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ESTATE PLANNING

VOLUME II

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INTRODUCTION

Estate planning should be viewed as a comprehensive project. Towards that end, a series of the books have been written to assist a person in planning an estate. The first two volumes of ESTATE PLANNING deal with monetary issues of estate planning for passing an estate after death. The Powers of Attorney book deals with protecting a person's estate along with providing for health care during the time that a person is incompetent. In addition, there are two books on FINANCIAL PLANNING for reserving and protecting an estate while the person is alive. Taken together these book serve as today's society's Book of the Dead.

The ancient Egyptians had their Book of the Dead to prepare themselves and their property for the afterlife. Unfortunately the Egyptian version did not work so well. Those persons who relied upon it ended with their tombs robbed and themselves (as mummies) sold as museum pieces throughout the world. This series is not as ambitious as its Egyptian precursor nor will it prepare the reader for a netherworld life. This series can, however, in a small way ease the reader's journey in this life.

Because of the depth of the subject covered, two books were necessary to cover estate planning. Several chapters are the same

in both books to assure that the information is provided to the reader who may decide not to use both books.

Volume One will suffice for those with estates of less than \$60,000. Those with estates worth more than \$60,000 would be wise to read Volumes One and Two. Volume One deals with Estate Planning through the use of wills, gifts, joint tenancies and summary probates. In addition durable powers of attorney and living will declarations are covered in detail.

A good estate plan seeks to protect a person's life and estate during life as well as his estate after death. Towards that end this book discusses durable powers of attorney and living will declarations. These are important documents. They reflect a person's intentions concerning health care and business decisions in the event he becomes incompetent. Without such documents state law will control how the incompetent person's estate will be managed and the type and measure of health care that he will receive. It is only common sense for a competent person to draft those documents necessary to state his intentions regarding management of his life and estate. In like manner what medical treatment is wanted or should be refused during a period of incompetency should be established.

Volume Two has been dedicated to the more sophisticated revocable trusts and pour-over wills that are used as estate planning tools. Revocable trusts have been quietly used for decades. They have become prominent within the last ten years.

Generally, most persons with estates worth over \$60,000 should use a revocable trust as their preferred vehicle for estate planning.

Volume Two contains several different types of revocable trusts which are designed to give the trust creator maximum freedom and authority in managing the trust. The prime advantages behind the use of revocable trusts is that they avoid probate, save thousands of dollars in probate fees and pass the property to the beneficiaries immediately upon the death of the trust creator.

CHAPTER 1

COMMON ESTATE PLANNING QUESTIONS

Death is the great equalizer. The only other thing that cannot be avoided is taxes. Even the Ancient Egyptians were unable to conquer the "hereafter." Since we cannot avoid taxation, we must live with it and hopefully die in a manner that will minimize the taxation following our deaths.

There are few people who believe that the government should take all of a decedent's property upon death. Unfortunately, the government does not quite feel that way. Not so many years ago, a Democrat representative stated on the floor of the House of Representatives that the people were only entitled to keep that money and property that the government says that they can keep. In that vein, the Democrats have proposed in 1992 House Resolution 4848 which called for taxing all estates over \$200,000 in value. If HR 4848 passed, a \$600,000 estate would have had to pay nearly \$60,000 in additional taxes. One of the first acts of the new Republican Congress was to defeat the attempt to enact HR 4848 into law.

Estate planning is a legal term of art. It covers anything that a person deliberately does to manage his estate while living and which oversees its distribution after death. Wills, trusts, joint tenancies, gifts and summary probates are the main instruments used in estate planning. The questions in this chapter

serve to educate and guide the reader to the form of estate planning that is most useful to his given circumstance.

In order to present as full a discussion as possible, questions regarding revocable trusts as estate planning tools are discussed even though this volume does not address revocable trusts. The second volume on estate planning specifically deals with the use of revocable trusts for estate planning. In the second volume are the following full, complete and easy-to-use revocable trusts along with all of their necessary supporting documents:

- (a) Individual trusts.
- (b) Joint trusts for married couples.
- (c) A-B By-pass trusts.
- (d) QTIP trusts.

The ESTATE PLANNING II is designed to be the most complete and user-friendly self-help revocable trust book on the market. Any person with an estate of \$60,000 or more should consider the use of a revocable trust for estate planning purposes.

This chapter deals with the most common questions asked by people when contemplating whether they need to implement an estate plan. The questions, herein, cover the general field of estate planning and help inform the reader of the various options available.

1. WHAT IS AN ESTATE PLAN?

An estate plan is a general term for the procedure by which a person intends to preserve the assets of his estate during life and distribute them after death.

The main considerations in estate planning are the avoidance of probate, reduction of estate and inheritance taxes and the quick distribution of the estate to the designated heirs.

A complete estate plan considers the various methods for the preservation of the estate during life by maximizing income while reducing to the extent possible, given the circumstances of the individual, the amount of income taxes that must be paid.

2. WHAT ARE THE COSTS OF PROBATING A WILL?

The costs incurred in probating a will are large. A probate is usually one of the most expensive expenditures made by a person. An old joke which is wryly true is that if the person weren't already dead, the cost to probate his estate would kill him.

Probate costs include court fees, appraisal fees, attorney fees and executor fees. Court costs and appraisal fees are modest: usually a couple of hundred dollars for an average estate. The real cost is for the attorney and executor fees.

The maximum amount of attorney and executor fees are set by statute and approved by the court. They are based upon the size of the estate (value of the property to be probated) and increase as the estate increases.

In California, for example, attorney and executor fees are

calculated as follows:

- (1) Four percent (4%) of the first \$100,000; maximum \$4,000,
- (2) Three percent (3%) of the next \$100,000; maximum \$3,000,
- (3) Two per cent (2%) of the next \$800,000; maximum \$16,000.00, and
- (4) One per cent (1%) of the next \$9,000,000, maximum \$90,000

An estate of \$100,000 probated in California would pay maximum attorney and executor fees of \$8,000: \$4,000 each to the executor and attorney. This is a maximum fee. The attorney and executor can agree to take less or no fee at all.

The avoidance of probate fees is a major inducement for implementing an estate plan. With a revocable trust there are no probate fees because the estate passes immediately to the designated beneficiaries in the trust. No court proceeding is needed to transfer the property of a trust so as such no attorney is needed.

3. HOW CAN PROBATE BE AVOIDED?

There are several means available for a person to utilize in order to avoid having to probate an estate. These probate avoidance vehicles are:

- (1) Summary probate proceedings, if available in the decedent's state. A summary probate is an abbreviated

procedure for clearing and transferring small estates or entire estates to a surviving spouse. Many states have adopted special procedures to by-pass the expense and long delay in probating such estates.

- (2) Giving the estate away while alive.
- (3) Placing the property in joint tenancy with the proposed heirs. Upon death, title for the property passes immediately without probate to the surviving joint tenants. Real property held in joint tenancy passes to the survivors without a probate by the recordation of a notice of the death of a joint tenant.
- (4) Placing the estate into a revocable trust that passes the estate to the designated beneficiaries immediately upon the decedent's death. This is the most popular form of estate planning because it is fast and bestows the maximum amount of control over the estate in the hands of the present owner.

In order to determine the best type of estate plan best suited to an individual's circumstances, the person must understand the size of the estate, how he wishes to distribute it and the amount of control he wishes to relinquish in order to effectuate the estate plan.

4. WHAT ARE THE DISADVANTAGES OF USING JOINT TENANCIES FOR AVOIDING PROBATE?

There are three main disadvantages in forming a joint tenancy:

- (1) Putting the property into joint tenancy is an immediate gift of half or more of the property. This means that property placed into joint tenancy becomes attachable to satisfy the debts of the other joint tenants upon the creation of the joint tenancy. For example, assume a house was placed in joint tenancy with a child. A creditor of the child gets a judgment. The creditor can seize and sell the child's half interest in the house.
- (2) There may be gift taxes due on the gift if the value of the gift exceeds \$10,000 and the unified credit has been used by previous gifts. By the way, there is no federal gift tax on gifts to a spouse if the spouse is an American citizen.
- (3) There is no stepped-up basis for property placed in joint tenancy. The basis of the property for the donee is the same as for the person who made the gift. On the other hand, property obtained through a probate or a revocable trust has its basis raised to fair market value and can be immediately sold with no income gain and thus no capital gain tax.

The main disadvantage in creating a joint tenancy is that half or more of the property is relinquished immediately. Example: A parent puts a house in joint tenancy with a married son. The son

gets a divorce. The wife might, in some states, be awarded the son's interest in the house which was something the parent never intended to do.

5. WHAT IS A DURABLE POWER OF ATTORNEY?

A general power of attorney is a written document that gives a person (called the attorney in fact) the authority to act on the principal's behalf. A general power of attorney lapses (becomes invalid) when the principal becomes incompetent or dies. At the time it is needed most, when the principal is no longer able to act for himself, a general power of attorney lapses, and the right of the attorney in fact to act for the principal ceases.

To address this situation, most states have adopted the Uniform Durable Power of Attorney Act. Under the Act, a durable power of attorney will continue in full force and effect even though the principal subsequently becomes incompetent. A durable power of attorney must contain specific language stating the intent of the principal for the power of attorney to continue during the period of incompetency and incapacity.

A durable power of attorney has the effect of eliminating and replacing the necessity of a voluntary conservatorship. A durable power of attorney can also give the attorney in fact the power to make all decisions or just specific health care decisions for the principal in the event the principal becomes unable to do so.

Because of their importance to estate planning, durable powers

of attorney have been given their own chapter in Volume One.

6. WHAT IS A LIVING WILL?

A living will is not a Will for probate purposes. Rather, it is a document that serves as a directive to a treating physician and the world at large that the person executing it does or does not want to be kept alive using extraordinary means. A living will is used to ascertain the intent of the person when he is unable to make the health care decisions at the time it is necessary to do so. Living Wills, including samples, are discussed in the durable power of attorney chapter.

Without the existence of a living will stating a contrary intent, a court will presume a person wanted extraordinary means used to be kept alive. The court will order extraordinary means to be used to keep the person alive, even over family objections.

Living Wills should be used in addition to durable powers of attorney for health care in order to assure that a person's wishes are most likely fulfilled in this most dire of situations.

7. WHAT IS A POUR-OVER WILL?

A pour-over will is a special will used in conjunction with a revocable trust. After the trustor dies, the pour-over will places all property into the trust that the decedent forgot or failed to place while alive. Unfortunately, property not placed into the trust prior to the trustor's death may require a probate if the

size of the assets is large enough that summary procedures cannot be used.

In a real case, the trustor forgot to place a piece of property which he owned in Hawaii into a California trust which the trustor had created. The executor of the Pour-Over Will was required to open a Hawaiian probate in order to get permission to put the property into the trust. Having to probate the non-trust property needlessly cost the estate \$11,000. The trustor could have done it during his life for the cost of recording a deed into the trust usually about \$10.

A simple example of the need of a Pour-Over Will would be if a person hits a lottery for \$50,000,000 and drops dead in the excitement. The Pour-Over Will operates to place the money into the trust after it has been probated. Once placed in the trust, the money will be managed in accordance with the trust terms.

8. WHAT IS A MARITAL DEDUCTION?

Under federal law, there is no federal gift or estate taxes on property transferred between spouses. This is an unlimited credit that has only two exceptions:

- (1) It must be an actual gift. If the gift is in trust, then all of the income must go to the spouse.
- (2) The spouse receiving the gift must be an American citizen.

Gifts to a non-citizen spouse are not eligible for the unlimited deduction but are eligible for a \$110,000 annual exclusion under Section 2523 of the Internal Revenue Code.

Property passing from an American spouse to an alien spouse, after death, does not qualify for an unlimited marital deduction either. Special tax rules apply for such transfers, and a tax consultant should be consulted if the estate of the American spouse exceeds \$600,000.

Therefore, a person can generally pass his entire estate to a surviving spouse without incurring any federal estate taxes. This may not ultimately be the best estate planning. If the property given to the surviving spouse boosts the surviving spouse's estate over unified credit amount, the surviving spouse's estate will have to pay estate taxes. No gift to a surviving spouse that boosts the estate over the unified credit amount should be made until the decedent's unified credit is depleted as discussed below.

9. WHAT IS THE UNIFIED CREDIT?

Every person is permitted to transfer assets totaling \$1,000,000, which gradually rises to an unlimited amount in 2010 and back to \$1,000,000 in 2011 under the Tax Relief and Reconciliation Act of 2001 by death without incurring an estate tax under federal law. There is imposed a gift tax through 2010 equal to the estate tax for gifts made during that period.

Under the Tax Act of 2001, Congress imposes a gift tax to restrict the transfer of income producing property from high income to low income taxpayers after the estate tax is eliminated. The gift tax exemption beginning in 2001 is \$1,000,000. So even though transfers of property after death can be made tax free in 2010 for at least one year, unless made the estate tax elimination is made

permanent by Congress, a gift tax on the transfer of property while alive will remain. The gift tax rate imposed in 2010 under the 2001 Tax Act is equal to the top individual tax rate at the time of the gift.

About half of the states impose their own estate and inheritance taxes. These taxes should also be considered in estate planning. The Internal Revenue Code permits a small credit for state death taxes to be applied against the federal estate.

The significance of the unified credit is that it permits a husband and wife to give to their children a total combined estate of \$2,000,000 through 2003 before incurring any estate taxes. A person giving his entire estate to a surviving spouse is not taking advantage of the unified credit. Not using the unified credit is ill-advised when making the gift to the surviving spouse pushes the value of that estate over the unified credit amount and subjects it to the payment of federal estate taxes on the surviving spouse's death.

10. WHAT IS THE ANNUAL EXCLUSION?

Under federal tax law, every individual may make an annual gift of \$11,000 per year per person without incurring a gift tax or having the gift applied towards the available unified credit. A parent having four children could give each of them \$11,000 for a total of \$44,000 free of gift taxes. The advantage of making these gifts is that they provide a means to reduce the size of the estate to below the unified credit thereby reducing or eliminating federal estate taxes.

An alien spouse does not qualify for the unlimited marital deduction. In place of the unlimited marital deduction, an alien spouse is permitted to receive, as a gift from the other spouse, \$100,000 per year tax free.

11. WHAT IS THE ESTATE TAX RATE?

The federal estate tax is graduated and increases as the size of the estate increases over the unified credit. The Tax Act of 2001 is a bizarre creation which gradually phases out the federal estate tax by 2009 but only for one year 2010. In 2011, the federal estate tax is reinstated at a maximum rate of 55% with a unified credit amount of only \$1,000,000. The estate tax is discussed in detail in the Estate and Inheritance Taxes chapter.

For example, a taxable estate of \$100,000 has a tax of \$23,800. A taxable estate of \$250,000 has a tax of \$70,000. A taxable estate of \$500,000 has a tax of \$155,800. A taxable gift of \$2,500,000 has a tax of \$1,025,800.

12. WHAT ARE GIFT TAXES?

The federal gift tax is graduated and increases as the size of the gift increases over the unified credit. The federal gift tax rate is the same as the federal estate tax rate up through 2009 then they change. In terms of saving taxes, the same tax rate applies whether the property is given away during life or passes to the heirs after death.

For example, a taxable gift of \$100,000 has a tax of \$23,800. A taxable gift of \$250,000 is taxed \$70,800. A taxable gift of

\$500,000 has a tax of \$155,800. A taxable gift of \$2,500,000 has a tax of \$1,025,800.

Under the Tax Act of 2001, Congress imposes a gift tax to restrict the transfer of income producing property from high income to low income taxpayers after the estate tax is eliminated in the year 2010. The gift tax exemption beginning in 2010 is \$1,000,000. So even though transfers of property after death can be made tax free in 2010 for at least one year, unless made the estate tax elimination is made permanent by Congress, a gift tax on the transfer of property while alive will remain. The gift tax rate imposed in 2010 under the 2001 Tax Act is equal to the top individual tax rate at the time of the gift.

13. DOES A TAX RETURN HAVE TO BE FILED FOR A GIFT?

A gift tax return is required to inform the IRS of any gifts in excess of the annual per person exclusion (\$11,000). In other words, if a gift of \$12,000 is made to a son, a gift tax return must be filed to show that a taxable gift of \$1,000 was made. The gift tax on the taxable gift of \$1,000 (the amount over the \$11,000 annual exclusion) will either be deducted from the unified credit amount or the tax will be paid by the donor. Sometimes the donor will pay the gift tax rather than deplete the unified credit. The reason is that the donor may wish later to give appreciating property in order to keep the appreciation out of his estate for federal estate tax purposes.

14. WHAT IS THE INCOME TAX EFFECT TO THE DONOR FOR MAKING

A CHARITABLE GIFT?

Under the federal tax code, a person, while living, can make gifts to a qualified charity and receive an income tax deduction for the gift. Gifts made by a decedent's estate do not qualify for a charitable income tax deduction, but they can qualify for an estate gift deduction.

The maximum deduction is 50% of the taxpayer's adjusted income for the year with the balance of the gift being carried forward for the next five years.

Where the gift is appreciated property instead of cash, the amount of the deductible is reduced to 30% rather than the 50% unless special elections are made. Because of the complexity of the tax law in this area, any large gifts to a charity should only be made after consulting a tax professional.

15. HOW MUCH IS THE CHARITABLE DEDUCTION FOR GIFTS

MADE AFTER DEATH?

Charitable gifts made by a decedent after death, regardless of whether they were made through a will or trust, are allowed full deductions of fair market value from the decedent's estate for federal estate tax purposes. As a result, federal estate taxes are reduced when charitable gifts are made (as opposed to gifts to ordinary persons or entities).

For example, if a decedent had an estate worth \$1,000,000 and gave \$400,000 to a charity, the decedent's estate would deduct that \$400,000 gift leaving an estate of \$600,000. If the \$600,000 was equal or less than the decedent's available unified credit, there

would be no federal estate tax owed.

16. HOW MUST A FEDERAL ESTATE TAX RETURN BE FILED?

The federal estate tax return Form 706 is required to be filed whenever the decedent has an estate greater than \$600,000. The federal tax rate schedule is covered in detail in the Estate and Inheritance Taxes chapter.

The requirement to file the estate tax return does not depend on whether there will be any taxes due or if a probate is necessary. As long as the estate is greater than \$600,000, the tax return has to be filed.

For example, a tax return would still have to be filed even if the entire estate was going to the surviving spouse under a trust and was entirely exempt from estate tax as a result of the unlimited marital credit. Likewise, a federal estate tax return would have to be filed even if the entire estate was being given to charities exempt from tax under the Internal Revenue Code.

17. WHAT ARE TAX-FREE MUNICIPAL BONDS?

One of the most popular investments is that of tax-free municipal bonds. Most states and many of their counties and agencies issue bonds at relatively low rates (around 6%) to help pay for their government services; hence the name municipal bonds.

Most such state and local bonds are both federally and state tax exempt. Because they are tax exempt, they can be an excellent investment for a person that is paying taxes. For example, a tax-free bond at 6% bought by a person in a 33% total tax bracket would

be equivalent to a 9% taxable bond. Given the fact that most municipal bonds are backed by the full force and credit of a government entity and have low risk, they may be safer than private bonds. The buyer, however, should consult with a broker before buying such bonds.

Municipal bonds may be bought directly from the government through a bond fund operated by a brokerage house. Tax-free bonds are assets of the estate of their owner. Therefore, upon the owner's death, the value of the bonds is added to the owner's estate for the calculation of federal estate tax and state inheritance tax.

18. WHAT IS A ZERO COUPON BOND?

A popular investment is zero coupon bonds. A zero coupon bond is a "Strip Bond" issued by the Treasury or by a corporation, state or municipality at a deep discount. This bond can only be redeemed at a specified date in the future for a specified amount. For example, a \$60,000 corporate zero coupon bond might mature in 15 years. It would be sold for \$17,000.

The purchaser of the bond pays tax each year on the accrued but unpaid appreciation in the bond unless the bond is a tax-free zero coupon municipal bond. Zero coupon bonds are assets of a decedent's estate. Their value is added to the owner's estate for the calculation of both federal estate and state inheritance taxes.

19. WHAT IS THE EXCLUSION FOR SALE OF A HOUSE FOR INCOME TAX PURPOSES?

An excellent asset for estate planning is a home that has appreciated greatly over the years. At one time, the Internal Revenue Code only permitted a one-time exclusion of gain of \$125,000 or less from the sale of a home in which the owner has lived for three years if the owner was over 55 years of age. That changed with the Budget Act of 1997. Now, the first \$500,000 in a couple's profit from the sale of a principal residence and \$250,000 for an individual will be excluded from taxation. This credit can be used every three years. The home must be lived in two of the previous five years. This gain can help provide for the retirement of the owner or help start a new business. This is one of the few tax benefits in the IRC that permits a sizeable amount of capital gain to be realized without incurring capital gain taxes.

20. CAN COMMUNITY PROPERTY BE CHANGED INTO SEPARATE PROPERTY
FOR ESTATE PLANNING PURPOSES?

Community property is property acquired by a husband and wife during a marriage in a manner other than by gift, devise or bequest. Community property is considered to be owned jointly and equally by each spouse. Each spouse can pass their interest in the community property by deed or will.

In a community property state, the spouses may enter property settlement agreements whereby the community property is divided among them as separate property. There may be reasons for doing this other than a divorce, such as one spouse wishing to borrow against his share of the property while the other spouse does not wish to do so.

California allows spouses to change separate property into community property and vice versa. This is called transmutation of the property. The ability to change the status of property is beneficial for acquiring the stepped-up basis in the surviving spouse's share of community property upon the death of the first spouse. It permits the changing of joint tenancy property to community property and thus gives the surviving spouse the tax advantage of a stepped-up basis in the property.

Community property, in the absence of a will, usually, as in California, will pass to the surviving spouse without a probate. Unfortunately, title companies will not insure community property passing to a surviving spouse unless it has gone through a probate or a trust. To address this matter, California created a spousal property petition procedure wherein a spouse petitions the probate court for confirmation of the property being distributed under a will or under its intestacy laws. This is a simpler, faster and cheaper summary probate proceeding, adopted by California, to pass property easily to a surviving spouse.

21. WHAT IS A REVOCABLE TRUST?

Estate Planning II, the second volume of the estate planning series, deals with the use of revocable trusts as estate planning tools. That volume contains several complete, user-friendly, understandable revocable trusts. No estate planning decision should be made without at least considering the possibility of using a revocable trust. In order to present the advantages of the revocable trust in estate planning, questions hereafter are

intended to cover the most common concerns that normally arise when considering the use of revocable trusts.

A revocable trust is usually the best means of estate planning. The creator of the trust, called the trustor or the grantor, places his entire estate into the revocable trust. The trustor usually is also the trustee: the person who manages the estate and the prime beneficiary of the trust.

Upon the trustor's death, the person named in the trust document as the successor trustee takes over immediately without court approval being needed. Then depending on the terms of the trust, the new trustee either dissolves the trust and distributes the assets immediately in the manner designated in the trust document or continues to operate the trust in the manner directed by the trust document.

Since there is no probate, there are no probate costs incurred. The savings for the estate when a revocable trust is used will usually be several times the cost of the creation of the trust.

Because the trust is revocable, the trustor can at any time alter, amend or revoke it. If the trust is revoked, the trust assets immediately return to the trustor.

There are several types of revocable trusts. As such, there is a trust to fit the specific needs of any person. Generally a person who wishes to give everything to a surviving spouse (or a person without a spouse) would use the traditional grantor trust. A grantor trust provides for the passage of the trust assets to the designated beneficiary (usually the grantor's children, parents or

siblings) upon the grantor's death. Should a grantor wish to provide for both a spouse and children, there are two other types of revocable trust which give the income of the trust to the spouse upon the grantor's death. After the death of the spouse, the trust assets are distributed to grantor's children. These are known as the A-B Bypass Trust and the QTIP Trust. Specific questions regarding how each of these trusts operate follows. The second estate planning volume deals specially with revocable trusts and contains several easy-to-use forms for each of these revocable trusts.

22. HOW IS A TRUST CREATED?

A trust is created very easily. The trust document is drafted, usually by an attorney, and directs how the trust estate will be administered and distributed. The trustee acts in accordance with the terms of the trust.

The trustor and trustee must both sign the trust document. If the trustor is also the trustee, he signs the trust agreement twice, in both capacities.

The final requirement is that the trust be funded. Funding the trust requires that the trustor place into the trust all of the property the trustor wishes to be in the trust.

Personal property that does not have a title, such as a television or furniture, is transferred automatically by a statement in the trust document that the trustor's intent is to put into the trust all personal property wherever located. Property that has a title, such as a house, must have the title specifically

changed to make the trust the owner. Merely stating an intent to place the house or other property that has a title into the trust is insufficient. The only way to put property that has a title into a trust is to change the title on the property so that the trust is listed on the title documents as the owner.

23. CAN BOTH SPOUSES CREATE A REVOCABLE TRUST TOGETHER
FOR ESTATE PLANNING PURPOSES?

A common estate plan is for both spouses to create one joint revocable trust. Both spouses place all of their property into the joint trust. The spouses' property is listed on schedules marked "his," "hers," and "theirs." On the death of the first spouse, the trust is divided into separate trusts for the surviving spouse and his children or heirs, if any.

This joint trust is usually the most economical estate plan because it plans for both estates. The cost for doing the joint estate plan is almost always less than what it would cost to do a separate estate plan for each spouse.

The trust is revocable totally during the joint lifetimes of the spouses. Either spouse may terminate it at any time. Upon the death of the first spouse, the trust usually becomes irrevocable as to the property of the deceased spouse, but the surviving spouse usually retains full power to revoke the trust as to the property that he contributed into it. This type of trust gives the spouse maximum control over his assets and is accommodating to future changes in the survivor's life following the death of the first spouse.

24. WHAT IS AN A-B TRUST?

The A-B Trust is the common name given to the general type of revocable trust used by a married person with children when the trustor's estate exceeds \$600,000. It is also called a marital trust or a by-pass trust.

The trust exists for the benefit of the trustor during his life. At the trustor's death, the trust is divided into two parts. The unused unified credit, whichever is placed into the B Trust, and the rest is placed in the A Trust.

The sole beneficiary of the A Trust is the surviving spouse. The surviving spouse has ownership of the A Trust and usually has the power to terminate it and receive the assets. Since assets in the A Trust go to the surviving spouse, there is an unlimited marital deduction if the spouse is a U.S. citizen. Therefore, the A Trust is not subject to federal estate taxes. Upon the surviving spouse's death all of the property in Trust A will be included in the surviving spouse's estate for calculation of estate taxes. For example, assume that upon the trustor's death, his \$2,000,000 estate was divided \$600,000 to Trust B and \$1,400,000 to Trust A. Upon the surviving spouse's death, Trust A had grown to \$1,700,000. The A Trust beneficiary also had an additional estate of \$500,000. Therefore the A Trust beneficiary's taxable estate is \$2,200,000.

The beneficiaries of the B Trust are the children. Income may be applied for the surviving spouse, but the trust does not qualify for a marital deduction. It will qualify for a deduction to the extent of any unused portion of the trustor's unified credit. Thus there is no federal estate tax for this trust either. In the above

example, if the assets in Trust B increase to \$1,000,000 at the time of the surviving spouse's death, no estate taxes are due because the property placed into the trust was originally tax free. If \$800,000 was originally placed into Trust B, the excess \$200,000 would be taxable. After the taxes are paid, no additional estate taxes will be charged against it upon the death of the surviving spouse.

25. WHAT IS A QTIP TRUST?

A QTIP Trust is a special trust whereby the trustor's spouse is given all of the income from the trust with the principal being distributed to others, usually the children or grandchildren, upon the surviving spouse's death. QTIP stands for Qualified Terminal Interest Property and is a fancy name for property given to a spouse in a certain type of trust.

A QTIP Trust gives the option to the surviving spouse to have the trust property treated as a gift to the surviving spouse for estate tax purposes. If the election is made, the value of the trust will be treated as a spousal gift and be exempt from tax under the unlimited marital deduction. On the surviving spouse's death, the value of the trust assets will be included in the surviving spouse's estate for determination of the surviving spouse's estate tax.

Depending on the size of the surviving spouse's estate, it may or may not be good financial planning to make the QTIP election and have the value of the trust included in the surviving spouse's estate. For example, if the surviving spouse's estate was \$100,000 and the QTIP Trust was \$1,000,000 and the unified credit of the

deceased spouse had previously been used, making the election would save the trust from paying federal estate taxes until the surviving spouse dies. Meanwhile, the surviving spouse could draw a higher interest from the investment of the pre-taxed \$1,000,000. Disadvantage: If the surviving spouse's estate grows after making the election, more tax may ultimately be paid, on the death of the surviving spouse, than would have been paid if no election had been made.

26. WHAT IS A GENERATION-SKIPPING TRUST?

A generation-skipping trust is a trust that, as the name implies, skips one or more generations. A trust by a grandparent for grandchildren that by-passes the parents is a generation-skipping trust. The main exception is when there are no parents surviving the grandchildren: then it is treated as a direct trust.

A generation-skipping trust is complicated tax-wise. It is easy to create, but because of the inherent tax consequences, a generation-skipping trust should not be created without first consulting a tax advisor. Generally, \$1,000,000 can be placed in a generation-skipping trust without incurring an estate or gift tax provided the uniform credit has not been used previously.

27. HOW IS A GENERATION-SKIPPING TRUST TREATED?

One million dollars may be transferred in a generation-skipping trust tax free. Any amount placed in the trust over \$1,000,000 is taxed at a rate of 50% whenever a distribution is made. A taxable distribution is deemed to have been made when the

parents of the grandchildren die or the grandchildren receive money from the trust. The purpose of this law is to avoid amassing huge estates by not paying taxes. These trusts affect only very wealthy people.

The tax consequences of a generation skipping trust are so great that no one should consider funding one with over the unified credit amount without speaking with a tax advisor.

28. CAN A TRUST BE IRREVOCABLE?

A trust can be made irrevocable, and sometimes it is wise estate planning to do so. In order for assets in a trust not to be included in trustor's estate, the trustor must not have control over the trust nor the reasonable expectation that the trust will revert back to him. The two main types of irrevocable trusts are life insurance trusts and charitable trusts, both of which are discussed below.

If the trust is revocable, the trustor has a great deal of control over the trust. For that reason, the fair market value of the assets of the trusts will be included in the trustor's estate upon death for estate tax calculations.

If the trust is made irrevocable, the trustor has no control over the trust. Therefore upon his death the assets in the trust, including appreciation in value, will not be included in his estate. This could pass a great deal of appreciation to the trustor's heirs without having it taxed. It is because a life insurance trust is irrevocable that the proceeds of the insurance on the deceased are not included in his estate.

Gifts made within three years of a person's death will normally not be included in the donor's estate for tax purposes except for life insurance and the value of retained interests by the donor in the gift. If gift taxes have been paid on the gift, credit will be given for the gift taxes if the gift must be included in the donor's estate.

29. WHAT IS A LIFE INSURANCE TRUST?

A typical vehicle used in estate planning is the creation of an insurance trust. The trustor creates an irrevocable trust with someone else as the trustee and takes insurance policies out on his life. The ownership of insurance policies on the trustor's life is given to the trust, and the trust is made the beneficiary of the insurance policies.

When the trustor dies, the insurance proceeds will be paid into the trust, but the value of the insurance proceeds will not be included in the trustor's estate for estate tax purposes if the trustor lived more than three years after placing the policies into the trust.

Creating an insurance trust could save many thousands of dollars in estate taxes by keeping the insurance proceeds out of the decedent's estate for tax purposes. Example: If the decedent had a \$200,000 estate and a \$1,000,000 insurance policy, the estate would be worth \$1,200,000 upon the decedent's death. Since the federal government taxes any estate with a value over the available unified credit amount, the remaining \$600,000 in the estate will be taxable. If an insurance trust had been used, the \$1,000,000 in

insurance proceeds would not be included in the decedent's estate and thus not be taxable. The \$200,000 would not be taxable. Since it is less than the available unified credit amount it can be passed tax-free.

30. WHAT IS A CHARITABLE REMAINDER TRUST?

A charitable remainder trust is an inter vivos (living) trust made during the lifetime of the trustor. Property is placed into an irrevocable trust with a charity as a beneficiary. The trustee, who is usually the charity, is instructed to pay a fixed percentage of the trust assets to the trustor for the life of the trustor.

The trustor is given a tax deduction for the value of the gift to the charity. The trustor pays ordinary income tax on the payments received from the trust.

The gift to the charity is tax free. Since the charity is tax exempt, it can sell the appreciated property without having to pay capital gains. The charity can reinvest the proceeds of the sale and pay the trustor from the interest on the investment. The charity can generate more interest income from the sale than the person who transferred it to the trust: the charity can invest the whole amount without paying capital gains. For this reason, it is better to place highly appreciated property that is not earning a great deal of income, such as idle land, into the trust. The return that the trustor gets from the trust is higher than if the assets had been sold and reinvested by the trustor: capital gains taxes would have had to be paid on the trustor's sale of the highly appreciated property.

This is an excellent vehicle for estate planning for well-to-do people. Life insurance policies can be bought with the trust payments that will replace the value of the property transferred to the trust.

31. ARE REVOCABLE TRUSTS VALID ELSEWHERE?

All 50 states and the federal government accept as valid a revocable trust. If the trust was validly created in the original state, then all the other states will honor and enforce it.

Provisions can also be placed into a trust document stating that the terms of the trust are to be administered by the laws of a certain designated state. All states will apply the laws of the designated state in administering the trust. Even if the trustor moves to another state, the trust will still remain valid and in effect.

32. WHAT PROPERTY CAN BE PLACED INTO A REVOCABLE TRUST?

All of the property of the trustor can and should be placed into the trust. Anything left out of the trust will have to be probated unless it is joint tenancy property, insurance policies with designated beneficiaries other than the decedent's estate, or property that otherwise qualifies for summary probate proceedings.

Any property that has a title must have the title specifically changed over into the name of the trust. Merely stating in the trust agreement that such titled property is to be placed into the trust is insufficient to legally put the property into the trust.

A common example is when the trustor owns a home. Since a

home has a title document, the title must be changed to make the trust the owner. A quitclaim deed by the trustor to himself as trustee of the trust must be executed and recorded. This is simple to do and usually is done when the trust is created.

33. WHAT ARE THE INCOME TAX EFFECTS ON THE TRUST?

A revocable trust is considered a grantor trust for tax purposes. A grantor trust under the Internal Revenue Code is a type of trust created for the benefit of the person creating it. All of the income from the trust is attributed to the grantor for tax purposes.

Since all of the income is attributed to the grantor, the grantor remains liable for the income taxes as long as he lives. A revocable trust does not save the grantor any money on income taxes because it is not designed to do that.

A revocable trust exists to avoid probate and save estate taxes, not income taxes.

34. CAN A CONSERVATOR CREATE A REVOCABLE TRUST FOR THE CONSERVATEE?

Some states, like California, have statutes that permit a conservator to make a revocable trust for the conservatee. Such states usually require that the distribution of the trust be the same as the terms of the last will and testament previously drafted by the conservatee.

The purpose behind the revocable trust must be to avoid probate and not to change the distribution of assets that the

conservatee had decided upon when he was competent. The situation may be different if the conservatee did not have a will: the trust must be in accordance with the state's laws of intestacy. The estate must be distributed in the same manner that it would have been distributed if a probate had occurred.

35. WILL PUTTING REAL PROPERTY INTO A REVOCABLE TRUST TRIGGER
A REASSESSMENT OF PROPERTY TAXES?

Placing a piece of real property into a trust should not trigger a reassessment of property taxes because the transfer is not really a sale or conveyance of the property.

The property is put into a revocable trust that the owner can terminate at any time and receive back. California law specifically states that merely placing real property into a revocable trust for estate planning purposes does not trigger reassessment as long as the grantor is alive.

This is just common sense. Reassessment occurs when there is a change of ownership. Placing the real property into a revocable trust is not really a change in ownership because the trustor still controls it and can have the property returned to him at any time.

36. CAN CREDITORS ATTACH A TRUST FOR PAYMENT OF THE TRUSTOR'S
DEBTS?

Most states will allow creditors to attach any revocable trust for the payment of debts or other obligations owed by the trustor. The rationale for allowing the attachment is that the trustor has effective ownership of the trust assets by the fact that he can

revoke the trust and receive the property in his own name. A court has the power to order the trustor to terminate the trust and receive the assets back so that the trustor's creditors can be paid.

37. CAN CREDITORS OF A BENEFICIARY ATTACH ASSETS OF THE TRUST
FOR PAYMENT OF THEIR CLAIMS AGAINST THE BENEFICIARY?

Most trusts have clauses stating that the interest of the trust beneficiaries cannot be attached to pay the debts or obligations of any beneficiary. This provision is called a spendthrift clause.

Courts will enforce spendthrift provisions and deny any attachments, except in a revocable trust where the trustor is also the beneficiary whose trust interest is being attached. If there is no spendthrift clause, the trust can be attached to pay a beneficiary's debts. Moreover, most states permit a beneficiary's share of a trust to be attached to pay spousal or child support obligations even if there is a spendthrift clause in the trust.

California has recently passed legislation stating that a spendthrift clause will not shield a trust from attachment for payment of a tort judgment against a beneficiary.

38. CAN A TRUST REPLACE OR AVOID THE EFFECT A STATE'S
DOWER OR CURTESY LAWS?

If the provisions of a trust are in conflict with a state's

law regarding how much of a decedent's estate goes to the surviving spouse, the surviving spouse has an election of whether to take the share of the trust or to insist on receiving a statutory share of the estate.

If the spouse elects to take the statutory share, the trust will pay assets as necessary and distribute the remainder of the trust in accordance with the terms of the trust. To avoid this problem in such states that have statutory provisions for providing for a surviving spouse, the spouse should disclaim statutory rights and agree to take only the disposition given under the trust on the date executed.

If the trust does not give the surviving spouse a statutory share, the beneficiary should consult with an attorney for advice on the legal consequences before proceeding.

39. IS THERE A GIFT TAX FOR FORMING A TRUST?

If the trust is revocable, there is no gift tax because the trustor can always revoke it. All income is still taxed to the trustor.

If the trust is irrevocable but the trustor is the beneficiary, there is no gift tax because the trust is still for the trustor's benefit. Such a trust is called a grantor's trust, and all trust income is taxed to the trustor.

If the trust is for the benefit of the grantor's spouse, there is no gift tax because of the unlimited marital deduction.

If the trust is for the benefit of someone other than the trustor or the trustor's spouse, the general rule is that a gift tax is owed. The gift tax must either be paid or deducted from the unified credit or annual exclusion.

40. IS IT DIFFICULT TO SELL OR TRANSFER PROPERTY IN A TRUST?

Property in a trust is sold like any other property that is not in the trust. All that is needed to sell, transfer or convey real property from a trust is a deed executed by the trustee. The trustee merely signs the deed as the representative for the trust and title is passed upon recordation. For example, the deed from the trustee will read: "John Doe, Trustee of the John Doe Revocable Trust, hereby deeds, conveys, sells, and transfers to John Smith all right, title and interest in the following property."

41. WHEN DOES A REVOCABLE TRUST HAVE TO FILE A FEDERAL INCOME
TAX RETURN?

As long as the grantor of the revocable trust is the trustee and treated as the owner of the trust, no tax return for the trust should be filed. The income and deductions for the trust should be listed on the grantor personal tax return.

A Form 1041 should be filed by the trust when the grantor is not considered the owner. This return should list to whom any distributions of income were made and pay the trust income tax on any income not distributed.

When the grantor is no longer the trustee, a trust tax return on Form 1041 should be filed.

42. CAN A TRUST'S ADMINISTRATION BE REVIEWED BY A COURT?

A common fear that many people have is that the trust will be mismanaged, and no one will be able to stop it. There is little to worry about on that score. All states permit concerned persons to petition the court for review of the administration of a trust.

A trustee is a fiduciary and owes both the trust and the beneficiaries a fiduciary duty to act reasonably and responsibly. If the court finds that a trustee has breached his duty of care, it will remove the trustee and surcharge (find the trustee liable) for all of the damages caused by the trustee's misconduct.

Even if the trust document states otherwise, probate courts will always have the power to review the actions of a trustee. The court will never permit a trustee to misuse the faith and power of his position and hide behind the trust document to avoid judicial scrutiny. Anyone, not just the beneficiaries, can take their suspicions of abuse to the court, and the court will investigate. In Bakersfield, California, an attorney conspired with a trustee to raid an elderly woman's trust. Concerned neighbors expressed their concern to the court, which ordered an investigation. Ultimately the attorney was charged, convicted and sentenced to seven years in prison. The attorney's defense that everything was done in accordance with the terms of the trust was not persuasive.

43. CAN ACCOUNTINGS BE ORDERED BY A COURT FOR THE TRUST
EVEN IF THE TRUST DOCUMENT WAIVES THEM?

Most trust documents contain clauses which require annual accountings to be made by the trustee unless the grantor is the trustee or all the trust beneficiaries waive them.

In addition, any concerned person, not just a beneficiary, who feels that the trust is being mismanaged, can seek a court order directing the trustee to perform an accounting. The court can order an accounting even if the trust agreement waives them.

A major concern that many people have about a trust is that the trustee may take and otherwise mismanage the trust assets after their death, and the beneficiaries will be helpless. Such is never the case. The probate court always has jurisdiction to oversee every trust, whether or not such jurisdiction is spelled out in the trust document. No court will ever let a trustee intentionally mismanage or steal trust assets. Anyone, not just beneficiaries, can raise their concerns to the court, which will order a hearing to investigate the matter.

44. CAN A TRUSTEE RESIGN?

A trustee can always resign. In such a case, the trustee is replaced just as though the trustee had died. Most trust agreements contain a list of proposed successor trustees to replace dying or resigning trustees. If the trust does not provide for a successor trustee and the trustor is dead or did not retain the right to

amend or revoke the trust, the probate court will appoint a trustee. No trust will ever fail just because the trustee died or resigned.

Before a trustee can resign, the trustee, unless the trustor is the trustee, will be required to provide a full accounting of the trust business during the time he managed it. All of the beneficiaries may together waive the accounting.

45. HOW IS THE TRUSTEE REPLACED IF THE TRUSTOR BECOMES INCOMPETENT?

Most trusts have language for a successor trustee to take responsibility when the trustee becomes unable to perform the duties of the trustee. This may cause problems when the trustee is the trustor and does not believe himself to be incompetent.

