benefits transfer fee of \$25.00 deducted from payments when funds are used for out-of-state tuition;
- (c) a change of beneficiary fee of \$50.00 assessed in connection with a request to substitute a beneficiary under the plan;
- (d) a change in purchaser fee of \$20.00 assessed for assignment of contract rights and obligations to another purchaser;
- (e) a fee of \$15.00 for changes in the payment schedule requested by a Purchaser;
- (f) monthly account maintenance fee of \$3.00 on monthly installment accounts and a one-time \$20.00 account maintenance fee on lump sum accounts (included in the scheduled payments);
- (g) a late fee of \$10.00 assessed for payments made past the due date;
- (h) an insufficient funds fee of \$25.00 assessed for all payments returned for insufficient funds;
- (i) a conversion fee of \$50.00 for change of plan type;
- (j) an account reinstatement fee of \$25.00 assessed when an account is reinstated; and
- (k) other administrative fees established by the Board.

ARTICLE X - TAX ISSUES

Under Section 529 of the Internal Revenue Code, distributions used for qualified higher education expenses are exempt from federal income tax. Refunds may be subject to federal income tax and penalties. Payments for the Contract are treated as gifts to the Beneficiary for federal gift tax purposes and may be subject to gift tax. A contract's value is generally not included in the Purchaser's estate for federal estate tax purposes. Special tax rules may apply in unusual circumstances. The Purchaser understands that all tax situations are different and that he or she should consult his or her own tax advisor.

ARTICLE XI - MISCELLANEOUS PROVISIONS

1. All notices, changes, options, and elections proposed by a Purchaser under the Prepaid Tuition Contract must be in writing, signed by the Purchaser, and received by the Board. The Board is not responsible for the accuracy of such documentation. If acceptable to the Board, notices, changes, options, and elections relating to the Beneficiary will take effect as of the date the notice is received by the Board, unless the Board agrees otherwise. The Purchaser understands and acknowledges that Program provisions may be amended by the Board from time to time if the Board determines it is in the Program's best interests. The Board shall promptly notify the Purchaser of such amendments, and the Purchaser agrees to be bound thereby unless the Purchaser promptly notifies the Board of its intent to terminate the Contract within 60 days of having been notified of the amendment. If a Prepaid Tuition Contract is terminated within that 60 day period, the refund due to the Purchaser of that Prepaid Tuition Contract shall be equal to the lump sum actuarial value of the contract at that time less the fees described in Article VII above. If a Prepaid Tuition Contract is terminated before it is paid in full, the refund will be pro rata in proportion to the number of payments previously made under the Prepaid Tuition Contract compared to the total number of payments required under the Prepaid Tuition Contract.
2. All factual determinations regarding a Purchaser's or Beneficiary's Residency, a Beneficiary's good faith to gain admission into an institution covered by this Program, disability, the computation of any penalty, and any other factual determinations regarding the Prepaid Tuition Contract will be at the sole discretion of the Board.
3. The Prepaid Tuition Contract will be construed in accordance with the laws of the State of Texas. Venue for any action arising from or relating to the Program or the Prepaid Tuition Contract purchased hereunder shall be in the state district courts of Travis County, Texas.
4. In the event that any clause or portion of the Prepaid Tuition Contract is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion will be severed from the Prepaid Tuition Contract and the remainder of the Prepaid Tuition Contract will continue in full force and effect as if such clause or portion had never been included.
5. The Purchaser understands that the Prepaid Tuition Contract shall become effective upon the Board's receipt of the completed Purchaser Acceptance Form and the first payment due.
6. The Purchaser understands and acknowledges that any claim by the Purchaser or a Beneficiary under the Prepaid Tuition Contract may be brought only against the Fund, and not against the members of the Board individually or against the Board's employees or agents. However, the Texas Constitution provides that if the assets of the Fund shall be insufficient to enable the Board to make the payments required under the Prepaid Tuition Contract, general state revenues not otherwise appropriated by the Constitution will be transferred to the Fund as necessary to make those payments.



Carole Keeton Strayhorn

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Chairman, Texas Prepaid Higher Education Tuition Board