Protective Life Insurance Company relative to assets of Lincoln Reserve Life Insurance Company.

State of Alabama Jefferson County)

WHEREAS, heretofore on, to-wit, the 11th day of January, 1933, in a cause pending in the United States District Court for the Southern Division of the Northern District of Alabama, entitled A.L.Conn et al vs.Lincoln Reserve Life Insurance Company (hereinafter called Lincoln), the said Court, by order and decree duly and regularly entered in said cause, appointed J.L.Drennen as Receiver of the business, property and assets of the Lincoln; and

WHEREAS, thereafter and as of even date herewith, the said court duly and regularly entered in said cause an order or decree authorizing and directing the said Receiver to enter into a reinsurance contract with the undersigned Protective Life Insurance Company, and Alabama Corporation (hereinafter called Protective), which said reinsurance contract or agreement (hereinafter called reinsurance contract) has been entered into comtemporaneously with the execution of this instrument, and which said reinsurance contract is made a part hereof as fully as though set out herein; and,

Whereas, under the terms and provisions of said decree of said Court and of such reinsurance contract, various assets of the Lincoln were ordered and directed to be conveyed to Protective to be held and disposed of by it under the terms and provisions of a Declaration of Trust: and

WHEREAS, the said assets, as hereinafter more fully described, have been thus conveyed to Protective and Protective desires to declare the trusts on which it shall hold and dispose of said assets:

Now, Therefore, in consideration of the premises, Protective does hereby acknowledge the conveyance to it of all of those assets (hereinafter called Trust Estate) more particularly described and set forth in Exhibit "A" to "M", inclusive, hereto annexed and made a part hereof as though fully set out herein, to be held and disposed of by it in the manner hereinafter set forth, and subject to the terms and conditions hereinafter stated, namely:

(1) Protective shall hold, manage, pleage, convey and otherwise dispose of for the purpose of for the purpose of ultimately converting into cash, at such time or times and in such manner or manners as may seem to it to be most feasible or desirable, all of said trust estate, provided Protective shall not be authorized and empowered to sell or otherwise finally dispose of any of said assets without first obtaining the approval of either the Superintendent of Insurance of the State of Alabama or such officer of said State as may hereafter by law assums and take over the discharge of the duties of said office; or the Reveiver in said cause; or the said Court as evidenced by an order duly entered in said Receivership proceedings. The approval of said Superintendent of Insurance or said Receiver may be evidenced by endorsement on any deed, transfer or other instrument disposing of any such asset or may be evidenced by separate letter or instrument in writing. No purchaser of any such asset shall be required to ascertain whether such approval has been obtained nor shall any such purchaser be required to follow up or trace any purchase money paid, but shall be fully protected in making payment to Protective.

Nothing herein contained shall be construed as requiring Protective to obtain any approval for the renewal or extension of any existing encumbrance, or the foreclosure of any mortgage, now or hereafter constituting a portion of the trust estate.

(2) Out of the income and principal of the trust estate, Protective is authorized and empowered to pay and discharge all artual expense of the management and/or sale of, all or any part of the trust estate, including taxes, insurance, agents' commissions, legal expense and any and all other expense fairly and properly chargeagle thereto, except that no charge shall be made, except as is provided in the reinsurance contract, for overhead or administrative expense of Protective. In the event income and principal received from time to time by Protective from the trust estate is insufficient to pay the expense incodent to the management and disposition of the trust estate, Protective may, but shall not be required so to do, advance its own funds for the purpose of paying such expense, which advances, if any, shall draw interest at the rate of six (6) per gent per annum, and shall

be refunded to Protective out of the first proceeds of the trust estate thereafter received by it

(3) All of the moneys received by way of income and/or principal from the trust estate

over and above the amounts necessary to reimburse Protective for amounts advanced by it, if any, under the provisions hereof, and the expense of management and disposition of the trust estate as herein set forth, shall be termed proceeds of liquidation of the assets of Lincoln and shall be applied as directed by the terms of said reinsurance contract and as hereinafter directed.