To alleviate the problem, many agreements permit a trustee to be replaced when two competent doctors determine the trustee to be incompetent. Moreover, a court can adjudge a person incompetent and appoint a successor trustee to take over.

46. IS THERE A REQUIRED BOND FOR A TRUSTEE?

Normally, the trustor waives the bond for any trustee or successor trustee named in the trust document. After all, such a bond would be paid by the trust and thus diminish the trust estate. If the trustor did not have faith in the named trustees, he should not have named them.

In the case of a court appointed trustee, the court will

require a bond unless all of the beneficiaries agree to waive it.

47. WHEN DOES THE TRUST TERMINATE?

A trust must terminate within 21 years after the death of someone alive and mentioned in the trust when it was created. In other words, the trust must be totally distributed within 21 years of the death of the last person alive when the trust was created. This is known as the Rule Against Perpetuities and is the law in all 50 states.

If it appears that the trust would continue after the death of the beneficiary mentioned in the trust document, then the trust will be declared invalid. Clauses are usually inserted in the trust document to guarantee that the trust will not violate the Rule Against Perpetuities.

Except for the Rule Against Perpetuities, a trust terminates at the time the trustor specified in the terms of the trust agreement. Usually it terminates on the death of the surviving spouse or the death of the trustor's last child.

48. HOW IS A TRUST REVOKED?

If a trust is revocable, all that is needed for an effective revocation is for the trustor to notify the trustee in writing that the trust is terminated as of a certain date and to demand the trust assets be paid over to the trustor.

When the trustor is also the trustee, he simply affixes a

letter to the trust document revoking the trust and then executes new deeds from the trust back to himself as an individual.

Revocation is simple and quick which is one of the prime advantages of the trust over any other form of estate planning, Ease of revocation means that the trustor's control over the assets of the trust is never truly lost. Until the trustor actually dies, he retains the ability to revoke and terminate the trust merely by stating that the trust is revoked.

49. MUST A TRUST BE RECORDED?

A revocable trust does not ever need to be recorded. Unlike a Will, it is a private document. The only documents that need recordation are the deeds transferring real property into the trust.

In some states, a revocable trust is required to be registered with the probate court. To register, a short statement is filed listing the trustee and giving some basic information. Registration gives the court jurisdiction to oversee the trust. There are no penalties, however, for failure to register.

The states requiring registration are Alaska, Colorado (after the death of the grantor but no registration is required if there is an immediate distribution to the beneficiaries), Hawaii, Idaho, Maine, Michigan, New Mexico and North Dakota. Florida and Nebraska do not require registration with the probate court, but both states allow it and suggest it.

50. SHOULD BANK ACCOUNTS BE IN A TRUST OR IN JOINT TENANCY FOR A
HEIR OR BENEFICIARY?

A person may have his bank accounts placed in joint tenancy with the spouse or children or all. The problem is the same as with all joint tenancy property (as stated before). The opening of joint bank accounts is a legal gift of a large portion of all money placed into the account: the account may be attached to pay the other joint tenant's debts.

If a revocable trust is used, all that is needed to avoid probate is just to retitle the bank account so that the trust is the new holder. The trustor controls the trust which controls the account. The bank will want to see the trust document to ensure that the trust exists and to identify the successor trustee. The use of a trust as the owner of the bank account assures that it will not be attached to pay any one's debts but the trustor's.

51. HOW MUCH IS THE STANDARD ESTATE PLAN?

The standard estate which includes the revocable trust, durable power of attorney, living will, and pour-over will is usually between \$500 and \$1,100, depending on the type of trust used. There are different types of trusts depending on the type of trust needed to accomplish the trustor's intent.

Different trusts are used depending on whether or not the grantor is single or married with or without children and whether the trust is a joint trust between the spouses. Special trusts

such as life insurance trusts, generation-skipping trusts or charitable trusts can also be part of an estate plan and obviously will increase its cost.

CHAPTER 2

ESTATE PLANNING QUESTIONNAIRE

Before anyone starts on the creation of an estate plan it is important, indeed it is critical, that the person be aware of the size of the estate and how it ultimately is to be distributed. There are a variety of available ways to accomplish the desired result, but the person must first know what that result is to be. The purpose of this questionnaire is to assist the reader in marshalling (assembling) the assets for evaluating the size of the estate and to avoid missing or overlooking assets. Assets not included in an estate plan will have to be probated unless they fall into a state's exemption from probate.

The use of such a schedule cannot be over-stressed. Many times a person forgets a piece of property inherited years ago from Uncle Bill in Tulsa or Aunt Emily in Maine. Then after death, the heirs discover the existence of the property and are forced to spend thousands of dollars needlessly to probate the property to place the title in their names.

Unless a person knows the size of his estate, it is difficult to make an accurate estate plan. If gifts figure in the estate plan, he must know how much to give to reduce the estate's value below the unified credit amount.

This questionnaire is structured to help recall any forgotten assets and serves as a guide to the executor, trustee or heirs as to where property is located. This questionnaire is not needed if the person knows the extent of his property, and where it is going. This form, however, does make decisions easier for the heirs when they use it. Use of the questionnaire also tends to prove the competency of the person to make an estate plan. In any will or trust contest, use of this schedule would be evidence demonstrating that the person used deliberate care in drafting the estate plan. Such evidence, in any competency challenge, would be beneficial.

ESTATE PLANNING QUESTIONNAIRE

A. BACKGROUND INFORMATION

1. Name (include all other names once used, i.e. maiden)

2. Address and phone number (home and business) _____

3. Employer's name, address and phone number: _____
4. Spouse's employer's name, address and phone number:

5. Occupation: _____
6. Spouse's occupation: _____
7. Social security number: _____
8. Spouse's social security number: _____
9. Former military service (branch and dates of service):

10. Date and place of birth: _____
11. Name of spouse: _____
12. Date and place of spouse's birth: _____

13. Date and place of marriage: _____

14. Length of residency in the state: _____

15. Previous marriages for each spouse: _____

16. Children: _____

17. Children of spouse (step-children): _____

18. Deceased children: _____

19. Grandchildren: _____

20. Grandchildren of spouse: _____

21. Parents and address: _____

22. Parents of spouse and address: _____

23. Last Will:

a. Date executed: _____

b. Location of original: _____

c. Attorney who prepared will, address, phone: _____

B. PROPERTY

1. Real property (for each piece of real property state):

a. (1) Type of property: _____

(2) Location of property: _____

(3) Holder and amount of liens on the property: _____

(4) Fair market value of the property not deducting for the liens: _____

(5) Date of purchase and original amount: _____

(6) How is title to the property taken? (What does it say on the deed? separate property, joint tenancy, tenancy in the entirety, tenancy in common):

b. (1) Type of property: _____

(2) Location of property: _____

(3) Holder and amount of liens on the property: _____

(4) Fair market value of the property not deducting for the liens: _____

(5) Date of purchase and original amount: _____

(6) How is title to the property taken? (What does it say on the deed? separate property, joint tenancy, tenancy by the entirety, tenancy in common): _____

c. (1) Type of property: _____

(2) Location of property: _____

(3) Holder and amount of liens on the property: _____

(4) Fair market value of the property not deducting for the liens: _____

(5) Date of purchase and original amount: _____

(6) How is title to the property taken? (What does it say on the deed? separate property, joint tenancy, tenancy by the entirety, tenancy in common): _____

2. Bank Accounts (including savings and loans and credit unions):

a. Name, address, account number: _____

b. Name, address, account number: _____

c. Name, address, account number: _____

3. Stocks and bonds:

a. Type and company _____
issuing: _____

- b. Amount: _____
 - c. Date and manner of acquisition (purchase, gift, or inheritance): _____
 - d. Fair market value: _____
 - e. Basis (purchase price or basis on date of gift or inheritance): _____
4. Insurance:
- a. Type: _____
 - b. Group, term or whole life: _____
 - c. Company and policy number: _____

 - d. Amount: _____
 - e. Beneficiaries: _____

5. Safe deposit boxes:
- a. Location: _____

 - b. Box number: _____

 - c. Contents: _____

6. Tangible personal property (list all property worth over \$100.00, such as jewelry, tools, cars, boats, etc.):
- _____

7. Intangible personal property (list all intangible property, such as money owed, royalties, copyrights and

other interests not previously listed):

a. Loans:

- (1)(a) Name and address of debtor: _____

- (b) Amount of loan outstanding: _____
- © Security for loan (deed of trust, mortgage, collateral): _____

- (2)(a) Name and address of debtor: _____

- (b) Amount of loan outstanding: _____
- © Security for loan (deed of trust, mortgage, collateral): _____

- (3)(a) Name and address of debtor: _____

- (b) Amount of loan outstanding: _____
- (C) Security for loan (deed of trust, mortgage, collateral) _____

b. Other interests:

- (1) Type of interest: _____
- (2) Date and manner of acquisition (gift, purchase or inheritance): _____
- (3) Basis (purchase price or value of basis at time of gift or inheritance): _____

8. Pensions, IRA's, SEP's, death and retirement benefits (list location, account number and amount of each plan or account): _____

9. Expectancies (list any property that is expected to be received in the future along with the source, for instance: inheritances, property settlements or insurance proceeds): _____

10. Debts and liabilities (list all debts and liabilities along with whether the obligation is secured):

a. Secured debts:

(1)(a) Creditor and address: _____

(b) Account number and outstanding balance: _____

(c) Nature of collateral: _____

(2)(a) Creditor and address: _____

(b) Account number and outstanding balance: _____

(c) Nature of collateral: _____

(3)(a) Creditor and address: _____

(b) Account number and outstanding balance: _____

(c) Nature of collateral: _____

b. Judgment creditor:

(1) Case number and amount of lien: _____

(2) Property which lien attaches: _____

c. Unsecured debts:

(1) Debts owed under contractual or leasehold agreements: _____

(2) Pending lawsuits: _____

(3) Unsecured loans: _____

(4) Damages caused to others: _____

(5) Other liabilities: _____

C. ESTATE PLAN

1. Guardian for children:

a. Name of children: _____

b. Name of guardian: _____

c. Address of guardian _____

d. Guardian of person____ estate____ or both____

e. Bond waived____ bond required____

f. Name of alternate guardian: _____

g. Address of alternate guardian: _____

h. Guardian of person____ estate____ or both____

i. Bond waived____ bond required____

2. Executor:

a. Name: _____

Address: _____

b. First alternate: _____

Address: _____

c. Second alternate: _____

Address: _____

3. Establishment of a trust:

a. General intended distribution _____

b. Property included in the trust: _____

c. Beneficiaries of the trust: _____

d. Name and address of trustee: _____

D. SPECIAL INSTRUCTIONS

1. Persons to be excluded and disinherited from the will and/or trust:

a. Name: _____

Address: _____

b. Name: _____

Address: _____

2. Payment of all taxes to come from residual of estate (after specific bequest made? (This is normal)

Yes____ No____

3. Specific instructions (funeral wishes, anatomical gifts, etc.):

E. PROPOSED DISPOSITION

1. Specific gifts of personal property:

a. Description: _____
To: _____

b. Description: _____
To: _____

c. Description: _____
To: _____

d. Description: _____
To: _____

2. Specific gifts of real property:

a. Description: _____
To: _____

b. Description: _____
To: _____

c. Description: _____
To: _____

d. Description: _____
To: _____

3. Charitable gifts:

a. Description: _____
To: _____

b. Description: _____
To: _____

4. Remainder of estate:

- a. Single heir:

Name: _____

Address: _____

b. Multiple heirs:

Name: _____

Address: _____

Name: _____

Address: _____

F. OTHER CONSIDERATIONS

1. Are your intended heirs deeply in debt? _____

2. Are the financial affairs of your heirs so bad that they may file for bankruptcy protection? _____
3. Has a spendthrift trust for the heirs been considered?

G. BANKRUPTCY

1. Date and court where filed: _____

2. Type of bankruptcy: Chapter 7____ Chapter 13____
3. If a Chapter 13, has the plan been completed? If not, what remains to complete the plan? _____

4. If a Chapter 7, are there any debts being redeemed, ratified or affirmed in the bankruptcy action? _____

5. If married, has your spouse filed a bankruptcy petition?

H. DURABLE POWER OF ATTORNEY (DPA)

1. Health care

- a. Do you want a DPA? _____
- b. How long do you want it to last? _____
- c. Who would be your attorney in fact? _____

- d. Who would be your alternate attorney in fact? _____

- e. What special medical care do you want if you are
unable to make your wishes known? _____

- f. Are there some types of medical decisions that you
do not want to give the attorney in fact authority
to make on your behalf _____

- g. Do you want your agent to be able to order an
autopsy or make organ donations? _____
- h. Do you want your agent to be able to make the
decision to place you in a retirement or nursing
home? _____

2. Business affairs

- a. Do you want a DPA? _____
- b. How long do you want it to last? _____
- c. Who would be your attorney in fact? _____

- d. Who would be your alternate attorney in fact? _____

- e. How do you want your business affairs handled if
you are unable to make your wishes known? _____

- f. Are there any special business affairs that you do
not want the attorney in fact to handle or become
involved in any manner? _____

-
-
- g. Are there certain acts that you do not wish to give the attorney in fact the authority to do on your behalf _____
-
-
-

I. LIVING WILL DECLARATION

1. Do you want a living will declaration? _____
 2. Do you want extraordinary means to keep you alive if you are unable to make your wishes known? _____
 3. Would you consent to the withholding of food and water if you were "brain dead" or in an unrecoverable coma? _____
 4. What types of medical treatment would you want and accept if unable to make a decision for yourself? _____
 5. Who would you want to make decisions for you if you cannot make them for yourself? _____
-

CHAPTER 3

ESTATE AND INHERITANCE TAXES

One of the main reasons for doing estate planning is to eliminate or minimize estate and inheritance taxes, both on the state and federal side. To effectively plan an estate, a person must know how the Internal Revenue Code and his own state's tax laws affect the property in the estate.

The purpose of this chapter is to appraise the reader of the federal and state inheritance and estate taxes to which estates are subject. Given that each state's taxing provisions are different, the most that can be done here is to give the taxing schedule for the state. Hopefully, the reader will be able to employ it in calculating taxes under whatever estate planning scheme is adopted.

I. ANNUAL EXCLUSION

Under federal law every person can give \$11,000 per year to an unlimited number of individuals without incurring a federal gift tax or having his unified credit reduced for the gifts. For example, assume a man has two children and five grandchildren. As such, he can give each child and grandchild \$11,000 each every year. This means that the man can give \$77,000 or less per year tax-free: without having to pay any gift taxes.

By making such gifts it is possible to reduce an estate substantially over a period of years. Such gifts are not included

in the estate of the donor after his death. For this reason, gifts are an excellent means of reducing the size of the estate for federal estate tax purposes provided the donor lives long enough to give away enough property.

II. UNLIMITED MARITAL CREDIT

The Internal Revenue Code authorizes an unlimited marital credit for all transfers of property between spouses if they are American citizens. If the recipient of the transfer is not an American citizen (Internal Revenue Code Section 2523), there is no unlimited marital credit for gifts. Instead, the marital credit for gifts from an American citizen to an alien spouse is only \$110,000 per year. This means that an American citizen can only give \$110,000 per year or less to an alien spouse without having to pay federal gift taxes. If the spouse were an American citizen, any amount of property could be given away each year tax-free.

The unlimited marital deduction is also not available for a trust established by an American citizen for an alien spouse. Section 2056 of the Internal Revenue Code requires that such gifts are immediately taxable to the estate of the American spouse, unless it was placed in a qualified domestic trust. In such case the tax is delayed until distribution to the alien spouse. The tax is delayed: it is not forgiven as it would be if the receiving spouse was an American citizen. Therefore, if a couple wishes to use a joint trust, they should both be American citizens or consult a tax attorney or other tax professional to determine how the

reduced marital credit will affect them. This problem can be cured by the non-citizen spouse becoming a citizen.

If a husband gives \$1,000,000 to his wife, an American citizen, the unlimited marital credit ensures there will be no federal estate gift taxes on the transfer.

III. UNIFIED CREDIT

Under federal law, everyone can pass upon death a total of \$1,000,000 of property, which gradually rises to an unlimited amount in 2009 and then reduces again to \$1,000,000 under the Tax Relief Act Reconciliation Act of 2001. As bizarre as it may seem, Congress did not make the elimination of the estate tax permanent. It is eliminated for only one year and is reinstated at the top rate of 55% with a \$1,000,000 unified credit unless Congress by another tax act makes the elimination of the estate tax permanent.

Under the Tax Act of 2001, Congress imposes a gift tax to restrict the transfer of income producing property from high income to low income taxpayers. The gift tax exemption beginning in 2010 is \$1,000,000. So even though transfers of property after death can be made tax free in 2010 for at least one year, unless made the estate tax elimination is made permanent by Congress, a gift tax on the transfer of property while alive will remain. The gift tax under the 2001 Tax Act is equal to the top individual tax rate at the time of the gift.

The Tax Act of 2001 did not change the annual exclusion of \$11,000 per year per person for gifts made during life. So

taxpayers can still give \$11,000 per year per person away without having it reduction the unified credit amount of the donor.

V. STATE ESTATE AND INHERITANCE TAXES

A. PICKUP TAXES

Most states do not impose a direct estate or inheritance tax on an estate. Instead, many states employ what is called a "pickup tax." Under federal law, a decedent is permitted to take a statutory credit for a fixed amount of state death taxes. These states having pickup taxes require the estate of the decedent, that must file and pay federal estate taxes, to deduct the maximum allowable state credit for death taxes and pay it to the state.

Prior to the Tax Act of 2001, the ultimate tax was still the same of the decedent's estate for tax purposes. The total tax owed and paid remained the same it was just split between the IRS and the state taxing agency. If the estate did not pay the pickup tax, it would remain liable for the taxes along with interest. A claim for a refund on the overpayment of any estate tax could be sought from the IRS, along with interest, if it is filed within three years of the overpayment of the estate tax.

The 2001 Tax Act made the area much murkier. The Act instituted the State death tax credit. Under the Act the credit will be phased out by 2005 and replaced by a deduction for death taxes actually paid.

Year	REDUCTION IN TAX CREDIT
2002	25%
2003	50%
2004	75%
2005	Credit eliminated replaced with deduction for taxes actually paid

For example, if a decedent in one of the following states died with an estate of less than \$1,000,000, there would be no federal or state estate taxes. Assume however that the decedent died in one of those states and he had a large estate which generated a federal estate tax of \$23,000. If the state death credit in effect then is \$5,000, the state gets \$5,000 and the IRS gets the remaining \$18,800.

The states with the pickup tax are:

ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA
COLORADO	DIST. OF COLUMBIA	FLORIDA	GEORGIA	
HAWAII	ILLINOIS	MAINE	MINNESOTA	NEVADA
NEW MEXICO	NORTH DAKOTA	OREGON	PUERTO RICO	
RHODE ISLAND	SOUTH CAROLINA	TEXAS	UTAH	
VERMONT	VIRGINIA	WASHINGTON	W. VIRGINIA	
WISCONSIN	WYOMING			

B. STATE TAX SCHEDULES

Below are the state estate and inheritance tax rate schedules. These rates are applied to estates in probate in that state. In these states the inheritance taxes usually apply to the recipient of decedent's property. In most states property distributed to spouses and children is taxed at lower rates than property distributed to others. For this reason each state's tax rate is

different. The reader must calculate his taxes using the particular state schedule where probate and any ancillary probate is conducted.

The reader should also be aware that tax laws frequently change. In the last few years several states have repealed their inheritance and estate taxes. In the future such taxes may again be reimposed or raised.

CONNECTICUT

CLASS AA Surviving spouse
 CLASS A Parent, grandparent, adoptive parent or natural or adopted descendant
 CLASS B Son or daughter-in-law of child (both natural or adopted) who has not remarried. Step-child, brother or sister (full, half or adopted). Brother's or sister's children or descendants (both natural and adopted)
 CLASS C All other heirs

	TAXABLE AMOUNT			TAX RATE
CLASS AA	-0-			-0-
CLASS A	50,000	to	150,000	3%
	150,000	to	250,000	4%
	250,000	to	400,000	5%
	400,000	to	600,000	6%
	600,000	to	1,000,000	7%
	1,000,000		and over	8%
CLASS B	6,000	to	25,000	4%
	25,000	to	150,000	5%
	150,000	to	250,000	6%
	250,000	to	400,000	7%
	400,000	to	600,000	8%
	600,000	to	1,000,000	9%
	1,000,000		and over	10%
CLASS C	1,000	to	25,000	8%
	25,000	to	150,000	9%
	150,000	to	250,000	10%
	250,000	to	400,000	11%
	400,000	to	600,000	12%
	600,000	to	1,000,000	13%
	1,000,000		and over	14%

EXEMPTIONS:

1. Class AA All property is exempt
2. Class A First \$50,000 is exempt
3. Class B First \$6,000 is exempt
4. Class C First \$1,000 is exempt

The state has an estate tax equal to the federal state death tax credit.

DELAWARE

CLASS A Spouse
 CLASS B Parent, grandchild (both natural and adoptive), son-in-law and daughter-in-law, lineal descendant or step-child
 CLASS C Brother, sister, their descendants, aunts and uncles and their descendants
 CLASS D All others

	TAXABLE AMOUNT		TAX RATE	
CLASS A	70,000	to	100,000	2%
	100,000	to	200,000	3%
	200,000		and over	4%
CLASS B	25,000	to	50,000	2%
	50,000	to	75,000	3%
	75,000	to	100,000	4%
	100,000	to	200,000	5%
	200,000		and over	6%
CLASS C	5,000	to	25,000	5%
	25,000	to	50,000	6%
	50,000	to	100,000	7%
	100,000	to	150,000	8%
	150,000	to	200,000	9%
	200,000		and over	10%
CLASS D	1,000	to	25,000	10%
	25,000	to	50,000	12%
	50,000	to	100,000	14%
	100,000		and over	16%

EXEMPTIONS:

1. Class A First \$70,000 is exempt
2. Class B First \$25,000 is exempt
3. Class C First \$5,000 is exempt
4. Class D First \$1,000 is exempt

The state has an estate tax equal to the federal state death tax credit.

INDIANA

CLASS A Spouse, children, grandchildren and parents
 CLASS B Brothers, sisters, nieces, nephews, sons and daughters-in-law
 CLASS C All others

	TAXABLE AMOUNT		TAX RATE
CLASS A	0	to 25,000	0%
	25,000	to 50,000	2%
	50,000	to 200,000	3%
	200,000	to 300,000	4%
	300,000	to 500,000	5%
	500,000	to 700,000	6%
	700,000	to 1,000,000	7%
	1,000,000	to 1,500,000	8%
	1,500,000	and over	10%
CLASS B	0	to 100,000	7%
	100,000	to 500,000	10%
	500,000	to 1,000,000	12%
	1,000,000	and over	15%
CLASS C	0	to 100,000	10%
	100,000	to 1,000,000	15%
	1,000,000	and over	20%

EXEMPTIONS:

1. Spouse: All property to spouse exempt from tax
2. \$10,000 to a child under 21 years of age is exempt
3. \$5,000 to a child over 21 years of age is exempt
4. \$5,000 to parents is exempt
5. Class A members, not covered above, first \$2,000 is exempt
6. Class B members, first \$500 is exempt
7. Class C members, first \$100 is exempt

IOWA

CLASS 1 Spouse
 CLASS 2 Parent, Child, Lineal-Descendant
 CLASS 3 Sibling, Son-In-Law, Daughter-In-Law
 CLASS 4 All Others

	TAXABLE AMOUNT	TAX RATE
CLASS 1	NO TAX	

CLASS 2	0	to	5,000	1%
	5,000	to	12,000	2%
	12,000	to	25,000	3%
	25,000	to	50,000	4%
	50,000	to	75,000	5%
	75,000	to	100,000	6%
	100,000	to	150,000	7%
	150,000		and over	8%
CLASS 3	0	to	12,500	5%
	12,000	to	25,000	6%
	25,000	to	75,000	7%
	75,000	to	100,000	8%
	100,000	to	150,000	9%
	150,000		and over	10%
CLASS 4	0	to	50,000	10%
	50,000	to	100,000	12%
	100,000		and over	15%

EXEMPTIONS:

1. All transfers to a spouse are exempt
2. Son and daughter \$50,000
3. Each parent \$15,000
4. Lineal descendant, except son or daughter \$15,000

KANSAS

CLASS A Lineal ancestors, descendants, step-parents, step-children, adopted children, spouse of child or step-child
 CLASS B Brothers and sisters
 CLASS C All others

	TAXABLE AMOUNT			TAX RATE
CLASS A	0	to	25,000	1%
	25,000	to	50,000	2%
	50,000	to	100,000	3%
	100,000	to	500,000	4%
	500,000		and over	5%
CLASS B	0	to	25,000	3%
	25,000	to	50,000	5%
	50,000	to	100,000	7.5%
	100,000	to	500,000	10%
	500,000		and over	12.5%
CLASS C	0	to	100,000	10%
	100,000	to	200,000	12%

200,000 and over 15%

EXEMPTIONS:

1. Spouse: All transfers to a spouse are tax exempt
2. Class A (not including a spouse): \$30,000 per individual
3. Class B: \$5,000 per individual
4. Qualified real estate up to \$750,000 if used in family business or farm and left to a family member.

The state has an estate tax equal to the federal state death tax credit.

KENTUCKY

CLASS A Parent, spouse, child, step-child, adopted child or grandchild
 CLASS B Brothers, sisters, nieces, nephews, sons and daughters-in-law, aunts or uncles
 CLASS C All others

	TAXABLE AMOUNT			TAX RATE
CLASS A	0	to	20,000	2%
	20,000	to	30,000	3%
	30,000	to	45,000	4%
	45,000	to	60,000	5%
	60,000	to	100,000	6%
	100,000	to	200,000	7%
	200,000	to	500,000	8%
	500,000		and over	10%
CLASS B	0	to	10,000	4%
	10,000	to	20,000	5%
	20,000	to	30,000	6%
	30,000	to	45,000	8%
	45,000	to	60,000	10%
	60,000	to	100,000	12%
	100,000	to	200,000	14%
	200,000		and over	16%
CLASS C	0	to	10,000	6%
	10,000	to	20,000	8%
	20,000	to	30,000	10%
	30,000	to	45,000	12%
	45,000	to	60,000	14%
	60,000		and over	16%

EXEMPTIONS:

1. Spouse: All inherited property exempt
2. Minor child \$20,000

3. Mentally disabled child \$20,000
4. Parent \$5,000
5. Adult child \$5,000
6. Grandchild \$5,000
7. Class B members \$1,000
8. Class C members \$500

LOUISIANA

- CLASS 1 Spouse, lineal ancestors and descendants
 CLASS 2 Brother, sister
 CLASS 3 All others except government
 CLASS 4 State of Louisiana

	TAXABLE AMOUNT		TAX RATE
CLASS 1	0	to 20,000	2%
	20,000	and over	3%
CLASS 2	0	to 1,000	0%
	500	to 21,100	5%
	21,100	and over	7%
CLASS 3	0	to 500	0%
	500	to 5,000	5%
	5,000	and over	10%
CLASS 4	ON EVERYTHING		0%

EXEMPTIONS:

1. Spouse: All property tax-free
2. Class 1 members, except for spouse, first \$25,000 exempt
3. Class 3 members, first \$1,000 exempt
4. Class 4, all exempt

MARYLAND

- CLASS 1 Spouse, parent, child, grandparent, descendant, step-child, step-parent
 CLASS 2 All others

	TAXABLE AMOUNT	TAX RATE
CLASS 1	ON EVERYTHING	1%
CLASS 2	ON EVERYTHING	10%

EXEMPTIONS:

Spouse: First \$100,000 of personal property and all real property

The state has an estate tax equal to the federal state death tax credit.

MASSACHUSETTS

TAXABLE AMOUNT			TAX RATE	
0	to	50,000	5%	
50,000	to	100,000	\$2,500 + 7% OVER	\$50,000
100,000	to	200,000	\$6,000 + 9% OVER	\$100,000
200,000	to	400,000	\$15,000 + 10% OVER	\$200,000
400,000	to	600,000	\$35,000 + 11% OVER	\$400,000
600,000	to	800,000	\$57,000 + 12% OVER	\$600,000
800,000	to	1,000,000	\$81,000 + 13% OVER	\$800,000
1,000,000	to	2,000,000	\$107,000 + 14% OVER	\$1,000,000
2,000,000	to	4,000,000	\$247,000 + 15% OVER	\$2,000,000
4,000,000	and over		\$547,000 + 16% OVER	\$4,000,000

EXEMPTIONS:

If the net estate is worth less than \$600,000, then the state's exemption will equal the net estate. Otherwise, there is no exemption.

The state has an estate tax equal to the federal state death tax credit.

MICHIGAN

CLASS 1 Spouse, parent, grandparent, brother, sister, child, son or daughter-in-law, adopted child, step-child
 CLASS 2 All others

	TAXABLE AMOUNT		TAX RATE	
CLASS 1	0	to 50,000	2%	
	50,000	to 250,000	4%	
	250,000	to 500,000	7%	
	500,000	to 750,000	8%	
	750,000	and over	10%	
CLASS 2	0	to 50,000	12%	
	50,000	to 500,000	14%	
	500,000	and over	17%	

EXEMPTIONS:

1. Spouse: \$65,000 and another \$5,000 for each minor child
2. Class 1 members (except spouse): first \$25,000 is exempt (becomes \$50,000 on January 1, 1995)

The state has an estate tax equal to the federal state death tax credit.

MONTANA

- CLASS 1 Spouse, descendants and lineal ancestors
 CLASS 2 Brother, sister, niece, nephew, son-in-law, daughter-in-law
 CLASS 3 Uncle, aunt and first cousin
 CLASS 4 All others

	TAXABLE AMOUNT		TAX RATE	
CLASS 1	0	to	25,000	2%
	25,000	to	50,000	4%
	50,000	to	100,000	6%
	100,000		and over	8%
CLASS 2	0	to	25,000	4%
	25,000	to	50,000	8%
	50,000	to	100,000	12%
	100,000		and over	16%
CLASS 3	0	to	25,000	6%
	25,000	to	50,000	12%
	50,000	to	100,000	18%
	100,000		and over	24%
CLASS 4	0	to	25,000	8%
	25,000	to	50,000	16%
	50,000	to	100,000	24%
	100,000		and over	32%

EXEMPTIONS:

1. Property to spouse and lineal descendant is tax free
2. Property to ancestors, first \$7,000 is exempt
3. Class 2 members, first \$1,000 is exempt

MISSISSIPPI

TAXABLE AMOUNT	TAX RATE
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0	to	60,000	1%
60,000	to	100,000	1.6%
100,000	to	200,000	2.4%
200,000	to	400,000	3.2%
400,000	to	600,000	4.0%
600,000	to	800,000	4.8%
800,000	to	1,000,000	5.6%
1,000,000	to	1,500,000	6.4%
1,500,000	to	2,000,000	7.2%
2,000,000	to	2,500,000	8.0%
2,500,000	to	3,000,000	8.8%
3,000,000	to	3,500,000	9.6%
3,500,000	to	4,000,000	10.4%
4,000,000	to	5,000,000	11.2%
5,000,000	to	6,000,000	12.0%
6,000,000	to	7,000,000	12.8%
7,000,000	to	8,000,000	13.6%
8,000,000	to	9,000,000	14.4%
9,000,000	to	10,000,000	15.2%
10,000,000		and over	16.0%

EXEMPTIONS:

First \$600,000 of an estate is exempt

NEBRASKA

CLASS 1 Spouse, parent, child, son or daughter-in-law
 CLASS 2 Uncle, aunt, niece, nephew and their descendants
 CLASS 3 All others

TAXABLE AMOUNT			TAX RATE	
CLASS	1	0 to 1,000	0%	
		1,000 and over	1%	
CLASS	2	0 to 2,000	0%	
		2,000 to 60,000	6%	
		60,000 and over	9%	
CLASS	3	0 to 5,000	6%	
		5,000 to 10,000	9%	
		10,000 to 20,000	12%	
		20,000 to 50,000	15%	
		50,000 and over	18%	

EXEMPTIONS:

1. Spouse: All property tax-free

2. Class 1 members, not including spouse, \$10,000
3. Class 2 members \$2,000
4. Class 3 members \$500.00

NEW HAMPSHIRE

CLASS 1 Spouse, ancestor, descendant, adopted children, step-children
 CLASS 2 All others

	TAXABLE AMOUNT	TAX RATE
CLASS 1	ON EVERYTHING	0%
CLASS 2	ON EVERYTHING	18%

EXEMPTIONS:

CLASS 1 No tax
 CLASS 2 No exemptions

NEW JERSEY

CLASS A Parent, spouse, grandparent, child, step-child, descendant
 CLASS B Brothers, sisters, sons and daughters-in-law
 CLASS C All others

	TAXABLE AMOUNT	TAX RATE
CLASS A	ON EVERYTHING	0%
CLASS B	0 to 1,100,000	11%
	1,100,000 to 1,400,000	13%
	1,400,000 to 1,700,000	14%
	1,700,000 and over	16%
CLASS C	0 to 10,000	15%
	700,000 and over	16%

EXEMPTIONS:

1. Class A members: All property is exempt
2. Class B members: First \$25,000 is exempt

NEW YORK

TAXABLE AMOUNT	TAX RATE
0 to 50,000	2%

50,000	to	150,000	3%
150,000	to	300,000	4%
300,000	to	500,000	5%
500,000	to	700,000	6%
700,000	to	900,000	7%
900,000	to	1,100,000	8%
1,100,000	to	1,600,000	9%
1,600,000	to	2,100,000	10%
2,100,000	to	2,600,000	11%
2,600,000	to	3,100,000	12%
3,100,000	to	3,600,000	13%
3,600,000	to	4,100,000	14%
4,100,000	to	5,100,000	15%
5,100,000	to	6,100,000	16%
6,100,000	to	7,100,000	17%
7,100,000	to	8,100,000	18%
8,100,000	to	9,100,000	19%
9,100,000	to	10,100,000	20%
10,100,000	and over		21%

TAX CREDITS:

1. Taxes from 0 to \$2,750: There is a credit equal to the full tax (no tax will be owed).
2. Taxes from \$2,750 to \$5,000: There is a tax credit equal to the difference between the tax and \$5,000.
3. For taxes over \$5,000 there is a \$500 tax credit.

NORTH CAROLINA

CLASS A Spouse, descendant, ancestor, step-child, adopted child, son and daughter-in-law
 CLASS B Brother, sister, niece, nephew, aunt or uncle
 CLASS C All others

	TAXABLE AMOUNT		TAX RATE	
CLASS A	0	to	10,000	1%
	10,000	to	25,000	2%
	25,000	to	50,000	3%
	50,000	to	100,000	4%
	100,000	to	200,000	5%
	200,000	to	500,000	6%
	500,000	to	1,000,000	7%
	1,000,000	to	1,500,000	8%
	1,500,000	to	2,000,000	9%
	2,000,000	to	2,500,000	10%
	2,500,000	to	3,000,000	11%
	3,000,000		and over	12%

CLASS B	0	to	5,000	4%
	5,000	to	10,000	5%
	10,000	to	25,000	6%
	25,000	to	50,000	7%
	50,000	to	100,000	8%
	100,000	to	250,000	10%
	250,000	to	500,000	11%
	500,000	to	1,000,000	12%
	1,000,000	to	1,500,000	13%
	1,500,000	to	2,000,000	14%
	2,000,000	to	3,000,000	15%
	3,000,000		and over	16%

CLASS C	0	to	10,000	8%
	10,000	to	25,000	9%
	20,000	to	50,000	10%
	50,000	to	100,000	11%
	100,000	to	250,000	12%
	250,000	to	500,000	13%
	500,000	to	1,000,000	14%
	1,000,000	to	1,500,000	15%
	1,500,000	to	2,500,000	16%
	2,500,000		AND OVER	17%

EXEMPTIONS:

1. Spouse: All property is tax-free
2. Class A members (except spouse) \$26,150 tax credit
3. Class B members: none
4. Class C members: none

The state has an estate tax equal to the federal state death tax credit.

OHIO

TAXABLE AMOUNT				TAX RATE
	0	to	40,000	2%
	40,000	to	100,000	3%
	100,000	to	200,000	4%
	200,000	to	300,000	5%
	300,000	to	500,000	6%
	500,000		and over	7%

EXEMPTIONS:

1. There is an unlimited marital deduction for property passing to a spouse.
2. There is a tax credit equal to \$500 or the lesser of the actual tax.

OKLAHOMA

CLASS 1 Parent, child, step-child, adopted child, descendant
 CLASS 2 All others

	TAXABLE AMOUNT		TAX RATE
CLASS 1	0	to 10,000	0%
	10,000	to 20,000	1.0%
	20,000	to 40,000	1.5%
	40,000	to 60,000	2.0%
	60,000	to 100,000	2.5%
	100,000	to 250,000	3.0%
	250,000	to 500,000	6.5%
	500,000	to 750,000	7.0%
	750,000	to 1,000,000	7.5%
	1,000,000	to 3,000,000	8.0%
	3,000,000	to 5,000,000	8.5%
	5,000,000	to 10,000,000	9.0%
	10,000,000	and over	10.0%
CLASS 2	0	to 10,000	1%
	10,000	to 20,000	2%
	20,000	to 40,000	3%
	40,000	to 60,000	4%
	60,000	to 100,000	5%
	100,000	to 250,000	6%
	250,000	to 500,000	13%
	500,000	to 1,000,000	14%
	1,000,000	and over	15%

EXEMPTIONS:

1. Spouse: All property is tax-exempt
2. Class 1 members, except spouse, \$175,000
3. Class 2 no exemption

The state has an estate tax equal to the federal state death tax credit.

PENNSYLVANIA

CLASS A Spouse, parent, grandparent, descendant, son or daughter-in-law, adopted child
 CLASS B All others

	TAXABLE AMOUNT	TAX RATE
CLASS A	ON EVERYTHING	6%
CLASS B	ON EVERYTHING	15%

EXEMPTIONS:

1. There is an exemption for all jointly held property with a spouse
2. There is a family exemption of \$2,000
3. Insurance benefits, social security benefits and employment benefits are exempt

The state has an estate tax equal to the federal state death tax credit.

SOUTH DAKOTA

CLASS 1	Child and adopted child
CLASS 2	Ancestors and descendants
CLASS 3	Brother, sister, niece, nephew, son-in-law, daughter-in-law
CLASS 4	Uncle, aunt and first cousins
CLASS 5	All others

	TAXABLE AMOUNT		TAX RATE	
CLASS 1	0	to	30,000	0%
	30,000	to	50,000	3.75%
	50,000	to	100,000	6.00%
	100,000		and over	7.50%
CLASS 2	0	to	3,000	0%
	3,000	to	15,000	3.00%
	15,000	to	50,000	7.50%
	50,000	to	100,000	12.00%
	100,000		and over	15.00%
CLASS 3	0	to	500	0%
	500	to	15,000	4.00%
	15,000	to	50,000	10.00%
	50,000	to	100,000	16.00%
	100,000		and over	20.00%
CLASS 4	0	to	200	0%
	200	to	15,000	5.00%
	15,000	to	50,000	12.50%
	50,000	to	100,000	20.00%
	100,000		and over	25.00%
CLASS 5	0	to	100	0%
	100	to	15,000	6.00%
	15,000	to	50,000	15.00%

50,000	to	100,000	24.00%
100,000		and over	30.00%

EXEMPTIONS:

1. Spouse: All property is tax-free
2. Class 1 members first \$30,000 exempt
3. Class 2 members first \$3,000 exempt

TENNESSEE

TAXABLE AMOUNT	TAX RATE
\$440,000	\$30,200 + 9.5% over \$440,000

EXEMPTIONS:

First \$600,000 of the estate is exempt

The state has an estate tax equal to the federal state death tax credit.

IMPORTANT NOTICE:

**TAX CHANGES BY THE JOB & GROWTH TAX RELIEF
RECONCILIATION ACT OF 2003, THE ECONOMIC GROWTH
AND TAX RELIEF ACT OF 2001 AND THE BUDGET ACT OF
1997**

The JOB & GROWTH TAX RELIEF RECONCILIATION ACT OF 2003, the ECONOMIC GROWTH AND TAX RELIEF ACT OF 2001 along with the BUDGET ACT OF 1997 together have resulted in the most sweeping tax changes as affecting individuals' estate and financial planning since President Reagan's first term. The major changes are as follows:

(A) CHANGE IN THE UNIFIED CREDIT

The federal unified credit which is the amount that a person can give away tax free while alive or after death which was \$675,000 was raised immediately to \$1,000,000 and will continue to rise to the year 2009 when it is abolished for one year then reinstated at \$1,000,000 unless Congress votes to make the elimination of estate taxes permanent. The rate of unified credit schedule is as follows:

YEAR	EXEMPTION AMOUNT	TOP ESTATE TAX RATE
2002	\$1,000,000	50%
2003	\$1,000,000	49%
2004	\$1,500,000	48%
2005	\$1,500,000	47%
2006	\$2,000,000	46%
2007	\$2,000,000	45%
2008	\$2,000,000	45%
2009	\$3,500,000	45%
2010	ESTATE TAX REPEALED FOR ONE YEAR UNLESS MADE PERMANENT	NONE
2011	\$1,000,000	55% IF REPEAL NOT MADE PERMANENT

GIFT TAX NOT REPEALED

The gift tax is not repealed in 2009 along with the Estate Tax. To prevent taxpayers transferring property which generates income tax from higher to lower rate taxpayers, the 2001 Tax Act retains a modified gift tax. Beginning in 2010, total gifts made in excess of a lifetime \$1,000,000 exemption would be subject to a gift tax equal to the top individual income tax rate at that time.

(B) CHANGE IN STEPPED-UP BASIS OF INHERITED PROPERTY.

Prior to the 2001 ACT, property inherited from a decedent was given a stepped up basis to fair market value. This meant that it could immediately be sold without incurring any capital gain taxes.

Now once estate taxes are fully repealed in 2010, the basis of assets received from a decedent will carry over from the decedent, rather than be stepped up to fair market value at the date-of- death or alternate valuation date as is now the law. Two exceptions to the rule will be available to help many estates:

- a. \$1.3 million of basis will be allowed to be added to certain assets; and
- b. \$3 million of basis will be permitted to be added to assets transferred to a surviving spouse.

