

**SCHOLARSHIP FUND**  
**OF**  
**EAST TEXAS COMMUNITIES FOUNDATION**

1. **Agreement** - This agreement is made on this date of \_\_\_\_\_ between \_\_\_\_\_ (Donor) and East Texas Communities Foundation (Foundation).
2. **Fund Name**- The Donor hereby contributes the assets listed in Addendum I to establish a scholarship fund to be known as the \_\_\_\_\_ Scholarship Fund (Fund). The Donor or any other person may make additional contributions to the Fund.
3. **Purpose** - The purpose of the Fund is to provide educational scholarships for \_\_\_\_\_. The detailed Eligibility Criteria for selection of scholarship recipients and listing of any applicable conditions on scholarship grants is attached as Addendum II. In awarding scholarships from the Fund, the Foundation shall follow these criteria and conditions.
4. **Recommendations** – The Foundation will consider recommendations with regard to the Selection Criteria and Scholarship Committee as described below:
  - a. **Selection Criteria** - At the time a scholarship fund is established, the donor shall provide the Foundation with a detailed written criteria for selection of scholarship recipients and any conditions applicable to scholarships awarded from the scholarship fund. Foundation staff, the Donor, or Committee may recommend changes to the scholarship criteria to keep the scholarship updated with current practices and the market for eligible applicants, but those changes must be approved by the Board of Directors of the Foundation.
  - b. **Scholarship Committee** - A scholarship committee (Committee) shall be an advisor to the Foundation to make recommendations regarding the awarding of scholarships awarded from the Fund. However such recommendations are advisory only, and the Foundation shall not be bound by such recommendations. The Committee shall be composed of at least three persons all of whom shall be appointed by the Foundation. The Donor may make recommendations as to the membership of the Committee, but such recommendations shall be advisory only, and the Foundation shall not be bound by such recommendations. The Donor may serve on the Committee, but in no event shall the Donor or related parties constitute a majority of the Committee. Members of a Committee shall remain on such Committee until their respective successors are appointed, or until their death, resignation, or removal. Written recommendations for initial or successor Committee members, including the status of a Committee member's relationship to the Donor, will be submitted in writing to the Foundation and approved by the Grants Committee prior to the scheduled meeting of the Committee. Each year the Foundation will send the Donor a letter setting forth the members of the respective Committee and asking the Donor if the Donor desires to recommend successor members. In awarding scholarships from a scholarship fund, the Foundation will follow the criteria and conditions established by the Donor and consider the recommendations made by the Committee. However, final discretion for the awarding of all scholarships shall rest with the Foundation. The Foundation shall advise the Committee any time that the

Committee's recommendation for the awarding of scholarship funds is not accepted. The notice of disapproval shall be accompanied by an explanation of the reason(s) for such disapproval.

5. **Failure to Act** - If the Committee fails to advise the Foundation regarding the awarding of scholarships for a particular year, then no scholarship shall be awarded from the Fund for that year. Failure by the Committee to advise the Foundation regarding the awarding of scholarships for three consecutive years may result in the removal of the existing Committee and appointment of a replacement Committee.
6. **Records** - It is the responsibility of the Committee to follow such procedures, keep such records and submit such reports in writing as required by the Foundation. Failure by the Committee to comply with scholarship procedures and submit required reports may result in the removal of the existing Committee and appointment of a replacement Committee.
7. **Distributions** - Distributions shall be made only to public charities as defined in Section 170(b)(1)(A) of the Internal Revenue Code (i.e., churches, schools, hospitals, government entities, and publicly supported 501(c)(3) organizations). The Foundation shall make distributions for scholarships in accordance with its spending policy for scholarship funds in effect from time to time. The Fund shall be defined as either an Endowed or Non-Endowed Scholarship Fund as indicated below. If no selection is made, the Fund shall be considered an Endowed Scholarship Fund. (select by initialing only one method,)

\_\_\_\_\_ **Endowed Scholarship Fund** - Ordinary distributions from the Fund shall include awarding scholarships annually only if the value of the Fund exceeds \$10,000 and only in amounts not exceeding 5% of the value of the Fund determined as of the preceding December 31. During the first three years after establishment of the Fund, distributions may reach up to 10% of the value of the Fund without further approval. Extraordinary distributions (in excess of 5%) for scholarships may be made at any time in any amount if requested by at least a 2/3 vote of the Committee and approved by the Board of Directors of the Foundation.

\_\_\_\_\_ **Non-Endowed Scholarship Fund** - A Non-Endowed Scholarship Fund may distribute up to 100% of the value of the Fund. The amount which will be distributed, including administrative fees, renewals, etc. should be contributed to the Foundation no later than December 31 of the year prior to the year in which scholarships are awarded. The scholarship cannot be publicized prior to receipt of funding.

8. **Minimum** - There is no minimum amount necessary to establish an Endowed Scholarship Fund, however, if the value of the Endowed Scholarship Fund fails to reach at least \$10,000 within three years after the establishment of the Fund, or if the value remains below \$10,000 for three consecutive years then the Foundation may transfer the Fund to its General Scholarship Fund or distribute any remaining funds to fulfill the purpose of the fund. If the Donor elects the Non-Endowed Scholarship Fund option above, the amount which will be distributed, including all administrative fees, and any amount of guaranteed renewals for future years should be contributed to the Foundation no later than December 31 of the year prior to the year in which scholarships are awarded. Upon the resignation, incapacity, or

death of the Donor, and after the inclusion of any possible testamentary contributions to the Fund, any Non-Endowed Scholarship Fund with a balance of \$10,000 or greater shall become an Endowed Scholarship Fund.

