

CollegeWealthSM 529 Savings Account Truth In Savings Disclosure

Rate Information – Your interest rate and annual percentage yield may change.

Frequency of Rate Changes – We may change the interest rate on your account at any time.

Determination of rate – At our discretion, we may change the interest rate on your account.

Compounding and Crediting Frequency – Interest will be compounded every quarter.

Interest will be credited to your account every quarter.

Effect of Closing an Account - If a depositor closed an account after accruing interest, but before crediting, the depositor will not forfeit that interest.

Minimum Balance to Open the Account – You must deposit \$1,000.00 to open this account. You must maintain a minimum balance of \$1,000.00 in the account each day to obtain the annual percentage yield listed under rate information.

Minimum Deposits and Withdrawals - \$50.00

Daily Balance Computation Method – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of Interest on Non-Cash Deposits – Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

Transaction Limitations: Transfers from a CollegeWealthSM 529 Savings Account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer are limited to six per month with no transfers by check, draft, debit card or similar order to third parties.

Fees: A \$25 administration fee will be assessed annually during the month of November.

Rate Information:

Tier 1 – If your daily balance is \$10,000.00 or more, the interest rate paid on the entire balance in your account will be _____% with an annual percentage yield of _____%.

Tier 2 – If your daily balance is \$9,999.99 or less, the interest rate paid on the entire balance in your account will be _____% with an annual percentage yield of _____%.

CollegeWealthSM Program Description

September 2006

COLLEGEWEALTH PROGRAM DESCRIPTION

AS OF SEPTEMBER 30, 2006

This Program Description contains important information you should review before opening a CollegeWealth Section 529 bank account or certificate of deposit sponsored by the Virginia College Savings Plan (VCSP) and your participating bank. Please read it carefully and keep it for future reference. No one is authorized to provide information that is different from the information contained in this Program Description. If you speak with a bank employee, please be advised that VCSP is not responsible for any miscommunication of facts concerning the CollegeWealth program during such conversations. The information in this Program Description is believed to be accurate as of the date of issuance and is subject to change without notice.

529 CDs and savings accounts offer FDIC insurance to the maximum amount allowed by law and the same tax advantages as other VCSP options. CollegeWealth Accounts are not deposits or obligations of, or insured or guaranteed by, the VCSP, the Commonwealth of Virginia or any agency or instrumentality thereof. Neither the Board of the VCSP nor the Commonwealth of Virginia has a legal or moral obligation to insure the payout of any or all the amount of any CollegeWealth Account balance. The value of your CollegeWealth Account may vary depending on market conditions and the performance of the investment option you select. Past performance of investments is not an indicator of future returns. The bank will be the sole party responsible for any amounts deposited in a CollegeWealth account that are not covered by FDIC insurance. If the CollegeWealth program terminates, you may have the option to maintain your funds in the bank, but the account may no longer qualify as a Section 529 account. If this occurs, you may be required to pay a penalty tax of 10% of the earnings as this would be considered a non-qualified distribution. In the event the CollegeWealth program terminates, VCSP has the option of moving all CollegeWealth assets to a substitute investment. If the CollegeWealth program terminates, you may also have the option of transferring your funds to another Section 529 investment option that may not provide FDIC insurance. Such a transfer may require the Account Owner to use his or her once-per-calendar-year investment direction change. In the event the CollegeWealth program terminates, you may also withdraw your funds. If the withdrawal is non-qualified (used for something other than qualified higher education expenses), you will incur a 10% of earnings tax penalty. There is no guarantee that 529 bank products such as CollegeWealth accounts will continue to be available through the VCSP.

CollegeWealth Accounts have been designed and are administered to comply with all requirements for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended. As of the date of this printing, the Internal Revenue Service has not issued final regulations concerning the application of Section 529 to qualified tuition programs. Final regulations, changes to the Internal Revenue Code or changes to the Code of Virginia could affect the tax consequences of participation in a qualified tuition program like CollegeWealth. The Board may modify CollegeWealth as necessary in the future to comply with any such changes in order to preserve, if possible, favorable tax treatment.

In addition to CollegeWealth, VCSP administers the Virginia Prepaid Education Program (VPEP), a prepaid tuition plan, the Virginia Education Savings Trust and CollegeAmerica.[®] VPEP, VEST and CollegeAmerica are not described in this Program Description. For more information about VPEP or VEST, please call toll free at 1-888-567-0540, or log on to VCSP's website at www.Virginia529.com. For information on CollegeAmerica, please contact the American Funds at 1-800-421-0180, ext. 529, or log onto www.americanfunds.com.

For residents of states other than Virginia: If your state or the Beneficiary's state of residence (if different) sponsors a 529 plan, that plan may offer state income tax and other benefits not available to you through CollegeWealth. The Virginia income tax deduction for CollegeWealth Accounts is available only to Virginia taxpayers who are account owners. Please consult your financial or tax adviser for further information.

CollegeAmerica[®] is a registered trademark of the Virginia College Savings Plan. CollegeWealth,SM VPEP,SM VEST,SM and Virginia College Savings PlanSM are registered service marks of the Virginia College Savings Plan.

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COLLEGEWEALTH SUMMARY OF KEY FEATURES

Program Administrator: VCSP is the Administrator and sponsor of CollegeWealth. VCSP is governed by an eight-member Board, consisting of four members who sit on the Board by virtue of the state offices they hold and four citizen members appointed by the Governor of Virginia. In addition to CollegeWealth, VCSP administers the Virginia Prepaid Education Program, a prepaid tuition plan, and the Virginia Education Savings Trust (direct sold) and CollegeAmerica (available only through financial advisers) college savings plan options.

Participating Banks: Any financial institution in Virginia that meets the program requirements and enters into a participation agreement with VCSP may offer CollegeWealth 529 Accounts. The terms and interest rates are determined by each individual participating financial institution.

Federal Tax Treatment: Through December 31, 2010, earnings on withdrawals used to pay qualified higher education expenses may be excluded from income for federal tax purposes. Earnings grow tax-deferred while invested in a CollegeWealth 529 Account.

State Tax Treatment: Virginia taxpayers who are CollegeWealth Account Owners may take a state income tax deduction for CollegeWealth deposits. Earnings also grow state tax-deferred while invested in a CollegeWealth Account and are exempt from state income tax when used for qualified higher education expenses. Other states may offer residents and taxpayers additional tax or other benefits if they invest in their own state plan. Consult your tax adviser for more information.

