

THE MIKE MUTH BASKETBALL SCHOLARSHIP FUND, INC.
SCHOLARSHIP AND AWARD PLAN
Scholarship and Award Procedures

2013

I. PURPOSE

The Mike Muth Basketball Scholarship Fund, Inc. (the “Fund”), to effect its educational purpose, has adopted the following procedures and guidelines (the “Plan”) for the purpose of providing scholarships to approved recipients in order to enable them to obtain or to complete their post-secondary education. The Fund shall conduct the screening, selecting, granting, supervising, and reviewing of its scholarships in the manner set forth in § 4945(g) of the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder (the “Code”).

Costs of administering the program will be borne by The Mike Muth Basketball Scholarship Fund. Scholarships will be subject to the provisions of § 117 of the Code, and shall be used only at approved and accredited colleges (sometimes “college”) described in § 151(e)(4) and 170(b)(1)(A)(ii) of the Code.

Scholarships will be made on an objective and non-discriminatory basis. The purpose of such scholarships will be to further the recipients’ education at post-secondary institutions (*For example, pursue a defined course of study to obtain a degree or a certificate for a specified skill, etc.*). Scholarships will be awarded in strict accordance with § 4945(g)(3) and the regulations thereunder.

Scholarship recipients will be students of Palmetto High School, Williamston, South Carolina, or any successor high school by reason of consolidation or merger. To be considered for a scholarship, the selection criteria are:

1. Be a senior or former senior of Palmetto High School.
2. Have participated for at least two years as a player in the basketball program at Palmetto High School.
3. Have a minimum 3.3 grade point average (GPA) based on a 4.0 scale by January of the final year of high school.
4. Have no criminal record.
5. Have provided the scholarship committee with a copy of a personal acceptance letter from the post-secondary institution for full-time enrollment, i.e., college, technical school, etc., where the applicant plans to matriculate.

6. Have submitted a completed application form along with three references, i.e., guidance counselor, individual in the community, employer, coach, or church official, to the scholarship committee.

II. SCHOLARSHIP COMMITTEE

The Scholarship Review Committee (“Committee”) shall be comprised of the Board of Directors (the “Board”) of the Fund. No person shall be appointed to the Board or the Committee who will be in a position to benefit directly or indirectly by the selection of any scholarship recipient.

III. CANDIDATES FOR SCHOLARSHIPS: ELIGIBILITY

A. Residency:

Candidates must be residents (i.e., domiciliaries) of South Carolina and seniors or former seniors of Palmetto High School.

B. Year of Application:

Candidates must have graduated from high school the year the award is made, subject to the sole discretion of the Committee that consideration may be given to candidates otherwise eligible who are attending college, or have elected not to attend college immediately after graduating from high school for reasons the Committee determines acceptable.

C. Acceptance:

Candidates must demonstrate to the Committee that they have the requisite skills and education to benefit from the enhancement and educational opportunities to be provided through the Fund. If any scholarship for study in the United States is to be awarded, the candidate must be accepted by an approved and accredited post-secondary institution, provided such institution is described in § 151(e)(4) and 170(b) of the Code.

D. Application:

Candidates shall apply before March 1st, (unless the Committee sets otherwise) in response to the evaluation criteria supplied by the Fund, to:

The Mike Muth Basketball Scholarship Fund
2 Camelia Circle
Williamston, SC 29697

IV. SELECTION CRITERIA

Scholarships shall be made on an objective basis, in accordance with the Fund's charitable and educational purposes. The criteria to be used by the Committee shall include (but not be limited to) the following: prior academic performance, and conclusions which the Committee might draw from a personal interview as to the individual's motivation, ability, character and potential. Candidates shall be considered without regard to race, gender or creed.

V. AMOUNT OF SCHOLARSHIPS: USE OF FUNDS

A. Scholarship Funding:

The minimum amount of each scholarship shall be \$500. Additional amounts may be awarded, pending availability of funds. The Board may change an award to the minimum amount should a recipient receive additional award(s) from other funders.

