



SUPPLEMENT DATED AS OF AUGUST 1, 2021 TO PROGRAM DESCRIPTION AND OFFERING STATEMENT DATED AS OF APRIL 29, 2019 RELATING TO THE U.PLAN: THE MASSACHUSETTS TUITION PREPAYMENT PROGRAM

You have previously received, or are receiving together with this supplement (the "Supplement"), a Program Description and Offering Statement dated as of April 29, 2019 (the "Original Offering Statement") describing The U.Plan: The Massachusetts Tuition Prepayment Program (the "U.Plan" or the "Program") administered by the Massachusetts Educational Financing Authority ("MEFA"). This Supplement should be read together with the Original Offering Statement. Any information in this Supplement that is inconsistent with the information set forth in the Original Offering Statement supersedes the applicable information in the Original Offering Statement. If you no longer have a copy of the Original Offering Statement, a copy of the Original Offering Statement is available by calling (800) 449-MEFA. All defined terms not otherwise defined in this Supplement have the meaning set forth in the Original Offering Statement. The Original Offering Statement, as supplemented by this Supplement, is referred to as the "Offering Statement."

This Supplement includes information relating to the offering, as part of the U.Plan, of beneficial ownership interests (called Tuition Certificates) in The Commonwealth of Massachusetts General Obligation Bonds, College Opportunity Bonds, Consolidated Loan of 2022, College Opportunity Bonds, Series A (the "2022 Bonds"). Amounts on deposit in an Owner Account as of July 15, 2022 are expected to be applied to the purchase of Tuition Certificates associated with the 2022 Bonds. Unless the context otherwise requires or unless inconsistent with this Supplement, references in the Offering Statement to the "2019 Bonds" shall also be deemed to refer to the 2022 Bonds. This supplement also includes, under the heading "Allocation of Tuition Certificates", information that is also relevant to the issuance of Tuition Certificates in The Commonwealth of Massachusetts General Obligation Bonds, College Opportunity Bonds, Consolidated Loan of 2021, College Opportunity Bonds, Series A.

In order to evaluate the creditworthiness of the 2022 Bonds, you should review certain financial, budgetary and economic information relating to the Commonwealth set forth in the Commonwealth's most recent Information Statement (the "Information Statement"). This Information Statement is not attached to this Supplement. Copies of the Information Statement are available on the Electronic Municipal Market Access ("EMMA") system website of the Municipal Securities Rulemaking Board (the "MSRB"), which can be accessed at <http://emma.msrb.org>. In order to evaluate the creditworthiness of the 2022 Bonds, you should also review subsequent filings by the Commonwealth to the EMMA system prior to the issuance of the 2022 Bonds and related Tuition Certificates, including any supplements to or revisions of the Information Statement and any continuing disclosure documents identified as "other financial/operating data" on the EMMA system. The Information Statement, together with any supplements or revisions thereof occurring prior to the issuance of the 2022 Bonds and related Tuition Certificates, also may be obtained by calling (800) 449-MEFA or may be reviewed at the offices of MEFA.



Terms of the 2022 Bonds and Associated Tuition Certificates

Tuition Certificates are offered when, as and if the applicable Bonds are issued by the Commonwealth. The 2022 Bonds and associated Tuition Certificates are expected to be issued on or after August 1, 2022, and will bear interest from August 1, 2022 as described below, regardless of the Issue Date. The interest payments received by an Owner of a Tuition Certificate with respect to any portion of the initial Investment Amount not applied to Program Uses, will, after deduction of Assigned Payments, be less than the stated interest rate payable on the 2022 Bonds and associated Tuition Certificate, as described in the Offering Statement under "Cash Payments Received by Owners of Tuition Certificates." The 2022 Bonds will mature on August 1 in the years from 2027 through 2042 and in the aggregate initial principal amounts determined prior to the issuance thereof by the Commonwealth, after consultation with MEFA, based on considerations including the aggregate demand for Tuition Certificates of each maturity and applicable legal and financial constraints on the aggregate initial principal amount of Bonds and on the initial principal amount of Bonds of each maturity.

Interest on the 2022 Bonds and associated Tuition Certificates is payable as follows:

- (i) Each 2022 Bond, and each Tuition Certificate representing a fractional beneficial ownership interest in such Bond, will bear interest, payable at maturity, on its respective Accreted Amount at an annual interest rate equal to the Standard Accrual Rate. The Standard Accrual Rate will be equal to the percentage change in CPI since the preceding August 1 (or, in the case of the August 1 immediately following the Issue Date, the annualized percentage change in CPI since the Issue Date), plus 200 basis points (2.0%).
- (ii) Each 2022 Bond, and each Tuition Certificate representing a fractional beneficial ownership interest in such Bond, will bear interest on the initial principal amount or Investment Amount thereof, as applicable, payable semi-annually on each August 1 and February 1, beginning February 1, 2023, at an annual rate of 50 basis points (0.5%) (the "Current Coupon"). Pursuant to the Enrollment Agreement, the Current Coupon payable on a Tuition Certificate is irrevocably assigned by the Owner to MEFA and will not in any circumstances be available to the Owner.

Allocation of Tuition Certificates

At the time your Owner Account is established, and in the case of Owner Accounts previously established from time to time thereafter following each Cutoff Date, you will be asked to select the maturity or maturities of Tuition Certificates you wish to purchase upon the next issuance of Tuition Certificates, and, if you select more than one maturity of Tuition Certificates, the allocation to specific maturities of Tuition Certificates on a percentage basis of amounts available for such purchase in your Owner Account on the applicable Cutoff Date.



If no selection is made prior to a particular Cutoff Date, amounts in your Owner Account as of such Cutoff Date will be applied to the purchase of Tuition Certificates of the maturity or maturities, and in the percentages, of your most recent prior selection. If such prior selection included a maturity that is no longer being offered, the percentage selected for such maturity in such prior selection will be reallocated evenly across the previously selected maturities of Tuition Certificates that are being offered in the applicable year. For example, if prior to the Cutoff Date in 2020 you selected 2025, 2026 and 2027 Tuition Certificate maturities, and indicated amounts available in your Owner Account should be applied 25% to the 2025 maturity, 25% to the 2026 maturity and 50% to the 2027 maturity, and if you made no new selection prior to the Cutoff Date in 2021, amounts available in your Owner Account as of the Cutoff Date in 2021 generally would be applied to purchase Tuition Certificates issued in 2021 with the same maturities and in the same percentages. However, the 2025 maturity is not offered in 2021, so, if you have not made a new selection prior to the Cutoff Date in 2021, the 25% previously designated for the 2025 maturity will be reallocated evenly (12.5% each) to the 2026 and 2027 maturities; 37.5% of the amounts available in the Owner Account as of the Cutoff Date in 2021 will be applied to purchase the 2026 maturity (25% plus 12.5%), and 62.5% will be applied to, purchase the 2027 maturity (50% plus 12.5%).

Similarly, if prior to the Cutoff Date in 2021 you selected 2026, 2027 and 2028 Tuition Certificate maturities, and indicated amounts available in your Owner Account should be applied 25% to the 2026 maturity, 25% to the 2027 maturity and 50% to the 2028 maturity, and if you make no new selection prior to the Cutoff Date in 2022, amounts available in your Owner Account as of the Cutoff Date in 2022 generally would be applied to purchase Tuition Certificates issued in 2022 with the same maturities and in the same percentages, but, because the 2026 maturity will not be offered in 2022, if you do not make a new selection prior to the Cutoff Date in 2022, the 25% previously designated for the 2026 maturity will be reallocated evenly (12.5% each) to the 2027 and 2028 maturities; 37.5% of the amounts available in the Owner Account as of the Cutoff Date in 2022 will be applied to purchase the 2027 maturity (25% plus 12.5%), and 62.5% will be applied to, purchase the 2028 maturity (50% plus 12.5%).

Fees

Although in certain prior years applicants for the purchase of Tuition Certificates have been required to pay certain application and processing fees, MEFA has waived such fees with respect to purchases of Tuition Certificates to be issued in 2022. Certain other types of fees that MEFA may impose are described in the Original Offering Statement.

The U.Plan Prepaid Tuition Program

A smart way to save for college

The U.Plan allows you to get a head start paying for your child's college costs by locking in current rates on tuition and mandatory fees. It's one of the safest options to save for college. You can make a savings deposit anytime, and also set up regular, automatic deposits. All savings deposited prior to July 15, 2022 will lock in 2022-23 academic year tuition and mandatory fees. Savings deposited after July 15, 2022 will lock in 2023-24 academic year tuition and mandatory fees.

If your child doesn't attend a participating U.Plan school, you'll receive your savings back with interest! And you don't have to choose a college until it's time for your child to attend. U.Plan contributions can also qualify you for a MA state income tax deduction of up to \$1,000 for single filers, and up to \$2,000 for married persons filing jointly. Create an online U.Plan account to start saving, set up automatic deposits, request a disbursement, and review your U.Plan Statement.



Maturity Year Selection Guide

When saving in the U.Plan you'll need to select a maturity year(s), a year(s) which you anticipate your child to attend college.

You may designate a Tuition Certificate for just one maturity year or for up to five different maturity years. For example, if you choose your child's expected freshman, sophomore, junior, and senior years as maturity years, you will have U.Plan funds that mature in each of those years.

The available maturity years for the 2022 Annual Deposit Period are 2027 through 2042.

Consider a 4-year strategy

Think about saving for all four years that your child will be in college by designating more than one maturity year for each Tuition Certificate, and/or by saving in the U.Plan year after year. Your savings will accumulate and your percentages will add up.

EXAMPLE: Your child is in Grade 1 this current academic year. He will be in college in 2033, 2034, 2035, and 2036. You may purchase a Tuition Certificate for all 4 years. The minimum purchase amount is \$300.

For a \$400 contribution, 25% will translate to \$100 in each maturity year.

Maturity Year	Allocation Percentage
2033	25%
2034	25%
2035	25%
2036	25%
Total	100%

ANTICIPATED YEAR(S) MY CHILD WILL BE IN COLLEGE

Student's Current Grade (2021-22)	Freshman Year	Sophomore Year	Junior Year	Senior Year
Grade 10	N/A	N/A	N/A	2027
Grade 9	N/A	N/A	2027	2028
Grade 8	N/A	2027	2028	2029
Grade 7	2027	2028	2029	2030
Grade 6	2028	2029	2030	2031
Grade 5	2029	2030	2031	2032
Grade 4	2030	2031	2032	2033
Grade 3	2031	2032	2033	2034
Grade 2	2032	2033	2034	2035
Grade 1	2033	2034	2035	2036
Grade K	2034	2035	2036	2037
Age 4-5	2035	2036	2037	2038
Age 3-4	2036	2037	2038	2039
Age 2-3	2037	2038	2039	2040
Age 1-2	2038	2039	2040	2041
Age 0-1	2039	2040	2041	2042

Be sure to make any adjustments for your child's age and/or grade when selecting maturity year(s). Years listed refer to the academic year beginning with the fall semester. This chart assumes no interruptions of studies and no school district age requirements for kindergarten.

How far will your savings go?

Use this chart to get an idea of how far your UPlan savings will go at each of the participating colleges and universities. The tuition and mandatory fee amounts listed are for the academic year 2021-2022 and should only be used to help you estimate your purchase amount. The actual percentage for Tuition Certificates purchased during this enrollment period will be based on tuition and mandatory fees for the 2022-2023 academic year, which have not yet been set by the participating colleges and universities. **Remember, the deposit amounts shown (\$1,500 and \$3,000) are just examples. You may save any amount equal to or over \$300.**

Participating Schools	2021-2022 Tuition & Mandatory Fees	A \$1,500* deposit locks in this percentage:	A \$3,000* deposit locks in this percentage:
American International College	\$39,370	3.81%	7.62%
Amherst College	\$61,160	2.45%	4.91%
Anna Maria College	\$40,208	3.73%	7.46%
Assumption University	\$45,900	3.27%	6.54%
Babson College	\$54,944	2.73%	5.46%
Bay Path University	\$35,781	4.19%	8.38%
Benjamin Franklin Institute of Technology	\$17,550	8.55%	17.09%
Bentley University	\$55,350	2.71%	5.42%
Berklee College of Music	\$46,768	3.21%	6.41%
Berkshire Community College	\$5,492	27.31%	54.62%
Boston College	\$61,156	2.45%	4.91%
Boston University	\$59,816	2.51%	5.02%
Bridgewater State University	\$10,732	13.98%	27.95%
Bristol Community College	\$6,584	22.78%	45.57%
Bunker Hill Community College	\$6,600	22.73%	45.45%
Cape Cod Community College	\$6,690	22.42%	44.84%
Clark University	\$50,302	2.98%	5.96%
College of the Holy Cross	\$56,540	2.65%	5.31%
Curry College	\$43,270	3.47%	6.93%
Dean College	\$42,346	3.54%	7.08%
Eastern Nazarene College	\$27,212	5.51%	11.02%
Elms College	\$39,449	3.80%	7.60%
Emerson College	\$52,190	2.87%	5.75%
Emmanuel College	\$43,572	3.44%	6.89%
Endicott College	\$36,614	4.10%	8.19%
Fisher College	\$33,500	4.48%	8.96%
Fitchburg State University	\$10,655	14.08%	28.16%
Framingham State University	\$11,380	13.18%	26.36%
Gordon College	\$26,250	5.71%	11.43%
Greenfield Community College	\$5,642	26.59%	53.17%
Hampshire College	\$52,738	2.84%	5.69%

Participating Schools

	2021-2022 Tuition & Mandatory Fees	A \$1,500* deposit locks in this percentage:	A \$3,000* deposit locks in this percentage:
Hellenic College Holy Cross	\$22,490	6.67%	13.34%
Holyoke Community College	\$6,650	22.56%	45.11%
Laboure College	\$32,587.5	4.60%	9.21%
Lasell University	\$42,000	3.57%	7.14%
Lesley University	\$30,030	5.00%	9.99%
Massachusetts Bay Community College	\$7,050	21.28%	42.55%
Massachusetts College of Art and Design	\$13,800	10.87%	21.74%
Massachusetts College of Liberal Arts	\$11,306	13.27%	26.53%
Massachusetts Maritime Academy	\$10,516	14.26%	28.53%
Massasoit Community College	\$6,450	23.26%	46.51%
Merrimack College	\$46,916	3.20%	6.39%
Middlesex Community College	\$7,560	19.84%	39.68%
Montserrat College of Art	\$36,450	4.12%	8.23%
Mount Holyoke College	\$56,518	2.65%	5.31%
Mount Wachusett Community College	\$7,000	21.43%	42.86%
New England Conservatory of Music	\$53,730	2.79%	5.58%
Nichols College	\$37,300	4.02%	8.04%
North Shore Community College	\$6,790	22.09%	44.18%
Northeastern University	\$57,528	2.61%	5.21%
Northern Essex Community College	\$7,670	19.56%	39.11%
Pine Manor College	\$31,660	4.74%	9.48%
Quinsigamond Community College	\$7,060	21.25%	42.49%
Regis College	\$44,805	3.35%	6.70%
Roxbury Community College	\$5,784	25.93%	51.87%
Salem State University	\$11,675.20	12.85%	25.70%
Simmons University	\$43,062	3.48%	6.97%
Smith College	\$56,114	2.67%	5.35%
Springfield College	\$40,480	3.71%	7.41%
Springfield Technical Community College	\$6,846	21.91%	43.82%
Stonehill College	\$47,808	3.14%	6.28%
Suffolk University	\$41,648	3.60%	7.20%
University of Massachusetts Amherst	\$16,439	9.12%	18.25%
University of Massachusetts Boston	\$14,678	10.22%	20.44%
University of Massachusetts Dartmouth	\$14,408	10.41%	20.82%
University of Massachusetts Lowell	\$15,698	9.56%	19.11%
Wellesley College	\$60,752	2.47%	4.94%
Wentworth Institute of Technology	\$37,350	4.02%	8.03%
Western New England University	\$40,380	3.71%	7.43%
Westfield State University	\$11,139	13.47%	26.93%
Wheaton College	\$58,396	2.57%	5.14%
Worcester Polytechnic Institute	\$55,531	2.70%	5.40%
Worcester State University	\$10,586	14.17%	28.34%

**These amounts are examples of deposits made in the UPlan. We encourage you to save the amount that works best for your family, keeping in mind that the minimum amount is \$300.*

U.PLAN Purchase Request Form (Deposit Form)

SECTION 1: OWNER INFORMATION

The Account Owner is the person whose name and Social Security Number will be used on the Tuition Certificate. The Account Owner has full control and authority over the Beneficiary assignment and must be related to the Beneficiary.

(All fields are required)

Account Number _____

Social Security Number _____ Date of Birth _____

Last Name _____ First Name _____ M _____

Street Address _____

City _____ State _____ Zip Code _____

E-mail Address _____

Primary Phone Number _____ Other Phone Number _____

☐ This is a Mobile Phone.

☐ This is a Mobile Phone.

☐ Yes, I want to receive occasional text messages from MEFA.¹

¹By marking this box, I understand that MEFA and its affiliates and agents may contact me when there are account and service-related items that require my attention, including account updates, product offers, and important reminders. Notifications will be sent via telephone and automated text message or auto dialer. Message and data rates may apply. This is an optional service and is not required to receive goods and services from MEFA. You may revoke this authorization using any of the following revocation methods: (1) in writing to the mailing address, MEFA U.Plan, P.O. Box 3044, Milwaukee, WI 53201-9148; (2) by email to collegeplanning@mefa.org; (3) by text message sent to the telephone number from which you received a text.

SECTION 2: BENEFICIARY INFORMATION

The Beneficiary is the person designated by the Owner as the recipient of the Tuition Certificate benefits who is a "Qualifying Beneficiary" as described in the Enrollment Agreement. (All fields are required)

Social Security Number _____ Date of Birth _____

Last Name _____ First Name _____ M _____ Relationship _____

Complete Beneficiary address information if different from Owner address information.