9. **Ownership and Administration** - This contribution is irrevocable, and the Foundation shall be the sole and exclusive owner of the Fund. The Fund shall be administered in accordance with the Foundation's Articles of Incorporation, Bylaws and Policy for Scholarship Funds, as amended from time to time, copies of which shall be provided to the Donor upon request.
10. **Variance Power** – In accordance with IRS regulations and the Bylaws of the Foundation, the Board of Directors of the Foundation shall have the power to modify any restriction or condition imposed by a donor on the investment or distribution of assets if, in the sole judgment of the Board of Directors, such restriction or condition becomes illegal, unnecessary, uneconomical, impossible to perform, or inconsistent with the charitable needs of the community or area served, and such modification would more effectively serve the charitable purposes of the Foundation taking into consideration the wishes of the donor.
11. **Fees** - The Foundation shall charge the Fund an annual administrative fee, plus any out-of-pocket expenses incurred directly by the Fund.
12. **Publicity** - The Foundation may publicize the Fund and its eligibility criteria and conditions.
13. **Pledges and Benefits** - No scholarship shall be awarded from the Fund to satisfy a written pledge or legal obligation of any donor to the Fund, any member of the Committee, or employee or officer or director of the Foundation. No descendant of any donor to the Fund, member of the Committee, or employee or officer or director of the Foundation shall be eligible for any scholarship awarded from the Fund.
14. **Board Approval** - The establishment of this Fund shall be subject to the approval of the Board of Directors of the Foundation.

Donor:

East Texas Communities Foundation:

\_\_\_\_\_

\_\_\_\_\_  
Kyle L. Penney, President

Confirmation of Board Approval:

\_\_\_\_\_

Date: \_\_\_\_\_

Scholarship Form Revised: August 18, 2011

**ADDENDUM I**

\_\_\_\_\_ **SCHOLARSHIP FUND**  
**AGREEMENT**

\_\_\_\_\_, 20\_\_\_\_

**Initial Transfer of Assets  
and Initial Investment**

**Initial Transfer of Assets**

The Donor transfers the following assets to the East Texas Communities Foundation to establish the \_\_\_\_\_ Scholarship Fund:

\_\_\_\_\_

The Donor or any other person may make contributions to the Fund at any time and in any amount.

**Initial Investment**

The Donor(s) recommend that the funds be initially invested in the (select one):

- |  |  |
|--|--|
| <input type="checkbox"/> Cash Fund         | <input type="checkbox"/> Stable Value Fund       |
| <input type="checkbox"/> Conservative Fund | <input type="checkbox"/> Conservative Index Fund |
| <input type="checkbox"/> Moderate Fund     | <input type="checkbox"/> Moderate Index Fund     |
| <input type="checkbox"/> Growth Fund       | <input type="checkbox"/> Growth Index Fund       |

If no recommendation is made, assets will be invested in the Moderate Fund.

**Investment Recommendations**

The Donor recommends that \_\_\_\_\_ may make recommendations to the Foundation regarding the investment of the Fund. However, such recommendations are advisory only, and the Foundation shall not be bound by such recommendations. Upon the resignation, incapacity or death of the Donor, or if no person or Scholarship Committee has been designated to make investment recommendations by the Donor, the Foundation shall select an investment strategy to fulfill the purpose of the Fund.

Donor:

East Texas Communities Foundation:

\_\_\_\_\_

\_\_\_\_\_  
Kyle L. Penney, President

**ADDENDUM II**

**SCHOLARSHIP FUND**

**AGREEMENT**

\_\_\_\_\_, 20\_\_

**Eligibility Criteria**

**High School**

Applicant must be a graduating senior from \_\_\_\_\_ [Alternative: a public or private] high school in East Texas.

**Academic Record**

Recipient must have achieved a minimum cumulative grade point average of at least 3.0 (on a 4.0 scale) in his or her high school.

**Financial Need**

Financial need is a primary consideration for applicants, and students should submit a completed Free Application for Federal Student Aid (FAFSA).

**College Major**

Recipient(s) must plan on majoring in \_\_\_\_\_ at any college or university located in the United States and accredited by an organization recognized by the Council for Higher Education Accreditation, or its successor. Recipient must plan to attend school as a full-time student. [Alternative: Recipient must be at least a sophomore at the time of application, and must have declared his or her major to be \_\_\_\_\_ in an undergraduate program, or must be in a \_\_\_\_\_ master's degree program]

**College/University**

Recipient(s) must be admitted to attend \_\_\_\_\_ in \_\_\_\_\_, Texas.

**Essay**

Recipient must demonstrate the motivation to pursue a career in \_\_\_\_\_ by a written essay. Applicants should be available for a personal interview, if requested.

Dependents of scholarship committee members are not eligible to apply.

**Length of Support**

The scholarship may be renewable for up to three years, for a total of four years, based on the availability of funds, if the recipient meets the following criteria:

- 1) The recipient continues to pursue an undergraduate degree with a major in \_\_\_\_\_ or a graduate degree in \_\_\_\_\_,
- 2) The recipient is a full-time student, and
- 3) The recipient maintains a minimum cumulative grade point average of at least 3.0 (on a 4.0 scale) in his or her undergraduate program, and, if applicable, in his or her graduate program.

Approved by ETCF Board: \_\_\_\_\_, 20\_\_