

LITTLE STURGIS RALLY AND RACES FOR CHARITY, INC.

SCHOLARSHIP TRUST FUND

SCHOLARSHIP POLICIES AND PROCEDURES

Section 1. **SCHOLARSHIPS.**

1.1 Each School Year the Scholarship Trust Fund Committee shall pay to any High School graduate (meeting the requirements under Section 3 herein), as selected by the Committee (under Section 4 herein), as a college scholarship from the net income of the Scholarship Trust Fund, an annual amount [initially \$1,000 per School Year (\$500 per semester)] to any scholarship recipient as selected by the Committee.

1.2 Any and all college scholarships shall be limited to a scholarship recipient's first (freshman) year in college.

Section 2. **SCHOLARSHIP TRUST FUND COMMITTEE.**

2.1 Generally there shall be a Scholarship Trust Fund Committee (the "Committee") consisting of three (3) members appointed by the Board of Directors of Little Sturgis Rally and Races for Charity, Inc. (the "Corporation"). In the event that any such member of the Committee has a conflict of interest with respect to any selection process, then the remaining members of the Committee may appoint one disinterested party to replace such member in the Committee. The majority of the members of the Committee shall be the act of the Committee.

2.2 **Meetings.** Meetings of the Committee shall be called by the Chairman or Vice Chairman fixing any place and time as the place for holding any meeting of the Committee.

2.3 **Notice.** Notice of any meeting shall be given at least three days previous thereto by written notice delivered personally or mailed or faxed or e-mailed to each member of the Committee at his or her last known address (or fax number or e-mail address as the case may be). The attendance of a member at a meeting shall constitute a waiver of notice of such meeting.

2.4 **Quorum.** A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting except where unanimous action is required of the entire Committee.

2.5 **Conduct of Committee.** The Committee in its discretion may invite representatives of and from the High School to be ex-officio (non-voting) members of the Committee, from time to time. The Committee shall select the scholarship selection process in such a manner that it and its members will not derive any private benefit directly or indirectly from the selection of scholarship recipients. The scholarship grants will be awarded on a non-discriminatory basis with regard to race, national origin, sex or employment status.

2.6 **No Private Benefit.** No member of the Committee shall be in a position to derive a private benefit, directly or indirectly, if certain potential recipients are selected over others (see Treas. Reg. § 53.4945-4(b)(4)).

Section 3. **MINIMUM REQUIREMENTS FOR SCHOLARSHIP.** The following minimum requirements for consideration and selection of scholarship recipients are as follows:

3.1 Applicant must be a resident of Union County, Kentucky, and a graduate (or prospective graduate) of a High School.

3.2 Applicant must have an academic standing of no less than 3.0 grade point average or above, or a composite ACT of 20 or above.

3.3 Applicant must be enrolled and planning to carry a minimum of 12 hours per semester in a college or university with a view to obtaining a baccalaureate (bachelor of science or arts) degree.

3.4 Applicant must use and submit the official application form (Annex A hereto) which will be available on or after March 15 in the High School Guidance Office.

Typewritten applications and statements are preferred over handwritten submissions.

Applications must be dated and signed by the student applicant and parent(s) or guardian (s).

3.5 Three (3) letters of recommendation (originals to be signed by the author) are required.

3.6 A short essay is required to be submitted and signed by the student applicant.

3.7 Applications must include a summary of any other scholarships and/or financial aid received or available to the applicant as well as a statement as to family income and a "needs" statement to be submitted by the parents or guardian on behalf of the applicant.

3.8 Applications must be submitted on or before April 21 of the year for which the scholarship application is being requested.

3.9 No person related by blood or marriage to any member of the selection committee or to any disqualified persons (within the meaning of Code Section 4946 of the Internal Revenue Code) with respect to the Corporation is eligible for a scholarship grant or award.

Section 4. **THE SELECTION.**

4.1 Notwithstanding any provision herein to the contrary, any and all scholarship recipients shall be selected on an objective and non-discriminatory basis.

4.2 The selection procedure is not limited to any one or more applicants.

4.3 The selection of a graduate as a recipient of a college scholarship will be made solely on the basis of (a) scholastic and academic ability and performance at the Union County High School; and (b) such graduate's intention of taking (and his enrollment in) a college or university curriculum (minimum of 12 hours per semester) with a view of obtaining a baccalaureate degree.

Section 5. **PAYMENT OF THE SCHOLARSHIP**

5.1 Each scholarship award or grant will be paid directly to the college or university to be attended by the scholarship recipient on a per semester basis. Each scholarship shall terminate upon the earlier to occur of (a) such scholarship recipient's completion of his freshman (first year) matriculation at such college or university; or (b) such recipient's termination of college enrollment and attendance for any reason; or (c) any violation by the scholarship recipient of any of these policies.

Section 6. **PURPOSE AND SCOPE OF SCHOLARSHIP**

6.1 Any scholarship award or grant shall be used only to pay for, or defer, the cost and expenses of tuition and registration fees charged by the college or university, required text books and dormitory fees or a rental allowance for off campus housing, in that order of preference.

Section 7. **SUPERVISION OF SCHOLARSHIP GRANTS**

7.1 As a condition to any scholarship grant or award the Committee shall require the receipt of a report of such recipient's college courses taken and the grades received in each academic period (semester) verified by the college attended by such recipient for each semester of each academic year.

Section 8. **INVESTIGATION OF JEOPARDIZED SCHOLARSHIP**

8.1 Where the reports submitted under Section 7 herein, and/or other information (including the failure to submit such reports) indicate that all or any part of the scholarship grant or award is not being used in furtherance of the purposes of such grant, the Committee shall investigate and may take any of the following actions: (a) the Committee may terminate any further awards to such recipient (for example, the scholarship award for the second semester), and/or (b) in cases in which the Committee determines that all or any part of a scholarship award or grant has been used for improper purposes, then the Committee may take all reasonable and appropriate steps either to recover the scholarship funds or to ensure the restoration of the diverted funds.

Section 9. **RETENTION OF RECORDS**

9.1 The Committee shall retain records pertaining to all scholarship grants and awards to the graduates. Such records shall consist of (a) all information the Committee secures to evaluate the qualification of potential recipients; (b) identification of the recipients and graduates (including any relationship of any such recipient to the Committee); (c) specification of the amount, payee, college or university and purposes of each scholarship award and grant; (d) the follow-up information which the Committee obtains in complying with Section 9 herein.

Section 10. **DEFINITIONS.** The following terms shall have the following meanings:

10.1 "High School" shall mean the Union County High School, or its successor, and any other accredited high school located in Union County, Kentucky.

10.2 "Graduate" shall mean a graduate of the School.

10.3 "College" shall mean an accredited college or university maintaining a regular faculty and curriculum and having a regularly organized body of students in attendance at the place where its educational activities are carried on.

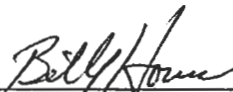
10.4 "Code" shall mean the Internal Revenue Code of 1986, as amended.

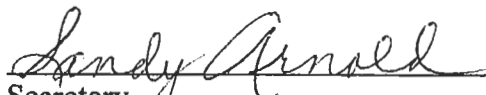
10.5 "School Year" shall mean a regular college academic year, typically extending from August or September to the next May or June.

Section 11. **AMENDMENTS.**

11.1 The Committee at any time may modify or amend any of these policies, so long as such modification or amendments are consistent with Code Section 4945, and the regulations promulgated thereunder.

SCHOLARSHIP TRUST FUND COMMITTEE

By: 
Chairman


Secretary