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# FAMILY TRUST

of

Clay Pearson Finley  
Betty Louise Finley

**DARLING  
LAW  
OFFICES**

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Scott Edward Darling  
a Professional Corporation

**ESTATE PLANNING  
LIVING TRUSTS  
INSURANCE TRUSTS  
CHARITABLE TRUSTS  
ASSET PROTECTION  
CORPORATIONS  
FAMILY PARTNERSHIPS**

# FAMILY TRUST

Of

Clay Pearson Finley  
Betty Louise Finley

## DIVISION INTRODUCTORY PROVISIONS

## ARTICLE DECLARATIONS

### TRUST ESTABLISHMENT

The Trustor(s) indicated herein hereby declare and establish the trust(s) pursuant to this instrument.

### DECLARATIONS

For convenient reference, the following information applies:

| Trustor Information                 |   |
|-------------------------------------|---|
| Trustor Name(s):                    | Clay Pearson Finley<br>Betty Louise Finley  |
| Name of Trust:                      | As indicated at the top of this page  |
| Marital Status:                     | Married   |
| Children Information                |   |
| <b>Trustors Mutual Children:</b>    |   |
| Children living:                    | None  |
| Deceased children:                  | None  |
| <b>Husband's Separate Children:</b> |   |
| Children living:                    | Anthony Wayne Finley<br>Clay Pearson Finley II  |
| Deceased children:                  | None  |
| <b>Wife's Separate Children:</b>    |   |
| Children living:                    | Tammy La Vette Bermudez<br>Delexstine Kendricks<br>Jenell McLaurin<br>Dexter Gene Kendricks, Jr.<br>Georgetta Jones |
| Deceased children:                  | None  |

### TRUSTOR AND TRUSTEE

The term trustor refers to the trustor(s) named herein. If there is more than one trustor, then the term trustor refers to either one or both trustors according to the context. The term trustee refers to whoever is currently acting as trustee(s) for the particular matter whether original, alternate, or successor. If there is more than one trustee currently acting, then the term trustee refers to one or all trustees according to the context.

### DECLARATION OF TRUST

For legal purposes this instrument shall be considered a declaration of trust.



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**TRUST PROPERTY**

Contemporaneously, with the execution of this Declaration, the trustor deposits with the trustee the sum of Ten Dollars (\$10.00) and the property described or to be described on any declaration, designation, assignment and/or transfer documents, receipt and acceptance of such is hereby acknowledged. Additional property may be added to the trusts provided herein at any time and from time to time, by the trustor, or by any person or persons to the extent permitted by law and IRS codes, rules and regulations, by intervivos or testamentary transfer or by insurance, contract, or other declaration, designation, appointment, or transfer. Such property may be added by list, schedule, inventory, deed, assignment, designation, or any other method. No formal method for adding property to this trust is required. Any evidence of trustors intent to include such property, shall be sufficient to transfer it to the trust and make it a part of the trust. Trustor hereby declares that all such property so received or hereafter added to this trust does and shall constitute trust estate property, and shall be held, managed, administered, and distributed as herein provided.

**NO CONSIDERATION**

No consideration was or will be given by the trustee to the trustor for the contribution to the trustee of any of the trust estate. The trustee accepts such title to the trust estate as transferred to it without liability or responsibility for the conditions or validity of the title. The trustee acknowledges that the trust estate has been or will be transferred to the trustee, as a gift in trust, solely for the uses and purposes provided in this trust..

**INITIAL ALLOCATION OF TRUST ESTATE**

Such trust estate, share, property, and assets shall initially be held, administered, allocated, and/or distributed (unless otherwise indicated or provided) as follows:

Pursuant to the division titled Initial Trust Provisions.

**END OF DIVISION**



**DIVISION  
INITIAL TRUST PROVISIONS**

**ARTICLE  
INITIAL TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article or trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**BENEFICIARY**

The beneficiary of this trust shall be as follows:

|                               |         |
|-------------------------------|---------|
| <b>Income beneficiary:</b>    | Trustor |
| <b>Principal beneficiary:</b> | Trustor |

**CHARACTER OF PROPERTY IN TRUST**

Any community property transferred to this trust and the proceeds thereof (herein referred to as community property or the community trust estate) shall continue to retain its character as community property, subject to all the terms and conditions of this instrument and the powers granted to the trustee.

Any separate property of a trustor transferred to this trust and the proceeds thereof (hereafter referred to as separate property or the separate trust estate) shall retain its character as the transferring party's separate property, subject to all of the terms and conditions of this instrument and the powers granted to the trustee.

Any quasi-community property transferred to this trust and the proceeds thereof shall retain its character as the transferring party's quasi-community property subject to all of the terms and conditions of this instrument and the powers granted to the trustee. However, for the purposes of this trust, it shall be included in the term separate property or separate trust estate and be treated as separate property is treated under this trust. However, the trustor does not intend to change the character of such property.

Transfer of separate property to the trust whether in the name of one or more trustees shall not constitute evidence of an intent to transmute separate property to community property but shall only be for convenience of the parties and separate property shall continue to retain its character as separate property and be maintained as separate property no matter how transferred or how held by the trust.

Any community income, principal or trust estate paid to trustor, applied for trustors benefit, withdrawn by trustor, or otherwise transferred from the trust on behalf of trustor shall continue to retain its character as community property. Transfer of community property from the trust whether in the name of one or more trustors shall not constitute evidence of an intent to transmute community property to separate property but shall only be for convenience of the parties and community property shall continue to retain its character as community property and be maintained as community property no matter how transferred from the trust.

Any separate income, principal, or trust estate paid to trustor, applied for trustors benefit, withdrawn by trustor, or otherwise transferred from the trust on behalf of trustor shall continue to retain its character as separate property. Transfer of separate property from the trust whether in the name of one or more trustors shall not constitute evidence of an intent to transmute separate property to community property but shall only be for convenience of the parties and separate property shall continue to retain its character as separate property and be maintained as separate property no matter how transferred from the trust.

Any joint tenancy property transferred to this trust that:

- Was acquired out of community property assets,
- Would have been considered as community property under California law, or
- Would otherwise be community property but for the joint tenancy designation,

Shall, to the extent of such community property interest, nature, or background, be construed and be designated as community property herein. It is agreed that such joint tenancy property upon transfer to the trust is and shall be



converted to community property under California law to the extent of such community property interest, nature, or background.

**COMMUNITY ESTATE INCOME — BROAD STANDARD**

The trustee shall pay to or for the benefit of the income beneficiary as much of the net income of the community trust estate as the trustee considers reasonably necessary for such beneficiary's health, education, support, maintenance, comfort, welfare, or happiness to maintain at a minimum such beneficiary's accustomed manner of living. The trustee shall add to the principal of the community trust estate any net income not so distributed.

**COMMUNITY ESTATE PRINCIPAL — BROAD STANDARD**

The trustee shall pay to or for the benefit of the principal beneficiary as much of the principal from the community trust estate as the trustee considers reasonably necessary for such beneficiary's health, education, support, maintenance, comfort, welfare, or happiness to maintain, at a minimum, such beneficiary's accustomed manner of living.

**SEPARATE ESTATE INCOME — BROAD STANDARD**

The trustee shall pay to or for the benefit of an income beneficiary as much of the net income from that beneficiary's separate trust estate as the trustee considers reasonably necessary for that beneficiary's health, education, support, maintenance, comfort, welfare, or happiness to maintain at a minimum that beneficiary's accustomed manner of living. The trustee shall add to the principal of that beneficiary's separate trust estate any such net income not so distributed.

**SEPARATE ESTATE PRINCIPAL — BROAD STANDARD**

The trustee shall pay to or for the benefit of a principal beneficiary as much of the principal from that beneficiary's separate estate as the trustee considers reasonably necessary for that beneficiary's health, education, support, maintenance, comfort, welfare, or happiness to maintain, at a minimum, that beneficiary's accustomed manner of living.

**INCOME AND PRINCIPAL REQUESTED FROM COMMUNITY PROPERTY IN THE TRUST**

The trustee shall pay to such beneficiary, or shall apply for such beneficiary's benefit, so much of the net income and principal of the community trust estate as shall be requested by such beneficiary. Any income not so requested shall be added to and become a part of the principal of the community trust estate.

**INCOME AND PRINCIPAL REQUESTED FROM SEPARATE PROPERTY IN THE TRUST**

The trustee shall also pay to such beneficiary, or shall apply for such beneficiary's benefit, so much of the net income and principal of that beneficiary's separate trust estate as shall be requested by that beneficiary. Any income not so requested shall be added to and become a part of the principal of the separate trust estate belonging to that beneficiary who transferred such separate trust estate.

**SEPARATE PROPERTY TRUST**

The separate property of a trustor shall only be available for such trustor's use and benefit. Such separate property shall not be used or available for the debts or creditors of any other beneficiary. Such assets shall be considered held in a separate sub trust under this trust to clearly delineate and protect such assets from the debts and creditors of any other beneficiary. The beneficial and legal interests of the separate property in this trust, and its principal and its income shall be free from interference or control of any other beneficiary's creditor and shall not be subject to the claims of any such creditor and shall not be liable to attachment, execution, bankruptcy, or other process of law.

**COMMUNITY PAYMENTS — SPECIAL DUTY**

The beneficiary receiving payments from the community trust estate shall have the same duties regarding the use of such community income and principal allocations as that beneficiary has with respect to any other community property.

**COMMUNITY PROPERTY — TRUSTEES POWERS**

While the trustors are alive, the trustee shall have the same duties regarding community property transferred to the trust as a trustor would have had this trust not been created.



**BENEFICIARY'S INCAPACITY — ASCERTAINABLE STANDARD**

If a court declares a beneficiary incompetent or if the trustee after consultation with medical professionals, considers a beneficiary unable to manage the beneficiary's own affairs by reason of physical or mental disability, then the following shall apply:

The trustee during such beneficiary's life may pay to or for such beneficiary as much of the income and principal from the trust estate as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

The trustee may make the payments in any of the following ways:

- To such beneficiary directly.
- To the legally appointed guardian or conservator of the beneficiary.
- For the benefit of the beneficiary.
- To an adult relative or friend in reimbursement for amounts properly advanced for the benefit of the beneficiary.
- To any guardian or other responsible person who has assumed the responsibility for caring for the beneficiary.
- In any prudent form of annuity purchased for the use or benefit of the beneficiary.
- Directly for the payment of the beneficiary's obligations, debts, or bills in the trustee's sole discretion.
- To any third person, corporation, or entity for the use or benefit of the beneficiary.

The trustee shall make payments first from the community trust estate until it is exhausted, then equally from that beneficiary's separate trust estates.

The trustee shall add to principal any income not distributed.

The trustee may also make such payments for or on behalf of such beneficiary's dependents as is necessary for such dependents health, education, or support to maintain the dependent's accustomed manner of living.

In making such distributions, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the dependent, including the dependents ability to obtain gainful employment and the obligation of others to support the dependent, known to the trustee and reasonably available for the purposes stated here.
- May pay more to or apply more for some of the dependents of this particular division of such trust estate than others and may make payments to or applications of benefits for one or more such dependents to the exclusion of others.
- May consider the value of the trust assets, the relative needs, both present and future, of each member of such dependents class, and the tax consequences to the trust and to any dependent.
- Shall charge distributions of income and principal against this particular division of such trust estate as a whole and not against the share of the individual dependent to whom or for whom the distribution was made.

In exercising these duties the trustee may do so in the trustee's sole and absolute discretion.

The incapacity of one trustor shall not affect the trustee's duties and powers as to the other trustor.

**GUIDELINES — OTHER SOURCES**

In making discretionary distributions, in its reasonable discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.
- May pay more to or apply more for some of the beneficiaries of this particular division of such trust estate than others and may make payments to or applications of benefits for one or more such beneficiaries to the exclusion of others.
- May consider the value of the trust assets, the relative needs, both present and future, of each member of such beneficiary class, and the tax consequences to the trust and to any beneficiary.



**GIFTS AND DONATIONS — TRUSTORS DIRECTION**

If more than one trustor, the trustors, acting jointly, may at any time direct the trustee to pay single sums or periodic payments out of the community property in the trust estate to any other person or organization. Such payments shall be considered gifts made one half by each trustor.

A trustor who has contributed separate property may direct the trustee to pay single sums or periodic payments out of that trustors separate property to any other person or organization.

Any trustors power to so direct the trustee shall be personal to that trustor, except that this power may be exercised by the trustors conservator, or by the agent named in a trustors durable power of attorney authorizing such power, to the extent as authorized by the court or to the extent authorized in such power.

If a trustor becomes incapacitated, trustee may continue to make payments to any other person or organization on behalf of the incapacitated trustor that such trustor usually or normally made, or regarding which such trustor expressed or expresses a desire or intent to be made.

**ALLOCATION-- DEATH**

Upon the death of a trustor any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the provisions in the article titled Distribution of Initial Trust

**ARTICLE  
DISTRIBUTION OF INITIAL TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article or trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**ALLOCATION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the provisions in the article titled Provisions at Death of Trustor

**END OF DIVISION**

**DIVISION  
PROVISIONS AT DEATH OF TRUSTOR**

**ARTICLE  
PROVISIONS AT DEATH OF TRUSTOR**

**APPLICATION**

After the death of the first trustor, any remaining trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**DESIGNATION OF TRUSTORS**

The first trustor to die shall be known herein as the deceased trustor and the living trustor as the surviving trustor.

**SIMULTANEOUS DEATH — NO PRESUMPTION OF SURVIVAL**

If the trustors die under circumstances where no sufficient evidence exists that they died otherwise than simultaneously, then the trustee shall distribute the property interest of each trustor as if that trustor had survived.

**DEATH TIME ALLOCATIONS, PAYMENTS, AND EXPENSES**

The trustee shall provide for any death time allocations, payments, and/or expenses pursuant to the article herein titled Provisions Regarding Death and pursuant to the following provisions in this article:

**ALLOCATION OF EXPENSES AND DEBTS ON DEATH**

Any funeral expenses, last illness expenses, debts, and expenses of administration of a deceased trustor paid from the trust shall be allocated as follows:

- At the deceased trustors death, such debts and expenses regarding the deceased trustor shall be allocated and charged to the separate and community property of each trustor in accordance with any proration thereof as provided under the California Probate Code for the proration of such debts and expenses payable in whole or in part from a deceased trustors trust.
- At the surviving trustors death, such debts and expenses regarding the surviving trustor shall be allocated and charged to the survivors trust.

**DEATH TAXES — ALLOCATION, SPECIAL PROVISIONS**

Notwithstanding the general provisions in this instrument for allocation of death taxes, death taxes imposed as a result of inclusion of any qualified terminable interest property trust in the estate of the surviving spouse shall be paid from any portion of such marital trust not exempt from the GST tax to the extent possible. If such portion of the marital trust is insufficient, then the remainder of such taxes shall be paid from the residue of the survivors trust.

To the extent taxes are paid from the survivors trust, the trustee of the survivors trust shall not exercise the right of recovery provided for in the Internal Revenue Code regarding such taxes.

Notwithstanding any other clause, if the surviving trustor disclaims any property given to surviving trustor outright or in trust, the amount of any increase in federal death taxes that results from this disclaimer shall be paid out of the disclaimed property.

**SPECIAL CHARGES AGAINST EXEMPTION EQUIVALENT SHARE**

Regardless of any other provision of this trust or applicable law allocating administration expenses, the trustee shall charge and pay from the Exemption Equivalent Share as provided herein to the extent of reasonably available assets the following:

- The deceased trustors funeral expenses, last illness expenses allocated to deceased trustors separate property and trustors share of the community property.
- Debts and administration expenses allocated to deceased trustors separate property and trustors share of the community property.



20101012000339650 8/94 \$15.00  
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10/12/2010 04:23:40 PM FILED/CERT

- Any inheritance, estate, and death taxes payable upon trust property by reason of the deceased trustors death, except inheritance, estate, and death taxes payable as a result of surviving trustors disclaimer.

**ALLOCATION BETWEEN SEPARATE AND COMMUNITY PROPERTY OF TRUSTOR**

Except as may otherwise be provided in this instrument or as otherwise required by law or regulation, trustee may allocate the payment of a deceased trustor's expenses and/or taxes between the separate and community property shares of such trustor as the trustee determines in the trustee's reasonable discretion.

**ALLOCATION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the provisions in the article titled Allocation of Initial Trust

**ARTICLE  
ALLOCATION OF INITIAL TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**DIVISION OF PROPERTY**

The trustee shall first divide such property and estate based on the following principles:

The trustee shall divide such property and estate into separate shares according to the following general divisions based on the source of such property or estate:

- Husband's Separate Property Division:
  - Shall consist of trustor husband's separate property in the trust estate.
- Husband's Community Property Division:
  - Shall consist of trustor husband's one-half (1/2) interest in any community property in the trust estate.
- Wife's Separate Property Division:
  - Shall consist of trustor wife's separate property in the trust estate.
- Wife's Community Property Division:
  - Shall consist of trustor wife's one-half (1/2) interest in any community property in the trust estate.

**MAINTENANCE OF DIVISIONS THROUGH FURTHER DISTRIBUTION OR DIVISION**

The trustee shall maintain these general divisions of the trust estate and assets through any further divisions or distributions of the trust estate or assets provided for in this instrument.

**FURTHER DEFINITION AND LIMITATION OF BENEFICIARIES/ DISTRIBUTEES FOR DIVISIONS**

As to trust assets falling within each such general division provided for herein, unless specifically and clearly indicated otherwise herein, any reference in this instrument to any children, descendants, heirs, or beneficiaries or any category or class of any children, descendants or heirs as beneficiaries or distributees shall be deemed to mean and be limited to only those children, descendants, beneficiaries, or heirs who also fall within the following category of children, descendants, or heirs regarding each such general division. Despite any general wording in this instrument, unless specifically and clearly indicated otherwise herein, the trust assets and property in such a division shall only be held, administered and/or distributed for/to those children, descendants, or heirs who also fall within the category of children, descendants, or heirs specified below for each such division:

- Husband's Separate Property Division:
  - Category of children, descendants or heirs: Trustor husband's children, descendants, relatives, or heirs.
- Husband's Community Property Division:
  - Category of children, descendants or heirs: Trustor husband's children, descendants, relatives, or heirs.
- Wife's Separate Property Division:



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10/12/2010 04:23:40 PM FILED/CERT

- Category of children, descendants or heirs: Trustor wife's children, descendants, relatives, or heirs.
- Wife's Community Property Division:
  - Category of children, descendants or heirs: Trustor wife's children, descendants, relatives, or heirs.

**PARTIAL LISTING OF SEPARATE PROPERTY**

Any property or estate received by gift, inheritance, or devise from a relative of one of the trustors shall be considered that trustor's separate property along with any other property considered to be separate property by law. In addition, the following property shall be considered as part of the indicated party's separate property for the purposes of the trusts provided for in this document. The listing of the items is not meant to be an inclusive, comprehensive, substantial, or even a significant listing of the separate property, but is only set forth to delineate items which might (but not necessarily would) otherwise be a subject of controversy, and the parties retain whatever rights they may have under applicable principles of law to any other separate property not listed:

- Husband's listed separate property:
  - See attachment titled Husband's Separate Property
- Wife's listed separate property:
  - See attachment titled Wife's Separate Property

**GIFTS ON DEATH OF DECEASED SPOUSE — BY REFERENCE**

As to any property indicated in or referenced to the article in this document titled Gifts that are instructed or indicated to be distributed on the death of the deceased trustor, such property shall be distributed as so instructed or indicated in or referenced to that article.

**DIVISION OF ASSETS — AGGREGATE METHOD**

The division of assets pursuant to this article need not be done by asset, but may be made by an aggregate method of distribution so that the fair market value of each division is maintained but the actual assets distributed may be different.

**ALLOCATION OF SURVIVING TRUSTOR'S SEPARATE PROPERTY**

At such time, the value of the surviving trustors separate property interest in the trust estate, property, and assets shall be allocated as follows:

Pursuant to the article herein titled Survivor's Trust.

**ALLOCATION OF SURVIVING TRUSTOR'S COMMUNITY PROPERTY INTEREST**

At such time, the value of the surviving trustors one-half (1/2) interest in any community property in the trust estate, property, and assets shall be allocated as follows:

Pursuant to the article herein titled Survivor's Trust.

**ALLOCATION OF DECEASED TRUSTOR'S SEPARATE PROPERTY**

At such time, the value of the deceased trustors separate property interest in the trust estate, property, and assets shall be allocated as follows:

Pursuant to the article herein titled Distribution.

**ALLOCATION OF DECEASED TRUSTOR'S COMMUNITY PROPERTY INTEREST**

At such time, the value of the deceased trustors one-half (1/2) interest in any community property in the trust estate, property, and assets shall be allocated as follows:

Pursuant to the article herein titled Further Allocation of Initial Trust.

**ARTICLE  
FURTHER ALLOCATION OF INITIAL TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**INTERRELATED EXEMPTION EQUIVALENT PECUNIARY FORMULA AND MARITAL RESIDUE-- FEDERAL ESTATE TAX VALUES**

Such trust estate, share, property, and assets shall be divided in two shares as follows:

1. The Exemption Equivalent Share computed as follows:  
A general pecuniary amount equal to the largest amount that will not result in a federal estate tax being imposed on the deceased trustors estate and any additional amounts that by transfer to the Exemption Equivalent Share would further reduce the federal estate tax.
2. The Marital Deduction Share computed as follows:  
The resulting remainder of such trust estate, share, property, and assets.

**FACTORS IN COMPUTATION**

The Exemption Equivalent Share amount shall be computed by taking into account all relevant factors related to the estate tax objective of paying the least possible overall tax including but not limited to the following factors:

- All deductions claimed and allowed in determining the estate tax payable by reason of the deceased trustors death.
- The federal estate tax value of all other gifts passing under this instrument and outside this instrument included in the deceased trustors gross taxable estate but not qualified as federal estate tax marital or charitable deduction gifts or other deduction from the federal estate tax.
- All credits allowed for federal estate tax purposes other than the state death tax credit.
- The federal estate tax state death tax credit to the extent that such credit does not increase the total death taxes paid nor result in disallowance of the marital deduction.

**DISCLAIMER LIMITATION**

Any disclaimer by or on behalf of the surviving trustor of any amounts or assets otherwise included in deceased trustors estate for federal death tax purposes, shall be disregarded in computing the amounts to be allocated to the Exemption Equivalent Share and the Marital Deduction Share in the above formula.

**ALLOCATION OF ASSETS BETWEEN SHARES**

In allocating assets to the interrelated Marital Deduction Share and Exemption Equivalent Share the trustee shall consider the tax advantages and disadvantages and the overall tax effect of such allocations and the primary purpose of minimizing the overall estate tax consequences to trustors estates.

In this regard:

- The trustee shall not allocate to the Marital Deduction Share any assets that would disqualify the marital deduction and shall not allocate to the Exemption Equivalent Share any assets that would disqualify the unified credit for such share.
- The trustee should not allocate to the Marital Deduction Share any assets that do not qualify for the marital deduction and should not allocate to the Exemption Equivalent Share any assets that do not qualify for the unified credit for such share.
- The trustee shall allocate to the Exemption Equivalent Share that amount of any retirement, profit-sharing, or death benefit plan excluded from federal estate taxes.
- The trustee may or may not fund all trusts prorata with insurance proceeds, retirement plan distributions, or other contract payments that are paid to the trustee, unless the beneficiary designations specifically earmark a particular trust.
- The trustee should consider not allocating to the Marital Deduction Share the following:
  - Assets for which the federal estate tax foreign death taxes credit is allowed unless there are insufficient other assets to properly fund the Marital Deduction Share.
  - Securities qualifying for Internal Revenue Code capital gain corporate stock redemption, except to the extent they exceed the maximum number of shares qualifying for such redemption.
  - United States Treasury bonds eligible for redemption at par as payment of federal estate taxes.
  - Unmatured life insurance policies.
- The trustee should consider allocating to the Marital Deduction Share the following:
  - Assets qualifying as Internal Revenue Code income in respect of decedent.

**GENERAL ALLOCATION GUIDELINES**

The trust estate may satisfy the Exemption Equivalent Share in cash or in kind, or partly in each, with assets allocated in kind valued at their net federal estate tax values. The trustee shall select property to satisfy the



pecuniary amount constituting the Exemption Equivalent Share in such manner that any appreciation or depreciation that has occurred in the value of such property between the applicable valuation date and the date of such allocation shall be fairly apportioned between the two shares. The deceased trustor recognizes and confirms that the ultimate value of the trust estate and trustee actions and elections may result in variable funding of these shares.

**SPECIAL ALLOCATION REGARDING DECEASED TRUSTOR'S SEPARATE PROPERTY**

The trustee shall consider first allocating to the Exemption Equivalent Share any property of the trust estate derived from or traceable to the deceased trustor's separate property before allocating such property to the Marital Deduction Share.

**INTEREST ON EXEMPTION EQUIVALENT SHARE**

The trust estate shall pay no interest on the Exemption Equivalent Share other than that required by state law.

**SPECIFIC DEFERRAL OF DIVISION- - UNTIL DISCLAIMER**

At the deceased trustor's death, in order not to jeopardize the surviving trustors opportunity to effect a disclaimer of the deceased trustors property passing to the Marital Deduction Share, the trustee shall delay funding the Marital Deduction Share until the earliest of the following:

- The expiration of the maximum period under the Internal Revenue Code permitted for disclaimer.
- The filing by or on behalf of the surviving trustor with the trustee of a written waiver of the disclaimer right.
- The filing by or on behalf of the surviving trustor of a written disclaimer.

Until the occurrence of the earliest of these events, the trustee shall accumulate all income of the deceased trustor's property in a segregated subaccount of the trust estate, and the trustee shall not distribute any principal to the surviving trustor or the Marital Deduction Share. Upon the occurrence of the earlier of these three events, the trustee shall make the distribution or division as if it had taken place at the prescribed time absent this paragraph, and all beneficiary rights in these trust assets shall accrue and vest as of the prescribed time.

