

# Hagan Scholarship Foundation

## Schwab Brokerage Account Agreement

HSFID \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_

ALL Personal Schwab Brokerage Accounts ("Personal Account") and ALL Managed HSF Schwab Brokerage Accounts ("HSF Account") shall be subject to the following Terms and Conditions.

### Terms and Conditions

#### A. Personal Schwab Brokerage Account

When notified, first-year recipients must open a "Personal Account." The "Personal Account" can be used to start saving and investing and will be used to receive gains from managing the "HSF Account" after graduation from college and fulfillment of all scholarship responsibilities. Only the recipient will have access to the "Personal Account." After the "Personal Schwab Account Verification Letter" and the "Schwab Brokerage Account Agreement" have been provided to HSF, HSF will deposit One Hundred Dollars (\$100) in the "Personal Account" to ensure that the Account will not be closed due to inactivity.

#### Management of the "Personal Account"

1. Closure of the "Personal Account" by recipient prior to closing of the "HSF Account" by HSF will result in the loss of the Hagan Scholarship and "HSF Account."
2. Selection of stocks to purchase and sell in the "Personal Account" is at recipient discretion.
3. Recipient must provide a complete unredacted current copy of their "Personal Account Brokerage Statement" after graduation from college when notified by HSF, to be eligible to receive "HSF Account" gains and a Graduation Package.

#### B. HSF Schwab Brokerage Account

After processing Fall Semester Submittal information, eligible second-year recipients will be notified and must provide the following information: Recipient's Limited Power of Attorney (POA) which will allow the recipient to manage an "HSF Account", and Recipient's Two Investment Reports. HSF will then open an "HSF Account" for each second-year recipient to manage until the recipient's Award Year Class graduate's college so recipients can learn "first-hand" how to invest in common stocks. The "HSF Account" will be owned by the Hagan Scholarship Foundation but managed by the recipient.

#### Management of the "HSF Account"

1. Recipient agrees to fully comply with ALL Terms and Conditions contained in this Agreement.
2. Recipient will access "HSF Account" statements Online.
3. Recipient will have the authority to purchase and sell common stock only.
4. Recipient shall only invest in stocks on the "List of HSF Eligible Stocks." The "List of HSF Eligible Stocks" is posted on the HSF Scholar Portal Homepage.
5. Each stock investment must be in a different Sector and Industry. A "List of S&P Companies" by Sector and Industry is posted on the Scholar Portal Homepage.
6. Prior to the purchase of each common stock, recipient must research and write an investment report on the company and its two primary competitors in accordance with the Instructions posted on the Scholar Portal Homepage.
7. When a stock is sold, ALL shares of that stock must be sold.
8. When cash in the "HSF Account" exceeds Five Hundred Dollars (\$500) recipient can purchase additional shares of one stock held in the Account without obtaining prior HSF approval.
9. Recipient will be prohibited from incurring debt, withdrawing, transferring, or otherwise accessing "HSF Account" assets or funds.

10. All "HSF Account" earnings will accumulate and compound tax free until the account is closed by HSF. After the "HSF Account" is closed any disbursement received by the recipient must be reported as taxable income in the year received.
11. After HSF Transcript confirmation of Recipient's graduation from college and recipient's fulfillment of ALL Hagan Scholarship responsibilities, fulfillment of ALL "HSF Account" responsibilities, and fulfillment of ALL "Personal Account" responsibilities, all gains in the "HSF Account" up to Ten Thousand Dollars (\$10,000) will be deposited in the recipient's "Personal Account." Recipients will not be responsible for any loss in the "HSF Account."