Limitations upon Participation or Benefits: You do not need to be a Virginia resident to participate in CollegeWealth either as an Account Owner or a Beneficiary. You must, however, be a U.S. citizen or legal resident. There also are no age or income restrictions on participation in CollegeWealth, although the designated beneficiary must have been born at the time the account is opened. There can be only one Account Owner per account, but more than one person may contribute to an account. Contributions from non-account owners will be deemed to have been made by the Account Owner for CollegeWealth record-keeping purposes.

Limitations upon Contributions, Distributions and Transfers: A \$250,000 contribution limit applies to each Beneficiary across all plans administered by the VCSP, including CollegeWealth, VEST, VPEP and CollegeAmerica. Multiple accounts for the same Beneficiary will be combined to determine if the maximum contribution amount has been reached. Once the aggregate balance on all accounts for the same Beneficiary reaches \$250,000 (including any earnings), VCSP will not accept additional contributions or rollovers. Earnings on distributions not used for qualified higher education expenses will be subject to federal and state income tax and a federal penalty tax of 10% of the earnings. Transfers to other qualified tuition programs may be made once every 12 months for the same Beneficiary, and at any time if the Beneficiary is changed.

Risk Factors: It is possible that Congress, the Treasury Department, the IRS, the Commonwealth of Virginia and other taxing authorities or the courts may take actions that will adversely affect CollegeWealth and that such adverse effects may be retroactive. A CollegeWealth Account is treated like any other non-retirement investment or savings account the Account Owner may have and thus it may affect a Beneficiary's ability to qualify for federal need-based financial aid. CollegeWealth Accounts should not affect a Beneficiary's eligibility for either a merit-based scholarship or for a

Virginia Tuition Assistance Grant for Virginia Beneficiaries who attend eligible private, nonprofit institutions of higher education in Virginia.

ADMINISTRATION AND MANAGEMENT

The Virginia General Assembly created the Virginia College Savings Plan (VCSP), an independent state agency, during its 1994 session. The VCSP's enabling legislation is codified at Sections 23-38.75 through 23-38.87 of the Code of Virginia (1950), as amended. In its 1999 session, the General Assembly unanimously passed legislation authorizing the VCSP's Board to create one or more savings trust investment options in conformance with the provisions of Section 529. The General Assembly may amend the VCSP's legislation during any regular or special session of the legislature, subject to the Governor's approval.

The VCSP is governed by an eight-member Board, consisting of four members who sit on the Board by virtue of the state offices they hold and four citizen members appointed by the Governor. The ex-officio members are the Executive Director of the State Council of Higher Education for Virginia; the Chancellor of the Virginia Community College System; the State Treasurer; and the State Comptroller. State law mandates that the four citizen members have significant experience in finance, accounting, and investment management. Members of the Board receive no compensation, but are reimbursed for actual expenses incurred in the performance of their duties. The Executive Director is Diana F. Cantor. Ms. Cantor, an attorney, certified public accountant and former investment banker, oversees the daily administration and operations of the VCSP, which, in addition to CollegeWealth, includes the Virginia Prepaid Education ProgramSM (VPEP), the Virginia Education Savings TrustSM and CollegeAmerica[®].

Contributions to CollegeWealth accounts are deposited in an account with a participating bank selected by the Account Owner. Separate records are maintained for each CollegeWealth Account.

The VCSP is required to submit an annual statement of the receipts, disbursements, and current investments for the preceding year to the Governor of the Commonwealth of Virginia, the Virginia Senate Committee on Finance, and the Virginia House Committees on Appropriations and Finance. The report includes a complete operating and financial statement covering the operation of the VCSP during the year. The Virginia Auditor of Public Accounts, or his legally authorized representative, audits the VCSP's accounts annually.

OPENING AND CONTRIBUTING TO AN ACCOUNT

Opening an Account. Any individual who is a U.S. citizen or legal U.S. resident and meets a participating bank's requirements may open a CollegeWealth Account. In addition, U.S. trusts, corporations, partnerships, non-profit organizations, custodians, guardians and other entities may open an Account. Trustees and other fiduciaries are responsible for determining whether the terms of a trust are consistent with the requirements of Section 529 and thus allow ownership of a CollegeWealth Account. If, after investing in a CollegeWealth Account, the trustee determines that the trust cannot be administered in a manner consistent with the requirements of Section 529, the trustee may be liable for any penalties or other charges imposed in connection with any withdrawals from the Account. The VCSP will not review trust or other legal documents and the trustee or other fiduciary bears all liability for a determination that a CollegeWealth account is an appropriate investment. There are no state residency, age or income restrictions, and the Account Owner does not have to be related to the Beneficiary.

Designating a Beneficiary. When you open an Account, you must designate a Beneficiary, who may be a relative, friend or yourself. A Beneficiary must be either a U.S. citizen or legal U.S. resident. The Beneficiary must have been born at the time the Account is established. Non-profit organizations are not required to designate a Beneficiary. Trusts, corporations, partnerships and other persons described in Section 7701(a) (1) of the Internal Revenue Code may open CollegeWealth Accounts for

designated Beneficiaries, or for undesignated Beneficiaries as scholarships either directly (if the Account Owner has 501(c) (3) status).

Right of Survivorship Designation. The Account Owner must designate an individual or entity to whom ownership of a CollegeWealth account would transfer in the event of the Account Owner's death. Individuals designated must be at least 18 years old at the time of designation. Account owners may change this designation at any time. Custodial accounts under Uniform Gifts to Minors/Uniform Transfers to Minors statutes should have the beneficiary's estate designated as the right of survivor. Accounts owned by trusts, corporations or other entities do not need a survivorship designation, but should provide a successor trustee or other contact. If an account does not have a valid survivorship designation at the time of the account owner's death, VCSP reserves the right to determine a successor owner (either the Account Owner's executor or by establishing a custodial account for the designated beneficiary, depending on the circumstances).

Contributing to an Account. There may only be one Account Owner (joint ownership is not permitted), and only the Account Owner may request transfers, investment changes, rollovers, distributions, or cancellations. Other individuals or entities may contribute funds to the Account at any time, but will have no subsequent control over such Contributions. All Contributions to an Account are deemed to come from the Account Owner. Non-Account owners have not established a customer relationship with the VCSP and the VCSP has no obligation to provide non-Account owners with any continuing disclosure or required notices. The Account Owner may designate on the Application (or at any time in the future by written authorization) other individuals who may have access to Account information.

Form of Contributions. All Contributions must be in cash or cash equivalents. CollegeWealth deposits may not be in the form of securities or other property. CollegeWealth Accounts may not be used as security for a loan.