**ALLOCATION OF SHARES**

The trustee shall allocate the shares created in this article as follows:

- The Exemption Equivalent Share:
  - Family Bypass Trust
- The Marital Deduction Share:
  - Marital Q-TIP Trust

**END OF DIVISION**

**DIVISION  
PROVISIONS AFTER DEATH OF FIRST TRUSTOR**

**ARTICLE  
SURVIVORS TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article or trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**BENEFICIARY**

The beneficiary of this trust shall be as follows:

|                               |                   |
|-------------------------------|-------------------|
| <b>Income beneficiary:</b>    | Surviving trustor |
| <b>Principal beneficiary:</b> | Surviving trustor |

**INCOME — BROAD STANDARD**

The trustee shall pay to or for the benefit of the income beneficiary as much of the net income as the trustee considers necessary for such beneficiary's health, education, support, maintenance, comfort, welfare, or happiness to maintain at a minimum such beneficiary's accustomed manner of living.

**UNDISTRIBUTED INCOME — ADDED TO PRINCIPAL**

The trustee shall add to principal any net income not distributed.

**PRINCIPAL — BROAD STANDARD**

The trustee shall pay to or for the principal beneficiary as much of the principal as the trustee considers necessary for such beneficiary's health, education, support, maintenance, comfort, welfare, or happiness to maintain at a minimum such beneficiary's accustomed manner of living.

**GUIDELINES — OTHER SOURCES**

In making discretionary distributions, in its reasonable discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.

**GENERAL POWER OF APPOINTMENT—LIFETIME AND DEATHTIME**

The below indicated holder shall have a power of power of appointment to appoint to the below indicated beneficiaries as follows:

This power of appointment shall apply to such power holders share of such trust.

This power of appointment shall apply to: Principal and income.

The trustee shall distribute all or any part of such share to such one or more of the potential beneficiaries specified below, in any manner and in any portion and on such terms and conditions, either outright, in trust, or by creating further powers of appointment as such holder of this power shall appoint.

Such power of appointment shall be exercisable only by a provision specifically referring to this document and power in the following type(s) of document(s):

Such power holders valid last will and testament

or

A valid instrument or lifetime document executed by such power holder

Such appointment shall be effective as follows:

Anytime during the life of the holder of the power.

or



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Shelby Cnty Judge of Probate, AL  
10/12/2010 04:23:40 PM FILED/CERT

Upon the death of the holder of the power.

If such holder does not effectively appoint all of such share, the trustee shall distribute such part under the distribution provisions in this article below.

Holder of Power of Appointment: Surviving Trustor

Potential beneficiaries:

Creditors of the estate of such power holder

Creditors of such power holder

Estate of such power holder

Power holder

Any person(s) and/or entity(ies)

**SURVIVING TRUSTORS LAST ILLNESS EXPENSES AND TAXES**

At such trustor's death, the trustee, in the trustee's reasonable discretion, may pay the expenses of such trustor's last illness and funeral, other obligations incurred for such trustor's support, and any estate or inheritance taxes arising by reason of such trustor's death from either income or principal of this trust to the extent they have not been specifically appointed, unless other adequate provisions exist therefor.

**DEATH TAXES — SURVIVING TRUSTOR'S WILL**

The surviving trustor directs the trustee and the surviving trustor's executor to charge and collect all federal death taxes for assets passing under surviving trustor's will and outside the surviving trustor's will from those persons sharing in the federal taxable estate in accordance with California Probate Code provisions for death tax apportionment and allocation. Further, the surviving trustor directs the trustee to charge and collect all state death taxes in the same manner as the federal death taxes and not as probate administration expenses. These tax directions shall not apply to any gifts passing under the surviving trustor's will or under this trust designated as free of all death taxes, and the trustee shall pay all such death taxes from the remainder of the trust estate without apportionment among the beneficiaries.

**DISCLAIMER OF TRUST INTEREST — TO FAMILY DISCLAIMER TRUST**

If a beneficiary effectively disclaims all of such beneficiary's beneficial interest in all or any portion of this trust, then the trustee shall distribute the disclaimed trust, or that portion of the trust corresponding to the disclaimed interest, pursuant to the article in this trust titled:

Family Disclaimer Trust

**CONCLUDING DISTRIBUTION TIME**

At the distribution time specified below, the trustee shall distribute the remaining such trust estate pursuant to the concluding distribution provisions as specified in this article below:

**Distribution time:** At surviving trustors death

**CONCLUDING DISTRIBUTION**

Upon an event of distribution in this article that refers to concluding distributions, the trustee shall distribute the remaining such trust estate as follows:

**ULTIMATE DISTRIBUTION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the article titled Distribution

**ARTICLE  
MARITAL QUALIFIED TERMINABLE INTEREST PROPERTY TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article or trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**BENEFICIARY**

The beneficiary of this trust shall be as follows:

|                               |                   |
|-------------------------------|-------------------|
| <b>Income beneficiary:</b>    | Surviving trustor |
| <b>Principal beneficiary:</b> | Surviving trustor |

**INCOME — ASCERTAINABLE STANDARD**

The trustee shall pay to or for the income beneficiary as much of the net income as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

**PRINCIPAL — ASCERTAINABLE STANDARD**

The trustee shall pay to or for the principal beneficiary as much of the principal as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

**GUIDELINES — OTHER SOURCES**

In making discretionary distributions, in its reasonable discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.

**PRINCIPAL DISTRIBUTIONS - PREFERRED ORDER**

Whenever possible, payment of principal to the surviving spouse should not be made out of the QTIP Trust until the Survivors Trust has been substantially exhausted except for the personal residence, vehicles, furniture, furnishings, appliances, household goods, and property for the personal use of the survivor.

**SURVIVING UNRESTRICTED ENTITLEMENT AND RIGHT TO PAYMENT OF ALL INCOME**

In addition to the other income payments provided for herein, surviving trustor shall be entitled to all the income from this trust, property, and assets, payable annually or at more frequent intervals and shall have an interest for life in such trust, property, and assets. At any time during the surviving trustors life at annual or more frequent intervals, such trustor shall have the unrestricted right and be entitled to withdraw and be paid all or any part of the accrued income and undistributed income or have such income paid to the survivors trust. Any undistributed income shall remain trust accounting income from year to year, continually subject to this right of withdrawal and payment.

**SURVIVING TRUSTORS GENERAL POWER OF APPOINTMENT—DEATHTIME—ACCRUED INCOME**

The below indicated holder shall have a power of power of appointment to appoint to the below indicated beneficiaries as follows:

This power of appointment shall apply to: Accrued and undistributed income.

The trustee shall distribute all or any part of such share to such one or more of the potential beneficiaries specified below, in any manner and in any portion and on such terms and conditions, either outright, in trust, or by creating further powers of appointment as such holder of this power shall appoint.

Such power of appointment shall be exercisable only by a provision specifically referring to this document and power in the following type(s) of document(s):

Such power holders valid last will and testament

Such appointment shall be effective as follows:

Upon the death of the holder of the power.

Such appointment shall not be effective unless such instrument or document is executed after the following persons death: Deceased trustors death.



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If such holder does not effectively appoint all of such share, the trustee shall distribute such part under the distribution provisions in this article below.

Holder of Power of Appointment: Surviving Trustor

Potential beneficiaries:

Creditors of the estate of such power holder

#### Q-TIP ELECTION — MANDATORY

The executor and trustee are directed to elect to have the Marital Q-TIP Trust treated as qualified terminable interest property for the purpose of qualifying for the marital deduction allowable in determining the federal estate tax on the estate.

#### TAX PAYMENT TO SURVIVING TRUSTOR'S ESTATE

On the demand of the appropriate fiduciary representing such trustor's estate, the trustee of the Marital QTIP Trust shall distribute to that fiduciary property equal to the amount of any federal estate tax that such fiduciary requests up to the amount that the federal and state tax codes entitle such trustor's estate to recover. If no such fiduciary exists, the trustee shall pay directly to the taxing authorities any such death taxes.

#### MARITAL DEDUCTION INTENTION

It is intended that this marital trust qualify for the marital deduction provisions of the Internal Revenue Code. Therefore, the deceased trustor directs that the executor and trustee shall not take any action or exercise any power that will impair the marital deduction. Further, such trustor specifically directs that the following provisions shall apply (in such a manner in order to carry out such intention) to the marital trust, notwithstanding contrary provisions in this instrument:

- No person shall have the power to appoint any part of the trust property to any person other than the surviving spouse (except surviving spouses death time power as indicated herein)
- The surviving trustor, by written instrument delivered to the trustee, shall have the right to direct the trustee to convert any non-income-producing property, including life insurance policies, to income-producing property, and the trustee shall comply with any such direction within a reasonable time after its receipt.
- The trustee shall determine all matters with respect to what is principal and income and the apportionment and allocation of receipts and expenses pursuant to the provisions of the California Revised Uniform Principal and Income Act from time to time existing and shall establish reserves for depreciation, depletion and amortization of intangible property having a limited economic life. When such act is silent, the trustee, in the trustee's reasonable discretion, shall determine the characterization and allocation.
- For all bonds purchased at a discount, the trustee shall, at least annually, accumulate and pay each discount as interest if necessary from principal or the sale or redemption proceeds.
- If the trustee redeems treasury bonds at par to pay the deceased trustor's federal estate tax liability, the trustee shall consider any accrued interest in such bonds in calculating the payment of income from the marital trust to the surviving trustor.
- All items of income in respect of a decedent shall normally constitute principal, except that if any such items allocated to the marital trust do not yield a reasonable amount of income as required by the appropriate Treasury Regulations, the trustee shall allocate a reasonable portion of such items to income. The amount of such allocation to be determined in the trustee's discretion, taking into account the trustor's desire to comply with such regulations as to all items allocated to the marital trust.
- Trustee shall not exercise any of the powers or discretions conferred in this instrument in such a manner as to impair the surviving spouse's rights to income as regarding this marital trust.
- The surviving trustor shall have the right to continue to occupy any real property free of rent in which the trust holds an interest and which trustor(s) used regularly or occasionally as a residence or vacation home at the time of deceased trustor's death. However, the surviving trustor, in such trustor's discretion, may direct the trustee to sell any such property and replace it with another residence of comparable or lower value selected by such trustor. The trustee shall pay such portion of the mortgage or trust deed payments, property taxes, assessments, insurance, maintenance, and ordinary repairs and maintenance on all such property as is proportional to the interest in such property held in the trust. Real property



as used herein shall include household and garden furniture, furnishings, appliances, equipment, bedding, rugs, and supplies used in connection with such real property in the trustees discretion.

**RETIREMENT PLAN — DISTRIBUTIONS**

If qualified retirement plan distributions are included in the marital trust, the trustee shall elect to receive distributions from a retirement plan payable to the trust in compliance with the minimum distribution rules of the Internal Revenue Code and regulations, if applicable, and also so that at least all income earned by the retirement plan each calendar year is distributed to the trust and allocated to trust income during the year to the extent provided by the Code and regulations. If distributions from the retirement plan total less than all income earned by the retirement plan for a calendar year, the trustee shall demand additional distributions equal to at least the shortfall so that the surviving trustor will receive all income earned by the retirement plan at least annually pursuant to the code and regulations. The surviving trustor shall have full power in surviving trustors discretion, to compel the trustee to demand such distributions and compel the retirement plan trustee to convert any nonproductive property to productive property for this purpose. In calculating all income earned by the retirement plan, the trustee shall allocate all retirement plan expenses, including income taxes and trustees fees that are attributable to principal distributions so that all income distributions from the retirement plan are not reduced as provided in the applicable provision of the Code and regulations. The surviving trustor shall be entitled to receive all such required minimum distributions to the extent the Code and the related applicable rules and regulations require the surviving spouse to have such right to exercise any of such surviving spouse, rights, options and privileges under the Code and the related applicable rules and regulations.

**MARITAL DEDUCTION — SAVINGS CLAUSE**

The trustors intend that the trust provided for in this article qualify for the marital deduction under the Internal Revenue Code. The trustee shall exercise all powers and discretions relating to this trust in a manner consistent with this marital deduction. In no event shall the trustee engage in any conduct as trustee or have any power that will impair or invalidate the marital deduction as provided for herein. All provisions regarding this trust shall be interpreted to conform to this primary objective. No provision in this instrument to the contrary shall be effective regarding the trust established in this article.

**DISCLAIMER OF TRUST INTEREST — TO FAMILY DISCLAIMER TRUST**

If a beneficiary effectively disclaims all of such beneficiary's beneficial interest in all or any portion of this trust, then the trustee shall distribute the disclaimed trust, or that portion of the trust corresponding to the disclaimed interest, pursuant to the article in this trust titled:

Family Disclaimer Trust

**CONCLUDING DISTRIBUTION TIME**

At the distribution time specified below, the trustee shall distribute the remaining such trust estate pursuant to the concluding distribution provisions as specified in this article below:

Distribution time:

At surviving trustors death

**CONCLUDING DISTRIBUTION**

Upon an event of distribution in this article that refers to concluding distributions, the trustee shall distribute the remaining such trust estate as follows:

**ULTIMATE DISTRIBUTION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the article titled Distribution

**ARTICLE  
FAMILY BYPASS TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article or trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**BENEFICIARY**

The beneficiary of this trust shall be as follows:

|                               |  |
|-------------------------------|--|
| <b>Income beneficiary:</b>    | Surviving trustor  |
| <b>Principal beneficiary:</b> | Class composed of surviving trustor as primary beneficiary and trustors descendants as secondary beneficiary |

**INCOME — ASCERTAINABLE STANDARD**

The trustee shall pay to or for the income beneficiary as much of the net income as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

**UNDISTRIBUTED INCOME — ADDED TO PRINCIPAL**

The trustee shall add to principal any net income not distributed.

**PRINCIPAL — ASCERTAINABLE STANDARD**

The trustee shall pay to or for the principal beneficiary as much of the principal as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

**GUIDELINES — OTHER SOURCES**

In making discretionary distributions, in its reasonable discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.
- May pay more to or apply more for some of the beneficiaries of this particular division of such trust estate than others and may make payments to or applications of benefits for one or more such beneficiaries to the exclusion of others.
- May consider the value of the trust assets, the relative needs, both present and future, of each member of such beneficiary class, and the tax consequences to the trust and to any beneficiary.
- Shall charge distributions of income and principal against this particular division of such trust estate as a whole and not against the share of the individual beneficiary to whom or for whom the distribution was made.

**PRINCIPAL DISTRIBUTIONS - PREFERRED ORDER**

Whenever possible, payment of principal to the surviving spouse should not be made out of the Bypass Trust until the Survivors Trust and QTIP Trust have been substantially exhausted except for the personal residence, vehicles, furniture, furnishings, appliances, household goods, and property for the personal use of the survivor.

**UNIFIED DEDUCTION — SAVINGS CLAUSE**

The trustors intend that the trust provided for in this article qualify for the gift and estate tax unified credit under the Internal Revenue Code. The trustee shall exercise all powers and discretions relating to this trust in a manner consistent with this credit. In no event shall the trustee engage in any conduct as trustee or have any power that will impair or invalidate the unified credit as provided for herein. All provisions regarding this trust shall be interpreted to conform to this primary objective. No provision in this instrument to the contrary shall be effective regarding the trust established in this article.

**DISCLAIMER OF TRUST INTEREST — TO FAMILY DISCLAIMER TRUST**

If a beneficiary effectively disclaims all of such beneficiary's beneficial interest in all or any portion of this trust, then the trustee shall distribute the disclaimed trust, or that portion of the trust corresponding to the disclaimed interest, pursuant to the article in this trust titled:

Family Disclaimer Trust

**CONCLUDING DISTRIBUTION TIME**

At the distribution time specified below, the trustee shall distribute the remaining such trust estate pursuant to the concluding distribution provisions as specified in this article below:

|                           |                             |
|---------------------------|-----------------------------|
| <b>Distribution time:</b> | At surviving trustors death |
|---------------------------|-----------------------------|

**CONCLUDING DISTRIBUTION**

Upon an event of distribution in this article that refers to concluding distributions, the trustee shall distribute the remaining such trust estate as follows:

**ULTIMATE DISTRIBUTION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the article titled Distribution

**ARTICLE  
FAMILY DISCLAIMER TRUST**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article or trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**BENEFICIARY**

The beneficiary of this trust shall be as follows:

|                               |  |
|-------------------------------|--|
| <b>Income beneficiary:</b>    | Surviving trustor  |
| <b>Principal beneficiary:</b> | Class composed of surviving trustor as primary beneficiary and trustors descendants as secondary beneficiary |

**INCOME — ASCERTAINABLE STANDARD**

The trustee shall pay to or for the income beneficiary as much of the net income as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

**UNDISTRIBUTED INCOME — ADDED TO PRINCIPAL**

The trustee shall add to principal any net income not distributed.

**PRINCIPAL — ASCERTAINABLE STANDARD**

The trustee shall pay to or for the principal beneficiary as much of the principal as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living.

**GUIDELINES — OTHER SOURCES**

In making discretionary distributions, in its reasonable discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.
- May pay more to or apply more for some of the beneficiaries of this particular division of such trust estate than others and may make payments to or applications of benefits for one or more such beneficiaries to the exclusion of others.
- May consider the value of the trust assets, the relative needs, both present and future, of each member of such beneficiary class, and the tax consequences to the trust and to any beneficiary.
- Shall charge distributions of income and principal against this particular division of such trust estate as a whole and not against the share of the individual beneficiary to whom or for whom the distribution was made.

**PRINCIPAL DISTRIBUTIONS - PREFERRED ORDER**

Whenever possible, payment of principal to the surviving spouse should not be made out of the Disclaimer Trust until the Survivors Trust, QTIP Trust, and Bypass Trust have been substantially exhausted except for the personal residence, vehicles, furniture, furnishings, appliances, household goods, and property for the personal use of the survivor.



**DISCLAIMER PROVISIONS — SAVINGS CLAUSE**

The trustor intends that the trust provided for in this article qualify for disclaimer trust status under the Internal Revenue Code. The trustee shall exercise all powers and discretions relating to this trust in a manner consistent with this intent. In no event shall the trustee engage in any conduct as trustee or have any power that will impair or invalidate the disclaimer trust nature as provided for herein. All provisions regarding this trust shall be interpreted to conform to this primary objective. No provision in this instrument to the contrary shall be effective regarding the trust established in this article.

**DISCLAIMER OF TRUST INTEREST — DISTRIBUTION PROVISIONS**

If a beneficiary effectively disclaims all of such beneficiary's beneficial interest in all or any portion of this trust, then the trustee shall distribute the disclaimed trust, or that portion of the trust corresponding to the disclaimed interest, pursuant to the ultimate distribution provisions in this article below.

**CONCLUDING DISTRIBUTION TIME**

At the distribution time specified below, the trustee shall distribute the remaining such trust estate pursuant to the concluding distribution provisions as specified in this article below:

|                           |                             |
|---------------------------|-----------------------------|
| <b>Distribution time:</b> | At surviving trustors death |
|---------------------------|-----------------------------|

**CONCLUDING DISTRIBUTION**

Upon an event of distribution in this article that refers to concluding distributions, the trustee shall distribute the remaining such trust estate as follows:

**ULTIMATE DISTRIBUTION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:  
Pursuant to the article titled Distribution

**END OF DIVISION**



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10/12/2010 04:23:40 PM FILED/CERT

**DIVISION  
BASIC DISTRIBUTION PROVISIONS**

**ARTICLE  
DISTRIBUTION**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**SPECIFIC GIFTS AND PRELIMINARY DISTRIBUTIONS**

The items, gifts, distributions and/or special provisions referred to in the division herein titled Preliminary Distribution Provisions shall be effectuated as specified in said division.

**ULTIMATE DISTRIBUTION**

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:

Pursuant to the article titled Main Distribution

**END OF DIVISION**



20101012000339650 21/94 \$15.00  
Shelby Cnty Judge of Probate, AL  
10/12/2010 04:23:40 PM FILED/CERT

**DIVISION  
PRELIMINARY DISTRIBUTION PROVISIONS**

**ARTICLE  
GIFTS**

**APPLICATION**

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

**GENERAL TANGIBLE PERSONAL PROPERTY — BY LIST**

As to all jewelry, clothing, wearing apparel, watches, silverware, china, furniture, furnishings, antiques, personal automobiles or vehicles, books, and other tangible articles of a household, personal, or ornamental nature, or trustors interest in such property, not otherwise specifically disposed of by this trust, or in any other manner, the trustee shall distribute that property in accordance with any list(s) trustor signs and leaves for this purpose with this instrument or with trustors will at the time of trustors death or which otherwise refers to this provision of the trust instrument. Any such lists are deemed incorporated herein by reference. If there is more than one trustor who leaves such a list or if there is more than one such list, or there is a conflict in the distribution of an item according to such lists, the trustee, in the trustee's sound discretion, shall decide according to which list each item shall be distributed. Any items of such property that are not mentioned on such a list shall be distributed in accordance with the other provisions of this trust instrument.

**SPECIFIC GIFTS- - REGULAR**

The following specific gifts shall be given to those indicated.

| Beneficiary(ies) | Relationship | Of City/Locality | What or Amount |
|------------------|--------------|------------------|----------------|
| None Listed      |              |                  |                |

**TANGIBLE PERSONAL PROPERTY AND MINORS — OUTRIGHT DISTRIBUTION**

The trustee shall represent any minor under age eighteen (18) in matters relating to any distribution of tangible personal property under this article, including selecting the assets that shall constitute that minor's share. In the trustee's absolute discretion, the trustee may do the following:

- Sell all or part of such minor's share which the trustee deems unsuitable for the minor's use.
- Deliver the proceeds and unsold property without bond to the minor, if sufficiently mature, to the guardian of the estate of the minor, or to any suitable person with whom the minor resides or who has control or care of the minor.

**DIVISION BY TRUSTEE**

In case a division of property distributed pursuant to this article becomes necessary, and the beneficiaries entitled thereto cannot agree on a division of the tangible personal property, the trustee shall divide it among them on any basis that the trustee, in the trustee's absolute discretion, deems equitable, having due regard for each beneficiary's personal preferences.

**GENERAL PROVISION REGARDING GIFTS IN THIS ARTICLE**

Unless otherwise stated herein:

- The gifts named in this article are intended to be specific gifts, and in the event the gift is not a part of the estate for any reason, the gift shall fail and resort shall not be had to other property in the estate.
- Any gift taken pursuant to this article shall be taken subject to any lien or encumbrance on the gift or any loan or debt specifically secured by such gift and the beneficiary of such gift shall hold the estate harmless from any debt, charge, cost, expense, judgment, or claim regarding any such debt, loan, lien or encumbrance regardless of any general directive in this document to pay debts.
- Any such gift shall include any insurance on said gift that has been paid prior to the distribution of the gift.



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10/12/2010 04:23:40 PM FILED/CERT

- Where a gift is described as a percentage or portion of the estate, that gift shall be calculated on the net estate after payment of debts, taxes, costs of administration, and other estate expenses.
- The judgment of the trustee as to which items of the trust estate fall into this category shall be binding on all those interested in the trust estate.
- The gifts shall be effective on the death of the last trustor unless otherwise indicated.

**BUSINESS TANGIBLE PERSONAL PROPERTY**

The disposition of tangible personal property under this article shall not include personal property which trustee, in trustee's sole discretion, determines to be part of or used exclusively in any business or profession in which trustor had an interest at the time of death.

**NON-SURVIVAL OF BENEFICIARY**

Unless otherwise stated herein, if any beneficiary named in this article for particular item(s) or amounts does not survive to the time of such distribution or if any gift provided herein should otherwise fail, then such gift shall be distributed as follows:

Pursuant to the article titled Main Distribution

**ARTICLE  
USE OF PROPERTY**

**OCCUPANCY OF PROPERTY**

The following person(s) shall be allowed to occupy the property specified below so long as said person(s) uses it as said person(s) primary and usual residence and only for the period of time indicated after trustor's death and upon any other conditions mentioned in this section.

| Person              | Relationship | Of City/Locality   | Duration  |
|---------------------|--------------|--------------------|---|
| Betty Louise Finley | Trustor Wife | San Bernardino, CA | Until the earliest of any of the following: Said person: <ul style="list-style-type: none"> <li>• Fails to reside there as their primary residence.</li> <li>• Permanently incapable of residing there as their primary residence.</li> <li>• Dies.</li> <li>• Remarries.</li> <li>• Rents or leases out any part of the residence.</li> <li>• Allows a member of the opposite sex to stay or reside there to whom said person is not related to by blood.</li> </ul> |

**Property**

The real property that trustor regularly or occasionally occupied as trustor's usual or primary residence before death.

**ADDITIONAL CONDITIONS**

As an additional condition to the use of such property, said person(s) shall timely and fully pay the following items:

- None

**TRUST TO PAY**

As long as said person is so occupying said property on the terms and conditions specified herein, trustee shall pay the following regarding any such property:

- Payments on any mortgages, trust deeds, loans, liens or encumbrances secured by the property
- Property taxes and assessments
- Maintenance, upkeep, care, and ordinary repair of the premises
- Utilities
- Insurance
- The other usual expenses, costs, taxes, and fees associated with the residence



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10/12/2010 04:23:40 PM FILED/CERT

ADDITIONAL PROVISIONS

Real property as used herein shall include household and garden furniture, furnishings, appliances, equipment, bedding, rugs, and supplies used in connection with such real property in the trustees discretion.

**ARTICLE  
LOANS, DEBTS, AND ADVANCEMENTS**

APPLICATION

The provisions in this article apply to any distributions, allocations, and other amounts and benefits to or regarding any of the distributees/beneficiaries regarding a loan, debt, and/or advancement described referred to or indicated in this article.

LISTS AND INFORMATION

The Trustor(s) may have in the past and may in the future make loans and/or advancements to certain of the beneficiaries provided for in this instrument. The trustors may have in the past and may in the future make loans to others. Other debts owed trustor may exist at the time of trustors death. In order that such loans, debts, and advancements be better evidenced and handled in the manner that trustor intends, the trustor may make a list or lists of some or all such loans and/or advancements, and may instruct or provide information to the trustee on such list(s) or may provide other information to trustee as to whether and how to collect, offset, enforce, allocate, relinquish, discharge, absolve, administer and/or otherwise determine, administer, handle, deal with, or account for such loans, debts, and/or advancements.