Street Address _____

City _____ State _____ Zip Code _____

SECTION 3: SUCCESSOR OWNER INFORMATION (OPTIONAL)

To name a Successor Account Owner of all Tuition Certificates you purchase or have previously purchased for the Beneficiary and related rights of the Account Owner under the Enrollment Agreement (collectively, the "Account"), you will need to provide the following information. Any Successor Account Owner you designate will become the Account Owner in the event of your death and will have the right to direct MEFA as to the application of Tuition Certificate proceeds and the right to change the Beneficiary. You may remove or change the Successor Account Owner at any time by making the change to your Account online at mefa.org/uplan or by contacting MEFA and filling out the applicable form. Please note: The person you designate must be at least 18 years old at the time of the Account Owner's death to be eligible to become the Successor Account Owner. In the event of reasonable doubt, respecting the effectiveness of the Successor Account Owner designation, MEFA reserves the right, in its sole discretion, to require a judicial determination before effectuating a transfer of the Account to the designated Successor Account Owner.

(All fields are required)

Social Security Number _____ Date of Birth _____

Last Name _____ First Name _____ M _____

Street Address _____

City _____ State _____ Zip Code _____

Primary Phone Number _____

E-mail Address _____

SECTION 4: MATURITY YEAR ALLOCATIONS

You can save throughout the year, until July 15, 2022, for Tuition Certificates to be issued as of August 1, 2022. Please specify below how you would like your purchase(s) invested. Percentages must be whole numbers and equal 100%. We will allocate all 2022 purchases based on your instructions below.

- Maturity year correlates to the year(s) you expect the Beneficiary will be an undergraduate student.
- Please note that maturity years listed are the only years available for purchase in 2022.
- A minimum balance of \$300 as of July 15, 2022 is required to purchase Tuition Certificates to be issued as of August 1, 2022.

Maturity Year(s)	2022 Allocation Percentage	Maturity Year(s)	2022 Allocation Percentage
2027	_____ %	2035	_____ %
2028	_____ %	2036	_____ %
2029	_____ %	2037	_____ %
2030	_____ %	2038	_____ %
2031	_____ %	2039	_____ %
2032	_____ %	2040	_____ %
2033	_____ %	2041	_____ %
2034	_____ %	2042	_____ %

2022 Total Allocation Percentage = 100%

SECTION 5: PAYMENT (select all that apply)

<input type="checkbox"/> Personal check enclosed payable to the U. Plan \$ _____ Each purchase of Tuition Certificates will be allocated per your instructions in Section 4. Include the Beneficiary's name on the check. All checks must be in U.S. Dollars drawn on a domestic bank. We cannot accept payment in cash or money orders, postdated checks, or any conditional order or payment. To prevent check fraud, MEFA will not accept third-party checks, Treasury checks, credit card checks, traveler's checks, or starter checks for the purchase of certificates.	<input type="checkbox"/> Establish Automatic Investment Plan (see Section 6) Each purchase of Tuition Certificates will be allocated per your instructions in Section 4. An Automatic Investment Plan provides a convenient way to systematically invest in the U. Plan. Select the frequency and amount to be withdrawn from your checking or savings account and it will be automatically transferred to your U. Plan account.
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SECTION 6: AUTOMATIC INVESTMENT PLAN (AIP)

If you choose this option, funds will be automatically transferred from your bank account to your U. Plan account. Please see your U. Plan Program Description and Offering Statement for important details of the U. Plan, including requirements on Automatic Investment Plans and how funds in your U. Plan account will be invested before they are applied to the purchase of Tuition Certificates dated as of August 1, 2022. Please attach a voided check or savings deposits slip to Section 7 of this application. If the AIP cannot be made due to insufficient funds or stop payment, a \$25 fee will be assessed on your account. The AIP will then be terminated after two such consecutive occurrences.

Draw money for my AIP (check one): ☐ Monthly ☐ Quarterly

if no option is selected, the frequency will default to monthly

Amount Per Withdrawal _____

AIP Start Month _____

AIP Start Day: 5th

Note: The minimum withdrawal is \$25 monthly or \$75 quarterly. The AIP will be purchased on the 5th of the month requested or first business day after.

SECTION 7: BANK INSTRUCTIONS

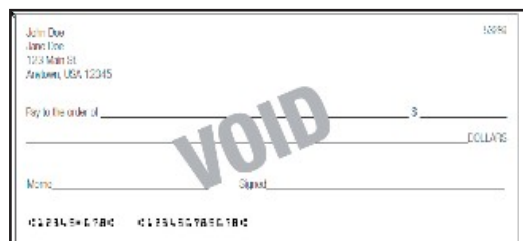
To add bank information to your U.Plan account, a voided bank check or preprinted savings deposit slip (not a counter deposit slip) is required. Please attach it to this section.

Bank Name _____

Bank Routing Number _____

Bank Account Number _____

Type ☐ Savings ☐ Checking



SECTION 8: SIGNATURE/ ACKNOWLEDGEMENT

By signing the below I acknowledge that I have received and reviewed the Program Description and Offering Statement date April 29, 2019 and Supplement Dated as of August 1, 2021 and the Enrollment Agreement included therein. This Purchase Request form, all Tuition Certificates purchased are subject to the terms and conditions of the Enrollment Agreement. When I buy a Tuition Certificate, I am investing in a unique investment that includes ownership of a portion of a Commonwealth of Massachusetts bond with some features that are substantially different from ordinary Massachusetts bonds. There are some uncertainties about the federal tax treatment of the income and other benefits received through this investment. Although in bond counsel's opinion it is more likely than not that I will not have to pay any federal income taxes on the benefits received on or relating to my Tuition Certificate, it is possible that the IRS could decide that a portion of those benefits is taxable. The Tuition Certificates are designed to be held until maturity, and are much less transferable than ordinary Commonwealth bonds. If I need money invested in a Tuition Certificate back before its Maturity Date, I may be unable to sell my Tuition Certificate. Neither MEFA nor the Commonwealth is obligated to buy my Tuition Certificate before maturity. Under current law, the Tuition Certificate may reduce the amount of financial aid that my Qualifying Beneficiary can obtain. By signing this Purchase Request Form, I, the Account Owner, agree to be subject to the terms and conditions of the Enrollment Agreement. By accepting a Purchase Request Form, MEFA agrees to be subject to the terms and conditions of the Enrollment Agreement. I understand that if I change my mind about purchasing Tuition Certificates in 2022, I can withdraw amounts in my Owner Account by notifying MEFA, Attn: MEFA U.Plan, P.O. Box 3044, Milwaukee, WI 53201-9148, in writing no later than July 15, 2022.

Under penalty of perjury, I certify that (1) the Social Security or taxpayer identification number shown on this form is my correct taxpayer identification number, and (2) I am not subject to backup withholding as a result of either being exempt from backup withholding, not being notified by the IRS of a failure to report all interest or dividends, or notification by the IRS that I am no longer subject to backup withholding, (3) I am a U.S. person (including a U.S. resident alien), and (4) I am exempt from FATCA reporting.

(Cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding due to a failure to report all interest and dividends.)

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

X

Signature of Owner

Date

SECTION 9: NOTICE

The USA PATRIOT Act requires certain entities to verify, and record the following information for all registered owners or others who may be authorized to act on an account: full name, date of birth, Social Security number, and permanent street address. This information will be used to verify your identity. We may return your application if any of this information is missing, and we may request additional information from you for verification purposes. In the rare event that we are unable to verify your identity, MEFA reserves the right to close your account and return amounts in your account.

SECTION 10: RETURN COMPLETED APPLICATIONS TO:

Standard Mail:
MEFA U.Plan
PO Box 3044
Milwaukee, WI 53201-9148

Overnight Express Mail:
MEFA U.Plan
c/o U.S. Bank Global Fund Services
615 E. Michigan St, FL3
Milwaukee, WI 53202-5207

To view details of your U.Plan account online, visit mefa.org/uplan.



Program Description and Offering Statement

As of April 29, 2019

mefa
UPLAN[®]

Prepaid Tuition Program

EFFECTIVE APRIL 29, 2019

Program Description and Offering Statement relating to the U.Plan: The Massachusetts Tuition Prepayment Program

This Program Description and Offering Statement (the “Offering Statement”) describes The U.Plan: The Massachusetts Tuition Prepayment Program (the “U.Plan” or the “Program”) administered by the Massachusetts Educational Financing Authority (“MEFA”), and is provided in connection with the offering, as part of the U.Plan, of beneficial ownership interests (called Tuition Certificates) in general obligation bonds to be issued for the Program by The Commonwealth of Massachusetts (the “Commonwealth”). Amounts on deposit in an Owner Account (described below) as of July 15, 2019 are expected to be applied to the purchase of Tuition Certificates associated with The Commonwealth of Massachusetts General Obligation Bonds, Consolidated Loan of 2019, College Opportunity Bonds Series A (the “2019 Bonds”). Amounts deposited in an Owner Account following the Cutoff Date in a calendar year through the Cutoff Date in the following calendar year are expected to be applied to the purchase of Tuition Certificates associated with similar bonds expected to be issued by the Commonwealth and dated as of the August 1 of such following calendar year. Purchase, ownership, transfer and use of Tuition Certificates are subject in all respects to the terms and conditions set forth in the Enrollment Agreement attached as Appendix A to this Offering Statement. In this Offering Statement, “you” refers to the person who opens an Owner Account for the purchase of one or more Tuition Certificates and who will own the Tuition Certificate(s) upon issuance thereof (the “Owner.”) The capitalized terms not otherwise defined in this Offering Statement have the meanings set forth in the Definitions Section of the Enrollment Agreement attached as Appendix A to this Offering Statement.

The 2019 Bonds and similar bonds expected to be issued in future years for the Program (together with the 2019 Bonds, the “Bonds”) and the associated Tuition Certificates are specially structured to accommodate the objectives of the U.Plan, and have certain features that are substantially different from those of ordinary bonds issued by the Commonwealth. You should read this Offering Statement in its entirety, including the information about tax matters relating to the Bonds and the Program and restrictions on transferability of Tuition Certificates, which substantially limit your ability to access moneys in the Program prior to the maturity of your Tuition Certificates, before you deposit any money in your Owner Account for the purchase of Tuition Certificates. This Offering Statement relates only to Tuition Certificates associated with the 2019 Bonds; a new offering statement, or a supplement to this Offering Statement, will be provided in connection with the offering of Tuition Certificates associated with Bonds to be issued in subsequent years.

In order to evaluate the creditworthiness of the 2019 Bonds, you should review certain financial, budgetary and economic information relating to the Commonwealth set forth in the Commonwealth’s most recent Information Statement, which as of the date of publication of this Offering Statement is expected to consist of the Information Statement of The Commonwealth of Massachusetts dated April 10, 2019 (the “Information Statement”). This Information Statement is not attached to this Offering Statement. Copies of the Information Statement are available on the Electronic Municipal Market Access (“EMMA”) system website of the Municipal Securities Rulemaking Board (the “MSRB”), which can be accessed at <http://emma.msrb.org>; the most recent version as of the printing date of this Offering Statement can be found at <https://emma.msrb.org/ER1211875-ER1349832.pdf>. In order to evaluate the creditworthiness of the 2019 Bonds, you should also review subsequent filings by the Commonwealth to the EMMA system prior to the issuance of the 2019 Bonds and associated Tuition Certificates, including any supplements to or revisions of the Information Statement and any continuing disclosure documents identified as “other financial/operating data” on the EMMA system. Exhibits B and C to the Information Statement contain the financial statements of the Commonwealth for the most recent fiscal year for which such financial statements have been prepared, currently the fiscal year ended June 30, 2018, prepared on a statutory basis and

on a GAAP basis, respectively. Such financial statements are also available at the website of the Comptroller of the Commonwealth. The Information Statement, together with any supplements or revisions thereof occurring prior to the issuance of Bonds and Tuition Certificates, also may be obtained by calling (800) 449-MEFA or may be reviewed at the offices of MEFA. If you review the Information Statement in connection with your decision to purchase Tuition Certificates, you should call (800) 449-MEFA prior to July 15 of the year in which the Tuition Certificates you are purchasing will be issued to obtain any supplements or revisions to such Information Statement occurring subsequent to your deposit of money to purchase a Tuition Certificate. See also “SECURITY FOR THE BONDS AND TUITION CERTIFICATES.”

Although MEFA expects that the Program will be substantially similar in future years, the features of the Program and Tuition Certificates described in this Offering Statement apply only to Tuition Certificates issued in 2019; please note that no representation or guarantee can be made that the features of the Program and the Tuition Certificates in future years will be similar in all respects to those described in this Offering Statement.

GENERAL PROGRAM DESCRIPTION

The U.Plan is a prepaid tuition program that permits you to save for a beneficiary’s undergraduate tuition and Mandatory Fees at participating Massachusetts colleges and universities (“Participating Institutions”) in a manner designed to preserve the purchasing power of your savings.

At the time of your enrollment in the Program, MEFA will establish an Owner Account as a book entry in the Owner’s name within an account established by MEFA to hold deposits received for the purchase of Tuition Certificates, provided that MEFA in its discretion may elect to use a segregated account maintained directly in the Owner’s name at a Program Account Institution. Amounts held in an Owner Account prior to their application to purchase Tuition Certificates will be invested in a taxable money market fund or, at MEFA’s election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Amounts in an Owner Account will earn interest or dividends (which will be taxable unless MEFA elects a tax-exempt money market fund) through the applicable Cutoff Date at a short-term interest rate based on the earnings realized through investment of such amounts. MEFA will report such interest to you as required by applicable tax law. Applicable tax law currently requires such reporting without regard to whether the interest is tax-exempt or taxable and without regard to whether such interest has been distributed to you or retained in the Owner Account. Following the applicable Cutoff Date, amounts in an Owner Account will be transferred to a separate MEFA account (the “Purchase Account”) where they will be held in trust by MEFA for the applicable Owner until the applicable Tuition Certificates are issued and applied to the purchase of such Tuition Certificates. Amounts in the Purchase Account will be invested by MEFA in a taxable money market fund or, at MEFA’s election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Any earnings on amounts in the Purchase Account will be retained by MEFA or paid to the Commonwealth.

At the time your Owner Account is established, and from time to time thereafter following each Cutoff Date, you will be asked to select the maturity or maturities of Tuition Certificates you wish to purchase upon the next issuance of Tuition Certificates, and, if you select more than one maturity of Tuition Certificates, the allocation to specific maturities of Tuition Certificates on a percentage basis of amounts available for such purchase in your Owner Account on the applicable Cutoff Date. On the applicable Cutoff Date, amounts on

deposit in an Owner Account as of the Cutoff Date, including any earnings thereon, will be irrevocably committed to the purchase of Tuition Certificates to be issued for the applicable year, provided such amounts are at least equal to \$300 or such other minimum purchase amount as MEFA may establish from time to time. Such amounts will be applied to the purchase of Tuition Certificates of the maturity or maturities you have selected upon their issuance. Prior to the applicable Cutoff Date, you may elect to withdraw all or any portion of the amounts on deposit in your Owner Account by making a withdrawal request to MEFA by phone at 1-800-449-6332, by mail to MEFA U.Plan, P.O. Box 3044, Milwaukee, WI 53201-9148, or by overnight mail to MEFA U.Plan, 615 E. Michigan St, FL 3, Milwaukee, WI 53202-5207; in such event the withdrawn amounts will not be applied to the purchase of Tuition Certificates.

Upon the purchase of one or more Tuition Certificates, you, the Owner, will receive a beneficial ownership interest in certain general obligation bonds issued by the Commonwealth that will bear interest at a rate linked to changes in the consumer price index ("CPI") as described under "THE BONDS AND THE TUITION CERTIFICATES." The tuition rights you will have as an Owner of Tuition Certificates at Participating Institutions in future years, as described below, are determined by the terms of Participation Agreements entered into by MEFA with each Participating Institution.

You must designate a beneficiary who is related to the Owner as described in the Enrollment Agreement (a "Qualifying Beneficiary"). Each Tuition Certificate will be issued with a schedule (the "Tuition Schedule") of percentages of a full academic year's educational services (that is, the services generally covered by tuition and Mandatory Fees) that can be obtained at each Participating Institution by the Qualifying Beneficiary in the academic year that begins in the year the Tuition Certificate matures, in exchange for the amount payable on the Tuition Certificate at maturity. The percentage recorded on the Tuition Schedule is the percentage of tuition and Mandatory Fees ("Tuition") at the Participating Institution that you could pay for with the original amount invested in the Tuition Certificate (the "Investment Amount") in the academic year that begins in the year you buy the Tuition Certificate. The actual percentages for each Participating Institution for the Tuition Schedule relating to Tuition Certificates issued in 2019 (or any subsequent year) are not available as of the date of this Offering Statement and may not be available for some Participating Institutions until after you have irrevocably agreed to purchase, and deposited money to pay for, the applicable Tuition Certificate. You will receive quarterly statements from the Program Recordkeeper regarding cash and Tuition Certificates in your Owner Account and, when applicable, cash in your Distribution Account; the quarterly statement for the last calendar quarter following the purchase of Tuition Certificates with amounts in your Owner Account will list such Tuition Certificates and the percentages recorded on the applicable Tuition Schedule.