However, to further complicate the matter, not all property is eligible for an increase in basis. Property acquired by a decedent by gift from a non-spouse less than three years before death is excluded (to prevent "gifts" of low basis assets in anticipation of stepped-up bequests). Similarly, property that constitutes a right to receive income in respect of a decedent is excluded. Stock in

foreign investment and personal holding companies also is ineligible for an increase in basis.

C REDUCTION IN THE CAPITAL GAIN RATE

The federal capital gain rate was cut under the Budget Act of 1997. The new rates are:

Prior to Jan 1, 2001, the following were the capital gain rates:

1. 28% maximum on collectibles
2. 25% maximum on real estate gains attributable to depreciation
3. 10%/20% rate on stock, bonds and real estate. The rate is 10% on gains falling in the 15% bracket and 20% for gains above this.

Beginning in January 1, 2001, for assets held more than five (5) years:

4. 8%/20% rate on stocks, bonds and real estate held more than five years. The rate is 8% on gains falling in the 15% bracket and 20% for gains above this.

Beginning on January 2, 2006, there is another rate:

5. 8%/18% on stock, bonds and real estate held for more than five years and acquired after 12/31/00. The rate is 8% on the 15% bracket and 18% for gains above this. There is a special election possible after Jan 2, 2006 to "convert" property acquired before 12/31/00 into property acquired afterward.

UNDER THE 2003 ACT

Reduction in tax rates on dividends and capital gains.

Under the 2003 Tax Act, the maximum tax rate on dividends distributions by corporations to individuals and on individual capital gains is reduced to 15% in 2003 through 2008.

For Taxpayers in the 10% and 15% ordinary income tax rate brackets, the rate on dividends and capital gains is reduced to 5% in 2003 through 2007, and to zero(0) in 2008.

The new rates apply to capital gains realized on or after May 6, 2003, and to dividend income received in 2003 and after.

INCOME TAX RATE CUTS

Under the 2001 Tax Act, there was a \$958 billion consolidation and reduction of the marginal tax rates for individuals. Under the 2001 Act was created a new 10 percent rate bracket. The other individual income tax rates (except the 15 percent rate) were also cut for 2001, effectively by 0.5 percent across the board.

There will now be six rate brackets for individuals. The new 10 percent rate is carved out of the existing 15 percent bracket .

Under the 2003 TAX ACT, the 10% bracket will apply to the first \$14,000 of income for couples, \$7,000 for singles, and \$10,000 for heads of household, and adjusted for inflation thereafter).

UNDER THE 2003 TAX ACT

Under the 2003 tax act, reductions in income tax rates in excess of 15% for 2004 and 2006 are accelerated to 2003 which resulted in new rates of 25, 28, 33 and 35% respectively.

These reductions benefit married couples with taxable income greater than \$47,450 and single taxpayers with taxable income greater than \$28,400.

E. REDUCTION OF THE MARRIAGE PENALTY

The 2001 and 2003 Tax Acts reduced but could not eliminate the marriage penalty under Federal Tax Law. The marriage penalty will not change until 2005. Then in 2005 partial relief will be given in two form:

- (1) Joint filers will be given a standard deduction that is twice the amount of standard deduction provided to single filers, phased in 2003 and 2004, and
- (2) The high-end of the income level falling under the 15 percent tax rate bracket will be expanded to an amount equal to twice that of single taxpayers.

These changes will not help married taxpayers above the 25% tax bracket who do not take the standard deduction. Likewise the change does not impact taxpayers in the 15% bracket of the pre-2001 ACT. As such both groups of taxpayers will continue to subject to the full marriage penalty.

ALTERNATIVE MINIMUM TAX RELIEF

To ensure that the benefits of the marriage penalty relief are not subject to the alternative minimum tax, AMT, the exemption

amount for the AMT is increased by \$9,000 for married taxpayers and by \$4,500 for single taxpayers in 2003 and 2004.

(F) HOME SALE TAX CUT

Under the Budget Act of 1997, the first \$500,000 in a couple's profit from the sale of a principal residence and \$250,000 for an individual will be excluded from taxation. This credit can be used every three years. The home must be the principal residence for 2 of the previous 5 years. This replaces the previous credit of to \$125,000 and available once to taxpayers over the age of 55.

(G) IRA CHANGES

(1) FOR HOME PURCHASES

Penalty free withdrawals of up to \$10,000 are now permitted pursuant to the Budget Act of 1997 for home purchase expenses by first time home buyers or their children or spouses if the person was without ownership interest in a home within 2 years of the purchase.

(2) FOR TUITION EXPENSES

Penalty free withdrawals from IRA's are now permitted for the payment of tuition expenses for the person, child, spouse or grandchild.

(3) IRA ACCOUNTS

A new type of IRA was created in the Budget Act of 1997 called the IRA Plus (ROTH) Account. Contributions to these accounts are not tax-deductible and count toward the \$2,000 per year limit but

the interest, dividends and capital gains earned are tax free until withdrawn as an IRA distribution.

Under the 2001 Tax Act, the contribution limits for both traditional and Roth IRAs rise from a \$2,000 annual cap to \$5,000 as follows: \$3,000 for the years 2002- 2004; \$4,000 for 2005-2007; and \$5,000 for 2008 and thereafter along with annual adjustments for inflation after 2008.

A special catchup provision was created for taxpayers who are age 50 and above. Such taxpayers will be permitted to contribute what has been termed as "catchups" to their IRA accounts. Such catchup taxpayers can contribute to an IRA an additional \$500 in 2002- 2005; \$1 ,000 in 2006 and all years thereafter. These "catchup" payments can either be deductible or made to a Roth IRA, if the base-line AGI limits are met for regular contributions for the year.

(H) CREDITS FOR PARENTS

(1) CHILD TAX CREDIT

The 2003 Tax Act eliminated the phase in period of the \$1,000 child tax credit and granted it immediately for 2003 and 2004. The \$400 per child increase in the credit for 2003 will be paid immediately. Advance payments will be sent beginning inn mid-July 2003 to parents based on their 2002 return.

2. ADOPTION CREDIT

The 2001 TAX ACT increases the credit for adoptions to \$10,000 for both special needs adoptions (currently at \$6,000) and non-special needs adoptions (currently at \$5,000). Starting in 2002, the ACT also doubles the income phase-out range*s starting point from \$75,000 to \$150,000.

3. DEPENDENT CARE TAX CREDIT

The 2001 Tax Act increases the dependent care credit rate from 30 to 35 percent. It also increases the amount of eligible employment-related expenses from \$2,400 to \$3,000 (from \$4,800 to \$6,000 for more than one qualifying individual), and increases the beginning point of phase-out income to \$15,000 of adjusted gross income, starting in 2002.

(4) EDUCATION SAVINGS ACCOUNT

Under the Budget Act of 1997, a married couple with an income less than \$150,000 or single parents with income less than \$95,000 can establish education savings accounts similar to IRAs for children and contribute. Contributions are not deductible on the parents' tax return but earnings are tax free IRC Section 530(b).

The 2001 Tax Act raised the limit on contributions from \$500 to \$2,000. The new law also exempts special needs beneficiaries from the prohibition against contributions being made after a beneficiary turns 18. Starting in 2002, contributions will be allowable not only from individuals but also from corporations, tax-exempt organizations and other entities. Contributions counted

toward any tax year will be permissible until April 15 of the following year, rather than being cut off on December 31.

Under 2001 Tax Act more taxpayers are eligible to contribute to an education savings account by raising the phase out limits. The 2001 Tax Act doubled the contribution phase-out range for joint filers of \$ 150,000–\$ 160,000 to double that of single filers (\$ 190,000– \$220,000).

The 2001 Tax Act also permits proceeds in education savings accounts to be used to pay for elementary and secondary school tuition, both public and private, as well as the costs of higher education. Permitted expenses covered under the 2001 ACT include tutoring, computer equipment, room and board, uniforms and extended day program costs.

(5) COLLEGE TAX CREDIT

There is a \$1,500 a year tax credit for the first two years and \$1,000 per year thereafter. This credit begins to phase out for couples earning \$80,000 to \$100,000 and individuals earnings \$40,000 to \$50,000.

(6) STUDENT LOAN DEDUCTION

The Budget Act of 1997 created two education related credits. The Hope Scholarship Credit : The first \$1,000 of tuition and \$500 of the second \$1,000 of tuition. The Life Earning Credit: 20% of qualified tuition for any year the Hope Scholarship is not used. It

is 20% if the first \$5000 to the year 2003 which thereafter raises to \$10,000.

The 2001 Tax Act extended the credits as follows:

- (1) HOPE and Lifetime Learning tax credits can be claimed in the same year as education IRA distributions, as long as the IRA distribution is not used to pay for the same costs used to claim the education credit.
- (2) Penalty-free contributions to education IRAs and qualified state tuition programs to be made in the same year.

The 2001 Tax Act raises the amount of student loan interest which can be deducted. The prior tax law only permitted taxpayers to deduct up to \$2,500 in student loan interest above-the-line. The deduction also had been severely limited by the requirement that a taxpayer's adjusted gross income must fall under a certain threshold and the interest must be attributable to payments made during the first 60 months in which interest payments are required.

The 2001 Tax Act removed the above restrictions. The 2001 Tax Act raises the income phase-out thresholds (to \$55,000 - \$65,000, from \$40,000-\$50,000, for single taxpayers, and to \$100,000-\$130,000, from \$60,000-\$75,000, for joint taxpayers). The 2001 Tax Act also repeals completely both the annual dollar limit on the amount of the deduction and the 60-month limit.

7. COLLEGE TUITION DEDUCTION

The 2001 Tax Act creates an above-the-line deduction for qualified higher education expenses. For 2002-2003, a single taxpayer with adjusted gross income below \$65,000 (\$130,000 if married) will be entitled to an above-the-line tuition deduction of \$3,000 each year. The deduction will increase, for the years of 2005 and 2005, to \$4,000 for single taxpayers with incomes falling below \$65,000 and for married taxpayers filing jointly with incomes below \$130,000. The Act gives both single taxpayers with incomes up to \$80,000 along with for joint filers with incomes up to \$160,000 a maximum deduction of \$2,000 in 2004 and 2005. This deduction cannot be claimed for the same student in the same year as a HOPE or Lifetime Learning credit is claimed for the student.

8. EMPLOYER-PROVIDED CHILD CARE CREDIT

The 2001 ACT allows employers a credit equal to 25 percent of qualified expenses for employee child care and 10 percent of qualified expenses for child care resource and referral services, to a maximum \$150,000 per year credit. Effective beginning after 2001.

I. PENSION PLAN CONTRIBUTIONS

Under the 2001 Tax Act, the limits on contributions to pension plans rise considerably.

Beginning in in 2002, the limit on annual additions to a defined contribution plan will rise to \$40,000.

For defined benefit plan, the annual limit on benefits will rise from \$140,000 to \$160,000.

For 401(k) plans, the limit on salary reduction contributions to IRC §401(k)-type plans (including 403(b) annuities and salary reduction SEPs) will rise from \$10,500 to \$15,000 by 2006 (scheduled to rise to \$11,000 in 2002, and increase by an additional \$1,000 each year until 2006).

J. SMALL BUSINESS EXPENSES AND DEDUCTIONS

The 2003 Tax Act made two significant tax changes which help small businesses.

1. The 2003 Tax Act increased the amount of investment that may be immediately deducted by small businesses from \$25,000 to \$100,000. The amount of investment qualifying for this immediate deductions begins to phase out at \$400,000.

2. The additional first year bonus depreciation is increased for 30% to 50% for investments placed in service after May 5, 2003 and before January 1, 2005.

CHAPTER FOUR

CONSIDERATIONS IN DECIDING WHETHER TO USE A WILL OR REVOCABLE TRUST FOR ESTATE PLANNING

Deciding upon a type of estate plan that a person or a couple will employ is one of the most important personal decisions will ever be made. Use of a trust or Will in an estate plan should only be done after careful deliberation. In most instances, a revocable trust will be superior to probate of a will.

Probate actions are the only legal proceedings in which fewer number each year are being instituted. Revocable trusts were designed to replace probates and they do it very well. A probate action exists solely to determine who gets a person's estate when no provision had been made by the decedent to provide for its immediate passing upon death. More people are turning to revocable trusts to avoid probate and time-consuming hassles, hearings and delays which it entails. Some of the prime advocates for revocable trusts are judges themselves. Most judges, handling probate matters, view the basic exercise of probate jurisdiction as unnecessary in view of the fact that revocable trusts can do the job faster and cheaper.

Although revocable trusts are, however, generally superior to probate, there are estate situations where probate may be advantageous. A general rule is good but with every rule there is an exception. Before deciding on a trust, each person should review his personal situation to determine if it is an exception to the rule and that therefore a probate should be used.

This chapter deals with the major disadvantages commonly cited by estate planners as grounds for not using a revocable trust. They are presented here for the reader to apply them to his own fact pattern to determine if a trust is warranted.

This book is written for the average person with an average estate of about \$1,00,000 individually or \$2,000,000 per couple which gradually rises to an unlimited amount in 2010 and then reduces back to \$1,000,000 each in 2011 under the Tax Act of 2001. People with estates significantly over these amounts should go to a tax advisor and spend a few dollars for the expert estate planning needed by virtue of having a larger estate. Someone with assets significantly above these limits should consider charitable contributions, charitable trusts, life insurance trusts and a myriad of other estate devices that are far beyond the scope of this book. The trusts contained in Estate Planning II are for people who have already made up their minds to use a revocable trust or are considering it and have assets close to the limits stated above. According to IRS estimates, those trusts apply to 90% of the American people.

It is impossible to address every tax consideration that could arise from the use of a trust. Bearing that in mind, here presented are the most important ones. Nonetheless, the reader should be able to make a knowledgeable and informed decision as to whether to execute a will or use a revocable trust as his main estate planning tool after reading this book and the second volume, Estate Planning II.

I. EFFECTS OF DIVORCE ON PROBATE AND REVOCABLE TRUSTS

In many states a divorce automatically revokes all gifts made to a former spouse in a will. In some states the validity of the gifts still remains in effect until the will is changed.

A revocable trust is a nonprobate transfer, and the property contained therein passes by contract. Therefore, a divorce will not affect a divorcee's right to receive a distribution from the ex-spouse's revocable trust unless the divorce decree specifically terminates that right. Thus, unless a revocable trust is amended after a divorce to remove the former spouse as a beneficiary, that former spouse will still receive the original share of the trust even though now divorced from the deceased ex-spouse.

A difficult situation exists when an incompetent trustor (creator of the trust) is divorced. An incompetent trustor cannot revoke or amend a trust that was validly created during a time when the trustor was competent. The conservator or guardian of the incompetent trustor must seek court permission to revoke the trust in the divorce proceeding or in a separate petition.

While divorce is always a consideration in any relationship, amending a revocable trust is extremely easy. All the trustor must do is deliver a written statement to the trustee, who is usually himself, stating that the former spouse is not to receive anything under the trust. The trustor notifies the trustee that the trust is either terminated or that the former spouse's share goes to someone else. It is that simple. Although the revocation does not need to be witnessed, it should be to avoid having its execution challenged by the former spouse.

II. CREDITOR CLAIMS AGAINST THE ESTATE

Under probate law, the decedent's creditors are given a statutory period of time, usually four months, after the probate is opened to present their claims against the estate (debts owed by the decedent) for payment. Claims filed after that period normally are disallowed and cannot be paid no matter how meritorious. This can be quite an advantage to an estate. Should large creditors happen to be late in presenting their claims, they won't be paid. As such, the heirs will receive the estate free of any potential creditor claims not presented during the statutory period.

In addition, a probate also permits a certain amount of property to pass to the family as a family allowance. This property is exempt from all creditor claims. The amount of the family allowance varies from state to state, but it can exceed \$40,000.

On the other hand, a revocable trust does not cut off any creditor claims. A creditor can sue the trust or the beneficiary receiving the trust property for a period of four years (depending on the state's statute of limitations) for debts owed by the decedent. The beneficiaries of the estate are responsible to pay any judgment awarded that is within the value of the trust property they received.

A decedent cannot avoid his debts by transferring property into a trust for the trustor's benefit. All states have laws which prevent transfers designed strictly to avoid or defraud creditors. So a revocable trust established by a trustor would be liable for the trustor's debts.

Generally, if use of a trust will pass more to the beneficiaries after all the creditors have been paid than if a Will

had been used, then the trust should be the estate planning vehicle employed. Usually this is the case because once an estate exceeds the state limits for a summary probate, it will cost more to probate the estate than it would to create the trust and thereby avoid the probate.

III. STATUTORY SHARE OF SURVIVING SPOUSE

A revocable trust cannot deprive a surviving spouse of a statutory share of the deceased spouse's estate. If state law gives a spouse a mandatory one-third share of the other spouse's estate, the surviving spouse can insist on that one-third share regardless of the amount the trust document purports to give the surviving spouse.

In community property states there usually are no statutory shares in a spouse's estate because the community property interest replaces the need for a statutory share. Most states, however, do have mandatory statutory shares. Therefore, in order for the trust to work the surviving spouse must elect to take the share given under the trust and waive the statutory share.

As a practical matter, this is usually not a problem. A husband and wife usually create a joint trust which establishes how they want the property distributed upon both of their deaths. The most common joint trust gives everything to the surviving spouse with the remainder, if any, going to their children. In the usual joint trust, the surviving spouse is receiving far more property than the statutory share. The bottom line is that if one spouse feels that the other spouse will challenge the trust, don't bother with it.

IV. WILL OR TRUST CONTESTS

Both wills and trusts can be challenged by heirs, beneficiaries or disinherited family members. The challenges are the same for each: lack of capacity, mistake, fraud, duress, insane delusion, pretermitted heirs, etc.

There is no difference as to how a court will treat a will contest or a trust contest. The probate court has the same jurisdiction to determine trust contests as it does will contests.

All wills and trusts should have a protective clause to limit challenges. The no-contest clause states that should any heir or beneficiary challenge a trust and lose, the challenger also loses all right to receive property under the will or trust. For example, a beneficiary due to inherit \$1,000,000 seeks to inherit \$2,000,000 by overturning the will or trust. If he loses the challenge, the beneficiary also loses the \$1,000,000 that was to pass under the Will or trust. It is amazing to contemplate the amount of litigation avoided by the No-Contest Clause in Wills and Trusts.

V. TIME IT TAKES TO PROBATE A WILL OR TRANSFER PROPERTY IN TRUST

Assets in probate can be held for quite a while before final distribution to the heirs. Partial distributions based on need can be made under court approval prior to the close of the estate. Generally, a normal probate (assets over \$60,000 that are not going to a surviving spouse) takes a minimum of six months.

Under the Uniform Probate Code, adopted by many states including Colorado, the personal representative may take possession of the decedent's assets within five days of death. In addition, there are special provisions for summary probates when the estate

is small or going primarily to the surviving spouse. Such summary proceedings are fast, usually no more than two months.

Revocable trusts are the fastest way to transfer assets following the trustor's death. Upon the trustor's death, the trustee or successor-trustee immediately transfers the property in accordance with the terms of the trust, subject only to whatever delays exist in paying required federal and inheritance taxes. Since the same delay for payment of taxes exists for probates, trusts clearly have the advantage of speed.

VI. EFFECT OF REVOCABLE TRUST ON MEDICAID ELIGIBILITY

A revocable trust has an unfair effect on the beneficiary spouse's ability to claim Medicaid benefits if institutionalized. For this reason elderly couples with small estates should give particular attention to this matter if they feel that they might one day have to seek institutionalized Medicaid assistance.

Under 42 U.S.C. Section 1396(a)(k), assets and income from a revocable trust for a surviving spouse institutionalized as a Medicaid recipient will be counted as available for the surviving spouse's use in determining eligibility for Medicaid assistance. The assets and income will be attributed to the surviving spouse even though the trust has placed an independent trustee in control. This is not the case when the trust was created for the surviving spouse in the deceased spouse's will. The assets and income of a testamentary trust (trust created by a will) will not be counted toward the institutionalized spouse in determining Medicaid eligibility.

This is an important consideration and should be reviewed with the Social Security Administration if Medicare is an important

consideration for a person. Democrats in Congress have proposed changing the law to include assets from a testamentary trust into a surviving spouse's estate as well as those of a revocable trust created by a deceased spouse.

VII. GIFTS WITHIN THREE YEARS OF DEATH

Nowadays gifts made by an individual within three years of death are no longer brought back into the estate for tax purposes. There are exceptions: those transfers involving life insurance or those transfers in which the decedent retained control over the property. Therefore, a parent, for example, could give \$10,000 to a child within three years of death without having the money return to the parent's estate for estate tax purposes.

A different situation exists when the parent makes the gift directly from a revocable trust. The IRS holds that gifts made directly from a revocable trust within three years of the trustor's death are included in the trustor's estate for tax purposes. In other words, if the parent's revocable trust makes a \$10,000 gift to the child, the gift will be brought back into the estate for tax purposes (Revenue Ruling 75-553, 1975-2 C.B. 477).

This is a result of incompetent tax writing by Congress. The problem, however, is easily avoided if the trustor first takes the \$10,000 out of the trust in the parent's own name before making the gift. In other words, the transaction goes through two steps rather than one to avoid having the money brought back into the estate.

VIII. TAX I.D. NUMBERS

Everyone fears the IRS. No one wants to have anything to do with the IRS any more than the average person looks forward to

going to a dentist for a root canal. The thought of having to get a Federal Identification Number scares most people. Getting an I.D. number means that the person has become a cipher in the IRS machine, and secrecy and privacy have been lost to the taxing behemoth.

Once a probate is opened and a tax return due, the personal representative is required to file for a Federal Identification Number. This I.D. number must be placed on all income tax and estate tax returns for the estate.

In a revocable trust, no federal tax identification number is required and no separate tax return for the trust need be filed as long as the grantor is the trustee. The trust, however, will need a federal identification number and must start filing annual federal fiduciary tax returns (Form 1041) if the grantor is replaced as trustee.

IX. EFFECT OF TRUST ON HOMESTEADS

A potential drawback in a trust is that homestead exemptions are not available in some states for homes placed into a revocable trust. A homestead exemption is an exemption from attachment on the equity of a person's home by a creditor's judgment. For example, if a state's homestead exemption is \$45,000 and the equity in a debtor's home is \$46,000, a judgment creditor can only keep \$1,000 if the home is taken and sold to pay off a judgment. The remaining \$45,000 in equity is returned to the debtor to start over.

If the home is placed into a trust, the homestead exemption will not apply, and the creditor can take the entire \$46,000 of equity to reduce the trustor's debts.

The loss of the homestead exemption can be a significant concern in deciding to create a trust. If a person is in a business with a potential for a great deal of liability or lawsuits, it might be advisable not to form a trust. The average person will, however, have enough insurance to guard against judgments for normal negligence, and thus the loss of the homestead is not that important. Hopefully all states will eventually extend homestead protection to homes placed into a trust.

X. TRANSFER TAXES

Some states or territories, such as the District of Columbia, impose transfer taxes for property placed in a revocable trust. Most states do not impose a transfer tax as long as the grantor is a beneficiary in the trust. The rationale for not applying the tax is obvious: there really is no change of ownership until the grantor dies. Until the death of the grantor, the grantor has the power and ability to terminate the trust and receive the property back. As such, the transfer is at best tentative. Neither Colorado or California charge a transfer tax for property placed into a revocable trust if the grantor is a beneficiary.

In any event the transfer taxes are a small amount compared to the savings in probate fees.

XI. REAPPRAISAL OF REAL PROPERTY PLACED INTO TRUST

Some states reappraise real property to determine tax value when the property is placed in a revocable trust. Most states will not reappraise real property placed into a revocable trust as long as the grantor is a beneficiary in the trust. The rationale for not reappraising the real property is obvious: there really is no change of ownership until the grantor dies. Until the death of the

grantor, the grantor has the power and ability to terminate the trust and receive the property back. The transfer is at best tentative. Neither Colorado nor California will reappraise real property placed into a revocable trust where the grantor is a beneficiary.

In any event, the additional taxes in those states where reappraisal occurs usually is a small amount when compared to the savings in probate fees. If not, then the transfer of the property into the trust might be delayed, or the trust may not be formed at all with the result that the property would have to be probated upon its owner's death.

XII. TAX EXEMPTIONS

There is a slight difference in the tax exemptions available for trusts and those tax exemptions available for estates. A revocable trust has a personal exemption of \$300 while an estate has a personal exemption of \$600. This means that an income tax return need not be filed for a probate until its income exceeds \$600 while a trust must file the return when its income exceeds \$300.

There are expensive probate fees involved a the probate of a Will transfers large income-producing property as opposed to the use of a trust. Although a trust only has an exemption of \$300, as compared to a probate, use of the trust avoids having to probate a large estate and thereby offers significant savings by avoiding having to pay the large probate fees.

XIII. S CORPORATION STOCK

One area where a probate has a distinct advantage over a revocable trust is where the decedent owned stock in an S

Corporation (a corporation treated as a partnership). A trust may hold the stock for two years following the grantor's death. At the end of the two-year period the stock loses its S Corporation status, and the corporation is then taxed as a normal corporation. In contrast, the probate estate may hold the stock until completion of the probate, and the stock will always remain S Corporation stock. This means that the estate can hold the S Corporation stock for years and receive the tax benefits of the S status for the corporation.

An estate may be kept open for as long as 15 years if an installment payment election under Code 6166 was made. It might prove worthwhile to keep the estate open for that long just to keep the S Corporation status.

XIV. DEPRECIATION DEDUCTIONS

There is a tax difference as to how losses for the distribution of depreciated property made to satisfy bequests in a probate and those made by a trust are handled. A probate may deduct such losses whereas a trust may not deduct the losses.

XV. STOCK OPTIONS

A stock option exercised by a revocable trust is taxable. If a stock option exercised by probate estate, it is not taxable. The difference in the taxability of the exercise of valuable stock options is important. Generally, most people do not die with large amounts of unexecuted stock options. Those, however, who have such options should discuss this matter with tax professionals to determine the effect on their estate plan.

XVI. PASSIVE ACTIVITIES

Internal Revenue Code Section 469 limits trust deductions for losses from passive activities to the amount of passive income received. An exception under Section 469(i)(4) permits an estate which closes within two years of the decedent's death to be treated as an active participant in rental real estate. An estate, but not a trust, may offset its losses with non-passive income up to \$25,000 if the decedent was an active participant in real estate at the time of death.

XVII. DISTRIBUTION OF INCOME

An advantage available to a trust, but not an estate, is the sixty-five (65) day distribution rule under Internal Revenue Code Section 663(i). A trust is permitted to distribute income within 65 days of the close of its tax year and treat the distribution as made at the close of the previous tax year.

Thus under this tax rule there is an opportunity not available to a probate estate to reallocate income to a lower income tax bracket of a beneficiary by treating the distribution as made the prior year.

XVIII. NURSING HOME CONSIDERATIONS

One of the considerations in any estate plan is the possibility of needing long term nursing care. If payment is sought for the nursing home care from the government, it may become necessary for the person to divest himself of all his assets before seeking government assistance for nursing home care.

This is an obvious concern for people who have worked all their lives to make a little nest egg to pass to their children. Such people find themselves penalized for being frugal and preparing for the future. In comparison, people who were in essence

wastrels and spendthrifts with nothing to show for their lives work can get government assistance for nursing home care. This really is unequal treatment.

In such instances, government rules usually require the person to divest himself of all assets before becoming eligible to nursing home assistance. That can usually be done by making gifts of the estate property a certain period of time before seeking nursing home assistance. This period will vary between the states and social security as well.

This is a straightforward proposition for a competent person seeking nursing home care. The person would ascertain the appropriate waiting period after making the gifts to reduce the size of the estate to become eligible for the nursing home care and then act accordingly. After the waiting period following the gifts has run, the person can apply for the government assistance in obtaining nursing home assistance.

The problem arises when the person is incompetent and unable to make the gifts necessary to reduce the estate so as to become eligible in time for nursing home assistance. Unless such a person has prepared an estate plan covering such a contingency, then that person will not become eligible for governmental nursing home assistance until his or her estate has been virtually depleted.

It is possible to draft an estate plan so as to offer flexibility in disposing of assets through gifts to make the principal eligible for nursing home assistance. This can be done in two ways neither of which is exclusive.

DURABLE POWER OF ATTORNEY FOR FINANCIAL AFFAIRS

The first method is a durable power of attorney. In this case, if the principal becomes incompetent and needs nursing home care, rather than spend down the s estate to become eligible for nursing home assistance, the agent is given the power in the durable power of attorney document to make gifts of the principal's property in the estate. The gifts of property are to be made to the heirs designated in the principal's will or trust created under an estate plan as long as the sole purpose is to make the principal eligible for long tern nursing home care.

This is a voluntary provision is not present in most statutory or preprinted forms. It should be added if desired to a durable power of attorney form, such as in the sample in this book or contained in our course of Powers of Attorneys.

REVOCABLE TRUST

Many people use revocable trusts as their main estate planning device. Revocable trusts avoid probate and pass property immediately to the beneficiaries upon the grantor's death. Revocable trusts do not, however, take property out of the grantor's control until the grantor dies.

Thus if a grantor creates a revocable trust and subsequently becomes incompetent then the assets of the trust will be considered by the government as available for the grantor in determining eligibility for nursing home assistance.

To keep the assets of a revocable trust out of incompetent grantor's estate for nursing home eligibility, a clause can be inserted into the trust to the effect that if the grantor becomes incompetent, the holder of the grantor's power of attorney can do

any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

IT MUST BE REMEMBERED THAT MAKING OF THESE GIFTS TO REDUCE THE PRINCIPAL'S ESTATE FOR NURSING HOME ELIGIBILITY USUALLY WILL NOT MAKE THE PRINCIPAL IMMEDIATELY ELIGIBLE FOR ASSISTANCE. USUALLY AFTER MAKING THE GIFTS, THERE WILL BE A WAITING PERIOD PERHAPS AS LONG AS THREE YEARS BEFORE BENEFITS WILL GRANTED. SO IN SUCH CASES, THE PRINCIPAL'S FAMILY OR INSURANCE WILL HAVE TO PAY FOR THE NURSING HOME THEMSELVES UNTIL THE PERIOD HAS RUN.

FOR EXAMPLE IF THE GRANTOR'S HOME WAS WORTH \$250,000 AND THE NURSING HOME CARE IS \$2,500 PER MONTH, \$30,000 PER YEAR, IF THE WAITING PERIOD AFTER THE GIFTS WERE MADE WAS THREE YEARS. THE COST WOULD BE \$90,000 TO THE FAMILY BUT THEY WOULD SALE THE REMAINING \$160,000 WHICH WOULD OTHERWISE HAVE TO USED UP BEFORE QUALIFYING FOR NURSING HOME CARE.

Because of the varying limits on nursing home assistance, the state welfare agency and social security administration should be contacted before the decision is made to begin making gifts from an incompetent person's estate to see if it is worthwhile to do it as opposed to simply spending down the estate.

CHAPTER 5

TRUST PROVISIONS

All revocable trusts share certain common clauses. Often these clauses are referred to as "boilerplate." The purpose of these provisions is to cover those important issues that will not be disputed or challenged if they are stated in the document.

The intent of this chapter is to cover those trust provisions that usually appear in all revocable trusts in some form or another. This chapter will explain why such clauses are used and what they hope to accomplish. Armed with this knowledge, when reviewing the following trusts, the reader will be able to appreciate the legal significance and reason for the use of the clauses. As such, the reader will become, not just a blind user of the trusts, but an active participant in the construction and creation of his own revocable trust.

I. TRUSTOR AND TRUSTEE

All trusts, revocable and irrevocable, need a trustor, a creator of the trust, and a trustee, a person to manage the trust. The respective positions must be specifically delineated in the trust document. A trustor can be and, in a revocable trust usually is, the trustee. There is no legal prohibition against a trustor serving as a trustee.

The document purporting to create a trust must state that the property in the trust is being held by the trustee for and on behalf of the trust. If there is no such statement, then a serious question arises as to whether a trust was created. A valid trust document has three requirements: (1) the designation of the trustor, (2) the designation of the trustee and (3) the designation

of property transferred into the trust (called "funding the trust estate"). If any of the above requirements are not met, then a valid is not created.

II. INCOME TO GRANTOR

Revocable trusts, used for estate planning, generally require that the trustee, who is usually the trustor, pay to the grantor or apply for the benefit of the grantor all of the income and as much of the trust estate as the grantor may demand.

The main purpose behind the use of revocable trusts is to avoid probate. Since the value of the trust will be included in the estate of the trustor, there is no reason not to allow the trustor, at all times, to have full access to the trust income or principal.

When an revocable trust is used, the real estate planning takes place after the trustor dies. It is at that point that a probate is actually avoided and the trust estate truly passes to the designated beneficiaries.

III. DISTRIBUTION AFTER THE TRUSTOR'S DEATH

The reason for estate planning is to avoid probate. In order to do that, the trust document must state who succeeds to the trust estate after the death of the trustor. In other words, the trust must state what happens to the trust assets after the trustor dies.

The trustor can designate many different dispositions of the trust estate after his death. The trusts in this book highlight the most common dispositions. Usually, a married decedent with children leaves the entire estate to the surviving spouse, in trust, to be distributed to the children upon the surviving spouse's death. A person without a spouse but with adult children simply has the trust estate divided among the children.

The trust document must state what is to happen to the trust estate after the death of the trustor, or the trust will be terminated by operation of law and the assets probated.

IV. PAYMENT OF THE TRUSTOR'S FUNERAL EXPENSES

Because the trust is revocable, it remains, under the law, an asset of the trustor. A person cannot avoid his debts by transferring all property into a revocable trust. Such transfers are viewed as being intended to defraud creditors and will be set aside by the courts. As such, the trust is always liable for payment of the trustor's debts, including the funeral expenses, if the debts are not paid by other sources. Therefore, most trusts have provisions stating that the trustee has the power to pay the funeral expenses and any bequests made by the trustor's last Will. The purpose behind such an express clause is to ensure the trustee does not have to get court approval to make the payments.

V. TRUSTEE POWERS

All states give the trustee certain limited statutory powers to operate a trust. Since, however, the trustor is usually also the trustee with full power to alter, amend or revoke the trust, there is no reason to restrict the trustor, when acting as the trustee. For that reason, the trustee in the trusts in this book has the power to do virtually anything necessary to manage the affairs of the trust without having to get court approval.

The trustor can limit the powers of the successor trustees by executing an amendment to the paragraph dealing with trustee's powers. Usually there is no reason for a trustor to limit the powers of the successor trustee. Often the succeeding trustee is a surviving spouse or child who is a beneficiary and is trusted to make intelligent decisions. If the succeeding trustee is not

expected to have reasonable intelligence or business guile, he should not be appointed trustee.

When the trust document calls for the trust to terminate and its assets be distributed upon the trustor's death, the only power the trustee then has, by implication, is to pay the trust debts and transfer the property to the beneficiaries. The termination usually takes between one day and two weeks.

VI. REVOCABILITY

Many states, such as California, hold that a trust is presumed to be revocable at any time unless a trust document expressly states otherwise. In order to avoid problems in construction and conflicts with other state laws, all revocable trusts should have clauses specifically stating that the trust is revocable.

The trustor in a revocable trust reserves the right to alter, amend and revoke the trust at any time. As such, the trustor never loses control over the assets placed into the trust regardless of whether the trustor serves as the trustee.

The purpose of using a revocable trust is to probate. As such, there usually is no sense in making the trust irrevocable (except for life insurance trusts discussed later) and lose control over the trust assets. The assets of a revocable trust will be included in the trustor's estate for estate tax purposes.

VII. GOVERNING LAW

All trusts should have a clause stating under what state's law its terms and conditions will be construed. This serves as a basis upon which to determine any conflicts. Among the states there are very different trust laws. If a trustor were to move the trust estate to another state without such a clause, it is unclear how the trust will be thereafter construed.

A trust document is a contract between the trustor and trustee. If the trust is valid in the state where written, all other states must give it full force and credit under the U.S. Constitution. Therefore, if a trust states the terms must be construed under the laws of California, in a suit over the trust terms brought in another state, the courts of that state will apply California law. For example, a Texas Court will apply California law to decide any ambiguity in the trust's terms.

VIII. PAYMENT TO MINORS

Where it is possible that trust assets may be distributed to minors there should be a clause to cover it. The trusts in this book give the trustee the discretion to keep the property in trust for any minor, to distribute the property to a court appointed guardian of the minor or give it to the parent as a guardian in trust for the child. Some provision for this possibility should be provided when it is possible that minor children may be or become trust beneficiaries.

The trust will not fail because a minor might be a beneficiary. At most, a court petition might have to be filed appointing a guardian to receive the property on the beneficiary's behalf. The trust would still be valid and still accomplish its intended results of avoiding probate and passing property to the designated beneficiaries. Still, providing for this alternative simplifies and reduces the possibility of needing court assistance.

IX. SUCCESSOR TRUSTEE

Since the original trustee of a revocable trust is usually the trustor, a successor trustee must be appointed when the original trustee dies or becomes unable to perform the duties of the trustee. No established trust will ever fail because it lacks a

trustee. If the trust document does not name a successor trustee or the named successor trustee refuses to act or resigns, the court having jurisdiction over the trusts will appoint a successor trustee.

The trusts in this book contain a successor trustee provision wherein the trustor names several alternate successor trustees. In the off-chance that all of the designated successor trustees are unable to act, the trust gives the authority to the court to appoint the successor trustee.

In addition, the trusts also contain a clause wherein an incompetent trustee can be removed by a court or by a finding of incompetence by two medical doctors.

X. BOND

Unless a trust document states otherwise, a trustee is usually required by law to post a bond. It does not make sense for a trustor to post a bond when the trustor is the trustee. Moreover, when the trustor names a family member as successor trustee in the document, the trustor normally does not feel the need to spend trust funds to pay for a bond.

The trusts in this book contain a clause wherein no bond is required for a trustee named in the trust.

XI. ACCOUNTINGS

State laws require a trustee to make annual accountings on the state of the trust unless waived in the trust document. Such annual accountings make no sense when the trustor is the trustee.

The trusts in this book require that annual accountings be performed except when the trustor is the trustee. This clause gives the maximum flexibility to the trustor and provides a mechanism whereby the performance of successor trustees can be

gauged. Under most states' laws all of the beneficiaries may waive accountings.

XII. SPENDTHRIFT CLAUSE

Almost all trusts have spendthrift clauses which prohibit the beneficiary's share of the trust being attached by creditors. All states will enforce such clauses to some extent.

Since the trust is revocable, it can always be attached to pay the trustor's debts regardless of a spendthrift clause. Most states do not permit an attachment until a distribution has been made to the beneficiary. However, when the trustor is the beneficiary, the trust assets are usually attachable directly without a distribution having first to have been made.

An important exception to the spendthrift clause is for court-ordered child or spousal support. All states will permit a beneficiary's share of a trust to be attached to pay such court-ordered child or spousal support. California recently enacted a law whereby a beneficiary's share of a trust can also be attached to pay a tort judgement regardless of a spendthrift clause.

XIII. NO-CONTEST CLAUSE

All revocable trusts should have a no-contest clause. This clause is similar to the no-contest clause of a will. If a beneficiary of the trust challenges the trust and loses, that beneficiary and his family lose the right to receive anything under the trust.

A no-contest clause prevents a greedy beneficiary from attacking the trust in an attempt to get more. The risk of losing everything usually prevents the beneficiary from risking the guaranteed distribution (the bird in hand).

A no-contest clause sometimes prevents the estate from being in costly litigation. Nothing is to be lost by having such a clause and a great deal of certainty can be gained.

XIV. PERPETUITIES CLAUSE

All states require that a trust be terminated within twenty-one (21) years of the life of someone living at the time of execution. States do not want a trust running for centuries, as they once did in Great Britain.

All trusts should have such a clause as a safety brake. If not for this clause, the entire trust could fail in complex estate plans. The trusts in this book contain the perpetuities clause. In addition, all of these trusts are designed to be distributed within 21 years of the death of the trustor or the trustor's beneficiaries living on the date of trustor's death.

XV. SEVERABILITY CLAUSE

The trusts contained herein have a provision stating that if any clause is unenforceable, the remaining trust clauses still remain in effect. If not for this clause, any error in any clause would render the trust null and void.

XVI. ACCEPTANCE OF TRUSTEE

Since a trust requires a trustee, the trust document should be signed by the designated trustee. By accepting the trust property and agreeing to hold it in accordance with the terms of the trust document, the designated trustee forms the trust.

When the trustor is also going to serve as trustee, the trustor must sign the trust document in both capacities: trustor and trustee.

XVII. WITNESSES FOR A TRUST

Only Florida has a statute which requires that a revocable trust created in the state be witnessed by two persons. There is case law in Florida which holds that a trust does not have to be witnessed if it is notarized. In addition to Florida, there are other states which also require that a revocable trust be notarized in order to be valid.

The purpose behind having a revocable trust witnessed or notarized is to prove or help to prove:

1. That the grantor or grantors actually signed the trust.
2. That the grantor or grantors were competent and not acting under any duress or fraud when they signed the trust.
3. That the grantor or grantors actually knew they were signing a trust.

The issue of validity of a trust comes into play only after a grantor dies. Before the grantor dies, the grantor can always alter, amend or revoke a revocable trust. Therefore, during the grantor's life the validity of the trust is unquestioned. After the grantor's death, heirs or taxing agencies may seek to set aside a trust for their own purposes. To do so, they have to prove that either the grantor did not sign the trust or the grantor did not know what he was doing when the trust was executed.

To avoid this problem, the trusts contained in this book should be both notarized and witnessed. The more witnesses signing a trust the better because each witness is another person available to testify that the trust was created and is valid.

CHAPTER 6

REVOCABLE TRUST TERMINATING ON A TRUSTOR'S DEATH

The trusts contained in this chapter are the simplest type of revocable trusts. Upon the death of the trustor, the trustee or successor trustee will simply pay the debts of the trust, terminate the trust and distribute the trust assets to those designated in the trust document to receive them.

I. REMAINDER TO CHILDREN

This type of trust is most commonly used by an unmarried parent with adult children. Upon the parent's (trustor's) death the trust assets are simply divided among the trustor's children. The children of any deceased child (the trustor's grandchildren) will split among themselves the share of the deceased child. For example, the sample trust form has George Wilcox dividing his trust upon his death to three children: Mary, Paul, and Alex. If Alex predeceases George (dies before him) with two children, Kathy and Marie, then the grandchildren, Kathy and Marie, will split Alex's share (one-sixth each).