POSSIBLE OFFSET OR DEDUCTION FROM BENEFICIARYS SHARE

In addition, trustor may intend that some or all such loans, debts, and/or advancements to beneficiaries be deducted from the amounts, allocation, and/or distributions that would otherwise be distributed to such a beneficiary. Therefore, the trustor may indicate on such list(s) or information all or portions of such loans and/or advancements that are to be deducted from the amounts, allocations, and/or distributions that would otherwise be provided for the benefit of such a beneficiary.

REVISIONS

The trustor(s) may from time to time revise the amounts or values of the loans, debts, or advancements that are to be deducted pursuant to this section. Any revisions to the loans, debts, or advancements may also be recorded on the same or similar lists or information signed or initialed by the trustor.

AMOUNTS TO BE DEDUCTED FROM BENEFICIARIES SHARE

The amount of any such loans or advancements so recorded thereon are to be paid back to the trust or deducted from the amounts or distributions that would otherwise be distributed to such beneficiary. Such deduction amount is to be so paid or deducted prior to such a beneficiary being entitled to receive any distribution or property (other than income).

EFFECT OF DEDUCTIONS

Upon such payment or deduction, any such loan, debt, or advancement shall be deemed paid and forgiven to the extent deducted in accordance with trustors intent. Such loan, debt, or advancement shall have interest added if the agreement regarding such loan, debt, or advancement provided for interest.

LISTS NOT INCLUSIVE OR COMPREHENSIVE

Any such lists and/or information regarding such loans, debts or advancements that trustor makes is not necessarily meant to be an inclusive, comprehensive, substantial, or even a significant listing of the such loans, debts, or advancements, but is only set forth to delineate items which might (but not necessarily would) otherwise be a subject of controversy or confusion for the trustee and/or the beneficiaries and the trustor retains all legal and equitable rights trustor may have under applicable principles of law to any other loans, debts, or advancements not listed or dealt with in such information.

NO VALIDITY OR EFFECT UNTIL TRUSTORS DEATH

Despite the fact that such list(s) may be dated prior to trustors death, such lists have no force, effect, consequence, result, fulfillment, weight, purpose, or validity unless and until trustor dies. Therefore, trustor may modify, amend, alter, or otherwise change the terms, conditions, payments, credits, offsets, reinstatement, collection and all other aspects regarding such loans, debts, or advancements on such lists or information at any time with out



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prejudice to trustors rights to reinstatement, collection, offset, enforcement, or other administration or collection of such loans or advancements in the future.

LISTS AND INFORMATION CONSIDERED AS A WHOLE

In interpreting and applying such list(s) and information, the trustee shall consider all such list(s) and information existing at the time of trustors death and any modifications, additions, deletions, amendments, and other changes thereto together as a whole to determine the trustors intent regarding such loans, debts, and/or advancements.

LATEST INFORMATION GIVEN GREATER WEIGHT

If there is a conflict in the lists, information, or instructions regarding such loans, debts, and/or advancements then the latest modifications, amendments, alterations, changes, lists and information, that were written, dated, initialed, or provided by trustor shall be given precedence in interpretation of trustors intent. Such lists are only intended to be interpreted and effective when trustor dies and in only consideration of the latest modifications, alterations, changes and information made or provided by trustor up to the time of death.

OTHER INFORMATION USED TO INTERPRET BUT NOT MODIFY TRUSTORS INTENT.

The trustee may consider any other evidence of payment, discharge, reimbursement, or other adjustment of such loans, debts, or advancements provided by the beneficiary, debtor, or others that clearly indicates such a payment, discharge, reimbursement, or other adjustment and may use any other documents, evidence, and information that does not conflict with trustors intent on such lists and information to determine the validity, collection, accounting, offset, enforceability, and trustors intent regarding any loans or advancements to aid the trustee as to whether and how to collect, offset, enforce, allocate, relinquish, discharge, absolve, administer and/or otherwise determine, administer, handle, deal with, or account for such loans, debts, and/or advancements.

If there is a conflict in the evidence and information or if there is a doubt if payment was made or other adjustment of such loan, debt, or advancement occurred, the trustee has discretion to rely solely on the lists and information provided by trustor as to whether and how to collect, offset, enforce, allocate, relinquish, discharge, absolve, administer and/or otherwise determine, administer, handle, deal with, or account for such loans, debts, and/or advancements. Such additional information may not be used to modify, change, or alter trustors intent as stated on such lists or information but only to interpret what trustors intended on such lists and information.

OTHER INFORMATION USED IN ABSENCE OF LISTS.

If the trustor does not leave such lists or information, but the trustee otherwise has or acquires knowledge of loans, debts, or advancements not listed, the trustor has authority to collect, offset, enforce, allocate, relinquish, discharge, absolve, administer and/or otherwise determine, administer, handle, deal with, or account for such loans, debts, and/or advancements in accordance with all the information and knowledge that trustee has regarding trustors intent regarding such loans, debts, and advancements.

**END OF DIVISION**



**DIVISION**  
**GENERAL DISTRIBUTION PROVISIONS**

**ARTICLE**  
**MAIN DISTRIBUTION**

APPLICATION

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

ULTIMATE DISTRIBUTION

Such trust estate, share, property, or assets, shall be distributed and allocated as follows:  
Pursuant to the article titled Subsequent Distribution.

**ARTICLE**  
**SUBSEQUENT DISTRIBUTION**

APPLICATION

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

FUNDAMENTAL DISTRIBUTION

Such trust estate, share, property, and assets shall first be distributed to the following beneficiary(ies):  
By right of representation to trustors descendants.

ULTIMATE DISTRIBUTION

Any remaining such trust estate, share, property, or assets, controlled by this article but not otherwise distributed by this article, shall be distributed and allocated as follows:  
Pursuant to the article titled Final Distribution.

**ARTICLE**  
**FINAL DISTRIBUTION**

APPLICATION

For each distribution, transfer, allocation, or provision that refers to or becomes subject to this article, or if there was no other distribution specified for any portion of the trust, such trust estate, share, property, and assets shall be held, administered, allocated, and/or distributed as provided for in this article.

SEPARATE PROPERTY

Any portion of such trust estate, share, property, or assets, traceable to the separate property of a trustor shall be distributed to the surviving heirs (as determined in this article) of such trustor.

OTHER PROPERTY

As to a trustors interest in any portion of such trust estate, share, property, or assets, not traceable to the separate property of a trustor, such interest shall be distributed to the surviving heirs (as determined in this article) of the trustor whose community or marital interest it represents.

DETERMINATION OF HEIRSHIP

The identities and their respective shares of such heirs shall be determined according to the laws of the State of California in effect on the date of execution of this instrument relating to succession of separate property



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Shelby Cnty Judge of Probate, AL  
10/12/2010 04:23:40 PM FILED/CERT

that was not acquired from a parent, grandparent, or previously deceased spouse, subject, however, to any specific disinheritance provisions in this instrument.

**NO HEIRS – TO OTHER BENEFICIARIES PROVIDED HEREIN**

If there are no such heirs, then such share, property, and assets shall be distributed to the beneficiaries of the other such shares distributed pursuant to this trust, with such trust estate or share augmenting proportionately the other such shares.

**SAVING CLAUSE – TO CHARITABLE BENEFICIARIES**

If there are no such qualified distributees or beneficiaries as to such share, property, or assets under any of the above sections of this article then such share, property, and assets shall be distributed to such charitable, non profit, or other organizations the gift or bequest to whom would be exempt from estate and gift taxation. The trustee shall decide which organizations shall be beneficiaries after giving due regard to the organizations that trustor donated to or involved in and in consideration of the proportions in which he gave to or was involved in those organizations.

**END OF DIVISION**



**DIVISION  
TRUSTEES**

**ARTICLE  
NOMINATION OF TRUSTEE**

**NOMINATION REGULAR TRUSTEE**

The trustee(s) and successor trustee(s) for the trusts in this instrument shall be those as indicated in the order and priority indicated below. For each trust, the initial trustee(s) shall be the one(s) indicated as number one. The others named shall be successor trustee(s). Each successor trustee shall serve in the order designated if the prior trustee(s) fails to qualify or ceases to act.

If more than one trustee is indicated under a numbered category then they shall serve as cotrustees. In the case of cotrustees, unless otherwise indicated, any remaining cotrustee shall serve before a following successor trustee shall serve.

|    | Trustee(s)   | Relationship | Of City/Locality   |
|----|--|--------------|--------------------|
| 1. | Trustor(s)   | Trustor(s)   | San Bernardino, CA |
| 2. | However, after the death of the first trustor, the surviving trustor shall serve as trustee of the survivors trust but the other trustees named below shall serve in the order designated as trustees of the other trusts. One set to represent husband's family's interests and one to represent wife's family's interests. If a particular trust is composed of only one spouses separate and/or community property interests, then only that spouses trustees shall serve as trustees regarding that particular trust. If a particular trust is composed of more than one spouses separate and/or community property interests, then one trustee for each set of interests shall serve as cotrustees regarding that particular trust. |              |                    |

**Husbands Successor Trustees:**

|    |                        |                       |                    |
|----|------------------------|-----------------------|--------------------|
| 1. | Anthony Wayne Finley   | Trustor Husband's Son | San Bernardino, CA |
| 2. | Clay Pearson Finley II | Trustor Husband's Son | Philadelphia, PA   |

**Wifes Successor Trustees:**

|    |                            |                         |                    |
|----|----------------------------|-------------------------|--------------------|
| 1. | Tammy La Vette Bermudez    | Trustor Wife's Daughter | Rialto, CA         |
| 2. | Dexter Gene Kendricks, Jr. | Trustor Wife's Son      | San Bernardino, CA |

Despite anything to the contrary in this document, neither trustor may change or appoint the trustees for the other trustors interests.

**END OF DIVISION**

**DIVISION**  
**CONTEST AND DISINHERITANCE**

**ARTICLE**  
**NO CONTEST**

**CONTEST - DEFINED**

Contest is defined as any lawsuit, action, proceeding, arbitration, or course of conduct which seeks to challenge, object, contest, attack, void, nullify, modify, alter, set aside or otherwise challenge or dispute any of the following:

- Any document, instrument, agreement, or other writing protected by these no contest provisions as set forth herein.
- Any other physical, electronic, or other recordation of any document or intent of trustors protected by these no contest provisions set forth herein.
- Any intent manifested or indicated by the trustor in connection with such document, agreement, or other writing or recordation.
- The gifts, devises, distributions, conditions, provisions, authority, and other matters related to a protected document as defined herein.

Contest includes any lawsuit, action, proceeding, arbitration, or conduct whether it is direct, indirect, collateral, or otherwise connected with, affiliated, associated, or otherwise related to a contest as defined herein for the purpose of aiding, supporting, abetting, assisting, cooperating with such contest.

Contest also includes aiding, supporting, cooperating, abetting, assisting, or helping any contest or contesting party with their contest as defined herein in any manner including but not limited to financially, physically, legally, factually, or otherwise.

Contest also includes any other lawsuit, action, proceeding, or conduct provided by law in addition to those defined herein.

**TYPES OF DOCUMENTS - DEFINED**

Document for the purpose of these no contest provisions includes but is not limited to all of the following:

- Writings
- Instruments
- Agreements
- Attachments
- Addendum
- Amendments
- Codicils
- Lists
- Instructions
- Beneficiary designation
- Changes of ownership
- Changes of title
- Retirement or investment plans
- Any physical, electronic, or other recordations

**DOCUMENTS AND ITEMS PROTECTED - DEFINED**

Documents, instruments, agreements, writings, recordations, provisions and other items, conduct, and intent which are protected by these no contest provisions include but are not limited to the following:

- This instrument or any of its provisions or related documents, or any amendment or modifications regarding such items.
- Any trust established by trustor or any of its provisions or related documents or any amendment or modification of such items.
- Any trust created or authorized pursuant to this instrument.



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10/12/2010 04:23:40 PM FILED/CERT

- Any will of trustor or any of its provisions or related documents or any amendment or modification of such items.
- Any codicil of trustor or any of its provisions or related documents or any amendment or modification of such items.
- Any transfers, assignments, designations of property or assets to this or any other trust established by trustor or any amendment or modification of such items.
- Any beneficiary designation made by or regarding trustor in any retirement plan, pension, profit sharing plan, IRA, Keogh, insurance policy, annuity, securities, bonds, or other contract, document, instrument, or plan.
- Any buy-sell, buy out, or other business termination or continuation agreement or document made by or regarding trustor.
- Any family partnership, limited liability company, corporation, or other entity established by or regarding trustor or related operating documents, instruments, agreements, contracts, articles, provisions or interests of, by, connected with, regarding, or related thereto.
- Any joint tenancy documents in which trustor is or is indicated as joint tenants or have or is indicated to have a right of survivorship.
- Any other document or provision made by trustor and currently in effect that reflects trustors intent regarding any gift, share, beneficiary designation, distribution, devise, appointment, or power.
- Any related document that carries forth the intent, distributions, and authority expressed in this instrument.

**PROVISIONS PROTECTED - DEFINED**

Any provision, clause, trust, section, part and any other provision or wording concerning, connected with, referred to, or related to any protected document is also specifically protected by these no contest provisions.

**TYPES OF ACTIONS, PROCEEDINGS, OR CONDUCT INCLUDED**

Contest as defined herein also specifically includes but is not limited to all of the following:

- The filing of a petition or other action to determine domestic partnership.
- The filing for a probate homestead or similar allowance.
- The filing of a family allowance or similar benefits.
- Any arbitration proceeding regarding any contest.

**ADDITIONAL TYPES OF ACTIONS, PROCEEDINGS, OR CONDUCT INCLUDED**

In order that there be no doubt under the law and as further addition and clarification, contest as defined herein also specifically includes, but is not limited to all of the following:

- The filing of a creditors claim or prosecution of an action based upon it unless approved by the personal representative.
- An action or proceeding to determine the character of property (whether community, separate, joint, partnership, domestic partnership or otherwise) other than as indicated by a protected document as defined herein.
- A challenge to the validity of a document other than the instrument containing the no contest clause.
- A petition for settlement or for compromise affecting the terms of the instrument.
- The filing of a request or demand for arbitration or for other legal proceeding of any matter that would otherwise be a contest as defined herein if filed in a lawsuit.

**OTHER MATTERS INCORPORATED BY REFERENCE**

In order that there be no doubt under the law and as further addition and clarification, contest as defined herein also further specifically includes but is not limited to all of the following:

- All other lawsuits, actions, proceedings, arbitrations, and conduct that any applicable law otherwise requires to be expressly identified or similarly specifically stated or incorporated in a no contest clause to be effective.
- And all such lawsuits, actions, proceedings, arbitrations, or conduct are hereby "expressly identified" and specifically stated and incorporated herein by reference to such statute or law.



**CONTESTING PARTY - DEFINED**

Contesting party is defined as any person, corporation, association, organization, or other entity or acting party who engages in any "contest" as defined in these provisions no matter how insubstantial or slight.

**CONTEST- NOT INCLUDE**

Contest as defined herein does not include by itself:

- Truthfully, factually, completely, fully, and accurately testifying in any court proceeding if subpoenaed and ordered by a court of competent jurisdiction to testify in an action, proceeding, or contest not brought or participated by the testifying party and so long as said person has engaged in no other actions, proceeding, or conduct constituting a contest as defined herein.
- The exercise of a disclaimer of a benefit under this instrument.

**EFFECT OF CONTEST**

Any gift, devise, distribution, share, interest, power, rights, money, items, or other benefits given, benefiting, or provided to such a contesting party under this instrument or given under any will, trust, codicil, or other document or provision protected by these no contest provisions is revoked and shall be determined, disposed of, distributed, disbursed, or devolve in the manner provided as set forth in the protected documents or provisions as if such contesting party and all of such party's descendants had predeceased the trustor of this instrument.

In addition, such a contesting party shall have no right to be executor, personal representative, trustee or hold or receive any other office, power, benefit, privilege, or right regarding this instrument nor under any other document or provisions protected by these no contest provisions.

**TRUSTEE FULL POWER TO ENFORCE**

If the trustee determines that a contest has occurred, is occurring, or is likely to occur, the trustee, is hereby given full power and authority to fully defend this instrument and any and all other documents and provisions protected by these no contest provisions and to engage in any other action or conduct necessary, beneficial, or advisable to effectuate and enforce these no contest provisions to the fullest extent possible.

**INTENT TO CARRY OUT TO FULLEST EXTENT POSSIBLE**

It is the trustors intent that these no contest provisions shall be given the fullest possible effect under the law and that the trustee may interpret them under the laws of any jurisdiction that will give them the widest and fullest effect.

**ARTICLE  
DISINHERITANCE**

**DISINHERITANCE — GENERAL**

Except as otherwise provided in this instrument, trustor has intentionally omitted to provide herein for any of trustors heirs, or persons claiming to be trustors heirs, living at the date of trustors death, whether or not known to trustor.

**DISINHERITANCE — UNNAMED CHILD AND DESCENDANTS OF UNNAMED CHILD**

Trustor has intentionally omitted to provide for any child not specifically named in the declarations section of this instrument (whether or not known to trustor except a child born after the date of this instrument whom trustor specifically acknowledges as trustors child) and any descendant of, and any heir of any such unnamed child and all persons claiming to be such a child or such a descendant or heir are hereby specifically disinherited. Notwithstanding any wording or provision of this document, such person(s) are not to receive any share, interests, powers, rights, or benefits of any type under this document. Any reference to child, descendant, issue, beneficiary, heir, or other term that might otherwise include such person(s) is hereby deemed not to include such person(s). The trust estate and any shares, interests, powers, rights, or benefits shall be disposed of or devolve in the manner provided in this instrument as if such beneficiary or person had predeceased the trustor. In addition, such a beneficiary shall have no right to be trustee or hold any other office, power, benefit, or right regarding this instrument.

**DISINHERITANCE — CHILD AND DESCENDANTS AS DEFINED HEREIN**

Trustor has intentionally omitted to provide for any child or descendant who does not fall within the definition of a child or descendant as defined in this document (whether or not known to trustor) and any



descendant of, and any heir of any such child or descendant and all persons claiming to be such a child or such a descendant or heir are hereby specifically disinherited. Notwithstanding any wording or provision of this document, such person(s) are not to receive any share, interests, powers, rights, or benefits of any type under this document. Any reference to child, descendant, issue, beneficiary, heir, or other term that might otherwise include such person(s) is hereby deemed not to include such person(s). The trust estate and any shares, interests, powers, rights, or benefits shall be disposed of or devolve in the manner provided in this instrument as if such beneficiary or person had predeceased the trustor. In addition, such a beneficiary shall have no right to be trustee or hold any other office, power, benefit, or right regarding this instrument.

**DISINHERITANCE — UNNAMED SPOUSE**

Except as otherwise provided in this instrument, trustor has intentionally omitted to provide herein for any spouse of trustor or persons claiming to be trustors spouse, past, present, or future other than any spouse particularly provided for herein, whether or not known to trustor. This provision is also particularly intended to specifically disinherit any future spouse or person claiming to be a future spouse and specifically defeat any statutory heirship, rights, privileges, or other similar benefits for such a spouse unless this trust is specifically amended to provide for such spouse.

**DISINHERITANCE — DEFEAT STATUTORY HEIRSHIP**

It is trustors intention that these disinheritance provisions specifically defeat the application of any statutory heirship interest or similar provision or principle of law.

**END OF DIVISION**



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10/12/2010 04:23:40 PM FILED/CERT

**DIVISION  
AMENDMENT/REVOCAION**

**ARTICLE  
REVOCAION AND AMENDMENT**

**POWER OF REVOCATION**

This instrument and the trust estate established pursuant thereto shall be subject to the power of revocation as follows:

- The trust estate may be revoked in whole or in part.
- Revocation shall be in writing, and shall be effective when delivered to any trustee and to any other living trustor.
- The trustee shall cause any revoked property which is, constitutes, or is traceable to community property to be transferred to trustor(s) as community property.
- The trustee shall cause any revoked property which is, constitutes, or is traceable to the separate property of a trustor to be transferred to that trustor as that trustor's separate property.
- The trustee shall cause such transfer of property as soon as reasonably possible after notice of revocation.
- The power of revocation shall be subject to termination of such power as indicated in the termination of powers provision indicated below.
- This power of revocation shall be held by the following:
  - As to any community trust estate:  
Any trustor
  - As to any separate trust estate:  
The trustor who contributed the separate trust estate

**POWER OF AMENDMENT**

This instrument and the trust estate established pursuant thereto shall be subject to the power of amendment as follows:

- Any alteration, modification, or amendment shall be in writing, and shall be effective when made.
- The alteration, modification, or amendment must be signed or initialed by all trustors to the instrument.
- Interlineation or writing or marking upon this document or a copy thereof is a permissible manner of amendment so long as the trustor(s) holding such power to amend at least initial or otherwise similarly acknowledge such amendment.
- If any alteration, modification, or amendment has the effect of removing any property from the trust estate, the trustee shall cause such property to be transferred to the person and in the manner as if the trust estate had been revoked in full as to that property.
- The power of amendment shall be subject to termination of such power as indicated in the termination of powers provision indicated below.

**PAYMENT OF LIABILITIES**

If the trustor revokes all or a major portion of the trust, then the trustee may retain sufficient assets to reasonably provide for payment of liabilities lawfully incurred by the trustee in the administration of the trust.

**REVOCAION NOT CHANGE CHARACTER**

Revocation does not change the character of the affected property. Community property trust assets continue to be community property. Separate property trust assets continue to be the separate property of the contributing trustor.

**TERMINATION OF POWERS OF REVOCATION AND AMENDMENT**

The powers of revocation and amendment shall terminate as follows:  
On the death of the first trustor.



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10/12/2010 04:23:40 PM FILED/CERT

**EXCEPTION-- SURVIVORS TRUST**

Notwithstanding the above provisions, if a Survivors Trust is established under this instrument, then the surviving trustor shall still have the power to revoke and/or amend the Survivors Trust and any provisions with regard to the Survivors Trust but only as to their effect on the Survivors Trust, and such amendment or revocation need only be signed or initialed by surviving trustor. Such powers of revocation and amendment regarding the Survivors Trust shall terminate on the death of the surviving trustor.

**EXCEPTION-- ADMINISTRATIVE AND MINISTERIAL REQUIREMENTS OF INSTITUTIONAL TRUSTEE**

Notwithstanding the above provisions, the trustee shall still have the power to amend the trust to comply with administrative and/or ministerial requirements of an institutional trustee or cope with potential trust interpretation problems or otherwise improve the clarity and administerability of the trust provisions in order to enable, encourage, or facilitate such institutional trustee to act as trustee. Such power shall not be used to change substantive, dispositive, or tax sensitive provisions of the trust.

**POWERS OF REVOCATION AND AMENDMENT PERSONAL**

The power to revoke or amend this instrument and/or the trust estate is personal to each trustor to this instrument and no guardian, conservator, or other person may exercise such powers on behalf of such a trustor. However, a person who holds a trustors valid power of attorney in fact may exercise such power of attorney regarding this trust to the extent specifically stated in such power of attorney. In addition, a court of competent jurisdiction may exercise a trustors power to amend this agreement but only for the purpose of complying with any present, new, or amended tax laws in order to reduce the amount of income, gift, or death taxes which would be incurred by trustor, the estate of a trustor, or any trust created under this instrument in accordance with testators probable intent.

**END OF DIVISION**



20101012000339650 34/94 \$15.00  
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10/12/2010 04:23:40 PM FILED/CERT

**DIVISION**  
**IMPORTANT GENERAL PROVISIONS**

**PART 1**  
**PARTICULAR GENERAL PROVISIONS**

**ARTICLE**  
**SPECIAL PROVISIONS REGARDING TRUSTORS**

Introduction: For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature.

Trustee of Separate Property: As to any separate property of a trustor, that trustor may at said trustors option be listed as the sole trustee with regard to such separate property on any title or other documents regarding that asset. If a trustor is listed separately alone on such title or other documents regarding that asset then only that trustors signature shall be required to sell, dispose of, transfer, or otherwise deal with or exercise authority over that property and such trustor may sign a separate certification of trust with their signature alone authorized.

Trustor Not Required to Do Accounting: Notwithstanding anything to the contrary in this document, while trustor(s) are acting as their own trustee(s) no accountings shall be required.

Distribution at Direction of Trustor: The trustee shall follow any written direction acceptable to the trustees given by a trustor then having power to revoke the trust with respect to which the direction is given or by a person whom such trustor delegates such right to direct the trustees under such circumstances and conditions.

Trustor May Appoint Cotrustee: If trustor is acting as trustee, trustor may appoint one or more cotrustees to aid trustor in the administration of this trust and remove them at any time.

Institutional Trustee to Consult: If an institutional trustee is acting as a sole trustee of any trust, such trustee is directed to consult with trustor regarding the sale of assets and the general investment strategy of the trust. The trustee shall not be liable for any loss sustained by transactions made at the direction or recommendation of a trustor.

Independent trustee — Replacement: An independent trustee may be removed and replaced with another qualified independent trustee during the life of the trustors by their acting together, or by a surviving trustor acting alone. In such case the current independent trustee shall be given 30 days written notice. The notice of removal shall not be effective until acceptance by the successor independent trustee.

Nuptial Agreement — No Change: Despite anything to the contrary in this document, this trust does not amend, change, modify, or otherwise affect any pre nuptial, post nuptial, or marital agreement between a trustor and trustors spouse. The provisions of any such agreement shall take precedence over the terms of this document.