### **C. "HSF Account" Particulars by Award Year**

1. Second Year Hagan Scholars - After fall semester disbursements.  
Assets Managed: \$10,000 invested in two stocks.  
HSF will establish an "HSF Account" for eligible recipients to manage. The "HSF Account" will be managed by the recipient until the account is closed by HSF. Upon HSF notification, each recipient must select, research, and write an investment report for each of the two stocks to be purchased. The stocks must be selected from the "List of HSF Eligible Stocks" posted on the Scholar Portal Homepage. After the two stock research reports have been approved by HSF, the "HSF Account" will be funded with \$10,000 and the recipient will be notified to purchase the two approved stocks. The two stocks must be purchased within three working days of the notification in similar dollar amounts, leaving no more than \$200 cash in the HSF account.
2. Third Year Hagan Scholars - After fall semester disbursements.  
Assets Managed: \$15,000 invested in three stocks.  
Upon HSF notification, the recipient must research and write an investment report for each of two new stocks to be purchased for the "HSF Account." The two stocks must be selected from the "List of HSF Eligible Stocks" posted on the Scholar Portal Homepage. The recipient must also select one stock in the "HSF Account" to sell. After the two stock research reports have been approved, HSF will deposit an additional \$5,000 in the "HSF Account" and the recipient will be notified. The recipient must then sell the stock selected by the recipient to be sold. After the sale proceeds are deposited in the account, using all proceeds from the stock sold, the additional \$5,000 deposited in the "HSF Account" and all cash in the account the recipient must purchase the two new stocks in similar dollar amounts leaving no more than \$200 cash in the HSF account. The stock sale and subsequent purchase of the two approved stocks must be completed within five working days of the notification.
3. Fourth Year Hagan Scholars - After fall semester disbursements.  
Assets Managed: \$20,000 invested in four stocks.  
Upon HSF notification, the recipient must research and write an investment report for each of two new stocks to be purchased for the "HSF Account." The two stocks must be selected from the "List of HSF Eligible Stocks" posted on the Scholar Portal Homepage. The recipient must also select one stock in the "HSF Account" to sell. After the two stock research reports have been approved, HSF will deposit an additional \$5,000 in the "HSF Account" and the recipient will be notified. The recipient must then sell the stock selected by the recipient to be sold. After the sale proceeds are deposited in the account, using all proceeds from the stock sold, the additional \$5,000 deposited in the "HSF Account" and all cash in the account the recipient must purchase the two new stocks in similar dollar amounts leaving no more than \$200 cash in the HSF account. The stock sale and subsequent purchase of the two approved stocks must be completed within five working days of the notification.
4. After Graduation from College  
After each Award Year Class graduates college the "HSF Accounts" will be closed, and ALL Gains up to \$10,000 will be deposited in the recipient's "Personal Account." This will occur prior to

year-end, after fall semester disbursements and after preparation of the graduation packages. Recipients will continue to manage their "HSF Account" until the accounts are closed.

#### **D. HSF Schwab Account Submittals**

Recipients will have one opportunity each academic year to provide an "HSF Account" Submittal, subject to the following provisions:

1. Failure to provide a Schwab Account Submittal by the Deadline posted on the Portal Homepage will result in forfeiture of the Hagan Scholarship.
2. Failure to provide a complete Submittal prepared in accordance with the instructions will result in being ineligible to receive funds to manage if a second-year recipient, or additional funds to manage if a third or fourth-year recipient. Additionally, third and fourth-year recipients will not be allowed to sell or purchase stock in the managed "HSF Account" until the subsequent academic year.
3. Recipients providing Submittals with deficiencies will not be allowed to correct deficiencies and receive funds to invest or to sell and buy stock. However, recipients will be notified of Submittal deficiencies so corrective action can be taken when preparing subsequent Submittals. We will not reprocess Submittals. Submittal deficiencies that will result in not being eligible to receive "HSF Account" funding include:
  - a. Not completing Forms and Reports using a computer.
  - b. Not providing, completing, or signing a required Form or document.
  - c. Not providing clear and readable documents.
  - d. Not assembling or titling documents as instructed.

After processing the recipient's annual "HSF Account" Submittal:

1. We will deposit funds in the "HSF Account" so the recipient can continue managing the Account in accordance with the Terms of this Agreement, or
2. We will not deposit funds in the HSF Schwab Account but will notify the recipient of Submittal deficiencies so corrective action can be taken when making subsequent Submittals.

To recap, recipients must take their Schwab Account responsibilities seriously and meet Deadlines to be allowed the privilege to invest and manage HSF funds.

#### **E. Additional Term and Conditions**

1. Recipient agrees to hold harmless the Hagan Scholarship Foundation, its Grantor, Trustees, Volunteers and Employees should recipient's "Personal Account" not be funded or if the "HSF Account" gains are not disbursed to Recipient.
2. Recipient agrees to hold harmless the Hagan Scholarship Foundation, its Grantor, Trustees, Volunteers, and Employees of any liability resulting from recipient's use of their "Personal Account" or recipient's management of the "HSF Account."
3. Recipient agrees to permit HSF to publicize recipient's name, photo, achievements, goals, and writings regarding recipient's Hagan Scholarship, "Personal Account" or "HSF Account" without compensation, attribution, or prior notification to recipient to encourage others to apply for a Hagan Scholarship and to promote the Hagan Scholarship and for educational purposes.
4. Recipient agrees to provide in a timely manner requested information in the manner and time specified by HSF.
5. Recipient agrees to fully comply with the Terms and Conditions contained in this Agreement and any subsequent change to the Terms and Conditions.
6. The Terms and Conditions contained in this Agreement shall be subject to change at any time at HSF discretion and any such changes shall be in effect when made.

I hereby agree to the above Terms and Conditions regarding my "Personal Account" and "HSF Account." I understand that failure to comply with any of the above Terms and Conditions will result in the LOSS of my Hagan Scholarship and the LOSS of any gains in the managed "HSF Account." I agree that any such

determination shall be made solely by the HSF Trustee and that any such determination shall be final and shall not be subject to an appeal by me or anyone representing me.

Recipient HSF ID: \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_

\_\_\_\_\_  
Recipient's Handwritten Signature  
(In black ink)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Email (type)

*Submitted information cannot be returned. Keep a copy of this Agreement in your records.*