II. GRANDPARENT TRUST FOR GRANDCHILDREN

The second area where this trust is commonly used is a trust established by a grandparent to distribute assets to the named grandchildren after the grandparent's death. For example, the sample trust form has grandparent William Hind dividing his trust upon his death to his three grandchildren: Harris, Marcy and

Clarence. If any of the grandchildren should predecease him with children (surviving great grandchildren) then the great grandchildren will split the grandchild's share. Example: Marcy died with two children, Eagleton and Theodore. Both Eagleton and Theodore split Marcy's share (one-sixth each).

BEWARE OF THE GENERATION SKIPPING TRANSFER TAX. There is a special trust tax imposed on trusts established for grandchildren when a parent is still alive. It is a complicated tax. All property in the trust over \$1,000,000 is subject to the tax which can approach 55%. This tax is separate and apart from federal estate tax and the unified credit. If the trust is funded with less than \$1,000,000, it will not be subject to the tax. If the trust is funded with \$600,000 or less (provided that the unified credit has not been used), there will be no federal estate tax either.

If trusts are established for grandchildren that will be worth over \$1,000,000 upon the trustor's death, the trust and its use should be reviewed with a tax professional.

III. REMAINDER TO SURVIVING SPOUSE

This trust can be used by a spouse to pass everything to the surviving spouse without a probate. This type is not often used. If the couple have children, the joint trust or QTIP trust is often used to pass the trust ultimately to the children on either spouse's death. This trust can be used where the trustor wants to pass all of the trust property to the spouse. If the spouse does

not survive the grantor, usually by 60 days, the trust is distributed to secondary beneficiaries such as children, other relatives, friends or charities.

A sample trust form that will pass the remainder to the surviving spouse is at the end of this chapter. This sample trust distributes to a brother if the spouse does not survive the grantor by sixty days but children could have been named instead, if desired.

IV. REMAINDER TO OTHER PEOPLE OR CHARITIES

This trust can be used by an uncle or aunt or any stranger, non-blood relative, to pass property to other people, related or not, or to entities, such as charities, churches, governmental agencies, schools, etc. As long as the blanks are filled in naming the people or entities to receive the trust property, the trust in this chapter can be used.

BEWARE OF THE GENERATION SKIPPING TRANSFER TAX. If the property in the trust is to be distributed to a person more than one generation below the trustor, the generation skipping transfer tax rules discussed above will apply. If an uncle leaves his trust to his nephew, the generation skipping transfer tax will not apply. If the uncle leaves his trust to his great-nephew, the generation skipping transfer tax will apply. In like manner, if a person leaves his trust to a person $37\frac{1}{2}$ years younger than he, the generation skipping transfer tax rules may apply. Generally, if an estate larger than the available unified credit amount is being transferred in a trust to a non-relative, the trustor should seek assistance from a tax professional. A sample of the use of a trust in this instance is at the end of this chapter.

MARTIN HOPE
REVOCABLE TRUST
 (Grantor to Spouse)
 (No Children)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: MARTIN HOPE REVOCABLE TRUST

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: MARTIN HOPE

NAME OF TRUSTEE: MARTIN HOPE

SUCCESSOR TRUSTEE: GLORIA HOPE

FEDERAL I.D. NUMBER: NONE. Not needed as long as the grantor is a trustee.

Keep separate records for this trust. All income and loss of the trust are reported on the grantor's separate tax return. As long as the grantor is the only trustee, the grantor does not have to file an income tax return for the trust.

Do not write on the Trust Agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign:

MARTIN HOPE as TRUSTEE OF THE MARTIN HOPE REVOCABLE TRUST

Title of all assets in this trust should be taken as follows:

MARTIN HOPE as TRUSTEE OF THE MARTIN HOPE REVOCABLE TRUST

(SAMPLE TRUST WITH REMAINDER TO SPOUSE)

MARTIN HOPE REVOCABLE TRUST

This Agreement is made this 25th day of JUNE 2015 between MARTIN HOPE (hereinafter called the "grantor") and MARTIN HOPE (hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the property set forth and described in Schedule A annexed hereto is hereby assigned, transferred, conveyed and set unto the trustee. The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and manage said property together with any additions thereto (hereinafter referenced as the "Trust Estate") upon the following express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTEREST

FIRST: It shall be the trustee's duty and responsibility to take, receive, hold, administer, manage, invest and reinvest the Trust Estate in accordance with the terms of this Trust Agreement. The trustee shall also collect the rents, interest, dividends, and other income therefrom and, after deducting all proper charges and expenses, shall pay directly to the grantor, or apply to or for the use of the grantor, all of the net income derived from the Trust Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of

any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay, and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to the grantor's spouse, GLORIA HOPE, if the grantor's spouse survives the grantor by sixty (60) days. If the grantor's spouse does not survive the grantor by sixty (60) days, then the trustees shall (subject to the provisions of Article Fifth hereof) transfer, deliver and convey the entire Trust Estate, including all principal and accumulated income to the grantor's brother. ROBERT HOPE, if he survives the grantor by sixty (60) days. If he does not survive the grantor by sixty (60) days then the TRUST ESTATE shall be distributed to his issue by right of representation.

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall

thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction, and all the rights under this Trust Agreement shall be governed by the laws of the State of CALIFORNIA. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last

illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of CALIFORNIA and that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time

and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse.

All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust funds with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be maintained that properly identify the percentage and extent of the Trust funds which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason, to serve as trustee, then GLORIA HOPE shall serve as the successor trustee. In the event GLORIA HOPE shall fail for any to serve as the trustee, ROBERT HOPE shall serve as the successor trustee. In the

event ROBERT HOPE shall fail for any reason to serve as trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate of incompetence. A successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of a trustee in a reasonable and competent manner.

The grantor retains the right to remove at any time any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, that person will follow as the successor trustee, to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for Trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making

distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust fund any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death all of the grantor's children or descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY CLAUSE

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the MARTIN HOPE Revocable Trust or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the MARTIN HOPE Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed

by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

Martin Hope

Martin Hope

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the
transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and, to the best of my knowledge, I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me the undersigned, _____
personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized and capacity/capacities that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature of Notary

REVOCABLE TRUST
(Grantor to Spouse)
(No Children)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001,, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTOR: _____

NAME OF TRUSTEE: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as the grantor is a trustee.

Keep separate records for this trust. All income and loss of the trust are reported on the grantor's separate tax return. As long as the grantor is the only trustee, the grantor does not have to file an income tax return for the trust.

Do not write on the Trust Agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign:

Title of all assets in this trust should be taken as follows:

REVOCABLE TRUST
(GRANTOR TO SPOUSE)
(NO CHILDREN)

This Agreement is made this _____ day of _____ between _____ (hereinafter called the "grantor") and _____ (hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the property set forth and described in Schedule A annexed hereto is hereby assigned, transferred, conveyed and set unto the trustee. The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and manage said property together with any additions thereto (hereinafter referenced as the "Trust Estate") upon the following express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTEREST

FIRST: It shall be the trustee's duty and responsibility to take, receive, hold, administer, manage, invest and reinvest the Trust Estate in accordance with the terms of this Trust Agreement. The trustee shall also collect the rents, interest, dividends, and other income therefrom and, after deducting all proper charges and expenses, shall pay directly to the grantor, or apply to or for the use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay, and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to the grantor's spouse, _____, if the grantor's spouse survives the grantor by sixty (60) days. If the grantor's spouse does not survive the grantor by sixty (60) days, then the trustees shall (subject to the provisions of Article Fifth hereof) transfer, deliver and convey the entire Trust Estate, including all principal and accumulated income to _____

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee.

In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The Trust's validity, construction, and all the rights under this Trust Agreement shall be governed by the laws of the State of _____. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of _____ and that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not

the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust funds with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be maintained that properly identify the percentage and extent of the Trust funds which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason, to serve as trustee, then _____ shall serve as the successor trustee. In the event _____ shall fail for any to serve as the trustee, _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as

trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate of incompetence. A successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of a trustee in a reasonable and competent manner.

The grantor retains the right to remove at any time any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, that person will follow as the successor trustee, to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All

successor trustees named in this Trust Agreement shall have the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for Trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be

available at reasonable times for inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust fund any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death all of the grantor's children or descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY CLAUSE

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the _____

Revocable Trust or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the _____ Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and, to the best of my knowledge, I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me the undersigned,

_____ personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized and capacity/capacities that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature of Notary

(GRANDPARENT'S TRUST FOR GRANDCHILDREN)

WILLIAM HIND REVOCABLE TRUST
(Grantor to Grandchildren)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: WILLIAM HIND REVOCABLE TRUST

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: WILLIAM HIND

NAME OF TRUSTEE: WILLIAM HIND

SUCCESSOR TRUSTEE: MARCIE ALICE HIND

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is a trustee.

Keep separate records for this trust. All income and loss of the trust is reported on the grantor's separate tax return. As long as the grantor is the only trustee the grantor does not have to file an income tax return for the trust.

Do not write on the Trust Agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign

WILLIAM HIND, as TRUSTEE OF THE WILLIAM HIND REVOCABLE TRUST

Title to all assets in this trust should be taken as follows:

WILLIAM HIND, as TRUSTEE OF THE WILLIAM HIND REVOCABLE TRUST
(SAMPLE GRANDPARENT'S TRUST WITH REMAINDER TO GRANDCHILDREN)

WILLIAM HIND **REVOCABLE TRUST**
(Grantor to Grandchildren)

This Agreement is made this 25th day of JUNE, 2015
 between WILLIAM HIND (hereinafter
 called the "grantor") and WILLIAM HIND
 (hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the
 property set forth and described in Schedule A annexed hereto is
 hereby assigned, transferred, conveyed and set unto the trustee.
 The trustee does hereby acknowledge the receipt of said property.

The trustee further agrees to have, hold, administer and
 manage said property together with any additions thereto
 (hereinafter referenced as the "Trust Estate") upon the following
 express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
 take, receive, hold, administer, manage, invest and reinvest the
 Trust Estate in accordance with the terms of this Trust Agreement.
 The trustee shall also collect the rents, interest, dividends, and
 other income therefrom and, after deducting all proper charges and
 expenses, shall pay directly to the grantor, or apply to or for the
 use of the grantor, all of the net income derived from the Trust
 Estate. In addition, the trustee shall pay to the grantor all or so
 much of the principal thereof as the grantor shall request or as

the trustee in his sole and uncontrolled discretion shall determine, is practical and financially sound for the trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to the grantor's grandchildren, MARCY ANN HIND, HARRIS EDWARD HIND, and CLARENCE GEORGE HIND, by right of representation, per stirpes. The trustee shall divide the Trust Estate into as many parts or shares as there are grandchildren and descendants of deceased grandchildren surviving the grantor, the shares of the grandchildren surviving to be equal and the shares of the descendants of each deceased child to be in the aggregate the amount that would have been set aside for the benefit of such deceased grandchild had he or she survived and to be equal among themselves by right of representation, per stirpes and not per capita.

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor

reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction, and all the rights under this Trust Agreement shall be governed by the laws of the State of _____

CALIFORNIA. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of CALIFORNIA and that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms

and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by

delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general

or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust Estate with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be maintained that properly identify the percentage and extent of the Trust Estate which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made

to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of

competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason, to serve as trustee, then MARCY ANN HIND shall serve as the successor trustee. In the event MARCY ANN HIND shall fail for any to serve as the trustee, HARRIS EDWARD HIND shall serve as the successor trustee. In the event HARRIS EDWARD HIND shall fail for any reason to serve as a trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence,

a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove, at any time, any trustee and thereafter appoint a successor trustee. In the event a different successor-trustee is named in the Trust Agreement, that person will then follow as the successor trustee, to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor-trustees, named in this Trust Agreement, shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any Trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly

published fee schedule for Trust services or such other reasonable fee as may be agreed upon at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection of the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend, at the expense of the Trust Estate, any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children or descendants living on the date of the grantor's death. Upon termination of any Trust, the Trust Estate shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the Trust.

SEVERABILITY

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the WILLIAM HIND Revocable Trust or by the name of the named beneficiary of any Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the WILLIAM HIND

Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

William Hind

William Hind

REVOCABLE TRUST

DATED

SCHEDULE A

All real and personal property wheresoever located including but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, or the operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me _____

personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized and capacity/capacities that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

REVOCABLE TRUST
(Grantor to Grandchildren)

This Agreement is made this _____ day of _____
 between _____ (hereinafter
 called the "grantor") and _____
 (hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the
 property set forth and described in Schedule A annexed hereto is
 hereby assigned, transferred, conveyed and set unto the trustee.
 The trustee does hereby acknowledge the receipt of said property.

The trustee further agrees to have, hold, administer and
 manage said property together with any additions thereto
 (hereinafter referenced as the "Trust Estate") upon the following
 express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
 take, receive, hold, administer, manage, invest and reinvest the
 Trust Estate in accordance with the terms of this Trust Agreement.
 The trustee shall also collect the rents, interest, dividends, and
 other income therefrom and, after deducting all proper charges and
 expenses, shall pay directly to the grantor, or apply to or for the
 use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine, is practical and financially sound for the trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to the grantor's grandchildren, _____, _____, by right of representation, per stirpes. The trustee shall divide the Trust Estate into as many parts or shares as there are grandchildren and descendants of deceased grandchildren surviving the grantor, the shares of the grandchildren surviving to be equal and the shares of the descendants of each deceased child to be in the aggregate the amount that would have been set aside for the benefit of such deceased grandchild had he or she survived and to be equal among themselves by right of representation, per stirpes and not per capita.

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the

revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The

Trust's validity, construction, and all the rights under this Trust Agreement shall be governed by the laws of the State of _____
_____. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of _____ and

that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any

corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust Estate with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be

maintained that properly identify the percentage and extent of the Trust Estate which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution

under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason, to serve as trustee, then _____ shall serve as the successor trustee. In the event _____ shall fail for any to serve as the trustee, _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as a trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove, at any time, any trustee and thereafter appoint a successor trustee. In the event a different successor-trustee is named in the Trust Agreement, that person will then follow as the successor trustee, to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor-trustees, named in this Trust Agreement, shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any Trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for Trust services or such other reasonable fee as may be agreed upon at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection of the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend, at the expense of the Trust Estate, any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children or descendants living on the date of the grantor's death. Upon termination of any Trust, the Trust Estate shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the Trust.

SEVERABILITY

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the _____ Revocable Trust or by the name of the named beneficiary of any

Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the _____ Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

REVOCABLE TRUST

DATED

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

1.

Grantor will change the title to all property to reflect the
transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, or the operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me _____,
personally appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized and capacity/capacities that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

(FOR PARENT'S TRUST FOR CHILDREN)

GEORGE WILCOX
REVOCABLE TRUST
(Parent to Children)

TRUST SUMMARY: THIS PAGE IS NOT A PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: GEORGE WILCOX REVOCABLE TRUST

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: GEORGE WILCOX

NAME OF TRUSTEE: GEORGE WILCOX

SUCCESSOR TRUSTEE: MARY ELLEN WILCOX

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is a trustee

Keep separate records for this trust. All income or loss of the trust is reported on the grantor's separate tax return. So long as the grantor does not have to file an income tax return for the trust.

Do not write on this agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign:

GEORGE WILCOX, as TRUSTEE OF THE GEORGE WILCOX REVOCABLE TRUST

Title of all assets in this trust should be taken as follows:

GEORGE WILCOX, as TRUSTEE OF THE GEORGE WILCOX REVOCABLE TRUST

SAMPLE PARENT'S TRUST WITH REMAINDER TO CHILDREN)

GEORGE WILCOX

REVOCABLE TRUST
(Parent to Children)

This Agreement is made this 25th day of JUNE, 2015
between GEORGE WILCOX (hereinafter called
the "grantor") and GEORGE WILCOX
(hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge the receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referenced as the "Trust Estate") upon the following
express terms and conditions of this Trust Agreement.

BENEFICIARIES' INTEREST

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trust Estate in accordance with the terms of this Trust Agreement.
The trustee shall also collect the rents, interest, dividends, and
other income therefrom and, after deducting all proper charges and
expenses, shall pay directly to the grantor, or apply to or for the
use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay over, and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to the grantor's children, MARY ELLEN WILCOX, PAUL THOMAS WILCOX, and ALEX WILSON WILCOX by right of representation, per stirpes. The trustee shall divide the Trust Estate into as many parts or shares as there are children and descendants of deceased children surviving the grantor, the shares of the children surviving to be equal and the shares of the descendants of each deceased child to be in the aggregate the amount that would have been set aside for the benefit of such deceased child has he or she survived and equal among themselves by right of representation, per stirpes and not per capita.

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the

grantor's sole and separate property. In addition, the grantor reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction, and all the rights under this Trust

Agreement shall be governed by the laws of the State of CALIFORNIA. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of CALIFORNIA and

that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any

corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust Estate with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be

maintained that properly identify the percentage and extent of the Trust Estate which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution

under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, then MARY ELLEN WILCOX shall serve as the successor trustee. In the event MARY ELLEN WILCOX shall fail for any reason to serve as the trustee, PAUL THOMAS WILCOX shall serve as the successor trustee. In the event PAUL THOMAS WILCOX shall fail for any reason to serve as trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of the trustee in a reasonable and competent manner.

The grantor retains the right to remove at any time any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, that person will follow as the successor trustee to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for Trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust fund any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be

sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death all of the grantor's children or descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY CLAUSE

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the GEORGE WILCOX Revocable Trust or by the name of the named beneficiary of any Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the GEORGE WILCOX Revocable Trust, or to the trustee as trustee under declaration of trust followed by the same date of this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

George Wilcox

George Wilcox

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the
transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged the revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, or the operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me _____

personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

REVOCABLE TRUST
(Parent to Children)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTOR: _____

NAME OF TRUSTEE: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is a trustee.

Keep separate records for this trust. All income and loss of the trust is reported on the grantor's separate tax return. As long as the grantor is the only trustee the grantor does not have to file an income tax return for the trust.

Do not write on the Trust Agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign

Title to all assets in this trust should be taken as follows:

REVOCABLE TRUST
(Parent to Children)

This Agreement is made this _____ day of _____
between _____ (hereinafter called
the "grantor") and _____
(hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge the receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referenced as the "Trust Estate") upon the following
express terms and conditions of this Trust Agreement.

BENEFICIARIES' INTEREST

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trust Estate in accordance with the terms of this Trust Agreement.
The trustee shall also collect the rents, interest, dividends, and
other income therefrom and, after deducting all proper charges and
expenses, shall pay directly to the grantor, or apply to or for the
use of the grantor, all of the net income derived from the Trust
Estate. In addition, the trustee shall pay to the grantor all or so

much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay over, and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to the grantor's children, _____

_____ by right of representation, per stirpes. The trustee shall divide the Trust Estate into as many parts or shares as there are children and descendants of deceased children surviving the grantor, the shares of the children surviving to be equal and the shares of the descendants of each deceased child to be in the aggregate the amount that would have been set aside for the benefit of such deceased child has he or she survived and equal among themselves by right of representation, per stirpes and not per capita.

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the

grantor's sole and separate property. In addition, the grantor reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of _____.
The Trust's validity, construction, and all the rights under this

Trust Agreement shall be governed by the laws of the State of _____ . Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of _____ and

that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any

corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust Estate with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be

maintained that properly identify the percentage and extent of the Trust Estate which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution

under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, then _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as the trustee, _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of the trustee in a reasonable and competent manner.

The grantor retains the right to remove at any time any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, that person will follow as the successor trustee to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for Trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust fund any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be

sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death all of the grantor's children or descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY CLAUSE

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the _____ Revocable Trust or by the name of the named beneficiary of any Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the _____ Revocable Trust, or to the trustee as trustee under declaration of trust followed by the same date of this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the
transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged the revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, or the operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____ , before me _____

personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

(GRANTOR'S TRUST TO NON-RELATIVE OR NON-IMMEDIATE RELATIVE)

LAURA KREBS

REVOCABLE TRUST

(Grantor to Friend)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: LAURA KREBS

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: LAURA KREBS

NAME OF TRUSTEE: LAURA KREBS

SUCCESSOR TRUSTEE: JOHN HERBERT DOEL

FEDERAL I.D. NUMBER: NONE. Not needed as long as the grantor is a trustee

Keep separate records for this trust. All income or loss of the trust is reported on the grantor's separate tax return. As long as the grantor is the only trustee the grantor does not have to file an income tax return for the trust.

Do not write in this agreement, change it, or revoke it without your attorney's advice.

For trust business always sign:

LAURA KREBS as TRUSTEE OF THE LAURA KREBS REVOCABLE TRUST

Title of all assets in this trust should be taken as follows:

LAURA KREBS as TRUSTEE OF THE LAURA KREBS REVOCABLE TRUST

(SAMPLE GRANTOR TRUST WITH REMAINDER TO
SOMEONE OTHER THAN SPOUSE OR CHILD)

LAURA KREBS

REVOCABLE TRUST

(Grantor to Friend)

This Agreement is made this 25th day of JUNE, 2015
between LAURA KREBS (hereinafter called the
"grantor") and LAURA KREBS
(hereinafter called the "trustee"):

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge the receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referred to as the "Trust Estate" upon the following
express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trusts Estate in accordance with the terms of this Trust Agreement.
The trustee shall also collect the rents, interest, dividends, and

other income therefrom and, after deducting all proper charges and expenses, shall pay directly to the grantor, or apply to or for the use of the grantor, all of the net income derived from the Trust Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay over, and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to JOHN HERBERT DOEL, provided the person named survives the grantor by sixty (60) days. If JOHN HERBERT DOEL does not survive the grantor by sixty (60) days, the trustee shall (subject to the provisions of ARTICLE FIFTH hereof) transfer, deliver and convey the entire Trust Estate including all principal and accumulated income to THE SALVATION ARMY OF UKIAH, CALIFORNIA

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor

reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction, and all the rights under this Trust Agreement shall be governed by the laws of the State of ____

CALIFORNIA. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of CALIFORNIA and that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms

and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by

delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general

or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust Estate with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be maintained that properly identify the percentage and extent of the Trust Estate which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made

to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the Trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of

competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, then JOHN HERBERT DOEL shall serve as the successor trustee. In the event JOHN HERBERT DOEL shall fail for any reason to serve as the trustee, _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as a trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence,

a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove at any time any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, that person will then follow as the successor trustee to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustees and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly

published fee schedule for Trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust fund any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death all of the grantor's children or descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY CLAUSE

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the LAURA KREBS Revocable Trust or by the name of the named beneficiary of any Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purposes of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the LAURA KREBS Revocable Trust,

or, to the trustee as trustee under declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

Laura Krebs

Laura Krebs

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including but not limited to the following:

- 1.

The grantor will change the title to all property to reflect the transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me _____,
personally appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized and capacity/capacities that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

REVOCABLE TRUST

(Grantor to Friend)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTOR: _____

NAME OF TRUSTEE: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as the grantor is a trustee

Keep separate records for this trust. All income or loss of the trust is reported on the grantor's separate tax return. As long as the grantor is the only trustee the grantor does not have to file an income tax return for the trust.

Do not write in this agreement, change it, or revoke it without your attorney's advice.

For trust business always sign:

Title of all assets in this trust should be taken as follows:

REVOCABLE TRUST
(Grantor to Friend)

This Agreement is made this _____ day of _____
between _____ (hereinafter called the
"grantor") and _____ (hereinafter called
the "trustee"):

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge the receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referred to as the "Trust Estate" upon the following
express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trusts Estate in accordance with the terms of this Trust Agreement.
The trustee shall also collect the rents, interest, dividends, and
other income therefrom and, after deducting all proper charges and
expenses, shall pay directly to the grantor, or apply to or for the
use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this Trust Agreement, convey, transfer, pay over, and deliver the entire principal and all accumulated income of the Trust Estate as then constituted to _____, provided the person named survives the grantor by sixty (60) days. If _____ does not survive the grantor by sixty (60) days, the trustee shall (subject to the provisions of ARTICLE FIFTH hereof) transfer, deliver and convey the entire Trust Estate including all principal and accumulated income to _____.

REVOCABILITY

SECOND: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right, at any time, by a written instrument signed and acknowledged by the grantor and delivered to the trustee, to

modify, alter, and amend this Trust Agreement concerning any matter. The grantor may at any time withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

THIRD: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The Trust's validity, construction, and all the rights under this Trust Agreement shall be governed by the laws of the State of _____.

Headings and titles contained in this Trust

Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FOURTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion pay or apply for the benefit of the minor as much of the trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court-appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributed to a minor.

3. The trustee may transfer and pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minors Act.

PAYMENTS TO ESTATE

FIFTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral and last illness and administration expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SIXTH: The trustee shall administer the Trust, including all of its property, income and principal, through the exercise of all of the following powers without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein that are authorized by the laws of the State of _____ and that by reference are specifically incorporated herein as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate that any individual could exercise under such terms and conditions as he may deem best, and to execute and deliver any and all instruments and to do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust under such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sub-lease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest in or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and to take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the Trust

business, including but not limited to the following: attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, to acquire additional interests in any such business, to agree to the liquidation in kind of any corporation in which this Trust may have any interest and to conduct the business thereof, to join with other owners in adopting any form of management of any business or property in which this Trust may have any interest, to become or remain a partner, general or limited, in regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment.

9. To make all determinations as to what constitutes Trust income and what constitutes Trust principal. The trustee's determination shall be final and binding upon persons interested in

the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. To transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. To commingle the Trust Estate with any other trusts created by the grantor. Such commingling shall be only for efficient management of the Trust. Accurate records shall be maintained that properly identify the percentage and extent of the Trust Estate which belong to each of the said trusts.

12. To make loans, both secured or unsecured, on terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this Trust, and to any corporation at the trustee's reasonable discretion.

13. To hold for the Trust any property of whatever type or character without regard to the proportion such property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds. Said property or interest in property may be held in the form as received by the trustee.

14. To sell, transfer and convey any and all property of the Trust Estate upon such terms and conditions as may be deemed proper at either public or private sale. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. To prosecute or defend actions, claims, or proceedings for the protection of Trust property and of the trustee in the performance of the trustee's duties.

16. To pay any sum distributable to a beneficiary, without regard to whether the beneficiary is under legal disability, by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this Trust Agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him or her in accordance with the laws of the state of the parents' domicile unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

SEVENTH: Property may be added and transferred to the Trust at any time and from any source with the trustee's consent. Such added property shall thereupon become part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

EIGHTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, then _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as the trustee, _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as a trustee, the court having jurisdiction over the grantor, if alive, or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be conclusively established if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove at any time any trustee and thereafter appoint a successor trustee. In the event

a different successor trustee is named in the Trust Agreement, that person will then follow as the successor trustee to the new successor trustee appointed by the grantor. The grantor shall exercise the power to remove or appoint a trustee by a written instrument delivered to the trustees and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

NINTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for Trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

TENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

ELEVENTH: The trustee shall not be required to file any inventory, appraisal, accountings or other reports with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust

beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

TWELFTH: The trustee shall not in any manner be personally liable to any creditor or to any other person or entity for making distributions from any Trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such Trust by such creditor, person or entity.

NO-CONTEST

THIRTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except to the extent provided in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of their provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust fund any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FOURTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated, or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES

FIFTEENTH: It is the grantor's intention that neither this Trust nor any Trust subsequently created violates the law against perpetuities. Every Trust created under this Trust Agreement must terminate and the assets contained therein must be distributed within twenty-one (21) years of the death all of the grantor's children or descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY CLAUSE

SIXTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

SEVENTEENTH: This Trust and the trusts contained herein may be referenced collectively as the _____ Revocable Trust or by the name of the named beneficiary of any Trust

hereunder or by such other designation as the trustee may deem appropriate.

For the purposes of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled to or assigned to the trustee as trustee of the _____ Revocable Trust, or, to the trustee as trustee under declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

EIGHTEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including but not limited to the following:

- 1.

The grantor will change the title to all property to reflect the transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me _____

personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized and capacity/capacities that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

CHAPTER 7

REVOCABLE TRUST CONTINUING AFTER THE TRUSTOR'S DEATH

Another popular type of revocable trust used in estate planning is the family trust. Upon the death of the trustor, the trust estate is divided into shares for the surviving children and descendants of any deceased children of the trustor. Each share of the trust is managed as a separate trust. When the beneficiary of each share reaches a certain age, then that beneficiary's share is distributed either directly to the beneficiary or the beneficiary's guardian.

This type of trust is usually employed when the trustor is unmarried with minor children or mentally incompetent children who need protection. This trust is also employed by a married trustor who is providing for his children by an earlier marriage. Caution should be used in employing this trust if the trustor is married. Care should be taken to assure that the trustor's spouse will not attempt to break the trust and receive a statutory share after the trustor's death. This can be done by assuring that the spouse receives the statutory share outside of the trust or by the trustor's spouse signing a marital agreement (which should be prepared by an attorney) to that effect.

The trustee is given very broad discretion to use both the principal and income for the care, maintenance, education and

support for the children. When the beneficiary reaches the age stated in the trust for distribution, the trustee distributes all of the remaining principal and income attributable to the beneficiary's share.

The following trust also includes clauses to give the trustee the flexibility of distributing the beneficiary's share to a parent or guardian. The purpose is simply to avoid needless expense getting court authority to approve such a distribution if the trustee finds such a move would best serve the intent of the trust and the needs of the beneficiaries. Generally, this type of trust is primarily employed by an unmarried parent with children. It is for that purpose that the trust sample was designed.

(SAMPLE GRANTOR ESTABLISHING FAMILY TRUST FOR CHILDREN)

SHANNON FOWLER

REVOCABLE TRUST

(Grantor to Children)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST
This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: SHANNON FOWLER

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: SHANNON FOWLER

NAME OF TRUSTEE: SHANNON FOWLER

SUCCESSOR TRUSTEE: ALEXIS FOWLER

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is a trustee

Keep separate records for this trust. All income and loss of the trust is reported on the grantor's separate tax return. So long as the grantor is the only trustee, the grantor does not have to file an income tax return for the trust.

Do not change or revoke this agreement without your attorney's advice.

For trust business, always sign:

SHANNON FOWLER, as TRUSTEE OF THE SHANNON FOWLER REVOCABLE TRUST

Title of all assets in this trust should be taken as follows:

SHANNON FOWLER, as TRUSTEE OF THE SHANNON FOWLER REVOCABLE TRUST

(SAMPLE TRUST WHEREBY GRANTOR PLACES REMAINDER IN FAMILY TRUST)

SHANNON FOWLER

REVOCABLE TRUST

(Grantor to Children)

This Agreement is made this 25th day of JUNE 2015
between SHANNON FOWLER (hereinafter called the "grantor")
and SHANNON FOWLER (hereinafter called the
"trustee");

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referred to as the "Trust Estate") upon the following
express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trust Estate pursuant to the terms of this Trust Agreement. The
trustee shall also collect the rents, interest, dividends, and
other income therefrom and, after deducting all proper charges and
expenses, shall pay directly to the grantor, or apply to or for the
use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this trust agreement, create a Family Trust for the benefit of grantor's designees.

FAMILY TRUST PROVISIONS

SECOND: Following the grantor's death, the trustee shall create a Family Trust. The trustee shall divide the Trust Estate into as many parts or shares as there are children and descendants of deceased children surviving the grantor. The trustee shall assure that the shares of the surviving children are equal and the shares of the descendants of each deceased child are in the aggregate in the amount of the share that would have been set aside for the benefit of such deceased child had such child survived and be equal among themselves by right of representation (per stirpes, not per capita). The trustee shall hold, administer and manage each child's or descendant's share of the Trust Estate as a separate and distinct trust fund for the person for whom said share or part of the trust has been established (such child or descendant is hereafter referred to as "the beneficiary"). The Family Trust with respect to each part or share shall terminate after the death

of the grantor's spouse and upon the beneficiary attaining the age of EIGHTEEN (18) years.

ADMINISTRATION OF THE FAMILY TRUST

1. For each part or share of the Trust, the trustee shall exercise all of the powers hereinafter granted in ARTICLE SIXTH and shall pay all of the trust income to the beneficiary each year.

2. If any beneficiary is younger than EIGHTEEN (18), trustee shall not make the income payments directly to the beneficiary. Instead, the trustee shall apply to the use of such beneficiary so much of the income as the beneficiary may be entitled to receive as the trustee in his absolute and uncontrolled discretion may deem necessary or proper for the education, maintenance and support of the beneficiary. The trustee shall accumulate and add to the Trust Estate for the benefit of such beneficiary any income not so distributed in the trustee's sole discretion.

3. When a beneficiary attains the age of EIGHTEEN (18) that beneficiary's share or part of the Family Trust shall terminate. Upon termination, the trustee shall pay all of that part of the Family Trust to the beneficiary. If the beneficiary is not then living, the distribution will be made to the descendants of the beneficiary then living or in being by right of representation (per stirpes and not per capita) or, if there be no such descendants then living or in being, to the grantor's

descendants then living or in being, by right of representation (per stirpes not per capita).

4. The trustee may, at the trustee's sole and absolute discretion, pay to the beneficiary of any share or part of the Family Trust so much of the principal and accumulated income of said part or share that the trustee deems necessary for the beneficiary's care, maintenance, support or education.

REVOCABILITY

THIRD: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right by a written instrument signed and acknowledged by the grantor and delivered to the trustee to modify, alter, and amend this Trust Agreement on any matter. The grantor may withdraw any or all of the property held in the trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

FOURTH: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of CALIFORNIA. Titles and headings contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FIFTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall

exercise all of the trustee powers listed under the Article Six of this Trust Agreement. The trustee in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may pay any and all property that would otherwise be distributable to a minor to any court-appointed guardian or conservator of the estate of the minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

SIXTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral, last illness and administrative expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee

shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SEVENTH: The trustee shall administer the Trust including all of its property, income and principal without limitation. The trustee will:

1. Exercise any and all powers not included herein which are authorized by the laws of the State of CALIFORNIA which by reference are incorporated herein specifically as though set forth in their entirety.

2. Exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to carry out the purpose of this trust.

3. Exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. Grant options for any of the foregoing and make any lease or sublease, including any oil, gas, or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. Hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares of interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. Register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds, or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. Employ such employees, agents and independent contractors as the trustee deems necessary to carry on trust business, including but not limited to attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. Invest trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled

funds. The trustee shall have the power to make such investments as the trustee may in his best judgment deem best. The trustee shall not be liable for losses incurred from the exercise of his discretion if the investments were undertaken in a reasonable and prudent manner.

8. Retain and carry on any business which may be accepted as a part of the Trust Estate, acquire additional interests in any such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in the trust. Notwithstanding the foregoing, shares of stock received by way of a stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market

value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such

property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

EIGHTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. All added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

NINTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve

as trustee, THE GRANTOR'S DAUGHTER, ALEXIS FOWLER shall serve as successor trustee. In the event ALEXIS FOWLER shall fail for any reason to serve as trustee, THE GRANTOR'S SON, PETER FOWLER shall serve as successor trustee. In the event PETER FOWLER shall fail to serve as trustee, the court having jurisdiction over the grantor (if alive) or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustee and thereafter appoint a successor trustee. In the event a different

successor trustee is named in this Trust Agreement, he will retain his position as successor trustee next in line to replace the newly appointed one. The grantor shall remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this trust agreement shall have all the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

TENTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

ELEVENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

TWELFTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof

within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

THIRTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such trust by such creditor, person or entity.

NO-CONTEST

FOURTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that persons right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The

trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FIFTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

SIXTEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

SEVENTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

EIGHTEENTH: This Trust and the trusts contained herein may be referenced collectively as the SHANNON FOWLER Revocable Trust or by the name of the named beneficiary of any Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of this Trust Agreement when it has been titled or assigned to the trustee as trustee of the SHANNON FOWLER Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this trust agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this trust agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

NINETEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this trust agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

Shannon Fowler

Shannon Fowler

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the
transfer into the trust estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing, or by operation of law.

Signature: _____

Print Name: _____ Date _____

Residence Address: _____

Signature: _____

Print Name: _____ Date _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me _____
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to
the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized and
capacity/capacities that by his/her/their signature(s) on the
instrument the person(s) or the entity upon behalf of which the
person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

REVOCABLE TRUST

(Grantor to Children)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This form has no "Waiver by Grantor's Spouse." This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the 2001 Tax Act, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTOR: _____

NAME OF TRUSTEE: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is
a trustee

Keep separate records for this trust. All income and loss of the trust is reported on the grantor's separate tax return. So long as the grantor is the only trustee, the grantor does not have to file an income tax return for the trust.

Do not change or revoke this agreement without your attorney's advice.

For trust business, always sign:

Title of all assets in this trust should be taken as Follows:

REVOCABLE TRUST

(Grantor to Children)

This Agreement is made this _____ day of _____ between _____ (hereinafter called the "grantor") and _____ (hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the property set forth and described in Schedule A annexed hereto is hereby assigned, transferred, conveyed and set unto the trustee. The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and manage said property together with any additions thereto (hereinafter referred to as the "Trust Estate") upon the following express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to take, receive, hold, administer, manage, invest and reinvest the Trust Estate pursuant to the terms of this Trust Agreement. The trustee shall also collect the rents, interest, dividends, and other income therefrom and, after deducting all proper charges and expenses, shall pay directly to the grantor, or apply to or for the use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. Following the death of the grantor, the trustee shall, pursuant to the terms of this trust agreement, create a Family Trust for the benefit of grantor's designees.

FAMILY TRUST PROVISIONS

SECOND: Following the grantor's death, the trustee shall create a Family Trust. The trustee shall divide the Trust Estate into as many parts or shares as there are children and descendants of deceased children surviving the grantor. The trustee shall assure that the shares of the surviving children are equal and the shares of the descendants of each deceased child are in the aggregate in the amount of the share that would have been set aside for the benefit of such deceased child had such child survived and be equal among themselves by right of representation (per stirpes, not per capita). The trustee shall hold, administer and manage each child's or descendant's share of the Trust Estate as a separate and distinct trust fund for the person for whom said share or part of the trust has been established (such child or descendant is hereafter referred to as "the beneficiary"). The Family Trust with respect to each part or share shall terminate after the death

of the grantor's spouse and upon the beneficiary attaining the age of _____ () years.

ADMINISTRATION OF THE FAMILY TRUST

1. For each part or share of the Trust, the trustee shall exercise all of the powers hereinafter granted in ARTICLE SIXTH and shall pay all of the trust income to the beneficiary each year.

2. If any beneficiary is younger than _____ (), trustee shall not make the income payments directly to the beneficiary. Instead, the trustee shall apply to the use of such beneficiary so much of the income as the beneficiary may be entitled to receive as the trustee in his absolute and uncontrolled discretion may deem necessary or proper for the education, maintenance and support of the beneficiary. The trustee shall accumulate and add to the Trust Estate for the benefit of such beneficiary any income not so distributed in the trustee's sole discretion.

3. When a beneficiary attains the age of _____ () that beneficiary's share or part of the Family Trust shall terminate. Upon termination, the trustee shall pay all of that part of the Family Trust to the beneficiary. If the beneficiary is not then living, the distribution will be made to the descendants of the beneficiary then living or in being by right of representation (per stirpes and not per capita) or, if there be no such descendants then living or in being, to the grantor's

descendants then living or in being, by right of representation (per stirpes not per capita).

4. The trustee may, at the trustee's sole and absolute discretion, pay to the beneficiary of any share or part of the Family Trust so much of the principal and accumulated income of said part or share that the trustee deems necessary for the beneficiary's care, maintenance, support or education.

REVOCABILITY

THIRD: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right by a written instrument signed and acknowledged by the grantor and delivered to the trustee to modify, alter, and amend this Trust Agreement on any matter. The grantor may withdraw any or all of the property held in the trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

FOURTH: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of _____. Titles and headings contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

FIFTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall

exercise all of the trustee powers listed under the Article Six of this Trust Agreement. The trustee in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may pay any and all property that would otherwise be distributable to a minor to any court-appointed guardian or conservator of the estate of the minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

SIXTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral, last illness and administrative expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee

shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

SEVENTH: The trustee shall administer the Trust including all of its property, income and principal without limitation. The trustee will:

1. Exercise any and all powers not included herein which are authorized by the laws of the State of _____ which by reference are incorporated herein specifically as though set forth in their entirety.

2. Exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to carry out the purpose of this trust.

3. Exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. Grant options for any of the foregoing and make any lease or sublease, including any oil, gas, or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. Hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real

property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares of interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. Register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds, or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. Employ such employees, agents and independent contractors as the trustee deems necessary to carry on trust business, including but not limited to attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. Invest trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as the trustee may in his best judgment deem best. The trustee shall not be liable for losses incurred from the exercise of his

discretion if the investments were undertaken in a reasonable and prudent manner.

8. Retain and carry on any business which may be accepted as a part of the Trust Estate, acquire additional interests in any such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in the trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

EIGHTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. All added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

NINTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, _____ shall serve as successor trustee. In the event _____ shall fail for any reason to serve as trustee, _____ shall serve as successor trustee. In the event _____ shall fail to serve as trustee, the court having jurisdiction over

the grantor (if alive) or the grantor's estate, if the grantor is deceased, shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in this Trust Agreement, he will retain his position as successor trustee next in line to replace the newly appointed one. The grantor shall remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this trust agreement shall have all the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

TENTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

ELEVENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

TWELFTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

THIRTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such trust by such creditor, person or entity.

NO-CONTEST

FOURTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that persons right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

FIFTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or

attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

SIXTEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

SEVENTEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

EIGHTEENTH: This Trust and the trusts contained herein may be referenced collectively as the _____ Revocable Trust or by the name of the named beneficiary of any Trust hereunder or by such other designation as the trustee may deem appropriate.

For the purpose of this Trust Agreement, property shall be deemed transferred to the Trust and thus subject to the terms of

this Trust Agreement when it has been titled or assigned to the trustee as trustee of the _____ Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this trust agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this trust agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

NINETEENTH: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this trust agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTOR

TRUSTEE

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the
transfer into the trust estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing, or by operation of law.