Maximum Account Balances. The maximum account balance per Beneficiary is \$250,000, and no additional Contributions will be allowed once the market value of all of the VCSP accounts (CollegeWealth, VPEP, VEST, and CollegeAmerica) for the same Beneficiary have reached \$250,000. Multiple Accounts for the same Beneficiary will be combined for purposes of determining whether the maximum contribution amount has been reached. This maximum amount may be recalculated each year based on the estimated cost of seven years of Qualified Higher Education Expenses at the most expensive Eligible Educational Institution in the United States. Contribution of the maximum amount does not guarantee that the CollegeWealth Account balance will be adequate to cover the Qualified Higher Education Expenses of a particular Beneficiary.

CHANGES TO AN ACCOUNT

Changing the Beneficiary. An Account Owner may change the Beneficiary of a CollegeWealth Account at any time. A change of Beneficiary is a non-taxable event for federal income tax purposes if the new Beneficiary is a "Member of the Family," as defined in the "Glossary of Terms", herein, of the Beneficiary. If the new Beneficiary is a "Member of the Family" of the prior Beneficiary and is in the same generation as the former Beneficiary, the change is not subject to federal gift tax or generation-skipping transfer tax. If the new Beneficiary is in a lower generation than the previous Beneficiary, the transfer will be subject to federal gift tax and may be subject to generation-skipping transfer taxation even if the new Beneficiary is a "Member of the Family" of the previous Beneficiary. The Account Owner must complete a Beneficiary Change Form (available from the participating bank) indicating the relationship of the new Beneficiary to the previous Beneficiary. A Beneficiary change may be denied or limited if it causes one or more accounts administered by VCSP (including CollegeWealth, VEST, VPEP and CollegeAmerica accounts) for the same Beneficiary to exceed the \$250,000 maximum account balance limit.

Changing the Account Owner. The Account Owner may transfer the ownership of a CollegeWealth Account to another individual or entity, provided that no consideration is given or accepted for the

transfer. To transfer an Account to another individual or entity, the Account Owner must submit an Account Owner Transfer Form to the participating bank. The transfer of a CollegeWealth Account to another individual may have federal gift tax consequences. Please contact a tax professional to determine the effect of any such transfer on your individual situation.

All transfers shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 and any regulations promulgated thereunder.

Changing Investment Options. The Account Owner may change the investment options in which the Account is invested only once per calendar year for the same Beneficiary or at any time upon a change in the Beneficiary of the Account. For purposes of the investment change rule, all accounts maintained by the Account Owner for the same Beneficiary in CollegeWealth, VEST and CollegeAmerica will be aggregated. Once an investment change is made in one account, a subsequent investment change in that account or in another account maintained for the same Beneficiary in CollegeWealth, VEST or CollegeAmerica within the same calendar year will be treated as a Distribution for tax purposes. The Account Owner may, however, change the investments in more than one Account for the same Beneficiary once per calendar year without tax consequences, provided that the change to all Accounts is made at the same time. Requests to change the investment option for an Account must be in writing and may only be made by the Account Owner. Transfers among CollegeWealth, VEST and CollegeAmerica are considered investment option changes. Transfers of CollegeWealth Accounts among participating banks is also investment direction, as are transfers between deposit accounts and certificates of deposit.

TRANSFERRING FUNDS

Rollovers. You may roll over accounts from other qualified tuition programs into a CollegeWealth Account. You will need to provide appropriate documentation from the transferring trustee or program manager that shows the earnings portion of the rollover. If such documentation is not provided, the entire rollover will be treated as earnings. Please note that if you withdraw funds from a qualified tuition program with the intention of contributing these funds to a CollegeWealth Account, you must do so within 60 days of the initial withdrawal in order to retain the tax-free treatment of the rollover.

An Account Owner may roll over a CollegeWealth account to another qualified tuition program provided that the Account has not been rolled over in the previous twelve months for the same Beneficiary. In this case, VCSP [or the bank] will provide to the new program manager or administrator a statement providing the earnings portion of the rollover. Rollovers of Accounts to another qualified tuition program may be made at any time for a substitute Beneficiary who is a "Member of the Family" of the Beneficiary. If you wish to roll over from CollegeWealth to VPEP, VPEP's eligibility requirements and enrollment period limits still apply. Rollovers that meet IRS requirements are not subject to the 10% federal penalty tax and any earnings are not includible in federal adjusted gross income. Rollover distribution information will be reported on IRS Form 1099-Q.

To roll over an Account, the Account Owner must complete a Rollover Request Form specifying the qualified tuition program to which the rollover is being made, and, if applicable, indicating the relationship of the new Beneficiary to the current Beneficiary. Please allow up to sixty (60) days for a rollover request to be processed.

All rollover payments shall be issued in a lump sum directly to the designated qualified tuition program within sixty (60) days from the date of the rollover request. A rollover to a non-Virginia qualified tuition program will require the Account Owner to add back to his or her Virginia taxable income any amounts previously deducted from the Account Owner's Virginia taxable income as a result of CollegeWealth Contributions. All rollovers shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 and any regulations promulgated pursuant thereto.

UGMA/UTMA Accounts. You may also open a CollegeWealth Account with Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA) funds, although these types of accounts involve additional restrictions that do not apply to non-custodial CollegeWealth Accounts, such as the inability to change the Beneficiary. If you are using UGMA or UTMA funds to establish a CollegeWealth Account, you must indicate that the Account is custodial at the time you open the Account. Neither the VCSP nor the Bank is liable for any consequences related to a custodian's improper use, transfer, or characterization of custodial funds. UGMA or UTMA custodians must establish CollegeWealth Accounts in their custodial capacity separate from any Accounts they may hold in their individual capacity in order to contribute UGMA/UTMA assets. If UGMA or UTMA assets are currently invested in securities, these investments must first be liquidated before cash can be contributed to a CollegeWealth Account, and any tax liability related to the liquidation will have to be paid. UGMA/UTMA custodians may not change the Beneficiary for custodial Accounts except as may be permitted by applicable law, and must notify the Bank when the custodianship terminates, at which time the Beneficiary will become the owner of the Account. Custodians will need to complete an Account Owner Change Form to document the termination of the custodianship. Please contact a legal or tax professional to determine what the implications of such a transfer may be for your specific situation.

