KENTUCKY EDUCATION FUND
SCHOLARSHIP GRANTING ORGANIZATION

Kentucky Education Fund
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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "MOU") is entered into as of this ____ of _____, _____ (the "Effective Date"), by and between:

Kentucky Education Fund (hereinafter referred to as the "SGO"), a non-profit 501(c)(3) organization, with its principal place of business located at 501 Capital Avenue, Frankfort, KY, 40601,

and

_____ (hereinafter referred to as the "Institution"), an accredited educational institution, with its principal campus located at _____

_____.

Purpose of the MOU

The purpose of this MOU is to define the roles and responsibilities of the SGO and the Institution regarding the administration, promotion, selection, and disbursement of the scholarships to qualified students through the federal scholarship tax credit program established under Internal Revenue Code § 25F.

Scholarship Funding and Criteria

The SGO agrees to provide scholarships subject to the availability of funds and continued compliance with this MOU by the Institution. The Institution ensures compliance by assisting the SGO with verifying the eligibility of recipients and applying funds accurately for qualified educational expenses as defined by applicable federal law and Kentucky law governing Scholarship Granting Organizations.

Scholarships will be awarded exclusively to students who meet the following eligibility requirements:

1) Students who are eligible for enrollment in kindergarten through grade twelve (K–12) and who are subject to compulsory attendance requirements pursuant to KRS 158.030.
2) Students who are members of a common school as defined by KRS 158.030(1); students who are members of a model and practice school as defined by KRS 164.380; or students who are members of a nonpublic school defined by 704 KAR 3:315, including but not limited to a private, parochial, home-based, church school, or charter school.
3) Students who are members of households with income that does not exceed 300 percent of the area median gross income.
4) Scholarship funds used only for eligible elementary or secondary qualified educational expenses as defined by applicable federal law and Kentucky law governing Scholarship Granting Organizations.

Roles and Responsibilities of the SGO:

1) The SGO will maintain a 501(c)(3) status and be certified by the Kentucky Secretary of State.
2) The SGO will spend 90% or more of generated income on scholarships.
3) The SGO will ensure funds are used exclusively for qualified expenses.
4) The SGO will promote scholarship opportunities to eligible candidates and provide application materials.
5) The SGO's designated selection committee will review and prepare applications for the Institution.
6) The SGO will independently verify the eligibility of scholarship recipients through criteria established under Internal Revenue Code § 25F .
7) The SGO makes the final determination on scholarship recipients based on set criteria developed by the SGO.
8) The SGO will disburse the scholarship funds directly to the Institution on behalf of the selected students.
9) The SGO will reimburse the Institution for reasonable, documented administrative costs incurred in assisting with scholarship administration, application processing, eligibility verification, enrollment confirmation, and related scholarship support services. To the extent permitted by applicable law and SGO policies, such reimbursement will be calculated as an amount equal to one and one-half percent (1.5%) of scholarship contributions received by the SGO that are designated for or attributable to the Institution. In no event shall any reimbursement be paid or retained if such payment would violate applicable

federal or state law, administrative regulations, SGO requirements, or the Institution's legal obligations.

Roles and Responsibilities of the Institution

1) The Institution will verify the enrollment status of the selected recipients prior to the release of funds.
2) The Institution may identify potentially eligible students and provide information regarding student eligibility to the SGO. The SGO shall retain sole and exclusive authority to review applications, determine eligibility, and award scholarships.
3) The Institution will apply scholarship funds directly to the student's account for tuition, fees, and other approved educational expenses.
4) To the extent permitted by FERPA and applicable law, the Institution shall provide information reasonably necessary to verify enrollment, attendance, and application of scholarship funds.
5) The Institution will promote the Kentucky Education Fund on their website and social media sites. The Institution will also link the Kentucky Education Fund's donation and application portals on their website.

Administration of Funds

1) If a student participating in a scholarship withdraws from the Institution prior to completing 50% of a semester, the Institution will return unused scholarship funds for that student to the SGO. The Institution is not required to return unused scholarship funds to the SGO for a student who has completed 50% or more of a semester prior to the student's withdrawal.
2) The SGO will issue payments to the Institution on an academic semester basis.
3) No District Funding. Except as otherwise expressly authorized by the Institution, the Institution shall have no obligation to provide funding to the SGO or to contribute Institution funds to the scholarship program. Nothing in this MOU obligates the Institution to expend public funds or incur any financial obligation not otherwise authorized by law.

Term, Termination, and Amendment

1) This MOU shall become effective upon the date of the last signature below and shall remain in effect for one (1) year. Upon expiration of the initial term, this

MOU shall automatically renew for successive one (1) year periods (each a "Renewal Term").

2) Either party may terminate this MOU without cause by providing a written notice of at least 30 days to the other party. In the event of termination, the Institution will continue to administer current scholarship funds to existing recipients until the conclusion of the current academic term. In the event of termination, the SGO will continue funding already approved scholarship commitments until the conclusion of the current academic term.

3) This MOU will terminate if the SGO loses the organization's 501(c)(3) status or if it is not certified by the Kentucky Secretary of State. The SGO will promptly notify the Institution upon such an event.

4) This MOU may be modified or amended only by a written document signed by the authorized representatives of both parties.

Confidentiality

Both parties agree to protect the privacy and confidentiality of student records in accordance with the Family Educational Rights and Privacy Act (FERPA) and applicable state and federal laws. Student information shall only be shared for the purpose of administering scholarships. When required, the Institution shall obtain an appropriate written consent or other legally sufficient authorization before disclosing protected student information.

Indemnification

To the extent permitted by Kentucky law, the SGO shall be responsible for claims, liabilities, losses, damages, costs, and expenses arising out of the SGO's negligence or willful conduct in the administration of the scholarship program, including the failure to comply with applicable federal or state requirements.

Relationship of the Parties; No Third Party Beneficiaries

The SGO cannot make promises, sign agreements, or incur debts for the Institution. The Institution also cannot make legal commitments for the SGO. This MOU confers no right, benefit, or cause of action upon any person who is not a party, including recipients or potential recipients.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding as of the Effective Date written above.

For: **Kentucky Education Fund**

Signature: _____ Date: _____

Name: _____

Title: _____

For [Educational Institution Name]: _____

Signature: _____ Date: _____

Name: _____

Title: _____