Signature: _____

Print Name: _____ Date _____

Residence Address: _____

Signature: _____

Print Name: _____ Date _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____, before me the undersigned personally
appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to
the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized and
capacity/capacities that by his/her/their signature(s) on the
instrument the person(s) or the entity upon behalf of which the
person(s) acted, executed the within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

CHAPTER 8

A-B BYPASS TRUST

The A-B Bypass Trust is one of the most common revocable trusts. It is for use by a married spouse with children and an estate in excess of the current unified credit. After the grantor's death, the trustee of the estate forms a family trust (called the B trust) for the children and places an amount equal to the unused unified credit of the estate in the B trust. This trust takes advantage of the full unified credit to ultimately pass the amount of the unified credit tax free to the trustor's children while, at the same time, keeping it available for use as needed for the care, maintenance and support of the trustor's spouse. This is called the family trust, the children trust, the exemption trust or, most often, the B trust.

The remaining part of the trustor's estate (that part in excess of the unified credit) is placed into a trust for the trustor's spouse. This trust is called the "A trust" or the marital trust. The trustor's spouse has complete control over the marital trust including the power to terminate it and receive property in her own name. Upon the death of the trustor's spouse, all the property in the marital trust will be distributed according to the terms of trustor's spouse's Last Will and Testament. If the

Will of the trustor's spouse does not make a distribution of the property in the marital trust (which it rarely does), the property is distributed in accordance to the distribution terms of Trust B (i.e. to the children).

The use of such an A-B bypass trust actually can serve as a probate avoidance vehicle for the trustor's spouse as well. The trustor's spouse may contribute all of her property to the marital trust, which always remains revocable by the trustor's spouse. By not making a disposition by Will of the marital trust property, all of the property (including the trustor spouse's contributed property) will be distributed to the trustor's children upon the trustor spouse's death.

EACH MARRIED SPOUSE CAN CREATE A SEPARATE A-B BYPASS TRUST.

For cost effectiveness, however, a married couple usually will create just one joint trust. Separate trusts are usually employed when one or both of the spouses have children from a previous marriage and do not wish to leave property to the other spouse's children while, at the same time, providing for the other spouse's welfare.

A point to remember: If the property passing to the spouse pushes the trustor's over her available unified credit amount, the spouse will have to pay estate taxes on the excess.

The following is an example of how an A-B Trust could work. Assume that Bill and Lucy are married with two children. Bill's

estate is worth \$700,000. Lucy's estate is worth \$300,000. Bill establishes an A-B trust. \$600,000 is placed into the family trust (the B trust). The income and principal from the family trust goes as needed to Lucy for her health, maintenance, education and support. The principal, upon Lucy's death, goes to their children.

The remaining \$100,000 of Bill's estate goes into the marital A trust for Lucy. When Lucy dies, her estate for tax purposes will be \$400,000 (her original \$300,000 plus the \$100,000 from the marital trust). Since Lucy's estate is less than \$600,000 (the unified credit if not previously used), there will be no estate taxes due on Lucy's death. Thus Lucy can pass her entire estate to her children tax-free.

If Bill had given Lucy his entire estate, there would not have been any estate taxes owed from his estate because of the unlimited marital deduction. Lucy's estate, however, would then be worth \$1,000,000. On Lucy's death, estate taxes would be owed on \$400,000. The estate tax on the \$400,000 is \$118,800. This tax savings shows the advantage of using family exemption trusts instead of gifts to the trustor's spouse would push the surviving spouse's estate over the unified credit amount of \$600,000.

For tax purposes, the surviving spouse should not be the sole successor trustee after the grantor's death. The reason for this is that the trustee has complete discretion to invade the family trust for the surviving spouse's benefit. When the surviving

spouse is the sole trustee, the IRS can claim that the spouse owns the assets because the spouse can transfer them into her name at any time. This is called a power of appointment. If the surviving spouse is the sole trustee, the assets of the family trust will be taxed again as assets of the surviving spouse's estate upon her death. Having a co-trustee in the marital A trust with the grantor's spouse will save thousands of dollars in estate taxes.

IMPORTANT NOTE

All of the trusts in this book will avoid probate. The only question is what trust to use to minimize estate taxes. Generally, one who is married with children from the marriage and none from a prior marriage and who has a joint estate less than the unified credit will find a joint trust is best. Otherwise, the individual, bypass, QTIP or other trusts are better.

The nice thing about a revocable trust is that nothing is final until death. Up to that time the grantor has complete power and ability to always alter, amend or revoke the trust to keep pace with the changing tax laws. If the unified credit is subsequently reduced, the joint trust can be terminated and individual bypass or QTIP trusts can be substituted for it. Sample trust forms for the creation of an A-B bypass trust follow this chapter.

(SAMPLE FOR A-B BYPASS TRUST)

WILLIAM TOWER
REVOCABLE TRUST
(A-B BYPASS TRUST)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: WILLIAM TOWER

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: WILLIAM TOWER

NAME OF TRUSTEE: WILLIAM TOWER

SUCCESSOR TRUSTEE: ALICE TOWER & AGNES TOWER

FEDERAL I.D. NUMBER: NONE. Not needed as long as the grantor is a trustee

Keep separate records for this trust. All income and loss of the trust are reported on the grantor's separate tax return. So long as the grantor is the only trustee, the grantor does not have to file an income tax return for the trust.

Do not change or revoke this agreement without your attorney's advice.

For trust business, always sign:

WILLIAM TOWER, as TRUSTEE OF THE WILLIAM TOWER REVOCABLE TRUST

Title of all assets in this trust should be taken as follows:

WILLIAM TOWER, as TRUSTEE OF THE WILLIAM TOWER REVOCABLE TRUST
(SAMPLE A-B BYPASS TRUST)

WILLIAM TOWER
REVOCABLE TRUST
(A-B Bypass Trust)

This Agreement is made this 25th day of JUNE 2015
between WILLIAM TOWER (hereinafter called the
"grantor") and WILLIAM TOWER (hereinafter
called the "trustee");

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referred to as the "Trust Estate") upon the following
express terms and conditions of this trust agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trust Estate pursuant to the terms of this Trust Agreement. The
trustee shall also collect the rents, interest, dividends, and
other income therefrom and, after deducting all proper charges and
expenses, shall pay directly to the grantor, or apply to or for the
use of the grantor, all of the net income derived from the Trust

Estate. In addition, the trustee shall pay to the grantor all or so much of the principal as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. In addition, the trustee shall pay or apply any amounts of principal that the trustee in his discretion may from time to time deem advisable for the support, comfort, and welfare of the grantor's spouse and dependent children.

Following the death of the grantor, if the grantor's spouse survives the grantor for sixty (60) days, all of the Trust property, whether real, personal, or mixed, including all insurance policies and proceeds to the extent payable to the trustees and any and all properties of any kind that are receivable by the trustee under the provisions of the grantor's will, shall be divided into two parts - Marital A Trust for the grantor's spouse and Family B Trust for the benefit of grantor's children per stirpes, by right of representation. Each trust so created will be held as a separate and distinct trust. If the grantor's spouse does not survive the grantor by sixty (60) days, no marital trust will be created and all assets in the Trust Estate will be placed into the Family Trust.

ALLOCATION TO TRUSTS AFTER GRANTOR'S DEATH

SECOND. Upon the grantor's death, the trustee shall divide the assets of the Trust Estate into two separate trusts: the Marital A Trust and the Family B Trust.

(a) Marital A Trust. The trustee shall place into a trust hereinafter called the Marital A Trust all of the property of the original Trust Estate which would qualify for the unlimited marital deduction permitted for federal estate tax purposes except for the following:

(1) An amount of property which would be equal in value to the amount that can be passed free of federal estate taxes by virtue of the grantor's unused portion of the unified credit and any state death credit, and

(2) Any property in which the grantor's spouse disclaims an interest and that would otherwise qualify for part of the federal unlimited marital deduction.

(b) Family B Trust. The trustee shall place into a trust hereinafter called the Family B Trust all of the property contained in the Trust Estate which was not placed into the Marital A Trust.

(c) Disclaimer Election. The grantor's spouse may within sixty (60) days of the grantor's death disclaim all interest or any part thereof of the property that the trustee proposes to place in the Marital A Trust.

All property in which the grantor's spouse disclaims an interest shall be placed into the Family B Trust and administered according to the terms thereof.

MARITAL A TRUST PROVISIONS

THIRD: This dispositive provisions of the marital trust shall be as follows:

1. The trustee shall pay over to the grantor's spouse or apply to the grantor's spouse's benefit the entire net income of the Marital A Trust at least semiannually. If the trustee deems the net income of the Trust to be insufficient, the trustee shall also pay or apply for the benefit of the grantor's spouse so much of the principal of the Marital A Trust as in the trustee's sole discretion is deemed necessary for the grantor's spouse's proper support, care, maintenance and health after taking into consideration any income or other resources of the grantor's spouse outside the Marital A Trust and known to exist by the trustee.

2. Upon the death of the grantor's spouse and subject to the provisions of subparagraph 2 of this Paragraph the trustee may in the trustee's discretion pay out of the principal of the Marital A Trust to the personal representative of the grantor's spouse's estate any obligations that were incurred for the grantor's spouse's support and any funeral expenses and any estate or inheritance taxes (including interest and penalties) arising by reason of the grantor's spouse's death.

3. Upon the death of the grantor's spouse, the trustee shall distribute the balance remaining of the Marital A Trust (including both principal and interest) to such one or more persons or entities, including the grantor's spouse's own estate, on such terms and conditions, either outright or in trust, as the grantor's spouse shall appoint by a will or codicil thereto specifically referring to this power of appointment.

4. Upon the death of the grantor's spouse, the trustee shall hold, administer and distribute any portion of the Marital A Trust not disposed by the grantor's spouse as provided in subparagraphs 2 and 3 of this PARAGRAPH THIRD.

FAMILY B TRUST PROVISIONS

FOURTH: After the grantor's death, the trustee shall create the Family B Trust. The trustee shall divide the Trust Estate into as many parts or shares as there are children and descendants of deceased children surviving the grantor. The trustee shall assure the shares of the surviving children are equal and the shares of the descendants of each deceased child are in the aggregate in the amount of the share that would have been set aside for the benefit of such deceased child had such a child survived and be equal among themselves by right of representation (per stirpes not per capita). The trustee shall hold, administer and manage each child's or descendant's share of the Trust Estate as a separate and distinct trust fund for the person for whom said share or part of the trust

has been established (such child or descendant is hereafter referred to as "the beneficiary"). The Family B Trust with respect to each part or share shall terminate after the death of the grantor's spouse and upon the beneficiary attaining the age of TWENTY ONE (21) years.

1. For each part or share of the Trust, the trustee exercises all of the powers hereinafter granted in the Article Sixth to the trustee.

2. The trustee shall apply for the benefit of the grantor's spouse as much of the income and principal of the Family B Trust as the trustee deems appropriate for the health, education, support and maintenance of the grantor's spouse. In making these distributions, the trustee shall take into account any income or other resources of the grantor's spouse that are known to the trustee and reasonably available for these purposes.

3. Upon the death of the grantor's spouse, any parts or shares of the Family B Trust in which the beneficiary has attained the age of TWENTY-ONE (21) years will terminate. On the termination of any part or share of the Family B Trust, the trustee shall pay all of the principal and accumulated income of that share or part to the beneficiary. If the beneficiary is not then living, the distribution will be made to the descendants of the beneficiary then living or in being, by right of representation (per stirpes and not per capita).

4. The trustee may at the trustee's sole and absolute discretion pay to the beneficiary of any share or part of the Family B Trust so much of the principal and accumulated income of said part or share that the trustee deems necessary for the beneficiary's care, maintenance, support or education.

REVOCABILITY

FIFTH: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right by a written instrument signed and acknowledged by the grantor and delivered to the trustee to modify, alter, and amend this Trust Agreement on any matter. The grantor may withdraw any or all of the property held in the trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to

qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.

2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

SIXTH: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of CALIFORNIA. Titles and headings contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

SEVENTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee in the trustee's sole

discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may pay any and all property that would otherwise be distributable to a minor to any court-appointed guardian or conservator of the estate of the minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

EIGHTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral, last illness and administrative expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

NINTH: The trustee shall administer the Trust including all of its property, income and principal without limitation. The trustee will:

1. Exercise any and all powers not included herein which are authorized by the laws of the State of CALIFORNIA which by reference are incorporated herein specifically as though set forth in their entirety.

2. Exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to carry out the purpose of this trust.

3. Exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. Grant options for any of the foregoing and make any lease or sublease, including any oil, gas, or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. Hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of

deposit, capital, common stocks, preferred stocks, and shares of interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. Register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds, or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. Employ such employees, agents and independent contractors as the trustee deems necessary to carry on trust business, including but not limited to attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. Invest trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as the trustee may in his best judgment deem best. The trustee shall not be liable for losses incurred from the exercise of his

discretion if the investments were undertaken in a reasonable and prudent manner.

8. Retain and carry on any business which may be accepted as a part of the Trust Estate, acquire additional interests in any such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or

grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

TENTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. All added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

ELEVENTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, the grantor's spouse ALICE TOWER and the grantor's daughter, AGNES HELEN TOWER, together shall serve as

Successor Trustee. In the event AGNES TOWER shall fail to serve as the trustee AGNES HELEN TOWER solely shall serve as the Successor Trustee. In the event AGNES HELEN TOWER shall fail to serve as trustee, the court having jurisdiction over the grantor's estate, (if the grantor is deceased) shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the trust to remove the grantor as trustee and replace the grantor with the successor-trustee. No personal liability shall attach to any beneficiary of the trust or to the successor-trustee as a result of filing such a petition provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustee and thereafter appoint a successor-trustee. In the event a different successor-trustee is named in the Trust Agreement, he will retain his position as successor-trustee next in line to replace the newly

appointed one. The grantor shall remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor-trustees named in this Trust Agreement shall have all the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

TWELFTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

THIRTEENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

FOURTEENTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust

beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

FIFTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such trust by such creditor, person or entity.

NO-CONTEST

SIXTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that persons right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to

defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

SEVENTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

EIGHTEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

NINETEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

TWENTIETH: This Trust and the trusts contained herein may be referenced collectively as the WILLIAM TOWER Revocable Trust or by the name of the named beneficiary of any trust hereunder or by such other designation as the trustee may deem appropriate.

For the purposes of this Trust Agreement, property shall be deemed transferred to the trust and thus subject to the terms of this Trust Agreement when it has been titled or assigned to the trustee of the WILLIAM TOWER Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

TWENTY FIRST: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this trust agreement as of the day and year first written above.

GRANTOR

TRUSTEE

William Tower

William Tower

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property, of which the grantor has an interest, wheresoever located is hereby transferred into the Trust, including but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the transfer into the Trust Estate.

WAIVER BY GRANTOR'S SPOUSE

I, ALICE TOWER, am the spouse of WILLIAM TOWER
 _____the grantor of the above
 described revocable trust.

I hereby disclaim and waive any and all rights that I may have in the property transferred by the grantor into the grantor's revocable trust by virtue of dower, curtesy or the statutory share mandated by our state of domicile. I elect to receive my disposition from the grantor's trust rather than under any rights of dower, curtesy or a statutory share in the property placed into the trust.

This disclaimer and waiver will be revoked to the extent of any property which the grantor removes from the trust prior to death or by the grantor's will except where property of comparable value is placed in the trust to replace it, such as proceeds from a sale of the property.

Dated: _____

 Alice Tower

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing, or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

REVOCABLE TRUST
(A-B BYPASS TRUST)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTOR: _____

NAME OF TRUSTEE: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as the grantor is
a trustee

Keep separate records for this trust. All income and loss of the trust are reported on the grantor's separate tax return. So long as the grantor is the only trustee, the grantor does not have to file an income tax return for the trust.

Do not change or revoke this agreement without your attorney's advice.

For trust business, always sign:

Title of all assets in this trust should be taken as follows:

REVOCABLE TRUST
(A-B Bypass Trust)

This Agreement is made this _____ day of _____
between _____ (hereinafter called the
"grantor") and _____ (hereinafter
called the "trustee");

All of the grantor's right, title and interest in and to the
property set forth and described in Schedule A annexed hereto is
hereby assigned, transferred, conveyed and set unto the trustee.
The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and
manage said property together with any additions thereto
(hereinafter referred to as the "Trust Estate") upon the following
express terms and conditions of this trust agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
take, receive, hold, administer, manage, invest and reinvest the
Trust Estate pursuant to the terms of this Trust Agreement. The
trustee shall also collect the rents, interest, dividends, and
other income therefrom and, after deducting all proper charges and
expenses, shall pay directly to the grantor, or apply to or for the
use of the grantor, all of the net income derived from the Trust
Estate. In addition, the trustee shall pay to the grantor all or

so much of the principal as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the Trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. In addition, the trustee shall pay or apply any amounts of principal that the trustee in his discretion may from time to time deem advisable for the support, comfort, and welfare of the grantor's spouse and dependent children.

Following the death of the grantor, if the grantor's spouse survives the grantor for sixty (60) days, all of the Trust property, whether real, personal, or mixed, including all insurance policies and proceeds to the extent payable to the trustees and any and all properties of any kind that are receivable by the trustee under the provisions of the grantor's will, shall be divided into two parts - Marital A Trust for the grantor's spouse and Family B Trust for the benefit of grantor's children per stirpes, by right of representation. Each trust so created will be held as a separate and distinct trust. If the grantor's spouse does not survive the grantor by sixty (60) days, no marital trust will be created and all assets in the Trust Estate will be placed into the Family Trust.

ALLOCATION TO TRUSTS AFTER GRANTOR'S DEATH

SECOND. Upon the grantor's death, the trustee shall divide the assets of the Trust Estate into two separate trusts: the Marital A Trust and the Family B Trust.

(a) Marital A Trust. The trustee shall place into a trust hereinafter called the Marital A Trust all of the property of the original Trust Estate which would qualify for the unlimited marital deduction permitted for federal estate tax purposes except for the following:

(1) An amount of property which would be equal in value to the amount that can be passed free of federal estate taxes by virtue of the grantor's unused portion of the unified credit and any state death credit, and

(2) Any property in which the grantor's spouse disclaims an interest and that would otherwise qualify for part of the federal unlimited marital deduction.

(b) Family B Trust. The trustee shall place into a trust hereinafter called the Family B Trust all of the property contained in the Trust Estate which was not placed into the Marital A Trust.

(c) Disclaimer Election. The grantor's spouse may within sixty (60) days of the grantor's death disclaim all interest or any part thereof of the property that the trustee proposes to place in the Marital A Trust.

All property in which the grantor's spouse disclaims an interest shall be placed into the Family B Trust and administered according to the terms thereof.

MARITAL A TRUST PROVISIONS

THIRD: This dispositive provisions of the marital trust shall be as follows:

1. The trustee shall pay over to the grantor's spouse or apply to the grantor's spouse's benefit the entire net income of the Marital A Trust at least semiannually. If the trustee deems the net income of the Trust to be insufficient, the trustee shall also pay or apply for the benefit of the grantor's spouse so much of the principal of the Marital A Trust as in the trustee's sole discretion is deemed necessary for the grantor's spouse's proper support, care, maintenance and health after taking into consideration any income or other resources of the grantor's spouse outside the Marital A Trust and known to exist by the trustee.

2. Upon the death of the grantor's spouse and subject to the provisions of subparagraph 2 of this Paragraph the trustee may in the trustee's discretion pay out of the principal of the Marital A Trust to the personal representative of the grantor's spouse's estate any obligations that were incurred for the grantor's spouse's support and any funeral expenses and any estate or inheritance taxes

(including interest and penalties) arising by reason of the grantor's spouse's death.

3. Upon the death of the grantor's spouse, the trustee shall distribute the balance remaining of the Marital A Trust (including both principal and interest) to such one or more persons or entities, including the grantor's spouse's own estate, on such terms and conditions, either outright or in trust, as the grantor's spouse shall appoint by a will or codicil thereto specifically referring to this power of appointment.

4. Upon the death of the grantor's spouse, the trustee shall hold, administer and distribute any portion of the Marital A Trust not disposed by the grantor's spouse as provided in subparagraphs 2 and 3 of this PARAGRAPH THIRD.

FAMILY B TRUST PROVISIONS

FOURTH: After the grantor's death, the trustee shall create the Family B Trust. The trustee shall divide the Trust Estate into as many parts or shares as there are children and descendants of deceased children surviving the grantor. The trustee shall assure the shares of the surviving children are equal and the shares of the descendants of each deceased child are in the aggregate in the amount of the share that would have been set aside for the benefit of such deceased child had such a child survived and be equal among themselves by right of representation (per stirpes not per capita). The trustee shall hold, administer and manage each child's or

descendant's share of the Trust Estate as a separate and distinct trust fund for the person for whom said share or part of the trust has been established (such child or descendant is hereafter referred to as "the beneficiary"). The Family B Trust with respect to each part or share shall terminate after the death of the grantor's spouse and upon the beneficiary attaining the age of _____ () years.

1. For each part or share of the Trust, the trustee exercises all of the powers hereinafter granted in the Article Sixth to the trustee.

2. The trustee shall apply for the benefit of the grantor's spouse as much of the income and principal of the Family B Trust as the trustee deems appropriate for the health, education, support and maintenance of the grantor's spouse. In making these distributions, the trustee shall take into account any income or other resources of the grantor's spouse that are known to the trustee and reasonably available for these purposes.

3. Upon the death of the grantor's spouse, any parts or shares of the Family B Trust in which the beneficiary has attained the age of _____ () years will terminate. On the termination of any part or share of the Family B Trust, the trustee shall pay all of the principal and accumulated income of that share or part to the beneficiary. If the beneficiary is not then living, the distribution will be made to the descendants of the beneficiary

then living or in being, by right of representation (per stirpes and not per capita).

4. The trustee may at the trustee's sole and absolute discretion pay to the beneficiary of any share or part of the Family B Trust so much of the principal and accumulated income of said part or share that the trustee deems necessary for the beneficiary's care, maintenance, support or education.

REVOCABILITY

FIFTH: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right by a written instrument signed and acknowledged by the grantor and delivered to the trustee to modify, alter, and amend this Trust Agreement on any matter. The grantor may withdraw any or all of the property held in the trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

SIXTH: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of _____. Titles and headings contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

SEVENTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall

exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may pay any and all property that would otherwise be distributable to a minor to any court-appointed guardian or conservator of the estate of the minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

EIGHTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral, last illness and administrative expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee

shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

NINTH: The trustee shall administer the Trust including all of its property, income and principal without limitation. The trustee will:

1. Exercise any and all powers not included herein which are authorized by the laws of the State of _____ which by reference are incorporated herein specifically as though set forth in their entirety.

2. Exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to carry out the purpose of this trust.

3. Exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. Grant options for any of the foregoing and make any lease or sublease, including any oil, gas, or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. Hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares of interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. Register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds, or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. Employ such employees, agents and independent contractors as the trustee deems necessary to carry on trust business, including but not limited to attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. Invest trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled

funds. The trustee shall have the power to make such investments as the trustee may in his best judgment deem best. The trustee shall not be liable for losses incurred from the exercise of his discretion if the investments were undertaken in a reasonable and prudent manner.

8. Retain and carry on any business which may be accepted as a part of the Trust Estate, acquire additional interests in any such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the

fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such

property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

TENTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. All added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

ELEVENTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason

to serve as trustee, _____

_____ shall serve as Successor Trustee. In the event _____ shall fail to serve as the trustee _____ shall serve as the Successor Trustee. In the event _____ shall fail to serve as trustee, the court having jurisdiction over the grantor's estate, (if the grantor is deceased) shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the trust to remove the grantor as trustee and replace the grantor with the successor-trustee. No personal liability shall attach to any beneficiary of the trust or to the successor-trustee as a result of filing such a petition provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustee and thereafter appoint a successor-trustee. In the event a different

successor-trustee is named in the Trust Agreement, he will retain his position as successor-trustee next in line to replace the newly appointed one. The grantor shall remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor-trustees named in this Trust Agreement shall have all the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

TWELFTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

THIRTEENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

FOURTEENTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof

within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

FIFTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such trust by such creditor, person or entity.

NO-CONTEST

SIXTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that persons right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to

be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

SEVENTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

EIGHTEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

NINETEENTH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

TWENTIETH: This Trust and the trusts contained herein may be referenced collectively as the _____ Revocable Trust or by the name of the named beneficiary of any trust hereunder or by such other designation as the trustee may deem appropriate.

For the purposes of this Trust Agreement, property shall be deemed transferred to the trust and thus subject to the terms of this Trust Agreement when it has been titled or assigned to the trustee of the _____ Revocable Trust, or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

TWENTY FIRST: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this trust agreement as of the day and year first written above.

GRANTOR

TRUSTEE

REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property, of which the grantor has an interest, wheresoever located is hereby transferred into the Trust, including but not limited to the following:

- 1.

Grantor will change the title to all property to reflect the transfer into the Trust Estate.

WAIVER BY GRANTOR'S SPOUSE

I, _____, am the spouse of _____
_____the grantor of the above
described revocable trust.

I hereby disclaim and waive any and all rights that I may have in the property transferred by the grantor into the grantor's revocable trust by virtue of dower, curtesy or the statutory share mandated by our state of domicile. I elect to receive my disposition from the grantor's trust rather than under any rights of dower, curtesy or a statutory share in the property placed into the trust.

This disclaimer and waiver will be revoked to the extent of any property which the grantor removes from the trust prior to death or by the grantor's will except where property of comparable value is placed in the trust to replace it, such as proceeds from a sale of the property.

Dated: _____

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing, or by operation of law.

Signature: _____

Print Name:_____ Date: _____

Residence Address: _____

Signature: _____

Print Name:_____ Date: _____

Residence Address: _____

STATE OF _____

COUNTY OF _____

On _____ before the undersigned personally appeared _____
_____ personally known to me or proved
to me on the basis of satisfactory evidence to be the persons whose
names are subscribed to the within instrument and acknowledged to
me that they executed the same in their authorized capacities and
that by their signatures on the instrument the persons or the
entity upon behalf of which the persons acted, executed the within
instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

CHAPTER 9

QTIP TRUST

The **QTIP TRUST** is the most complex of revocable trusts. It is usually employed by a married person for one of the following reasons:

1. The trustor is married with children from a prior marriage and wants to provide for the surviving spouse for the remainder of the spouse's life. In addition, the trustor wants to pass his estate to the trustor's children and not to the children of the trustor's spouse, who are not the trustor's children. If such was the case, an A-B bypass Trust would be used or a straight joint trust by the couple.

2. The trustor's spouse has a great deal of assets. Giving property to the spouse that may not be used or needed may well result in the spouse's estate unnecessarily paying estate taxes following appreciation of the trust assets. For example, assume one spouse passed \$500,000 to the surviving spouse who already have a million dollar estate. Since the surviving spouse's estate is over the unified credit amount, it guarantees that upon the death of the surviving spouse that spouse's estate will needlessly have to pay taxes on the \$500,000 gift of around \$125,000.

A QTIP trust works in a unique fashion. The trustor creates a trust wherein all income and principal is paid to the trustor as

requested during the trustor's life. Following the trustor's death, the trust is then divided into two parts if the estate is worth more than the available unified credit. The unused portion of the unified credit is placed into a family exemption trust to be paid to the surviving spouse along with whatever amount of principal that the trustee feels is needed for the survivor's health and support. This family exemption trust is exempt from federal estate taxes because it is funded with the unused unified credit.

The remaining portion of the trustor's estate is placed into a marital QTIP trust. QTIP stands for Qualified Terminable Interest Property. Under special Internal Revenue Code sections, qualified terminable interest property can qualify for the unlimited marital deduction even though the property does not go to the trustor's spouse. This provides a great deal of estate planning flexibility. Under the QTIP trust, all income from the trust is paid to the surviving spouse. Upon the death of the surviving spouse, the QTIP trust property is distributed according to the terms of the trust (usually to the trustor's children).

The prime advantage of a QTIP trust is that the trustor's spouse has a survivor option of electing to have the trust treated as a marital trust. If that election is made, then no estate taxes will be charged against the trust at the death of the trustor. This allows the trust to stay intact and generate higher income

than if it was taxed. Upon the death of the trustor's spouse the value of the trust will be included in the spouse's estate. The trust usually pays any increase in the estate taxes of the spouse's estate caused by the inclusion of the trust assets.

For example, Greg and Alice are married. Greg has two children by his first marriage. Alice has one child from a previous marriage. Alice's estate is \$1,000,000 and Greg's estate is \$2,000,000. Greg creates a QTIP trust. Upon his death the trust is divided into two parts, a family trust for his two children funded with available unified credit and a QTIP trust with the remaining \$1,400,000.

Under the Internal Revenue Code Alice must elect whether to treat the trust as a marital trust or not. If she elects to treat it as a marital trust, then no estate taxes will have to be paid on the trust because of Greg's death. Upon Alice's death the value of the marital trust estate will be added to her estate. Therefore, on her death her estate will be worth \$2,400,000 of which \$1,800,000 will be taxable. Alice's estate taxes would be \$690,800 of which \$512,300 is attributable to the inclusion of the trusts assets. The trust would pay this portion of Alice's taxes. If Alice does not elect to make the election, then the trust must pay the estate taxes on the marital trust following Greg's death.

A QTIP trust gives the surviving spouse the maximum discretion for estate planning. Usually, the spouse elects to have the trust

included in her estate. Such an election, however, can work against the children in that all appreciation of the marital trust assets will be taxable to the trust when the surviving spouse dies. In contrast, if the election is not made, the estate taxes are paid when the trustor dies, and any future appreciation of the trust is not taxable to the trust. When the marital QTIP Trust consists of assets that highly appreciating, then it is often better not to make the QTIP election so that the future appreciation will pass to the children tax-free. However, paying the taxes first as a result of not making the election, may result in less income from the trust to the surviving spouse because there are less assets in the QTIP Trust after the taxes are paid.

The surviving spouse should consult with a tax professional before making the tax election. The election must be made when the Trustor's estate tax is filed so it is necessary to speak with such an advisor as soon after the death of the Trustor as practical. A QTIP trust guarantees that the surviving spouse is protected yet assures the trustor that the trust will remain intact for the trustor's children.

For the reasons discussed, QTIP trusts are favored by couples with children from prior marriages. The trust avoids probate for the spouse employing it.

Following this chapter is a QTIP trust for use by a married person who wishes to provide for his spouse during the remainder of

the spouse's life and assure passage of the trust estate to the trustor's designated children. **IT IS IMPORTANT TO REMEMBER THAT A TRUST CAN NOT DENY A SURVIVING SPOUSE OF THE STATUTORY SHARE GRANTED BY STATE LAW.** If the spouse is not going to receive a statutory share of the trustor's estate from other sources, the trustor should consult an attorney for advice. A marital agreement whereby the trustor's spouse agrees not to contest the trust after the trustor's death would settle the matter. Such an agreement must be prepared by an attorney.

IMPORTANT NOTE

For tax purposes, the surviving spouse should not be the sole successor trustee after the grantor's death in the Family Trust portion of the QTIP Trust or of the QTIP Trust is if the QTIP election is not made. The reason behind this is that the trustee has complete discretion to invade the family trust for the surviving spouse's benefit. When the surviving spouse is the sole trustee, the IRS can claim that the spouse owns the trust assets because the spouse can transfer them into the survivor's name at any time. This right to do so is called a power of appointment. The result of having a power of appointment is that, as the sole trustee, upon the survivor's death the assets of the family trust could be taxed as assets of the surviving spouse's estate. If, however, the surviving spouse is co-trustee with someone else (an adult child or other independent person) the assets of neither the

family trust or the QTIP Trust if the QTIP election is not made will be included in the surviving spouse's estate. Having a co-trustee with a surviving spouse can save thousands of dollars in federal estate taxes.

Generally, a joint trust should not be executed by a married couple if their joint estate exceeds the available unified credit. In such a case, each spouse should execute an A-B bypass trust or QTIP trust as appropriate.

All of the trusts in this book will avoid probate. The only question is what is the best type of trust to use to minimize estate taxes. Generally, a married couple with only children from the marriage and a joint estate less than the unified credit, a joint trust is best. Otherwise, the individual, by-pass, QTIP or other trusts are better.

The nice thing about the use of a revocable trust for estate planning is that nothing is final until death. Up until the grantor's death, the grantor has complete power and ability to alter, amend or revoke the trust to keep pace with the changing tax laws. If the unified credit is later reduced, by lifetime gifts or a change in the law, then a joint trust can be terminated and individual by-pass or QTIP trust (included in this book) can be substituted for it.

(SAMPLE FOR QTIP TRUST)

GREG MINOR

REVOCABLE TRUST

(QTIP)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: GREG MINOR

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTOR: GREG MINOR

NAME OF TRUSTEE: GREG MINOR

SUCCESSOR TRUSTEE: ALICE MINOR and CHAD MINOR

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is a trustee.

Keep separate records for this trust. All income and loss of the trust is reported on the grantor's separate tax return. So long as the grantor is the only trustee the grantor does not have to file an income tax return for the trust.

Do not write on this agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign:

GREG MINOR, as TRUSTEE OF THE GREG MINOR REVOCABLE TRUST

Title of all assets in this trust should be taken as follows:

GREG MINOR, as TRUSTEE OF THE GREG MINOR REVOCABLE TRUST

SAMPLE

GREG MINOR
REVOCABLE TRUST
(QTIP)

This Agreement is made this 25 day of JUNE 2015
between GREG MINOR (hereinafter
called the "grantor") and GREG MINOR
(hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the property set forth and described in Schedule A annexed hereto is hereby assigned, transferred, conveyed and set unto the trustee. The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and manage said property together with any additions thereto (hereinafter referred to as the "Trust Estate") upon the following express terms and conditions of this trust agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to take, receive, hold, administer, manage, invest and reinvest the Trust Estate in accordance with the terms of this Trust Agreement. The trustee shall also collect the rents, interest, dividends, and other income therefrom and, after deducting all proper charges and expenses, shall pay directly to the grantor, or apply to or for the use of the grantor, all of the net income derived from the Trust Estate. In addition, the trustee shall pay to the grantor all or

so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. In addition, the trustee shall pay or apply any amounts of principal that the trustee in his discretion may from time to time deem advisable for the support, comfort, and welfare of the grantor's spouse and dependent children.

Following the death of the grantor, if the grantor's spouse survives the grantor for sixty (60) days, all of the Trust property, whether real, personal, or mixed, including all insurance policies and proceeds to the extent payable to the trustee and any and all properties of any kind that are receivable by the trustee under the provisions of the grantor's will, shall be divided into two parts - a Marital QTIP Trust for the grantor's spouse and a Family B Trust for the benefit of grantor's children per stirpes, by right of representation. Each trust so created will be held as a separate and distinct trust. If the grantor's spouse does not survive the grantor by sixty (60) days, no Marital QTIP Trust will be created and all of the Trust Estate will be placed into the Family B Trust.

ALLOCATION TO TRUSTS AFTER GRANTOR'S DEATH

SECOND: Upon the grantor's death, the trustee shall divide the assets of the Trust Estate into two separate trusts - the Marital QTIP Trust and the Family B Trust.

1. Marital QTIP Trust. The trustee shall place into a trust hereinafter called the Marital QTIP Trust all of the property of the original Trust Estate which would qualify for the unlimited marital deduction permitted for federal estate tax purposes except for the following:

(a) An amount of property which would be equal in value to the amount that can be passed free of federal estate taxes by virtue of the grantor's unused portion of the unified credit and any state death credit, and

(b) Any property in which the grantor's spouse disclaims an interest and that would otherwise qualify for part of the federal unlimited marital deduction.

(2) Family B Trust. The trustee shall place into trust hereinafter called the Family B Trust all of the property contained in the Trust Estate which was not placed into the Marital QTIP Trust.

MARITAL QTIP TRUST PROVISIONS

THIRD: The dispositive provisions of the marital QTIP trust shall be as follows:

1. The trustee shall pay over to the grantor's spouse or apply for the grantor's spouse's benefit, regardless of whether the

grantor's spouse shall remarry or not, the entire net income of the Marital QTIP Trust at least semiannually. If the trustee deems the net income of the trust to be insufficient, the trustee shall also pay or apply for the benefit of the grantor's spouse so much of the principal of the Marital QTIP Trust as in the trustee's sole discretion is deemed necessary for the grantor's spouse's proper support, care, maintenance and health in the manner of the grantor's spouse's accustomed standard of living.

In making distributions, the trustee through the use of reasonable discretion may consider to the extent deemed advisable any income or other resources of the grantor's spouse outside the Marital QTIP Trust known to exist by the trustee.

2. Upon the death of the grantor's spouse, the trustee shall distribute:

(a) Any and all undistributed income of the Marital QTIP Trust to the grantor's spouse's estate, and

(b) all of the remaining principal of the Marital QTIP Trust to the Family B Trust to be administered and distributed in accordance with the terms thereof.

3. The grantor authorizes the trustee, in the trustee's absolute discretion, to make or not make the election provided by section 2056 (b) (7)(B)(v) of the Internal Revenue Code to treat all or a portion of the Marital QTIP Trust as qualified terminable interest property for the purpose of qualifying all or a specific

portion of the trust for the federal estate marital deduction. The grantor recognizes that if the trustee does not make such an election, the Marital QTIP Trust will not qualify for such marital deduction. In exercising such discretion the trustee may consider all relevant factors, including the potential benefits and detriments of reducing the federal estate tax on the grantor's Trust Estate and increasing such tax on the estate of the grantor's spouse as well as the potential benefits of eliminating from the grantor's spouse's gross estate such appreciation in value of the marital deduction share as may occur after the grantor's death and before the grantor's spouse's death. This discretion of the trustee shall be absolute, notwithstanding any beneficial or adverse effect the making or not making of the election may have on the grantor's estate, the grantor's spouse's estate or on the beneficiaries' share of the estate. The trustee shall not incur any personal liability whatsoever for exercising or not exercising this election as hereinabove discussed.

In the event that the trustee does make the election discussed above, the following instructions apply regarding it:

(a) To the extent that any demand is made by the personal representative on the grantor's spouse's estate, the trustee shall distribute from the Trust Estate to such personal representative an amount equal to (I) the amount of any federal estate tax that such personal representative is entitled to recover

under the provisions of Section 2207(A) of the Internal Revenue Code or the successor provisions of federal law with respect to the property held in trust at the time of the grantor's spouse's death and (ii) the amount of any increase in any state's inheritance, legacy, estate or succession tax that results from the inclusion of such property in the gross estate of the grantor's spouse pursuant to section 2044 of the Internal Revenue Code or the successor provision of federal law. If there is not a personal representative for the grantor's spouse's estate at the time required for the payment of the tax, the trustee may pay from the Trust Estate such tax directly to the appropriate state and federal taxing authorities.

(b) The grantor intends, unless the trustee elects otherwise, that this Marital QTIP Trust will qualify for the unlimited marital deduction for transfers between spouses under the marital deduction provisions of the Internal Revenue Code.

(4) Regardless of whether the trustee makes the marital QTIP election discussed above or not, the following provisions will apply to this Marital QTIP Trust:

(a) The grantor's spouse shall have the right and power by a written instrument delivered to the trustee to direct that the trustee sell, turn and convert any non-income producing property of whatever type, including real estate, life insurance policies and other personal property, into income producing property.

(b) The trustee alone through the use of reasonable discretion shall determine what qualifies as principal or income for the Marital QTIP Trust. The trustee shall exercise reasonable discretion in making all allocations and apportionment of receipts and expenses for the Trust.

(c) If part of the Trust Estate for the Marital QTIP Trust contains bonds purchased at a discount, the trustee shall treat the discount, as it matures, as interest payable to the grantor's spouse. If necessary, the trustee will either sell the bonds to pay the discount or make the payments of the discount to the grantor's spouse from other assets in the Trust Estate.

(d) It is the grantor's express intention that the grantor's spouse shall have the right to occupy free of rent any real property which the grantor used as either a residence or vacation home prior to the grantor's death and in which this Marital QTIP Trust holds an interest. In accordance with the terms of Paragraph 1, above, the grantor's spouse may direct that the trustee sell the residence or vacation home and replace it with a home of equal or lower value while investing the remaining proceeds in income producing property.

FAMILY B TRUST PROVISIONS

FOURTH: Following the grantor's death, the trustee shall create the Family B Trust. The trustee shall divide the Trust Estate into as many parts or shares as there are children and

descendants of deceased children surviving the grantor. The trustee shall assure that the shares of the children surviving are equal and the shares of the descendants of each deceased child are in the aggregate the amount of the share that would have been set aside for the benefit of such deceased child has such child survived and be equal among themselves by right of representation (per stirpes, not per capita). The trustee shall hold, administer and manage each child's or descendant's share of the Trust Estate as a separate and distinct Trust Estate for the person for whom said share or part of the Trust has been established (such child or descendant is hereafter called "the beneficiary"). The Family B Trust with respect to each part or share shall terminate after the death of the grantor's spouse and upon the beneficiary attaining the age of _____ () years.

1. For each part or share of the Trust, the trustee shall exercise all of the powers hereinafter granted in Article Sixth to the trustee.

2. The trustee shall apply for the benefit of the grantor's spouse as much of the income and principal of the Family B Trust as the trustee deems appropriate for the health, education, support and maintenance of the grantor's spouse. In making these distributions the trustee shall take into account any income or other resources of the grantor's spouse that are known to the trustee and reasonably available for these purposes.

3. Upon the death of the grantor's spouse any parts or shares of the Family B Trust in which the beneficiary has attained the age of _____ () years will then terminate. On the termination of any part or share of the Family B Trust, the trustee shall pay all of the principal and accumulated income of that share or part to the beneficiary. If the beneficiary is not then living, the distribution will be made to the descendants of the beneficiary then living or in being, by right of representation (per stirpes, not per capita) or, if there be no such descendants then living or in being, to the grantor's descendants then living or in being, by right of representation (per stirpes, not per capita).

4. The trustee may at the trustee's sole and absolute discretion pay to the beneficiary of any share or part of the Family B Trust so much of the principal and accumulated income of said part or share that the trustee deems necessary for the beneficiary's care, maintenance, support or education.