**ARTICLE**  
**PROVISIONS REGARDING DEATH**

Introduction: For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

Deceased Trustors Expenses and Taxes: The trustee in the trustee's reasonable discretion is authorized but not directed to pay the following regarding the death of a trustor:

- Last illness, funeral, and burial expense.
- Legally enforceable claims and debts against such dead trustor or such dead trustors estate.
- Expenses regarding or related to administration of such dead trustors estate.
- Federal estate tax, applicable state inheritance, or estate taxes, and any other taxes regarding such death.
- Court ordered or statutory allowances for qualified family members of such dead trustor.

The payments so authorized are discretionary, and no claims or right to payment by third parties may be enforced against the trust by virtue of such discretionary authority.

The trustee shall be indemnified from the trust estate for any damages sustained by the trustee as a result of exercising such authority in good faith.



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To the extent other assets are available, the trustee shall not use any qualified retirement plan distribution excluded from federal estate tax under the Internal Revenue Code to pay taxes, debts, or other charges enforceable against such trustor's estate.

The trustee shall not use any qualified retirement plan assets to pay taxes, administration expenses, debts, or any other charges enforceable against such trustor's estate.

Taxes and Returns: The trustee may also:

- Sign joint or other tax returns of a trustor.
- Pay any taxes, interest, or penalties with regard to taxes.
- Apply for and collect tax refunds and interest thereupon.

Death Taxes-- General Provisions. Statutory Allocation: Except as otherwise specifically provided in this instrument (or in trustors will directing that certain property passing under the will be applied to satisfaction of a particular tax), all estate, inheritance, and other death taxes (including interest and penalties) imposed on or by reason of the inclusion of any portion of the trust estate in the gross taxable estate of a trustor may be paid by the trustee and charged to, prorated among, or recovered from the trust estate or the persons entitled to the benefits under these trusts as provided for under the California Probate Code and applicable provisions of the Internal Revenue Code. For this purpose, the trust estate includes property subject to probate administration that is directed to be added to the trust estate by reason of a trustors death.

These tax directions shall not apply to any gifts designated as free of all death taxes passing under trustors will or under this instrument, and the trustee shall apportion such death taxes as if such specific beneficiaries had not received such gifts.

Trustee Authority to Make Elections: The trustee may exercise any available elections with regard to state or federal income, inheritance, estate, succession, death, or gift tax law including the following:

- The right to elect any alternate valuation date for federal estate or state estate or inheritance tax purposes or any other death taxes.
- The right to elect whether all or any part of the administration expense of decedents estate are to be used as state tax deductions or income tax deductions.

No compensating adjustments need be made between income and principal as a result of such elections unless the trustee in the trustees sole and absolute discretion, shall determine otherwise, or unless required by law.

Coordination with Probate Estate: In order to facilitate the coordination between the trust and any probate estate that a trustor may have, the trustee shall be authorized as follows:

- The trustee in its sole and absolute discretion may elect to pay the payments authorized under this instrument on the death of a trustor either directly to the appropriate persons or institutions or the personal representative of the probate estate. The trustee may rely upon the written statements of the personal representative as to all material facts relating to these payments and shall not have any duty to see to the application of such payments.
- The trustee is authorized to purchase and retain in the form received, as an addition to the trust, any property which is a part of the probate estate. In addition the trustee may make loans, with or without security, to the probate estate of a trustor. The trustee shall not be liable for any loss suffered by the trust as a result of the good faith exercise of the powers granted hereby.
- The trustee shall be authorized to accept distributions from the personal representative of the probate estate without audit and the trustee shall be under no obligation to examine the records or accounts of the personal representative of the trustors estate.

Death Taxes of Beneficiary -- Authority to Pay: The trustee, in the trustee's reasonable discretion, shall have the power to pay from the trust estate, and to allocate between income and principal, any death taxes to the extent that such taxes are attributable to the trust estate or any part of it (calculated at the average rates applicable to such tax). However, any trust property otherwise exempt from federal estate tax shall not be subject to the payment of any such death taxes.


Beneficiary's Last Illness and Funeral Expenses: The trustee shall have the power, in the trustee's reasonable discretion, to pay the last illness expenses, funeral expenses, and other obligations incurred for the beneficiary's support from the income or principal of the beneficiary's trust.

## ARTICLE LIFE INSURANCE DISTRIBUTION AND ALLOCATION

Introduction: For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

When Policy is Separate Property: In the event that one of the trustors holds such a policy on the life of the other trustor and such policy is the noninsured trustors separate property, then the following shall apply notwithstanding anything else to the contrary in this instrument:

- Trustors agree that no portion of the policy or its proceeds shall be community property of the uninsured trustor despite the fact that the premiums may have been paid from community property.

  
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Shelby Cnty Judge of Probate, AL  
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- Such noninsured trustor owner shall have all rights, options, privilege, incidents of ownership regarding such policy , including the right to change beneficiaries.
- Such insured trustor shall have no rights, options, privilege, incidents of ownership regarding such policy, including the right to change beneficiaries.
- Such insured trustor shall not have the power to amend or revoke this trust so as to affect such policy or the proceeds thereof.
- Any attempted revocation or amendment made by such insured trustor regarding such policy shall have no force or effect.

Allocation When Policy is Community Property: In the event that deceased trustor is an owner of a policy on the life of the surviving trustor and such ownership interest is community property of the trustors, then as to any interest of the trustors that passes to the trustee herein, the following shall apply notwithstanding anything else to the contrary in this instrument:

- The trustee shall allocate the deceased trustors 1/2 interest in such policy to the bypass trust provided for herein and make such portion of the proceeds payable to the bypass trust.
- The trustee shall allocate the surviving trustors 1/2 interest in such policy to the survivors trust provided for herein and make such portion of the proceeds payable to the survivors trust.
- In order to accomplish such trust allocation the trustee shall, if possible, convert each such policy into two policies of equal value, one owned by and payable to the bypass trust provided for herein and one owned by and payable to the survivors trust provided for herein.

Allocation When Policy is Separate Property: In the event that deceased trustor is an owner of such a policy on the life of the surviving trustor and such ownership interest is separate property of the such deceased trustor, then as to any interest of the deceased trustor that passes to the trustee herein, the following shall apply notwithstanding anything else to the contrary in this instrument:

- The trustee shall allocate the deceased trustors interest in such policy to the bypass trust provided for herein and make such portion of the proceeds payable to the bypass trust.

Allocation When Policy is Part Separate and Part Community Property: In the event that deceased trustor is an owner of such a policy on the life of the surviving trustor and such ownership interest is part separate property of the such deceased trustor and part community property, then as to any interest of the deceased trustor that passes to the trustee herein, the following shall apply notwithstanding anything else to the contrary in this instrument:

- The trustee shall allocate the deceased trustors community and separate property interest in such policy to the bypass trust provided for herein and make such portion of the proceeds payable to the bypass trust.
- The trustee shall allocate the surviving trustors community and separate property interest in such policy to the survivors trust provided for herein and make such portion of the proceeds payable to the survivors trust.
- In order to accomplish such trust allocation the trustee shall, if possible, convert each such policy into policies of proportionate value to each trustors interests, one owned by and payable to the bypass trust provided for herein and one owned by and payable to the survivors trust provided for herein.

## PART 2 FAMILY GENERAL PROVISIONS

### ARTICLE FAMILY ADMINISTRATION PROVISIONS

Special Administration: If any of trustors children are separated or divorced from their spouse then any payments to be paid for the benefit of any of trustors grandchildren from that child, in the trustee's discretion, may instead be paid on behalf of and applied to any amounts said child may have to pay for support of such grandchild due to such separation or divorce. In the trustee's discretion, any payments that would otherwise be distributed to the parents or guardian of such a grandchild shall not be paid to such a child's divorced or separated spouse but instead only to such child who is the parent of such a grandchild. Such payments can be used to either offset any other expenses such child might have in parenting or supporting such a grandchild or shall be used or applied as directed by the trustee.

Support — Deduction from Child's Share: If a court orders the trustee, trust, or trustors estate to pay support of any kind regarding any of trustors children or step children, or if the trustee, trust, or trustors estate is otherwise required to pay any such support, then such support shall come out of the portion of this trust that has been set up regarding such child(ren) and shall be deducted from and reduce the amounts, share, or portion such child(ren) would otherwise receive pursuant to this trust document.

Distribution — Not Discharge Support Obligation: Despite anything to the contrary herein, no distribution under this instrument to or for the benefit of a minor beneficiary shall discharge the legal obligation of the beneficiary's parent to support such beneficiary 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 minors support, health, or education.



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**Distribution — Ex-Spouse:** The following applies if there is an ex-spouse of trustor or other parent of trustors children, who is not one of the trustors under this trust and to whom trustor is not married or from whom trustor is separated: Despite anything to the contrary in this document, under no circumstances shall any such ex spouse/other parent of trustors children, receive any benefit either directly or indirectly from or regarding this trust or any of the funds, property, assets, income, principal, or estate distributed, allocated, or given pursuant or regarding this trust or any distribution, benefit, provision, allocation to, for, or on behalf of any of trustors children or step children of such ex-spouse/other parent. Nor shall any such funds, property, assets, income, principal, estate, or benefits be used or applied in a manner that would directly or indirectly benefit such ex spouse/other parent. These restrictions apply even if such ex spouse or other parent may have custody or guardianship of such children. In such case any distribution, benefit, provision, allocation to or on behalf of such children will be held on behalf of such children by the trustee of this trust or such other suitable person trustee appoints. The trustee may delay outright distribution regarding such a beneficiary and continue to hold and administer that portion in trust until such time as such trustee determines. The trustee shall add to principal any net income not so distributed. Such payments may be accumulated and paid to such beneficiary at such times and such manner as to not benefit directly or indirectly such other parent.

The trustee may, in its sole reasonable discretion, instead make such distribution in any of the following ways:

- To the beneficiary directly when the beneficiary becomes of sufficient age.
- To any other legally appointed guardian or conservator of the beneficiary.
- For the benefit of the beneficiary.
- To another adult relative or friend in reimbursement for amounts properly advanced for the benefit of the beneficiary.
- To any other guardian or other responsible person who has assumed the responsibility for caring for the beneficiary.
- In any prudent form of annuity purchased for the use or benefit of the beneficiary.
- Directly for the payment of the beneficiary's obligations, debts, or bills in the trustee's sole discretion.
- To any other third person, corporation, or entity for the use or benefit of the beneficiary.
- To another custodian for the beneficiary under the California Uniform Transfers to Minors Act or any similar act or in any manner allowed by any state statute dealing with gifts or distributions to minors or other persons under a legal disability.
- If no other custodian exists for receipt of property under any applicable Uniform Transfers to Minors Act, the trustee may designate a custodian to receive the property.

However, the trustee in the trustee's sole discretion may authorize expenses, distributions, benefits, provisions, allocations to be made on behalf of such children (who are provided for in this trust document) even though it indirectly benefits such ex-spouse/other parent. However, no such expenses, distributions, benefits, provisions, allocations shall be authorized unless they meet all the following further criteria, restrictions, and conditions:

- That it is in the best interests of the care and support of the children.
- That it primarily benefits the children rather than the ex-spouse or other parent.
- That it be only given to the extent that it represents an expense or obligation that the ex-spouse/other parent would not have otherwise incurred except for their having custody or guardianship of the children.
- Only to the extent of that portion or share of such expense that the ex-spouse/other parent is unable to reasonably provide.
- It shall not relieve or reduce any obligations that such ex-spouse/other parent has to provide for the support and care of such child(ren).
- To the extent the ex-spouse is able to do so, the ex-spouse shall be required to contribute the full support and care of the child(ren) to the full extent they are able to do so.
- The ex-spouse shall be required to reimburse the children's estate for the value of any benefits the ex-spouse receives or is conferred upon the ex-spouse directly or indirectly other than to the extent authorized herein.

**Distribution — Non Descendant as Parent:** Unless otherwise specifically indicated herein, the following applies where a beneficiary has one parent who is a descendant of a trustor and the other parent is not a descendant of a trustor, then if the non descendant parent of such a beneficiary is separated or divorced from the descendant parent: In the trustee's discretion, any payments that would otherwise be distributed to a parent or guardian of such a child shall not be paid to such non descendant parent or in a manner that would benefit the such non descendant parent. The trustee may delay outright distribution regarding such a beneficiary and continue to hold and administer that portion in trust until such time as such trustee determines. The trustee shall add to principal any net income not so distributed. Such payments may be accumulated and paid to such beneficiary at such times and such manner as to not benefit directly or indirectly such other non descendant parent.

The trustee may, in its sole reasonable discretion, instead make such distribution in any of the following ways:

- To the descendant parent of such beneficiary on behalf of the minor.
- To the beneficiary directly when the beneficiary becomes of sufficient age.
- To any other legally appointed guardian or conservator of the beneficiary.
- For the benefit of the beneficiary.
- To another adult relative or friend in reimbursement for amounts properly advanced for the benefit of the beneficiary.
- To any other guardian or other responsible person who has assumed the responsibility for caring for the beneficiary.

- In any prudent form of annuity purchased for the use or benefit of the beneficiary.
- Directly for the payment of the beneficiary's obligations, debts, or bills in the trustee's sole discretion.
- To any other third person, corporation, or entity for the use or benefit of the beneficiary.
- To another custodian for the beneficiary under the California Uniform Transfers to Minors Act or any similar act or in any manner allowed by any state statute dealing with gifts or distributions to minors or other persons under a legal disability.
- If no other custodian exists for receipt of property under any applicable Uniform Transfers to Minors Act, the trustee may designate a custodian to receive the property.

**Divorce of Trustor — Effect on Distribution:** If trustor is married and a divorce, dissolution of marriage, legal separation, or similar legal proceeding has been filed, then such spouse shall be deemed to have predeceased that trustor for the purposes of the distributions under this agreement.

**Former Spouse — No Distribution to or Control by:** Notwithstanding any other provision of this trust, and regardless of whether a former spouse, spouse of a former spouse, or other relative of a former spouse may be appointed the guardian, conservator, or as any other legal representative of any beneficiary of this trust, trustor directs as follows:

- In no event shall any distribution of income or principal from this trust be made to any former spouse of a trustor, or to any spouse of any former spouse of a trustor, or to any other relative of any former spouse of a trustor (except an express beneficiary of this trust) even though trustee makes such distribution intending that it be used by such person for the care, maintenance, support, or education of a beneficiary of the trust and even though such former spouse of trustor, spouse of any former spouse of trustor, or other relative of a any former spouse of trustor may have been appointed by a court of law as the guardian, conservator, or other legal representative of a minor or incompetent beneficiary.
- In no event shall any former spouse of a trustor, any former spouse of a trustor, or any other relative of any former spouse of a trustor (except an express beneficiary of this trust) have or exercise any power or right to remove a trustee or successor trustee, appoint a new trustee or successor trustee, limit the powers of the trustee, remove the a protector of the trust, limit the powers of a protector of the trust, or designate a new protector.
- In no event shall any former spouse of trustor, any spouse of a former spouse, or any other relative of a former spouse (except an express beneficiary of this trust) have or exercise any power, right, or authority, to demand the payment to a beneficiary of any amount of principal or income from this trust, nor demand any accounting of income or principal on behalf of any beneficiary.

Trustor believes that the trust will be best administered and the trust estate best preserved if this provision is expressly complied with. Therefore, this provision shall prevail and be controlling over any other provision of the trust that may express or imply any rights, control, benefits, or other connections between this trust and any former spouse of a trustor, any former spouse of a trustor, or to any other relative of any former spouse of a trustor (except an express beneficiary of this trust).

**Real Estate — Distribution Beneficiary:** Before real estate is sold to facilitate distribution, the trustee is encouraged to consult with the current beneficiaries to ascertain their respective desire to own such property. If one or more beneficiaries desire to acquire such property as part of their distribution or separate trust estate, the trustee is encouraged to facilitate such an arrangement if the trustee deems it appropriate and equitable. For purposes of determining proper division or allocation, such property would be valued at reasonable fair market value as of date of distribution.

**Residence — Occupation by Beneficiary:** The trustee is expressly authorized, in the trustee's absolute discretion, to permit any person having an interest in the income of the trust to occupy any real property forming a part of the trust estate on such terms as the trustee shall deem proper, whether rent free or in consideration of payment of taxes, insurance, maintenance, repairs, or other costs or expenses or in consideration of maintaining, repairing, cleaning, guarding, watching over or protecting the house, showing the house to prospective purchasers, or otherwise. Real property as used herein may include household and garden furniture, furnishings, appliances, equipment, bedding, rugs, and supplies used in connection with such real property in the trustee's discretion.

**Calculation of Amounts — Cost of Living Increase:** Unless indicated otherwise, any annual or periodic installment payment amounts payable to a beneficiary set forth herein as fixed dollar amounts shall be adjusted for inflation as provided in the section. Such fixed dollar amounts shall be adjusted on an annual basis by comparing the consumer price index in effect the date this trust was executed compared to the consumer price index for the last year and adjusting the amount herein to reflect the change in the consumer price index between those two times. No adjustment shall apply to any amounts that are based on IRS or other tax rules, codes, or regulations or that would otherwise cause a detrimental tax effect to the trust or estate. If the CPI is changed the trustee may use any other index as then is generally recognized and accepted for similar determinations of purchasing power or prices.

## ARTICLE POWERS AND PROVISIONS REGARDING INCAPACITATED, INCOMPETENT, DISABLED OR YOUNG BENEFICIARY

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but



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only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

Incapacitated, Incompetent, Disabled or Young Beneficiary: Except when this instrument provides otherwise, if any, or any of the following situations or circumstances exist regarding such beneficiary then the powers and provisions in this article shall apply in addition to those powers now or hereafter conferred by law:

- Distribution is payable to a beneficiary who is under the age of 35 (unless a different age of distribution is specified herein or unless such beneficiary is the child of trustor).
- Such beneficiary is incapacitated, disabled, incompetent or otherwise in the sole discretion of the trustee unable to manage or handle the distribution properly (whether or not such person has been adjudicated incompetent).
- When such beneficiary is addicted to, dependent on or otherwise under the influence of gambling, alcohol, drugs, chemicals or other substances.
- When there is a compelling reason (such as, a pending divorce, potential financial difficulty, a serious tax disadvantage in making the distribution, or a similar substantial cause) to postpone a distribution.

Back-up Trust for Distribution of Beneficiary: For any such beneficiary, the trustee may delay outright distribution regarding such a beneficiary and continue to hold and administer that portion in trust as a separate trust for such beneficiary's benefit, subject to any trustee discretion to terminate a small trust or court-ordered termination.

Income — Ascertainable Standard: The trustee may pay to or for such beneficiary as much of the net income as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living, in the manner and pursuant to the provisions and restrictions of this article.

Undistributed Income — Added to Principal: The trustee shall add to principal any net income not so distributed.

Principal — Ascertainable Standard: The trustee may pay to or for such beneficiary as much of the principal as is necessary for such beneficiary's health, education, or support to maintain such beneficiary's accustomed manner of living, in the manner and pursuant to the provisions and restrictions of this article.

Conditions on Distributions: The trustee may make such distribution:

- Without continuing court supervision or the intervention of a guardian conservator, or any other legal representative.
- Without giving or requiring a bond or surety.
- Pursuant to any of the methods authorized under this instrument.

Method of Distributions: The trustee may, in its reasonable discretion, may make such distribution in any of the following ways (Not listed in order of priority. Trustee may decide which method to use in trustee's sole discretion.):

- To the beneficiary directly.
- To the legally appointed guardian or conservator of the beneficiary.
- For the benefit of the beneficiary.
- To an adult relative or friend in reimbursement for amounts properly advanced for the benefit of the beneficiary.
- To any guardian or other responsible person who has assumed the responsibility for caring for the beneficiary.
- In any prudent form of annuity purchased for the use or benefit of the beneficiary.
- Directly for the payment of the beneficiary's obligations, debts, or bills in the trustee's sole discretion.
- To any third person, corporation, or entity for the use or benefit of the beneficiary.
- To a custodian for the beneficiary under the California Uniform Transfers to Minors Act or any similar act or in any manner allowed by any state statute dealing with gifts or distributions to minors or other persons under a legal disability.
- If no custodian exists for receipt of property under any applicable Uniform Transfers to Minors Act, the trustee may designate a custodian to receive the property.

Considerations: In exercising these powers and discretions the trustee may do and inquire into and base its decision on the following:

- The ultimate distribution, application, and use of the distribution by or for the beneficiary.
- The fact that the trustor (or one of trustor's descendants) and the legal guardian of such person may have been in a marriage or relationship that resulted in separation, dissolution, or otherwise ended and that allowing such legal guardian to have access, control or authority over any assets, payments, or distributions may not have been preferred by trustor.
- A preference for blood relatives over in-laws or relatives by marriage.
- The probable desires or preferences of the trustor if the trustor were alive.
- The behavior and financial abilities of the beneficiaries.
- The behavior of the beneficiary in regard to prior distributions.
- The use and application of previous distribution by or for the beneficiary.
- The beneficiary's use or dependence on any drugs, alcohol, or other substances.
- Consult with and obtain the advice or information from medical professionals, family members, friends, or others regarding the beneficiary.

Additional Requirements: In making the determinations in this article the trustee as appropriate in its reasonable discretion may require the following:

- Require clinical tests that the beneficiary is not taking any controlled substances, or chemicals.



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Shelby Cnty Judge of Probate, AL  
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- Require any other reasonable proof, test, affidavit, or evidence, that the reason for the restrictions in this article have ceased to exist or are no longer applicable.

**Guidelines — Other Sources:** In making discretionary distributions, in its reasonable discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.

**Vesting:** The provisions of this article shall not be deemed to postpone or defer the vesting of any interest created by the dispositive clauses of the trust.

**Termination and Distributions:** When in the trustees discretion the reasons for postponement of the outright distributions ceases to exist, and if such beneficiary has attained the distribution age(s) below, such beneficiary may withdraw the percentage specified below of such beneficiary's then remaining trust or may continue the trust as to that portion also.

| Percentage | Time of Distribution                  |
|------------|---------------------------------------|
| 33%        | When such beneficiary reaches age: 25 |
| 50%        | When such beneficiary reaches age: 30 |
| 100%       | When such beneficiary reaches age: 35 |

**Exercise of Powers — Minor:** If such a beneficiary has the right under this document to exercise a power, right, privilege, or vote, then such power right, privilege, or vote may instead be made or exercised by the following on behalf of such beneficiary in the following order but only on such beneficiaries behalf and subject to a fiduciary duty to use such power, right, privilege, vote for the minors best interests and pursuant to law:

1. To the person who has an effective legal power of attorney from such beneficiary regarding such a power, right, privilege, or vote.
2. The spouse of such beneficiary except if such spouse was divorced, separated, or estranged from, such beneficiary.
3. The parent of such a beneficiary who is also a descendant of trustor.
4. A non descendant parent of such a beneficiary
5. To the legally appointed guardian of the beneficiary.
6. To the legally appointed conservator of the beneficiary.
7. To the closest competent adult living ancestor of the beneficiary determined by the rules of consanguinity which ancestor is also a descendant of blood relative of the trustor.

However, no non descendant parent (of such a beneficiary) who happens to fall under one of the above categories shall make or exercise such power, right, privilege, or vote if such parent was divorced, separated, estranged from, or never legally married to the other parent of such beneficiary who is a descendant of trustor. However, the trustee in the trustees sole discretion may allow such a non descendant parent to exercise such a power, right, privilege, or vote if the trustee determines it is in the best interest of the minor to allow such non descendant parent to exercise such power, right, privilege, or vote.

If more than one person has the right to exercise such power under any of the categories listed the trustee may, in its sole discretion, decide which member or members of the group may exercise such power or allow the power to be exercised by the group of such persons. If such a power is vested in a group representing such beneficiary, then such power shall be exercised by majority vote of such duly authorized members of such representing group.

**Parent or Relative May Be Appointed as Substitute Trustee:** At the discretion of the trustee of a particular trust, such trustee can appoint substitute trustee(s) who is the parent or guardian or other relative of the particular beneficiaries of such trust to act as trustee(s) of such trust. Such trust may be further divided or allocated between the beneficiaries of such trust in order to facilitate the appointment of relatives of any or all of such beneficiaries of such trust.

**Broad Discretion:** Unless otherwise indicated in this instrument, in administering trusts for the benefit of a beneficiary, the trustee has broad discretion in making payments to or for the benefit of such beneficiary. It is trustors intention that the beneficiary not be restricted in their ability to pursue and obtain as much education as is beneficial. If beneficiary is not being educated, trustor intends that the trust not be the sole support of that beneficiary unless that beneficiary is physically or mentally incapable of supporting themselves. However, the trustee may pay such a beneficiary an allowance minimally necessary to provide basic support, but only so long as the trustee determines that the beneficiary is seeking to develop legal means to support themselves and the trustee may use the trust to supplement the beneficiarys other income or resources. Notwithstanding the foregoing and any other directions in the trust, the trustee, in the trustees absolute discretion, may refuse to pay any amounts to any beneficiary if the trustee believes that such payment would not be in the best interest of that beneficiary.

**Alternate Distributions:** If such beneficiary dies before complete distribution, the trustee shall distribute such trust estate including accrued income and undistributed income, in the following order and priority:

1. Either outright, in trust, or by creating further powers of appointment as such beneficiary shall appoint by a valid instrument or lifetime document, executed after trustors death, that specifically refers to this power of appointment.



2. To such beneficiarys descendants by right of representation.
3. To such beneficiarys surviving heirs, their identities and their respective shares to be determined according to the laws of the State of California in effect on the date of execution of this instrument relating to succession of separate property that was not acquired from a parent, grandparent, or previously deceased spouse.
4. To such beneficiarys estate.

**ARTICLE  
BENEFIT AND CREDITOR PLANNING**

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

**Application of This Article:** If a beneficiary (including a trustor) is incapacitated, disabled, incompetent or otherwise in the sole discretion of the trustee unable to manage or handle the distribution properly (whether or not such person has been adjudicated incompetent) or when there is a compelling reason or adverse condition (such as, a bankruptcy, assignment for benefit of creditors, creditor action, lien or judgment against the beneficiary, current or pending divorce, potential financial difficulty, a serious tax disadvantage in making the distribution, or a similar substantial cause) to postpone a distribution, or if such a beneficiary (including trustor) is or might, except for this trust, otherwise be entitled to any entitlements or benefits from any governmental, charitable, or private agency, authority, program, unit, entity, organization, or department (such as social security, disability payments, Medicare, Medicaid, Medi-Cal, welfare, Supplemental Security Income), then the powers and provisions in this article shall apply to any distributions regarding such beneficiary during such periods or circumstances.

