

SCHOLARSHIP POLICY

Introduction: Scope and Intent of the Policy

New Beginnings Scholarship Foundation ("New Beginnings") holds and administers certain funds (the "Funds") that provide scholarship grants to individuals, including high school, college and graduate school students, to enable the recipients to complete an undergraduate or graduate education in specialized career training. Grants made from such Funds shall be referred to as "Scholarship Grants."

New Beginnings has established the following procedures pursuant to which Scholarship Grants will be awarded.

I. Selection of Grantees

Grantees are to be selected on an objective and nondiscriminatory basis. The group from which grant recipients are selected shall be sufficiently broad so that giving grants to one or more members of the group fulfills a charitable purpose; however, selection from such a group is not necessary if one or more grant recipients are selected on the basis of their exceptional qualifications to carry out the purposes of the grant or it is otherwise evident that the selection is particularly calculated to effectuate the charitable purpose of the grant rather than to benefit particular persons or a particular class of persons.

In connection with Scholarship Grants, New Beginnings representatives shall contact high school, college and graduate school administrators as well as managers of other relevant community institutions to advertise the availability of New Beginnings' Scholarship Grants and to request that these persons nominate potential candidates or encourage potential awardees to submit applications for scholarship aid.

II. Criteria for Selection

For Scholarship Grants, such criteria may include, but are not limited to, the following: prior academic performance, performance of each applicant on tests designed to measure ability and aptitude for educational work; recommendations from instructors of such applicant and any others who have knowledge of the applicant's capabilities, additional biographical information regarding an applicant's career, academic and other relevant experiences, financial need and conclusions which the New Beginnings may draw as to the applicant's motivation, character, ability, or potential. Criteria may also include the applicant's place of residence, past or future attendance at a particular school, past or proposed course of study or evidence of his or her artistic, scientific or other special talent.

III. Grant Selection Committees

New Beginnings Board of Directors shall appoint all members of any selection committee charged with the evaluation of candidates for Scholarship Grants. Every member of any selection committee charged with the evaluation of candidates for Scholarship Grants shall adhere to the relevant policies of New Beginnings as they may be adopted and amended from time to time, including without limitation a conflict of interest and confidentiality policy. Every member of any selection committee charged with the evaluation of candidates for Scholarship Grants shall be obligated to disclose

any personal knowledge of and relationship with any potential grantee under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others. No grant covered by this policy may be awarded to any member of New Beginnings' Board of Directors, any substantial contributor to New Beginnings, any employee of New Beginnings, or any other disqualified person as defined in IRC § 4946(a) with respect to New Beginnings, or for a purpose that is inconsistent with the purposes described in IRC § 170(c)(2)(B).

IV. Application and Nomination Process

Applicants for Scholarship Grants shall be required to submit such application forms and supporting materials as New Beginnings may deem appropriate on a schedule to be determined by New Beginnings.

V. Supervision of Scholarship Grants

Each Scholarship Grant shall be paid by New Beginnings directly to the educational institution for the use of the scholarship recipient. Each educational institution must agree in writing to use the grant funds to defray the scholarship recipient's expenses or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the grant.

A condition of each Scholarship Grant is that it will be used only for qualified tuition and related expenses within the meaning of IRC § 117(b)(2), and for room and board. Accordingly, a Scholarship Grant can be used only for: (1) tuition and fees required for the enrollment or attendance of the student at a qualifying institution; (2) fees, books, supplies, and equipment required for courses of instruction at such an educational institution; and (3) room and board. An additional condition is that no part of the Scholarship Grant shall be used as payment for teaching, research, or other services by the scholarship recipient required as a condition for receiving the scholarship.

VI. Recordkeeping Requirements

New Beginnings shall retain the following records in connection with all Scholarship Grants: all information obtained by New Beginnings to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to New Beginnings or to a director or officer of New Beginnings or a donor to New Beginnings), the purpose and amount of each grant, and any additional information New Beginnings obtains in complying with its grants administration procedures. Information pertaining to unsuccessful applicants for awards shall be kept along with information on successful applicants.

Records pertaining to any grant made pursuant to this policy shall be kept for no less than three years after the filing of New Beginnings' annual tax return for the period in which the last installment of such grant was paid.