When a Tuition Certificate matures or is tendered early (to the extent permitted under the Enrollment Agreement) an amount equal to the Investment Amount plus compounded interest at a rate equal to CPI plus 2% until the Maturity Date or Early Tender Date will be deposited in your Distribution Account, which MEFA will establish as a book entry in your name within an account established by MEFA to hold the proceeds of Tuition Certificates, provided that MEFA in its discretion may elect to establish such account directly in the Owner's name at a Program Account Institution. You, the Owner, must notify MEFA of your intent to apply or withdraw money from your Distribution Account, and such payment or withdrawal will be made after MEFA has confirmed that the amount to be paid or withdrawn has been properly calculated. You must maintain the payment you receive on your Tuition Certificate in your Distribution Account until such money is transferred directly to a Participating Institution to pay tuition for your Qualifying Beneficiary in a permitted year or until you decide to withdraw such money. You must apply the entire amount deposited in your Distribution Account from a particular Tuition Certificate to Program Uses and/or withdraw moneys in such subaccount from such Tuition

Certificate at the same time and no later than the beginning of the sixth academic year following the academic year that begins in the maturity year. After the beginning of such sixth academic year, MEFA will notify you of any balance remaining in your Distribution Account relating to the applicable matured Tuition Certificate and such amount will be paid over to you in accordance with your instructions as though you had made a withdrawal for a purpose other than Program Uses. Once withdrawn from the Distribution Account for a purpose other than Program Uses, moneys received on a Tuition Certificate will not entitle a Qualifying Beneficiary to Program advantages at any Participating Institution. Amounts held in the Distribution Account after a Tuition Certificate matures or is tendered will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. You will earn interest or dividends (which will be taxable unless MEFA elects a tax-exempt money market fund) at a short-term interest rate based on the earnings realized through such investment on such amounts on deposit in your Distribution Account and pay an annual fee on such account until such amounts are applied for Program Uses or withdrawn from the account. MEFA will report such interest to you as required by applicable tax law. Applicable tax law currently requires such reporting without regard to whether the interest is tax-exempt or taxable and without regard to whether such interest has been distributed to you or retained in the Distribution Account.

The Enrollment Agreement sets forth the requirements for applying your Tuition Certificate for a Qualifying Beneficiary's tuition in the academic year that begins in the year the Tuition Certificate matures. Alternatively, subject to the provisions of the Enrollment Agreement, it may be possible to use your Tuition Certificate for a Qualifying Beneficiary (a) in either of the two academic years that begin prior to the year the Tuition Certificate matures (but subject to the availability of Program funds) or (b) in any of the academic years that begin within six years after the year in which the Tuition Certificate matures. See Section 4.02 and Section 4.03 of the Enrollment Agreement. However, the amount of tuition and Mandatory Fees credited by a Participating Institution upon application of a Tuition Certificate in an academic year that begins after the year in which the Tuition Certificate matures is based on the value of the tuition and Mandatory Fees that would have been credited at such Participating Institution in the academic year beginning in the year in which the Tuition Certificate matures. This means that a Tuition Certificate "locks in" a specified percentage of tuition and Mandatory Fees at a Participating Institution in the academic year that begins in the year in which the Tuition Certificate matures, but does not keep up with any increases in tuition and Mandatory Fees at such Participating Institution, and does not guarantee any specified percentage of tuition and Mandatory Fees at such Participating Institution, in any academic year beginning after the year in which the Tuition Certificate matures.

Under the Participation Agreements, a Participating Institution is entitled to receive the Tuition Certificate Proceeds for the entire academic year on the first tuition payment date for such academic year. If less than the entire amount of tuition which can be paid with your Tuition Certificate is needed by such beneficiary at that Participating Institution, you can, among other options, designate one additional Qualifying Beneficiary (a "Qualifying Beneficiary Relative" as defined in Appendix A) and use the remaining portion of your Tuition Certificate in the same year to pay for tuition and Mandatory Fees for such second Qualifying Beneficiary at the same or another Participating Institution. A fee in an amount sufficient to cover the additional administrative costs associated with the designation of a second Qualifying Beneficiary may be charged by MEFA. See "FEES."

Tuition Certificates are structured for use by full-time students at Participating Institutions. Use of Tuition Certificates to pay for courses taken by part-time or continuing education students, or students in certificate programs, is dependent on the approval of

the particular Participating Institution, and whether a student will receive payment credit against the cost of tuition and Mandatory Fees for such types of coursework in excess of the dollar amount of Tuition Certificate proceeds received by the Participating Institution at the time of the applicable coursework is within the discretion of the applicable Participating Institution.

The amount payable on a Tuition Certificate on its Maturity Date will be the Investment Amount plus interest accrued from the date the Tuition Certificate was issued until the Maturity Date at a variable rate equal to the annual increase in CPI plus two per cent (2%), compounded annually. The Participating Institution is entitled to receive the full amount payable on the Tuition Certificate in exchange for its agreement to provide a guaranteed percentage of educational services in the academic year that begins in the year of maturity. CPI is the Consumer Price Index - All Urban Consumers, All Items, as published by the United States Department of Labor, Bureau of Labor Statistics (or, if such index is eliminated, any successor to such index) in the month before the applicable Bonds are issued and each subsequent July before the applicable Bonds are paid. The published CPI generally is based on data for the month before the month of publication. If you do not apply your Tuition Certificate to pay tuition for a Qualifying Beneficiary at a Participating Institution as provided in the Enrollment Agreement ("Program Uses"), the cash amount you, the Owner, will receive on the portion of the Investment Amount of your Tuition Certificate not applied to Program Uses will be equal to such portion plus interest accrued at CPI (sometimes referred to as "CPI flat"), compounded annually on each August 1 until the maturity date of your Tuition Certificate. Certain interest that accrues on the Bonds is assigned by the Owner to MEFA. See "THE BONDS AND TUITION CERTIFICATES."

The payments on a Tuition Certificate are derived from payments made by the Commonwealth on the Bonds, and MEFA has no obligation to make payments on a Tuition Certificate upon any delay or failure by the Commonwealth to make the applicable payment on the applicable Bonds. The obligation of a Participating Institution to credit a Qualifying Beneficiary with the percentage of Tuition set forth in the Tuition Schedule in the academic year that begins in the year in which the Tuition Certificate matures is a contractual obligation of the applicable Participating Institution, and is conditioned on receipt by the applicable Participating Institution of the full amount payable on the Tuition Certificate at maturity from payments made on the applicable Bonds by the Commonwealth, as well as on the Qualifying Beneficiary's admission and continued enrollment at the Participating Institution and the continued existence of the Participating Institution when the Tuition Certificate proceeds are applied. MEFA has no obligation with respect to the payment of, or the amount of, Tuition payable by a Qualifying Beneficiary at a Participating Institution and a Participating Institution has no obligation to credit any Tuition to the Qualifying Beneficiary of a Tuition Certificate upon any delay or failure by the Commonwealth to make the applicable payments on the applicable Bonds and/or any delay or failure by the Participating Institution to receive the full amount paid at maturity on a Tuition Certificate. If a Participating Institution were to fail to honor its obligation to credit Tuition Certificates appropriately, MEFA has the contractual right to seek enforcement of such obligation.

If a Qualifying Beneficiary becomes entitled to a refund of all or any portion of Tuition paid for with a Tuition Certificate, the Participating Institution will refund such portion to or as instructed by MEFA. The use of such amount is subject to the provisions of the Enrollment Agreement.

Tuition Certificates are offered when, as and if the applicable Bonds are issued by the Commonwealth. The 2019 Bonds and associated Tuition Certificates are expected to be issued on or after August 1, 2019, and will bear interest from August 1, 2019. In prior years the Commonwealth bonds issued in connection with the Program have been issued after the August 1 date on which interest begins to accrue; the 2019 Bonds and related Tuition Certificates will bear,

and Bonds issued for the Program in future years and related Tuition Certificates are expected to bear, interest from August 1 of the year for which they are issued, regardless of the actual issuance date. Tuition Certificates are designed as long-term investments for the purpose of financing college education at Participating Institutions, and you should not purchase Tuition Certificates if you anticipate a need to transfer or liquidate the investment before the Tuition Certificate's Maturity Date. The ability to transfer ownership of or sell your Tuition Certificate prior to maturity, and accordingly the ability to obtain cash for your Tuition Certificate prior to maturity, is significantly limited by the terms of the Enrollment Agreement as compared to other Commonwealth bonds. See "THE BONDS AND THE TUITION CERTIFICATES - Transfer or Sale of the Tuition Certificates" in this Offering Statement.

The legal opinions concerning the tax consequences of ownership and use of Tuition Certificates to be delivered in connection with the issuance of the 2019 Bonds and associated Tuition Certificates are described under the heading "TAX MATTERS" in this Offering Statement. Because of the unique features of the Program, such opinions differ from the opinions ordinarily given in connection with Commonwealth bonds, and reflect a lesser degree of certainty about the tax treatment of the Bonds and the Tuition Certificates. Owners of Tuition Certificates who reside in states other than Massachusetts should consult their tax advisors as to the state income tax consequences of ownership of Tuition Certificates. In states other than Massachusetts, state income tax may be due on the accruing interest of CPI plus up to 2% and on the 0.5% semi-annual current interest described herein.

A variety of savings and investment products are available to parents and other persons who wish to provide for the future payment of tuition and other higher education costs for their children or other beneficiaries. There are substantial differences in the structure, benefits, risks and liquidity provided by each such program, and the appropriateness of any such program, and the relative benefits of participating in any particular program, may depend on the particular program, the particular individual, the particular timeframe and other factors. No assurance can be provided that the performance of the U.Plan and the Tuition Certificates in general or for any particular Owner or Qualifying Beneficiary will compare favorably with existing alternative savings and investment products or ones that may be developed in the future. For example, MEFA offers an alternative tuition savings program, called the "U.Fund," which has significantly different features from the U.Plan, and other programs may be developed from time to time by MEFA and other entities. In addition, other tax-advantaged prepaid tuition programs, including prepaid tuition programs that may include some of the private colleges and universities participating in the U.Plan, are in existence or may arise from time to time. You should carefully evaluate whether the features of the U.Plan meet your objectives relative to other potential investments before investing in the U.Plan's Tuition Certificates. See "CERTAIN INVESTMENT CONSIDERATIONS."

For information regarding what happens if the demand for Tuition Certificates exceeds the available supply, or if because of changes in tax laws or other reasons Bonds and Tuition Certificates are not issued, see "ALLOCATION OF TUITION CERTIFICATES; APPLICATION OF AMOUNTS NOT APPLIED TO TUITION CERTIFICATE PURCHASES."

Under certain circumstances, applicants for Tuition Certificates may receive tuition certificates representing beneficial ownership interests in Commonwealth general obligation bonds issued in prior years in connection with the Program. The percentages of Tuition set forth on the Tuition Schedule for any such tuition certificate will be based on the academic year tuition that could be purchased at each Participating Institution with the applicant's Investment Amount in the academic year in which such Tuition Certificates are purchased, and such tuition certificates will function in all other respects in the same manner as the Tuition Certificates described in this Offering Statement.

THE 2019 BONDS AND THE TUITION CERTIFICATES

The 2019 Bonds and associated Tuition Certificates will bear interest

as described below from August 1, 2019. The interest payments received by an Owner of a Tuition Certificate with respect to any portion of the initial Investment Amount not applied to Program Uses, will, after deduction of Assigned Payments, be less than the stated interest rate payable on the 2019 Bonds and associated Tuition Certificate, as described under "Cash Payments Received by Owners of Tuition Certificates." The 2019 Bonds will mature on August 1 in the years from 2024 through 2039 and in the aggregate initial principal amounts determined prior to the issuance thereof by the Commonwealth, after consultation with MEFA, based on considerations including the aggregate demand for Tuition Certificates of each maturity and applicable legal and financial constraints on the aggregate initial principal amount of Bonds and on the initial principal amount of Bonds of each maturity. It is expected that Bonds and Tuition Certificates offered in 2020 will be issued on or after August 1, 2020 (with interest accruing from August 1, 2020, regardless of the actual issuance date) and will mature on August 1, 2025 through August 1, 2040 and that, in subsequent years, the Bonds and Tuition Certificates offered generally would mature five to twenty years after the year of issuance. The Bonds will be delivered upon issuance to MEFA as the Program Custodian, and may be held by the Program Custodian through a sub-custodian. The Program Custodian will maintain a record of the book-entry system beneficial ownership interests represented by Tuition Certificates; you will not receive physical certificates.

Stated Interest Rates

Interest on the 2019 Bonds and Tuition Certificates is payable as follows:

- (i) Each 2019 Bond, and each Tuition Certificate representing a fractional beneficial ownership interest in such Bond, will bear interest, payable at maturity, on its respective Accreted Amount at an annual interest rate equal to the Standard Accrual Rate. The Standard Accrual Rate will be equal to the percentage change in CPI since the preceding August 1 (or, in the case of the August 1 immediately following the Issue Date, the annualized percentage change in CPI since the Issue Date), plus 200 basis points (2.0%).
- (ii) Each 2019 Bond, and each associated Tuition Certificate representing a fractional beneficial ownership interest in such Bond, will bear interest on the initial principal amount or Investment Amount thereof, as applicable, payable semi-annually on each August 1 and February 1, beginning February 1, 2020, at an annual rate of 50 basis points (0.5%) (the "Current Coupon"). Pursuant to the Enrollment Agreement, the Current Coupon payable on a Tuition Certificate is irrevocably assigned by the Owner to MEFA and will not in any circumstances be available to the Owner.

Cash Payments Received by Owners of Tuition Certificates

The amount payable at maturity on a Tuition Certificate, equal to the Accreted Amount of the Tuition Certificate at the Standard Accrual Rate, will be deposited on the Maturity Date to the applicable Distribution Account, unless it is transferred directly to a Participating Institution as directed by the Owner pursuant to the Enrollment Agreement. With respect to any portion of the initial Investment Amount of a Tuition Certificate not applied to Program Uses, the Owner will receive, after deduction of the Stabilization Fee assigned by the Owner to MEFA and upon compliance with the provisions of the Enrollment Agreement for the withdrawal thereof from the Owner Account, a portion of the interest paid on the Tuition Certificate equal to interest from the Issue Date until the Maturity Date at CPI flat. The amount available for withdrawal will not include the Current Coupon or any portion of the 2% in interest over CPI flat payable at maturity. See "CERTAIN INVESTMENT CONSIDERATIONS."

Transfer or Sale of the Tuition Certificates

Tuition Certificates are designed as long-term investments for purposes of financing college education at Participating Institutions and should not be purchased on behalf of Owners who anticipate a need to transfer or liquidate the investment prior to

the Tuition Certificate's Maturity Date. The Tuition Certificates are not transferable except as provided in the Enrollment Agreement. Permissible transfers include transfers of ownership to the Qualifying Beneficiary (or to a custodian for the Qualifying Beneficiary) or to another individual with respect to whom the Tuition Certificate's Qualifying Beneficiary has been certified, to the satisfaction of MEFA, to be the transferee Owner's sibling or a lineal descendant of the transferee Owner or of the transferee Owner's sibling. See Section 5.05 of the Enrollment Agreement attached as Appendix A to the Offering Statement. In addition, the Owner may, at the time of purchase of a Tuition Certificate or thereafter, designate (or change the designation of) a Successor Owner, who will become the Owner of the Tuition Certificate and the rights of the Owner under the Enrollment Agreement in the event of the death of the designating Owner prior to use of the Tuition Certificate proceeds. See Section 5.06 of the Enrollment Agreement attached as Appendix A to the Offering Statement.

A limited amount of money may be available to MEFA in each year to purchase prior to maturity Tuition Certificates of Owners who establish financial hardship requiring early access to invested funds. An Early Withdrawal Fee may be payable in connection with any such sale prior to maturity. In addition, Owners who desire to sell their Tuition Certificates prior to maturity but who do not establish financial hardship may be able to sell their Tuition Certificates directly or transfer such Tuition Certificates through the Program. See Section 5.03 of the Enrollment Agreement attached as Appendix A to the Offering Statement. There can be no assurance, however, that the Owner of a Tuition Certificate will be able to sell the Tuition Certificate prior to maturity (whether or not such Owner establishes financial hardship), and, in the event of any such sale, such an Owner may realize a loss. Furthermore, in the event that the Owners of a substantial amount of Tuition Certificates seek to sell their Tuition Certificates in any particular year through the Program, the likelihood that the Program will be able to accommodate the request of any particular Owner will be decreased.

TAX MATTERS

The information set forth in this section of this Offering Statement describes certain general aspects of the expected tax treatment of the 2019 Bonds and associated Tuition Certificates under current law. A taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Income Tax Consequences

The Program is unique in its structure and therefore there is a lesser degree of certainty about its federal income tax consequences than is ordinarily the case for investments in Commonwealth bonds. However, subject to the qualifications discussed below, it is expected that income earned on a Tuition Certificate by the Owner of the Tuition Certificate will be excluded from gross income for purposes of federal personal income taxes, and will not be an item of tax preference for purposes of federal income taxes. It also is expected that the application of the principal of and interest on a Tuition Certificate to pay for educational services at a Participating Institution will not generate taxable income to the Owner or Qualifying Beneficiary, even if the value of the educational services received exceeds the amount paid in exchange for such services. Owners who transfer their ownership interest in Tuition Certificates prior to the Maturity Date thereof may be subject to income taxes on any capital gain realized as a result of such transfer.

The income tax consequences described above reflect the opinions expected to be delivered in connection with the issuance of the 2019 Bonds and the associated Tuition Certificates by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, which will serve as bond counsel in connection with the issuance of the 2019 Bonds ("Bond Counsel") and as special counsel in connection with the issuance of the associated Tuition Certificates. Delivery of such opinions is a condition to the issuance of the 2019 Bonds and the Tuition Certificates.