Coverdell Education Savings Accounts and U.S. Savings Bonds. VCSP will accept transfers from a Coverdell Education Savings Account in order to fund a CollegeWealth Account. The transfer is considered a nontaxable withdrawal from the Coverdell Education Savings Account. You will need to complete a Rollover Request Form and a CollegeWealth Account Application, and provide appropriate documentation from the trustee or custodian of the Coverdell Education Savings Account that shows the earnings portion of the transfer. If such documentation is not provided, the entire transfer will be treated as earnings. CollegeWealth will also accept funds from the redemption of Qualified U.S. Savings Bonds. You will need to complete a CollegeWealth Account Application and provide appropriate documentation, such as a 1099-INT or a written statement from the financial institution that redeemed the Qualified U.S. Savings Bonds, that shows the earnings portion of the transfer. If such documentation is not provided, the entire transfer will be treated as earnings. Please consult your tax adviser regarding the tax consequences of such a transfer. Please also ensure that you redeem the bonds in the same calendar year that you fund the CollegeWealth account. If you have additional questions, please contact the Bureau of Public Debt at (202) 874-4000 or at www.publicdebt.treas.gov, or the Internal Revenue Service at (800) 829-1040.

DISTRIBUTIONS

Qualified Distributions. The Account Owner may authorize distributions from the Account for the Qualified Higher Education Expenses of the designated Beneficiary at any time. Distributions may be used at any Eligible Educational Institution, as defined in the "Glossary of Terms" herein. Generally, this includes any accredited two- or four-year college or university in the United States that is eligible to participate in federal student financial aid programs, as well as certain accredited private career or technical schools that are eligible to participate in federal student financial aid programs. Distributions may also be applied toward graduate or professional school Qualified Higher Education Expenses at an Eligible Educational Institution. CollegeWealth distributions may be applied at certain foreign institutions of higher education on a case-by-case basis. Please contact us toll free at 1-888-567-0540 for specific information on using CollegeWealth distributions at foreign schools.

The Bank will make requested distributions upon receipt of a signed Distribution Request Form. Neither VCSP nor the Bank is responsible for any late fees imposed by educational institutions. All CollegeWealth withdrawals will be processed according to the Bank's normal processing timeframes.

Non-qualified Distributions. Account Owners may request Non-qualified Distributions from a CollegeWealth Account at any time. Non-qualified Distributions will be subject to federal income tax on the earnings and Virginia state income tax for Virginia taxpayers, as well as a federal penalty tax of 10% of the earnings, reported on the taxpayer's federal tax return. An Account Owner may also be

required to recapture part or all of any deductions taken from the Account Owner's Virginia taxable income in previous years related to CollegeWealth Contributions. Non-qualified Distributions resulting from the Beneficiary's death, disability or receipt of a scholarship will be subject to federal income tax on the earnings, but will not be subject to the 10% federal penalty tax on earnings and, for Virginia taxpayers, will not be subject to Virginia income tax. Penalty-free scholarship distributions are capped at the amount of the scholarship received. Attendance at United States' military academies will be treated as receipt of a scholarship for distribution purposes. Account Owners should retain proof of death, disability or receipt of scholarship for their records. The VCSP and/or the Bank also may require any documentation necessary in order to establish compliance with 26 U.S.C. Section 529 or other applicable law and any regulations promulgated thereunder.

Cancellations. Only the Account Owner may close a CollegeWealth Account and receive a refund of the Account balance. In order to cancel all or part of a CollegeWealth Account and receive a refund, the Account Owner must provide a written request specifying the Account Owner's name, the Beneficiary's name, the CollegeWealth Account number, and any additional supporting documentation as may be required.

The amount of a refund in the event of a cancellation is the Account balance on the day the funds are withdrawn. Non-qualified Distributions (except for distributions due to the Beneficiary's death, disability or receipt of a scholarship) will be subject to an additional federal penalty tax of 10% of the earnings, reported on the taxpayer's federal tax return, in addition to federal and Virginia income tax (for Virginia taxpayers) on the earnings. All refunds shall be issued according to the Bank's policies. All cancellations and refunds shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated pursuant thereto.

RISK CONSIDERATIONS

CollegeWealth is designed to facilitate tax-advantaged savings for the Qualified Higher Education Expenses of a Beneficiary. However, as with most investment products, there are various risks associated with CollegeWealth. This section describes some of the principal risks associated with investing in CollegeWealth, but it does not constitute an exhaustive list of the factors you should consider before opening an account and making contributions to it. An Account Owner may wish to consult a financial or tax adviser before investing in CollegeWealth. VCSP or the Bank may change the terms and conditions of CollegeWealth at any time or from time to time and there is no assurance that the current state and/or federal law will remain the same.

Termination of CollegeWealth Program. CollegeWealth CDs and savings accounts offer FDIC insurance to the maximum amount allowed by law and the same tax advantages as other VCSP options. CollegeWealth Accounts are not deposits or obligations of, or insured or guaranteed by, the VCSP, the Commonwealth of Virginia or any agency or instrumentality thereof. Neither the Board of the VCSP nor the Commonwealth of Virginia has a legal or moral obligation to insure the payout of any or all the amount of any CollegeWealth Account balance. The value of your CollegeWealth Account may vary depending on market conditions and the performance of the investment option you select. Past performance of investments is not an indicator of future returns. The Bank will be the sole party responsible for any amounts deposited in a CollegeWealth account that are not covered by FDIC insurance. If the CollegeWealth program terminates, you may have the option to maintain your funds in the Bank, but the account may no longer qualify as a Section 529 account. If this occurs, you may be required to pay a penalty tax of 10% of the earnings as this would be considered a non-qualified distribution. If the CollegeWealth program terminates, you may also have the option of transferring your funds to another Section 529 investment option that may not provide FDIC insurance. In addition, such a transfer may require the Account Owner to use his or her once-per-calendar-year investment direction change.

Limits on Account Length. Beneficiaries who have not graduated from high school at the time the Account is opened have at least ten years after the projected date of their high school graduation to use all funds from their CollegeWealth Account. This time period may be extended by the VCSP upon request. Beneficiaries who have graduated from high school at the time the Account is opened have at least ten years after the date the CollegeWealth Account was opened to use Account balances. The Bank and/or VCSP will use information provided in the Application, or any Rollover or Change of Beneficiary Request Form with regard to a substitute Beneficiary, to determine the projected date of high school graduation. Any time spent by a Beneficiary as an active-duty member of any branch of the United States Armed Services will be added to the ten-year period. If an Account is rolled over to a qualified substitute Beneficiary, the applicable ten-year time limit will begin again based on the new Beneficiary's age. If, after the ten-year period specified above, an Account has a remaining balance, no extension has been requested and neither the Bank nor the VCSP can locate the Account Owner, the Beneficiary, or any designee of survivorship rights, VCSP shall report the unclaimed amounts to the State Treasurer as unclaimed property pursuant to Section 55-210.12 of the Code of Virginia (1950), as amended. The value of any such Account reported as unclaimed property and remaining unclaimed for an additional five years shall be the then-current Account balance less any applicable administrative fees.