**Disability or Condition - Beneficiaries Powers as Trustee Suspended:** If the beneficiary that is subject to such disability, incapacity, compelling reason, or adverse condition as provided for in this article is also acting as trustee, then all of such beneficiarys rights, powers, discretion, and as trustee shall be immediately and completely suspended while such trustee is subject to such disability, incapacity, compelling reason, or adverse condition and the next trustee in order shall act as trustee over this trust or over such beneficiarys interest in the trust. The only power that such affected beneficiary/trustee shall have is to appoint an independent trustee to replace such beneficiary as trustee if there is not another successor trustee as provided for under the provisions of this trust able or willing to act.

**Income - Trustee's Absolute Discretion:** The trustee, in the trustee's absolute discretion, may pay or not pay to or for such beneficiary as much of the net income as trustee deems appropriate for the beneficiary's health, education, support, and maintenance.

**Undistributed Income — Added to Principal:** The trustee shall add to principal any net income not distributed.

**Principal - Trustee's Absolute Discretion:** The trustee, in the trustee's absolute discretion, may pay or not pay to or for such beneficiary as much of the principal as the trustee deems appropriate for the beneficiary's health, education, support, and maintenance.

**Income and Principal – Withholding:** The trustee may, in its absolute discretion, withhold any payments or distributions to such beneficiary that would not cause a substantial adverse tax effect to this trust.

**Income and Principal – Annuity:** The trustee may or may not, in its absolute discretion, elect to pay income and principal benefits on a monthly annuity basis, even to the extent of dissipating the entire principal over a short term period. The trustee may administer these payments directly or purchase a commercial annuity.

**Guidelines — Other Sources and Government Entitlement Benefits:** In making discretionary distributions, in its sole discretion, the trustee:

- Shall consider the sufficiency of any other income or resources from the trusts established by this instrument reasonably available for the purposes stated here.
- May consider any other income or resources of the beneficiary, including the beneficiary's ability to obtain gainful employment and the obligation of others to support the beneficiary, known to the trustee and reasonably available for the purposes stated here.
- May take into consideration all entitlements and benefits from any governmental, charitable, or private agency, authority, program, unit, entity, organization, or department (such as social security, disability payments, Medicare, Medicaid, Medi-Cal, welfare, Supplemental Security Income) and any other special purpose benefits.
- May make expenditures to make the beneficiary's lifestyle comfortable and enjoyable (such as spending money, travel funds, payments for a companion, additional health care, personal luxuries, radios, television sets, money for gifts to friends and relatives).
- Shall not be obligated or compelled to make such payments.
- Shall not pay or reimburse any amounts to any governmental, charitable, or private agency, authority, program, or department or other governmental, charitable, or private unit, entity, or organization of any type.

**Guidelines - Accelerated Distribution Caused by Claims:** If a court or governmental agency determines that this trust disqualifies the beneficiary from any entitlement benefits or if the trustee determines that the trust may be subject to garnishment, attachment, execution, or bankruptcy proceedings by a creditor, including any governmental agency, then the trustee, in the trustee's



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Shelby Cnty Judge of Probate, AL  
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absolute discretion, shall evaluate the financial loss compared to continuing the trust benefits to determine whether to maintain the trust or distribute the estate according to the distribution provisions applicable to such portion of the trust estate as if such beneficiary had died.

Income and Principal – Withheld Indefinitely: The trustee may, in its absolute discretion, elect to permanently and indefinitely withhold, suspend, and retain income and principal and pay nothing ever to or for such beneficiary in accordance with the guidelines and provisions of this article if appropriate to the circumstances to carry out trustors intent.

No Required or Mandatory Distributions or Action: If the trustee invokes the provisions of this article regarding a particular beneficiary or beneficiaries, the trustee cannot and shall not be required or compelled by the beneficiary or any other person or entity to make any distributions to such beneficiary ever. This shall be true even if in the past the trustee has ignored or not followed a standard of distribution provided herein, has provided distributions in excess of the standards or provisions provided in this trust, has failed in the past to invoke the provisions of this article in the same of similar circumstances, or has otherwise abused its discretion or not followed the provisions of this article.

Benefit Payment Planning: The trustee shall have the power and sole discretion to implement benefit planning strategies and options and to plan and accomplish asset preservation and protection. In order to accomplish this, the trustee may engage in any conduct that would not be inconsistent with the with the intent of the trustor and the purposes or tax benefits for which the particular trust was established. Such conduct may include but not be limited to the power and authority to do any of the following actions or conduct. Trustee may or may not engage in any of these actions or conduct at the sole discretion of the trustee. Trustee cannot and shall not be compelled to engage in any of these actions or conduct by a beneficiary or any other person or entity. Such actions and conduct include:

- Make home improvements and additions to such beneficiary's family residence.
- Pay off partly or in full any encumbrance on such beneficiary's family residence.
- Purchase a family residence, if beneficiary does not own one.
- Purchase a more expensive family residence.
- Make gifts of assets for estate planning purposes as guided by such beneficiary.
- To physically divide assets into separate accounts and portions.
- If beneficiary is married, to transmute community property into equal divisions of separate property one for each spouse.
- To convert cash and other liquid assets to non liquid assets.
- To purchase annuities or other investments that would more likely be exempt from execution or taking or more likely qualify such beneficiary for benefits.

Creditor Planning: The trustee shall have the power and sole discretion to implement planning, strategies, and options for asset preservation and protection in the event of possible, actual, or threatened action from creditors or governmental agencies. In order to accomplish this, the trustee may engage in any conduct that would not be inconsistent with the intent of the trustor and the purposes or tax benefits for which the particular trust was established. Such conduct may include but not be limited to the power and authority to do any of the following actions or conduct. Trustee may or may not engage in any of these actions or conduct at the sole discretion of the trustee. Trustee cannot and shall not be compelled to engage in any of these actions or conduct by a beneficiary or any other person or entity. Such actions and conduct include:

- Make home improvements and additions to such beneficiary's family residence.
- Pay off partly or in full any encumbrance on such beneficiary's family residence.
- Purchase a family residence, if beneficiary does not own one.
- Purchase a more expensive family residence.
- Make gifts of assets for estate planning purposes as guided by such beneficiary.
- To physically divide assets into separate accounts and portions.
- If beneficiary is married, to transmute community property into equal divisions of separate property one for each spouse.
- To convert cash and other liquid assets to non liquid assets.
- To purchase annuities or other investments that would more likely be exempt from execution or taking or more likely qualify such beneficiary for benefits.

Legal Process — Shifting and Substituted Beneficiaries and Distributions: (This clause does not apply to a qualified marital trust or any trust that is a qualified subchapter S trust or any other trust which this provision would cause the trust to lose any tax deduction, credit, exemption or advantage intended by this instrument.) If the creditor of any beneficiary who is entitled to any distribution from a trust established under this instrument attempts by any means to subject to the satisfaction of such beneficiary's claim that beneficiary's interest in any distribution, then notwithstanding any other provision in this instrument, until the release of the writ of attachment, garnishment or other process, the distribution directed to be made to that beneficiary shall instead be disposed of as follows:

- The trustee may pay to or apply for the benefit of such beneficiary only such sums the trustee determines to be necessary for the reasonable health, education, and support of the beneficiary according to such beneficiary's accustomed mode of life in accordance with the guidelines and restrictions in this article, and/or,
- The portion of the distribution that the trustee determines to exceed the amount necessary for the reasonable health, education, and support of the beneficiary shall in the trustee's discretion either be added to and become principal in whole



or in part or be paid to or applied for the benefit of the other beneficiaries then entitled to receive payments from any trust established under this instrument in proportion to their respective interests in the trust estate. If there are no other beneficiaries, the excess income may be paid to or applied for the benefit of the person(s) (except any beneficiary regarding whom the trustee has invoked the provisions of this article) presumptively entitled to the next eventual interest, in proportion to such persons respective interests in the trust.

**Irrevocability:** The trust and these provisions shall be irrevocable as to such portion of the trust for which the trustee invokes the provisions of this article.

**Application for Public Benefits and Assistance:** The trustee may, in the trustees sole discretion, seek benefits for the support, maintenance and medical needs of such beneficiary from all available public resources, including, without limitation, Supplemental Security Income, Medi-Cal (or any other states Medicaid program equivalent), and Federal Social Security Disability Insurance. The trustee may receive on behalf of and disburse for the benefit of the incapacitated beneficiary, any public assistance benefits to which said beneficiary is entitled. However, no public assistance benefits of such beneficiary shall be commingled with other trust property, but rather shall be separately held by the trustee. Nothing in this provision shall be construed to require the addition to the trust estate of public assistance benefits received by, or on behalf of, a beneficiary.

**Intent to Return:** Despite the fact that such beneficiary may at some time be residing outside of beneficiary's usual residence for medical, physical, mental, emotional, or other conditions, circumstances, or reasons, such beneficiary intends to return to such beneficiary's residence as soon as practically possible.

It is such beneficiary's intent to return to such residence as soon as practically possible even if the prognosis of such beneficiary's medical, physical, emotional, mental or other condition does not appear to make such a return a reasonably foreseeable possibility.

It is such beneficiary's intent to return to such residence as soon as practically possible even if such beneficiary is diagnosed with a condition that would in all likelihood permanently prevent such beneficiary from being able to return to such residence.

It is such beneficiary's intent to return to such residence as soon as practically possible even if doctors, physicians, or other medical or health care professionals or providers recommend that beneficiary remain institutionalized or remain outside of beneficiary's residence for the rest of beneficiary's life.

This intent to return shall remain in full force and effect until specifically and clearly revoked, in writing, signed by such beneficiary.

## ARTICLE GENERATION SKIPPING TAX

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

**Generation Skipping Tax — Allocations and Elections:** The trustee may, if such trustee is the person authorized by Internal Revenue or Treasury codes, provisions, regulations, or rules to do so, allocate any portion of any trustor's generation skipping transfer tax exemptions under the applicable provisions of Internal Revenue or Treasury codes, provisions, regulations, or rules (or a counterpart exemption under any applicable state law) to any property as to which said trustor is the transferor, including any property transferred by a trustor during the trust's lifetime, and has the authority to make the special transferor election for qualified terminable interest property under applicable provisions of Internal Revenue or Treasury codes, provisions, regulations, or rules for the respective trustor to the extent the trustee deems it in the best interest of said trustor's estate. Any such allocation or election shall be made in said trustee's sole discretion. If the trustee is not the person authorized by law to make such allocations and elections, the trustee is authorized to direct such person as is so authorized with respect to the making of such allocations and elections.

However, notwithstanding the foregoing, no trustee shall be authorized to make or participate in any generation skipping election or allocation decision if power to do so would result in such trustee having a general power of appointment (for federal estate and gift tax purposes) over property with respect to which such trustee would not otherwise have such a general power. In such a case, the next successor trustee in the following order and priority (who is not disqualified by this provision) shall be authorized to make such determinations and elections:

1. Any cotrustee.
2. A substitute trustee appointed pursuant to the provisions therefor in this instrument.
3. The next acting trustee in order.
4. The independent trustee.
5. The next appointed trustee pursuant to the provisions therefor in this trust.

For purposes of this provision, any property exempt from generation skipping tax shall be known as exempt property and all other property shall be known as non exempt property.

In order to minimize the impact of any generation skipping tax that may be applied to any of the trusts created by this instrument or their beneficiaries, such trustee, shall have the power in its sole and absolute discretion to divide and/or segregate any trust created hereunder in further shares to carry out the terms of this section including the following actions:



If any trust created under this instrument would be partially exempt from generation skipping tax by reason of an allocation of a generation skipping tax exemption to it, then prior to such allocation such trustee may divide the trust into two separate trusts of equal or unequal value to permit allocation of the exemption solely to one trust which will be entirely exempt from generation skipping tax.

Upon any division of into exempt and non exempt portions as provided, and/or upon the distribution of the trust assets, if there is exempt and non exempt property to be allocated, the trustee shall apportion and allocate the exempt and the non exempt property among such trusts or beneficiaries in any manner it deems appropriate, so long as assets are allocated on the basis of their fair market values at the date or dates of allocation.

If a trust under this agreement, whether created under this section or not, is entirely exempt or nonexempt from generation skipping tax and adding property to it would partially subject the trust to generation skipping tax, such trustee may hold that property in a separate trust in lieu of making the addition.

To the extent possible at any time a division, distribution, or allocation is required which would cause property to be added to pre existing shares, the trustee shall add exempt property to the exempt portion and non exempt property to the non exempt portion.

If such trustee divides a trust into two separate trusts under this section or creates a separate trust for additions under this section, then the two trusts that result shall have the same terms and conditions as the original trust. The trustee shall not make discretionary distributions from the income or principal of the exempt trust to beneficiaries who are non skip persons so long as any readily marketable assets remain in the non exempt trust.

Upon division or distribution of an exempt trust and a non exempt trust, such trustee may allocate property from the exempt trust first to a share from which a generation skipping transfer is more likely to occur.

In the event of any discretionary distribution by the trustee or any distribution made pursuant to the exercise of withdrawal rights by a beneficiary, such distributions shall be paid from and charged to the non exempt portion or the exempt portion, as the trustee determines in its discretion will result in the least amount of generation skipping tax.

If such trustee considers that any distribution from a trust under this instrument, other than pursuant to a power to withdraw or appoint, is a taxable distribution subject to a generation skipping tax payable by the beneficiary, such trustee shall augment the distribution by an amount which such trustee estimates to be sufficient to pay the tax and shall charge the same against the trust to which the tax relates, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

If such trustee considers that any termination of an interest in trust property is a taxable termination subject to a generation skipping tax, such trustee shall pay the tax from the portion of the trust property to which the tax relates without adjustment to the relative interests of the beneficiaries.

If the election is made by the trustee to treat property allocated to an exempt share as qualified terminable interest property the trustee may elect to treat such property as if the QTIP election had not been made (reverse QTIP election). Such reverse QTIP election shall be made with respect to all of the property in the exempt portion to which the QTIP election is applicable.

If the allocation occurs by reason of the death of a trustor, then the trustee shall allocate property to the exempt portion and take all action necessary to complete such exemption in the time required by law based on such information as then available to the trustee. The trustee if permitted by law may upon the final determination of the death taxes adjust properties between the exempt and non exempt portions of the trust when and if it is determined that the allocation should have been made differently.

It is the trustors intention that the amount of GST exemption allocated to the exempt portion of a trust result in a zero inclusion ratio for such trust share. These provisions regarding allocation shall be interpreted accordingly and consistently with this primary objective and intent.

**Power of Appointment if GST Tax:** If GSST would be payable from the trust because of a beneficiary's death, the beneficiary shall have the power of appointment to appoint the trust to the creditors of the beneficiary's estate, exercisable in the beneficiary's valid last will and testament specifically referring to this power of appointment provision.

**Avoidance of "Delaware Tax Trap":** No beneficiary shall exercise (without the prior written consent of the trustee) any power of appointment over any trust property that has a GST inclusion ratio of less than one in such a manner as that may cause section 2041(a)(3) or 2514(d) of the Code to apply to such property by reason of such exercise. No beneficiary shall exercise (without the prior written consent of the trustee) any power of appointment or other power that would cause such property to lose its GST exempt status or otherwise adversely affect its GST exemption status by reason of such exercise. Any such exercises shall be void ab initio.

## ARTICLE

### LIFE INSURANCE AND RETIREMENT BENEFIT PROVISIONS

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

**Definition of Retirement Benefit:** Retirement benefit shall mean any retirement, deferred compensation, employment, or pension, benefit, fund, plan or account including Keogh, SEPs, 401k, profit sharing, and other or similar plans or benefits qualified under the IRS code as qualified retirement programs, plans, or benefits.. Such funds, accounts, plans, or benefits are referred to herein

as retirement benefits. The program, rules, requirements, regulations, or other provisions which such programs, plans, or benefits are subject to shall be referred to herein as the plan.

Definition of Life Insurance and Death Benefits: Life Insurance and death benefit shall mean any life insurance policies, annuities, credit life policies or similar contracts which provide for death proceeds or benefits payable upon the death of an insured person. Such proceeds or benefits are referred to herein as insurance proceeds. The policy, contract, rules, requirements, or other provisions which such benefits are subject to shall be referred to herein as the policy.

Invest in Life Insurance: The trustee shall have the power to purchase, accept, acquire, hold, manage, and maintain policies on the life of any person, including a trust beneficiary or any person in whom any trust beneficiary has an insurable interest, and to exercise all rights of ownership regarding such policies pursuant to the provisions of this article.

Trustee Named a Beneficiary of Policy or Plan: The trustee may be named as beneficiary of any insurance proceeds or retirement benefits. Such insurance proceeds or retirement benefits will be subject to all the terms of this article.

Trust as Owner of Life Insurance Policy: As to any such policies which are owned by the trust, the following shall apply:

- The trustee shall pay any net amount of premium, assessment, or other charge required to keep it a binding insurance policy without deducting any dividend or other credit against the charge.
- Such payments shall be allocated to principal.
- The trustee shall have the power to execute or cancel any automatic premium loan agreement and shall have the power to elect or cancel any automatic premium loan provision.
- The trustee may borrow money with which to pay premiums due on any policy either from the company issuing the policy or from any other source and may assign any such policy as security for the loan.
- The trustee shall have the power to exercise any claim contained in a policy regarding any dividend or share of surplus apportioned to the policy, to reduce the amount of a policy or convert or exchange the policy, or to surrender a policy at any time for its cash value.
- The trustee may elect any paid-up insurance or any extended term insurance nonforfeiture option.
- The trustee shall have the power to sell such policies at their fair market value to the insured or to anyone having an insurable interest in the policies.
- The trustee shall have the power to make all elections permitted regarding such policy that would be allowed to a person who is an owner of such policy.
- The trustee shall have full power and authority to exercise any option, privilege, benefit, and incident of ownership regarding such policy in accordance with the purposes and provisions of this instrument.
- Upon termination of any trust established in this instrument, the trustee shall have the power to transfer and assign the policies held by the trust as a distribution of trust property.

Life Insurance Not Owned by Trust: As to any such policies which are not owned by the trust, even though the trustee may be named as the beneficiary of death benefits from such a policy, the following shall apply:

- The trustee shall not be obligated to pay premiums or charges on such policies.
- The trustee shall not be responsible for acts or omissions of the policy owners concerning such policies.
- The trustee shall not be required to keep anyone informed regarding such policies.
- The owner of any such policy not owned by the trust shall retain all rights, options, privilege, including all incidents of ownership regarding such policy, including the right to change beneficiaries.
- The trustee shall have no other duties, obligations or responsibilities regarding such policies other than to provide for their safekeeping.
- The trustee shall have the power to make all elections permitted regarding such policies that would be allowed to a person who is not an owner of such policy.
- Upon request by the owner of such a policy the trustee shall return to the owner of such policy any such policy it held for safekeeping.

Collection of Proceeds: Upon the death of the insured, the maturity of such a policy, or other event regarding dispersal or payment under such policy or retirement benefit plans, the trustee shall have the following powers and duties:

- The trustee shall have such powers as necessary, beneficial, or convenient to collect all sums payable to the trust.
- The trustee shall have the powers provided in this instrument regarding compromise, arbitration, adjustment, and settlement.
- The trustee shall have the other powers provided in this instrument as they relate to such a policy or plan.
- The trustee need not, except at its option, enter into or maintain any litigation or take action to enforce any payment until it has been indemnified to its satisfaction for all expense and liabilities to which, in its sole judgment, it may be subjected.
- The decisions of the trustee shall be binding and conclusive on all beneficiaries.

Employee Benefit Plans Designations: In the event that any designation of the trustee of this trust as beneficiary under any plans in which the trustors may have an interest shall be ineffectual in whole or in part, the trustors specifically request that the committee, or other group having authority to do so under any such plans, select the trustee of the trust as beneficiary of such plans to the maximum extent possible.

**Mode of Payment:** The trustee shall have the right in its sole and absolute discretion to elect the method, mode, timing, and manner of payment or settlement in any way permitted regarding such insurance proceeds or retirement benefit.

An election by a trustee in good faith in the exercise of this discretionary power conferred shall be final and binding upon all persons whomsoever and the trustee shall not be liable to any person by reason of its exercise of such discretionary power.

The trustee in its sole and absolute discretion may disclaim the benefits of any such insurance proceeds or retirement benefit payable to the trust. Such disclaimed benefits shall be payable in accordance with the policy or plans controlling such insurance proceeds or retirement benefit.

**Continuing Election to Rollover:** A trustor beneficiary of a qualified retirement plan hereby makes a continuing election to rollover the qualified retirement plan to the maximum extent permitted under the law.

**Liability of Payor:** No person or entity which pays insurance proceeds or retirement benefits to the trustee as beneficiary shall be required to inquire into any of the provisions of this trust or to see to the distribution or application of any such proceeds or benefits by the trustee.

The receipt by the trustee of such proceeds shall relieve such payor of any further liability to the extent of that payment.

The trustee shall not be required to, but may in its discretion, collect from an insured, the insured's estate, or any other person, any amounts that might be necessary to repay any loan secured by such a policy or plan.

**Limitations on an Insured Trustee:** When any individual trustee is the insured on a policy owned by the trust but is not personally the owner of such a policy the following shall apply:

- Such trustee is prohibited from exercising any ownership rights, powers, or incidents of ownership or making any decisions or exercising any discretions regarding such policies despite anything to the contrary herein.
- All powers, duties, rights, decisions, discretions, and incidents of ownership regarding such policies shall instead be exercised in the following order and priority:
  1. By any cotrustee who is not an insured on such policy.
  2. By a substitute trustee appointed pursuant to the provisions therefor in this trust.
  3. By the next acting trustee in order who is not an insured on such policy.
  4. By the independent trustee.
  5. By the next appointed trustee pursuant to the provisions therefor in this trust.

If the insured trustee's participation in the appointment or selection of a such a successor trustee in the above circumstances would cause such insured trustee to be considered to have an incident of ownership regarding such policy, then such insured trustee shall not participate or take part in such selection or appointment of a successor trustee regarding such policy.

## PART 3 COMPREHENSIVE GENERAL PROVISIONS

### ARTICLE OFFICE OF TRUSTEE

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

**Cotrustees May Allocate Duties:** Any cotrustees may delegate or allocate any duties between themselves, in any manner, by any written document or agreement signed by such trustees, without concurrence of any beneficiaries. After such delegation, any one trustee may unilaterally revoke such delegation at will and without cause by written notice to the other trustee(s) and any affected third party. For example, such trustees may exercise this power to delegate to one such trustee the power to conduct any bank, financial institution, and securities brokerage transactions. The delegation may be merely indicated or implied from the designations on the signature card, deposit agreement, brokerage agreement, or other document on file with the bank, financial institution, brokerage, or other third party. No separate agreement of delegation is necessary. So long as any such delegation is in effect, any of the delegated powers may be exercised by the delegated trustee(s) to the same extent and with the same force and effect as if the delegating trustee had personally joined in and consented to such action.

**Delegation of Powers to Cotrustee or Successor Trustee — General:** A trustee shall have the power to delegate temporarily to a cotrustee or a successor trustee all or any of its powers or temporarily delegate to a successor trustee part of all or any of its powers so as to make such trustee a temporary cotrustee. The trustee shall effectuate the delegation by written notice to the delegated cotrustee or successor trustee specifying the powers delegated. This delegation shall terminate on delivery of written notice by the such delegating trustee to the delegated cotrustee or successor trustee of termination of the delegation. The delegated trustee shall incur no liability to any beneficiary of the trust estate as a result of any actions taken or not taken within the scope of delegation during the period of delegation.



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Action by Majority of Trustees — General: Except as otherwise provided herein: 1. If two trustees are serving as cotrustees then the consent of both shall be required. 2. If more than two trustees are serving as cotrustees, any action taken by a majority of the trustees in office shall be binding on this trust, and in such case third parties may rely on such action. The non consenting trustees shall not be liable for actions of the majority.

Certification of Trust — Acceptance: Any third party may rely on and is hereby directed to accept a written statement or Certification of Trust signed under penalty of perjury by the then remaining cotrustee(s) or successor trustee(s) authorized to act hereunder stating that they are the currently acting trustee(s). Said third party may rely on and accept said written statement or Certification of Trust unless and until contradicted or superseded by a later written statement or Certification of Trust signed under penalty of perjury in the same manner.

Separate Certifications — Allocations of Powers: In order to carry out any separate delegation, allocation, or division of powers authorized in this document, the trustees are empowered also hereby to prepare separate certificates for each account, property, asset or circumstance in which there is a different delegation, allocation, or division of powers between the trustees or regarding which different trustees have authority regarding such accounts, property, or assets.

Certification — Without Amendment: The trustees of this trust may be added, changed, or designated pursuant to the terms of the trust upon a proper certification of trust without formal amendment. In such case the certification will act as an official designation of trustees without further documentation.

Designation of Trust — Any Reasonable Manner: On any title documents, accounts or other asset designations, any designation, name, or form of title that reasonably refers to or is intended to refer to this trust is sufficient to designate the trust as the owner for all purposes. Formal, specific, or exact use of a particular form of the name of the trust is not necessary. No listing of any trustees names is required or necessary. Any discrepancy or difference in name, date, description, information or otherwise shall not in any way reduce, nullify or diminish the effectiveness of the ownership and control of such asset by the trust.

Trustees Incapacity — Successor Trustee Acts: If any trustee is unable to participate in trust activities because of incapacity the designated remaining cotrustee(s) or successor trustee may act in place of such regular trustee during any such incapacity. The designated remaining cotrustee(s) or successor trustee shall incur no liability to any beneficiary of the trust or to the replaced trustee as a result of any action taken in good faith pursuant to this provision.

