

AN EXPLANATION OF YOUR REVOCABLE TRUST

This document will provide a brief explanation of the provisions in your revocable trust. They may be modified to suit your individual circumstance. These are just an overview of the intent of each article in your revocable trust.

TRANSFER IN TRUST: The trust is created as an agreement between the grantor (you), and the trustee (you). The article makes reference to Schedule A, a listing of all the property, which will ultimately be transferred into trust. Such property will then be referred to as the "Trust Estate". The Schedule A will be filled in as you transfer assets into trust, after you have signed your trust. **YOU MUST TRANSFER ASSETS TO YOUR TRUST TO AVOID PROBATE AND GET TAX ADVANTAGES. TRANSFER MEANS MORE THAN SIGNING THE TRUST, YOUR ASSETS MUST BE RETITLED IN THE NAME OF THE TRUST.**

REVOCATION AND AMENDMENT This as a revocable trust. As long as you are alive, you reserve the right to revoke or change this trust in any way. Upon your death, the remainder of the Trust Estate and trusts become irrevocable. You will remain in complete and total control over the property as long as the trust is revocable.

ADDITIONS TO THE TRUST: Any property can be included in this Trust.

GOVERNING LAW: The state named, is the state governing the trust agreement. This article does not preclude this trust from being used in other states.

NO BOND REQUIRED: This section asks that the trustee serve without bond for the purpose of keeping costs of administration at a minimum. Also, as you act as the initial trustee, there isn't any reason for you to be bonded.

PARTIAL INVALIDITY: If for any reason any portion of the trust is invalid, the rest of the articles of the trust will remain in effect.

PERPETUITIES SAVINGS CLAUSE: This article reiterates a law known as "the rule against perpetuities". This rule requires all trusts to terminate at some point in the future. In order to insure that this rule will not be violated, we include appropriate language to terminate the trust no later than 21 years after your death and the death of your now living descendants.

SPENDTHRIFT PROVISION: This article is an attempt to protect your assets from creditors of your beneficiaries. It does not give you any protection from your creditors. However, to the extent allowable by law, the assets and income will be protected for any beneficiary who has creditors seeking to attach those distributions.

PARTIES DEALING WITH TRUSTEES: This article discusses how third parties should deal with the trustee and respect their authority. Those people dealing with the trustee should not request confirmation of the trustee's authority from the beneficiaries.

POWER OF THE TRUSTEES: This article gives the trustee full power to deal with the trust property, but always in the best interest of the beneficiaries. The trustee has the power to buy and sell stock, to buy and sell real or personal property, to make distributions in cash, or in kind, to make distributions to someone on behalf of the beneficiary, to determine to what extent income received should be viewed as income or additions to principal, to hire accountants, attorneys and other professionals, to enter into contracts, to borrow or loan money, to lease or otherwise develop real estate, to operate a business, and to keep in force and pay premiums on life insurance or other policies. The rest of this article states that any trustee may resign, and that the expenses of the trust shall be paid out of the income before going after principal. Finally, any successor trustee shall be free from any liability resulting from any inappropriate act of a prior trustee.

COMPENSATION OF TRUSTEE: This section states that the trustee shall be entitled to reasonable compensation, similar to compensation paid to trustee who performs similar services.

RENDITION OF ACCOUNTS: This article explains that after your death, the trustee shall make at least an annual accounting of the assets, income and expenses of the trust. An accounting is an important tool for a beneficiary to use in determining whether the trustee is properly serving the trust.

CERTIFIED COPIES OF TRUST: This section states that any third party will regard a notarized copy of this trust as if it were the original.

PROVISION RELATING TO POLICIES OF INSURANCE: This article discusses the trust's authority to be the recipient of a life insurance policy; it does not obligate the trustee to pay the premiums of the policy.

DISPOSITION DURING LIFE OF THE GRANTOR: This section discusses how the property will be disposed of during your life. You have sole access to any amount of income or principal. In addition, if you should become incompetent, the successor trustee can continue to use the income and principal for your benefit.

DISPOSITION DURING JOINT LIVES OF THE GRANTORS (in the case of multiple grantors): This discusses how the property will be disposed of during the time when both of you are alive. You both have sole access to any amount of income or principal. In addition, if either of you, or both of you, should become incompetent, the successor trustee can continue to use the income and principal for your benefit.

DISPOSITION AFTER DEATH OF THE FIRST OF THE GRANTORS: After the death of one of you, if there are no estate tax minimization provisions, once expenses have been paid out of the decedent's estate, (such as currently due debts, expenses, costs of last illness, funeral expenses and taxes) the trust will continue for the benefit of the survivor.

DISPOSITION AFTER DEATH OF THE GRANTOR: After your death, if there are estate tax provisions in your trust, once expenses have been paid out of your estate, (such as currently due debts, expenses, costs of last illness, funeral expenses and taxes), there shall be two separate distributions: the "marital portion" and the "family trust" respectively. The marital portion shall be paid to the then trustee of your spouse's trust, or if none exists, then to the trustee serving under your trust, to be administered as the marital portion. Your spouse has liberal access to this

portion. The family trust will be held for the ultimate beneficiaries with only restricted use by the surviving spouse.

DISPOSITION ON DEATH OF THE SURVIVOR OF THE GRANTOR AND SPOUSE:

This article explains how the property will be disposed of upon the death of the survivor of you and your spouse.

MINOR CHILD PROVISIONS: If any of your children are under the age of majority at the time of your death, the Trustee is instructed to administer the trust according to the provisions in this article. In this article you decide at what age each of your children will inherit their share of your estate.

OTHER MINOR CHILD PROVISIONS: This article will be included in your trust document if you have named minor children, other than your children, such as grandchildren, nieces or nephews, who will receive a portion of your estate. If any of these children are under the age of twenty-one (21) years of age at the time of your death, the Trustee is instructed to administer the trust according to the requirements of UGMA and additional provisions you articulate.

GIFTS: This article states that if you have made or intend to make gifts to certain beneficiaries, these gifts will not be considered an advance to any beneficiary of his/her inheritance nor will any gift be taken into account in the settlement of the trust.

PERSONAL PROPERTY DISTRIBUTIONS: This section allows you to designate the distribution of your personal property, separate from the rest of the distributions under the trust, by making a personal property list and attaching it to the trust. Be sure to sign and date this list. This personal property list can be changed as needed.

REMOVAL OF THE CORPORATE TRUSTEE: If you have named a corporate trustee, you have the right, at any time, to remove or replace the corporate trustee. You are not obligated to appoint a successor corporate trustee. However, the individual trustee, upon the death of the survivor of you and your spouse, must replace said trustee with a bank or trust company with at least one hundred million dollars (\$100,000,000.00) in assets under management.

CONTEST OF TRUST: This article explains that if any beneficiary of this trust decides to engage in any action, which opposes the administration of this trust or any of its provisions, or contests the action of the trustee named in this trust, the provisions made for such beneficiary shall be revoked.

UNIFORM TRUST CODE: This section gives you flexibility as provided by the UTC.

TRUSTEES: In this article, you appoint those people who you want to act as trustees and in what order they will serve.

MISCELLANEOUS: Trustee and trustees can be used interchangeably as can grantor, settlor, undersigned, or trustor. The "his" and "her" or "she" and "he" are also interchangeable as it is difficult to predict who may serve as trustee at various times in the future.