Program Description. You should carefully read and understand this Program Description before making contributions to CollegeWealth and you should keep this document for future reference. The information contained in this Program Description is believed to be accurate as of the date of the Program Description and is subject to change without prior notice. Account Owners should rely only on the information contained in this Program Description. No one is authorized to provide information about CollegeWealth that is different from the information contained in this Program Description.

Admission to, Continuation at, Graduation from or In-State Qualification for College. Having a CollegeWealth Account does not guarantee that: (1) a Beneficiary will be admitted to any institution of higher education; (2) a Beneficiary will be allowed to continue enrollment at any institution of higher education after admission; (3) a Beneficiary will be graduated from any institution of higher education; or (4) a Beneficiary will qualify for in-state tuition rates at any Virginia state-supported public college or university.

Meeting College Expenses. Even if an Account balance for a Beneficiary reaches the maximum limit allowed in CollegeWealth, there is no assurance that the value of the Account will be sufficient to cover all the higher education expenses a Beneficiary may incur or that the rate of return on an Account will equal or exceed the rate at which higher education expenses may rise each year. The rate of inflation for higher education expenses is uncertain and is likely to exceed the rate of return on a CollegeWealth Account. VCSP is not responsible for paying any higher education expenses that exceed the balance of a CollegeWealth Account when a distribution is requested.

Impact on Financial Aid. CollegeWealth Accounts may affect a Beneficiary's ability to qualify for need-based financial aid. A CollegeWealth Account is treated like any other investment or savings the Account Owner may have. CollegeWealth Accounts should not affect a student's eligibility for merit-based scholarships. If a student receives a full or partial athletic scholarship that is governed by NCAA or ACC regulations, a payment from CollegeWealth may affect that scholarship. CollegeWealth Accounts do not affect a student's eligibility for a Virginia Tuition Assistance Grant for Virginia residents who attend an eligible, independent, nonprofit institution of higher education in Virginia. Please contact the financial aid office of your local community college or university for more information on the effect of a CollegeWealth Account on financial aid determinations.

Eligibility for Medicaid or other Benefits. A CollegeWealth Account may adversely affect an Account Owner's eligibility for federal and state assistance programs, particularly Medicaid. Please consult the agency or entity that administers the specific benefit program for additional information.

Future Program Changes. The Board may offer enhancements to CollegeWealth in the future. 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 as it may be considered investment direction. The Board is not required by law to continue CollegeWealth, to accept additional Contributions to existing Accounts, or to allow new Accounts to be opened, although the Board currently has no plans for any such limitations. If the Board were to terminate CollegeWealth, such termination may result in a Non-qualified Distribution for which tax and penalties as described herein may be assessed.

Changing Legal Regulations. It is possible that the U.S. Congress, the Treasury Department, the IRS, the Commonwealth of Virginia and other taxing authorities or the courts may take actions that will adversely affect CollegeWealth and that such adverse effects may be retroactive. In addition, the IRS proposed regulations under Section 529 in 1998 but it has not issued final income tax regulations or published rulings concerning qualified tuition programs. When issued, such regulations or any published ruling may alter the tax consequences summarized in this Program Description, may require that changes be made to CollegeWealth to achieve the tax benefits described or may have a significant effect on CollegeWealth and your Account. Legislative action could diminish or even terminate CollegeWealth's tax advantages. VCSP is not obligated to continue to offer CollegeWealth in the event that a change in the tax or other federal or state law makes continued operation not in the best interests of Account Owners or Beneficiaries. There can be no assurance that a change will not adversely affect CollegeWealth and/or the value of your investment in an Account.

Claims Against Accounts. Virginia law provides Account Owners and Beneficiaries protection from creditors. When Virginia law is applied, a CollegeWealth Account may not be attached, garnished, seized or appropriated by any creditor to pay any debt or liability of the Account Owner or Beneficiary. This protection generally may be preserved by a debtor in a bankruptcy case. Additional protection of these assets is available under federal bankruptcy law, as amended by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA). Federal bankruptcy law, as amended by BAPCPA provisions effective as of October 17, 2005, protects contributions made at least two years before a bankruptcy filing to a CollegeWealth Account for the children or grandchildren of the Account Owner or other individual contributing to a CollegeWealth Account. Federal bankruptcy law also offers limited protection for contributions made at least one year before a bankruptcy filing to a CollegeWealth Account for the children or grandchildren of the Account Owner or other individual contributing to a CollegeWealth Account. In addition, federal law provides that an Account cannot be assigned, used as security or collateral on any loan, or otherwise alienated, sold, transferred, pledged or encumbered. VCSP cannot represent or warrant protection from creditors. You should consult a legal adviser about the application of these laws to your particular situation.

Other Considerations. An investment in CollegeWealth – or any qualified tuition program -- may not be the appropriate investment program for everyone. You should evaluate other tax-advantaged education savings programs and consult with your tax or financial adviser.

VIRGINIA AND FEDERAL TAX CONSIDERATIONS

Federal Tax Treatment in General. Section 529 of the Internal Revenue Code (26 U.S.C. Section 529) governs the federal tax treatment of qualified tuition programs such as the Virginia College Savings Plan and the tax consequences for Account Owners and Beneficiaries of such plans. As of the date of this Program Description, the Internal Revenue Service had not issued final regulations governing the application of Section 529 to college savings plans. CollegeWealth has been structured to meet all current federal requirements, and, therefore, the VCSP itself does not pay federal income tax. **Final regulations or changes to the Internal Revenue Code or the Code of Virginia could affect the tax consequences of participation in a qualified tuition program, including, but not limited to, loss of tax advantages. The Board may modify CollegeWealth as necessary in the future without prior notice to comply with any such changes.**

The Economic Growth and Tax Relief Reconciliation Act of 2001 (the "2001 Tax Act") passed by Congress in May 2001 included federal tax benefits for Section 529 qualified tuition programs like CollegeWealth. The 2001 Tax Act went into effect on January 1, 2002. The 2001 Tax Act provisions related to Section 529 accounts were made permanent in the Pension Protection Act of 2006, which went into effect on August 17, 2006.

The increase in the value of a CollegeWealth Account (the earnings) is tax deferred, and is not taxable at the federal level if the distribution is used for Qualified Higher Education Expenses. Non-qualified Distributions will be subject to federal income tax on the earnings and Virginia state income tax for Virginia taxpayers, as well as a federal penalty tax of 10% of CollegeWealth earnings, reported on the taxpayer's federal tax return. Non-qualified Distributions may also require the recapture in Virginia taxable income of some or all amounts, if any, that the Account Owner deducted from his or her Virginia taxable income due to Contributions to a CollegeWealth Account. There is no Virginia state income tax liability for the federally taxable portion of a refund made in the event of the Beneficiary's death, Disability, or receipt of a scholarship, nor are such distributions subject to the 10% of earnings federal penalty tax.