B. Renewals:

Subject to the sole discretion of the Committee, scholarships may be extended for nine (9) successive semesters. Decisions to renew, or not to renew, shall be made based on the same criteria as the initial award. Criteria for receipt of additional scholarships:

1. Maintain a minimum 2.0 grade point average for the first semester of post-secondary enrollment and a 2.5 grade point average thereafter for each previous semester with full-time student status as determined by the enrolling institution.
2. Have on file with the Fund an official transcript of the recipient's last semester's grades from the registrar of the post-secondary institution he or she currently attends.
3. Have no criminal record.

C. Use of Funding:

Scholarships shall be made for educational purposes. Scholarship funds, subject to certain limitations (as set forth herein or as may be imposed by the Committee), shall be deposited with the institution to an account established for the recipient, to be disbursed by college authorities, pro-rata for each academic session, solely for expenses typically or customarily incurred for tuition or study materials.

D. Recipient Agreement:

Each recipient shall agree in writing with the Fund that:

1. Funding will be used solely for the purposes approved herein.

2. The recipient will reimburse the Fund in full for any scholarship funds diverted to an improper use;
3. The recipient will notify the Committee of any change in the recipient's status (i.e., student, financial status, marriage).
4. The recipient will provide any information requested by the Committee that may affect the recipient's eligibility (or any renewal).
5. The recipient will waive all rights to any unused grant funds returned to the Fund for any reason set forth herein.
6. The recipient will agree and authorize the institution to release and mail to the Committee the recipient's grades, academic standing, receipts for expenditures, and all other information that may affect the status of recipient or the award made to the recipient.

VI. SUPERVISION OF SCHOLARSHIPS: INVESTIGATION OF JEOPARDIZED AWARDS

- A.** The Committee shall arrange with each institution, with which scholarship funds are deposited, to obtain, at the end of each academic period (but in no event less than once a year) a verified report on the courses taken by the recipient and grades received for such courses. A final report shall be obtained at the completion of the recipient's study.
- B.** If any report required by this Plan is not submitted as and when required, the Committee shall immediately investigate such failure to report and shall, to the extent possible, withhold any further payments until such reports have been submitted.
- C.** If the Committee has reason to believe that a "diversion" of any part of an award has occurred, or if any part of an award is used for an improper purpose, the Committee shall immediately investigate and shall:
 1. Notify the recipient and the institution in writing that no further payments will be made until:
 - (a) recipient has assured the Committee that no further diversions will occur; and
 - (b) recipient has taken whatever precautions the Committee directs to affect such assurance.

2. Take all reasonable and appropriate steps either to recover the grant funds or assure the restoration of such funds (including legal action where appropriate, unless the likelihood of recovery upon execution of judgment is not significant).
3. Withhold all future payments until diverted funds are in fact restored or recovered where, in the case of the affected recipient, prior diversions have occurred (in addition to Nos. 1 and 2 above).
4. Notify the institution to return all unused funds if the restoration and assurance provisions set forth herein are not satisfied to the satisfaction of the Committee.

D. “Diversion,” as used in this Plan, means:

1. Any use of funds for a purpose not approved herein;
2. Use of funds at any institution not approved and described in this Plan.

E. The determination by the Committee that a diversion has occurred shall be binding, and the recipient, upon making application to the Fund, expressly and irrevocably waives any and all causes of action that might be and arise from the determination by the Committee that a diversion has occurred.