- (4) After payment or reimbursement to Protective of the sums provided by said reinsurance contract to be paid and/or reimbursed to if, including the establishment of any reserve provided by said contract to be established, and after the complete removal of liens on outstanding Lincoln policies as provided in said remanance contract; the balance of the proceeds of liquidation of the assets held hereunder shall be applied to the payments of creditors of the Lincoln other than policyholders whoer claims may have been or may hereafter be approved by said Court in said receivership proceedings, such disbursements to said creditors to be in such amounts and with such priorities, if any, as between said creditors as may be determined by said Court.
- above those amounts required to be paid under the terms hereof and under the terms of said reinsurance contract to policyholders of Lincoln or held for their benefit, and the amounts required to be paid to creditors of Lincoln as herein provided, the balance remaining shall be distributed in the proportion of seventy five per cent to the then stockholders of Lincoln as their respective interests may then appear, and the remaining twenty-five per cent shall be the property of Protective.
- (6) This agreement shadl terminate and all assets, if any, remaining in the trust estate shall be sold and disposed of if and when, under the terms of said reinsurance contract, all liens against Lincoln policies have been discharged, and in any event all of said assets constituting the trust estate shall be finally disposed of on or prior to December 31, 1942, and distribution shall thereupon be made as provided under the terms of said reinsurance contract and as provided herein.
- (7) Protective does not warrant in any manner the title to all or any part of the assets now or hereafter constituting the trust estate.
- or hereafter outstanding against any asset constituting a portion of the trust estate (including taxes) when in its judgment such payment or discharge is not for the best interest of the trust estate, but shall be authorized and empowered, in its discretion, to make such payment or provide for such discharge without obtaining any prior approval.
- (9) Protective shall not be liable for any error of judgment or any act done or omitted hereunder except only for actual bad faith on its part.
- (1) Protective shall be authorized and empowered to act or refuse to act hereunder in any given matter or thing on the advice of counsel who may be counsel for Protective.
- (11) Protective shall annually on or before March 1st of each year, beginning with the year 1934, and so long as this agreement is in force and effect, but in no event after March 1st 1943, file with the Receiver and the Superintend of Insurance of the State of Alabama a statement whowing all sales or other disposition of assets covered by this agreement, together with all receipt and disbursements hereunder for the period ending December 31st next preceeding.
- (12) Said decree of the said United States District Court for the Southern Division of the Northern District of Alabama so entered as of even date herewith, the said reinsurance contract, and this Declaration of Trust shall be considered and construed as one document wherever necessary the to ascertain the true intend and purpose of this agreements and rights, powers, privileges and obligations of Protective hereunder.

In witness whereof, Protective Lafe Insurance Company has caused this instrument to be signed by S. F. Clabaugh, Its President, who is thereto duly authorized, and its corporate seal attested by A.L.Fairley, its Secretary, to be hereto affixed, all in quadruplets as of this the 21st day of February, 1933.

Protective Life Insurance Company,
By S. F. Clabaugh
lts President.

(SEAL)

Attest:

a.L.Fairley
Its Secretary.

State of Alabama Jefferson County)

I, the undersigned authority, in and for said County, in said State, hereby certify that S.F.Clabaugh, whose name as President of Protective Life Insurance Company, a corporation, is signed to the foregoing Beclaration of Trust, and who is known to me, acknowledged before me on this day that, being informed of the contents of the said Declaration of Trust, he, as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 23rd day of February, 1933.

Katherine E.Holt, Notary Public

Approved:

W I Grubbs United States District Judge

J L Drennen Receiver

Chas.C.Greer
Superintendent of
Insurance of the State
of Alabama.

Exhibit "F"

(Equity in Mortgageloans heretofore pledged to Reconstruction Finance Corporation)

Loan Number

Name

Recorded

Balance as of

2-20-33

154

V.I.McIlwain

\$/7/28 vol 152 P.405

\$1,575.00

Shelby County Ala

and other loans)

The within Declaration of Trust by Protective Life Insurance Company as to the assets of the Lincoln Reserve Life Insurance Company, together with Exhibit "F" attached thereto showing Loan No 154, V I McIlwain, is recorded in Deed Book 105 on page 281, on this the

22nd day of October, 1938 .

C. Walker, Judge of Probate.

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