

OPERATING GUIDELINES
FOR
STUDENT LOAN REPAYMENT ASSISTANCE PROGRAM

Appalachian Research and Defense Fund of Kentucky, Inc. (Appalred) will provide financial assistance to full-time employees with the repayment of student loans which have accrued up to and including the Bachelor of Law degree.

1) Appalred will upon documentation pay an amount annually up to 10% of the outstanding principal of the employee's loan, but not to exceed \$4,500 annually. The amounts will be paid along with the employee's regular salary.

2) The payments will continue at the designated level for a period of three years. At that time they will be recomputed based on the outstanding principal on the third anniversary of the employee's hiring date and every third anniversary thereafter.

3) In order to be eligible for participation in the loan assistance program, an employee will be required to demonstrate by appropriate documentation the amount of outstanding principal at the time of the employee's hiring date.

4) Each employee obtaining assistance from the Loan Repayment Assistance Program must demonstrate by appropriate documentation every six months that the assistance payments have in fact been devoted to the repayment of their student loans. The documentation may include a certification signed by the applicant that during the previous six months, all the financial assistance from Appalred has been applied towards the total amount repaid.

5) Payments may be applied to principal and/or interest.

6) In order to obtain the full benefit of the loan repayment, an employee must remain with Appalred at least two years, i.e., assistance payments will "vest" in annual increments of 50%, i.e., if an employee leaves after one year he/she will be required to repay half of the assistance payments which he/she has received. Vested time will be calculated on a monthly basis.

7) Time previously served as an Appalred employee will count towards the "vesting time".

APPLICATION FOR LOAN ASSISTANCE

I, _____, hereby apply to obtain financial assistance with the repayment of student loans as an Appalred employee. I have read the Operating Guidelines which are attached hereto, and made a part hereof, and I agree to comply with them.

I hereby certify that as of _____, 200__, the outstanding principal of my student loans is the amount of \$_____. I have attached appropriate documentation to support this. (Note: If the outstanding principal is over \$45,000, only up to that amount will be documented inasmuch as the annual support is presently limited to \$4,500 a year.)

I understand that if I do not remain with Appalred for at least two years, I will be required to reimburse the program for the amounts which have been advanced and which have not "vested", i.e., for each year that I am an employee of Appalred an additional 50% of the payments made for me will vest, so that after a period of two years all payments previously made and all future payments will enure to my benefit without any obligation on my part to reimburse Appalred.

I hereby agree that, upon notice of my resignation, Appalred may withhold any amounts due for the "unvested" part of the loan assistance I have received from my remaining paychecks and/or any payments due for accrued annual leave.

I understand that this Loan Repayment Program may be terminated at Appalred's discretion at any time.

Employee Signature

Subscribed and sworn to before me by _____, this
the _____ day of _____ 200__.

Notary Public

My commission expires: _____.