SAMPLE

AGREEMENT FORM – SCHOLARSHIP FUND

On this date, ___________, 201_, and with this agreement (“Agreement”), ______________ (“Donor”), makes an irrevocable gift of $______ to the Hampton Roads Community Foundation (“HRCF” or “Foundation”), a 501(c)(3) organization authorized to receive and hold charitable funds in accordance with its Articles of Incorporation and Bylaws.

A. HRCF accepts this gift subject to the terms and conditions of this Agreement as follows:

1. That the gift [made in honor of or in memory of _______, (optional)] is to be used to establish a permanent fund at the Foundation to be known as the _________ Fund (“Fund”).

2. That, subject to the Foundation’s Gift Acceptance and Donor-Initiated Fundraising policies, additional contributions may be made by the Donor(s) or others to the Fund to ensure its growth.

3. That the Fund’s purpose shall be to provide scholarships for students attending ______________ [stipulate high school(s) in South Hampton Roads or specific localities or geographic regions] who are in need of financial aid for undergraduate or graduate education at a college or university [or name a specific institution or institutions].

4. That if any organization identified above loses its tax-exempt status, discontinues its charitable and benevolent programs which are consistent with the mission and purposes of the Foundation, or ceases to exist, thereafter the Fund shall be used for those charitable and benevolent purposes which, in the good faith opinion of the Foundation, most nearly approximate the original charitable and benevolent purposes of the Fund.

5. That the Donor(s), the Donor’s family, or related parties shall have no role in the scholarship selection committee.

6. That the Donor(s) has received and reviewed the Procedures for Establishing and Operating Scholarship Funds and agrees to the terms and conditions described therein.

7. That annual scholarship grants from the Fund shall be determined under the HRCF policies in effect from time to time with respect to distributions from permanent funds.

B. In addition to the above terms and conditions, the Donor(s) further agrees to the following administrative provisions:

1. That HRCF shall have absolute authority and discretion as to the investment of the Fund’s assets.
2. That all property and money in the Fund shall be the assets of the Foundation and may be co-mingled with other Foundation assets. HRCF shall not be required to segregate the Fund’s assets for investment purposes; however, it shall be required to maintain a separate accounting of the Fund on its books and records.

3. That if HRCF in good faith determines that any condition or restriction on which the Fund is held, including any condition or restriction provided for in this Agreement, has become, in effect, unnecessary, impractical, or incapable of fulfillment or is inconsistent with the charitable needs of the communities of southeastern Virginia, the Foundation shall be authorized to modify such condition or restriction.

4. That the Fund is subject annually to an administrative fee based on the Foundation’s then current administrative fee structure. The Donor(s) has received and reviewed HRCF Policy on General Support from Component Funds.

SO AGREED:

Deborah M. DiCroce
President & CEO
Hampton Roads Community Foundation

[Donor’s Name]  
[Donor’s Address]  
[Donor’s Phone Number]

[Donor’s Name]  
[Donor’s Address]  
[Donor’s Phone Number]
Procedures for Establishing and Operating Scholarship Funds

Definition
A Scholarship Fund at the Hampton Roads Community Foundation is a permanent component fund that provides scholarship and fellowship grants to individuals, including high school, college, and graduate school students. These grants enable the recipients to pursue an undergraduate or graduate education. The Foundation may also hold and administer certain funds that make grants to students in primary and secondary school to attend various educational programs and to other individuals for vocational or other training.

Nature and Terms of Contributions
Each Scholarship Fund will be subject to the terms of the articles of incorporation and by-laws of the Foundation. Contributions to Scholarship Funds represent irrevocable gifts subject to the exclusive legal and fiduciary ownership and control of the Foundation. A Donor may not impose any material restriction or condition that prevents the Foundation from freely and effectively employing the contributed assets, or income derived therefrom, in furtherance of a charitable purpose of the Foundation.

Selection Process
Based on the Foundation’s efficiency in administering scholarships and the legal limitations on donor involvement in the selection of scholarship recipients created by the Pension Protection Act of 2006, the review of scholarship applications, selection of recipients, and determination of award amounts are delegated by the Board to an internal scholarship committee comprising designated Foundation staff. All scholarships shall be awarded on an objective and nondiscriminatory basis.