No ruling has been requested or obtained from the Internal

Revenue Service on the tax treatment of the 2019 Bonds, the Tuition Certificates and various other aspects of the Program. The opinions of counsel to be delivered in connection with the issuance of the 2019 Bonds and the Tuition Certificates will represent counsel's judgment that if the Internal Revenue Service were to challenge an Owner's position that no income tax is due and the matters were to be determined in judicial proceedings, under the law in effect on the date such opinions are delivered, it is more likely than not that these issues would be resolved as stated in the opinions. The delivery of such opinions does not constitute a guarantee as to the outcome if the Internal Revenue Service were to challenge an Owner's position or an assertion that there is no reasonable basis for the Internal Revenue Service to challenge the conclusions reached in the opinions, and such opinions reflect a lesser degree of certainty than is typical in connection with tax-exemption opinions delivered upon issuance of Commonwealth bonds. If the Internal Revenue Service were to challenge an Owner's position and prevail, the Owner could be subject to annual income taxes on (i) a portion of the accruing stated interest on the Tuition Certificates, (ii) a portion of the current interest assigned to MEFA and/or (iii) the difference between then-prevailing tuition costs at the Participating Institution attended by the Qualified Beneficiary and the dollar amount actually paid by the Owner or Qualified Beneficiary for the educational services purchased with the Tuition Certificate, in each case notwithstanding the lack of cash income on the Tuition Certificates to such Owner.

The opinion to the effect that payments made by the Commonwealth on the 2019 Bonds and associated Tuition Certificates are excluded from gross income for federal income tax purposes will be based principally on the treatment of such payments as interest on a Commonwealth bond. In the case of a Tuition Certificate, or any portion of a Tuition Certificate, used by the Owner to pay tuition costs at the Participating Institution attended by the Qualified Beneficiary, the opinion, with respect to the portion of the accruing stated interest on the Tuition Certificate which exceeds CPI, also will be based on the alternative treatment of such portion of the accruing stated interest as a tax-exempt qualified scholarship under current law. If current law with respect to the tax treatment of qualified scholarships were to change subsequent to the issuance of the 2019 Bonds and Tuition Certificates and prior to the use of the Tuition Certificate at a Participating Institution, it is possible that the portion of the accruing stated interest on the Tuition Certificate which exceeds CPI would constitute taxable income in whole or in part. In the case of a Tuition Certificate, or any portion of a Tuition Certificate, that is not used by the Owner to pay tuition costs at the Participating Institution attended by the Qualified Beneficiary, the opinion, with respect to the portion of the accruing stated interest on the Tuition Certificate which exceeds CPI, also will be based on the alternative treatment of such portion of the accruing stated interest as not constituting income of the Owner because such amount is assigned by the owner to MEFA as a condition to and at the time of the purchase of the applicable Tuition Certificate. Because the payment structure of the 2019 Bonds is unique to the Program, such opinion to the effect that payments made by the Commonwealth on the 2019 Bonds and associated Tuition Certificates are excluded from gross income for federal income tax purposes will be subject to the qualifications and lesser degree of certainty discussed in the preceding paragraph, which are not present in bond counsel opinions typically rendered in connection with the issuance of Commonwealth bonds and other tax-exempt municipal bonds.

As is the case with other bonds issued by the Commonwealth, the opinion as to tax treatment will be expressly conditioned upon compliance by the Commonwealth with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), which requirements must be satisfied after the date of issuance of the 2019 Bonds in order to assure that the interest on the 2019 Bonds and associated Tuition Certificates is and continues to be excludable from the gross income of the Owner. Failure to comply could cause the interest on the 2019 Bonds and associated Tuition Certificates to be included in the gross income of the Owner, retroactive to the date of issuance of the 2019 Bonds. In particular, and without limitation, those requirements include restrictions on the use, expenditure and investment by the Commonwealth of bond proceeds and the

payment by the Commonwealth of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Commonwealth will provide covenants and certificates as to its continued compliance with such requirements.

Bond Counsel is of the opinion that interest or other income earned with respect to the 2019 Bonds and associated Tuition Certificates, including any profit made on the sale thereof, is exempt from Massachusetts personal income taxes, and that the 2019 Bonds and associated Tuition Certificates are exempt from Massachusetts personal property taxes. Bond counsel has not opined as to other Massachusetts tax consequences arising with respect to the 2019 Bonds. Prospective owners of Tuition Certificates should be aware, however, that the 2019 Bonds and associated Tuition Certificates and the interest or other income thereon are included in the measure of Massachusetts corporate excise and franchise taxes, and the 2019 Bonds and associated Tuition Certificates may be included in the measure of Massachusetts estate and inheritance taxes. Owners of Tuition Certificates who reside in states other than Massachusetts should consult their tax advisors as to the state income tax consequences of ownership of Tuition Certificates. In states other than Massachusetts, state income tax may be due on the accruing interest of CPI plus 2% and on the 0.5% semi-annual current interest.

For federal and Massachusetts tax purposes, interest on a Tuition Certificate includes original issue discount allocable to the Owner of such Tuition Certificate. Although the appropriate timing of reporting is not free from doubt, because Tuition Certificates are instruments associated with a state-sponsored prepaid tuition plan, MEFA intends to report the tax-exempt original issue discount on the Tuition Certificates when it is irrevocably paid into the Owner Account. Accordingly, MEFA intends to report to the IRS and the Owner for the year of the Maturity Date or, if applicable, the Early Tender Date tax-exempt original issue discount in an amount equal to the difference between the Owner Accreted Amount of the applicable Tuition Certificate in such year and the initial offering price of the Tuition Certificate to the public. In addition, for the year of any withdrawal from an Owner Account for Program Uses, MEFA intends to report to the IRS and the Owner tax-exempt original issue discount in an amount equal to the difference between the Accreted Amount of the Tuition Certificate at the Standard Accrual Rate in the year of the Maturity Date or, if applicable, Early Tender Date and the Owner Accreted Amount of the applicable Tuition Certificate in the year of the Maturity Date or, if applicable, the Early Tender Date. Owners should consult their tax advisors with respect to the computation of original issue discount on such accruals of interest during the period in which any Tuition Certificate is held.

Bond Counsel will not opine as to other federal tax consequences of owning the Tuition Certificates. However, prospective Owners of Tuition Certificates should be aware that section 86 of the Code requires recipients of certain Social Security and Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Tuition Certificate and that receipt of investment income, including interest on the Tuition Certificates, may disqualify the recipient thereof from obtaining the earned income credit under section 32(i) of the Code. In addition, if a Tuition Certificate is transferred to a corporation, interest on the Tuition Certificates may be taken into account under section 832(b)(5)(B)(i), section 884 and section 1375 of the Code. The amount of interest taken into account for such purposes would be greater than the cash payment received by the Owner after deduction of Assigned Payments. See "THE BONDS AND THE TUITION CERTIFICATES - Interest on the Bonds and Tuition Certificates."

The opinions described above relate only to income in connection with a Tuition Certificate. Any income received by an Owner on any amounts on deposit in an Owner Account prior to their application to the purchase of Tuition Certificates or in a Distribution Account following the tender or maturity of Tuition Certificates may be subject to federal and state income taxes. Unless MEFA in its discretion invests amounts on deposit in an Owner Account or Distribution Account in tax-exempt instruments, income received by an Owner on amounts in the Owner Account prior to the purchase of Tuition Certificates or in a Distribution Account from the Maturity

Date or Early Tender Date until the date such amounts are applied or withdrawn by the Owner will be subject to federal and state income taxes in the year in which such interest is credited to the Owner Account. Applicable tax law requires that MEFA report such income to the Owner annually, without regard to whether the income is tax-exempt or taxable and without regard to whether such income has been distributed to the Owner or retained in the Owner Account.

Massachusetts Income Tax Deduction for Purchases of Tuition Certificates

For tax years beginning on or after January 1, 2017 through the tax year beginning on January 1, 2021, Massachusetts provides a limited tax deduction for amounts expended by a Massachusetts taxpayer for the purchase of an interest in, or the amount contributed in the taxable year to an account in, a prepaid tuition program or college savings program established by the Commonwealth or an instrumentality or authority of the Commonwealth. Amounts expended by the Owner on the purchase of a Tuition Certificate are eligible for such deduction. For a single person or a married person filing a separate return or as head of household, the total amount deducted in the applicable taxable year under this deduction item may not exceed \$1,000; in the case of a married couple filing a joint return, the total amount deducted in the applicable taxable year under this deduction item may not exceed \$2,000. A deduction taken for the purchase of a Tuition Certificate is subject to recapture in the taxable year(s) in which a withdrawal is made for a reason other than: (i) to pay qualified higher education expenses as defined in 26 U.S.C. 529(e)(3); or (ii) the Qualifying Beneficiary's death, disability or receipt of a scholarship.

Gift Tax Consequences

The gift tax treatment of Tuition Certificates will depend on whether the U.Plan is deemed a "qualified tuition program" under Section 529 of the Code. In general, Section 529 of the Code permits income tax deferral on investment earnings with respect to a qualifying prepaid tuition program or state tuition savings plan until such investment earnings are distributed to the account owner or the account owner's beneficiary. The income tax consequences of participation in the U.Plan (as described under "Income Tax Consequences" above) are not based on its qualification under Section 529, and, in the opinion of MEFA's special counsel, although the matter is not free from doubt, it is more likely than not that Section 529's gift tax provisions are inapplicable to the U.Plan. If the U.Plan is not treated as a "qualified tuition program" under Section 529, it is expected that, under current law, neither the designation by the Owner of a Qualifying Beneficiary nor the use of Tuition Certificates to make payments to a Participating Institution with respect to a Qualifying Beneficiary's tuition will subject the Owner to the federal gift tax.

Although MEFA does not believe that the Section 529 gift tax provisions are applicable to the U.Plan, because no definitive determination of the applicability of Section 529 to the U.Plan has been obtained, Owners should be aware that any contribution to a Section 529 "qualified tuition program" on behalf of any designated beneficiary is treated as a completed gift to such beneficiary as of the date of such contribution, and does not qualify for gift tax exclusion under Section 2503(e) of the Code, which excludes from gift tax amounts paid on behalf of an individual to an educational institution for the education or training of such individual. In general, gifts in calendar year 2019 of a present interest in property of value up to \$15,000 (which amount is subject to future adjustment for inflation) by a donor (\$30,000, subject to future adjustment for inflation, by a married couple filing a joint return and making a gift-splitting election) to any person are excludable from the federal gift tax. Under federal tax provisions currently in effect, a donor currently has a lifetime exemption of \$11,400,000 (as of 2019, and indexed for inflation) that may be applied to gifts in excess of the gift tax annual exclusion amounts referred to above made after December 31, 2017 and before January 1, 2026, and a lifetime exemption of \$5,600,000 (as of 2018, and indexed for inflation) that may be applied to gifts made before January 1, 2018 or after December 31, 2025. The maximum gift tax rate imposed on gifts not

sheltered by the annual exclusion or lifetime exemption is 40%.

Owners should consult their tax advisors with respect to the gift tax consequences of gifts of Tuition Certificates and/or the designation of a Qualifying Beneficiary or transfer of proceeds of a Tuition Certificate.

POTENTIAL CHANGES IN TAX CONSEQUENCES

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the 2019 Bonds and the associated Tuition Certificates, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax treatment of income on the 2019 Bonds or associated Tuition Certificates, the tax consequences of the purchase or ownership of the 2019 Bonds or associated Tuition Certificates, or the tax consequences of the application of payments received on the 2019 Bonds or associated Tuition Certificates. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the federal or state tax benefits of ownership of the 2019 Bonds or associated Tuition Certificates. Deficit reduction measures, including the limitation of federal tax expenditures, will be under ongoing consideration by the United States Congress, as will tax reform proposals. These efforts to date have included provisions to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds currently outstanding. Any such proposed changes could affect the benefits associated with the 2019 Bonds or associated Tuition Certificates. In particular, if provisions were enacted reducing the benefit to higher tax bracket bondholders of the exclusion from income of interest on tax-exempt bonds, an Owner in the applicable tax bracket could become subject to annual income taxes on (i) a portion of the accruing stated interest on the Tuition Certificates and/or (ii) a portion of the current interest assigned to MEFA, in each case notwithstanding the lack of cash distributions on the Tuition Certificates to such Owner in the applicable tax year.

Owners should consult their own tax advisors with respect to any of the foregoing.

ALLOCATION OF TUITION CERTIFICATES; APPLICATION OF AMOUNTS NOT APPLIED TO TUITION CERTIFICATE PURCHASES

MEFA will make every effort to ensure that every Owner selecting a Tuition Certificate with a specified Maturity Date receives a Tuition Certificate with the requested Maturity Date, but cannot assure that a Tuition Certificate will be available for the full amount designated by the Owner for the purchase of the applicable Tuition Certificate. To date, since inception of the U.Plan program in 1995, MEFA has been able to accommodate demand for Tuition Certificates of each offered maturity in each year. The amount of 2019 Bonds of each maturity to be issued by the Commonwealth in 2019 and the amount of Bonds of each maturity to be issued by the Commonwealth in subsequent years is and will be limited. If demand for Bonds of a specified maturity exceeds the available supply, Tuition Certificates will be allocated among Owners who have specified such maturity and the initial Investment Amount of each Tuition Certificate will be determined in accordance with allocation procedures established for the Program, which allocation procedures may be changed by MEFA from time to time. In addition, MEFA reserves the right to reduce the Investment Amount of Tuition Certificates that could be purchased with the amount available in the Owner Account upon a determination that such amount exceeds the amount necessary to provide for the qualified higher education expenses of the designated Qualifying Beneficiary. You may cancel your commitment to purchase Tuition Certificates in 2019 by withdrawing funds from your Owner Account no later than July 14, 2019.

The quarterly statement for the last calendar quarter following the purchase of Tuition Certificates with amounts in your Owner Account will list the Investment Amount and maturity date of each such Tuition Certificate allocated to your Owner Account and the percentages recorded on the applicable Tuition Schedule. If amounts in an Owner Account committed to the purchase of Tuition

Certificates in a particular year exceed the aggregate Investment Amount of Tuition Certificates allocated to such Owner, the excess amount will remain in the Owner Account and may be withdrawn by the Owner or maintained in the Owner Account for purchase of Tuition Certificates issued in a subsequent year.

As soon as practicable after the Cutoff Date, the Commonwealth is expected to execute a purchase contract with MEFA under which the Commonwealth will agree to issue the 2019 Bonds with interest accruing as of August 1, 2019. The 2019 Bonds may be issued on or after August 1. Issuance of the 2019 Bonds will be contingent on the fulfillment of various conditions set forth in such purchase contract, including the delivery on the date of issuance of legal opinions as to the validity of the 2019 Bonds and the expected tax-exempt nature of the interest thereon. See "TAX MATTERS" herein. It is possible that events might preclude the Commonwealth from issuing the 2019 Bonds on a timely basis. In such event, no 2019 Bonds or associated Tuition Certificates would be issued, and the amount committed to such purchase would remain in the Owner Account and may be withdrawn by the Owner or maintained in the Owner Account for purchase of Tuition Certificates issued in a subsequent year.

FEES

Although in certain prior years applicants for the purchase of Tuition Certificates have been required to pay certain application and processing fees, MEFA has waived such fees with respect to purchases of Tuition Certificates to be issued in 2019.

The Enrollment Agreement provides that MEFA may charge the following fees: (i) a Family Transfer Fee in connection with any transfer of a Tuition Certificate pursuant to Section 5.05 of the Enrollment Agreement; (ii) a Transfer Fee in connection with any other transfer of ownership of a Tuition Certificate; (iii) a Change of Beneficiary Fee in connection with a change in the name of the Qualifying Beneficiary of a Tuition Certificate; (iv) an Early Withdrawal Fee in connection with a sale of a Tuition Certificate to MEFA prior to maturity; (v) an Additional Beneficiary Fee in connection with the Owner's designation of a Secondary Qualifying Beneficiary of a Tuition Certificate; and (vi) a Post Maturity Fee payable for each year after the Maturity Year in which Tuition Certificate proceeds remain on deposit in a Distribution Account. Although MEFA currently is not assessing such fees in connection with the Program, it reserves the right to do so at a future date. If imposed, such fees are expected to be of modest amount and would be designed to reimburse MEFA for the costs of processing the transaction in question.

MEFA will impose a fee, which is \$25 as of the date of this Offering Statement, for checks or other forms of deposit to an Owner Account which are uncollectable or not funded due to insufficient funds or a stop payment order.

SECURITY FOR THE BONDS AND TUITION CERTIFICATES

The Bonds will be general obligations of the Commonwealth to which its full faith and credit will be pledged for the payment of principal and interest when due. The Bonds do not and will not represent obligations of MEFA, the Participating Institutions or any party other than the Commonwealth. None of MEFA, any Participating Institution or any party other than the Commonwealth is responsible for the timely payment by the Commonwealth of amounts due on the Bonds. Participating Institutions are not obligated to provide the Program benefits described herein and in the Enrollment Agreement if timely payment on the Bonds is not made by the Commonwealth or if for any other reason proceeds of Tuition Certificates are not delivered to the Participating Institutions as required under the Participation Agreements. The Commonwealth has no responsibility under the Program other than to pay the principal of and interest on the Bonds to the Program Custodian when due in accordance with the terms of the Bonds. As described below, the Program Custodian is responsible for the transfer to or for the benefit of the Owners of Tuition Certificates of payments made by the Commonwealth on the Bonds.

The Commonwealth will undertake to file with the Electronic

Municipal Market Access system maintained by the Municipal Securities Rulemaking Board its annual reports and notices of certain events relating to the Commonwealth's financial condition. A description of this undertaking is set forth in the most recent official statement of the Commonwealth, which is incorporated herein by reference. A copy of such official statement may be obtained by calling 1-800-449-MEFA.

The Tuition Certificates represent fractional beneficial ownership interests in Bonds of a specified maturity. MEFA as the Program Custodian will hold the Bonds (and may do so through a sub-custodian) and maintain a register of the Owners of the Tuition Certificates, in reliance on information provided by the Program Recordkeeper. The Program Custodian will receive payments made by the Commonwealth on the Bonds and will be responsible for transferring payments to the Owners of Tuition Certificates by transferring such payments to the applicable Distribution Account.