REVOCABILITY

FIFTH: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right by written instrument signed and acknowledged by

the grantor and delivered to the trustee to modify, alter, and amend this Trust Agreement concerning any matter. The grantor may withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

SIXTH: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of CALIFORNIA. Titles and headings contained in this Trust

Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

SEVENTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may pay any and all property that would otherwise be distributable to a minor to any court-appointed guardian or conservator of the estate of the minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

EIGHTH: The trustee Is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral, last illness and administrative expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

NINTH: The trustee shall administer the Trust including all of its property, income and principal without limitation. The trustee will:

1. Exercise any and all powers not included herein which are authorized by the laws of the State of CALIFORNIA which by reference are incorporated herein specifically as though set forth in their entirety.

2. Exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to carry out the purpose of this trust.

3. Exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. Grant options for any of the foregoing and make any lease or sublease, including any oil, gas, or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. Hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares of interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. Register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds, or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. Employ such employees, agents and independent contractors as the trustee deems necessary to carry on trust business, including but not limited to attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. Invest trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as the trustee may in his best judgment deem best. The trustee shall not be liable for losses incurred from the exercise of his discretion if the investments were undertaken in a reasonable and prudent manner.

8. Retain and carry on any business which may be accepted as a part of the Trust Estate, acquire additional interests in any such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in

the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said

property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

TENTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. Such added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner

as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

ELEVENTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason, to serve as trustee, the grantor's spouse, ALICE FAYE MINOR, and the grantor's son, CHAD LUCAS MINOR, together shall serve as successor-trustee. In the event ALICE FAYE MINOR shall fail to serve as the trustee, then CHAD LUCAS MINOR, solely shall serve as the successor trustee. In the event CHAD LUCAS MINOR shall fail for any reason to serve as the trustee, the court having jurisdiction over the grantor (if alive) or the grantor's estate, (if the grantor is deceased) shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided it is filed in good faith and with a reasonable belief that the

grantor is physically or mentally incapacitated and can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, he will retain his position as successor trustee next in line to replace the newly appointed one. The grantor shall exercise the power to remove or appoint a trustee by written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have all of the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

TWELFTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

THIRTEENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

FOURTEENTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court.

The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

FIFTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such trust by such creditor, person or entity.

NO-CONTEST

SIXTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that persons right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this

Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

SEVENTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

EIGHTEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

TWENTIETH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of

competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

TWENTY FIRST: This Trust and the trusts contained herein may be referenced collectively as the GREG MINOR Revocable Trust or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

TWENTY SECOND: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the day and year first written above.

GRANTOR

TRUSTEE

Greg Minor

Greg Minor

GREG MINOR REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including but not limited to the following:

1.

Grantor will change the title to all property to reflect the transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing, or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

WAIVER OF GRANTOR'S SPOUSE

I, ALICE MINOR, am the spouse of GREG MINOR
the grantor of the above described revocable trust.

I hereby disclaim and waive any and all rights that I may have in the property transferred by the grantor into the grantor's revocable trust by virtue of dower, curtesy or the statutory share mandated by our state of domicile. I elect to receive my disposition from the grantor's trust rather than under any rights of dower, curtesy or a statutory share in the property placed into the trust.

This disclaimer and waiver will be revoked to the extent of any property which the grantor removes from the trust prior to death or by the grantor's will except where property of comparable value is placed in the trust to replace it, such as proceeds from a sale from the property.

Dated: _____
Alice Minor

STATE OF CALIFORNIA

COUNTY OF MENDOCINO

On JUNE 25, 2015 before me, _____

personally appeared GREG MINOR and ALICE MINOR

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

REVOCABLE TRUST

(QTIP)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTOR: _____

NAME OF TRUSTEE: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as the Grantor is a trustee.

Keep separate records for this trust. All income and loss of the trust is reported on the grantor's separate tax return. So long as the grantor is the only trustee the grantor does not have to file an income tax return for the trust.

Do not write on this agreement, change it, or revoke it without your attorney's advice.

For trust business, always sign:

Title of all assets in this trust should be taken as follows:

REVOCABLE TRUST

(QTIP)

This Agreement is made this _____ day of _____
 between _____ (hereinafter
 called the "grantor") and _____
 _____(hereinafter called the "trustee");

All of the grantor's right, title and interest in and to the
 property set forth and described in Schedule A annexed hereto is
 hereby assigned, transferred, conveyed and set unto the trustee.
 The trustee does hereby acknowledge receipt of said property.

The trustee further agrees to have, hold, administer and
 manage said property together with any additions thereto
 (hereinafter referred to as the "Trust Estate") upon the following
 express terms and conditions of this trust agreement:

BENEFICIARIES' INTERESTS

FIRST: It shall be the trustee's duty and responsibility to
 take, receive, hold, administer, manage, invest and reinvest the
 Trust Estate in accordance with the terms of this Trust Agreement.
 The trustee shall also collect the rents, interest, dividends, and
 other income therefrom and, after deducting all proper charges and
 expenses, shall pay directly to the grantor, or apply to or for the
 use of the grantor, all of the net income derived from the Trust
 Estate. In addition, the trustee shall pay to the grantor all or

so much of the principal thereof as the grantor shall request or as the trustee in his sole and uncontrolled discretion shall determine is practical and financially sound for the trust, irrespective of any other source of income, support, maintenance or benefit of the grantor. In addition, the trustee shall pay or apply any amounts of principal that the trustee in his discretion may from time to time deem advisable for the support, comfort, and welfare of the grantor's spouse and dependent children.

Following the death of the grantor, if the grantor's spouse survives the grantor for sixty (60) days, all of the Trust property, whether real, personal, or mixed, including all insurance policies and proceeds to the extent payable to the trustee and any and all properties of any kind that are receivable by the trustee under the provisions of the grantor's will, shall be divided into two parts - a Marital QTIP Trust for the grantor's spouse and a Family B Trust for the benefit of grantor's children per stirpes, by right of representation. Each trust so created will be held as a separate and distinct trust. If the grantor's spouse does not survive the grantor by sixty (60) days, no Marital QTIP Trust will be created and all of the Trust Estate will be placed into the Family B Trust.

ALLOCATION TO TRUSTS AFTER GRANTOR'S DEATH

SECOND: Upon the grantor's death, the trustee shall divide the assets of the Trust Estate into two separate trusts - the Marital QTIP Trust and the Family B Trust.

1. Marital QTIP Trust. The trustee shall place into a trust hereinafter called the Marital QTIP Trust all of the property of the original Trust Estate which would qualify for the unlimited marital deduction permitted for federal estate tax purposes except for the following:

(a) An amount of property which would be equal in value to the amount that can be passed free of federal estate taxes by virtue of the grantor's unused portion of the unified credit and any state death credit, and

(b) Any property in which the grantor's spouse disclaims an interest and that would otherwise qualify for part of the federal unlimited marital deduction.

(2) Family B Trust. The trustee shall place into trust hereinafter called the Family B Trust all of the property contained in the Trust Estate which was not placed into the Marital QTIP Trust.

MARITAL QTIP TRUST PROVISIONS

THIRD: The dispositive provisions of the marital QTIP trust shall be as follows:

1. The trustee shall pay over to the grantor's spouse or apply for the grantor's spouse's benefit, regardless of whether the

grantor's spouse shall remarry or not, the entire net income of the Marital QTIP Trust at least semiannually. If the trustee deems the net income of the trust to be insufficient, the trustee shall also pay or apply for the benefit of the grantor's spouse so much of the principal of the Marital QTIP Trust as in the trustee's sole discretion is deemed necessary for the grantor's spouse's proper support, care, maintenance and health in the manner of the grantor's spouse's accustomed standard of living.

In making distributions, the trustee through the use of reasonable discretion may consider to the extent deemed advisable any income or other resources of the grantor's spouse outside the Marital QTIP Trust known to exist by the trustee.

2. Upon the death of the grantor's spouse, the trustee shall distribute:

(a) Any and all undistributed income of the Marital QTIP Trust to the grantor's spouse's estate, and

(b) all of the remaining principal of the Marital QTIP Trust to the Family B Trust to be administered and distributed in accordance with the terms thereof.

3. The grantor authorizes the trustee, in the trustee's absolute discretion, to make or not make the election provided by section 2056 (b) (7)(B)(v) of the Internal Revenue Code to treat all or a portion of the Marital QTIP Trust as qualified terminable interest property for the purpose of qualifying all or a specific

portion of the trust for the federal estate marital deduction. The grantor recognizes that if the trustee does not make such an election, the Marital QTIP Trust will not qualify for such marital deduction. In exercising such discretion the trustee may consider all relevant factors, including the potential benefits and detriments of reducing the federal estate tax on the grantor's Trust Estate and increasing such tax on the estate of the grantor's spouse as well as the potential benefits of eliminating from the grantor's spouse's gross estate such appreciation in value of the marital deduction share as may occur after the grantor's death and before the grantor's spouse's death. This discretion of the trustee shall be absolute, notwithstanding any beneficial or adverse effect the making or not making of the election may have on the grantor's estate, the grantor's spouse's estate or on the beneficiaries' share of the estate. The trustee shall not incur any personal liability whatsoever for exercising or not exercising this election as hereinabove discussed.

In the event that the trustee does make the election discussed above, the following instructions apply regarding it:

(a) To the extent that any demand is made by the personal representative on the grantor's spouse's estate, the trustee shall distribute from the Trust Estate to such personal representative an amount equal to (i) the amount of any federal estate tax that such personal representative is entitled to recover under the provisions

of Section 2207(A) of the Internal Revenue Code or the successor provisions of federal law with respect to the property held in trust at the time of the grantor's spouse's death and (ii) the amount of any increase in any state's inheritance, legacy, estate or succession tax that results from the inclusion of such property in the gross estate of the grantor's spouse pursuant to section 2044 of the Internal Revenue Code or the successor provision of federal law. If there is not a personal representative for the grantor's spouse's estate at the time required for the payment of the tax, the trustee may pay from the Trust Estate such tax directly to the appropriate state and federal taxing authorities.

(b) The grantor intends, unless the trustee elects otherwise, that this Marital QTIP Trust will qualify for the unlimited marital deduction for transfers between spouses under the marital deduction provisions of the Internal Revenue Code.

(4) Regardless of whether the trustee makes the marital QTIP election discussed above or not, the following provisions will apply to this Marital QTIP Trust:

(a) The grantor's spouse shall have the right and power by a written instrument delivered to the trustee to direct that the trustee sell, turn and convert any non-income producing property of whatever type, including real estate, life insurance policies and other personal property, into income producing property.

(b) The trustee alone through the use of reasonable discretion shall determine what qualifies as principal or income for the Marital QTIP Trust. The trustee shall exercise reasonable discretion in making all allocations and apportionment of receipts and expenses for the Trust.

(c) If part of the Trust Estate for the Marital QTIP Trust contains bonds purchased at a discount, the trustee shall treat the discount, as it matures, as interest payable to the grantor's spouse. If necessary, the trustee will either sell the bonds to pay the discount or make the payments of the discount to the grantor's spouse from other assets in the Trust Estate.

(d) It is the grantor's express intention that the grantor's spouse shall have the right to occupy free of rent any real property which the grantor used as either a residence or vacation home prior to the grantor's death and in which this Marital QTIP Trust holds an interest. In accordance with the terms of Paragraph 1, above, the grantor's spouse may direct that the trustee sell the residence or vacation home and replace it with a home of equal or lower value while investing the remaining proceeds in income producing property.

FAMILY B TRUST PROVISIONS

FOURTH: Following the grantor's death, the trustee shall create the Family B Trust. The trustee shall divide the Trust Estate into as many parts or shares as there are children and

descendants of deceased children surviving the grantor. The trustee shall assure that the shares of the children surviving are equal and the shares of the descendants of each deceased child are in the aggregate the amount of the share that would have been set aside for the benefit of such deceased child has such child survived and be equal among themselves by right of representation (per stirpes, not per capita). The trustee shall hold, administer and manage each child's or descendant's share of the Trust Estate as a separate and distinct Trust Estate for the person for whom said share or part of the Trust has been established (such child or descendant is hereafter called "the beneficiary"). The Family B Trust with respect to each part or share shall terminate after the death of the grantor's spouse and upon the beneficiary attaining the age of _____ () years.

1. For each part or share of the Trust, the trustee shall exercise all of the powers hereinafter granted in Article Sixth to the trustee.

2. The trustee shall apply for the benefit of the grantor's spouse as much of the income and principal of the Family B Trust as the trustee deems appropriate for the health, education, support and maintenance of the grantor's spouse. In making these distributions the trustee shall take into account any income or other resources of the grantor's spouse that are known to the trustee and reasonably available for these purposes.

3. Upon the death of the grantor's spouse any parts or shares of the Family B Trust in which the beneficiary has attained the age of _____ () years will then terminate. On the termination of any part or share of the Family B Trust, the trustee shall pay all of the principal and accumulated income of that share or part to the beneficiary. If the beneficiary is not then living, the distribution will be made to the descendants of the beneficiary then living or in being, by right of representation (per stirpes, not per capita) or, if there be no such descendants then living or in being, to the grantor's descendants then living or in being, by right of representation (per stirpes, not per capita).

4. The trustee may at the trustee's sole and absolute discretion pay to the beneficiary of any share or part of the Family B Trust so much of the principal and accumulated income of said part or share that the trustee deems necessary for the beneficiary's care, maintenance, support or education.

REVOCABILITY

FIFTH: This Trust may be revoked in whole or in part by the grantor delivering written notice of the revocation to the trustee. In the event of such revocation, the entire Trust Estate or the revoked portion thereof shall revert to the grantor as the grantor's sole and separate property. In addition, the grantor reserves the right by written instrument signed and acknowledged by the grantor and delivered to the trustee to modify, alter, and

amend this Trust Agreement concerning any matter. The grantor may withdraw any or all of the property held in the Trust. Such withdrawn property shall thereafter be the sole property of the grantor, and the Trust shall no longer have any interest whatsoever in such property.

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

SIXTH: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of _____. Titles and headings contained in this Trust

Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

SEVENTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of twenty-one (21) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may pay any and all property that would otherwise be distributable to a minor to any court-appointed guardian or conservator of the estate of the minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

EIGHTH: The trustee Is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay the grantor's funeral, last illness and administrative expenses, debts, and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

NINTH: The trustee shall administer the Trust including all of its property, income and principal without limitation. The trustee will:

1. Exercise any and all powers not included herein which are authorized by the laws of the State of _____ which by reference are incorporated herein specifically as though set forth in their entirety.

2. Exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to carry out the purpose of this trust.

3. Exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. Grant options for any of the foregoing and make any lease or sublease, including any oil, gas, or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. Hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares of interests in investment trusts, mutual funds or common trust funds. Such property may be held without regard to the proportion it may bear to the entire amount present in the trust and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

5. Register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds, or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. Employ such employees, agents and independent contractors as the trustee deems necessary to carry on trust business, including but not limited to attorneys, financial planners, accountants, custodians and brokers. Such persons shall receive such compensation as the trustee shall determine to be reasonable.

7. Invest trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as the trustee may in his best judgment deem best. The trustee shall not be liable for losses incurred from the exercise of his discretion if the investments were undertaken in a reasonable and prudent manner.

8. Retain and carry on any business which may be accepted as a part of the Trust Estate, acquire additional interests in any such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in

the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said

property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

TENTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. Such added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner

as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

ELEVENTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason, to serve as trustee, _____
 _____ shall serve as successor-trustee. In the event _____ shall fail to serve as the trustee, then _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as the trustee, the court having jurisdiction over the grantor (if alive) or the grantor's estate, (if the grantor is deceased) shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the state of the grantor's domicile issues a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the Trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition, provided it is filed in good faith and with a reasonable belief that the

grantor is physically or mentally incapacitated and can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustee and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, he will retain his position as successor trustee next in line to replace the newly appointed one. The grantor shall exercise the power to remove or appoint a trustee by written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have all of the duties and powers of the original trustee.

TRUSTEE'S COMPENSATION

TWELFTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

THIRTEENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

FOURTEENTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court.

The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

FIFTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the trustee had no notice of the claim against such trust by such creditor, person or entity.

NO-CONTEST

SIXTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that persons right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this

Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

SEVENTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

EIGHTEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

TWENTIETH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of

competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

TWENTY FIRST: This Trust and the trusts contained herein may be referenced collectively as the _____ Revocable Trust or to the trustee as trustee under a declaration of trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

TWENTY SECOND: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the day and year first written above.

GRANTOR

TRUSTEE

_____ REVOCABLE TRUST

DATED: _____

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

1.

Grantor will change the title to all property to reflect the
transfer into the Trust Estate.

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, the operator of a community care facility, the employee of an operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the will now existing, or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

WAIVER OF GRANTOR'S SPOUSE

I, _____, am the spouse of
_____ the grantor of the above
described revocable trust.

I hereby disclaim and waive any and all rights that I may have in the property transferred by the grantor into the grantor's revocable trust by virtue of dower, curtesy or the statutory share mandated by our state of domicile. I elect to receive my disposition from the grantor's trust rather than under any rights of dower, curtesy or a statutory share in the property placed into the trust.

This disclaimer and waiver will be revoked to the extent of any property which the grantor removes from the trust prior to death or by the grantor's will except where property of comparable value is placed in the trust to replace it, such as proceeds from a sale from the property.

Dated: _____

STATE OF _____

COUNTY OF _____

On _____ before me, _____
personally appeared _____
personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(is), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

CHAPTER 10

JOINT TRUST UP TO THE UNIFIED CREDIT

The joint trust is the most common of revocable trusts. The joint trust in this book is designed for use by a married couple with a total combined estate of less than the unified credit. According to the IRS, this covers ninety percent of the married people in the United States. This joint trust can permit as much as \$1,000,000 (the unified credit amount to 2004 which increases to unlimited in 2010 and then drops back to \$1,000,000 in 2011, to be passed tax free to the couple's children or other designated heirs.

This trust takes advantage of the full unified credit to pass that amount tax-free to the children while keeping it available for use as needed for the care, maintenance and support of the trustor's spouse.

This trust in this book assumes that the estate of each spouse when added together totals no more than the unified credit which fluctuates: being \$1,000,000 through 2004, rising to unlimited in 2010, and then is reduced to \$1,000,000 in 2011. If the combined estate exceeds that amount, the joint trust, in this book, will still avoid federal estates taxes on the death of the first spouse and probate for both spouses, but it might not provide maximum protection from estate taxes. In a situation where the combined estate exceeds unified credit, the couple should consult a tax

professional for additional tax reduction planning. A different type of joint trust, separate trusts or gift plan can be specifically constructed to minimize estate taxes.

Assuming both spouses have a combined estate of less than unified credit, this trust works well. Each spouse contributes their property to the trust. The contributed property retains its character. In other words, separate property remains separate property and community property remains community property. Retaining the character of the property is important in community property states because the identification of the status of contributed property allows a stepped-up basis for federal tax purposes on both halves of all community property when a trustor spouse dies.

Upon the death of both trustors, all of the property in the joint trust will be distributed according to the Last Will and Testament of the second spouse to die. If the Will of the second deceased spouse does not make a distribution of the property in the joint trust (which is rarely done), the property is distributed in accordance with the distribution terms of the joint trust which is usually to the couple's children. By not making a disposition by Will of the joint trust property, all of the property, including any property later contributed to it by the surviving spouse, will be distributed to the trustors' children or heirs upon the second trustor's death.

Each married spouse can create a separate A-B by-pass trust to accomplish the same result. For cost effectiveness, however, a married couple usually will create just one joint trust. Separate trusts are most often employed when one or both of the spouses have prior children from a previous marriage and do not wish to leave their property to the other spouse's children while providing for the other spouse's welfare.

For example, assume Jim and Michelle are married with two children. They create a joint trust with the estate ultimately going to their children after both of their deaths. Jim's estate is worth \$300,000 and Michelle's estate is worth \$200,000. Jim dies first, and his estate remains in the joint trust. Because Jim's estate is less than the unified credit (\$600,000 in 1997) there is no estate tax due. Michelle has the right at any time to terminate the trust and take Jim's share as her own property. If Michelle leaves it in the trust, upon her death her estate (the entire trust fund) will be worth \$500,000, assuming it has not increased in value. As such, Michelle's estate will not have to pay any estate taxes because the estate is worth less than the unified credit of \$600,000. Since Michelle did not change the distribution schedule of the trust by amendment of the Trust or by her Will, upon her death the trust assets will be distributed to the children totally free of estate taxes. Use of this trust will avoid the need to probate either the husband's or the wife's

estates if all of their property is placed into the trust and the trust is not revoked.

IMPORTANT NOTE

Generally, a joint trust should not be executed by a married couple if their joint estate exceeds the unified credit amount. In such a case, each spouse should execute an A-B bypass trust or QTIP trust as appropriate.

All of the trusts in this book will avoid probate. The only question is what is the best type of trust to use to minimize estate taxes. Generally, a married couple with only children from the marriage and a joint estate less than the unified credit, a joint trust is best. Otherwise, the individual, by-pass, QTIP or other trusts are better.

The nice thing about the use of a revocable trust for estate planning is that nothing is final until death. Up until the grantor's death, the grantor has complete power and ability to alter, amend or revoke the trust to keep pace with the changing tax laws. If the unified credit is later reduced, by either lifetime gifts or a change in the law, then a joint trust can be terminated and individual by-pass or QTIP trust (included in this book) can be substituted for it.

(SAMPLE FOR A JOINT TRUST)

MARTEL

REVOCABLE TRUST

(Joint Trust)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: MARTEL REVOCABLE TRUST

DATE ESTABLISHED: JUNE 25, 2015

NAME OF GRANTORS: JIM MARTEL and MICHELLE MARTEL

NAME OF TRUSTEES: JIM MARTEL and MICHELLE MARTEL

SUCCESSOR TRUSTEE: ALLEN MARTEL

FEDERAL I.D.NUMBER: NONE. Not needed as long as a grantor is a trustee.

Keep separate records for this trusts. All income or loss of the trust is reported on the grantor's separate tax return. So long as the grantors are the only trustees, you do not have to file an income tax return for the trust.

Do not change or revoke this agreement without your attorney's advice.

For trust business, always sign:

JIM MARTEL as TRUSTEE OF THE MARTEL REVOCABLE TRUST. MICHELLE MARTEL, as TRUSTEE OF THE MARTEL REVOCABLE TRUST.

Title of all assets in this trust should be taken as:

JIM MARTEL, as TRUSTEE OF THE MARTEL REVOCABLE TRUST.
MICHELLE MARTEL, as TRUSTEE OF THE MARTEL REVOCABLE TRUST.

MARTEL
REVOCABLE TRUST
(Joint Trust)

This Agreement is made the 25TH DAY OF JUNE, 2015
between JAMES TOBIAS MARTEL and MICHELLE CALAN MARTEL
(hereinafter called the "grantor"s) and JAMES TOBIAS MARTEL and
MICHELLE CALAN MARTEL (hereinafter called the "trustees");

All of the grantor's right, title and interest in and to the property set forth and described in Schedule A annexed hereto is hereby assigned, transferred, conveyed and set unto the trustee. The trustee does hereby acknowledge receipt of said property.

The property described in Schedule A and all property subsequently transferred to this Trust at any time is hereby referenced as the "Trust Estate" and shall be held, administered, and distributed as provided below.

All community property and jointly held property transferred to these trusts and the proceeds thereof is hereafter called the "Community Estate" on Schedule A and shall be subject to all the terms and conditions of this trust agreement.

All quasi-community property and separate property of either spouse and the proceeds thereof transferred to these trusts shall be called the "Separate Estate" on Schedule A. All property in the Separate Estate shall be listed according to grantor making the

contribution and be subject to all the terms and conditions of this Trust Agreement.

It is the grantors' intention to avail themselves, if possible, of the stepped-up basis under Internal Revenue Code Section 1014 (b) (6) for community property. Therefore the grantors transmute and change the character of all property transferred into this trust into community property to the extent permitted under the law of the grantors' state of domicile if such state **is** a community property law state. If the grantors' state **is not** a community property law state, then the property transferred into this trust shall retain its original character for tax basis purposes.

The trustee further agrees to have, hold, administer and manage said property together with any additions thereto (hereinafter referred to as the "Trust Estate") upon the following express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It is the intention of the grantors that the principal of the Trust Estate along with all income from the trust be distributed as follows:

A: While both grantors are alive, the trustee shall pay to the grantors or to anyone they may designate in writing as the grantors' agent, or apply for the grantors' benefit, the entire net income of the Community Estate semi-annually or more frequently.

At the written request of either grantor or the grantors' designated agent, the trustee shall pay to either grantor or the grantors' designated as much of the property in the Community Estate as either grantor or grantors' designated agent shall request.

B: While both of the grantors live, the trustee shall also pay to each grantor, or shall apply for his or her benefit, the entire new income of that grantor's Separate Estate semiannually or more frequently. On the written request of the grantor who transferred the Separate Estate to the Trust, the trustee shall pay to him so much of the principal of the Separate Estate trust as such grantor shall request.

ALLOCATIONS AFTER GRANTOR DEATH

SECOND: Following the death of the first grantor, (hereinafter referenced as the decedent grantor) the trustees shall pay to the surviving grantor or apply for his benefit the entire net income of the trust semiannually or more frequently. If the trustee deems the net income of the trust to be insufficient, the trustee shall also pay or apply for the benefit of the surviving grantor so much of the principal of the Trust Estate as the trustee in the trustee's sole discretion deems necessary for the surviving grantor's proper support, care, maintenance and health, after taking into consideration any income or other resources of the surviving grantor outside the Trust Estate known to the trustee.

THIRD: Following the death of the surviving grantor and subject to the provisions of paragraph FOURTH the trustee may in the trustee's discretion pay from principal of the Trust to the surviving grantor's executor or administrator the debts incurred for the surviving grantor's support and estate or inheritance taxes, including interest and penalties, arising by reason of the surviving grantor's death.

FOURTH: Following the death of the surviving grantor, the trustee shall distribute the balance remaining of the Trust, including both principal and any accrued or undistributed income to such one or more persons or entities, including the surviving grantor's own estate, and on such terms and conditions, either outright or in trust, as the surviving grantor shall express by a will or codicil thereto specifically referring to an exercising this power of appointment.

FIFTH: Following the surviving grantor's death, the trustee shall distribute any portion of the Trust not disposed as provided in Paragraphs THREE AND FOUR as follows:

1. The trustee shall divide the Trust into as many parts or shares as the grantors' children: ALLEN CHAMBERS MARTEL, PATRICIA ANNE MARTEL and HEDDA MARIE MARTEL. Should any child predecease both of the grantors with surviving children or descendants, said descendants shall take the share of the deceased child. The shares of the children surviving to be equal and the

shares of the descendants of each deceased child to be in the aggregate the amount of the share that would have been set aside for the benefit of such deceased child had he survived and to be equal among themselves by right of representation, per stirpes and not per capita. Each part or share shall be held and administered as a distinct and separate Trust Estate for the benefit of the child or descendant of the child in respect to whom that part or share of the Trust shall have been reserved as aforesaid, said child or descendant being hereinafter sometimes called "the beneficiary."

2. Should a child predecease the grantors without surviving descendants, that child's share of the Trust shall be divided among the remaining child or children who survive the grantors or who have surviving descendants surviving the grantors.

3. The grantors expressly intend not to distribute anything under the terms and provisions of this Trust to _____

except in the event _____

_____ should predecease the grantors without surviving descendants. In such an event the entire Trust Estate shall be distributed to _____

4. The trust with respect to each part or share shall terminate upon either the beneficiary's death or the beneficiary attaining the age of TWENTY-FOUR (24) years. Any beneficiary over the age of TWENTY-FOUR (24) years at the time of the surviving grantor's death is to receive his distribution immediately.

5. The trustee shall hold, invest, and reinvest the principal or corpus for each trust hereby created and shall exercise all of the powers enumerated in Article Sixth. The trustee shall collect and receive rents, issues, dividends, interest and income for each trust and shall pay all of the income derived therefrom to each trust's beneficiary at least annually.

REVOCABILITY

SIXTH: As long as both of the grantors are alive, either grantor may revoke this Trust or any part of it by delivering written notice to both the other grantor and to the trustee. Upon revocation of the Trust, the entire Community Estate or the revoked portion shall revert to both grantors as their community property or joint property in the same form or title as it had originally been transferred into the Trust.

This Trust may not be amended during the lifetime of both grantors without the consent of both of them. From and after the

death of either of the grantors, the surviving grantor may alter, amend or revoke the Trust in any manner including termination of the Trust and the taking receipt of all or any part of the Trust Estate herein as the surviving grantor's own sole and separate property.

(Optional) All of the grantors' powers to amend and revoke are personal to them and in the event of disability may not be exercised by a conservator or holder of a durable power of attorney except pursuant to a court order. Furthermore, the disability of one grantor shall not prevent the exercise by the other grantor of his power of revocation with respect to the Trust.

I specifically approve and adopt this provision _____

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

SEVENTH: This Trust has been created and accepted by both the grantor and the trustee in the State of CALIFORNIA. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of CALIFORNIA. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

EIGHTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of EIGHTEEN (18) years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributable to a minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

NINTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay from the Trust Estate the grantor's funeral and last illness and administrative expenses, debts and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

TENTH: The trustee shall administer the Trust including all of its property, income and principal, through the exercise of all of the following powers, without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein which are authorized by the laws of the State of CALIFORNIA which by reference are incorporated herein specifically as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sublease, including any oil, gas or mineral lease, for such period of time and include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common Trust Estates. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust

and whether or not the same is of the class in which fiduciaries or authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the trust business, including, but not be limited to the following: attorneys, financial planners, accountants, depositaries, custodians and brokers. Such persons shall be receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, acquire additional interests in any

such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify

the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under

this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

ELEVENTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. Such added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

TWELFTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, ALLEN CHAMBERS MARTEL shall serve as successor trustee. In the event ALLEN CHAMBERS MARTEL shall for any reason fail to serve as the trustee, PATRICIA ANNE MARTEL shall serve as the successor trustee. In the event PATRICIA ANNE MARTEL shall fail for any reason to serve as trustee, the court having jurisdiction over the grantor (if alive) or the grantors estate, (if the grantor is deceased) shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the State of the grantor's domicile issued a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustees and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, he will retain his position as successor trustee next in line to replace the newly appointed one. The grantor shall remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

THIRTEENTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to

receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

FOURTEENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

FIFTEENTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

SIXTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the

trustee had no notice of the claim against such trust by such creditor, person or entity

NO-CONTEST

SEVENTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

EIGHTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

NINETEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

TWENTIETH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

TWENTY FIRST: This Trust and the trusts contained herein may be referred to collectively as the JAMES AND MICHELLE MARTEL Revocable Trust or by the name of the named beneficiary of any trust hereunder or by such other designation as the trustees may deem appropriate.

For the purposes of this Trust Agreement, property shall be deemed transferred to the trust and subject to the terms of this Trust Agreement when it has been titled or assigned to the trustee as trustee of the JAMES AND MICHELLE MARTEL Revocable Trust, or to the trustee as trustee under Declaration of

Trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

TWENTY SECOND: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTORS

TRUSTEES

James Martel

James Martel

Michelle Martel

Michelle Martel

MARTEL REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

COMMUNITY PROPERTY

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

SEPARATE PROPERTY

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Grantors will change the title to all property to reflect the
transfer into the Trust Estate.

STATE OF _____

COUNTY OF _____

On _____, before me _____
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized and capacity/capacities that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and, to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the Will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

REVOCABLE TRUST
(Joint Trust)

TRUST SUMMARY: THIS PAGE IS NOT PART OF THE TRUST

This trust is specifically designed for an estate of less than unified credit. If the grantor's estate should later exceed unified credit, which rises to an unlimited amount in 2010 and then reduces to \$1,000,000 in 2011 under the Tax Act of 2001, the trust should be reviewed for possible changes to avoid or reduce federal estate taxes.

NAME OF TRUST: _____

DATE ESTABLISHED: _____

NAME OF GRANTORS: _____

NAME OF TRUSTEES: _____

SUCCESSOR TRUSTEE: _____

FEDERAL I.D. NUMBER: NONE. Not needed as long as a grantor is
a trustee.

Keep separate records for this trusts. All income or loss of the trust is reported on the grantor's separate tax return. So long as the grantors are the only trustees, you do not have to file an income tax return for the trust.

Do not change or revoke this agreement without your attorney's advice.

For trust business, always sign:

Title of all assets in this trust should be taken as:

REVOCABLE TRUST
(Joint Trust)

This Agreement is made the _____ DAY OF _____
between _____
(hereinafter called the "grantor"s) and _____
_____ (hereinafter called the "trustees");

All of the grantor's right, title and interest in and to the property set forth and described in Schedule A annexed hereto is hereby assigned, transferred, conveyed and set unto the trustee. The trustee does hereby acknowledge receipt of said property.

The property described in Schedule A and all property subsequently transferred to this Trust at any time is hereby referenced as the "Trust Estate" and shall be held, administered, and distributed as provided below.

All community property and jointly held property transferred to these trusts and the proceeds thereof is hereafter called the "Community Estate" on Schedule A and shall be subject to all the terms and conditions of this trust agreement.

All quasi-community property and separate property of either spouse and the proceeds thereof transferred to these trusts shall be called the "Separate Estate" on Schedule A. All property in the Separate Estate shall be listed according to grantor making the

contribution and be subject to all the terms and conditions of this Trust Agreement.

It is the grantors' intention to avail themselves, if possible, of the stepped-up basis under Internal Revenue Code Section 1014 (b) (6) for community property. Therefore the grantors transmute and change the character of all property transferred into this trust into community property to the extent permitted under the law of the grantors' state of domicile if such state **is** a community property law state. If the grantors' state **is not** a community property law state, then the property transferred into this trust shall retain its original character for tax basis purposes.

The trustee further agrees to have, hold, administer and manage said property together with any additions thereto (hereinafter referred to as the "Trust Estate") upon the following express terms and conditions of this Trust Agreement:

BENEFICIARIES' INTERESTS

FIRST: It is the intention of the grantors that the principal of the Trust Estate along with all income from the trust be distributed as follows:

A: While both grantors are alive, the trustee shall pay to the grantors or to anyone they may designate in writing as the grantors' agent, or apply for the grantors' benefit, the entire net income of the Community Estate semi-annually or more frequently.

At the written request of either grantor or the grantors' designated agent, the trustee shall pay to either grantor or the grantors' designated as much of the property in the Community Estate as either grantor or grantors' designated agent shall request.

B: While both of the grantors live, the trustee shall also pay to each grantor, or shall apply for his or her benefit, the entire new income of that grantor's Separate Estate semiannually or more frequently. On the written request of the grantor who transferred the Separate Estate to the Trust, the trustee shall pay to him so much of the principal of the Separate Estate trust as such grantor shall request.

ALLOCATIONS AFTER GRANTOR DEATH

SECOND: Following the death of the first grantor, (hereinafter referenced as the decedent grantor) the trustees shall pay to the surviving grantor or apply for his benefit the entire net income of the trust semiannually or more frequently. If the trustee deems the net income of the trust to be insufficient, the trustee shall also pay or apply for the benefit of the surviving grantor so much of the principal of the Trust Estate as the trustee in the trustee's sole discretion deems necessary for the surviving grantor's proper support, care, maintenance and health, after taking into consideration any income or other resources of the surviving grantor outside the Trust Estate known to the trustee.

THIRD: Following the death of the surviving grantor and subject to the provisions of paragraph FOURTH the trustee may in the trustee's discretion pay from principal of the Trust to the surviving grantor's executor or administrator the debts incurred for the surviving grantor's support and estate or inheritance taxes, including interest and penalties, arising by reason of the surviving grantor's death.

FOURTH: Following the death of the surviving grantor, the trustee shall distribute the balance remaining of the Trust, including both principal and any accrued or undistributed income to such one or more persons or entities, including the surviving grantor's own estate, and on such terms and conditions, either outright or in trust, as the surviving grantor shall express by a will or codicil thereto specifically referring to an exercising this power of appointment.

FIFTH: Following the surviving grantor's death, the trustee shall distribute any portion of the Trust not disposed as provided in Paragraphs THREE AND FOUR as follows:

1. The trustee shall divide the Trust into as many parts or shares as the grantors' children: _____
 _____. Should any child predecease both of the grantors with surviving children or descendants, said descendants shall take the share of the deceased child. The shares of the children surviving to be equal and the

shares of the descendants of each deceased child to be in the aggregate the amount of the share that would have been set aside for the benefit of such deceased child had he survived and to be equal among themselves by right of representation, per stirpes and not per capita. Each part or share shall be held and administered as a distinct and separate Trust Estate for the benefit of the child or descendant of the child in respect to whom that part or share of the Trust shall have been reserved as aforesaid, said child or descendant being hereinafter sometimes called "the beneficiary."

2. Should a child predecease the grantors without surviving descendants, that child's share of the Trust shall be divided among the remaining child or children who survive the grantors or who have surviving descendants surviving the grantors.

3. The grantors expressly intend not to distribute anything under the terms and provisions of this Trust to _____

except in the event _____

_____ should predecease the

grantors without surviving descendants. In such an event the entire Trust Estate shall be distributed to _____

4. The trust with respect to each part or share shall terminate upon either the beneficiary's death or the beneficiary attaining the age of _____ () years. Any beneficiary over the age of _____ () years at the time of the surviving grantor's death is to receive his distribution immediately.

5. The trustee shall hold, invest, and reinvest the principal or corpus for each trust hereby created and shall exercise all of the powers enumerated in Article Sixth. The trustee shall collect and receive rents, issues, dividends, interest and income for each trust and shall pay all of the income derived therefrom to each trust's beneficiary at least annually.

REVOCABILITY

SIXTH: As long as both of the grantors are alive, either grantor may revoke this Trust or any part of it by delivering written notice to both the other grantor and to the trustee. Upon revocation of the Trust, the entire Community Estate or the revoked portion shall revert to both grantors as their community property or joint property in the same form or title as it had originally been transferred into the Trust.

This Trust may not be amended during the lifetime of both grantors without the consent of both of them. From and after the death of either of the grantors, the surviving grantor may alter, amend or revoke the Trust in any manner including termination of

the Trust and the taking receipt of all or any part of the Trust Estate herein as the surviving grantor's own sole and separate property.

(Optional) All of the grantors' powers to amend and revoke are personal to them and in the event of disability may not be exercised by a conservator or holder of a durable power of attorney except pursuant to a court order. Furthermore, the disability of one grantor shall not prevent the exercise by the other grantor of his power of revocation with respect to the Trust.

I, specifically, approve and adopt this provision _____

(Optional) Should the grantor become incompetent, the holder of the grantor's power of attorney can do any or all of the following in order to make the grantor eligible for nursing home assistance:

1. Make gifts from the trust to the remainder beneficiaries in the trust to the extent needed to qualify the grantor for nursing home assistance even if this means terminating the trust for lack of assets.
2. Declare the trust irrevocable and renounce all future interests in the trust for the grantor
3. In a community property joint trust, the agent may transmute all or any part of the principal's community property interests into separate and give that property in fee to the principal's spouse.

I, specifically approve and adopt this provision _____

GOVERNING LAW

SEVENTH: This Trust has been created and accepted by both the grantor and the trustee in the State of _____. The Trust's validity, construction and all rights under this Trust Agreement shall be governed by the laws of the State of _____. Headings and titles contained in this Trust Agreement shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of its provisions.

PAYMENTS TO MINORS

EIGHTH: If the trustee is required to make distributions to a person who is a minor, the trustee has the following discretionary alternatives:

1. The trustee may continue to hold the property that would otherwise be distributed to the minor in a separate trust fund until the minor attains the age of _____ years. During the time that the minor's trust is in effect, the trustee shall exercise all of the trustee powers listed under the Article Sixth of this Trust Agreement. The trustee shall in the trustee's sole discretion shall pay or apply for the benefit of the minor as much of the Trust principal and income as the trustee deems advisable. If the trustee elects to hold the property in a trust for the minor, the trustee shall be entitled to reasonable compensation for the services rendered and shall serve without a bond.

2. The trustee may transfer and pay to any court appointed guardian or conservator of the estate of the minor any and all property that would otherwise be distributable to a minor.

3. The trustee may pay any and all property that would otherwise be distributed to a minor to any trust created under a state's Uniform Gifts to Minor's Act.

PAYMENTS TO ESTATE

NINTH: The trustee is required to pay any estate, inheritance, succession, or other similar taxes imposed on the grantor's estate as a result of the grantor's death if requested to do so in writing by the personal representative of the grantor's estate. The trustee shall pay from the Trust Estate the grantor's funeral and last illness and administrative expenses, debts and other proper charges against the estate if requested in writing to do so by the grantor's personal representative.

If the grantor's estate is unable to pay a monetary bequest that was made in the grantor's last will and testament, the trustee shall pay from the Trust Estate that portion of the bequest which the grantor's estate cannot otherwise make.

TRUSTEE'S POWERS

TENTH: The trustee shall administer the Trust including all of its property, income and principal, through the exercise of all of the following powers, without limitation by their specific enumeration herein:

1. To exercise any and all powers not included herein which are authorized by the laws of the State of _____ which by reference are incorporated herein specifically as though set forth in their entirety.

2. To exercise all fiduciary powers in the management of the Trust Estate which any individual could exercise upon such terms and conditions as he may deem best, and execute and deliver any and all instruments and do all acts which may be deemed necessary or proper to conduct the purpose of this Trust.

3. To exchange, lease, sublease, mortgage, pledge or otherwise encumber the property of the Trust upon such terms and conditions as may be deemed advisable. The trustee may also grant options for any of the foregoing and make any lease or sublease, including any oil, gas or mineral lease, for such period of time and include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust and without approval of any court.

4. To hold, acquire, invest or exchange any property of any type wheresoever located, including but not limited to real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common stocks, preferred stocks, and shares or interests in investment trusts, mutual funds or common Trust Estates. Such property may be held without regard to the proportion it may bear to the entire amount present in the Trust

and whether or not the same is of the class in which fiduciaries or authorized by law or any rule of court to invest funds.

5. To register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees and take and keep any stocks, bonds or other securities unregistered or in such condition as to pass by delivery. Accurate records shall be maintained showing that such property is a Trust asset. The trustee shall be responsible for the acts of the nominee or nominees.