Trustees Incapacity — Defined: Incapacity is defined as the inability of a trustee to substantially participate in trust activities because of illness, disability, or any other reason. In determining such incapacity, any of the following shall be deemed sufficient:

- Written statements from two licensed physicians (not related by blood or marriage to the trustee whose capacity is being certified) who have examined the trustee stating in essence that the trustee is incompetent, mentally ill, or unable to handle the trustees own affairs, needs a conservator appointed for them, or otherwise indicating in essence that the trustee is not able to significantly participate in financial or trust activities.
- Order or other determination of a court that the trustee is incompetent, mentally ill, or unable to handle the trustees own affairs, needs a conservator appointed for them, or otherwise indicating in essence that the trustee is not able to substantially participate in trust activities.
- Written statements under penalty of perjury by all the current and remainder adult beneficiaries that the trustee is incompetent, mentally ill, or unable to handle the trustees own affairs, needs a conservator appointed for them, or otherwise indicating in essence that the trustee is not able to significantly participate in financial or trust activities.

In the absence of any such statements or determinations, the designated remaining cotrustee(s) or successor trustee (or if none then the current adult income beneficiaries) shall petition the court having jurisdiction over this trust for authority to proceed as or appoint a successor trustee. Until a court of competent jurisdiction shall specifically determine otherwise, a trustee shall be considered to no longer be incapacitated and shall be restored to the trustees duties herein upon any of the following occurring:

- Written statements from two licensed physicians (not related by blood or marriage to the trustee whose capacity is being certified) who have examined the trustee stating in essence that the trustee is substantially able to participate in trust activities.
- Order or other determination of a court that the trustee is not incompetent, not mentally ill, not unable to handle the trustees own affairs, no longer needs a conservator, or otherwise indicating in essence that the trustee is able to substantially participate in trust activities.
- Written statements under penalty of perjury by at least 50% of the current and/or remainder adult beneficiaries that the trustee is substantially able to again participate in trust activities.

The designated remaining cotrustee(s) or successor trustee shall incur no liability to any beneficiary of the trust or to the replaced trustee as a result of any action taken in good faith pursuant to this provision.

Trustees Incapacity — Costs and Consent: Any trustee of this trust by consenting to act or otherwise engaging in trustee conduct, thereby consents to medical examination to determine health, illness, incapacity, or disability regarding financial and trust activities and waives all rights and privileges with respect to disclosure of information concerning such health, illness, incapacity, or disability and authorize any doctors or medical practitioners to issue a statement of trustees health, illness, incapacity, or disability. The cost of any such medical examination and certification shall be paid by the trust.

Resignation — Designated Successors: Any trustee may resign at any time from any trust under this instrument. The resigning trustee shall give written notice of the resignation by personal delivery or registered mail to all current income beneficiaries.



The resignation shall be effective on the qualification of a designated successor trustee. The designated successor trustee shall act as trustee on acceptance of the appointment.

**Failure of Designated Trustees:** For any or all trusts under this instrument, if all designated trustees of any type (except independent trustees) fail to qualify or cease to act or if there is no successor trustee designated to follow the current trustee(s), alternate trustee(s) may be appointed by the following methods in the following order and priority:

1. Any alternate trustee(s) appointed for such purpose by a trustor (only if and to the extent permitted by IRS rules and regulations and to the extent such appointment does not cause significant adverse tax consequences).
2. Any alternate trustee(s) appointed for such purpose by any surviving trustor (only if and to the extent permitted by IRS rules and regulations and to the extent such appointment does not cause significant adverse tax consequences).
3. Any alternate trustee(s) appointed for such purpose by the current trustee.
4. Any alternate trustee(s) appointed for such purpose by the last resigning trustee(s).
5. Any alternate trustee(s) appointed for such purpose by the last acting or qualified trustee(s).
6. Any alternate trustee(s) appointed for such purpose by any previously qualified or acting regular trustee(s) designated in this document (in the order and priority indicated for regular trustees).
7. Any alternate trustee(s) appointed for such purpose by a majority of the current income and principal beneficiaries of the trust (except those who are disqualified from voting on such a trustee under any IRS or tax code, rule, regulation, provision, or principle or who's holding of a right to vote under the particular circumstances would cause significant adverse tax consequences).
8. Any alternate trustee(s) appointed for such purpose by the current independent trustee(s) or cotrustee(s).
9. Any alternate trustee(s) appointed for such purpose by the last acting or qualified independent trustee(s).
10. Any alternate trustee(s) appointed for such purpose by any previously qualified or acting independent trustee(s) or cotrustee(s).
11. Any financial institution at which trustors had any of the following in the following order and priority:
  - The financial institution at which trustor maintained their main checking account.
  - The financial institution at which trustor maintained their main savings account or CD(s).
  - The financial institution at which trustor maintained their stock brokerage or financial investment account.
  - Any other financial institution at which trustor maintained significant assets or funds.
12. Any alternate trustee(s) appointed for such purpose appointed by a court of competent jurisdiction after consideration of the preferences of the current income and principal beneficiaries.

**Nomination of Independent Trustee:** For any or all trusts under this instrument, if the appointment of an independent trustee or trustees becomes necessary, beneficial, or advisable at any time, or if all previous independent trustees fail to qualify or cease to act or if there is no independent trustee designated to follow the current independent trustee(s), independent trustee(s) may be appointed by the following methods in the following order and priority:

1. Any independent trustee(s) appointed for such purpose by a trustor (only if and to the extent permitted by IRS rules and regulations and to the extent such appointment does not cause significant adverse tax consequences).
2. Any independent trustee(s) appointed for such purpose by any surviving trustor (only if and to the extent permitted by IRS rules and regulations and to the extent such appointment does not cause significant adverse tax consequences).
3. Any current trustee(s) or cotrustee(s) who can qualify as an independent trustee under the particular IRS or tax code, rule, regulation, provision, or principle that causes an independent trustee to be necessary, beneficial, or advisable.
4. The next successor regular trustee(s) or cotrustee(s) (in the order and priority indicated for regular trustees) who can qualify as an independent trustee under the particular IRS or tax code, rule, regulation, provision, or principle that causes an independent trustee to be necessary, beneficial, or advisable.
5. Any independent trustee(s) appointed specifically for such purpose by any current trustee(s) or cotrustee(s).
6. Any independent trustee(s) appointed for such purpose by the next successor regular trustee(s).
7. Any independent trustee(s) appointed for such purpose by any previously qualified or acting regular trustee designated in this document (in the order and priority indicated for regular trustees).
8. Any independent trustee(s) appointed for such purpose by the current independent trustee(s) or cotrustee(s).
9. Any independent trustee(s) appointed for such purpose by a majority of the current income and principal beneficiaries of the trust (except those who are disqualified from voting on such a trustee under any IRS or tax code, rule, regulation, provision, or principle or who's holding of a right to vote under the particular circumstances would cause significant adverse tax consequences).
10. Any financial institution at which trustors had any of the following in the following order and priority:
  - The financial institution at which trustor maintained their main checking account.
  - The financial institution at which trustor maintained their main savings account or CD(s).
  - The financial institution at which trustor maintained their stock brokerage or financial investment account.
  - Any other financial institution at which trustor maintained significant assets or funds.

11. Any independent trustee(s) appointed for such purpose appointed by a court of competent jurisdiction after consideration of the preferences of the current income and principal beneficiaries.

If permissible under the particular IRS or tax code, rule, regulation, provision, or principle that causes an independent trustee to be necessary, beneficial, or advisable, the independent trustee shall serve with the current trustee or cotrustees or such of them that will not negate the effectiveness and purpose of the appointment of such independent trustee.

The independent trustee's duties shall include only exercise of powers and duties disclaimed or released, either permanently or temporarily, by a regular trustee for such reasons as conflict of interest or adverse tax consequences to the trustee personally and other express delegations under this instrument or under the particular IRS or tax code, rule, regulation, provision, or principle that causes an independent trustee to be necessary, beneficial, or advisable.

Independent Trustee — Qualifications: The independent trustee shall be a trustee, whose relationship to the trust beneficiaries, trustors, other trustees, trust, or others shall not cause adverse tax consequence because of the exercise, retention, or granting of the powers, discretions, or authority under the trust. Additionally, an independent trustee should have the knowledge, experience, and professional resources necessary to carry out the applicable tax and fiduciary responsibilities.

Independent Trustee — Replacement: The independent trustee may be removed and replaced with another qualified independent trustee after the death of the last trustor by a majority of all the income and principal beneficiaries only if and to the extent permitted under the particular IRS or tax code, rule, regulation, provision, or principle that causes an independent trustee to be necessary, beneficial, or advisable. In such case the current independent trustee shall be given 30 days written notice. The notice of removal shall not be effective until acceptance by the successor independent trustee and such trustee's qualification as an independent trustee.

Appointment by Court — Notice: If it is necessary for a court to appoint a trustee of any type, such appointment may be made ex parte, upon informal application, without hearing, on 10 days notice or such lesser notice as the court deems advisable. Such request to the court may be made by any of the following: Trustor, current trustee, former trustee, any person designated in this instrument as a potential trustee whether or not ever serving or qualified as trustee, principal or income beneficiary of this trust, or any other interested party of this trust.

Ancillary Trustee — Foreign Assets: In the event that the trust has assets in another jurisdiction in which trustee is precluded from acting as trustee regarding such assets, then trustee may appoint an ancillary trustee or ancillary personal representative who is able to act as trustee or representative regarding such assets in the foreign jurisdiction. Such ancillary trustee shall have the same duties, powers, and rights regarding such assets as the regular trustee would have regarding such assets if the regular trustee were able to act as trustee regarding such assets except as the delegating trustee expressly limits those duties, powers, and rights in the delegation. Trustee may remove such ancillary trustee and if necessary replace such trustee with another trustee able to act regarding such property. The regular trustee shall not be liable for the acts of the ancillary trustee.

Supplementary Trustee: If a trustee is unwilling or unable to act regarding any particular trust property, or if the trustee deems it necessary or advisable to the proper or beneficial administration of such assets, the trustee may hire or designate in writing a supplementary trustee regarding such property. Such supplementary trustee shall have the same duties, powers, and rights regarding such assets as the regular trustee would have regarding such assets if the regular trustee were willing to act as trustee regarding such assets except as the delegating trustee expressly limits those duties, powers, and rights in the delegation. Trustee may remove such supplementary trustee and if necessary replace such trustee with another trustee able to act regarding such property. The regular trustee shall not be liable for the acts of the supplementary trustee.

Successor Institutional Trustee: As to any institutional trustee of this trust, if such institutional trustee or such trustee's trust business is acquired, by another sufficient, responsible, insured, and adequately funded institutional trustee, the successor institutional trustee shall succeed to such trusteeship to the same extent as the previous institutional trustee, without any action or approval being required.

Designated Institutional Trustee by Other Institutional Trustee: As to any institutional trustee of this trust, if such institutional trustee does not have a qualified trust department or business at the time of becoming trustee or cares not to accept the trusteeship for any reason, such institutional trustee is hereby authorized and requested to designate, appoint or name another qualified independent institutional trustee willing to act.

Resignation as to Some Trusts: Pursuant to the provisions of this instrument, a trustee may resign as trustee of one or more trusts under this instrument without resigning as trustee of other trusts under this instrument.

Different Trustees for Separate Trusts: Pursuant to the provisions of this instrument, various circumstances may result in different trustees being in charge of different trusts.

Employment of Consultants — General: The trustee may employ custodians, attorneys, accountants, investment advisers, corporate fiduciaries, or any other agents or advisers to assist the trustee in the administration of this trust, and the trustee may rely on the advice given by these agents. The trustee shall pay reasonable compensation for all services performed by these agents from the trust estate out of either income or principal as the trustee in the trustee's reasonable discretion shall determine. These payments shall not decrease any compensation to which the trustee is entitled.

Compensation — Reasonable: The trustee may pay itself reasonable compensation from the trust estate during each calendar year for all ordinary services and reasonable additional compensation for any extraordinary services, all without court order. If the trustee shall serve for a part of a calendar year, the annual compensation shall be prorated. Compensation shall be presumed reasonable



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if it is in accordance with trustors written agreement or instructions, if approved by the adult income beneficiaries of this trust, or if it is equal to or less than the customary and prevailing charges for similar services by other trustees during the same period of time and in the same general geographic area.

Reimbursement of Costs and Expenses: The trustee shall be reimbursed for all of trustees reasonable costs and expenses incurred in regard to exercising any of its duties and powers pursuant to this instrument.

No Personal Liability: No trustee shall have any personal liability for performance of its duties or conduct pursuant to this trust. Every person, entity, or organization contracting with or otherwise dealing with the trust shall only look to the funds, property, and assets of the trust estate and not to the trustee personally, even though the trustee did not exempt itself from such liability when entering to any contract, agreement, or transaction

Exculpatory Clause — All Trustees: No trustee shall be liable to any person interested in this trust for any act or default unless it results from the trustee's bad faith, willful misconduct, or gross negligence.

Indemnification — All Trustees: The trustee shall be indemnified by the trust estate for any claims or demands arising out of its duties or conduct of this trust other than except unless it is determined that such conduct was based on the trustees bad faith, willful misconduct, or gross negligence.

Waiver of Liability for Predecessor Trustee: Any successor trustee may accept as correct any accounting of trust assets made by any predecessor trustee. However, a successor trustee may institute any action or proceeding for the settlement of the accounts, acts, or omissions of any predecessor trustee.

Bond — Waiver: No trustee nominated in this instrument or in any amendment or modification to it, including nonresidents, shall be required to post bond or security.

Trustee Self-Dealing — Loan, Buy, and Sell: The trustee shall have the power to loan or advance the trustee's own funds to the trust for any trust purpose, with interest at current rates, to receive security for such loans in the form of a mortgage, pledge, deed of trust, or other encumbrance of any assets of the trust, to purchase or exchange assets of the trust at their fair market value as determined by an independent appraiser, to sell property to the trust at a price not in excess of its fair market value as determined by an independent appraiser, and to lease assets to or from the trust for fair rental value as determined by an independent appraiser, but all only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

Trustee and Executor Transactions — Self-Dealing Permissive: The trustee and the executor of trustors estate may freely contract financial transactions between themselves, such as the purchase and sale of assets and the making of loans, secured and unsecured, notwithstanding each office being held by the same person and apparent conflicts of interest, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines..

Income and Principal Allocations — Independent trustee: For all trusts under this instrument, if necessary or beneficial the independent trustee alone shall have the power to allocate income and principal for any beneficiary serving as trustee or for persons the trustee-beneficiary legally supports.

Amendment by Trustee — Conform to Law: The trustee may amend the trust at any time in the following manner and for the following purposes:

- To conform to new, laws, including federal and state tax legislation, regulations, rules, and relevant court decisions.
- To obtain the Estate, gift, income and/or other tax results intended by Trustor.
- To define more clearly the investment, dispositive and general administrative powers of the trustee, consistent with the overall powers granted in this instrument and trustors intent.
- To prevent assets allocated to a beneficiary from being treated as belonging to that beneficiary by any governmental agency, where such treatment will be financially disadvantageous to that beneficiary.
- To correct any ambiguities that may be claimed to exist in the trust consistent with the intent of trustor.
- With the consent of the current beneficiaries to permit the trustee to invest in assets not authorized or not contemplated by trustor.

Interested Trustee — Limitations: Notwithstanding the general powers conferred on the trustee or any other general provisions of this agreement to the contrary contained in this agreement, no individual trustee shall participate in the exercise of discretion regarding the distribution of trust income or principal unless such discretion is limited by an ascertainable standard.

No individual trustee shall participate in the exercise of discretion regarding distributions to any person or persons such trustee is legally obligated to support.

Trustee — Broad Power, Fiduciary Capacity: To carry out the purposes of any trust under this instrument and subject to any limitations stated elsewhere in this instrument, the trustee is vested, without necessity of application to any court, with the powers listed herein as well as any powers conferred by law. The enumeration of certain powers in this instrument shall not limit the trustees powers. The trustee shall have all the rights, powers, and privileges that an absolute owner of the same property would have, subject to the trustees fiduciary obligations and to any limitations stated elsewhere in this instrument.

Trustee Powers — Fiduciary Role: The trustee shall exercise all the powers in the trustee's fiduciary capacity and only in such capacity. Further, the trustee shall have no power to enlarge or shift any of the beneficial interests under such trust except as an



incidental consequence of the discharge of the trustee's fiduciary duties and shall not make any distribution that discharges any beneficiary's legal obligations of support.

Fiduciary Capacity of Trustee: The trustee of an irrevocable trust provided for in this instrument shall act at all times in a fiduciary capacity and shall treat the income and remainder beneficiaries equitably and no trustee shall have any power which would cause includability of such trust share in such trustee's estate for federal estate tax purposes.

General Power of Appointment — Not Included: The trustee shall always exercise its powers and duties in a fiduciary capacity. The trustee shall not exercise any general power given in this instrument in favor of such trustee, such trustee's estate, such trustee's creditors, or the creditors of such trustee's estate in such a way that would constitute a general power of appointment. The trustee shall only have such powers of appointment as are specifically and clearly given under the particular trust provisions.

## ARTICLE MANAGEMENT AND INVESTMENT POWERS

Introduction: For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

Retain or Abandon Property: The trustee shall have the power to continue to hold any property, including shares of the trustee's own stock, or to abandon any property that the trustee receives or acquires.

Unproductive Property: Except when specifically restricted, the trustee shall have the power to retain, purchase, or otherwise acquire unproductive property.

Sell, Exchange, Repair: The trustee shall have the power to manage, control, grant options on, sell (for cash or on deferred payments with or without security), convey, exchange, partition, divide, improve, and repair trust property.

Lease: The trustee shall have the power to lease trust property for terms within or beyond the terms of the trust and for any purpose.

Contract Power — General: The trustee shall have the power to make and execute contracts, deeds, leases, and other agreements for any purpose necessary or beneficial to the purposes of the trust and have the powers and deal with the trust property in other ways which a natural person could normally deal with their own property.


Trustee Banking Powers: The trustee shall have the following powers regarding any accounts or funds held at banks or other financial institutions:

- To engage in and perform all banking and related transactions, including certificates of deposit, savings accounts, checking accounts, money market accounts and any and all other banking or financial institution functions.
- To open, establish, and maintain interest and non-interest bearing accounts, deposit and safe deposit boxes of all kinds and in amounts greater than covered by FDIC insurance. Make, sign, authorize, and deliver checks, drafts, orders, withdrawals and transfers of all kinds.
- Borrow, assign, pledge, guarantee, grant security, for any person, debt, or obligation and enter into all other credit transactions.
- To appoint attorneys-in-fact and agents to take any and all actions on behalf of the trust.
- Authorize and enter into overdraft lines of credit, credit/debit card, ATM, cash management, and all other account and financial services.
- Purchase, acquire, sell, transfer, trade and otherwise deal in stocks, bonds, indentures, options, warrants/rights and all other investments & securities.

Investments — General Power: The trustee shall have the power to invest and reinvest the trust estate in every kind of property, real, personal, or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, preferred or common stocks, shares in investment trusts, investment companies, and mutual funds, and mortgage participations, life insurance policies on the life of any beneficiary, which persons of prudence, discretion, and intelligence acquire for their own account, and any common trust fund administered by the trustee.

Securities — Investment Powers: The trustee shall have the power to invest, purchase, acquire, sell, transfer, trade and otherwise deal in stocks, bonds, indentures, options, warrants/rights and all other investments & securities of every kind which persons of prudence, discretion, and intelligence acquire for their own account including, but not limited to:

- Corporate obligations of every kind.
- Preferred or common stocks
- Shares in investment trusts
- Investment companies
- Mutual funds
- Investment funds, trusts, and companies
- Mortgage participations
- Life insurance policies

  
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- Futures contracts and transactions
- Commodities transactions
- Option contracts
- Trade options
- Puts and Calls
- Precious metals and materials
- Coins and collectibles
- Minerals, oil, hydrocarbons and other substances
- Money market, domestic and foreign currencies and bonds
- Index funds, market funds and other reference funds, indexes, and securities
- All other investments and securities

**Securities — Management Powers:** The trustee shall have all the rights, powers, and privileges of an owner and investor of the securities held in trust, including, but not limited to the following:

- The power to vote
- Give proxies
- Pay assessments
- Participate in voting trusts and pooling agreements (whether or not extending beyond the term of the trust).
- Enter into shareholders' agreements
- Purchase bonds either at a premium or at a discount.
- Consent to foreclosure, reorganizations, consolidations, merger liquidations, sales, and leases, and, incident to any such action, to deposit securities with and transfer title to any protective or other committee on such terms as the trustee may deem advisable
- Exercise or sell stock subscription or conversion rights
- Open, operate, and maintain a securities brokerage or similar accounts
- Buy, sell or trade in securities on margin
- Hypothecate or borrow upon the purchase or sale against existing securities in such accounts
- Power to hold securities or other property in the trustee's name as trustee under this trust, in the trustee's own name, or in the name of a nominee
- To hold securities unregistered in such condition that ownership will pass by delivery.
- Any other normal and usual powers, preferences, privilege, or rights that a holder, owner, or investor in securities or investments would have.

**Bonds — Limitations:** For bonds purchased at a premium, the trustee shall, in a reasonable manner, periodically repay to principal each premium from interest on the bond or sale or redemption proceeds. For bonds purchased at discounts, the trustee shall periodically accumulate each discount as interest and, to the extent necessary, pay such discount out of principal or from the sale or redemption proceeds.

**Treasury Bonds — Special Tax Redemptions:** The trustee shall have the power to purchase at less than par, obligations of the United State of America that are redeemable at par in payment of any federal estate tax liability of a trustor in such amounts as the trustee deems advisable. The trustee shall exercise this discretion if the trustee believes that a trustor is in substantial danger of death, and the trustee may borrow funds and give security for such purchase. The trustee shall resolve any doubt concerning the desirability of making the purchase and its amount in favor of making the purchase and in purchase in a larger even though somewhat excessive, amount. The trustee shall not be liable to a trustor, any heir, or any beneficiary of this trust for losses resulting from purchases made in good faith. The trustee shall redeem such obligations to the fullest extent possible in payment of a trustor's federal estate tax liability.

**Oil and Mineral Interests:** The trustee shall have the powers regarding any oil, gas, mining, mineral, natural resources or similar interests or rights as follows:

- To maintain in full force and effect any such interests and rights.
- Purchase additional such rights and interests when necessary or desirable to effect a reasonable plan of development or operation of trust assets or incident to any other real estate or other interests of the trust.
- To drill, test, explore, mine, develop, remove, and otherwise exploit any and all such interests or rights.
- To buy or sell undivided portions of such interests or rights.
- Exchange such interests or rights for other properties or services on behalf of the trust.
- To execute leases regarding such rights and interests on such terms as the trustee shall deem reasonable or beneficial.
- Select, employ, utilize, or participate and/or enter in any business forms including partnerships, joint ventures, co-owners groups, syndicates, and corporations.
- Select, employ, utilize, or participate and/or enter in any agreements including community oil leases, pooling, repressurization, unitization and other agreements regarding such interests.
- To enter into such relationships, business forms, or agreements that the trustee deems reasonable even though extending beyond the likely duration of any trust which said assets are a part.

- To execute division orders, transfer orders, releases, assignments, farmouts, and any other instruments which trustee deems reasonable.
- To use the general assets of the trusts created under this instrument for the purposes of acquiring, holding, managing, developing, pooling, operating, or disposing of any such interests or rights.
- To engage in other reasonable conduct for the purpose of acquiring, holding, exploiting, developing, operating, or disposing of any and all such interests or rights.

S Corporation Stock: If at any time a trust receives stock in an S corporation and the trust is not a qualified subchapter S trust, the trustee shall refuse to accept such stock or to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines the trustee shall have the power to take any other action necessary to qualify the trust as a trust that can except such stock or take any other action permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines including the following if permitted:

- Sell, trade, or redeem such stock.
- Distribute such stock pursuant to the distribution provisions herein to beneficiaries who are permitted to receive such stock while continuing to hold any other property in trust.
- Divide a trust into separate trusts with provisions to allow it to qualify as a qualified subchapter S trust if possible and permitted. In all other respects the new trusts shall be as consistent as possible with the original trusts.

Loan: The trustee shall have the power to loan money to any person, including a trust beneficiary or the estate of a trust beneficiary, at prevailing interest rates and with or without security as the trustee deems advisable.

Borrow — General: The trustee shall have the power to borrow money and to encumber or hypothecate trust property by mortgage, deed of trust, pledge, or by otherwise, to securing the indebtedness of the trust or the joint indebtedness of the trust and a co-owner of trust property even if such encumbrance may continue to be effective after the term of any trusts pursuant to this instrument

Transactions Between Trusts: The trustee shall have the power to loan or advance money from any trust created herein to any other trust created herein, at prevailing interest rates and with or without security as the trustee deems advisable and may sell and purchase assets between the trust created herein for adequate consideration, in the trustee's reasonable discretion.

Insurance: The trustee shall have the power to carry, at the expense of the trust, insurance of such kinds and in such amounts as the trustee deems advisable to protect the trust estate against any damage or loss and to protect the trustee against liability with respect to third parties.

General Partnership Restriction: The trustee, in the trustee's absolute discretion, shall have the election to act only as a limited partner of any general partnership in the trust and shall take any action necessary to effect this election.