The Commonwealth will not have any responsibility or obligation to the Owners, Qualifying Beneficiaries or Participating Institutions with respect to the accuracy of any records maintained by the Program Custodian or the Program Recordkeeper, the payment by the Program Custodian of, or the providing of notice to, the Owners, Qualifying Beneficiaries or Participating Institutions, or with respect to any other action taken by the Program Custodian, Program Recordkeeper or MEFA, or assuming payment on the Bonds when due, for delivery of the proceeds of Tuition Certificates to the Participating Institutions as required by the Participation Agreements. The Participating Institutions will not have any responsibility or obligation to the Owners or Qualifying Beneficiaries with respect to the accuracy of any records maintained by the Program Custodian or the Program Recordkeeper, the payment by the Program Custodian of, or the providing of notice to, the Owners or Qualifying Beneficiaries, or with respect to any other action taken by the Program Custodian, Program Recordkeeper or MEFA, or for delivery of the proceeds of Tuition Certificates to the Participating Institutions as required by the Participation Agreements.

The Tuition Certificates are payable solely from payments on the associated Bonds received by the Program Custodian. The Program Custodian is not authorized to proceed against the Commonwealth in the event of a default on a Bond or to assert the rights and privileges of Owners of Tuition Certificates, and has no duty to do so, except that the Program Custodian, at the request of any Owner of a Tuition Certificate (but at the expense and risk of the Owner), shall take such action, in its capacity as Program Custodian and as the nominal holder of the Bond to which the Tuition Certificate owned by such Owner relates, as may be necessary or appropriate to preserve the rights of such Owner to proceed directly and individually against the Commonwealth. The Program Custodian shall not be required, however, to take any such action unless reasonable indemnity is furnished for any expense or liability to be incurred thereby.

Any obligations undertaken by MEFA under the Enrollment Agreement are limited obligations of MEFA payable only from revenues generated by the Program and available to MEFA.

No rating has been applied for on the Bonds and no application for a rating is currently contemplated.

THE PROGRAM RECORDKEEPER

As of May, 2019, U.S. Bancorp Fund Services, LLC serves as Program Recordkeeper for the U. Plan. During the term of the Tuition Certificates, MEFA from time to time may transfer all or certain aspects of the recordkeeping function to one or more other contractors, and may directly perform such recordkeeping functions upon termination of such contracts. The Program Recordkeeper's functions include the maintenance of MEFA's records regarding Owner Accounts, Distribution Accounts, Owners and Qualifying Beneficiaries; the calculation of Educational Services Percentages for each Tuition Schedule; the calculation of Tuition Certificate allocations; the calculation of amounts to be refunded or maintained in an Owner Account due to over-subscribed maturities of Bonds; the generation of quarterly account statements to Owners; the generation of statements as to the Educational Services Percentages

available for beneficiaries at Participating Institutions; and responding to inquiries by Owners and MEFA.

CERTAIN INVESTMENT CONSIDERATIONS

Alternative Savings and Investment Products

By purchasing Tuition Certificates and participating in the U.Plan, Owners can ensure, if their Tuition Certificates are applied to Program Uses, that the amount invested in a Tuition Certificate will maintain its purchasing power relative to the cost of Educational Services at Participating Institutions. However, a variety of other savings and investment products are available to parents and other persons who wish to provide for the future payment of tuition and other higher education costs for their children or other beneficiaries. There are substantial differences in the structure, benefits, risks and liquidity provided by each such program, and the appropriateness of any such program, and the relative benefits of participating in any particular program, may depend on the program, the individual, the timeframe and other factors. No assurance can be provided that the performance of the U.Plan and the Tuition Certificates in general or for any specific Owner or Qualifying Beneficiary will compare favorably with existing alternative savings and investment products or ones that may be developed in the future.

In particular, the provisions of Section 529 of the Internal Revenue Code of 1986, as amended, permit the establishment of state-sponsored prepaid tuition plans and state-sponsored savings plans for higher education expenses and up to \$10,000 per year in tuition expenses at public, private or religious elementary or secondary schools ("qualified tuition programs") that are eligible for tax-favored treatment, specifically the deferral of federal income taxes until distributions are made from such programs to the contributor or designated beneficiary. Distributions from qualified tuition programs which are applied to pay a beneficiary's "qualified higher education expenses", which term includes up to \$10,000 per year of tuition expenses at an elementary or secondary school, are tax-exempt. Most states, including Massachusetts, have developed programs that are designed to qualify for such tax-advantaged status. Certain Section 529 savings programs, including the U.Fund program launched by MEFA in March, 1999, are invested in investments that may be less secure than the Commonwealth general obligation bonds that back the Tuition Certificates, and which may provide a more volatile, but potentially higher, investment return over certain time periods than an investment in Tuition Certificates. Certain of such savings programs (including the U.Fund) also permit use of accrued savings at any qualifying higher education institution in the applicable state or nationwide, and, subject to a \$10,000 annual limit, at any elementary or secondary school in the applicable state or nationwide, in each case without penalty, in contrast to the U.Plan's differentiation between use of Tuition Certificate proceeds at Participating Institutions in Massachusetts and use of such proceeds elsewhere or for other purposes. Certain of such Section 529 programs (including the U.Fund) also permit savings for a portion of room and board expenses at qualifying higher education institutions, unlike the U.Plan, which is designed to promote savings for tuition and mandatory fees; such Section 529 programs also may have more flexible provisions for withdrawals of invested amounts for other uses (subject to a penalty, except in certain cases). In addition, certain amounts invested in such Section 529 programs qualify for certain special protections from creditors under federal bankruptcy law. However, such Section 529 programs (including the U.Fund) generally do not provide the tuition "lock-in" features that the U.Plan provides at Participating Institutions, and, unlike the U.Plan, distributions from such Section 529 programs, under current law, will be fully taxable to the distributee at the time of distribution for federal income tax purposes unless applied to "qualified higher education expenses".

Public and private higher education institutions, acting singly or jointly with other higher education institutions, may also establish tuition credit or tuition certificate programs that operate as prepaid tuition programs and that are eligible for tax-favored treatment as described above under Section 529 of the Code. Such programs may be established from time to time and may offer tuition "lock-in"

features similar to those offered by the U.Plan at certain public and/or private colleges and universities outside Massachusetts and/or at certain colleges and universities within Massachusetts. For example, the Tuition Plan Consortium, a non-profit organization, launched the "Private College 529 Plan" (formerly known as the "Independent 529 Plan"), a nationwide prepaid tuition program involving certain private colleges, in 2003. Some of the private colleges and universities participating in the U.Plan also participate in the Private College 529 Plan.

The selection of participating higher education institutions, the investment risks involved, the financial benefits to participants, the liquidity of the investment and the federal and state income, gift and estate tax treatment of interests in such programs, among other features, may differ from those applicable to participation in the U.Plan.

In addition, the provisions of Section 530 of the Code permit annual contributions of up to \$2,000 (depending on the contributor's modified adjusted gross income) to a Coverdell education savings account ("Coverdell account") for a designated beneficiary, which account may be invested as determined by the contributor. The investment earnings on investments in a Coverdell account are tax-deferred until distribution and tax-exempt if applied to the designated beneficiary's qualified higher education expenses or to qualified primary and secondary education expenses at any eligible educational institution. Amounts so invested may be withdrawn at any time, but are subject to income tax and, subject to certain exceptions, an additional 10% penalty upon withdrawal if not applied to the beneficiary's qualified higher education expenses or qualified primary and secondary education expenses.

Because the U.Plan requires a long-term commitment of contributions, potential Owners should carefully evaluate the different features of the U.Plan and other college savings alternatives, including Section 529 programs (such as the U.Fund and prepaid tuition programs) and Coverdell accounts, in deciding whether to invest in the U.Plan.

MEFA's U.Fund Program

In March, 1999, MEFA launched a college savings program, called the U.Fund, which is designed to qualify as a qualified tuition program under Section 529 of the Code, as described above. Unlike the U.Plan, the U.Fund does not guarantee a particular percentage of tuition at participating Massachusetts institutions, but participants are able to apply amounts contributed to the U.Fund, together with investment earnings thereon, to pay tuition and, subject to certain limitations, room and board, at qualifying educational institutions nationwide and to pay up to \$10,000 annually for tuition expenses at private, public or religious elementary or secondary schools. The U.Fund is invested in asset allocation portfolios allocated among domestic and international equity mutual funds, bond mutual funds and money market funds. As a general matter, the investment assets in the U.Fund are less conservative than the Commonwealth general obligation bonds that back the U.Plan's Tuition Certificates; the U.Fund is also a more liquid investment than the U.Plan, although (under current law) withdrawals from the U.Fund, if made for purposes other than the payment of the designated beneficiary's "qualified higher education expenses", are subject to income tax on the withdrawn earnings and, subject to certain exceptions, to a 10% surtax. As noted above, certain amounts invested under the U.Fund are protected from creditors in the event of a bankruptcy by the account owner; amounts invested under the U.Plan may not qualify for such protections. The U.Plan and the U.Fund present distinctive approaches to saving for a beneficiary's higher education, and any potential Owner should carefully evaluate which approach or combination of approaches to higher education savings is appropriate in light of such potential Owner's objectives and circumstances. Information about the U.Fund may be obtained by telephone call to (800) 544-2776.

Return on Tuition Certificates Not Applied to Program Uses

In the event an Owner is unable to apply the proceeds of a Tuition Certificate to Program Uses, the Owner will receive, after deduction of the Stabilization Fee, the original Investment Amount plus

interest calculated on such amount at CPI flat. CPI is an index that measures the price changes from year to year of a particular basket of goods and services. No assurance can be provided that the United States Department of Labor, which publishes the index, will continue to use the same basket of goods and services. From time to time proposals are made and/or adopted, the effect of which may be to adjust the basket of goods and services and computation methodology used to determine CPI in a manner which may reduce the rate of increase of the CPI. It is unknown whether any such adjustments will be implemented during the term of the Tuition Certificates or, if adjustments are implemented, what their effect will be on the amount of interest paid on Tuition Certificates. However, any such adjustments would not affect the percentages of Tuition at each Participating Institution to which a Qualifying Beneficiary will be entitled.

Inability to Use Tuition Certificate in Maturity Year

In order to exercise the option of applying a Tuition Certificate to Program Uses in an academic year after the maturity year, the Owner will be required to maintain the payment received at maturity on the Tuition Certificate in a Distribution Account until the money is applied to Program Uses. Although the Owner will receive interest during such post-maturity period at what is expected to be a short-term taxable rate, such interest may be less than the investment return the Owner would receive during such period in another savings or investment vehicle and will be further reduced by the Post Maturity Fee.

Lack of Liquidity

Because of their limited market and unique features, Tuition Certificates are substantially less transferable and liquid than various alternative investment vehicles, and an Owner may be unable to sell a Tuition Certificate prior to maturity or may be unable to sell without incurring a loss.

Use of Tuition Certificates

By participating in the Program, a Participating Institution agrees in advance that the Tuition it may charge in a Qualifying Year to a Qualifying Beneficiary for the portion of Educational Services covered by a Tuition Certificate will equal the proceeds of the Tuition Certificate (i.e., the Investment Amount plus interest from the date of purchase until the Maturity Date or Early Tender Date at an annually compounded rate equal to the increase in CPI plus 200 basis points). However, participation in the Program: has no effect on Tuition charged by a Participating Institution (i) to students who do not present Tuition Certificates, (ii) for Educational Services in excess of the portions of Educational Services covered by a Tuition Certificate, or (iii) to students who present Tuition Certificates in a year other than a Qualifying Year or Post Maturity Year; has no effect on amounts charged by Participating Institutions for room and board and other charges not constituting Tuition, or on amounts charged by institutions that are not Participating Institutions; does not guarantee any beneficial treatment for part-time or continuing education students or students in certificate programs; does not constitute a guarantee that the Tuition charged to a Qualifying Beneficiary in a Qualifying Year for the portion of Educational Services covered by a Tuition Certificate will be less, or will not be more, than the Tuition that would be charged if such Qualifying Beneficiary were not using a Tuition Certificate (for certain periods of time in which the Program has been in effect, tuition and mandatory fees at certain public Participating Institutions have decreased, rather than increased), and does not guarantee, or in any way facilitate, admission of a student to a Participating Institution.

Financial Aid Implications

Prepaid tuition programs, including the U.Plan, are treated like other forms of nonretirement savings, with the exception that under current law the value of a prepaid tuition certificate owned by a dependent student or in a custodial account for a dependent student is not considered a student asset for purposes of determining the student's eligibility for federal financial aid and is treated as a parental asset. If a prepaid tuition certificate is owned by a financial aid applicant's parent (or treated as owned by the applicant's parent

in the case of a certificate owned by a dependent student or in a custodial account for a dependent student), under current law as a parental asset a maximum of 5.64% of the value of a prepaid tuition certificate would be taken into account for purposes of federal financial aid eligibility. Parental assets generally have a lesser impact than student assets (which are generally taken into account at 20% of their value) for purposes of determining federal financial aid eligibility. A prepaid tuition certificate that is not owned by a parent or student generally is not considered in the student's need analysis for federal financial aid purposes.

CONTINUING PARTICIPATION BY PARTICIPATING INSTITUTIONS

The Participation Agreements executed by Participating Institutions identified as such in the enrollment materials require such Participating Institutions to accept and credit Tuition Certificates as described herein and in the Enrollment Agreement. Additional Participating Institutions may elect to participate in the U.Plan in the future but in order to do so they must agree to honor all Tuition Certificates issued during the Program year in which they join and all prior years. However, each Participating Institution, upon prior notice to MEFA, may cease to participate in the U.Plan with regard to Tuition Certificates issued in future years. Accordingly, no assurance can be given at this time that Owners of Tuition Certificates purchased in future years will be able to apply such future Tuition Certificates for Program Uses at each of the currently identified Participating Institutions. In addition, it is possible that one or more of the Participating Institutions may dissolve, merge into another entity or otherwise cease operations before a Tuition Certificate matures, and that a Qualifying Beneficiary would be unable to apply such Tuition Certificate at any such Participating Institution.

TIMING OF DEPOSITS TO OWNER ACCOUNT

The "tuition lock-in" feature of the Program applies to the Tuition Certificates once purchased. There is no "tuition lock-in" feature for amounts deposited to an Owner Account for the purchase of Tuition Certificates until such purchase occurs. Amounts on deposit in an Owner Account as of a Cutoff Date will be applied to the purchase of Tuition Certificates when and if issued, irrespective of the length of time such amounts have been on deposit in such Owner Account. Although MEFA expects that some interest or dividends will be paid on amounts on deposit in the Owner Account for the period during which they are on deposit in the Owner Account, MEFA will invest such amounts in a taxable money market fund or other conservative investment that is intended to preserve the principal amount on deposit in the Owner Account (although there is no guarantee of such preservation) and is not intended to maximize investment return during the period amounts are on deposit in the Owner Account. MEFA makes no recommendation as to the timing of deposits to the Owner Account, and each Owner must determine, in light of such Owner's savings habits, the availability of alternative returns on investments outside the Program, and other factors whether such Owner prefers to make a deposit or deposits to the Owner Account substantially in advance of the next Cutoff Date or closer to such Cutoff Date.

OWNER ACCOUNT

An Owner Account will be established in the name of the applicable Owner at the time such Owner commences participation in the Program. The Owner Account will be established as a book entry in the Owner's name within an account established by MEFA, or, at MEFA's election, in a segregated account maintained directly in the Owner's name at a Program Account Institution. Amounts held in an Owner Account prior to the issuance of Tuition Certificates will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Funds may be deposited to an Owner Account on any business day. Amounts in an Owner Account will earn interest or dividends (which will be taxable unless MEFA

elects a tax-exempt money market fund) until the applicable Cutoff Date at a short-term interest rate based on the earnings realized through investment of such amounts. Applicable tax law requires that MEFA report such income to the Owner annually, without regard to whether the income is tax-exempt or taxable and without regard to whether such income has been distributed to the Owner or retained in the Owner Account. On the applicable Cutoff Date, amounts in an Owner Account will be transferred to MEFA's Purchase Account, where they will be held in trust by MEFA for the applicable Owner until the applicable Tuition Certificates are issued and applied to the purchase of such Tuition Certificates. Amounts in the Purchase Account will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Any earnings on amounts in the Purchase Account will be retained by MEFA or paid to the Commonwealth, and will not be paid to the Owner.

At the time an Owner Account is established, and from time to time thereafter following each Cutoff Date, the Owner will be asked to select the maturity or maturities of Tuition Certificates the Owner wishes to purchase upon the next issuance of Tuition Certificates, and, if more than one maturity of Tuition Certificates is selected, the percentage allocation of amounts available for such purchase in the Owner Account to specific maturities. On the applicable Cutoff Date, provided the amount in the Owner Account is at least equal to \$300 or such other minimum purchase amount as MEFA may establish from time to time, the amount on deposit in an Owner Account as of the Cutoff Date will be irrevocably committed to the purchase of Tuition Certificates to be issued for the applicable year and, following the applicable Cutoff Date, such amount, including any earnings, will be transferred to MEFA's Purchase Account for application to the purchase of Tuition Certificates upon their issuance. Prior to the applicable Cutoff Date, the Owner may elect to withdraw all or any portion of the amounts on deposit in an Owner Account by making a withdrawal request to MEFA by phone at 1-800-449-6332, by mail to MEFA U.Plan, P.O. Box 3044, Milwaukee, WI 53201-9148, or by overnight mail to MEFA U.Plan, 615 E. Michigan St, FL 3, Milwaukee, WI 53202-5207; in such event the withdrawn amounts will not be applied to the purchase of Tuition Certificates.

MEFA or the Program Account Institution may require confirmation from the Owner of the active status of an Owner Account from time to time in accordance with applicable escheat laws, and, if such confirmation is not obtained, amounts on deposit in a Distribution Account may escheat to the Commonwealth or another state.