6. To employ such employees, agents and independent contractors as the trustee deems necessary to carry on the trust business, including, but not be limited to the following: attorneys, financial planners, accountants, depositaries, custodians and brokers. Such persons shall be receive such compensation as the trustee shall determine to be reasonable.

7. To invest Trust funds in real or personal property of any type, including but not limited to stocks, bonds, notes, debentures, or other securities, including any common or commingled funds. The trustee shall have the power to make such investments as it may in its unrestricted judgment deem best. The trustee shall not be liable for losses incurred from the exercise of its discretion if the investments were undertaken in a reasonable and prudent manner.

8. To retain and conduct any business which may be accepted as a part of the Trust Estate, acquire additional interests in any

such business, agree to the liquidation in kind of any corporation in which this Trust may have any interest and carry on the business thereof, join with other owners in adopting any form of management for any business or property in which this Trust may have any interest, become or remain a partner, general or limited, in regard to any such business or property, incorporate any such business or property and hold the stock or other securities as an investment.

9. Make all determinations as to what constitutes trust income and what constitutes trust principal. The trustee's determination shall be final and binding upon persons interested in the Trust. Notwithstanding the foregoing, shares of stock received by way of stock dividend shall be deemed principal and not income.

10. Transact business in any form with any other trust created by the grantor, the grantor's estate, the estate of the grantor's spouse or from any trust created by the grantor's spouse. All sales or purchases of any property shall be at the fair market value thereof as determined by the trustee, irrespective of the fact that the trustee may also be serving as the trustee of such other trusts, as personal representative of either the grantor's or grantor spouse's estate or the trustee of any other trust established by the grantor or grantor's spouse.

11. Commingle Trust funds with other trusts created by the grantor. Such commingling shall be only for efficient management of the trust. Accurate records shall be maintained that identify

the percentage and extent of Trust funds properly which belong to each trust.

12. Make loans, both secured and unsecured, on such terms that the trustee deems reasonable and advisable. Such loans can be made to any person, including a beneficiary of this trust, and to any corporation at the trustee's reasonable discretion.

13. Hold for the Trust any property of whatever type of character without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or by any rule of court to invest funds. Said property or interest in property may be held in the form received by trustee.

14. Sell, transfer and convey any and all property of the Trust at either public or private sale upon such terms and conditions as may be deemed proper. The trustee may sell such property either for credit for such period of time as may be deemed proper or for cash and with or without security.

15. Prosecute or defend actions, claims, or proceedings for the protection of trust property and the trustee in the performance of the trustee's duties.

16. Pay any sum distributable to a beneficiary without regard to whether the beneficiary is under a legal disability by paying the sum to the beneficiary or by paying the sum to another person for the use or benefit of the beneficiary. No distribution under

this trust agreement to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parents to support him in accordance with the laws of the state of the parent's domicile from time to time, unless a court of competent jurisdiction determines that this distribution is necessary for the minor's support, health, or education.

ADDITIONS TO THE TRUST

ELEVENTH: Property may be added or transferred to the Trust at any time and from any source with the trustee's approval. Such added property shall thereupon become a part of the Trust Estate and shall thereafter be administered and treated in the same manner as the property originally transferred into the Trust by the grantor.

SUCCESSOR TRUSTEES

TWELFTH: On the death, resignation or incapacity of the grantor or in the event that the grantor shall fail for any reason to serve as trustee, _____ shall serve as successor trustee. In the event _____ shall for any reason fail to serve as the trustee, _____ shall serve as the successor trustee. In the event _____ shall fail for any reason to serve as trustee, the court having jurisdiction over the grantor (if alive) or the grantors estate, (if the grantor is deceased) shall appoint the successor trustee.

The grantor's incapacity, either physical or mental, to serve as an effective trustee shall be established conclusively if a doctor authorized to practice medicine in the State of the grantor's domicile issued a written certificate to that effect. As an alternative to obtaining a medical certificate of incompetence, a successor trustee or any beneficiary may petition the court having jurisdiction over the trust to remove the grantor as trustee and replace the grantor with the successor trustee. No personal liability shall attach to any beneficiary of the Trust or to the successor trustee as a result of filing such a petition provided the petition is filed in good faith and in a reasonable belief that the grantor is physically or mentally incapacitated or otherwise can no longer perform the duties of trustee in a reasonable and competent manner.

The grantor retains the right to remove any trustees and thereafter appoint a successor trustee. In the event a different successor trustee is named in the Trust Agreement, he will retain his position as successor trustee next in line to replace the newly appointed one. The grantor shall remove or appoint a trustee by a written instrument delivered to the trustee and attached to this Trust Agreement. All successor trustees named in this Trust Agreement shall have the duties and powers as the original trustee.

TRUSTEE'S COMPENSATION

THIRTEENTH: Any person or entity serving as trustee of any trust created under this Trust Agreement shall be entitled to

receive reasonable compensation for the services provided. A corporate trustee's fee shall be based upon that trustee's regularly published fee schedule for trust services or such other reasonable fee as may be agreed at the time of appointment.

BOND

FOURTEENTH: It is the grantor's stated intention that no bond shall be required of any trustee or successor trustee named in this Trust Agreement.

ACCOUNTING

FIFTEENTH: The trustee shall not be required to file any inventory, appraisal, accounting or other report with any court. The trustee (when the grantor is not the trustee) shall furnish the grantor with a report showing the assets and liabilities of the Trust Estate, the income therefrom and the disposition thereof within sixty (60) days following the close of the Trust's tax year. After the grantor's death, the report shall be given to each Trust beneficiary and to any beneficiary's guardian, if the beneficiary is a minor or is legally incompetent. The Trust records shall be available at reasonable times for the inspection by the grantor, any beneficiary or any beneficiary's guardian.

CLAIMS OF CREDITORS

SIXTEENTH: The trustee shall not be personally liable to any creditor or to any other person or entity for making distributions from any trust under the terms of this Trust Agreement if the

trustee had no notice of the claim against such trust by such creditor, person or entity

NO-CONTEST

SEVENTEENTH: The grantor has deliberately, intentionally and with full knowledge omitted to provide for the grantor's heirs except for the extent provided for in this Trust Agreement. If any beneficiary under this Trust in any manner, directly or indirectly, contests in any court the validity of this Trust or the grantor's last will or any of the provisions, that person's right to take any interest given to him by this Trust shall be revoked. The interest of said beneficiary shall then be distributed as it would have been distributed if the person had predeceased the execution of this Trust without surviving issue. The provisions of this paragraph shall not apply to any disclaimer by a beneficiary of anything to be received under this Trust or under the grantor's will. The trustee is specifically empowered, directed and authorized to defend at the expense of the Trust funds any contest or other attack of any nature on this Trust or the grantor's will.

SPENDTHRIFT

EIGHTEENTH: No part, share or interest in the principal or income of any trust created under this Trust Agreement shall be sold, transferred, conveyed, assigned, encumbered, anticipated or attached by any legal process, or be subject to any creditor's claim before the actual receipt by that trust's beneficiary.

PERPETUITIES SAVINGS CLAUSE

NINETEENTH: It is the grantor's intention that neither this Trust nor any trust subsequently created violates the law against perpetuities. Every trust created under his trust agreement must terminate, and the assets contained therein must be distributed within twenty-one (21) years of the death of all the grantor's children and descendants living on the date of the grantor's death. Upon termination of any trust, the trust fund shall be distributed by right of representation to those persons who are then entitled to receive the income distributions from the trust.

SEVERABILITY

TWENTIETH: It is the grantor's intention that if any provision of this Trust Agreement shall be found by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining provisions shall continue to be fully effective.

NAME OF TRUST

TWENTY FIRST: This Trust and the trusts contained herein may be referred to collectively as the _____ Revocable Trust or by the name of the named beneficiary of any trust hereunder or by such other designation as the trustees may deem appropriate.

For the purposes of this Trust Agreement, property shall be deemed transferred to the trust and subject to the terms of this Trust Agreement when it has been titled or assigned to the trustee as trustee of the _____ Revocable Trust, or to the trustee as trustee under Declaration of

Trust followed by the same date as this Trust Agreement or to the trustee U/D/T dtd (under declaration of trust dated) followed by the date of this Trust Agreement, or in any other manner indicating its transfer to the trustee was as trustee of this Trust Agreement and not as the trustee's sole and separate property.

ACCEPTANCE BY TRUSTEE

TWENTY SECOND: The trustee hereby accepts and agrees to be bound by the terms and conditions of this Trust Agreement. Such acceptance is signified by the trustee's execution of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement on the day and year first written above.

GRANTORS

TRUSTEES

_____ REVOCABLE TRUST

DATED:

SCHEDULE A

All real and personal property wheresoever located including
but not limited to the following:

COMMUNITY PROPERTY

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.

SEPARATE PROPERTY

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.
- 20.

Grantors will change the title to all property to reflect the transfer into the Trust Estate.

STATE OF _____

COUNTY OF _____

On _____, before me _____
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized and capacity/capacities that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

STATEMENT OF WITNESSES

I declare under penalty of perjury that the person who signed or acknowledged this document is personally known to me or proved to me on the basis of convincing evidence to be the principal, that the principal signed or acknowledged this revocable trust in my presence, that the principal appears to be of sound mind and under no duress, fraud, or undue influence, that I am not the principal's attorney in fact, and that I am not a health care provider, an employee of a health care provider, the operator of a community care facility, the operator of a residential care facility for the elderly, or an employee of an operator of a residential care facility for the elderly.

I further declare that I am not related to the principal by blood, marriage, or adoption, and, to the best of my knowledge I am not entitled to any part of the estate of the principal upon the death of the principal under this trust, the Will now existing or by operation of law.

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

Signature: _____

Print Name: _____ Date: _____

Residence Address: _____

CHAPTER 11

POUR-OVER WILLS

A Pour-Over Will is a special type of Will that is specifically designed for use in conjunction with a revocable trust. A Pour-Over Will places into a decedent's revocable trust all of the property which the decedent forgot or failed to place into the trust while alive. Property not placed into the trust prior to the decedent's death may still require a probate if the size of the non-trust assets are too large for a state's summary probate procedures to be used. A Pour-Over Will can, in some situations, prevent a probate being required for this orphaned property. In any event, use of the Pour-Over Will assures that any forgotten property would be ultimately be managed and distributed the same as the property originally placed into the trust. For example, a California resident had created a revocable trust years ago while living in Hawaii. Unfortunately, he forgot to have a piece of real property transferred into the trust that at the time the property was nearly worthless. When he died, however, that property was worth over \$250,000. Since the property was not in his trust, it had to be probated in order to place it into the trust. This was the only property in his multi-million dollar

estate which needed probate. The cost of the probate was nearly \$7,000 mainly for attorney fees. The cost could have been entirely avoided if the property has been placed into the trust for a \$10 recordation fee.

For an example of the use of a Pour-Over Will, assume that a person hits a lottery for \$10,000,000 and immediately has a heart attack and dies. Since the money had not been placed into the trust, it would need to be probated. If the person did not have a Pour-Over Will and relied solely on the revocable trust, the money will be distributed by the state laws of intestacy, which could be very different from the distribution intended under the trust. If a Pour-Over Will exists, upon the person's death after the probate of the Will, the money is placed into the trust for disposition in accordance with the terms of the trust.

In the California example, the client did not have a Pour-Over Will. Consequently, his wife received her statutory intestacy share and the rest of the property was divided among the children. It had not been the decedent's intent for his estate to be distributed in this manner. He had wanted the entire estate to remain intact for the support and maintenance of his wife until her death; then there was to be a disposition to the children. Since he did not have a Pour-Over Will directing the inclusion of his estate into the trust, it was distributed in accordance with Hawaii's intestacy law.

A Pour-Over Will is an insurance policy to insure that any forgotten property that was not previously placed into the trust will be placed there after death. Hopefully, no property will be omitted, and the pour-over clause of the Will not come into play.

Several Pour-Over Wills follow this chapter. There are Pour-Over Wills for spouses who create a joint trust. In addition, there is a Pour-Over Will for an individual (single or married) who executes a separate revocable trust. The Pour-Over Wills simply place property into the trust that was not placed there before the trustor died. As a rule, no one should have any property not included in the trust. The Pour-Over Will also satisfies another important task: it serves to nominate a guardian for minor children following the sudden death of a parent.

A few states, such as Louisiana, require that a Last Will and Testament be notarized. By requiring a notary, the state makes it easier to authenticate (prove) that the will was actually signed by the decedent. In states that do not require a notary, the heirs under the will must obtain from a witness an affidavit, usually called "proof of subscribing witness," declaring that the deceased executed the will. If all the witnesses are dead or otherwise unavailable to authenticate the will, handwriting analysis must be undertaken to get that proof. Most states will not accept a notary's acknowledgment in place of a signed witness statement by two or three legally competent witnesses. A person can determine

very easily if a state requires a will to be notarized by simply calling an attorney and asking. Most attorneys will state over the phone whether a will must be notarized.

The Pour-Over Wills in this book contain a notary acknowledgment for use in any state that would require it.

There are situations where notarizing a will is a good idea even though the acknowledgment cannot be used in place of a witness statement. A notary is an officially licensed and independent person. In a will contest, a notary's testimony that the creator of the will appeared competent would carry a great deal of weight.

Whenever wills are changed within a year of death, the question may arise as to whether the deceased may have been incompetent or that undue influence may have been employed to get the new will executed. This unfortunately is a somewhat common scenario. There are many cases where a parent executed a new will shortly before death in favor of a child who had virtually ignored the parent during the last illness while providing nothing for the child who had patiently tended the parent. This pattern definitely gives rise to questions of overreaching. For that reason, having a notary sign a will when there was a marked change in distribution of the estate can certainly be of value.

Videotaping a will is an excellent idea, but it does not replace the need to have the will written. If the will is not written, the intent of the decedent regarding estate disposition

will not be given effect even with a videotape available. The exception is that some states do permit nuncupative wills (oral wills) to pass a small amount of property. Oral wills should not be used for a large estate.

The real value of videotaping a Will is that it proves the testator to be competent, sane and not under any undue influence. When an elderly or sick person makes a new will that dramatically changes the disposition of the estate, a will is subject to contest. In California, a court set aside a marriage because the court found that the man had been incompetent and unable to understand that he was getting married. The woman whose marriage was annulled received nothing from the estate.

The most common will contest involves an heir ignoring a relative for years until shortly before the relative's death. Then the heir suddenly becomes the relative's best friend, The relative, shortly before death, rewrites his will to replace other heirs and friends who have cared for the person during all the years that the new heir was absent. The issue is whether the new heir played upon the decedent's fear of impending death to get a larger share of the estate.

Videotaping is an excellent means of preventing a will contest among greedy relatives. The testator can read the will to the camera, state his intent to create a new will and answer questions that show a detailed understanding of that intent. If any heir

thereafter seeks to set aside the will, the tape is excellent proof of the testator's competence. Most wills contain a clause that disinherits heirs who try to break a will and fail. The videotape would give the heirs something to consider before starting a will contest.

(SAMPLE POUR-OVER WILL FOR SPOUSE PUTTING INTO
A REVOCABLE TRUST ANY PROPERTY NOT IN IT.)

LAST WILL AND TESTAMENT

(POUR-OVER WILL)

OF

AGNES MILICENT HOWARD

I, AGNES MILICENT HOWARD, a resident of MENDOCINO
County, CALIFORNIA, declare this to be my Last Will and
Testament.

Paragraph One: I revoke all wills and codicils that I have
previously made.

Paragraph Two: I am married to JASON HOWARD and all
references in this will to my spouse are to JASON HOWARD.
I have the following children: FELICITY HOWARD, ALLEN HOWARD and
ALICE HOWARD. The terms "my child" and "my children" as used in
this will shall include any other children born to or adopted by
me.

Paragraph Three: I confirm to my spouse full interest in our
community and marital property.

Paragraph Four: I give my entire estate, including all of my
real and personal property to the trustee then in office under the
trust designated as the HOWARD REVOCABLE TRUST of which
AGNES MILICENT HOWARD AND JASON HOWARD are grantors and

AGNES MILICENT HOWARD AND JASON HOWARD were designated as trustees. I direct that my entire estate shall be added to, administered, and distributed as part of that trust, according to the terms of the trust and any amendment made to it before my death. To the extent permitted by law it is not my intention to create a separate trust by this will or to subject the trust or the property added to it to the jurisdiction of the probate court.

Paragraph Five: If the disposition in Paragraph Four is inoperative or is invalid for any reason, or if the trust referenced in Paragraph Four fails or is revoked, I incorporate here by reference the terms of the trust, as originally executed without giving effect to any amendments made subsequently, and I bequeath and devise my entire estate to the trustee named in the trust as trustee to be held, administered and distributed as provided in this instrument.

Paragraph Six: Except as provided in this will, I have intentionally omitted to provide herein for any of my heirs living at the date of my death.

Paragraph Seven: If any beneficiary under this will in any manner, directly or indirectly, contests or attacks this will or any of its provisions, any share or interest in my estate given to that contesting beneficiary under this will is revoked and shall be distributed in the same manner provided herein as if that contesting beneficiary had predeceased me without issue.

Paragraph Eight: I nominate JASON HOWARD
 as executor of my estate to serve without bond. If for any reason,
JASON HOWARD
 shall fail to qualify or cease to act as my executor, then I
 nominate FELICITY HOWARD
 as alternate executor of my estate to serve without bond. The term
 executor as used in this will shall include any personal
 representative of my estate.

Paragraph Nine: I direct that all inheritance, estate, or
 other death taxes that may by reason of my death be attributable to
 my probate estate or any portion of it, including any property
 received by any person as a family allowance or homestead, shall be
 paid by my executor from the residue of my estate disposed by this
 will, without adjustment among the residuary beneficiaries, and
 shall not be charged against or collected from any beneficiary of
 my probate estate.

Paragraph Ten: I grant my executor the following powers under
 the terms of this will:

1. To retain any such property without regard to the
 proportion such property or similarly held property may bear to the
 entire amount held and whether or not the same is of the class in
 which fiduciaries are authorized by law or any rule of court to
 invest funds.

2. To sell any such property upon such terms and conditions as may be deemed proper at either public or private sale, either for credit for such period of time as may be deemed proper or for cash and with or without security, and the purchaser of such property shall have no obligation to see to the use or application of the proceeds of sale. To exchange, lease, sublease, mortgage, pledge or otherwise encumber any such property upon such terms and conditions as may be deemed advisable. To grant options for any of the foregoing and to make any lease or sublease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust, subject only to such confirmation of court as may be required by law.

3. To invest and reinvest and to acquire by exchange property of any character, foreign or domestic, or interests or participations therein, including by way of illustration but not of limitation, real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common and preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds, without regard to the proportion any such property or similar property held may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

4. To hold any personal property in any state, to register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees, and to take and keep any stocks, bonds or other security unregistered or in such condition as to pass by delivery.

5. To employ in the exercise of absolute discretion investment counsel, accountants, depositaries, custodians, brokers, attorneys and agents, irrespective of whether any person so employed shall be a fiduciary hereunder or a firm or corporation in which a fiduciary hereunder shall have an interest and to pay them the usual compensation for their services out of the principal or income of the property held hereunder in addition to and without diminution of or charging the same against the commissions or compensation of any fiduciary hereunder, and any fiduciary who shall be a partner in any such firm shall nevertheless be entitled to receive his share as part of the compensation paid to such firm.

6. To continue the operation of any business belonging to my estate for such time and in such manner as my executor may deem advisable and for the best interests of my estate, or to sell and liquidate the business at such time and on such terms as my executor may deem advisable and for the best interests of my estate. Any such operation, sale, or liquidation by my executor, in good faith, shall be at the risk of my estate and without liability on the part of my executor for the resulting losses.

Paragraph Eleven: This Last Will and Testament shall be construed, regulated, and governed in all respects not only as to administration but also as to its validity and effect by the laws of the State of CALIFORNIA.

Paragraph Twelve: As used in this will, the term "issue" shall refer to lineal descendants of all degrees, and the terms "child," "children," and "issue" shall include adopted persons.

Paragraph Thirteen: This Last Will and Testament has been executed in duplicate. Upon my death, either duplicate original will may be offered for probate. If upon my death the will in my possession cannot be found, it is not to be presumed that I destroyed or revoked the will.

Paragraph Fourteen: If at my death any of my children is a minor, I nominate my brother, HAROLD LYDON CRIER as guardian of both the person and estate of my minor child to serve without bond. If for any reason HAROLD LYDON CRIER shall fail to qualify or cease to act as such guardian, then I nominate my sister, HELEN FAYE MASON as alternate guardian to serve without bond.

I subscribe my name to this will on this date January 15, 2002 at Ukiah, California.

Agnes Milicent Howard

ATTESTATION

On the date last written above, AGNES MILICENT HOWARD
declared to us the undersigned that the foregoing instrument
consisting of seven (7) pages including the page signed by us as
witnesses, was the testator's Last Will and Testament and requested
us to act as witnesses to it. The testator thereupon signed the
will in our presence, all of us being present at the same time. We
now at the testator's request in the testator's presence and in the
presence of each other subscribe our names as witnesses.

Residing at _____

Residing at _____

Residing at _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____

_____ personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(is), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

LAST WILL AND TESTAMENT
(POUR-OVER WILL)
OF

I, _____, a resident of _____
County, _____, declare this to be my Last Will and
Testament.

Paragraph One: I revoke all wills and codicils that I have
previously made.

Paragraph Two: I am married to _____ and all
references in this will to my spouse are to _____.
I have the following children: _____
_____. The terms "my child" and "my children" as used
in this will shall include any other children born to or adopted by
me.

Paragraph Three: I confirm to my spouse full interest in our
community and marital property.

Paragraph Four: I give my entire estate, including all of my
real and personal property to the trustee then in office under the
trust designated as the _____ of which
_____ are grantors
and _____ were
designated as trustees. I direct that my entire estate shall be
added to, administered, and distributed as part of that trust,

according to the terms of the trust and any amendment made to it before my death. To the extent permitted by law it is not my intention to create a separate trust by this will or to subject the trust or the property added to it to the jurisdiction of the probate court.

Paragraph Five: If the disposition in Paragraph Four is inoperative or is invalid for any reason, or if the trust referenced in Paragraph Four fails or is revoked, I incorporate here by reference the terms of the trust, as originally executed without giving effect to any amendments made subsequently, and I bequeath and devise my entire estate to the trustee named in the trust as trustee to be held, administered and distributed as provided in this instrument.

Paragraph Six: Except as provided in this will, I have intentionally omitted to provide herein for any of my heirs living at the date of my death.

Paragraph Seven: If any beneficiary under this will in any manner, directly or indirectly, contests or attacks this will or any of its provisions, any share or interest in my estate given to that contesting beneficiary under this will is revoked and shall be distributed in the same manner provided herein as if that contesting beneficiary had predeceased me without issue.

Paragraph Eight: I nominate _____ as executor of my estate to serve without bond. If for any reason,

_____ shall fail to qualify or cease to act as my executor, then I nominate _____ as alternate executor of my estate to serve without bond. The term executor as used in this will shall include any personal representative of my estate.

Paragraph Nine: I direct that all inheritance, estate, or other death taxes that may by reason of my death be attributable to my probate estate or any portion of it, including any property received by any person as a family allowance or homestead, shall be paid by my executor from the residue of my estate disposed by this will, without adjustment among the residuary beneficiaries, and shall not be charged against or collected from any beneficiary of my probate estate.

Paragraph Ten: I grant my executor the following powers under the terms of this will:

1. To retain any such property without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

2. To sell any such property upon such terms and conditions as may be deemed proper at either public or private sale, either for credit for such period of time as may be deemed proper or for cash

and with or without security, and the purchaser of such property shall have no obligation to see to the use or application of the proceeds of sale. To exchange, lease, sublease, mortgage, pledge or otherwise encumber any such property upon such terms and conditions as may be deemed advisable. To grant options for any of the foregoing and to make any lease or sublease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust, subject only to such confirmation of court as may be required by law.

3. To invest and reinvest and to acquire by exchange property of any character, foreign or domestic, or interests or participations therein, including by way of illustration but not of limitation, real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common and preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds, without regard to the proportion any such property or similar property held may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

4. To hold any personal property in any state, to register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees, and to

take and keep any stocks, bonds or other security unregistered or in such condition as to pass by delivery.

5. To employ in the exercise of absolute discretion investment counsel, accountants, depositaries, custodians, brokers, attorneys and agents, irrespective of whether any person so employed shall be a fiduciary hereunder or a firm or corporation in which a fiduciary hereunder shall have an interest and to pay them the usual compensation for their services out of the principal or income of the property held hereunder in addition to and without diminution of or charging the same against the commissions or compensation of any fiduciary hereunder, and any fiduciary who shall be a partner in any such firm shall nevertheless be entitled to receive his share as part of the compensation paid to such firm.

6. To continue the operation of any business belonging to my estate for such time and in such manner as my executor may deem advisable and for the best interests of my estate, or to sell and liquidate the business at such time and on such terms as my executor may deem advisable and for the best interests of my estate. Any such operation, sale, or liquidation by my executor, in good faith, shall be at the risk of my estate. My executor will not be liable for any such losses.

Paragraph Eleven: This Last Will and Testament shall be construed, regulated, and governed in all respects not only as to

administration but also as to its validity and effect by the laws of the State of _____.

Paragraph Twelve: As used in this will, the term "issue" shall refer to lineal descendants of all degrees, and the terms "child," "children," and "issue" shall include adopted persons.

Paragraph Thirteen: This Last Will and Testament has been executed in duplicate. Upon my death, either duplicate original will may be offered for probate. If upon my death the will in my possession cannot be found, it is not to be presumed that I destroyed or revoked the will.

Paragraph Fourteen: If at my death any of my children is a minor, I nominate _____ as guardian of both the person and estate of my minor child to serve without bond. If for any reason _____ shall fail to qualify or cease to act as such guardian, then I nominate _____ as alternate guardian to serve without bond.

I subscribe my name to this will on this date _____
_____ at _____.

ATTESTATION

On the date last written above, _____
declared to us the undersigned that the foregoing instrument

consisting of () pages including the page signed by us as witnesses, was the testator's Last Will and Testament and requested us to act as witnesses to it. The testator thereupon signed the will in our presence, all of us being present at the same time. We now at the testator's request in the testator's presence and in the presence of each other subscribe our names as witnesses.

Residing at _____

Residing at _____

Residing at _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____
personally appeared _____
personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(is), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

(SAMPLE POUR-OVER WILL FOR HUSBAND PUTTING
INTO HIS REVOCABLE TRUST ANY PROPERTY NOT
PREVIOUSLY PLACED INTO IT)

LAST WILL AND TESTAMENT
(POUR-OVER WILL)
OF
JASON HOWARD

I, JASON HOWARD, a resident of
MENDOCINO County, CALIFORNIA, declare this to be my Last Will
and Testament.

Paragraph One: I revoke all wills and codicils that I have
previously made.

Paragraph Two: I am married to AGNES MILICENT HOWARD and
all references in this will to my spouse are to AGNES MILICENT
HOWARD. I have the following children: FELICITY HOWARD, ALLEN
HOWARD and ALICE HOWARD. The terms "my child" and "my children"
as used in this will shall include any other children born to or
adopted by me.

Paragraph Three: I confirm to my spouse full interest in our
community and marital property.

Paragraph Four: I give my entire estate, including all of my
real and personal property to the trustee then in office under the
trust designated as the HOWARD REVOCABLE TRUST of which
AGNES MILICENT HOWARD AND JASON HOWARD are grantors and AGNES

MILICENT HOWARD AND JASON HOWARD were designated as trustees.

I direct that my entire estate shall be added to, administered, and distributed as part of that trust, according to the terms of the trust and any amendment made to it before my death. To the extent permitted by law it is not my intention to create a separate trust by this will or to subject the trust or the property added to it to the jurisdiction of the probate court.

Paragraph Five: If the disposition in Paragraph Four is inoperative or is invalid for any reason, or if the trust referenced in Paragraph Four fails or is revoked, I incorporate here by reference the terms of the trust, as originally executed without giving effect to any amendments made subsequently, and I bequeath and devise my entire estate to the trustee named in the trust as trustee to be held, administered and distributed as provided in this instrument.

Paragraph Six: Except as provided in this will, I have intentionally omitted to provide herein for any of my heirs living at the date of my death.

Paragraph Seven: If any beneficiary under this will in any manner, directly or indirectly, contests or attacks this will or any of its provisions, any share or interest in my estate given to that contesting beneficiary under this will is revoked and shall be distributed in the same manner provided herein as if that contesting beneficiary had predeceased me without issue.

Paragraph Eight: I nominate AGNES MILICENT HOWARD
as executor of my estate to serve without bond. If for any reason,
AGNES MILICENT HOWARD
shall fail to qualify or cease to act as my executor, then I
nominate FELICITY HOWARD
as alternate executor of my estate to serve without bond. The term
executor as used in this will shall include any personal
representative of my estate.

Paragraph Nine: I direct that all inheritance, estate, or
other death taxes that may by reason of my death be attributable to
my probate estate or any portion of it, including any property
received by any person as a family allowance or homestead, shall be
paid by my executor from the residue of my estate disposed by this
will, without adjustment among the residuary beneficiaries, and
shall not be charged against or collected from any beneficiary of
my probate estate.

Paragraph Ten: I grant my executor the following powers under
the terms of this will:

1. To retain any such property without regard to the
proportion such property or similarly held property may bear to the
entire amount held and whether or not the same is of the class in
which fiduciaries are authorized by law or any rule of court to
invest funds.

2. To sell any such property upon such terms and conditions as may be deemed proper at either public or private sale, either for credit for such period of time as may be deemed proper or for cash and with or without security, and the purchaser of such property shall have no obligation to see to the use or application of the proceeds of sale. To exchange, lease, sublease, mortgage, pledge or otherwise encumber any such property upon such terms and conditions as may be deemed advisable. To grant options for any of the foregoing and to make any lease or sublease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust, subject only to such confirmation of court as may be required by law.

3. To invest and reinvest and to acquire by exchange property of any character, foreign or domestic, or interests or participations therein, including by way of illustration but not of limitation, real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common and preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds, without regard to the proportion any such property or similar property held may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

4. To hold any personal property in any state, to register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees, and to take and keep any stocks, bonds or other security unregistered or in such condition as to pass by delivery.

5. To employ in the exercise of absolute discretion investment counsel, accountants, depositaries, custodians, brokers, attorneys and agents, irrespective of whether any person so employed shall be a fiduciary hereunder or a firm or corporation in which a fiduciary hereunder shall have an interest and to pay them the usual compensation for their services out of the principal or income of the property held hereunder in addition to and without diminution of or charging the same against the commissions or compensation of any fiduciary hereunder, and any fiduciary who shall be a partner in any such firm shall nevertheless be entitled to receive his share as part of the compensation paid to such firm.

6. To continue the operation of any business belonging to my estate for such time and in such manner as my executor may deem advisable and for the best interests of my estate, or to sell and liquidate the business at such time and on such terms as my Executor may deem advisable and for the best interests of my estate. Any such operation, sale, or liquidation by my executor, in good faith, shall be at the risk of my estate and without liability on the part of my executor for the resulting losses.

Paragraph Eleven: This Last Will and Testament shall be construed, regulated, and governed in all respects not only as to administration but also as to its validity and effect by the laws of the State of CALIFORNIA .

Paragraph Twelve: As used in this will, the term "issue" shall refer to lineal descendants of all degrees, and the terms "child," "children," and "issue" shall include adopted persons.

Paragraph Thirteen: This Last Will and Testament has been executed in duplicate. Upon my death either duplicate original will may be offered for probate. If upon my death the will in my possession cannot be found, it is not to be presumed that I destroyed or revoked the will.

Paragraph Fourteen: If at my death any of my children is a minor, I then nominate my father, PATRICK JAMES HOWARD as the guardian of both the person and the estate of my minor child or children to serve without bond. If for any reason PATRICK JAMES HOWARD shall fail to qualify or cease to act as such guardian, then I nominate my brother, THOMAS CALVIN HOWARD as alternate guardian to serve without bond.

I subscribe my name to this will on this date January 15, 2002 at Ukiah, California .

Jason Howard

ATTESTATION

On the date last written above, JASON HOWARD
_____ declared to us the undersigned that the foregoing
instrument consisting of seven (7) pages including the page signed
by us as witnesses, was the Testator's Last Will and Testament and
requested us to act as witnesses to it. The testator thereupon
signed the will in our presence, all of us being present at the
same time. We now at the testator's request in the testator's
presence and in the presence of each other subscribe our names as
witnesses.

Residing at _____

Residing at _____

Residing at _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____
personally appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(is), and that by
his/her/their signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

LAST WILL AND TESTAMENT
(POUR-OVER WILL)
OF

I, _____, a resident of _____
County, _____, declare this to be my Last Will and
Testament.

Paragraph One: I revoke all wills and codicils that I have
previously made.

Paragraph Two: I am married to _____ and
all references in this will to my spouse are to _____
_____. I have the following children: _____
_____. The terms "my child" and "my children" as
used in this will shall include any other children born to or
adopted by me.

Paragraph Three: I confirm to my spouse full interest in our
community and marital property.

Paragraph Four: I give my entire estate, including all of my
real and personal property to the trustee then in office under the
trust designated as the _____ of which
_____ are grantors and
_____ were designated as
trustees. I direct that my entire estate shall be added to,

administered, and distributed as part of that trust, according to the terms of the trust and any amendment made to it before my death. To the extent permitted by law it is not my intention to create a separate trust by this will or to subject the trust or the property added to it to the jurisdiction of the probate court.

Paragraph Five: If the disposition in Paragraph Four is inoperative or is invalid for any reason, or if the trust referenced in Paragraph Four fails or is revoked, I incorporate here by reference the terms of the trust, as originally executed without giving effect to any amendments made subsequently, and I bequeath and devise my entire estate to the trustee named in the trust as trustee to be held, administered and distributed as provided in this instrument.

Paragraph Six: Except as provided in this will, I have intentionally omitted to provide herein for any of my heirs living at the date of my death.

Paragraph Seven: If any beneficiary under this will in any manner, directly or indirectly, contests or attacks this will or any of its provisions, any share or interest in my estate given to that contesting beneficiary under this will is revoked and shall be distributed in the same manner provided herein as if that contesting beneficiary had predeceased me without issue.

Paragraph Eight: I nominate _____ as executor of my estate to serve without bond. If for any reason,

shall fail to qualify or cease to act as my executor, then I nominate _____ as alternate executor of my estate to serve without bond. The term executor as used in this will shall include any personal representative of my estate.

Paragraph Nine: I direct that all inheritance, estate, or other death taxes that may by reason of my death be attributable to my probate estate or any portion of it, including any property received by any person as a family allowance or homestead, shall be paid by my executor from the residue of my estate disposed by this will, without adjustment among the residuary beneficiaries, and shall not be charged against or collected from any beneficiary of my probate estate.

Paragraph Ten: I grant my executor the following powers under the terms of this will:

1. To retain any such property without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

2. To sell any such property upon such terms and conditions as may be deemed proper at either public or private sale, either for credit for such period of time as may be deemed proper or for

cash and with or without security, and the purchaser of such property shall have no obligation to see to the use or application of the proceeds of sale. To exchange, lease, sublease, mortgage, pledge or otherwise encumber any such property upon such terms and conditions as may be deemed advisable. To grant options for any of the foregoing and to make any lease or sublease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust, subject only to such confirmation of court as may be required by law.

3. To invest and reinvest and to acquire by exchange property of any character, foreign or domestic, or interests or participations therein, including by way of illustration but not of limitation, real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common and preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds, without regard to the proportion any such property or similar property held may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

4. To hold any personal property in any state, to register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees, and to

take and keep any stocks, bonds or other security unregistered or in such condition as to pass by delivery.

5. To employ in the exercise of absolute discretion investment counsel, accountants, depositaries, custodians, brokers, attorneys and agents, irrespective of whether any person so employed shall be a fiduciary hereunder or a firm or corporation in which a fiduciary hereunder shall have an interest and to pay them the usual compensation for their services out of the principal or income of the property held hereunder in addition to and without diminution of or charging the same against the commissions or compensation of any fiduciary hereunder, and any fiduciary who shall be a partner in any such firm shall nevertheless be entitled to receive his share as part of the compensation paid to such firm.

6. To continue the operation of any business belonging to my estate for such time and in such manner as my executor may deem advisable and for the best interests of my estate, or to sell and liquidate the business at such time and on such terms as my Executor may deem advisable and for the best interests of my estate. Any such operation, sale, or liquidation by my executor, in good faith, shall be at the risk of my estate and without liability on the part of my executor for the resulting losses.

Paragraph Eleven: This Last Will and Testament shall be construed, regulated, and governed in all respects not only as to

administration but also as to its validity and effect by the laws of the State of _____ .

Paragraph Twelve: As used in this will, the term "issue" shall refer to lineal descendants of all degrees, and the terms "child," "children," and "issue" shall include adopted persons.

Paragraph Thirteen: This Last Will and Testament has been executed in duplicate. Upon my death either duplicate original will may be offered for probate. If upon my death the will in my possession cannot be found, it is not to be presumed that I destroyed or revoked the will.

Paragraph Fourteen: If at my death any of my children is a minor, I then nominate _____ as the guardian of both the person and the estate of my minor child or children to serve without bond. If for any reason _____ shall fail to qualify or cease to act as such guardian, then I nominate _____ as alternate guardian to serve without bond.

I subscribe my name to this will on this date _____ at _____.

ATTESTATION

On the date last written above, _____

declared to us the undersigned that the foregoing instrument consisting of _____ () pages including the page signed by us as witnesses, was the Testator's Last Will and Testament and requested us to act as witnesses to it. The testator thereupon signed the will in our presence, all of us being present at the same time. We now at the testator's request in the testator's presence and in the presence of each other subscribe our names as witnesses.

Residing at _____

Residing at _____

Residing at _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____
personally appeared _____
personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(is), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

(SAMPLE POUR-OVER WILL FOR AN UNMARRIED PARENT PLACING
PROPERTY NOT PREVIOUSLY PLACED IN THE PARENT'S TRUST)

LAST WILL AND TESTAMENT

(POUR-OVER WILL)

OF

GEORGE HOWARD

I, GEORGE HOWARD, a resident of MENDOCINO
County, CALIFORNIA, declare this to be my Last Will and
Testament.

Paragraph One: I revoke all wills and codicils that I have
previously made.

Paragraph Two: I am unmarried.

Paragraph Three: I have the following children: _____
HARRISON HOWARD and HARRIET HOWARD

The terms "my child" and "my children" as used in this will shall
include any other children born to or adopted by me.

Paragraph Four: I give my entire estate, including all of my
real and personal property to the trustee then in office under the
trust designated as the GEORGE HOWARD
REVOCABLE TRUST of which GEORGE
HOWARD is the grantor and GEORGE
HOWARD was designated as trustee.

I direct that my entire estate shall be added to, administered, and

distributed as part of that trust, according to the terms of the trust and any amendment made to it before my death. To the extent permitted by law it is not my intention to create a separate trust by this will or to subject the trust or the property added to it to the jurisdiction of the probate court.

Paragraph Five: If the disposition in Paragraph Four is inoperative or is invalid for any reason, or if the trust referenced in Paragraph Four fails or is revoked, I incorporate here by reference the terms of the trust, as originally executed without giving effect to any amendments made subsequently, and I bequeath and devise my entire estate to the trustee named in the trust as trustee to be held, administered and distributed as provided in this instrument.

Paragraph Six: Except as provided in this will, I have intentionally omitted to provide herein for any of my heirs living at the date of my death.

Paragraph Seven: If any beneficiary under this will in any manner, directly or indirectly, contests or attacks this will or any of its provisions, any share or interest in my estate given to that contesting beneficiary under this will is revoked and shall be distributed in the same manner provided herein as if that contesting beneficiary had predeceased me without issue.

Paragraph Eight: I nominate JASON HOWARD
_____ as executor of my estate to serve without bond. If for

any reason, JASON HOWARD shall fail to qualify or cease to act as my executor, then I nominate FELICITY HOWARD as alternate executor of my estate to serve without bond. The term executor as used in this will shall include any personal representative of my estate.

Paragraph Nine: I direct that all inheritance, estate, or other death taxes that may by reason of my death be attributable to my probate estate or any portion of it, including any property received by any person as a family allowance or homestead, shall be paid by my executor out of the residue of my estate disposed by this will, without adjustment among the residuary beneficiaries, and shall not be charged against or collected from any beneficiary of my probate estate.

Paragraph Ten: I grant my executor the following powers under the terms of this will:

1. To retain any such property without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

2. To sell any such property upon such terms and conditions as may be deemed proper at either public or private sale, either for credit for such period of time as may be deemed proper or for cash and with or without security, and the purchaser of such

property shall have no obligation to see to the use or application of the proceeds of sale. To exchange, lease, sublease, mortgage, pledge or otherwise encumber any such property upon such terms and conditions as may be deemed advisable. To grant options for any of the foregoing and to make any lease or sublease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust, subject only to such confirmation of court as may be required by law.

3. To invest and reinvest and to acquire by exchange property of any character, foreign or domestic, or interests or participations therein, including by way of illustration but not of limitation, real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common and preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds, without regard to the proportion any such property or similar property held may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

4. To hold any personal property in any state, to register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees, and to take and keep any stocks, bonds or other security unregistered or in such condition as to pass by delivery.

5. To employ in the exercise of absolute discretion investment counsel, accountants, depositaries, custodians, brokers, attorneys and agents, irrespective of whether any person so employed shall be a fiduciary hereunder or a firm or corporation in which a fiduciary hereunder shall have an interest and to pay them the usual compensation for their services out of the principal or income of the property held hereunder in addition to and without diminution of or charging the same against the commissions or compensation of any fiduciary hereunder, and any fiduciary who shall be a partner in any such firm shall nevertheless be entitled to receive his share as part of the compensation paid to such firm.

6. To continue the operation of any business belonging to my estate for such time and in such manner as my executor may deem advisable and for the best interests of my estate, or to sell and liquidate the business at such time and on such terms as my executor may deem advisable and for the best interests of my estate. Any such operation, sale, or liquidation by my executor, in good faith, shall be at the risk of my estate and without liability on the part of my executor for the resulting losses.