The VCSP will apply a formula to determine the taxable (earnings) and non-taxable (Contributions) portions of each distribution made from an Account. The taxable portion is ordinary income, not capital gains. The taxable portion of a cancellation will be taxed as ordinary income in the year of the refund. The taxable (earnings) portion of Non-qualified Distributions is subject to a 10% federal penalty tax. CollegeWealth Contributions are NOT deductible from federal taxable income at the time of contribution. Please see the discussion below of the limited ability for some participants to deduct a portion of their tuition payments from their federal taxable income at the time those payments are made as provided in the 2001 Tax Act. The increase in the Account's value is tax deferred at the federal level, and if the distributions are used for Qualified Higher Education Expenses, no federal tax is due for distributions.

Federal Gift Tax. Section 529 provides that CollegeWealth Contributions are a completed gift of a present interest for federal gift tax purposes. Contributions to qualified tuition programs like CollegeWealth are not currently excluded from taxable gifts as tuition payments under IRC Section 2503(e). Section 529 provides a five-year averaging provision for any Contributions in one taxable year that are greater than the current \$12,000 (\$24,000 for married couples) annual exclusion from federal gift tax. This means that if a Contribution by any Account Owner or other individual to a single Beneficiary in any one tax year is greater than \$12,000 (\$24,000 for married couples), the Account Owner or individual contributing the funds may elect to average the amount of the gift over a five-year period. This would allow a contribution of up to \$60,000 (\$120,000 for married couples) in one tax year without federal gift tax consequences. An Account Owner or other individual who makes a Contribution of up to \$60,000 (\$120,000 for married couples) may not make any additional gifts to the same individual until the end of the five-year averaging period without incurring federal gift tax consequences.

Section 529, as amended, also provides that distributions from a qualified tuition program will not be treated as a taxable gift. If a CollegeWealth Account is rolled over to a new Beneficiary who is a Member of the Family of the previous Beneficiary and who is in the same generation as the previous Beneficiary, no federal gift or generation skipping transfer tax will apply. If, however, the new Beneficiary is in a lower generation than the previous designated Beneficiary, federal gift tax or generation-skipping transfer tax may apply to the amount transferred. The five-year averaging rule may be applied to rollovers to a new Beneficiary. If an Account Owner later transfers an Account to another individual or entity, that transfer may be deemed a gift and the original Account Owner may have to pay federal gift tax on any amount greater than \$12,000 (\$24,000 for married couples).

These federal tax provisions are complex and each taxpayer's situation is unique. Please contact a tax professional or the Internal Revenue Service for specific information on these provisions and how they may affect you.

Federal Estate Tax. Generally, no amount is includible in the Account Owner's gross estate as a result of Contributions to a qualified tuition program. If, however, the Account Owner dies before the end of the five-year averaging period discussed above, if it has been elected, the Account Owner's gross estate will include the portion of the Contributions allocable to the years following the Account Owner's death. Section 529 also provides that the gross estate of a designated Beneficiary of a qualified tuition program such as CollegeWealth includes the value of any interest in an account maintained with a qualified tuition program on behalf of that Beneficiary in the event of the Beneficiary's death. **Please contact a tax professional or the Internal Revenue Service to determine the effect of federal gift and estate tax provisions on your individual situation.**

Federal Generation-Skipping Transfer Tax. In addition to possible federal gift and estate tax consequences, federal generation-skipping transfer tax may apply to contributions made to an Account if the Beneficiary is deemed to be a member of a generation that is more than one generation younger than the generation of the Account Owner or other individual contributing to the Account or if the new Beneficiary is more than one generation younger than the previous Beneficiary. Contributions that qualify for the annual gift tax exclusion are not subject to generation-skipping transfer tax. Generation-skipping transfer tax will be payable only on the amount by which contributions in excess of the annual exclusion amount exceed the Account Owner or other individual's lifetime generation-skipping transfer tax exemption. This tax is unlikely to apply to many Account Owners or other individuals contributing to Accounts. Where it applies, however, the generation-skipping transfer tax is imposed at the maximum federal estate tax rate. Consult your tax adviser or the Internal Revenue Service regarding the specific application of these rules to your particular circumstances.

Virginia Tax Exemption. The Virginia General Assembly enacted a tax exemption at its 1999 session for income attributable to certain distributions or refunds from a VCSP Account. The Virginia state income tax exemption applies to income attributable to CollegeWealth distributions used for Qualified Higher Education Expenses of a Beneficiary or refunds in the event of a Beneficiary's death, disability, or receipt of a scholarship. Because earnings on Section 529 account Qualified Distributions are currently excluded from federal adjusted gross income, these earnings are also automatically excluded from Virginia taxable income. The Virginia state income tax exemption is still applicable to distributions made on account of the Beneficiary's death, disability or receipt of a scholarship. The earnings portion of any amount refunded in one of these cases is subject to federal income tax in the tax year in which the refund is received, but is exempt from Virginia state income tax.

Virginia Tax Deduction. CollegeWealth Account Owners who file a Virginia state income tax return can deduct CollegeWealth Contributions from their Virginia taxable income. The deduction is limited to \$2,000 per year per VCSP account (VEST, VPEP, CollegeAmerica, or CollegeWealth), or the amount contributed to each VCSP account during the year, whichever is less, with unlimited carry forward until the full amount of the Contributions has been deducted. The \$2,000 per year limit does not apply to Account Owners who are age 70 or above, who may deduct the entire amount of their Contributions in a single tax year. If an Account is cancelled for a reason other than the student's death, disability, receipt of a scholarship, or rollover to another VCSP account, any amount of the refund previously deducted from the Account Owner's Virginia taxable income as a result of Contributions to the cancelled CollegeWealth Account must be added back to the Account Owner's Virginia taxable income in the year the refund is received. Only the Account Owner of record of a CollegeWealth Account as of the end of the year is eligible to take the Virginia state tax deduction for Contributions made to that Account. Individuals who choose to make Contributions to a CollegeWealth Account owned by another individual or entity are not eligible for the Virginia state tax deduction. The Virginia state tax deduction for UTMA/UGMA CollegeWealth Accounts belongs to the Beneficiary, and is reported under the Beneficiary's social security number. UTMA/UGMA custodians are not eligible for the Virginia state tax deduction for Contributions made to an UTMA/UGMA CollegeWealth Account.