AUTOMATIC INVESTMENT PLAN

Once your Owner Account has been opened you may make additional deposits to the Owner Account at regular intervals through the Automatic Investment Plan (AIP). The AIP provides a convenient method to have monies deducted from your bank account, for deposit into your Owner Account, on a monthly or quarterly basis. In order to participate in the AIP, each automatic deposit must be in the amount of \$25 or more, and your financial institution must be a member of the Automated Clearing House (ACH) network. If your bank rejects your payment, the Program will charge a \$25 fee to your Owner Account. To participate in the AIP please complete the Automatic Investment Plan section on the Program application or call MEFA by phone at 1-800-449-6332 for instructions. Before doing so, see "CERTAIN INVESTMENT CONSIDERATIONS – Timing of Deposits to Owner Account" above.

DISTRIBUTION ACCOUNT

Proceeds of a Tuition Certificate received on the Maturity Date or, if applicable, Early Tender Date will be deposited by the Program Custodian to a Distribution Account established on or before the Maturity Date or, if applicable, Early Tender Date. The Distribution Account will be established as a book entry in the Owner's name within an account established by MEFA, or, at MEFA's election,

in a segregated account maintained directly in the Owner's name at a Program Account Institution. Except as otherwise provided in the Enrollment Agreement, confirmation by MEFA of amounts to be withdrawn or transferred from the Distribution Account will be required prior to any such withdrawal or transfer. Amounts held in the Distribution Account following the Maturity Date or, if applicable, Early Tender Date of a Tuition Certificate will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Such amounts will earn interest or dividends (which will be taxable unless MEFA elects a tax-exempt money market fund) at a short-term interest rate based on the earnings realized through investment of such amounts. Interest on such amounts held in the Distribution Account will be paid to the Owner upon the Owner's withdrawal of such amounts on deposit in the Distribution Account. Applicable tax law requires that MEFA report such interest to the Owner annually, without regard to whether the interest is tax-exempt or taxable and without regard to whether such interest has been distributed to the Owner or retained in the Distribution Account. During each year after the year of maturity in which the Distribution Account is open, a Post Maturity Fee may be assessed to the Owner and may be deducted from the interest payable to the Owner. In order to secure payment of fees due under the Enrollment Agreement, the moneys on deposit in the Distribution Account following the Maturity Date or, if applicable, the Early Tender Date of a Tuition Certificate will be subject to MEFA's security interest, and MEFA may withdraw when due an amount equal to the Stabilization Fee and any applicable Change of Beneficiary Fee, Additional Beneficiary Fee or Post Maturity Fee. The Distribution Account relating to a Tuition Certificate may be closed by MEFA after all amounts therein have been applied or withdrawn. After the beginning of the sixth academic year following the Maturity Date of a Tuition Certificate, MEFA will notify the Owner of any balance remaining in the Distribution Account relating to the applicable matured Tuition Certificate and such amount will be paid over to the Owner in accordance with the Owner's instructions as though the Owner had made a withdrawal for a purpose other than Program Uses. MEFA or the Program Account Institution may require confirmation from the Owner of the active status of the Distribution Account from time to time in accordance with applicable escheat laws, and, if such confirmation is not obtained, amounts on deposit in a Distribution Account may escheat to the Commonwealth or another state.

Appendix A Enrollment Agreement (Terms and Conditions of Participation in the U.Plan Program)

SECTION I - INTRODUCTION AND PROGRAM DESCRIPTION

This Enrollment Agreement contains the basic terms and conditions of The U.Plan: The Massachusetts Prepaid Tuition Program (the "Program"), and the obligations and responsibilities of the Owner and the Massachusetts Educational Financing Authority ("MEFA") in connection with the Owner's participation in the Program. Capitalized terms used in this Enrollment Agreement are defined herein or in the Definitions Section which is at the end of the Enrollment Agreement.

BY OPENING AN OWNER ACCOUNT, YOU AGREE TO BE SUBJECT TO THE TERMS AND CONDITIONS OF THIS ENROLLMENT AGREEMENT. BY ACCEPTING AN APPLICATION FOR AN OWNER ACCOUNT, MEFA AGREES TO BE SUBJECT TO THE TERMS AND CONDITIONS OF THIS ENROLLMENT AGREEMENT.

This Enrollment Agreement, together with the Purchase Request Form completed by you and any on-line agreements with MEFA you accept at the time you open an Owner Account or thereafter, form the Contract between MEFA and you. It sets forth the rights, responsibilities and duties which you and MEFA each have regarding the money which you deposit with MEFA for the purchase of one or more Tuition Certificates. It also sets forth the rights, responsibilities and duties which you and MEFA each have in connection with each Tuition Certificate you receive, including rights, responsibilities and duties relating to payments made on each Tuition Certificate.

The Program Description and Offering Statement (the "Offering Statement") to which this Enrollment Agreement is attached provides a description of the U.Plan and how it works, and important information about your rights, responsibilities and duties and those of MEFA and other participants in the Program. You should read the Offering Statement before you read this Enrollment Agreement; a general understanding of how the U.Plan works will be helpful to you in understanding the provisions and technicalities of this Enrollment Agreement. The Offering Statement also contains information about how to obtain a separate Information Statement containing financial and other information about the Commonwealth.

The Contract is subject to such rules and procedures (the "Rules") as may be adopted by MEFA, which Rules may be revised from time to time by MEFA, provided that the Rules and any changes to the Rules will not materially impair the benefits you will receive under the Program, or materially change your obligations under the Contract.

SECTION II - ESTABLISHMENT OF OWNER ACCOUNT; DEPOSITS TO OWNER ACCOUNT FOR PURCHASE OF TUITION CERTIFICATES

Section 2.01.

Establishment of Owner Account

MEFA will establish an Owner Account in the Owner's name at the time such Owner commences participation in the Program. The Owner Account will be established as a book entry in the Owner's name within an account established by MEFA to hold deposits received for the purchase of Tuition Certificates, provided that MEFA in its discretion may elect to use a segregated account maintained directly in the Owner's name at a Program Account Institution. Amounts held in the Owner Account prior to the issuance of Tuition Certificates will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Amounts in an Owner Account will earn interest or dividends (which will be taxable unless MEFA elects to invest the amounts in the Owner Account in a tax-exempt money market fund) until the applicable Cutoff Date at a short-term interest rate based on the earnings realized through investment of such amounts.

Section 2.02.

Deposits to and Withdrawals From Owner Account

Funds may be deposited to the Owner Account on any business day. On the applicable Cutoff Date, provided the amount in the Owner Account is at least equal to \$300 or such other minimum purchase amount as MEFA may establish from time to time, the amounts on deposit in the Owner Account as of the Cutoff Date will be irrevocably committed to the purchase of Tuition Certificates to be issued for the applicable year. Prior to the applicable Cutoff Date, the Owner may elect to withdraw all or any portion of the amounts on deposit in the Owner Account by making a withdrawal request to MEFA by phone at 1-800-449-6332, by mail to MEFA U.Plan, P.O. Box 3044, Milwaukee, WI 53201-9148, or by overnight mail to MEFA U.Plan, 615 E. Michigan St, FL 3, Milwaukee, WI 53202-5207, and in such event the withdrawn amounts will not be applied to the purchase of Tuition Certificates.

Following the applicable Cutoff Date, the amount in an Owner Account, including any earnings, will be transferred to MEFA's Purchase Account, where such amount will be held in trust by MEFA for the applicable Owner until the applicable Tuition Certificates are issued, at which time it will be applied to the purchase of the applicable Tuition Certificates. Amounts in MEFA's Purchase Account will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Any earnings on amounts in the Purchase Account following the Cutoff Date until the immediately following August 1 will be retained by MEFA; any earnings on amounts in the Purchase Account between August 1 and the date of issuance of the applicable Tuition Certificates will be paid to the Commonwealth.

Section 2.03.

Owner's Commitment to Purchase Tuition Certificate(s)

Owner's Commitment to Purchase Tuition Certificate(s)

In the Purchase Request Form and from time to time after each Cutoff Date, the Owner will designate the percentage of funds available in the Owner Account on the next Cutoff Date to be applied to Tuition Certificate(s) of one or more specified Maturity Dates. As of a Cutoff Date, the Owner makes a non-cancelable commitment to buy one or more Tuition Certificates with specified Maturity Dates consistent with the Owner's designation in an aggregate Investment Amount equal to the funds available in the Owner Account as of the Cutoff Date or in such lesser Investment Amounts as can be allocated to the Owner in accordance with the Program's allocation procedures.

Section 2.04.

Application of Amounts in Owner Account

(a) If after a Cutoff Date and upon or prior to the issuance of Tuition Certificates for a particular year MEFA determines that due to oversubscription or other circumstances a portion of the amounts in the Owner Account as of such Cutoff Date cannot be applied to the purchase of requested Tuition Certificates, MEFA will return such funds from MEFA's Purchase Account to the Owner Account and notify the Owner of such return. Thereafter, the Owner may withdraw any such funds from the Owner Account or maintain such funds in the Owner Account for application to the purchase of Tuition Certificates in a subsequent year.

(b) Tuition Certificates will not begin to accrue interest until they are issued, and, upon issuance, will accrue interest from the date they are issued (if the Tuition Certificates are issued on August 1) or from the preceding August 1 (if the Tuition Certificates are issued on a date other than August 1).

(c) A portion of the amounts in the Owner Account committed to the purchase of Tuition Certificates may be applied upon issuance of the Bonds to pay allocable issuance costs of the Bonds on behalf

of the Commonwealth. This will not affect or reduce the Investment Amount of any Tuition Certificate received by the Owner or any return of funds to which the Owner may be entitled.

Section 2.05.

Investment Amount of Tuition Certificates

If the demand for Tuition Certificates of a particular Maturity Date exceeds the amount of Bonds with such Maturity Date to be issued during the Applicable Issuance Period, the Investment Amount of each Tuition Certificate of such maturity received by the Owner will be allocated according to methods and priorities developed by MEFA. By specifying a proposed percentage of amounts available in the Owner Account as of a Cutoff Date for application to a Tuition Certificate with a particular Maturity Date, the Owner agrees that the such amounts may be applied to the purchase of a Tuition Certificate of the designated Maturity Date in such percentage or in such lower amount as may be allocated to the Owner by MEFA or, in the circumstances described in Section 2.02, a higher amount. Other than as described above, there is no limit on the Investment Amount of any Tuition Certificate.

SECTION III - TUITION CERTIFICATES

Section 3.01.

Certificates Maintained in Book-Entry Form; Account Statements

Tuition Certificates will be issued and maintained by the Program Custodian in book-entry form, and the Owner will not receive physical certificates. The Program Recordkeeper will provide quarterly statements regarding cash and Tuition Certificates in an Owner Account and, when applicable, cash in a Distribution Account; the quarterly statement for the last calendar quarter following the purchase of Tuition Certificates with amounts in an Owner Account will list such Tuition Certificates and the percentages recorded on the applicable Tuition Schedule. From time to time the Tuition Schedule may be amended to reflect the participation in the Program of additional Participating Institutions and the applicable Educational Services Percentages, and such amendment will be reflected on the next statement sent to the Owner. An Owner may also review information relating to his or her Owner Account and, when applicable, Distribution Account, online.

Section 3.02.

Interest Rates on Tuition Certificates

This section sets forth technical information about the interest rates payable on the Tuition Certificates. Please note, however, that, as described in Section VII, the Owner is required to assign to MEFA certain portions of the interest received on each Tuition Certificate (the Assigned Payments). After deduction of such Assigned Payments, the amount of interest that the Owner will obtain on any portion of the money invested in a Tuition Certificate that is not applied to Program Uses is a variable rate equal to the annual increase in the Consumer Price Index - All Urban Consumers, All Items ("CPI flat") from the Issue Date until the Maturity Date of the Tuition Certificate, compounded as of each August 1.

Each Tuition Certificate delivered to an Owner will bear interest as follows: (1) interest on the Investment Amount at an annual rate determined by the Commonwealth prior to issuance of the Bonds (which is expected to be 50 basis points for Tuition Certificates issued in 2019), payable on each August 1 and February 1 (the "Current Coupon"), which interest is assigned to MEFA under Section VII of the Enrollment Agreement; and (2) interest on the Accreted Amount at an annual rate equal to the Standard Accrual Rate, payable on the Maturity Date (the "Maturity Coupon").

SECTION IV - CONTRACT BENEFITS

Section 4.01.

Use of Tuition Certificate in Maturity Year

The Owner must designate a Qualifying Beneficiary for each Tuition Certificate purchased. A Qualifying Beneficiary who is a Student will be entitled to receive the Designated Portion of the Allocable Educational Services at any Participating Institution in any Maturity

Year, upon payment to the Participating Institution of the Tuition Certificate Proceeds. To receive such Allocable Educational Services, an Owner must notify MEFA at least 30 days before the Tuition Payment Date on which the Owner desires to apply the Tuition Certificate Proceeds and must specify the Participating Institution at which such Tuition Certificate Proceeds are to be applied and the Designated Portion of the Allocable Educational Services to be purchased. Upon receipt of such notice and confirmation of the amount payable to the Participating Institution, MEFA will authorize payment of the Maturity Proceeds from the Owner Account to the Participating Institution on or before the applicable Tuition Payment Date, as provided in Section VI of the Enrollment Agreement, or, if feasible, will transfer the Maturity Proceeds on behalf of the Owner directly to the Participating Institution.

Section 4.02.

Use of Tuition Certificate Before Maturity Year

If the Owner of a Tuition Certificate wants to apply Tuition Certificate Proceeds for a Qualifying Beneficiary at a Participating Institution during a Qualifying Year other than the Maturity Year, the Owner must notify MEFA at least 30 days (or such shorter notice period as MEFA in its discretion may accept) before the Tuition Payment Date on which the Owner wants to apply the Tuition Certificate Proceeds and must specify the Participating Institution at which such Tuition Certificate Proceeds are to be applied and the Designated Portion of the Allocable Educational Services to be purchased. Subject to the existence of Program moneys available for this purpose, as determined by MEFA in its discretion, MEFA will purchase the designated Tuition Certificate on the applicable Early Tender Date at a price equal to the Early Tender Price. No assurance can be given that MEFA will purchase the Tuition Certificate prior to maturity. If MEFA determines that moneys are not available to purchase the Tuition Certificate on an Early Tender Date, the Owner will not be able to apply the Tuition Certificate to purchase Allocable Educational Services in such Qualifying Year. If MEFA does purchase, or cause to be purchased, the Tuition Certificate on the Early Tender Date, a Qualifying Beneficiary who is a Student will be entitled to receive the Designated Portion of the Allocable Educational Services at any Participating Institution in such Qualifying Year, upon payment to the Participating Institution of the Pre-Maturity Proceeds. MEFA will deposit, or cause to be deposited, the Early Tender Price to the Distribution Account and upon confirmation of the amount payable will authorize payment of the Pre-Maturity Proceeds to the Participating Institution designated by the Owner on or before the applicable Tuition Payment Date, as provided in Section VI of the Enrollment Agreement, or, if feasible, will transfer the Early Tender Price on behalf of the Owner directly to the Participating Institution.

Section 4.03.

Use of Tuition Certificate After Maturity Year

Each Tuition Certificate will entitle a Qualifying Beneficiary who is a Student to receive from any Participating Institution in any Post Maturity Year, upon payment to the Participating Institution of Post Maturity Proceeds, a percentage of Educational Services equal to the Post Maturity Educational Services Percentage. An Owner must notify MEFA at least 30 days before the Tuition Payment Date on which the Owner desires to apply the Post Maturity Proceeds and must specify the Participating Institution at which such Post Maturity Proceeds are to be applied and, if less than the entire Post Maturity Proceeds are to be applied to obtain Educational Services at a Participating Institution, the portion of Post Maturity Proceeds to be so applied. Upon receipt of such notice and confirmation of the amount payable, MEFA will authorize payment of any portion of the requested amount of Post Maturity Proceeds from the Distribution Account to the Participating Institution on or before the applicable Tuition Payment Date, as provided in Section VI of the Enrollment Agreement.

Section 4.04.

Remaining Tuition Charges Unaffected

Nothing in the Contract affects or limits the Tuition charged by a

Participating Institution for any portion of Educational Services not paid for with a Tuition Certificate.

Section 4.05.

Refunds of Tuition Paid for with Tuition Certificates

If a Qualifying Beneficiary becomes entitled to a refund of all or any portion of Tuition paid to such Participating Institution in a year for which such Participating Institution has accepted Tuition Certificate Proceeds or Post Maturity Proceeds for such Qualifying Beneficiary, the Participating Institution will refund to or as instructed by MEFA a portion of the Tuition refund due to the Student under the Participating Institution's refund procedures that is proportionate to the percentage of Educational Services provided by the Institution in exchange for Tuition Certificate Proceeds or Post Maturity Proceeds. If the Owner notifies MEFA within 30 days after such refunded amount is paid to MEFA that the Owner can apply all or a portion of the refunded amount as a payment or prepayment of Educational Services for a Qualifying Beneficiary or Secondary Qualifying Beneficiary at a Participating Institution, MEFA will pay all or a portion of the refunded amount to the Participating Institution so designated. If the Owner does not so notify MEFA or if the Owner designates only a portion of the refunded amount to be used at a Participating Institution, MEFA will pay the remaining portion of the refunded amount to the Owner after deducting the Stabilization Fee.

Section 4.06.

Representation as to Qualifying Beneficiary Status

Each designation by an Owner of a Qualifying Beneficiary will constitute

a representation by such Owner that the individual so designated is a Qualifying Beneficiary.

SECTION V - TRANSFER OF TUITION CERTIFICATES; QUALIFYING BENEFICIARIES

Section 5.01.

Transfer of Tuition Certificates

The Owner shall not transfer Tuition Certificates or redesignate a Qualifying Beneficiary except as permitted under this Section V.

Section 5.02.