Paragraph Eleven: This Last Will and Testament shall be construed, regulated, and governed in all respects not only as to administration but also as to its validity and effect by the laws of the State of CALIFORNIA.

Paragraph Twelve: As used in this will, the term "issue" shall refer to lineal descendants of all degrees, and the terms "child," "children," and "issue" shall include adopted persons.

Paragraph Thirteen: This Last Will and Testament has been executed in duplicate. Upon my death either duplicate original will may be offered for probate. If upon my death the will in my possession cannot be found, it is not to be presumed that I destroyed or revoked the will.

Paragraph Fourteen: If at my death any of my children is a minor, I nominate my brother, MARK ALLEN HOWARD as guardian of both the person and estate of my minor child to serve without bond. If for any reason MARK ALLEN HOWARD shall fail to qualify or cease to act as such guardian, then I nominate my sister, KATHY HOWARD SHANNON as alternate guardian to serve without bond.

I subscribe my name to this will on this date January 15, 2002 at Ukiah, California.

George Howard

ATTESTATION

On the date last written above, GEORGE HOWARD declared to us the undersigned that the foregoing instrument consisting of seven (7) pages including the page signed by us as witnesses, was the testator's Last Will and Testament and requested

us to act as witnesses to it. The testator thereupon signed the will in our presence, all of us being present at the same time.

We now at the testator's request in the testator's presence and in the presence of each other subscribe our names as witnesses.

Residing at _____

Residing at _____

Residing at _____\

STATE OF _____

COUNTY OF _____

On _____, before me, _____
personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(is), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

LAST WILL AND TESTAMENT
(POUR-OVER WILL)
OF

I, _____, a resident of _____
County, _____, declare this to be my Last Will and
Testament.

Paragraph One: I revoke all wills and codicils that I have
previously made.

Paragraph Two: I am unmarried.

Paragraph Three: I have the following children: _____

The terms "my child" and "my children" as used in this will shall
include any other children born to or adopted by me.

Paragraph Four: I give my entire estate, including all of my
real and personal property to the trustee then in office under the
trust designated as the _____
_____ of which _____ is
the grantor and _____
_____ was designated as trustee. I direct that my entire
estate shall be added to, administered, and distributed as part of
that trust, according to the terms of the trust and any amendment
made to it before my death. To the extent permitted by law it is

not my intention to create a separate trust by this will or to subject the trust or the property added to it to the jurisdiction of the probate court.

Paragraph Five: If the disposition in Paragraph Four is inoperative or is invalid for any reason, or if the trust referenced in Paragraph Four fails or is revoked, I incorporate here by reference the terms of the trust, as originally executed without giving effect to any amendments made subsequently, and I bequeath and devise my entire estate to the trustee named in the trust as trustee to be held, administered and distributed as provided in this instrument.

Paragraph Six: Except as provided in this will, I have intentionally omitted to provide herein for any of my heirs living at the date of my death.

Paragraph Seven: If any beneficiary under this will in any manner, directly or indirectly, contests or attacks this will or any of its provisions, any share or interest in my estate given to that contesting beneficiary under this will is revoked and shall be distributed in the same manner provided herein as if that contesting beneficiary had predeceased me without issue.

Paragraph Eight: I nominate _____
_____ as executor of my estate to serve without bond. If for any reason, _____ shall fail to qualify or cease to act as my executor, then I nominate

_____ as alternate executor of my estate to serve without bond. The term executor as used in this will shall include any personal representative of my estate.

Paragraph Nine: I direct that all inheritance, estate, or other death taxes that may by reason of my death be attributable to my probate estate or any portion of it, including any property received by any person as a family allowance or homestead, shall be paid by my executor out of the residue of my estate disposed by this will, without adjustment among the residuary beneficiaries, and shall not be charged against or collected from any beneficiary of my probate estate.

Paragraph Ten: I grant my executor the following powers under the terms of this will:

1. To retain any such property without regard to the proportion such property or similarly held property may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

2. To sell any such property upon such terms and conditions as may be deemed proper at either public or private sale, either for credit for such period of time as may be deemed proper or for cash and with or without security, and the purchaser of such property shall have no obligation to see to the use or application of the proceeds of sale. To exchange, lease, sublease, mortgage,

pledge or otherwise encumber any such property upon such terms and conditions as may be deemed advisable. To grant options for any of the foregoing and to make any lease or sublease, including any oil, gas or mineral lease, for such period of time and to include therein any covenants or options for renewal as may be deemed proper without regard to the duration of any trust, subject only to such confirmation of court as may be required by law.

3. To invest and reinvest and to acquire by exchange property of any character, foreign or domestic, or interests or participations therein, including by way of illustration but not of limitation, real property, mortgages, bonds, notes, debentures, certificates of deposit, capital, common and preferred stocks, and shares or interests in investment trusts, mutual funds or common trust funds, without regard to the proportion any such property or similar property held may bear to the entire amount held and whether or not the same is of the class in which fiduciaries are authorized by law or any rule of court to invest funds.

4. To hold any personal property in any state, to register and hold any property of any kind, whether real or personal, at any time held hereunder in the name of a nominee or nominees, and to take and keep any stocks, bonds or other security unregistered or in such condition as to pass by delivery.

5. To employ in the exercise of absolute discretion investment counsel, accountants, depositaries, custodians, brokers,

attorneys and agents, irrespective of whether any person so employed shall be a fiduciary hereunder or a firm or corporation in which a fiduciary hereunder shall have an interest and to pay them the usual compensation for their services out of the principal or income of the property held hereunder in addition to and without diminution of or charging the same against the commissions or compensation of any fiduciary hereunder, and any fiduciary who shall be a partner in any such firm shall nevertheless be entitled to receive his share as part of the compensation paid to such firm.

6. To continue the operation of any business belonging to my estate for such time and in such manner as my executor may deem advisable and for the best interests of my estate, or to sell and liquidate the business at such time and on such terms as my executor may deem advisable and for the best interests of my estate. Any such operation, sale, or liquidation by my executor, in good faith, shall be at the risk of my estate and without liability on the part of my executor for the resulting losses.

Paragraph Eleven: This Last Will and Testament shall be construed, regulated, and governed in all respects not only as to administration but also as to its validity and effect by the laws of the State of _____.

Paragraph Twelve: As used in this will, the term "issue" shall refer to lineal descendants of all degrees, and the terms "child," "children," and "issue" shall include adopted persons.

Paragraph Thirteen: This Last Will and Testament has been executed in duplicate. Upon my death either duplicate original will may be offered for probate. If upon my death the will in my possession cannot be found, it is not to be presumed that I destroyed or revoked the will.

Paragraph Fourteen: If at my death any of my children is a minor, I nominate _____ as guardian of both the person and estate of my minor child to serve without bond. If for any reason _____ shall fail to qualify or cease to act as such guardian, then I nominate _____ as alternate guardian to serve without bond.

I subscribe my name to this will on this date _____
_____ at _____.

ATTESTATION

On the date last written above, _____ declared to us the undersigned that the foregoing instrument consisting of _____ () pages including the page signed by us as witnesses, was the testator's Last Will and Testament and requested us to act as witnesses to it. The testator thereupon signed the will in our presence, all of us being present at the same time. We now at the testator's request in the testator's

presence and in the presence of each other subscribe our names as witnesses.

Residing at _____

Residing at _____

Residing at _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____
personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(is), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

CHAPTER 12

SUPPORTING TRUST DOCUMENTATION

I. TRANSFERRING PROPERTY INTO THE TRUST

All of the property owned by the trustor can and should be placed into the revocable trust created for estate planning purposes. Anything left out of the trust will have to be probated unless it is joint tenancy property, insurance policies with designated beneficiaries other than the decedent's estate or it otherwise qualifies for summary probate proceedings.

If assigning all properties to a trust effectively disinherits a surviving spouse or surviving minor son or daughter, the trust will be invalid as it stands. Only a properly drafted Will can disinherit a spouse, son or daughter. Some states even have laws that specifically limit the rights of a parent to disinherit a child or mandates certain spousal distributions. The Florida constitution, for instance, requires a head of household to leave the residence to the surviving spouse or if none, to a surviving son or daughter.

Personal property that does not have a title, such as clothing, tools, furniture, etc, is placed in the trust merely by listing it in the schedule of the trust. Any personal property acquired after the execution of the trust is automatically

considered part of the trust if it is the type that was originally placed in the trust, for example: "all furnishings."

Rather than relying on past generalities in the trust, an annual review may suggest new items. Specific personal property can be added to the trust by executing a trust amendment which specifically places the property therein. Personal property of great value should be specifically placed in the trust. Any property that has a title must have that title specifically changed into the name of the trust. Merely stating in the trust document the intent to place titled property into the trust is insufficient to legally transfer the property into the trust.

For example, assume that a trustor owns a home. Since a home has a title document, the title to the home must be changed to show the trust as the owner. A quitclaim deed by the trustor to himself as trustee of the trust must be both executed and recorded. This is simple to do and usually is done when the trust is created. Following this chapter is a sample quitclaim form for placing real property owned by the trustor into the trust.

II. TRANSFERRING A NOTE AND DEED OF TRUST

A deed of trust is an interest in real property like any other. It is held to secure the payment of a loan evidenced by a promissory note on real property. The beneficiary's interest in the deed of trust can be sold, given away, attached or encumbered like other interest in real property.

The method for transferring an interest in a deed of trust is for the beneficiary of the deed of trust, who also is the holder of the promissory note on the property, to execute an assignment of the deed of trust and have it recorded.

Recordation of the assignment of the deed of trust transfers the deed of trust. It acts the same as a bill of sale for personal property or a grant deed for real estate. When a trustor holds a deed of trust securing the payment of a loan secured by real property, the deed of trust can be transferred to the trust merely by recording the assignment of a deed of trust. A sample form for an assignment of a deed of trust by the holder into his revocable trust is included at the end of the chapter.

III. REVOCATION OF THE TRUST

A revocable trust is, by its very terms, revocable. All that is needed for an effective revocation is for the trustor to notify the trustee of the revocation and to request the return of the trust assets. Following this chapter are forms for the revocation of the trust.

A revocation of a trust does not have to be notarized to be effective. If the revocation is not witnessed, however, then an issue may later arise following the trustor's death as to whether the trustor actually signed the revocation or was legally competent to do so.

IV. AMENDMENT OF THE TRUST

Every revocable trust contains language that permits the trustor to amend the trust. All that has to be done is for the trustor to amend the trust is to notify the trustee of the desired changes to the trust document. Following this chapter are forms for an amendment of the trust. The trustor must state what the actual changes are to be. Except for the changes made by the amendment, the trust will remain in full force and effect as originally written.

Amendments to the trust do not have to be notarized to be effective if state law does not require the trust document, itself, to be notarized. If the amendments are not witnessed, however, then an issue may arise after the trustor's death as to whether the trustor actually signed the amendment or not.

V. SPOUSE'S DISCLAIMER OF STATUTORY SHARE OF GRANTOR'S ESTATE

Many states have laws which require that a surviving spouse receive a specific amount of the estate of a deceased spouse. This mandatory spousal distribution is called a statutory share. The statutory share to be distributed to a surviving spouse must be made out of the decedent spouse's estate before there is any division under the decedent's Last Will. Furthermore, many states include the value of all inter vivos and revocable trusts established by the grantor in determining the total of the decedent's estate from which the statutory share can be calculated.

This is called an augmented estate because the estate is augmented (increased) by the value of such trusts.

For example, in a state like Colorado, which augments a decedent's estate, the value of such trusts are added to the value of the decedent's estate. Assume, for instance, that George Harper died with an estate of \$200,000. In addition, George had created a revocable trust of \$1,000,000 with his surviving wife as income beneficiary, and upon her death their children would be beneficiaries. Colorado's probate law requires that a surviving spouse receive a minimum of one-third of the augmented estate. The estate is augmented to \$1,200,000 (\$200,000 estate plus \$1,000,000 of the trust). The wife could insist that instead of taking her disposition under the trust that she be given her statutory share of \$400,000 (one-third of the entire augmented estate). Such an election by the surviving spouse could play havoc with the estate plan created by the decedent.

To avoid this problem, a disclaimer by the grantor's spouse follows this chapter. This disclaimer is only used when the surviving spouse does not receive all of the assets of the trust. When the grantor uses the joint trust in this book, the surviving spouse receives all of the assets in the trust so the trust disposition more than satisfies the statutory shares of all states. The only time that the disclaimer **ABSOLUTELY** needs to be used is when the grantor uses the A-B Bypass or QTIP trusts contained in

this book. In such a situation, the disclaimer should be used to prevent the surviving spouse from claiming her statutory share following the death of the grantor. Instead, the trustor's spouse agrees to receive the disposition given under the terms of the trust rather than the state's mandated statutory share.

RECORDING REQUESTED BY:)

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)

AND WHEN RECORDED MAIL TO:)

)

)

)

)

(Space above this line for Recorder's use)

QUITCLAIM DEED

Documentary Transfer Tax \$ _____

_____ Computed on full value of Property, or

_____ Computed on Full Value Less Liens and

Encumbrances Remaining Thereon At Time of Sale

_____ Unincorporated Area _____ City of _____

Tax Parcel Number _____

John A. Doe, Trustee of the John A. Doe Revocable Trust,
 For valuable consideration, hereby remises, releases and
 forever quitclaims all right, title and interest to:

John A. Doe, as his sole and separate property
 in the real property in the County of MENDOCINO ,
 California described as :

1245 Skyplace Drive, Willits, California as described in Book
 1, Page 1487 of the County Recorder's Office, Assessor's
 Parcel Number 1-14-782.

Dated: _____

JOHN DOE

STATE OF _____

COUNTY OF _____

On _____, before me, _____
personally appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacities and that by
his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

RECORDING REQUESTED BY:)

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AND WHEN RECORDED MAIL TO:)

)

)

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 (Space above this line for Recorder's use)

QUITCLAIM DEED

Documentary Transfer Tax \$_____

_____ Computed on full value of Property, or

_____ Computed on Full Value Less Liens and

Encumbrances Remaining Thereon At Time of Sale

_____ Unincorporated Area _____ City of _____

Tax Parcel Number _____

 For valuable consideration, hereby remises, releases and
 forever quitclaims all right, title and interest to:

 in the real property in the County of _____ ,

 described as :

Dated: _____

STATE OF _____

COUNTY OF _____

On _____ , before me, _____
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacities and that by
his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

ASSIGNMENT OF DEED OF TRUST

Lot 2 in Book 34 of Book of Maps on File with the County
Recorder's Office of Mendocino County, California

John A. Doe

STATE OF _____

COUNTY OF _____

On _____, before me, the undersigned,
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacities and that by
his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL

RECORDING REQUESTED BY:)

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AND WHEN RECORDED MAIL TO:)

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(Space above this line for Recorder's use)

ASSIGNMENT OF DEED OF TRUST

For Value received, the undersigned hereby grants, assigns and transfers to _____

_____ all beneficial interest under that DEED OF TRUST dated _____, executed by _____

_____ Trustor to _____

_____ as recorded as Instrument Number _____

_____ on _____ in Book _____ Page _____ of

the Official Records of the County Recorder's Office of _____

_____ County, State of _____ describing

real property therein as:

Together with the note of notes therein described or referred which state money due and to become due thereon with interest, and all rights accrued or to accrue under said Deed of Trust.

Dated: _____

STATE OF _____

COUNTY OF _____

On _____ , before me, the undersigned,
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacities and that by
his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

RECORDING REQUESTED BY:)
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)
 AND WHEN RECORDED MAIL TO:)
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(Space above this line for Recorder's use)

REVOCATION OF TRUST

WHEREAS, on _____ , a revocable trust was
 entered with _____ ,
 as trustor and _____ ,
 as trustee, and

WHEREAS, the trust agreement specifically provides that the
 trustor may revoke the trust at any time,

NOW THEREFORE it is agreed by the trustor and the trustee that
 the trustor pursuant to the trust agreement hereby revokes in its
 entirety the trust created by the trustor, effective this date of
 this instrument of revocation. The trustor hereby holds the former
 trust property free and discharged of all terms and provisions of
 the trust agreement.

DATED: _____

STATE OF _____

COUNTY OF _____

On _____ , before me the undersigned ,
personally appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity/capacities and that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

(SAMPLE AMENDMENT TO THE A-B BY-PASS TRUST)

AMENDMENT TO DEED OF TRUST

WHEREAS, on JUNE 25, 2015 , a revocable trust was entered into with WILLIAM TOWER as trustor and WILLIAM TOWER as trustee, and

WHEREAS, the trust agreement specifically provides that the trustor may amend the trust at any time,

NOW THEREFORE it is agreed by the trustor and the trustee that the trust shall be amended as follows:

To PARAGRAPH THIRTEENTH is added the following:

In the event AGNES TOWER shall fail for any reason to serve as successor trustee, ROBERT TOWER shall serve as successor trustee with ALICE TOWER. In the event, ALICE TOWER, AGNES TOWER, and ROBERT TOWER shall all fail to serve as trustee, the court having jurisdiction over the trust shall appoint the successor trustee.

Except as above amended, the trust ratified and confirmed as originally written.

DATED: _____

WILLIAM TOWER, TRUSTOR

DATED: _____

WILLIAM TOWER, TRUSTEE

STATE OF _____

COUNTY OF _____

On _____ , before me the undersigned,
personally appeared _____
personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized and capacity/capacities that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

AMENDMENT TO DEED OF TRUST

WHEREAS, on _____ , a revocable trust was entered into with _____ as trustor and _____ as trustee, and

WHEREAS, the trust agreement specifically provides that the trustor may amend the trust at any time,

NOW THEREFORE it is agreed by the trustor and the trustee that the trust shall be amended as follows:

Except as above amended, the trust ratified and confirmed as originally written.

DATED: _____

WILLIAM TOWER, TRUSTOR

DATED: _____

WILLIAM TOWER, TRUSTEE

STATE OF _____

COUNTY OF _____

On _____ , before me _____
personally appeared _____

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized and capacity/capacities that
by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the
within instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

WAIVER OF GRANTOR'S SPOUSE

I, ALICE TOWER , am the spouse of
WILLIAM TOWER the grantor of a revocable trust created on
June 25, 2015 with WILLIAM TOWER designated as
trustee.

I hereby disclaim and waive all rights that I may have in the
property transferred by the grantor into the grantor's revocable
trust by virtue of dower, curtesy or the statutory share mandated
by our state of domicile. I elect to receive my disposition from
the grantor's trust rather than under any rights of dower, curtesy
or a statutory share in the property placed into the trust.

This disclaimer and waiver will be revoked to the extent of
any property which the grantor removed from the trust prior to
death or by the grantor's Will except where property of comparable
value is placed in the trust to replace it, such as proceeds from
a sale for the property.

Dated: _____
Alice Tower

STATE OF CALIFORNIACOUNTY OF MENDOCINO

On JUNE 25, 2015 before the undersigned _____
personally appeared ALICE TOWER
personally known to be or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their capacity(ies) and that by his/her/their
signature(s) on the instrument the person(s) or the entity(ies)
upon behalf of which the person(s) acted, executed the within
instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

WAIVER OF GRANTOR'S SPOUSE

I, _____, am the spouse of _____ the grantor of a revocable trust created on _____ with _____ designated as trustee.

I hereby disclaim and waive all rights that I may have in the property transferred by the grantor into the grantor's revocable trust by virtue of dower, curtesy or the statutory share mandated by our state of domicile. I elect to receive my disposition from the grantor's trust rather than under any rights of dower, curtesy or a statutory share in the property placed into the trust.

This disclaimer and waiver will be revoked to the extent of any property which the grantor removed from the trust prior to death or by the grantor's Will except where property of comparable value is placed in the trust to replace it, such as proceeds from a sale for the property.

Dated: _____

STATE OF _____

COUNTY OF _____

On _____ before the undersigned _____
personally appeared _____
personally known to be or proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed
the same in his/her/their capacity(ies) and that by his/her/their
signature(s) on the instrument the person(s) or the entity(ies)
upon behalf of which the person(s) acted, executed the within
instrument.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

CHAPTER 13

ASSET PRESERVATION THROUGH THE USE OF SELF-SETTLED

SPENDTHRIFT TRUSTS

Probably the most interesting and controversial changes to estate planning to occur within the last 50 years have been the adoption in a minority of states of spendthrift trusts for the asset protection of the trust grantor and not just the beneficiaries' interests in the trust. This is such a major departure from the asset protection law of the majority of states that it may have, in the future, a profound effect as to how people hold title to their property in the United States.

A spendthrift trust has always been a special type of trust, the assets of which, by its own terms, could not be attached by creditors of the trust beneficiary. The history behind the spendthrift trust extends far back into English common law under which assets, primarily land, were kept intact for passage down through a family line.

By definition under the **RESTATEMENT (SECOND) OF TRUST SECTION 152(2) (1959)**, a spendthrift trust is "a trust in which by the terms of the trust or by statute a valid restraint on the voluntary and involuntary transfer of the interest of the beneficiary is imposed." This has been taken to mean by all state courts that

beneficiaries of a spendthrift trust cannot in any way transfer, sell or alienate their interest in the trust. Likewise, creditors of a beneficiary of a spendthrift trust, which in the past did not include a grantor if also a trust beneficiary, could not force the trustee to pay the debts of a beneficiary from the beneficiary's interest in the trust.

HISTORY OF SPENDTHRIFT TRUSTS

The validity of a spendthrift trust as a shield from a beneficiary's creditors was recognized by the United Supreme Court in its decision **NICHOLS VS. EATON** 91 U.S. 716 (1875). The case involved a trust provision calling for the termination of a trust beneficiary's right to require the trustee to pay income to the beneficiary upon the beneficiary's bankruptcy followed by the beneficiary's income interest being replaced by a purely discretionary trust. Under the terms of the newly created discretionary trust, the trustee would not be under any requirement to make any payments to or for the benefit of the beneficiary. Such payments would be at the sole unfettered discretion of the beneficiary. Since such payments were discretionary and not mandatory, the Court held that the creditors of the beneficiary could not attach the assets of the trust or compel the trustee to make a distribution of the trust assets to the beneficiary so they, the creditors, could attach them. In rendering its holding the

Supreme Court made clear its reasoning that a creator of trust can make arrangements to assure that the property transferred to a trust would be used for the benefit of a beneficiary and not be taken first by the creditors of the beneficiary. The Court stated:

"[T]he doctrine that the owner of property cannot dispose of [that property], but that [the beneficiaries sought to be benefitted by the gifts in trust]....must hold [the property given into the trust for their benefit] subject to the debts due his creditors...is one which we are not prepared to announce as a doctrine of this court."

Following the United State Supreme Court's decision all of the states subsequently adopted the rationale set forth in **Nichols** and have held that spendthrift trusts are valid and protect the trust assets from attachment by the creditors of the trust beneficiary.

So complete has been this judicially created bar from a spendthrift trust's attachment by the creditors of a trust beneficiary, that when attachment has been permitted, it has only been by legislative act. The most important and pervasive exception to rule that creditors of a spendthrift trust may not attach the trust is for claims of child or spousal support against a debtor parent or spouse who is the beneficiary of a spendthrift trust. Virtually all states have by legislation enacted laws permitting such creditor claims against a spendthrift trust for which the debtor parent or spouse is a beneficiary. Also both the states and federal government are usually able to attach a beneficiary's interest in a spendthrift trust to satisfy that beneficiary's tax

obligations. California has gone even farther and permitted a spendthrift trust to be attached to pay the damage award of a beneficiary convicted of sexual assault. These are all limited exceptions to the general rule which remains firmly entrenched that absent a legislative acts stating otherwise, the assets of a spendthrift trust are not attachable by the creditors of a trust beneficiary.

By trust beneficiary, it had always been taken to mean someone other than the Grantor. It was always understood that while a grantor could be one of the beneficiaries or even the sole beneficiary of a spendthrift trust, the assets attributed to the Grantor in the Trust would remain attachable by the Grantor's **creditors**. To do otherwise, the courts have always believed would give the Grantor a means to avoid paying his or her lawful debts by simply transferring his or her assets into a trust for himself or herself. The law in virtually all states permits creditors of a trust grantor to attach the assets of the trust when the trustee has the authority to transfer the assets of the trust back to the grantor. As such, when the grantor is a beneficiary the trustee has authority to transfer some or all of the trust assets to the grantor and thus the grantor's creditors can attach the trust assets which can be transferred to the Grantor whether the Grantor wants those assets or not.

Most states have completely and totally rejected the concept of the "self-settled" spendthrift trust. This is the name given to a spendthrift trust where the grantor is a beneficiary. While the trust itself is valid, it will not protect the trust from creditors of the grantor. This is why living trusts also known as revocable trusts are not protected from the grantor's creditors while the grantor is alive. As long as the grantor of a typical revocable trust is alive, he or she may revoke the trust and reacquire the assets. For that reason, the grantor's creditors may attach the trust assets.

The majority rationale against recognition of self-settled spendthrift trusts as a means of a grantor to avoid his or her creditors arise squarely from the belief that no one should be permitted to shield his or her property from existing creditors and yet have, at the same time, effective control and use of that property.

USE OF THE SELF-SETTLED SPENDTHRIFT

TRUSTS TODAY

Until 1997, it was impossible for a person to shield his or assets from existing creditors through the use of a self-settled spendthrift trust. That has changed to an extent. As of April 2000, four states, have enacted legislation which permits self-settled spendthrift trusts in one form or another. These states are:

1. Alaska (See H.B. 101, 20th Leg.Sess (Alaska. Apr.1, 1997)

Alaska Stat Sec. 34.40.110 (1999) and 34.050(1)(3)
(Michie.1999)

2. Delaware (See Del. Code Ann., tit 12, Sec 3573 (1998)
3. Missouri (See Mo.Rev.Stat Sec. 456.080, (1998)
4. Nevada (See Nev Rev Stat. 166 (1999)

For a grantor to qualify for asset protection under a self-settled spendthrift trust in any of the above jurisdictions, he must strictly comply with the statutory requirements for the state involved.

NEVADA'S ACT

The self-settled spendthrift trust law of Nevada will be discussed as an example as how the concept works. Prior to implementing its self-settled spendthrift trust legislation, Nevada followed the majority of states wherein a spendthrift would only protect someone other than the grantor of the trust. If a grantor was among the beneficiaries of a spendthrift trust, the creditors of the other beneficiaries could not attach the trust but the creditors of the grantor were permitted to attach the trust for claims against the grantor.

As of April 2000, a person can create a self-settled spendthrift trust in one of the above four states in which a grantor is also a beneficiary and which will be safe from attachment by creditors of the grantor except under very specific

exceptions. To create a valid self-settled spendthrift trust in Nevada, the following requirements must be met:

1. There must be a Trustee who is
 - (a) a Nevada resident
 - (b) a qualified bank trust department with an office in Nevada, or
 - (c) a qualified trust company with an office in Nevada
2. The Trust must be in writing
3. The trust must be irrevocable
4. The Trust must have a spendthrift provision wherein the trustee is not required to distribute any of the income or principal to the grantor, and
5. The Trust may not be formed with the intent to hinder, delay or defraud **known** creditors of the grantor.

Once the trust is properly created, the grantor may be the primary beneficiary of the trust and receive virtually all of the distributions of income and principal while at the same time having the trust assets shielded from his or her creditors. For this to work, care must be taken to assure that all statutory requirements are met. While the trust must be irrevocable, the grantor can still retain some operative rights such as the right to order the trustee not to make a distribution. The grantor cannot order a distribution to be made but can order one not to be made. A Trustee other than the grantor can have discretion to make distributions of income and principal to the grantor Nev.Rev Stat. Sec. 166.040(2)(b) (Supp. 1999).

Nevada is very broad in its definition of a self-settled spendthrift trust. Under section 166.015(1) of the Nevada Revised Statutes, a self-settled spendthrift trust will be governed and enforced by Nevada law whether made in or outside Nevada if:

- (a) all or a part of the land, rents, issues or profits in the trust are located in Nevada, or
- (b) all or part of the personal property, money, dividends upon stock, and other intangible personal property in the trust are in Nevada, or the declared domicile of the creator of a spendthrift trust affecting personal property is in Nevada, or
- (d) at least one qualified trustee has powers that include maintaining records and preparing income tax returns for the trust, and all or part of the administration of the trust is performed in Nevada.

In addition to the above, a trust will be governed by Nevada if the trust document itself states that it is to be governed by Nevada law.

If the self-settled spendthrift trust has been properly drafted then attachments for the creditor claims of the grantor are strictly limited. Under Nevada Revised Statute 166.170, creditors of a grantor in existence at the time property is transferred into a self-settled spendthrift trust must commence action within two years after the property transfer or six months after they discovered or should have discovered the transfer which ever occurs first. Creditors of the grantor arising after the transfer of the

property into the trust must commence their action within two years of the transfer. Anyone becoming a creditor of a grantor more than two years after the transfer of the property into the trust should be forever barred from attaching the property, with the exception of tax liens or claims for child or spousal support as discussed above.

ALASKA'S ACT

Alaska was the first state to enact a self-settled spendthrift trust act. Alaska's legislation is effective only for spendthrift trusts created after April 2, 1997. For trusts created prior to that date the settlor's interest may still be attached for payment of claims against the settlor.

The pertinent part of legislation as it relates to a grantor's interest in a trust, Alaska Stat. 34.40.110 states that the "transfer restriction prevents a creditor existing when the trust is created, a person who subsequently becomes a creditor or another person from satisfying a claim out of the beneficiary's interest, unless the

- (1) transfer was intended in whole or part to hinder, delay, or defraud creditors under AS 34.40.010;
- (2) trust provides that settlor may revoke or terminate all or part of the trust without consent of a person who has a substantial beneficial interest in the trust and the interest would be adversely affected by the exercise of the power held by the settlor to revoke or terminate all or part of the trust; in this paragraph "revoke or terminate" does not include a power to veto a

distribution from the trust, a testamentary special power of appointment or similar power, or the right to receive a distribution of income, corpus, or both in the discretion of a person, including a trustee, other than the settlor."

- (3) trust requires that all or a part of the trust's income or principal, or both, must be distributed to the settlor"

The above Alaskan law is quite similar to Nevada in several important respects as it relates to creditor of the grantor's attachment of the grantor's beneficiary interest in the trust. As in Nevada, a grantor's interest in the trust can not be attached if:

- (1) the trust is irrevocable but the grantor can maintain a veto power over distributions
- (2) the grantor cannot terminate all or part of the trust without the consent of the other affected beneficiaries.
- (3) the trust does not mandate or order distributions be made to the grantor of income and/or principal, and
- (4) the settlor if acting as trustee cannot have the discretion of making distributions of income or principal to himself as beneficiary.

As these issues are the same as Nevada, the Nevada discussion on them above would apply here as well.

Where Alaska law and Nevada law differ is in what is referred to as the period of contestability. This is the period of time set forth under the statute wherein a creditor may bring an action to in effect, pierce the trust for payment of the grantor's claims. In

Nevada the contestability period is two years whereas in Alaska it is four years. What this means is that a creditor of the grantor at the time the trust is created has four years after property is transferred into the trust or one year after discovery of the transfer or when he should have discovered it, whichever is later, to bring an action against the trust as a fraudulent transfer. Likewise a creditor of the grantor who becomes one after the trust is created must bring an action within four years of the transfer of property into the trust in order to attach it. Once property is in the property for more than four years, subsequent creditors of the grantor cannot attach it.

DELAWARE'S ACT

Delaware's law regarding spendthrift trusts and their applicability is in essence the same as Alaska's. Under Del. Code. Ann. tit 12, Sec 3570, a spendthrift trust is valid as to a grantor if the trust instrument:

- "a. Expressly incorporates the law of this State to govern the validity, construction and administration of the trust;
- b. Is irrevocable, but a trust instrument shall not be deemed revocable on account of its inclusion of 1 or more of the following:
 - 1. A transferor's power to veto a distribution from the trust.
 - 2. A testamentary special power of appointment or similar power held by the transferor.

3. The transferor's potential or actual receipt of income, including rights to such income retained in the trust instrument income; or
4. The transferor's potential or actual receipt of principal is such potential or actual receipt of principal is either in the sole discretion of a qualified trustee or qualified trustees or is pursuant to an ascertainable standard in the trust instrument."

As discussed in Nevada and Alaska above, a spendthrift trust for a grantor must be irrevocable. In addition to giving a trustee sole discretion to make distributions to a grantor, Delaware permits the trust agreement to specify a specific formula for distributions to a grantor and still have the trust be a spendthrift one. Use of a specific formula, however, defeats the purpose of a spendthrift clause because even if the assets cannot be attached directly, creditors will know how much and when such distributions will be made pursuant to the formula and thereby prepare for their attachment once the distributions are paid. While the grantor may retain the right to veto a distribution of the trust, it is unclear that the veto would actually be permitted in a situation where the distribution is mandated by the trust instrument and the only reason the grantor has for vetoing it is to prevent the grantor's creditors from seizing it.

The period of contestability of a transfer of property into the trust is same as for Alaska, four years after the transfer or

one year from when discovery of the transfer was made or should have been made. Persons who become creditors of the grantor more than four years after transfer of property to the trust are barred from attaching the property. The Delaware Act applies to spendthrift trusts created after July 1, 1997.

MISSOURI'S ACT

The Missouri spendthrift law is the broadest of any of the states. Mo.Rev Stat. Sec 456/080(3) states as follows:

"(3) A provision restraining the voluntary or involuntary transfer of beneficial interests in a trust will prevent the settlor's creditors from satisfying claims from the trust assets, except:

- (1) Where the conveyance of assets to the trust was intended to hinder, delay, or defraud creditors or purchasers,
- (2) To the extent of the settlor's beneficial interest in the trust assets, is at the time the trust was established or amended;
 - (A) The settlor was the sole beneficiary of either the income or principal of the trust or retained the power to revoke or amend the trust, or
 - (B) The settlor was one of a class of beneficiaries and retained the right to receive a specific portion of the income or principal of the trust that was determined solely from the provisions of the trust instrument."

Missouri does not have a period of contestability as long as the transfer was not made to defraud creditors. This is a vague standard which has always been taken to mean a transfer of property done at a time when the settlor was insolvent and unable to pay his obligations and for inadequate consideration. It is a tenuous concept and requires affirmative proof by the creditor of the financial distress of the grantor at the time the trust was created or that the transfer was part of a pre-designed scheme to defraud creditors. Transferring property to a trust and then subsequently developing a plan to defraud creditors shields the assets from subsequent judgments by defrauded creditors so timing is important as to when a suit is made.

Missouri like Delaware permits a specific formula to be used for determining distributions to the grantor in addition to the option of giving sole discretion to the trustee. As in the Delaware discussion, the use of specific formula assures the creditors of the grantor that the fixed determined amount of distributions will be available for attachment once made to the grantor. There is no provision under Missouri law for the grantor to veto the distribution and therefore the amount could possibly be attached by the grantor's creditors once it has been actually paid.

CONSTITUTIONAL QUESTIONS AND CONFLICTS

While a state has the authority to implement laws for its citizens and those doing business within its borders, there may be

conflicts with the laws of other states when person creating self-settled spendthrift trust crosses into other states or does business in other states. As stated above, 46 states and District of Columbia do not recognize self-settled spendthrift trusts as protecting the assets of the grantor who is also a beneficiary of such a trust. The question then arises what will happen if a grantor of such trust is sued in such a state.

Because the concept of using a self-settled spendthrift trust to protect the assets of the settlor is new, no case law has developed yet to see how non-self-settling states would view suits against the grantor. However, it is extremely likely that in such an event that the non-self-settling jurisdiction (one of the 46 states and the District of Columbia majority) would disregard the trust and order payment of any judgment from the trust assets. This is consistent with the long established treatment of spendthrift trusts and was in fact how the minority states handled the issue prior to their enactment of their self-settled spendthrift trusts legislation.

The Constitutional argument is very complicated. If a non-self settling jurisdiction were to give full faith and credit to a self-settled spendthrift trust created in another state, it would be giving rights to a trust not permitted to trusts formed under its own laws. There would be an immediate conflict between the rights afforded its own citizens and those of citizens coming in from

another state. The public policy determination, long settled, that no one should be able to protect or hide their assets from just judgments obtained as a result of their acts would be set aside through the use of out-of-state self-settled spendthrift trusts.

It would seem very unlikely that the majority of states would accept a self-settled spendthrift trust as protecting the grantor's assets in the trust from judgments in that state against the grantor.

However, even if a non self-settling spendthrift trust jurisdiction disregarded the trust, it still could only enforce a judgment against the trust if either the trustee or trust assets were in the state. The only person or entity who could transfer assets in the trust to pay any judgment is the trustee. If the trustee is not subject to state jurisdiction because the trustee is not in the state, then there is no way to obtain jurisdiction over the trustee so as to order the trustee to pay the judgment. Likewise, if no trust assets are in the non-self-settling state, the court of such a state could not assume in-rem jurisdiction over such property to and apply it to satisfying the judgment.

All of this assumes that under the terms of the trust document that the grantor does not have the power to replace the trustee. As long as the Grantor cannot replace the trustee, he would not be able to order the trustee to make a distribution to the grantor. Therefore, the court would not be able to order the grantor to

replace the trustee with someone who would make the distribution to the grantor in order to pay off the judgment. This is very important because in the recent past individuals have been using offshore assets protection trusts known as APL's to protect their interest. These are trusts formed in other countries over which the American courts have no jurisdiction. In such instances, American courts have held the trusts invalid and punished the creators as violating American law.

In *FTC V. AFFORDABLE MEDIA, LLC*. 179 F.3D 1228 (9th Cir. 1999) the grantors of self-settled offshore APT were jailed for contempt pending repatriation of the assets. In the case of *IN RE PORTNOY*, 201 B.R. 685 (1996) a transfer to an APT was found in violation of public policy when a foreign trust was created to shield the grantor's assets from a personal guarantee that was to be called. Both of these APT cases were prior to the enactment of the self-settled spendthrift acts of Alaska, Delaware, Missouri or Nevada but there is no reason to believe given the reasoning of those court's that their outcome would be different today. Generally it is better to assume that federal courts, state courts and federal agencies are more apt to regard a self-settled spendthrift formed under a valid state law as more legitimate and enforceable than one established under the laws of foreign country and thereby exempt from review under American law.

CONCLUSION-LICENSE TO STEAL?

It may seem to many that the new asset protection laws which permit self-settled spendthrift trusts are thinly disguised licenses to steal. Certainly, an argument can be made for that position. Now, under the laws of Alaska, Delaware, Missouri and Nevada, that if a person properly creates a self-settled spendthrift trust in a state that allows them, then after a certain period of time, the trust will become exempt from attachment for any judgment against the grantor. The time limit for this period varies among the states from two years in Nevada to four years in Delaware and Alaska and immediately in Missouri but it will happen in time. What this means is that a person can transfer assets into the trust and if no lawsuit or liability against the grantor arises during this period of contestability that at its conclusion the assets are automatically free from attachment at a later date.

The rights of the creditors under self-settled spendthrift trusts in states permitting them are different depending on status. The creditors are separated into two classes: those in existence when the trust was created and those arising after the trust was created.

1. For the second class of the creditors the treatment is rather straightforward if the creditors become so after the period of contestability has run, then they cannot bring suit to attach the trust assets. State law will determine if they can seize the trust assets by

attachment during the period of contestability which they usually can if they can show an intent to avoid creditors.

2. For creditors in existence at the time the trust was created their treatment is more complicated. Generally, a current creditor in order to protect his or her interest must bring a suit against the trust as soon as the transfer is known even if the debtor is not yet in default in order avoid the period of contestability from running. In Nevada for instance, such a suit must be brought within two years of the transfer into the trust or six months after discovering the trust of facts that would leading a person to discovering the existence of the transfer to the trust which ever occurs later. If the suit is not timely brought, the assets in the trust cannot be attached for payment of the grantor's debts.

In short, assets transferred into a self-settled spendthrift trust will be totally exempt from subsequent creditors after the contestability has run whatever it is for the state being used. There is no other provision in American law which permit people to create such a complete shield for their assets.

In order to create a self-settled spendthrift trust, the revocable trusts in the Estate Planning Two book published by **LAWYER AT LARGE LLC.** and **ATTORNEY ET AL, LLC.** can be used with the following simple changes:

1. Delete the Article making the trust revocable. Instead insert a new article stating something to the effect:

"THIS TRUST SHALL BE IRREVOCABLE. THE GRANTOR HAS THE INTENT OF MAKING CREATING AN IRREVOCABLE SELF-SETTLED SPENDTHRIFT TRUST UNDER THE LAWS OF THE STATE OF _____" (insert the name of the state in which self-settled spendthrift trusts are permitted)

2. Insert in the Article of the trust which calls for the name of the state whose governing law will be used the name of the state which permits self-settled spendthrift trusts which is the same state as in number one above.
3. Designate a trustee other than the grantor and it would be best to even state that the grantor cannot be the trustee. It is best that the trustee be a resident of the state named in number 1 and 2 above. In fact Nevada requires it.
4. You must state that the trustee has absolute discretion to make distributions of income and principal to the grantor as beneficiary but the beneficiary may not require or force the beneficiary to do make such distributions.
5. You may also insert language limiting the grantor's power to remove a trustee, but there is no guarantee that it will work as it has never been tested, something to the effect that:

"The grantor may not replace a trustee pursuant to a court order from a court outside of the state whose governing law is used if such replacement is done solely with the intent to have the new trustee make a distribution of assets of the trust for payment of the debts of the grantor if the current trustee could not be ordered by the such court to make the distribution directly under the governing state's laws. In such an

event, it should be left to a court of the governing state to determine if the trustee replacement is proper or if it violates the law or public policy of the governing state."

There is no way to determine if such a clause would be enforceable but its intent is to make clear that of the grantor's intent that the trust assets should not be attached for the grantor's debts wherever located if the attachment would violate the law of the governing state.

You might circumvent this issue entirely by stating that the grantor cannot replace the replacement the trustee and that replacement can only be a court of the governing state. As such only assets located the state, which does not have governing authority over the trust could be attached by one of its courts.

The use of self-settled spendthrift trusts will afford almost complete protection for a grantor's assets if the assets are transferred into a state which permit such trusts and the trustee is a resident of such a state and the grantor cannot replace the trustee or order the trustee to make a distribution. If any of these elements are missing, then it becomes problematical whether a judgment obtained against a grantor in a state which does not permit self-settled spendthrift trusts can be enforced against the trust.

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