If an Account Owner or individual contributing to a CollegeWealth Account lives in a state other than Virginia, the state tax consequences may differ from those described here. The Virginia state income tax deduction and exemption are available only to Account Owners in a VCSP plan who file Virginia tax returns. Contributions to other states' qualified tuition programs are not eligible for the Virginia state tax deduction. Before investing in CollegeWealth, potential Account Owners and other individuals contributing to a CollegeWealth Account who do not live or pay taxes in Virginia should determine whether the state in which they live or pay taxes offers a qualified tuition program with benefits not available through CollegeWealth.

ACCOUNT REPORTING

Statements. The Bank will issue statements to CollegeWealth Account Owners according to its normal schedule for the specific type of account, at least annually.

Tax Reporting. If an Account Owner has more than one Virginia savings trust account (VEST, CollegeAmerica and/or CollegeWealth) for the same Beneficiary, the Internal Revenue Service requires that we aggregate the earnings on all such accounts for reporting purposes. Each year there is a distribution from one of your VEST, CollegeAmerica or CollegeWealth accounts, you will receive an IRS Form 1099-Q that reflects the aggregated earnings. All Form 1099-Q's are sent to the Account Owner unless the distribution is made to the Beneficiary or an institution of higher education. If the distribution is made to the Beneficiary or to an institution of higher education, we are required to send the Form 1099-Q to the Beneficiary. If the distribution was for a Qualified Higher Education Expense, no federal or Virginia income tax related to that distribution will be due. If you live in a state other than Virginia, please check to determine your state's treatment of income from another state's qualified tuition program that is tax exempt at the federal level. The Virginia College Savings Plan will not determine whether an expense is qualified or non-qualified. Account Owners will be required to maintain records adequate to prove qualified expenses, such as invoices and textbook receipts. The 10% of earnings federal penalty tax and federal income tax on the earnings for Non-qualified Distributions are reported on the taxpayer's income tax returns, and will not be withheld by the Virginia College Savings Plan.

COORDINATION WITH OTHER EDUCATION TAX INCENTIVES

Distributions from an account may affect other education tax incentives available to an Account Owner. The coordination between these tax-advantaged programs is complex. Please consult your tax or financial adviser before investing.

Coverdell Education Savings Accounts. Depending on your income level, Coverdell Education Savings Accounts may permit tax-free growth and exclusion from gross income for earnings withdrawn to pay qualified education expenses. Through 2010, the annual limit on contributions to a Coverdell Education Savings Account is \$2,000 per account owner per beneficiary. Contributions may be made to both a CollegeWealth Account and a Coverdell Education Savings Account in the same calendar year. If total distributions from a Coverdell Education Savings Account and a CollegeWealth Account exceed the Beneficiary's Qualified Higher Education Expenses for any calendar year, the expenses must be allocated between the two distributions.

Hope Scholarship and Lifetime Learning Credits. Hope and Lifetime Learning federal tax credits are available for families who pay qualified higher education expenses, which include the cost of tuition and certain fees. In order to take advantage of the Hope and Lifetime Learning federal tax credits, you must allocate your higher education expenses among the various federal higher education tax incentives. For example, if you qualify for a Hope federal tax credit for tuition paid in a specific year, you cannot also use a tax-free distribution from your CollegeWealth Account for that same expense. The coordination of the various federal higher education tax incentives can be quite complex. Please contact a tax professional for assistance in determining your eligibility for the various tax incentives and in allocating your higher education expenses.

Limited Tax Deduction for Education Expenses. The 2001 Tax Act also provides for a limited federal deduction for tuition and required fees at the time these expenses are paid. This deduction has a number of qualifications and restrictions, including income phase-outs and varying amounts that can be deducted based on income. This deduction is not available for taxpayers in the same year they elect to take the Hope or Lifetime Learning federal tax credits. For Section 529 participants, there is a special coordination provision that allows the contribution portion of a distribution (the basis) from a Section 529 account to be used for this deduction if the distribution was used to pay for tuition and required fees. This means that you are not allowed a “double” tax benefit by being allowed to deduct the earnings portion of your distribution, which has already received the benefit of being tax-free, but the contribution portion, on which you have already paid tax, may be used to qualify for this limited deduction.

Exclusion of Interest on Qualified U.S. Savings Bonds. Depending on your income level, redemption proceeds from Qualified U.S. Savings Bonds that are either used for qualified tuition and related expenses or contributed to a CollegeWealth Account may be excluded from income.

Account Owners, other individuals contributing to a CollegeWealth Account and Beneficiaries are encouraged to consult their tax or legal adviser to determine the effect of federal and state tax laws on their specific situation.

Individual tax situations vary greatly. Please consult a tax adviser concerning any legal or tax implications arising from opening a CollegeWealth Account. Neither the VCSP nor the Bank can provide legal, financial or tax advice, and the foregoing summary should not be construed as legal, financial or tax advice with respect to the consequences for any particular individual as a result of Contributions to, investment of, or distributions from a CollegeWealth Account.

IRS Circular 230 Disclosure: The information concerning the federal tax consequences of participating in CollegeWealth is general in nature and does not take into account individual circumstances that may affect the tax treatment for a particular individual taxpayer. In addition, the information concerning tax consequences is not a “covered opinion” as that term is defined in IRS Circular 230 and, therefore, it is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code.

GLOSSARY OF TERMS

“Account” means the separate CollegeWealth Account set up for each Account Owner for a separate Beneficiary.

“Account Owner”, defined as “Contributor” in Section 23-38.75 of the Code of Virginia (1950), as amended, means a person who is at least 18 years of age and is either a U.S. citizen or a legal U.S. resident, or a corporation, partnership, trust, charitable organization, or any other persons described in Section 7701(a)(1) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Section 7701(a)(1)), and who is reflected on the Bank’s records as the owner of record of the Account. There may only be one Account Owner per Account. Any person or entity may make Contributions to a CollegeWealth Account, but only the Account Owner may execute CollegeWealth Account transactions, including rollovers, transfers, cancellations or refund requests. All Contributions are deemed to come from the Account Owner for all tax reporting and other administrative purposes. Individuals who are not Account Owners have not established a customer relationship with the Bank or the Virginia College Savings Plan and have no legal rights with regard to a CollegeWealth Account. Any requests to change the Account Owner must be signed by both the current Account Owner (or the current Account Owner’s personal representative) and the substitute Account Owner.

“Agreement” means this Program Description, as amended from time to time, and the signed, completed Account Application. “Agreement” also refers to a signed Account Owner Change Form, which incorporates the Program Description.

“Application” means the form (whether hard copy or on-line) completed and signed by the Account Owner and submitted to open a CollegeWealth Account for a designated Beneficiary. A separate Application is required for each Account, even if it is for the same Beneficiary.