Restrictions on Assignment or Transfer by Owner

Except as expressly provided in the Contract, neither the Tuition Certificates nor any interest, rights or benefits under the Contract or the Tuition Certificates may be transferred or assigned by an Owner. Neither MEFA nor the Commonwealth is obligated to purchase a Tuition Certificate before it matures, and because of the unique features of the Tuition Certificate and the transfer restrictions imposed under this Enrollment Agreement, you, the Owner, may be unable to sell or otherwise transfer title to the Tuition Certificate before it matures.

Section 5.03.

Sale or Transfer of Tuition Certificates

(a) The Owner may sell or transfer the Tuition Certificate to any person located by the Owner at whatever price is agreed to by the Owner and such purchaser, but (except in the case of transfers under Section 5.03(c), 5.05 or 5.06) such transferee no longer will be entitled to special benefits at Participating Institutions (that is, such transferee will not be entitled to the Program benefits described in Sections 4.01, 4.02 or 4.03 of the Enrollment Agreement.) Such transferee will be entitled to receive on the Maturity Date the Owner Balance, which is the amount payable on the Tuition Certificate less the Stabilization Fee, and equals the initial Investment Amount of the Tuition Certificate plus interest at CPI flat. As a condition to such transfer, the transferee will be required to assign an amount equal to the Stabilization Fee to MEFA and to authorize the transfer of the Stabilization Fee from the Owner Account to MEFA on the Maturity Date. As a further condition to such transfer, the Owner will sign an assignment of the Tuition Certificate. MEFA may impose a Transfer Fee payable by the transferring Owner in connection with any such

transfer.

(b) If an Owner experiences extraordinary circumstances which require such Owner to have access to the moneys invested in a Tuition Certificate prior to the Maturity Date of such Tuition Certificate, such Owner may request a financial hardship withdrawal by notifying MEFA. No assurance can be given that any such request will be honored, and neither the Commonwealth nor MEFA are under any obligation to make funds available for such purpose or otherwise facilitate such hardship withdrawal.

If MEFA in its discretion elects to purchase such Tuition Certificate, such purchase will be at a price equal to the Accreted Amount of the Tuition Certificate on the August 1 preceding such withdrawal, less the Stabilization Fee, less an Early Withdrawal Fee that MEFA may impose to cover the costs of such transaction. The effect of the previous sentence is that the Owner will receive the Investment Amount of such Tuition Certificate plus interest until the August 1 preceding the withdrawal date at CPI flat, minus any Early Withdrawal Fee. Any such purchase will occur as soon after August 1 of the withdrawal year as is practicable.

(c) As an alternative to a sale under clause (a) or clause (b), the Owner may notify MEFA of the availability of the Owner's Tuition Certificate for resale through the Program on the next August 1, or any other date on which such resale may be feasible. MEFA, if so notified, in its discretion may seek to allocate or cause the Tuition Certificate to be allocated to an applicant for a Tuition Certificate, but will not be obligated to do so and may be unable to do so. If the Tuition Certificate is allocated to a new buyer, MEFA, the Agent or another agent for MEFA will provide for a direct transfer of ownership from the Owner to the buyer. The Program Custodian will register a transfer of the Tuition Certificate from the Owner to the transferee. The price at which a Tuition Certificate will be purchased from the Owner will be the Accreted Amount of such Tuition Certificate on the Pre-Transfer Accretion Date at the Standard Accrual Rate. A Stabilization Fee (measured as of the Pre-Transfer Accretion Date) will be payable to MEFA as provided in Section 5.03 of the Enrollment Agreement and will be deducted from the purchase price paid to the Owner. The effect of the prior two sentences is that, if the Owner is able to sell the Tuition Certificate under the provisions of this paragraph, after deduction of the portion of the payment that the Owner has assigned to MEFA, the cash amount the Owner will obtain will be the initial Investment Amount of the Tuition Certificate plus interest at CPI flat until the August 1 preceding the Transfer Date or, if the Transfer Date is August 1, such Transfer Date. In connection with any such transfer, a Transfer Fee may be imposed in an amount sufficient to cover costs of processing such transfer. The Transfer Fee may be deducted from the amount paid to the Owner. As a condition to the sale and transfer of the Tuition Certificate, the Owner will assign to the transferee all of the Owner's rights and obligations under the Contract. If the Transfer Date is not an August 1, any transferee may be required to pay or assign to MEFA the interest accrued on the Tuition Certificate from the Pre-Transfer Accretion Date to the Transfer Date.

Section 5.04.

Changes in Qualifying Beneficiary; Additional Qualifying Beneficiary

The Owner may, upon payment of a Change of Beneficiary Fee, change the Qualifying Beneficiary of a Tuition Certificate from time to time by providing written notice to MEFA, together with a satisfactory representation to MEFA that the substitute Qualifying Beneficiary is a Qualifying Beneficiary Relative. When the proceeds of a Tuition Certificate are applied to Program Uses for the benefit of a designated Qualifying Beneficiary, any Excess Proceeds will be applied solely as provided in Section 6.04 of the Enrollment Agreement. Proceeds of a Tuition Certificate shall be applied for the benefit of no more than two Qualifying Beneficiaries.

Section 5.05.

Transfer of Tuition Certificate to Qualifying Beneficiary or Relative

The Owner may transfer ownership of a Tuition Certificate to a Qualifying Beneficiary at any time without restriction, provided that if

the Qualifying Beneficiary is a minor, ownership shall be transferred to a custodian for such minor named in compliance with the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act or similar laws, as applicable. If the Owner of a Tuition Certificate is a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act, any rights of the custodian relating to the Tuition Certificate are subject to the limitations imposed by these statutes.

For example, the Qualifying Beneficiary of the Tuition Certificate will be the minor, and the custodian is not entitled to change the Qualifying Beneficiary to someone else. In addition, the custodian would not be entitled to transfer ownership of the Tuition Certificate, except under circumstances, if any, where such action is permissible under the applicable statute. The Owner also may transfer ownership of a Tuition Certificate to any individual who certifies to MEFA that the Qualifying Beneficiary designated by the Owner prior to such transfer is also a Qualifying Beneficiary of the transferee. In connection with any such transfer, MEFA may impose a Family Transfer Fee.

Section 5.06.

Designation of Successor Owner; Transfer to Successor Owner

The Owner may designate an individual as a Successor Owner who will assume ownership of the Tuition Certificates and rights of the Owner under this Enrollment Agreement upon the Owner's death. The Owner may make such designation by completing a Successor Owner designation on the form provided by MEFA. Any such designation of a Successor Owner may be changed by the Owner to a different individual by the filing of a subsequent designation, on the form provided by MEFA, repealing the prior designation and designating a new Successor Owner. Any designation of a Successor Owner is intended to override, to the extent permitted by law, any provisions with respect to the applicable Tuition Certificate and rights under this Enrollment Agreement included in a will or codicil, and will include a representation that the Owner has notified or will promptly notify the Successor Owner of his/her status as Successor Owner. Upon the death of the Owner, the Successor Owner will become, and shall have all rights of, the Owner under this Enrollment Agreement, including the right to direct MEFA to transfer Tuition Certificate proceeds to the Owner instead of for the benefit of the Qualifying Beneficiary and the right to designate a Successor Owner.

SECTION VI - DISTRIBUTION ACCOUNT

Section 6.01.

Establishment of Distribution Account; Fees for Distribution Account

A Distribution Account will be established in the name of each Owner on or before the Maturity Date or Early Tender Date of a Tuition Certificate. The Distribution Account will be established as a book entry in the Owner's name within an account established by MEFA to hold proceeds of Tuition Certificates, or, at MEFA's election, in a segregated account maintained directly in the Owner's name. Amounts in the Distribution Account will be invested in a taxable money market fund or, at MEFA's election, in a tax-exempt money market fund, bank deposits, notes or bonds issued or guaranteed by the United States, investments fully collateralized by such securities, or the Massachusetts Municipal Depository Trust. Amounts in the Distribution Account will earn interest or dividends (which will be taxable unless MEFA elects investment of such amounts in a tax-exempt money market fund) at a short-term rate based on the earnings realized through investment of such amounts. Except as otherwise provided in this Enrollment Agreement and the Rules, MEFA's confirmation that withdrawals or transfers from the Distribution Account have been calculated according to the provisions of this Enrollment Agreement will be required prior to each withdrawal or transfer from the Distribution Account. During each year after the maturity year in which the Distribution Account is open, MEFA reserves the right to assess a Post Maturity Fee, which fee, if assessed, shall be payable by the Owner and, if not paid on a timely basis, may be deducted by MEFA, or in the case of a Distribution Account held directly in the Owner's name, by the Program Account Institution, from investment earnings payable to the Owner as described in Section 6.02 of the Enrollment Agreement.

Section 6.02.

Withdrawal of Investment Earnings in Distribution Account

Investment earnings on amounts on deposit in the Distribution Account will be paid to the Owner upon the withdrawal of all amounts on deposit in such Distribution Account, subject to the Program Account Institution's right to deduct the Post Maturity Fee pursuant to Section 6.01.

Section 6.03.

Pledge of Distribution Account

MEFA will charge the Owner, and the Owner by accepting a Tuition Certificate agrees to pay, the fees described in the Contract when and if due, including but not limited to the semi-annual administrative fee described in Section VII of the Enrollment Agreement and the Stabilization Fee, and, if assessed, any applicable Transfer Fee, Change of Beneficiary Fee, Additional Beneficiary Fee or Post Maturity Fee. In order to secure the payment of such fees if and when payable, the Owner, by accepting a Tuition Certificate, grants, pledges and assigns to MEFA a security interest in the funds deposited to the Distribution Account, and irrevocably authorizes MEFA to withdraw or cause to be withdrawn from the Distribution Account when due under the terms of this Enrollment Agreement an amount equal to the Stabilization Fee and any applicable Change of Beneficiary Fee, Additional Beneficiary Fee or Post Maturity Fee.

Section 6.04.

Deposits to and Withdrawals from Distribution Account

(a) On the Maturity Date of a Tuition Certificate, MEFA will cause to be deposited to the Distribution Account an amount equal to the Accreted Amount of such Tuition Certificate calculated at the Standard Accrual Rate. If a Tuition Certificate is purchased from the Owner before the Maturity Date under Section 4.02 of this Enrollment Agreement, MEFA will deposit, or cause to be deposited, to the Distribution Account on the Early Tender Date an amount equal to the Early Tender Price, provided that if on such Maturity Date or Early Tender Date MEFA has been directed to transfer such moneys to a Participating Institution, MEFA may effectuate a direct transfer of such moneys on behalf of the Owner to the Participating Institution.

(b) Subject to MEFA's prior confirmation that the amount withdrawn or transferred has been properly calculated, the Owner may withdraw moneys on deposit in the Distribution Account or may direct that payment be made to a Participating Institution for Program Uses as provided in Section 4.01, 4.02 or 4.03 of this Enrollment Agreement. At the time of withdrawal or payment from the Owner Account relating to a particular Tuition Certificate, other than payments under Section VII of the Enrollment Agreement, the Distribution Account will be closed out with regard to such Tuition Certificate. Excess Proceeds of such Tuition Certificate on deposit in the Distribution Account may be applied, as directed by the Owner: (1) to prepay tuition in one or more subsequent years at the Participating Institution attended by the Qualifying Beneficiary or the Secondary Qualifying Beneficiary, but only if and to the extent that the Participating Institution allows such prepayment; (2) to pay for the Designated Portion of Allocable Educational Services or the Post Maturity Educational Services Percentage at a Participating Institution for a Secondary Qualifying Beneficiary; or (3) to pay the Owner Balance to or for the account of the Owner as instructed by the Owner. After the beginning of the sixth academic year following the Maturity Date of a Tuition Certificate, MEFA will notify the Owner of any balance remaining in the Distribution Account relating to the applicable matured Tuition Certificate and such amount will be paid over to the Owner in accordance with the Owner's instructions as though the Owner had made a withdrawal for a purpose other than Program Uses. Upon the closing out of such Distribution Account, any Stabilization Fee not previously paid will be transferred by MEFA to the Stabilization Fund. Any designation by the Owner of a Secondary Qualifying Beneficiary shall be subject to the Owner's payment of an Additional Beneficiary Fee.

(c) In the case of a Tuition Certificate that has been transferred as specified in Section 5.03(a) of the Enrollment Agreement, MEFA is

authorized to close out the Distribution Account with respect to such Tuition Certificate on its Maturity Date, without notice or approval from the Owner, by authorizing the payment to or for the Owner's account of the Owner Balance and transferring the Stabilization Fee to the Stabilization Fund.

SECTION VII - ADMINISTRATIVE FEES; ASSIGNED PAYMENTS

MEFA will charge the Owner, in addition to any other fees specified in the Contract, and the Owner by accepting the Tuition Certificate agrees to pay, only from the Current Coupon interest on each Tuition Certificate, a semi-annual administrative fee equal to payments received on the Current Coupon. The Owner by accepting the Tuition Certificate irrevocably assigns to MEFA and authorizes MEFA (in its own capacity and not as Program Custodian) to receive on behalf of the Owner from the Program Custodian, payments on the Current Coupon and apply such payments to such administrative fee. The Owner also agrees to pay the Stabilization Fee when required under this Enrollment Agreement, and, if a Stabilization Fee becomes payable, irrevocably assigns to MEFA its interest in an amount of funds deposited in the Distribution Account equal to the Stabilization Fee. Such Assigned Payments will be used by MEFA to pay for Program operating costs and related program expenditures.

MEFA may impose a fee of \$25 or such other amount established by MEFA from time to time for checks or other forms of deposit to an Owner Account which are uncollectable or not funded due to insufficient funds or a stop payment order .

SECTION VIII - MISCELLANEOUS

PROVISIONS

Section 8.01.

Notices and Changes

All notices, changes, and choices made under the Contract must be in writing, signed by the Owner and received by MEFA at the address specified by MEFA, along with any supporting documentation MEFA may reasonably require and any applicable administrative fees.

Section 8.02.

Additional Fees Charged by Participating Institutions

Participating Institutions may charge fees in addition to the Tuition and Mandatory Fees described herein. Such additional fees shall not be payable from Tuition Certificate Proceeds.

Section 8.03.

Notice of Intent to Apply Contract Benefits

The applicable Owner must submit written notification to MEFA at least thirty (30) days prior to the projected commencement date for utilization of the Contract benefits by a Qualifying Beneficiary.

Section 8.04.

Identification

To avoid back-up withholding on amounts payable to or on behalf of an Owner or Qualifying Beneficiary under the Contract, the Owner and Qualifying Beneficiary shall submit when required a valid and completed Internal Revenue Service Form W-9.

Section 8.05.

Document Replacement or Copies

An Owner may obtain replacements of Program documents or copies of documents from MEFA. A minimum fee of \$5.00 per document shall be assessed.

Section 8.06.

Interested Parties

The applicable Owner may from time to time authorize a person or persons designated by Owner on a form provided by the Program Recordkeeper or available on the Program website (any such person,

an "Interested Party") to view such Owner's Owner Account, Tuition Certificates and Distribution Account online and/or to receive copies of such Owner's quarterly statements, and to make inquiries to the Program Recordkeeper regarding such statements. An Interested Party is not authorized to make withdrawals from an Owner Account or Distribution Account or to authorize any transaction on behalf of the Owner relating to Tuition Certificates.

Section 8.07.

Disclaimers

Nothing in the Contract shall be construed as a promise or a guarantee by MEFA, employees or consultants of MEFA, the Commonwealth or any Participating Institution that a Qualifying Beneficiary (a) will be admitted to a Participating Institution; (b) will be admitted to a particular Participating Institution; (c) will be allowed to continue to attend a Participating Institution after having been admitted; (d) will be graduated from a Participating Institution; or (e) if admitted to a Participating Institution, will meet that institution's residency requirements for In-State Tuition. Nothing in the Contract shall constitute a promise or guarantee that each or any Participating Institution will be in existence at the time a Qualifying Beneficiary seeks to enroll or apply a Tuition Certificate. The benefits described in the Contract are conditioned on timely payments by the Commonwealth on the Related Program Bonds. Nothing in the Contract shall be construed as a promise or guarantee by MEFA or any Participating Institution that the Commonwealth will make such timely payments.

Section 8.08.

Waiver of Rules

MEFA, in its discretion, may waive provisions of the Contract and of the Rules to prevent hardship to the Owner or the Qualifying Beneficiary.

Section 8.09.

Interpretation

The Contract is to be interpreted under the laws of the Commonwealth.

Section 8.10.

Severability

In the event that any clause or portion of the Contract is found to be invalid or unenforceable by a court or competent jurisdiction, that clause or portion shall be severed from the Contract and the remainder of the Contract will remain in full force and effect.

Section 8.11.

Limited Recourse

The obligations of MEFA under this Enrollment Agreement and the Contract are limited obligations payable only from moneys received by or available to MEFA in connection with the Program, and no recourse shall be had by the Owner or any other party against the general funds of MEFA or any other funds of MEFA in connection with any obligation arising out of this Enrollment Agreement, the Contract, the Program or any related transaction. No recourse shall be had for the payment of any such obligation against any member, officer or employee of MEFA. The Commonwealth has no responsibility under the Program other than to pay the principal of and interest on the Bonds when due in accordance with the terms of the Bonds.

Definitions Section

“Accreted Amount” means, with respect to a Commonwealth College Opportunity Bond or Tuition Certificate, the initial principal amount of such Bond or the Investment Amount of such certificate, as applicable, increased on each August 1 to and including the Maturity Date, or, if applicable, the Early Tender Date or Pre-Transfer Accretion Date, by adding to the Accreted Amount in effect on the prior August 1 (or, in the case of the August 1 immediately following the Issue Date, in effect on the Issue Date) the dollar amount obtained by applying the Standard Accrual Rate or Program Accrual Rate, as applicable, in effect since the prior August 1 (or Issue Date) to the Accreted Amount as of such prior August 1 (or Issue Date).