Criteria and Eligibility
Scholarship recipients shall be selected from a pool of candidates chosen on the basis of criteria detailed in the fund agreement. Donors may establish criteria such as place of residence, past or future attendance at a particular school or program, participation in a particular activity, or pursuit of a proposed course of study or career field. Criteria may also include sex, race, ethnic background, or religion so long as the criteria do not violate public policy, as established in federal and state law, relevant court rulings, and IRS rules and regulations.

- **Geographic Focus:** The Foundation’s priority service area for scholarships is South Hampton Roads, specifically the cities of Chesapeake, Norfolk, Portsmouth, Suffolk, Virginia Beach and Isle of Wight County. Unless otherwise designated in the fund agreement, recipients must be residents of these localities. Applications from residents of the Peninsula, Eastern Shore of Virginia, and Western Tidewater may be considered for scholarships for which the Foundation has difficulty in attracting a sufficient pool of applicants.

- **Applicant Pool:** Unless otherwise noted in the fund agreement, recipients shall be U.S. citizens or permanent residents who are graduates (or the equivalent) of a South Hampton Roads high school or non-traditional age students who are long-time

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residents of South Hampton Roads. Highest priority shall be given to applicants who have lived in South Hampton Roads for at least five years immediately preceding application for the scholarship. Requests from permanent residents with refugee or asylum status who have been resettled in South Hampton Roads for less than five years will be considered on a case-by-case basis.

- **Enrollment Status:** Unless otherwise designated in the fund agreement, priority for undergraduate scholarships shall be given to applicants enrolling in bachelor’s degree programs at four-year colleges. Requests for scholarships to attend two-year/ community colleges and/or to obtain an associate degree will be reviewed on a case-by-case basis. Recipients of college scholarships must be enrolled in a degree program; non-degree candidates are typically not eligible. Recipients are expected to be enrolled full-time; however, requests for part-time enrollment will be considered on a case-by-case basis.

- **Disqualified Persons:** Relatives of the Foundation’s staff and Board members are not eligible to apply. *Relatives of the donor are not eligible to receive a scholarship from a fund created by that donor.* Typically, relatives of the decedent or honoree in whose name a memorial or honorary fund was established are not eligible to receive a scholarship from that fund. The following are considered relatives: spouse, parent, step-parent, mother/father-in-law, child, stepchild, sibling, half-sibling, brother/sister-in-law, uncle, aunt, first cousin, nephew, niece, grandparent, or grandchild.

- **Eligible Educational Institutions:** Unless otherwise designated in the fund agreement, college scholarships may only be used at degree-granting public and nonprofit colleges and universities in the United States that are accredited by nationally recognized accrediting agencies and participate in the Federal Student Aid (FSA) programs. When awarding scholarships for vocational training, priority will be given to students enrolling in nonprofit vocational institutions that are certified to participate in FSA programs.

- **Merit:** Merit is assessed by evaluating the extent to which applicants demonstrate academic ability, leadership, initiative, and concern for school and community. Additional factors may include life experience as demonstrated by voluntary or paid work experience that supports the student’s goals, unusual family or personal circumstances, special requirements set forth by the donor in the fund agreement, and conclusions the committee may draw as to the applicant’s motivation, character, ability, or potential. The HRCF Scholarship Committee reviews transcripts, extracurricular activities, letters of recommendation, work experience, and personal statements/essays to evaluate applicants.

- **Financial Need:** Financial need shall be a criterion unless the fund agreement specifically designates that a scholarship is to be based solely on merit. To assess financial need, the Foundation will consider information on the applicant’s employment history, family income sources, household size, financial hardship, unusual financial burdens, information on the Federal Student Aid Report, and financial aid received from other sources.

- **Student Conduct:** Scholarship recipients are expected to adhere to civil laws and the codes of conduct set forth by their educational institutions. The Foundation reserves the right to suspend or revoke scholarship awards if a student commits a school or
criminal violation. The Foundation staff may place recipients on probation or suspend their scholarships if they are on academic warning or probation, fail to make satisfactory academic progress at their educational institutions, misuse funds or inaccurately portray their financial need.

**Spending Policy**
Each year the Foundation calculates an amount available for distribution for all component funds, including Scholarship Funds. Currently, the spending policy is to distribute 4.5% of the average asset value over twelve trailing quarters, or the number of quarters since the Fund was established if less than twelve. The Foundation reviews this spending policy annually.