Closely Held Business Interest: The trustee shall have the power to continue to hold and operate, to sell, or to liquidate, at the risk of the trust estate, any closely held business interest in which trustor had an interest, whether proprietorship, joint venture, partnership, or corporation even though such business interests may constitute all or a substantial portion of the trust estate. Trustee shall have the following additional powers regarding such business interests, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.:

- To control, direct and manage the business and delegate such powers to appropriate individuals or entities.
- To diminish, enlarge or change the scope or nature of any business.
- Directly participate in the conduct of any such business or employ others to do so on behalf of the trust.
- Elect, employ and discharge directors, officers, employees and agents and fix their compensation and define their duties.
- To invest other trust estate assets in such business, to pledge other assets of the estate or trust as security for loans made to such business, and to loan funds from the trust to such business.
- To borrow from any bank or other lending institution, including the trustee, on competitive terms.
- To organize a corporation under the laws of this or any other state or country and to transfer to it all or any part of the business or other property held in the estate or trust, and to receive in exchange stocks, bonds, and other securities.
- Participate in the incorporation of any trust property, and corporate reorganization, sale, merger, consolidation, recapitalization, liquidation, dissolution, or any stock redemption or cross purchase buy-sell agreement or similar business actions or agreements.
- To pay any additional required fees if any business interest that may be included in an estate or trust requires additional effort and expertise on the part of the trustee. Such fees may be taken as a directors fee that will be remitted to the trustee or charged as a management consultation fee by the trustee.
- Execute partnership agreements, buy-sell agreements, or similar business agreements and any amendments to them.
- Carry out any of the provisions of any agreement entered into by trustor prior to trustors death for the sale of any business interest or the stock thereof.
- To treat the business as an entity separate from the estate or trust and in its accountings to a court and to any beneficiaries, the trustee shall be required to report only the earnings and condition of the business in accordance with standard corporate accounting practice.
- To retain in the business such amount of net earnings for working capital and other purposes of the business as advisable in conformity with sound business practice.



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- To purchase, process, and sell merchandise of every kind and description and to purchase and sell machinery and equipment, furniture, and fixtures, and supplies of all kinds.
- Exercise all of the business powers in this instrument regardless of whether trustee is a personally interested or involved party with respect to any such business interest.

Power to Issue or Receive Private Annuities: The trustee of any of the trusts herein shall have the power in the trustees discretion to issue or receive private annuities in exchange for property owned by another trust herein or any beneficiary of this instrument, if such power or conduct would not cause an adverse tax consequence.

Commercial Annuities — Contracts: The trustee shall have the power to purchase commercial or non commercial annuity contracts for an income beneficiary and pay for such contracts out of principal and income. The trustee shall consult with the beneficiary on such purchases and may use this power, for example, to provide insured supplemental support for an aged beneficiary or to facilitate the termination of an uneconomical trust. The issuing annuity company shall have an "A" financial rating in Class XIII or higher from the A.M. Best Company or successor and shall belong to an industry or government group that guarantees the annuity obligation. The trustee shall further decide in its absolute discretion whether to purchase a performance bond and decide whether the annuity shall be guaranteed, refundable, or assignable. The independent trustee shall exercise this power if necessary for any trustee-beneficiary.

Additional Powers Regarding Real Estate: The trustee shall have the following additional powers regarding real estate:

- To sell, grant, convey, transfer, or deed any interest in any real property.
- To grant options to purchase or lease real estate.
- The trustee may invest in unimproved real property and may improve such assets by expending trust principal.
- The trustee may repair, alter, abandon, improve, remodel, construct, build, and reconstruct any and all buildings and improvements.
- The trustee may raze existing buildings and erect new buildings, either alone or jointly with owners of adjacent property.
- The trustee may subdivide and resubdivide any real property of this trust and do all acts necessary, beneficial, or advisable to accomplish and benefit such.
- To grant or release easements and other interests regarding real estate, enter into party wall agreements, execute estoppel certificates and other such actions.
- To dedicate parks, streets, alleys, or any other public, neighborhood, or community facilities.
- The trustee may subordinate any encumbrance on property that the trust may hold if, in the trustees discretion, subordination does not unreasonably impair the security held for the loan or obligation.
- To insure any conduct or action authorized by this section.

Allocation of Rental Property Expenses: The trustee may set up and carry, and may charge to income or principal, reserves for repairs, improvements, upkeep, obsolescence, and depreciation of any real or personal property of the trust estate, as the trustee, in the trustees discretion, shall consider proper, and the portion charged to income shall be treated as an expense and deduction when computing net income.

Acquisition of Property at Foreclosure Sale: The trustee may bid for and purchase any real or personal property in which the trustee may have an interest as lienholder or otherwise and that is sold at a foreclosure sale or a trustees or pledgees sale under any mortgage or deed of trust or at any judicial sale. The trustee may also acquire by purchase at any foreclosure sale, or by deed in lieu of any foreclosure or sale, property covered by any mortgage, deed of trust, or pledge then in default, and the property be accepted in partial or full satisfaction of the encumbrances against the property.

Power to Probate Assets: In unusual circumstances, if the trustee deems it necessary, convenient, or beneficial, the trustee of any of the trusts herein shall have the power in the trustees discretion to probate directly or indirectly any of the assets of the trust or subject such to the jurisdiction of a probate court.

Power to Facilitate Transfer of Assets to Trust without Probate: As to any assets that trustor indicated an intent to be part of any trust established in this instrument, the trustee is authorized and shall have the power to engage in any conduct necessary to include such assets in the trust estate, including but not limited to the following:

- Signing declarations, certifications, affidavits, court documents or similar instruments under penalty of perjury or otherwise that such assets are owned by the trust.
- Signing declarations, certifications, affidavits, court documents or similar instruments under penalty of perjury or otherwise to cause such assets to be transferred to the trust.
- Signing declarations, certifications, affidavits, court documents or similar instruments under penalty of perjury or otherwise under any quasi-probate, probate avoidance, or short form procedure or method under the laws of any jurisdiction.

## ARTICLE TRUSTEE ACCOUNTING AND DISTRIBUTION POWERS

Introduction: For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but



only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

Accountings and Information: No person whether beneficiary or otherwise (except a trustor or a successor trustee upon assuming the office of trustee), shall be entitled to any accounting, reporting, copies of trust documents, or any other documents, items, or information whether required by law or otherwise, while any personal trustee that was appointed by any trustor is serving as trustee or cotrustee. This trust specifically waives all laws, rules, regulations, and all other requirements or provisions regarding accounting, reporting, providing documents, copies, or any other information regarding the trust, accounts, assets, documents or other items or information related to the trust, and any similar requirements or provisions of law or otherwise, while any personal trustee that was appointed by any trustor is serving as trustee or cotrustee.

However, the trustee may, in the trustee's discretion, render an account of its administration of the trust from time to time under this instrument to all the current income and current principal beneficiaries who are then adults.

A beneficiary's written approval of any accounting shall be a complete protection of the trustee as to all matters and transactions stated or shown by the accounting. Failure to transmit to the trustee either (a) the written approval of such accounting, or (b) a written objection to the accounting, with reasons specified, within a period of sixty (60) days after sending of such accounting to beneficiary shall also constitute a written approval. The written approval or failure to object of the guardian, conservator, or representative of such person entitled to the accounting shall be a valid substitute for the required written approval. To the extent permitted by law the written approval of the adult beneficiaries shall bind minor and contingent remainder interests.

The trustee shall not be required under any circumstances to furnish trust records, documentation or any other information about the trust or the trust assets, estate, administration, or operation to any individual, corporation, organization, government, or entity that is not a current income or current principal beneficiary. However, the trustee in its sole and absolute discretion may provide such information to anyone the trustee deems advisable. As to any information a beneficiary is entitled to pursuant to the provisions of the trust, the trustee may provide such information to any individual, corporation, organization, government, or entity specifically authorized in writing to receive such specific information on behalf of such beneficiary. The trustee may condition the providing of such information on whatever written proof of such authorization that the trustee in its sole and absolute discretion deems satisfactory and may require such proof to the satisfaction of the trustee each time additional information is requested.

Except as provided in this section, any reports or accounts otherwise required or directed by law are hereby waived to the fullest extent of the law.

Principal and Income — Act Governs: The trustee shall determine all matters with respect to what is principal and income of the trust estate and the apportionment and allocation of receipts, expenses and other such charges between these accounts according to the provisions of the Revised Uniform Principal and Income Act. When this instrument or such Act does not provide, the trustee, in the trustee's reasonable discretion, shall determine the characterization.

Depreciation Reserve — Mandatory: The trustee shall establish reasonable reserves for depreciation, notwithstanding any other provision of this instrument or the Revised Uniform Principal and Income Act. The trustee shall in its reasonable discretion choose the amount of the reserve to be retained and the assumptions on which the reserve will be calculated as long as the aggregate return of all investment of any marital deduction trust is reasonable in light of existing circumstances.

Reserve — Loans: The trustee may establish reasonable reserves for loan guarantees, encumbrances, liens or other contingent liabilities that may affect the trust property.

Undistributed Income: Income accrued or unpaid on trust property when received into the trust shall be treated as any other income. Income accrued or held undistributed by the trustee at the termination of any trust or any interest in a trust created under this instrument, shall go to the beneficiaries of that interest or trust entitled thereto in proportion to their interest in it.

Expense Allocation — Proration: The trustee shall prorate all taxes and current expenses among successive beneficiaries over the period to which they relate on a daily basis.

Tax Consequences — Adjustment: The trustee shall have the power in the trustee's reasonable discretion to take any action and to make any election to minimize the tax liabilities of any trust and/or its beneficiaries, to allocate the benefits among the various beneficiaries, and to make adjustments in the rights of any beneficiaries, or between the income and principal accounts, to compensate for the consequences of any tax election or any investment or administrative decision that the trustee believes has had the effect of directly or indirectly preferring one beneficiary or group of beneficiaries over others. However, if a surviving trustor is acting as the trustee, such trustee may not exercise such power in favor of such surviving trustor, the surviving trustors estate, the surviving trustors creditors, or the creditors of the surviving trustee's estate in such a way that would constitute a general power of appointment.

Multiple Trusts — No Physical Division: If this instrument creates more than one trust, the trustee shall not be required to physically segregate or divide assets among the various trusts, except on the termination of any of the trusts. The trust may hold undivided interests in the same assets. Trustee may make joint investments with equal or unequal portions of the various trusts provided herein. However, the trustee shall keep separate accountings for the separate undivided interests. The trustee may in effect keep separate shares for the separate trusts or divisions provided herein without physically separating the assets.

Division into Further Shares — Trustees Discretion: Trustee shall have discretion to further divide and/or allocate any trusts, shares, divisions, allocations, or distributions of this trust into further separate shares, divisions, allocations, trusts, or subtrusts (further divisions) for tax, accounting, convenience, or other reasons or purposes consistent with the purposes of this instrument



whether such further divisions are based on the beneficiary or recipient, the intended purposes of the further divisions, the various types of property or assets or otherwise.

Distributions and Powers of Appointment: If, on expiration of the later of either 30 days after the death of any person holding a power created by this instrument or the expiration of the statutory period within which a will contest must be filed, the trustee has not received any document purporting to exercise the power, then the trustee may distribute any property according to the terms of this instrument as if the power had not been exercised. If a document purporting to exercise the power shall be subsequently located, the trustee shall not be liable to those effected by the that exercise, and the rights of those effected by the that exercise and the persons receiving property from the trustee shall follow applicable law.

Any power of appointment given in this instrument may be exercised by the holder or donee of the power even if 1) the assets constituting the trust over which the power is exercised have not been received by the trustee on the date of the beneficiary's death, and 2) the donee of the power is a minor.

Any exercise of a lifetime power of appointment shall be implemented immediately on the exercise of the power or at a later time.

A testamentary power shall not apply to any property over which the holder has exercised such holders lifetime power. A testamentary power shall be considered to have been exercised only if, by specific reference to the power in such holders will or codicil, the holder of the power has expressed an intention to exercise it.

Distribution — Broad Powers: When the trustee is required or permitted to divide any trust property into parts or shares for the purpose of distribution, division, allocation, or otherwise, the trustee may, in the trustee's reasonable discretion, make the division, allocation, or distribution in identical or non identical interests, in kind, or partly in kind and partly in money, prorata or nonprorata at reasonable values determined as of the date or dates of division. Also, the trustee may make such sales of the trust property as the trustee deems necessary to accommodate such distributions. This clause shall not apply when the provisions for a specific trust directs a particular manner of distribution to qualify the trust for special tax treatment.

Distribution — Delay: When an event occurs on which the trustee is required to divide or distribute trust property, the trustee may delay the division or distribution of all or part of the property (without later payment of interest) for the period of time necessary to ascertain and provide for the payment of any tax claim or other liability, contingent or otherwise, against the property. During this period, the trustee may pay the net income of the trust to the beneficiaries entitled to it and any income not distributed shall on resolution of any tax claim or other liability be payable to the person entitled to it immediately after income is received by the trustee. The provisions of this clause shall not be deemed to postpone or defer the vesting of any interest created by the dispositive clauses of the trust.

Deferral of Division and Distribution: In addition, if the trust directs distribution of the trust estate or division into separate trusts, then the trustee may, in the trustee's reasonable discretion, defer that distribution or division for up to six months, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.. When the trustee so defers, the trustee shall make the distribution or division as if it had taken place at the time prescribed in the absence of this paragraph, and all beneficiary rights in those trust assets shall accrue and vest as of the prescribed time.

Distributions — Consideration of Basis of Assets: In making nonprorata distributions to beneficiaries, the trustee shall consider and attempt to equalize, insofar as practicable, the aggregate income tax basis of assets distributed to the various beneficiaries. Any such determination by the trustee shall bind all parties in interest.

Distribution — Date of Distribution: Any direction regarding the distribution of a trust shall refer to the trust as constituted on the date of the distribution, and the direction shall not affect previous distributions from the trust. If at the time any trust is established, the time fixed for a distribution of the principal has passed, any distribution so accrued and owing shall be made on the establishment of that trust.

Distribution — Percentages: Any direction regarding a percentage distribution, allocation, fraction, or other division or calculation refers to the net trust estate or share allocated, distributed or referred to by that section.

Distribution to Beneficiary Who Has Trust: If this instrument directs any distribution of a trust to a beneficiary who is also beneficiary of any other trust under this instrument, the trustee shall add that part to that trust for that beneficiary, except that any additions to a partially distributed trust shall augment proportionately the distributed and undistributed portions.

Trustee Powers Survive: All of the trustee's powers, duties, and immunities shall continue after termination of any trust until the trustee has made actual distribution of such trust estate.

Power to Make Charitable Contributions: The trustee shall have the power to make charitable contributions to organizations qualifying as exempt from taxation under the Internal Revenue Code which contributions would entitle the trust to a charitable contribution deduction under the Internal Revenue Code. However, the trustee shall have discretion to make such contributions only to such charitable organizations as may be designated by the current income beneficiaries of this trust. However, the trustee shall not be required to make such contributions unless the trustee deems it advisable to do so. If the trustee is a trustor this power may not be exercised in favor of a creditor of such trustor or of the trustors estate.

Qualified Charitable Contributions: Whenever a charitable organization named as a beneficiary of this trust ceases to be a charitable organization qualifying as exempt from taxation under the Internal Revenue Code which contributions would entitle the trust to a charitable contribution deduction under the Internal Revenue Code, then the distribution which would have been payable to such



disqualified organization shall be paid, as the trustee shall select, to one or more organizations which are so qualified, provided however that the successor organization shall embrace the same basic charitable principles and purposes as the disqualified organization.

**Qualified Charitable Trust:** As to any trust or trusts which both individuals and charitable organizations are beneficiaries, it is the trustors intention that said trust or trusts qualify as a split interest charitable trust conferring a charitable interest on the charitable beneficiary which qualifies for a federal income, gift and estate tax charitable deductions to the fullest extent permissible under the law. The trustor directs that the provisions of this trust be construed and interpreted in a manner consistent with the Code, rules, and regulations regarding such qualified split interest charitable trusts and that such trusts or trusts shall be administered at all times in a manner consistent with qualification of such trusts as qualified split interest charitable trusts entitled to such beneficial tax treatment. The trustee shall have the power to conform such trust or trusts into trusts so qualifying for such beneficial charitable tax treatment and to determine the following regarding such qualified trusts, all as best represents trustors intent in setting up such trust or trusts:

- Whether such trusts shall be of the annuity, unitrust, income only, or other type of qualified charitable trust.
- The annual percentage or amount of payout to the charitable or other beneficiaries as the case may be.
- The length of the trust.
- Other required attributes of such a qualified trust that are not specifically set forth in this document.

**Small Trust Termination — Trustee Discretion:** The trustee may determine in its reasonable discretion, if the principal of the trust is uneconomical to administer. The trustee may then, in its reasonable discretion, do any of the following:

- Distribute the trust assets to the beneficiaries in proportion to their interests in income.
- Purchase and deliver to the income beneficiaries a restrictive savings account, certificate of deposit, annuity, or endowment.
- Distribute the trust assets to a custodian for the beneficiaries under the California Uniform Transfers to Minors Act.
- Distribute the trust assets as provided by law.

On such distribution and delivery, the trust shall terminate. The trustee shall not be liable or responsible to any person for its action or for its failure or refusal at any time to terminate the trust as authorized in this paragraph.

**Income and Principal Allocations — Independent trustee:** For all trusts under this instrument, if necessary or beneficial the independent trustee alone shall have the power to allocate income and principal for any beneficiary serving as trustee or for persons the trustee-beneficiary legally supports.

**Interested Trustee — Limitations:** Notwithstanding the general powers conferred on the trustee or any other general provisions of this agreement to the contrary contained in this agreement:

- No individual trustee shall participate in the exercise of discretion regarding the distribution of trust income or principal to or on his behalf or that would affect such individuals benefits hereunder unless such discretion is limited by an ascertainable standard.
- No individual trustee shall participate in the exercise of discretion regarding distributions to any person or persons such trustee is legally obligated to support that would in anyway discharge that support obligation.
- The exercise of any powers, rights, privileges, as a trustee shall always be made in such trustees fiduciary capacity and limited by such fiduciary duties of the trustee to the beneficiaries of this trust.
- No trustee shall participate in the exercise of any discretion that would be considered or constitute an incident of ownership under the Code regarding any life insurance policy or similar instrument or benefits.
- No trustee shall serve as a trustee of a trust which holds property which trustee has made a qualified disclaimer as defined in the Code. A trust may be split into subtrusts so that such a trustee does not act as trustee over such subtrusts containing such disclaimed property.
- No individual trustee who is also a beneficiary of this trust shall exercise any general power of appointment in such a manner as to cause such power of appointment to be subject to section 2041 or 2514 of the Code.

**Perpetuities Savings Clause — Trustor and Descendants:** The trusts created pursuant to this document shall be perpetual to the fullest permitted by law if necessary to carry out the purposes and intent for such trusts as expressed herein. Unless sooner terminated by the express provisions of this trust, all trusts created by this instrument or by the exercise of any power of appointment (unless such power of appointment is permitted under applicable law to extend such perpetuities period without adverse tax consequence) shall terminate twenty-one (21) years after the last death of any of trustors grandparents descendants living at the last surviving trustor's death or the longest period allowed by the applicable rule or statute regarding perpetuities limitations whichever allowed period of time is longer. (If different rules or perpetuities periods could apply differently to different types of properties or divisions of the trust, the trustee is authorized to divide the trust into separate subtrusts as necessary to allow the longer perpetuities periods or rules to apply to such property as allowed by the applicable law. If different jurisdictions apply different perpetuity rules or limits, the trustee is authorized to interpret and apply the longest period of any applicable jurisdiction that could be used for such purpose and to apply different perpetuity rules of different jurisdictions to carry into effect the purposes of this trust.) However, in no case shall any trust set up by this document extend beyond the longest permitted perpetuities period finally determined to be applicable to such trust without causing adverse legal or tax consequences and in no case longer and only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines. It is trustors intention that nothing contained in this trust shall violate the applicable rule against perpetuities for any trust established by this document. Accordingly any differentiation between beneficiaries of this trust as to the time for the vesting of any interest therein which shall be



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required in order to avoid violating said rule shall be made by the trustee and any distribution of the trust estate or portions of it which likewise may be required to avoid violating said rule as to any such trust shall be made by trustee.

At such time, such trust estate shall vest in and the trustee shall distribute such trust estate including the principal and undistributed income of such trust to the then-living current income and/or principal beneficiaries of that trust in the same proportion that such beneficiaries are entitled to receive income and/or principal from such trust or if such a beneficiary has died then to the descendants of such beneficiary by right of representation if such income and/or principal interests are not terminated by such death. At the time of such termination, if the trust does not fix the rights to income and/or principal, then the trustee shall distribute the trust by right of representation to the persons who, in the trustee's reasonable discretion, are entitled to receive trust payments.

For purposes of distributions under this section:

- Unless otherwise specified in such trust, it shall be presumed that any person then entitled to receive any discretionary payments of the current income and/or principal of such a trust is a current income and/or principal beneficiary of such trust as the case may be.
- Unless a different division is specified in such trust, it shall be presumed that any class of person entitled to receive discretionary payment of current income and/or principal is entitled to receive an equal amount of current income and/or principal with the other beneficiaries of said class regarding such trust.

## ARTICLE TRUST ADMINISTRATION PROVISIONS

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

**Powers Exercised to Promote Intentions of Trustor:** The trustee shall exercise the powers in this trust in accordance with the intentions and purposes of the trustor and for the general benefit of the beneficiaries pursuant to the provisions of this trust in accordance with the general principles of the law of trusts.

**Powers Extant:** All of the powers in this trust shall be in addition to those conferred on trustees of such trusts under similar circumstances and under all applicable state, federal, and other applicable jurisdictions, laws, and statutes. Each power conferred upon trustee under such jurisdictions, laws, and statutes, shall be subject to any express limitations or contrary directions or provisions contained in this agreement.

**Disclaimer of Administrative Powers:** The trustee may partially or completely disclaim, release, or restrict the scope of any power held in connection with any trust, including any administrative power, whether such power is expressly granted or implied by law, by a written instrument specifying the power to be disclaimed, released, or restricted and the nature of any such restriction. Such powers disclaimed or released shall be exercised by the following trustees in the following order:

1. Any cotrustee.
2. The next acting trustee in order.
3. The independent trustee.
4. The next appointed trustee pursuant to the provisions therefor in this trust.

**Disclaimer of Property:** The trustee may partially or completely disclaim all or any portion of any interest in property passing to any trust, by a written instrument specifying the property or portion thereof being disclaimed.

**Compromise Claims:** The trustee shall have the power to compromise, submit to arbitration, abandon, or otherwise adjust any claims or litigation against or in favor of the trust as the trustee determines in the trustee's discretion that such action will be beneficial to the trust. The trustee's powers under this clause shall apply during the term of the trust and after distribution of trust assets. The trustee shall have no such duties, however, regarding any claims or litigation occurring after distribution of trust assets, unless the trustee is adequately indemnified by the distributees for any loss occasioned by exercise of the powers.

**Litigation:** The trustee shall have the power to commence or defend such litigation relating to the trust or to the trust estate, as the trustee may deem advisable, at the expense of the trust. The trustee's powers under this clause shall apply during the term of the trust and after distribution of trust assets. The trustee shall have no duties, however, regarding any litigation or claims occurring after distribution of trust assets, unless the trustee is adequately indemnified by the distributees for any loss occasioned by the exercise of the powers.

**Enforcement Actions:** The trustee shall have the power to enforce any mortgage, deed of trust, pledge, contract, or agreement held by trustee and at any sale regarding such to bid and purchase (at the expense of any trust provided for herein) any property subject to such security instrument.

**Foreclosure:** The trustee shall have the power to participate in any plans or proceedings for the foreclosure, reorganization, consolidation, merger or liquidation of any corporation or organization that has issued securities held by the trustee or will issue securities to be held by trustee in trust pursuant to the terms of this instrument, to deposit securities with and transfer title or securities to any protective or other committee established to further or defeat any such plan or proceeding on such terms as trustee may deem in the best interest of the trust.



Conflicting Claims and Withholding Payment: Upon the occurrence of any event requiring the trustee to divide, segregate, or distribute the trust property, the trustee may delay, without the payment of interest, the division, segregation, or distribution of all or any part of such property for such period of time as may be necessary to ascertain and provide for the payment of any tax, claim, or other such contingent liability against such property. However, this delay shall not affect the vesting of any interests or the accrual and payment of trust income to any beneficiary.

Notice of Events: Unless the trustee receives written notice of the occurrence of an event affecting the beneficial interests of the trust, the trustee shall not be liable to any beneficiary for any distributions made or other actions taken by the trustee in good faith.

Additions to Trust by Third Party: With consent of the trustee, any third party may add additional property at any time to any trust. Unless otherwise specified in this instrument or any instrument of transfer:

- Any additions to any trust herein that has been subdivided into multiple trusts shall augment proportionately the trusts in to which such trust has been divided.
- Any addition to a trust that at such time has been wholly distributed shall be distributed to the beneficiary of such trust, or if such beneficiary shall not be living, to such beneficiaries then living descendants on the principle of the right of representation.
- Any additions to a trust that at such time has been partially distributed shall augment proportionately the distributed and undistributed portions of such trust.
- Any addition to a trust over which a power of appointment has been exercised shall be held in a separate trust or distributed as if the power had not been exercised, unless the instrument exercising that power specifies the manner in which a subsequent addition to the trust shall be distributed.

Merger: The trustee may merge without court approval any trust under this instrument with any other trust otherwise created whose terms are substantially identical, providing that the trustee, in the trustee's reasonable discretion, determines that administration as a single trust will be consistent with the intent of the persons who established the trusts and will facilitate trust administration without defeating or impairing beneficial interests.

Spendthrift Provision: No beneficiary shall anticipate, assign, or encumber, or subject to any creditor's claim or to legal process any interest in principal or income before its actual receipt by any beneficiary. The beneficial and legal interests in this trust, and its principal and its income shall be free from interference or control of any beneficiary's creditor and shall not be subject to the claims of any such creditor and shall not be liable to attachment, execution, bankruptcy, or other process of law.

No Execution or Legal Process: The interest of trust beneficiaries are not transferable by voluntary or involuntary assignment or by operation of law and shall be free from the claims of creditors and from attachment, execution, bankruptcy, or other legal process to the fullest extent.

California Law Governs: The internal laws of California (and not the laws of conflicts) shall govern the validity, construction, interpretation, and administration of all trusts under this instrument unless and until the jurisdiction, situs, or location of interpretation of this trust is changed pursuant to the terms and provisions of this trust.