“Additional Beneficiary Fee” means the fee, if any, imposed by MEFA in connection with the Owner’s designation of a Secondary Qualifying Beneficiary of a Tuition Certificate, as established by MEFA from time to time.

“Agent” or “Point of Sale Agent” means the contractor selected from time to time by MEFA to accept Purchase Request Forms and Deposits, and if no such contractor is selected, shall mean MEFA.

“Allocable Educational Services” means a percentage of Educational Services in the Qualifying Year in which a Tuition Certificate is used at a Participating Institution that equals the Educational Services Percentage.

“Applicable Issuance Period” means the period extending from the day after the applicable Cutoff Date to and including the date on which Bonds are issued dated as of August 1 of the calendar year in which the Cutoff Date occurs or, if the Authority determines that no such Bonds will be issued, the date such determination is made by the Authority.

“Assigned Payments” means the payments received by the Owner on a Tuition Certificate that the Owner has assigned to MEFA under Section VII of the Enrollment Agreement, consisting of the Current Coupon on each Tuition Certificate and a portion of any payment received by an Owner on a Tuition Certificate equal to the Stabilization Fee, provided that the assignment of the amounts equal to the Stabilization Fee shall be effective only if, and to the extent, the Stabilization Fee becomes payable.

“Change of Beneficiary Fee” means the fee, if any, imposed by MEFA in connection with a change in the name of the Qualifying Beneficiary of a Tuition Certificate.

“Commonwealth College Opportunity Bond” or “Bond” means a general obligation bond issued by The Commonwealth of Massachusetts and deposited with the Program Custodian and bearing interest as described in Section 3.02 of the Enrollment Agreement.

“CPI” means the Consumer Price Index - All Urban Consumers, All Items, as published by the United States Department of Labor, Bureau of Labor Statistics during the calendar month before the calendar month of the Issue Date of a Related Program Bond and during the calendar month before each applicable compounding date on the Related Program Bond, or, if such index is eliminated, any successor to such index.

“CPI Flat” means a variable interest rate equal to the annual positive percentage change, if any, in CPI since the preceding August 1 (or, in the case of the August 1 immediately preceding the Issue Date, a dollar amount equal to the annualized positive percentage change, if any, in CPI since the Date), compounded on each August 1.

“Current Coupon” - see Section 3.02 of the Enrollment Agreement.

“Cutoff Date” (i) July 15 or, if July 15 is not a business day, the immediately preceding business day or (ii) such other date as the Authority may designate as the day as of which amounts then on deposit in an Owner Account are deemed available and committed to the purchase of Tuition Certificates dated as of the August 1 succeeding such Cutoff Date.

“Deposit” means the aggregate amount of funds on deposit in an Owner Account, including investment earnings thereon.

“Designated Portion” means that percentage of Allocable Educational Services that an Owner designates for use on a particular Tuition Payment Date at a particular Participating Institution for a particular Qualifying Beneficiary.

“Distribution Account” an account for the deposit of Tuition Certificate Proceeds established in an Owner’s name (or, if an Owner has transferred the Tuition Certificate as described in Section 5.03(b) of the Enrollment Agreement, the name of the transferee), by book entry in an account established by MEFA, or, at MEFA’s election, such an account established directly in the Owner’s name at a Program Account Institution.

“Early Tender Date” means August 1 of either of the two years immediately preceding the Maturity Date of a Related Program Bond, provided the Owner sells the Tuition Certificate on such Early Tender Date as described in Section 4.02 of the Enrollment Agreement.

“Early Tender Price” means the Accreted Amount of the Tuition Certificate at the Standard Accrual Rate on the Early Tender Date.

“Early Withdrawal Fee” means the fee, if any, charged by MEFA in connection with any financial hardship withdrawal pursuant to Section 5.03(b) of the Enrollment Agreement, as established by MEFA from time to time.

“Educational Services” means the services and rights the Participating Institution provides to a Student in return for the Student’s payment of Tuition to the Institution; Educational Services does not include fees for room and board, travel, health care, books, supplies or equipment.

“Educational Services Percentage” means the percentage of Educational Services that the Investment Amount of a Tuition Certificate would purchase in the academic year beginning during the calendar year in which the Tuition Certificate was issued, as set forth on the applicable Tuition Schedule. The Educational Services Percentage listed on a Tuition Certificate may be greater than 100% for one or more Participating Institutions.

“Effective Year” means any year designated by a Participating Institution in its Participation Agreement with MEFA as a year with respect to which Tuition Certificates issued in such year will be honored by such Participating Institution under the terms of the Participation Agreement and the Enrollment Agreement.

“Excess Proceeds” means the excess, if any, of (i) the proceeds of a Tuition Certificate deposited to a Distribution Account over (ii) the proceeds of a Tuition Certificate, if any, paid to a Participating Institution for Program Uses

“Family Transfer Fee” means the fee, if any, imposed by MEFA in connection with any change of Owner of a Tuition Certificate pursuant to Section 5.05.

“In-state Tuition” means, in the case of any public Participating Institution, Tuition payable by a Student who is a resident of the Commonwealth.

“Investment Amount” means the initial amount invested by the Owner in a Tuition Certificate, as represented by the initial principal amount of the Tuition Certificate (or, in the case of a Tuition Certificate acquired after the initial issuance of such Tuition Certificate pursuant to a transfer described in Section 5.03(b) of the Enrollment Agreement, the Accreted Amount at the Standard Accrual Rate as of the date of acquisition).

“Issue Date” means the date as of which a Related Program Bond begins to accrue interest.

“Mandatory Fees” means non-waivable fees required by a Participating Institution for the enrollment or attendance of a full-time Student for the full applicable academic year, exclusive, unless otherwise indicated by the Participating Institution, of specialized fees charged only in certain years (e.g., orientation fees and graduation fees), and incremental fees for specialized programs, majors or courses of study (e.g., lab fees, computer fees), as reported by the Participating Institution to MEFA.

“Maturity Date” means the August 1 of the year in which a Related Program Bond matures.

“Maturity Proceeds” means (i) the Accreted Amount of a Tuition Certificate at the Program Accrual Rate on the Maturity Date multiplied by (ii) the Designated Portion.

"Maturity Year" means the academic year of a Participating Institution beginning in the calendar year of the Maturity Date.

"Non-Program Portion" means for each Tuition Certificate, a percentage of the Investment Amount equal to the percentage of the amount deposited from a Tuition Certificate to the Owner Account on the Maturity Date or, if applicable, Early Tender Date that is not applied by the Owner for Program Uses, as determined by MEFA.

"Nonresident Tuition" means, in the case of any public Participating Institution, Tuition payable by a Student who is not a resident of the Commonwealth.

"Owner" means (i) with respect to an Owner Account, the person in whose name the Owner Account is established, (ii) with respect to Tuition Certificates acquired with Deposits to an Owner Account, the person in whose name such Owner Account was established, (iii) with respect to a Distribution Account, the person who owned the Tuition Certificate(s) the proceeds of which have been deposited to such Distribution Account, and (iv) upon a transfer of a Tuition Certificate and/or the rights of the Owner under this Enrollment Agreement with respect to an Owner Account, Tuition Certificate and/or Distribution Account, such transferee. "Owner" includes any custodian for a minor named in compliance with the Uniform Gifts to Minors Act and Uniform Transfers to Minor Acts or similar laws as applicable.

"Owner Account" means an account established in an Owner's name by book entry in an account established by MEFA, or, at MEFA's election, in an account established directly in the Owner's name at a Program Account Institution, which account contains amounts deposited by or for such Owner for the purchase of Tuition Certificates and investment earnings thereon.

"Owner Accreted Amount" means, with respect to each Tuition Certificate, the Investment Amount of such Tuition Certificate, increased on each August 1 to and including the Maturity Date or, if applicable, the Early Tender Date or Pre-Transfer Accretion Date, by adding to the Owner Accreted Amount in effect on the prior August 1 (or, in the case of the August 1 immediately following the Issue Date of such Tuition Certificate, in effect on such Issue Date) a dollar amount equal to the positive percentage change, if any, in CPI since the preceding August 1 (or, in the case of the August 1 immediately preceding the Issue Date, a dollar amount equal to the annualized positive percentage change, if any, in CPI since the Issue Date)

"Owner Balance" means, with respect to each Tuition Certificate, the Non-Program Portion increased on each August 1 to and including the Maturity Date or, if applicable, the Early Tender Date or Pre-Transfer Accretion Date, by adding to the Owner Balance in effect on the prior August 1 (or, in the case of the August 1 immediately following the Issue Date of such Tuition Certificate, in effect on such Issue Date) a dollar amount equal to the positive percentage change, if any, in CPI since the preceding August 1 (or, in the case of the August 1 immediately preceding the Issue Date, a dollar amount equal to the annualized positive percentage change, if any, in CPI since the Issue Date).

"Participating Institution" means an institution of higher education located in The Commonwealth of Massachusetts, authorized under federal or state law to provide educational programs and accredited by a nationally recognized accreditation agency, which has executed a Participation Agreement with MEFA pursuant to which such institution has committed (i) to provide Allocable Educational Services for a Qualifying Beneficiary who is a Student at such Institution in a Qualifying Year upon receipt of Tuition Certificate Proceeds of Tuition Certificates issued in Effective Years, and (ii) to provide the Post Maturity Educational Services Percentage for a Qualifying Beneficiary who is a Student in a Post Maturity Year upon receipt of Post Maturity Proceeds of Tuition Certificates issued in Effective Years, in either case subject to the conditions described in the Enrollment Agreement and Participation Agreement.

"Participation Agreement" means the agreement between MEFA and a Participating Institution governing the Participating Institution's participation in the Program.

"Post Maturity Educational Services Percentage" means a percentage of Educational Services in the Post Maturity Year a Tuition Certificate is used at a Participating Institution equal to the ratio of (i) the Post Maturity Educational Services Rate to (ii) the Tuition in effect in such year, multiplied by 100. The Post Maturity Educational Services

Percentage is referred to as the "Applicable Educational Services Percentage" in the Participation Agreement.

"Post Maturity Educational Services Rates" means a dollar amount equal to (i) the Allocable Educational Services (assuming payment to the Participating Institution of the Tuition Certificate Proceeds) multiplied by Tuition in effect on the Maturity Date of the Related Program Bond multiplied by (ii) a fraction consisting of (A) the proceeds of a Tuition Certificate paid to the Participating Institution over (B) the Tuition Certificate Proceeds which the Participating Institution would have received in the Maturity Year as a condition to providing the Allocable Educational Services. The Post Maturity Educational Services Rate is referred to as the "Educational Services Rate" in the Participation Agreement.

"Post Maturity Fee" means the annual fee, if any, imposed under Section 6.01 of the Enrollment Agreement for the maintenance of the Distribution Account.

"Post Maturity Proceeds" means proceeds of a Tuition Certificate remaining on deposit in a Distribution Account after a Tuition Payment Date in the Maturity Year.

"Post Maturity Year" means each of the academic years, other than a Qualifying Year, that begins within six years of the Maturity Year.

"Pre-Maturity Proceeds" means (i) the Accreted Amount of a Tuition Certificate at the Program Accrual Rate on the applicable Early Tender Date multiplied by (ii) the Designated Portion.

"Pre-Transfer Accretion Date" means the August 1 immediately preceding the Transfer Date or, if the Transfer Date is August 1, the Transfer Date.

"Program Account Institution" means a financial institution or institutions (including without limitation an investment company, mutual fund or money market fund) that may be selected from time to time by MEFA for the establishment of Owner Accounts or Distribution Accounts.

"Program Accrual Rate" means interest at an annual rate equal to the percentage change in CPI since the previous August 1 or, in the case of the August 1 immediately following the Issue Date, the annualized percentage change in CPI since the Issue Date, in each case plus 200 basis points. If the percentage change in CPI during any compounding period is negative, such negative percentage will be deducted from the 200 basis points, but if the resulting percentage is negative or zero, no adjustment will be made to the prior compounded value.

"Program Custodian" means the financial institution selected from time to time by MEFA (which may include MEFA itself) to take custody of Commonwealth College Opportunity Bonds (directly or through a sub-custodian) and issue Tuition Certificates; the current Program Custodian is MEFA.

"Program Portion" means for each Tuition Certificate, the Investment Amount less the Non-Program Portion.

"Program Recordkeeper" means the entity that maintains MEFA's records relating to the Program, which entity may be MEFA or a contractor selected by MEFA.

"Program Uses" means the application of payments received on a Tuition Certificate issued in an Effective Year to purchase Educational Services for a Qualifying Beneficiary at a Participating Institution in a Qualifying Year or Post Maturity Year.

"Program Request Form" means an application or other form, whether in paper or online format, by which the Owner designates the Maturity Date of the Tuition Certificate or Tuition Certificates to be purchased with the amount available in an Owner Account as of a Cutoff Date and, if Tuition Certificates with more than one Maturity Date are designated, the percentages of such amount to be applied to the purchase of Tuition Certificates of each designated Maturity Year.

"Qualifying Beneficiary" means for each Tuition Certificate, the Owner or another person designated as a beneficiary by the Owner as permitted under the Rules and who has been certified, to the satisfaction of MEFA, as the Owner's sibling or as a living lineal descendant of the Owner or the Owner's sibling. A lineal descendant includes any persons deemed lineal descendants under the Rules, such as step or adopted lineal descendants. A Qualifying Beneficiary has no vested rights in a Tuition Certificate, and the Owner has the right to

change a Qualifying Beneficiary designation at any time, provided the new Qualifying Beneficiary is a Qualifying Beneficiary Relative of the preceding Qualifying Beneficiary.

“Qualifying Beneficiary Relative” means a Qualifying Beneficiary who is, with respect to the preceding Qualifying Beneficiary, (i) an ancestor, (ii) a lineal descendant or (iii) a lineal descendant of the parent of the preceding Qualifying Beneficiary.

“Qualifying Year” means the Maturity Year and the two preceding academic years

“Related Program Bond” means the Commonwealth College Opportunity Bond to which a Tuition Certificate relates.

“Secondary Qualifying Beneficiary” means, for each Tuition Certificate, the Owner or another person who is not the primary Qualifying Beneficiary and who is (i) a Qualifying Beneficiary Relative of the primary Qualifying Beneficiary and (ii) designated by the Owner at the time the proceeds of a Tuition Certificate are applied as a Qualifying Beneficiary as permitted by the Rules.

“Stabilization Fee” means an amount equal to (i) the Accreted Amount of a Tuition Certificate at the Standard Accrual Rate on the Maturity Date or, if applicable, the Early Tender Date or Pre-Transfer Accretion Date, minus (ii) any Tuition Certificate Proceeds or Post Maturity Proceeds of such Tuition Certificate paid to a Participating Institution for Program Uses, minus (iii) the Owner Balance.

“Stabilization Fund” means the fund of that name established on the books of MEFA.

“Standard Accrual Rate” means interest at an annual rate equal to the percentage change in CPI since the prior August 1 or, in the case of the August 1 immediately following the Issue Date, the annualized percentage change in CPI since the Issue Date, in each case plus 200 basis points. If the percentage change in CPI during any compounding period is negative, such negative percentage will be deducted from the number of basis points added pursuant to the preceding sentence, but if the resulting percentage is negative or zero, no adjustment will be made to the prior compounded value.

“Student” means (i) an undergraduate student at a Participating Institution who is pursuing studies or conducting research to meet the requirement for an academic or professional degree or (ii) a full-time or part-time undergraduate student at a Participating Institution, if such institution provides an educational program that is acceptable for full credit towards a bachelor's or higher degree, or offers a program of training to prepare students for gainful employment in a recognized occupation.

“Successor Owner” means an individual designated by the Owner in accordance with Section 5.06 of the Enrollment Agreement to become the Owner in the event of the Owner's death.

“Transfer Date” means the effective date of any transfer of a Tuition Certificate in accordance with Section 5.03(b) the Enrollment Agreement.

“Transfer Fee” means the fee, if any, imposed by MEFA in connection with any permitted change of Owner of a Tuition Certificate, other than pursuant to Section 5.05.

“Tuition” means tuition rates, whether expressed as annual, semester, trimester, quarter or credit-hour charges or otherwise, required for the enrollment or attendance of a full-time Student attending a Participating Institution, plus Mandatory Fees. In the case of a public Participating Institution, In-state Tuition and Nonresident Tuition will be separately stated for purposes of each Tuition Schedule, and references to Tuition in this Enrollment Agreement mean In-state Tuition or Nonresident Tuition, as applicable at the time of attendance to the Qualifying Beneficiary for whose benefit Contract benefits are applied. A Participating Institution may also separately state Tuition for specialized programs, and such specialized program Tuition will be separately stated on each Tuition Schedule.

“Tuition Certificate” means a certificate issued by the Program Custodian, or acknowledgment of such certificate through book entry by the Program Custodian, representing a fractional ownership interest in a Commonwealth College Opportunity Bond with a specified Issue Date and Maturity Date held by the Program Custodian.

“Tuition Certificate Proceeds” means the Maturity Proceeds or

Pre-Maturity Proceeds of a Tuition Certificate, as applicable. Tuition Certificate Proceeds are referred to as “Program Certificate Proceeds” in the Participation Agreement.

“Tuition Payment Date” means the earliest date established by the applicable Participating Institution for payment of Tuition by all Students.

“Tuition Schedule” means the schedule maintained by the Program Recordkeeper setting forth the Educational Services Percentage relating to the Allocable Educational Services to be obtained by a Qualifying Beneficiary at each Participating Institution in exchange for the Maturity Proceeds or Pre-Maturity Proceeds paid to such Participating Institution in a Qualifying Year. The Tuition Schedule may be amended from time to time by MEFA to reflect the participation of additional Participating Institutions and the Educational Services Percentage relating to the Allocable Educational Services to be provided by each such additional Participating Institution for a Qualifying Beneficiary in exchange for the Maturity Proceeds or Pre-Maturity Proceeds paid to such Participating Institution in a Qualifying Year.