**Awards**
Scholarship amounts shall be determined by the HRCF Scholarship Committee based on the total amount available for distribution, the number of recipients selected, and the financial need of each recipient, if applicable. Typically a scholarship will not be offered if the amount available for a new award is less than $1,000.

- **Renewal:** Unless otherwise designated in the fund agreement, scholarships shall be renewable. Students enrolled in bachelor's degree, law, and medical school programs are eligible to receive funds for up to four academic years. Students enrolled in other master's and associate degree programs are eligible for up to two years of assistance. Community college students who immediately transfer to a bachelor's degree program prior to or upon completion of their associate degree shall be eligible to receive up to four years of assistance.

- **Qualifying Expenses:** Unless specifically designated in the fund agreement to be restricted to a specific expense, college scholarships may be used for educational expenses included in the Cost of Attendance (COA) at the recipient's educational institution. COA is a budget established annually by a college or university that includes tuition and fees; room and board (or a housing and food allowance); and allowances for books, supplies, transportation, and loan fees. It also includes miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer if one is required for attendance. Scholarships for primary and secondary school may only be used for direct expenses charged to the student by the institution.

- **Payments:** Scholarships shall be paid directly to the educational institution.

**Corporate Scholarships**
Scholarships established for the benefit of employees of a company and/or their dependents shall be administered using the additional guidelines in the Corporate Scholarship Guidelines and Procedures. The special procedures are to insure that such expenditures are consistent with the Foundation's exempt purpose, meet the IRS definition of scholarships and/or fellowships, and are not at risk of being deemed extra compensation, employment incentives, or employee fringe benefits.
Policy on General Support from Component Funds

The Foundation depends on annual support from administrative fees assessed on component funds to provide general philanthropic services to the community and to support its community leadership activities. In keeping with the charitable purposes of the Foundation, our objective is to keep operating expenses at a moderate level and to provide a high quality service to all donors and charitable organizations.

Services provided by the Foundation to donors include administrative, audit, grantmaking, grantee accountability and reporting functions specific to each component fund. Foundation staff also research program models to assist donors in the design of a focused or special purpose grant program. In cases where special grant administrative services may be required, direct costs to the Foundation will be reimbursed by the fund in addition to the annual contribution made for general support.

Services provided by the Foundation to charitable organizations include information and referral and community workshops on Foundation programs and related matters.

Annual support from component funds is based on the type of fund established. The support contribution percentage shown below is applied to the trailing twelve-quarter average asset value or the number of quarters the fund has been in existence if fewer than twelve. Typically, the support contribution is calculated as of September 30 of the prior year; however, if the fund is received in the fourth quarter of a given year, the December 31 asset value will be used to calculate the support contribution of the fund for the first year.

Any direct costs incurred to evaluate, acquire or sell a complex gift asset, such as real estate, partnership interest, or closely held stock, will reduce the net proceeds credited to the beneficiary fund.

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Fee</th>
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<tbody>
<tr>
<td>Unrestricted Fund</td>
<td>1.10%</td>
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<tr>
<td>Field-of-Interest Fund</td>
<td>1.10%</td>
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<tr>
<td>Designated Fund</td>
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<tr>
<td>Permanent Organizational Fund</td>
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<tr>
<td>Scholarship Fund</td>
<td>1.50%</td>
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<tr>
<td>Current Use Fund*</td>
<td>2% of gifts plus investment earnings</td>
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<tr>
<td>Endowed Donor Advised Fund*</td>
<td>No minimum fee</td>
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<tr>
<td>Up to $1 million</td>
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<tr>
<td>$1,000,001 - $4,999,999</td>
<td>.65%</td>
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<tr>
<td>$5 million +</td>
<td>.50%</td>
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<tr>
<td>Supporting Organizations</td>
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<td>$2.5–10 million</td>
<td>.75% to .50% (plus direct costs)</td>
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<tr>
<td>$10-25 million</td>
<td>.50% to .35% (plus direct costs)</td>
</tr>
<tr>
<td>$25 million +</td>
<td>.35% to .15% (plus direct costs)</td>
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</tbody>
</table>

*International Grant Recommendations: A fee to cover legal expenses will be assessed based on actual costs for determining charitable status of any recommended organizations outside the U.S. In addition, the Foundation charges the fund a $50 fee per grant made to charitable organizations outside the United States.

Revised December 2013