VII. RECORDS

The Fund shall maintain full and complete records pertaining to the operation of its Grant Plan, including but not limited to:

1. All information used in the evaluation and selection of recipients;
2. Identification of recipients (and the relationship, if any, of the recipient to the Fund) so as to enable a determination of whether or not such recipient is a "disqualified person" within the meaning of §4945(a)(1) of the Code;
3. Specifics of amounts and purpose for each award;
4. All information received concerning grades, academic records, correspondence with recipients and institutions, investigations, records regarding diverted funds, etc.
5. The Secretary or Treasurer of the Board shall be designated to keep all information pertinent to the evaluation and selection of recipients in a locked,

fireproof box for a period of no fewer than ten (10) years. The box shall contain copies of all annual reports of the Fund, including all board minutes, Treasurer's annual reports, applicant and recipient information, current By-laws, names of past and current Board members, and state and federal tax information, including EIN; and the Fund's 501(c)3 determination letter.

VIII. TERMINATION: LIMITATIONS ON EXPENDITURES

- A.** The Board of Directors in their sole discretion may terminate The Mike Muth Basketball Scholarship Fund's Award Plan for any one or more of the following reasons:
1. Receipt of notice from the Internal Revenue Service or state authorities that the tax-exempt status of The Mike Muth Basketball Scholarship Fund under § 501 of the Code or any state law is revoked for any reason whatsoever.
 2. Continuation of the Plan will result in the imposition of any type of tax, fine or penalty, or liability upon either or all Directors of The Mike Muth Basketball Scholarship Fund, the managers or the administrators under any federal or state law.
 3. The tax-exempt status of The Mike Muth Basketball Scholarship Fund under § 501 of the Code or any state law or the deductibility of contributions to The Mike Muth Basketball Scholarship Fund under § 170 of the Code or any state law is in jeopardy or will be jeopardized by continuation of the Plan or for any other reason whatsoever.
 4. The Mike Muth Basketball Scholarship Fund for any reason whatsoever no longer wishes to continue the Scholarship Plan.

The decision of the Directors to terminate the Plan for any one of the above reasons shall be final, and the Directors shall incur no liability to any persons for such a decision; and no applicant for or recipient of any scholarship shall have any claim to or rights in any award or portion thereof, and shall have no cause of action against the Directors, The Mike Muth Basketball Scholarship Fund, or the administrator upon termination of the Plan.

- B.** No grant or scholarship shall be awarded or extended if the awarding of a scholarship or approval of an extension of such scholarship will jeopardize the tax-exempt status of The Mike Muth Basketball Scholarship Fund under § 501 of the Code or under state law, cause The Mike Muth Basketball Scholarship Fund, the Directors, managers or administrator to pay any tax or penalty under the Code or state law, preclude the deductibility of contributions to The Mike Muth Basketball

Scholarship Fund under § 170 of the Code, or cause the Directors, managers or administrators of The Mike Muth Basketball Scholarship Fund to incur any present or future liability whatsoever under any Federal or state law. The Directors of The Mike Muth Basketball Scholarship Fund shall in their sole discretion make the determination as to whether one or more of the foregoing conditions exists or will occur by virtue of awarding or extending a scholarship, and such determination shall be binding on The Mike Muth Basketball Scholarship Fund, the administrator, and all applicants for or recipients of scholarships, as well as the Scholarship Committee.

IX. APPROVAL OF PLAN: EFFECTIVE DATE

This Plan is adopted subject to the condition that The Mike Muth Basketball Scholarship Fund be approved as a tax-exempt organization under § 501(c)(3) of the Code, that contributions to the Fund are deductible under § 170 of the Code, and that this Grant Plan is qualified and meets the requirements of § 4945(g) of the Code, and the scholarships are tax-free under § 117 of the Code.

X. MISCELLANEOUS

- A.** “Code” means the Internal Revenue Code of 1986, as amended from time to time.
- B.** The Committee shall correspond, in writing, to all candidates apprising them of whether or not a scholarship has been awarded.
- C.** Candidates may reapply if a scholarship is not awarded.
- D.** No preference will be given to any candidate on the basis of such candidate’s relationship to the Fund.
- E.** No person who is disqualified according to the Fund’s eligibility criteria under § 4946 of the Code shall be eligible to receive a scholarship from the Fund.