“Beneficiary” means an individual who is named as the designated Beneficiary on the Application, the change of Beneficiary form, or on the rollover form as provided for in this Program Description, and who is entitled to receive the benefits from a CollegeWealth Account. A Beneficiary must be either a U.S. citizen or a legal U.S. resident. A Beneficiary must have been born at the time the Application is submitted.

“Board” means the Board of the Virginia College Savings Plan.

“Contributions” are funds contributed to an Account for the benefit of a designated Beneficiary and intended to pay for the designated Beneficiary’s Qualified Higher Education Expenses at an Eligible Educational Institution. Contributions must be in the form of cash, not property or securities.

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

“Eligible Educational Institution” means the definition of that term in Section 529 of the Internal Revenue Code of 1986, as amended. Generally, the term includes accredited post-secondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized postsecondary credential. Certain proprietary institutions and post-secondary vocational institutions are also Eligible Educational Institutions. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C. Section 1088).

“Member of the Family” means the definition of that term in Section 529 of the Internal Revenue Code of 1986, as amended. “Member of the Family” means an individual who is related to the designated Beneficiary as follows: a son or daughter, or a descendent of either; a stepson or stepdaughter; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the designated Beneficiary or the spouse of any individual described above; or a first cousin of the Beneficiary. For purposes of determining who is a “Member of the Family,” a legally adopted child of an individual shall be treated as the child of such individual by blood. The terms “brother” and “sister” include half-brothers and half-sisters.

“Non-qualified Distribution” means a distribution from a CollegeWealth Account made for any reason other than for: (1) the properly documented Qualified Higher Education Expenses of the designated Beneficiary or (2) a qualified rollover to another qualified tuition program, including the Virginia Prepaid Education Program. Scholarship distributions are limited to the amount of the scholarship. Non-qualified Distributions will be subject to federal income tax on the earnings and Virginia state income tax on the earnings for Virginia taxpayers, as well as a federal penalty tax of 10% of the earnings, reported on the taxpayer’s federal tax return. Non-qualified Distributions may require the recapture of some or all amounts, if any, that the Account Owner deducted from his or her Virginia taxable income due to Contributions to a CollegeWealth Account.

“Qualified Distribution” means a distribution made for: the properly documented Qualified Higher Education Expenses of the designated Beneficiary or a qualified rollover to another qualified tuition program.

“Qualified Higher Education Expenses” means the expenses allowed under Section 529 of the Internal Revenue Code of 1986, as amended. Generally, these include the following: (1) tuition, all mandatory fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a designated Beneficiary at an Eligible Educational Institution; (2) expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance; and (3) the costs of room and board of a designated Beneficiary during any academic period during which the designated Beneficiary is enrolled at least half time in a degree, certificate, or other program that leads to a recognized educational credential awarded by an Eligible Educational Institution. The allowable amount of room and board expenses for students living on campus is the actual amount invoiced by the Eligible Educational Institution. For students who live off campus or at home, the allowable amount for room and board expenses is the applicable room and board amount for that period used by the Eligible Educational Institution in determining its cost of attendance. A student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled. The institution’s standard for a full-time workload must equal or exceed the standard established by the Department of Education under the Higher Education Act and set forth in 34 Code of Federal Regulations Section 674.2(b).

CollegeWealth Account Agreement

1. Any factual determinations regarding CollegeWealth Accounts will be made by the Board based on the facts and circumstances of each case.
2. CollegeWealth Accounts shall be construed in accordance with the laws of the Commonwealth of Virginia and applicable federal law, including 26 U.S.C. § 529, as amended. Venue for any action arising from or relating to CollegeWealth Accounts opened hereunder shall be in a state or federal court located in Richmond, Virginia.
3. In the event any clause or portion of the Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from the Agreement and the remainder of the Agreement shall continue in full force and effect as if such clause or portion had never been included.
4. The Agreement, which consists of the completed and signed Application, the CollegeWealth Account Agreement and the Program Description, as amended from time to time by the Board, is the complete and exclusive statement of the agreement between the parties hereto related to the subject matter hereof, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Agreement. The Account Owner agrees to be bound by any amendments that the Board may make to the CollegeWealth Account Agreement and the Program Description.
5. The Account Owner may, in compliance with the procedures in the Program Description, transfer ownership of a CollegeWealth Account to another individual or entity provided no consideration is given for the transfer. Neither a CollegeWealth Account, nor any interest, rights or benefits in it, may be sold, nor may any interest in a CollegeWealth Account be used as security for any loan.
6. The Board may require that any written documentation, request or any other actions the Board may designate from time to time, be verified under oath.
7. This Agreement is not intended to, nor does it, confer any benefit or legal rights upon any third-party beneficiary. The individual designated as the Beneficiary of a CollegeWealth Account has no independent claim, right or access to any funds in a CollegeWealth Account solely related to such designation. Payments directly to a Beneficiary will only be made with the Account Owner’s specific written authorization for such payments.
8. Account Owners may only change investment options once per calendar year or when the Beneficiary is changed. The Bank shall provide a separate accounting for each Account.
9. The Account Owner assumes all liability for any financial losses related to a CollegeWealth Account. The Account Owner understands and acknowledges that there is no recourse against the Board’s members or its employees individually, or against the Commonwealth of Virginia or the Virginia College Savings Plan in connection with a CollegeWealth Account. Nothing in this Agreement

shall be deemed or construed as an express or implied waiver of the sovereign immunity of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth of Virginia. 10. The Board shall not be liable for any losses or failure to perform its obligations under this Agreement caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, acts of war, terrorism, strikes, power outages or any other conditions or occurrences beyond its control.

Virginia College Savings Plan Privacy Policy

Protecting the privacy of your nonpublic personal information is important to us at the Virginia College Savings Plan. We respect your right to privacy and recognize your trust in us to keep information about you secure and confidential.

1. We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications, correspondence, forms and through other forms of communication.
- Information about your transactions with respect to your account(s).

2. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. We may disclose all of the information we collect, as described above, to companies that perform marketing and mailing services on our behalf and to other financial institutions with whom we have joint marketing agreements. These companies are required to adhere to our privacy and security standards and to use the information for the limited purpose for which it was shared.

3. We restrict access to nonpublic personal information about you to those employees and persons who need to know the information in order to provide service to you. We maintain physical, electronic, and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.

4. We reserve the right to modify or supplement this Privacy Policy at any time. If we ever decide to share your nonpublic personal information other than as described above, we will provide you with a notice informing you of the change and, when required by applicable law, we will allow time for you to choose whether you want the information shared.