Governing Law: The jurisdiction that governs this trust shall be as follows:

The validity of the trust as well as the validity of particular provisions of the trust shall be governed by the internal laws of California (and not the laws of conflicts) or any other state or jurisdiction which will support the validity of the trust or the particular jurisdiction.

The construction, interpretation, meaning and effect of the terms and provisions of the trust shall be governed by the internal laws of California (and not the laws of conflicts) or any other state or jurisdiction which will give full meaning and effect to terms and provisions of the trust.

The administration of the trust shall be governed by the internal laws of California (and not the laws of conflicts) or any other state or jurisdiction in which the trust or any of its property is being administered, or any state or jurisdiction in which any institutional trustee's office or branch is located, or any state of which trustee is a resident, with consideration being given to jurisdiction in such state or jurisdiction that will give effect to ease of administration and reduction of administrative costs and expenses to the trust.

Administration in Other Jurisdictions: This trust has been created under the common law of contracts as protected by the United States Constitution. If the trustee deems it necessary, convenient, or beneficial to the appropriate administration of the trust in the manner intended by trustor, the trustee may move the location, jurisdiction, or situs of the trust to (or administer or interpret the trust pursuant to the laws of) any other state, territory, jurisdiction, or country that recognizes such trusts, terms, provisions or administration. The trustee may also elect to interpret and/or administer different provisions, sections, or assets of the trust under different jurisdictions or under the laws, rules, or regulations of different jurisdictions. The trustee may divide the trust into subtrusts in order to accomplish such, each trustee being administered under a different jurisdiction. Upon such a change of jurisdiction the trustee is authorized to engage in any conduct necessary or appropriate to facilitate the orderly administration pursuant to such jurisdiction or jurisdictions.

If the trustee elects to change the location, jurisdiction, or situs regarding any trust, property, part, subtrust or otherwise, the trustee is hereby relieved of any requirement to qualify the trust in any other jurisdiction and of any requirement of reporting or accounting to any court or other authority in such jurisdiction.



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Location of Assets: The trustee shall have power to keep the whole or any part of the trust estate in any jurisdiction where trustee is located or authorized to do business or any other jurisdiction deemed by trustee to be reasonable or appropriate.

Transfer to Other Trusts: The trustee shall have power, if necessary, convenient, or beneficial, to allocate and transfer all or any portion of the trust estate to one or more other trusts created pursuant to this instrument even though such trusts may be administered under different laws or jurisdiction than this instrument.

Variety of Governing Law: It being expressly understood that a variety of different jurisdictions may govern the construction, interpretation, meaning, effect, and administration of this trust, its property and assets, and its terms and provisions at the same time or different times and such is particularly permitted by these provisions.

Limitation of Court Jurisdiction: Only the trustors, the trustees, and any adult person entitled to current distribution of income or principal may invoke the jurisdiction of a court regarding any matter concerning this trust.

Court Approvals: If it becomes necessary to obtain court approval to interpret or enforce this instrument or otherwise subject it or the trusts under it to the jurisdiction of any court, the court shall not assume any continuing jurisdiction, supervision, or control but shall release such jurisdiction, supervision, or control at the earliest possible time.

Notices by Trustee: The following provisions shall apply to any notices made by the trustee:

Any such notice shall be deemed sufficient and valid if made by any of the following methods:

- By depositing with the U.S. postal service for first class, priority mail, or similar at any receptacle or facility provided therefor with payment provided for such delivery.
- By depositing with a reputable private delivery service (including but not limited to Federal Express or UPS) at any receptacle or facility provided therefor for two day delivery service, faster or similar delivery with payment provided for such delivery.
- By sending through any reputable or usual electronic mail or e-mail provider.
- By personal delivery. Personal delivery includes leaving it with any person who is at the address where the notice is delivered.

Such notice may or may not be made with return receipt requested as the trustee shall decide in its sole and absolute discretion.

Such notice may be made to the last known business, residence, or other address of the one to whom notice is being sent to.

Such notice may be made to any guardian, personal representative, attorney, attorney in fact, or other representative or agent known to trustee.

Trustee shall only be required to give one notice per beneficiary and trustee shall decide in its sole and absolute discretion which person, entity, organization, agent, representative, address, is appropriate for any such notice.

The effective date of the notice shall be deemed to be on the earlier of the following dates:

- The date of actual delivery.
- 5 days after such deposit or sending if the address is within the United States, territories, or possessions, or 10 days to any other address.

Notices to Trustee: The following provisions shall apply to any notices made to the trustee:

Any such notice shall only be deemed sufficient and valid if made by one of the following methods:

- By personal delivery to the trustee or the trustee's official address for notice.
- By certified mail return receipt requested with postage prepaid thereon delivered through the United States Postal Service.

The effective date of the notice shall be the date of actual personal delivery to the trustee as evidenced by an affidavit under penalty of perjury or the date of actual delivery indicated on the official return receipt from the United States Postal Service.

Trustor Not Subject to Notice Requirements: Notwithstanding anything to the contrary in this document, while a trustor is a beneficiary, notice by a trustor for any purpose shall be made in the same manner as notices to a trustee indicated above.

Additional Preferences: The trustee shall also be governed where practical by the following provisions. These provisions shall not be mandatory but shall be followed by the trustee unless in the trustee's reasonable discretion the carrying out of these provisions would be impractical or not beneficial to the trust or the beneficiaries of these trusts:

- None listed.

## ARTICLE DEFINITIONS, INTERPRETATION, AND APPLICATION

Introduction: For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature, but only to the extent permitted by and limited to the applicable Internal Revenue or Treasury codes, statutes, rules, regulations, requirements, and guidelines.

Survivorship Requirement: Except as specifically provided otherwise in this instrument, if any person named or described in this instrument dies under circumstances where no sufficient evidence exists that they died otherwise than simultaneously with another person whose death they are required to survive, then the trustee shall distribute the property interest of each beneficiary as if that beneficiary had survived.



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Disclaimer by Beneficiary: Any beneficiary shall have the right to disclaim all or any part of any interest in property to which he or she may be entitled under this instrument. Except as otherwise provided in this instrument, any interest so disclaimed shall be distributed as if the beneficiary had predeceased the trustor. No other interest of the beneficiary shall be affected by the disclaimer, unless that interest also shall be disclaimed.

Definitions: If used in this instrument, the following terms are defined as follows:

- Unless otherwise indicated herein, husband shall mean the trustor husband as indicated herein.
- Unless otherwise indicated herein, wife shall mean the trustor wife as indicated herein.
- Unless otherwise indicated herein, spouse shall mean the spouse of such person (at the time of such event or occurrence as such relationship becomes relevant) who is particularly described and indicated herein who is living as a married couple as man and woman at the time of such event or occurrence and who is not divorced, estranged, or separated from such person and regarding such relationship there has not been filed a divorce, annulment, separation, dissolution or other similar proceeding. Or if not particularly described or indicated herein then the person to whom such person is lawfully married as man and woman and with whom such person is living with as a married couple and who is not divorced, estranged, or separated from such person and regarding such relationship there has not been filed a divorce, annulment, separation, dissolution or other similar proceeding.
- Persons shall not be treated as not living together as a married couple as man and woman, merely because of temporary absences due to education, business, career, health or similar circumstances.
- Unless otherwise indicated herein, descendant parent shall mean the parent of a person which parent is also a descendant of the trustor.
- Unless otherwise specifically indicated herein, descendant(s) shall mean lineal descendants in any degree of the ancestor of such descendant(s) and shall include persons adopted during minority by the indicated ancestor or adopted by a person in the line of descent of the indicated ancestor. Unless otherwise specifically indicated herein, descendant(s) shall not include any descendant(s) who were adopted by a person outside the line of descent of the indicated ancestor unless such adopting person was the spouse of a person in the line of descent of the indicated ancestor at the time of adoption. Unless otherwise specifically indicated herein, descendant(s) shall not include any stepchildren nor foster children nor their descendants nor persons adopted after they reach the age of majority nor their descendants. Unless otherwise specifically indicated herein, descendant(s) shall not include any descendant(s) who were conceived by cloning, artificial insemination, or other artificial method after the death of the descendant parent of such a descendant.
- Unless otherwise specifically indicated herein, child and children shall include, all persons adopted during their minority by the indicated ancestor or adopted by a person in the line of descent of the indicated ancestor and any other child and children now or hereafter born to the indicated ancestor. Unless otherwise specifically indicated herein, child and children shall not include any child and children who were adopted by a person outside the line of descent of the indicated ancestor unless such adopting person was the spouse of a person in the line of descent of the indicated ancestor at the time of adoption. Unless otherwise specifically indicated herein, child or children shall not include any stepchildren nor foster children nor their descendants nor persons adopted after they reach the age of majority nor their descendants. Unless otherwise specifically indicated herein, child or children shall not include any child or children who were conceived by cloning, artificial insemination, or other artificial method after the death of the descendant parent of such child.
- Mutual child or children means those children of trustors who are the mutual children of both trustor and trustors spouse listed in this document.
- Separate child or children means those children of the trustor indicated who are not also the children of trustors spouse listed in this document.
- Brothers and sisters shall include half-brothers and half-sisters if those persons are lineal descendants of trustor.
- Sibling(s) shall include any siblings whom the indicated person is related to by blood but shall not include any siblings the indicated person is related to only by marriage.
- Unless otherwise specifically indicated herein, any relationships indicated herein are for convenient reference purposes only and are the relationship to a trustor herein and do not necessarily indicate whether the relationship is a natural relationship, by adoption, or by marriage.
- Trust, trusts, and trust estate shall be interpreted in the singular or plural as the context indicates.
- Corporate trustee means a trust company or a bank with trust powers authorized to act within the United States.
- Personal representative includes an executor, administrator, guardian, custodian, conservator, trustee, or any other form of personal representative.
- Institutional Trustee means a bank, savings and loan, credit union, trust company, or other financial institution, corporation, organization, or entity that is authorized or allowed by law to act as a trustee and who is also an independent trustee for tax purposes.
- Independent Trustee means any trustee whose relationship to a beneficiary would not cause attribution of income to such beneficiary in exercising the trustees powers herein and would not cause the asset to be taxable in trustors estate when a different trustee would cause such asset not to be taxable in trustors estate.

- Education and Education expenses shall include, in the reasonable discretion of the personal representatives authorized to make the decision, the cost of elementary, secondary, vocational, college, university, postgraduate, professional, or specialized study, curriculum, course, instruction, training, seminars, seminary, religious school, missionary trips, or research whether individual or independent, including any educational travel or foreign study so long as actually being pursued for the educational advancement of the beneficiary. The beneficiary's related living, books, supplies, travel, commuting, and other related expenses may also be considered to the extent they are reasonable.
- Disclaimer or qualified disclaimer has the same meaning that qualified disclaimer has under the Internal Revenue Code and supporting regulations.
- Surviving, Survive, Survivor in the case of a corporation, organization, or other entity, shall mean that such entity was in existence on the date of the event of distribution or allocation. And in the case of a charitable entity it shall mean that its charitable tax status was in existence at the date of actual distribution or allocation to the charity.
- Beneficiary's other resources shall include the beneficiary's employable skills and any third party(ies)' support obligations or contributions.
- Primary beneficiary is a beneficiary whose interests and needs the trustee shall consider to be paramount over the other designated beneficiaries in the class.
- Death taxes includes federal, foreign, state, and local estate and inheritance taxes, including penalties and interest, but not generation-skipping or special use valuation recapture taxes or marital deduction qualified terminable interest attribution.

No Restraint on Marriage Intended or Implied: Any provision in this trust or related document that eliminates, restricts, divests, voids, or otherwise limits income, principal, devises, gifts, use of property, or other rights, interests, or benefits to a beneficiary who gets married or remarried is merely a provision to allow such rights, benefits or use until marriage it is not a provision to forbid, prevent, or restrain marriage or control remarriage but merely to modify rights or benefits hereunder because of or until marriage.

Voidness/Invalidity: If any part of this instrument is held to be void, invalid, unenforceable or inoperative, such voidness, invalidity, or inoperativeness shall not affect any other part of this instrument, and that the remainder of this instrument shall be carried into effect as though such part had not been contained herein.

Interpretation: The masculine, feminine, or neuter gender and the singular or plural number shall each include the others whenever the context indicates.

Clause headings are for reading convenience and shall be disregarded when construing this instrument.

Trustors Intentions Paramount: In the interpretation of this instrument and the documents related to it, the trustors intentions should be given paramount importance over any formal, technical, or strict construction.

No Contract for Disposition of Trust: Trustor has made no agreement (except as otherwise specifically indicated in this instrument) controlling the disposition of the estate, and the provisions of this instrument shall not be read as evidence of any such other agreement.

References Deemed to Be to Latest Laws: Any references in this instrument to any statute, law, code, regulation or requirement shall be deemed to refer to the latest corresponding provisions of subsequent/successor statute, law, code, regulation or requirement.

Copies as Originals: A copy of this instrument or any related document bearing a copy of any signatures thereon shall be relied on, usable, and valid to the same extent and shall have the full force and effect as the original instrument for all purposes.

Reference Names of Trust: The trusts created in this instrument may be referred to collectively as indicated at the top of this trust document or any other abbreviation or variation of such name. Each separate, individual, or subtrust created in this instrument may be referred to by reference to the general name and the name of the separate, individual, or subtrust (along with the name of the particular beneficiary(ies) if appropriate) or by any other designation that would adequately delineate such trust.

**END OF DIVISION**



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**EXECUTION AND ACKNOWLEDGMENT**

The undersigned trustor(s) certify that the trustor(s) have read the foregoing trust document in its entirety and that it correctly states the terms and conditions under which the trustee(s) are to hold, manage, and distribute the trust estate. The trustor(s) acknowledge, agree, accept, and approve this trust instrument in all particulars and request that the trustee(s) sign it.

The undersigned trustee(s) hereby accept and approve this appointment and acknowledge delivery of the trust estate to them.

If any of the undersigned are both a trustor and a trustee, the undersigneds single signature acts as an acknowledgement, acceptance, approval, agreement, certification, and execution for all purposes in their capacity as both a trustor and trustee. Two signatures are not required from the same person(s) acting in both capacities.

The undersigned have executed this instrument as of the following date:

Date: **NOV 10 2004**

|  |  |
|--|--|
| Trustor/Trustee Signature:<br><i>Clay Pearson Finley</i> | Trustor/Trustee Signature:<br><i>Betty L. Finley</i> |
|--|--|

**CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC**

State of California, County of: Riverside) SS  
On **NOV 10 2004**

before me, the undersigned, a Notary Public in and for said State, personally appeared:

Clay Pearson Finley and Betty Louise Finley

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.

SEAL:

*Sarah Sandoval*  
NOTARY PUBLIC



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**COMPREHENSIVE GENERAL DECLARATION, DESIGNATION, ASSIGNMENT  
AND TRANSFER OF PROPERTY TO TRUST  
(INCLUDING FUTURE PROPERTY)**

|                             |   |
|-----------------------------|---|
| Name of Trust:              | Family Trust of Clay Pearson Finley and Betty Louise Finley |
| Trustor(s):                 | Clay Pearson Finley and Betty Louise Finley                 |
| Effective date of transfer: | NOV 10 2004   |

**DECLARATION, ASSIGNMENT AND TRANSFER OF ALL PRESENT PROPERTY AND ASSETS TO TRUST**

The undersigned(s) hereby give, assign, and transfer to the Trustees of the Trust indicated above, all right, title, and interest to the property, rights, assets, items, and interests (collectively referred to herein as property), described generally herein and on any attachments or lists related hereto, that the undersigned, now or at any time in the future, owns, obtains, acquires, comes into possession of, or has any right, title, or interest in, to, or regarding, and hereby declare and designate such property as trust property. This assignment and transfer shall be effective wheresoever such property is located and no matter in what manner, name, or title such property is acquired or held. This assignment and transfer shall be effective even if such property is never evidenced or transferred on any title documents or other evidence of title or ownership to said property. This assignment and transfer shall be subject to any debt, encumbrance, or lien on such property and any such debts, encumbrances, or liens on such property shall be borne by the trust as provided in the trust instrument. Such property does hereby immediately become part of and subject to said Trust and to be held, administered, and distributed by the Trustees as provided in said Trust. For legal purposes this document shall be considered a fully effective declaration of trust regarding all such property. No further documentation or transfer shall be necessary to transfer all title and ownership to all such property to the trust. No amendment of title or beneficiary documents shall be necessary. Third parties may rely on and are instructed to rely on this general transfer alone as having transferred all title and ownership to such property to the trust.

**DECLARATION, ASSIGNMENT, AND TRANSFER DESPITE HOW TITLE MAY BE HELD**

It is the intent of the undersigned that all such property presently owned, held, or hereafter acquired or coming into existence is to be owned, obtained, acquired, and held in and pursuant to said Trust. Despite the fact that the undersigned may own, acquire, obtain, or hold said property in the undersigned(s) individual name(s), it is intended that all such property is and will be actually held as a trustee in a fiduciary capacity under said Trust even though such trusteeship is undisclosed. The undersigned(s) may hold such property in various forms of their first names, middle names, last names, family names, unmarried names, nicknames, initials or other names, titles, or initials, or combinations thereof. Despite under what names, titles, or designations any such property is held, all such property is hereby immediately fully and effectively transferred to the trust and any title company or third party may rely on any declaration or affidavit signed by any trustee or trustor of the trust that said property is trust property or that the persons named on any title document are the same persons as trustors.

Except to the extent of any interest provided to the undersigned pursuant to the terms and provisions of said Trust, the undersigned hereby waives and shall not have any personal interest in any of said property.

**OTHER IMPORTANT PROVISIONS**

The undersigned agrees to sign any further papers, documents, contracts or forms and to engage in any other conduct that may become necessary, convenient, advisable, or beneficial to evidence title and ownership in such property to said Trust. But failure to do so shall not be evidence of any intent to not transfer the property to the trust or to remove the property from the trust.

The listing of property, while containing or describing specific items or categories, is not intended and should not be considered to limit or fully describe, the size, nature, extent, character or other composition of the trust estate or the property intended to be transferred to the trust, but this listing, assignment, and transfer of property to the trust should be given its widest possible interpretation.

The property being transferred by this document is in addition to any other property transferred to the trust in any other way or by any other document or method.

Any inaccuracy, incompleteness, or mistake in the listing, designation, or transfer of any property or item shall not negate, limit, diminish, lessen, decrease or reduce its transfer to the trust in full. But said property or item shall be transferred to the trust to the full extent that said property or item is held, owned, or acquired by Trustor(s).

Trustee(s) agree to accept all property listed or referred to hereon or on the attachments hereto (whether presently or later attached or listed) and any future property transferred to the trust whether listed hereon or not.

Transfer is effective to the trust of all property or items listed hereon or referred to herein or attached hereto directly or indirectly, specifically or generally and whether specifically listed hereon or on any attachments or lists related hereto at the time of signing of this document or later listed or recorded hereon or attached hereto and whether listed or recorded hereon or attached hereto by one or both trustors and whether listed directly by any trustor or merely at the direction of any trustor.

**PROPERTY TRANSFERRED TO TRUST:**

All property generally or specifically listed, described, or referred to hereon or in any attachments or lists related hereto. Additional specific properties may be later added to and listed hereon by or at the direction of either trustor without the need to further sign, initial, witness, date or otherwise acknowledge or verify the listing or adding of such assets. Property may be later removed from the trust by deletion from the attached lists by or at the direction of either trustor without the need to further sign, initial, witness, date or otherwise acknowledge or verify the listing or adding of such assets.

**General Provisions Regarding This Document**

The undersigned(s) agree to sign any further papers, documents, contracts or forms and to engage in any other conduct necessary, beneficial, convenient, or advisable to carry out the terms and provisions of this document, and effectuate this declaration, designation, assignment, and transfer. But failure to do so shall not be evidence of any intent to negate or not effectuate the terms and provisions of this document.

This assignment and transfer shall be binding on all heirs, administrators, executors, trustees, assigns, and all others.

**SEE EXECUTION AND ACKNOWLEDGMENT ON NEXT PAGE**



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EXECUTION AND ACKNOWLEDGMENT

COMPREHENSIVE GENERAL DECLARATION, DESIGNATION, ASSIGNMENT AND TRANSFER OF PROPERTY TO TRUST

The undersigned trustor(s) hereby make and agree to this document and certify that the trustor(s) have read this declaration, designation, assignment, and transfer document in its entirety and any attachments and lists related thereto and that they correctly state property which is assigned and transferred to the trust which the trustee(s) are to hold, manage, and distribute as part of the trust estate pursuant to the terms of the trust. The trustor(s) acknowledge, agree, accept, and approve this document and any attachments or lists related thereto in all particulars and request that the trustee(s) sign it.

The undersigned trustee(s) hereby certify that the trustee(s) have read this declaration, designation, assignment, and transfer document in its entirety and any attachments and lists related thereto and that they correctly state property which is assigned and transferred to the trust which the trustee(s) are to hold, manage, and distribute as part of the trust estate pursuant to the terms of the trust. The trustee(s) acknowledge, agree, accept, and approve this declaration, designation, assignment, and transfer document in all particulars and acknowledge delivery of this document to them.

If any of the undersigned are both a trustor and a trustee, the undersigneds single signature acts as an acknowledgement, acceptance, approval, agreement, certification, and execution for all purposes in their capacity as both a trustor and trustee. Two signatures are not required from the same person(s) acting in both capacities.

THE UNDERSIGNED DECLARE AND CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF CALIFORNIA AND ANY OTHER STATE THAT ALL OF THE INFORMATION, STATEMENTS AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT ARE TRUE AND CORRECT AND IF CALLED TO TESTIFY THERETO COULD AND WOULD SO COMPETENTLY TESTIFY THERETO AND THAT THIS DOCUMENT WAS EXECUTED AT THE PLACE AND DATE INDICATED IN THE NOTARY ACKNOWLEDGMENT.

Truster/Trustee Signature: [Signature of Clay Pearson Finley] Truster/Trustee Signature: [Signature of Betty Louise Finley]

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

State of California, County of: Riverside) SS

On NOV 10 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared: Clay Pearson Finley and Betty Louise Finley

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. [Signature of Sarah E. Sandoval]

SEAL:



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**COMPREHENSIVE GENERAL DECLARATION, DESIGNATION, ASSIGNMENT  
AND TRANSFER OF PROPERTY TO TRUST  
(ATTACHMENT)**

**PROPERTY TRANSFERRED TO TRUST:**

1. All right, title, and interest in, to, or regarding all bank and financial institution accounts, checking accounts, savings accounts, deposit accounts, certificates of deposit, or plans, and all such other accounts, funds, deposits, certificates, and plans existing now or in the future.
2. All right, title, and interest in, to, or regarding all automobiles, boats, motorhomes, planes, trucks, trailers, and other vehicles or conveyances existing now or in the future.
3. All right, title, and interest in, to, or regarding all furniture, furnishings, appliances, and other household type items, and property, existing now or in the future.
4. All right, title, and interest in, to, or regarding the following policies of life insurance, annuities, and other insurance or other similar agreements and contracts existing now or in the future.
5. All right, title, and interest in, to, or regarding all retirement, pension, and employment related plans, funds, rights, and benefits, and other similar benefits and rights, existing now or in the future but only to the extent that such transfer shall not subject such assets to any taxes upon or because of the transfer. However, if such a transfer would subject such assets to any taxes upon or because of the transfer, then the ownership of such asset shall not be transferred to the trust and the trustor names the trust as the secondary or contingent beneficiary of such asset instead.
6. All right, title, and interest in, to, or regarding all stocks, bonds, indentures, options, securities, or other such or similar securities, investments, and items, including all dividends, subsequent purchases and acquisitions, and additions thereto, existing now or in the future.
7. All right, title, and interest in, to, or regarding all real property and real estate interests, existing now or in the future.
8. All right, title, and interests in, to, or regarding all accounts receivable, notes, promissory notes, trust deeds, money owed or to be owing to Trustor(s), existing now or in the future.
9. All right, title, and interest in, to, or regarding all partnerships, investment ventures, business ventures, joint ventures, trusts, and other such agreements, ventures, entities, or enterprises, existing now or in the future.
10. All right, title, and interest in, to, or regarding any business, enterprise, trade, profession, vocation, occupation, pursuit, and all other such enterprises and endeavors and all assets, property, goodwill, and capital related or regarding such businesses, trades, professions, vocations, occupations, pursuits, enterprises, and endeavors, existing now or in the future.
11. All right, title, and interest in, to, or regarding all lawsuits, claims, legal actions, and other similar claims, benefits and rights trustors may have against anyone now or in the future (whether filed in court or not), existing now or in the future.
12. All inheritance, succession, and probate rights, property, assets, and items and all other rights, assets, items, or property, coming in to existence by the death of a relative or other person, existing now or in the future (but not including the transfer of any rights, powers, or options under the trustors own trust(s)).
13. All livestock, pets, and other animals of any nature.
14. All genetic, DNA, reproductive, cloning, and other cellular or genetic materials, information, and items.
15. All other personal and other property, assets, and items of whatever type or nature not otherwise listed, existing now or in the future (but not including any tax deferred accounts, plans, benefits, or items that would create an adverse tax consequence to trustors by their transfer to the trust).



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10/12/2010 04:23:40 PM FILED/CERT

# OFFICIAL CERTIFICATION OF TRUST

PURSUANT TO PROBATE CODE 18100.5

**NOTICE TO PERSON OR ORGANIZATION TO WHOM THIS CERTIFICATION IS PRESENTED**  
THIS FORM IS AN OFFICIAL FORM AUTHORIZED AND PROTECTED BY STATE LAW.  
FAILURE TO ACCEPT THIS FORM CAN RESULT IN PENALTIES AND DAMAGES.  
YOU MAY RELY ON THIS FORM WITHOUT FURTHER PROOF OF AUTHORITY.

Probate Code Sec. 18100.5 provides:

Any person making a demand for "documents in addition to a certification of trust to prove facts set forth in the certification of trust... shall be liable for damages, including attorney's fees, incurred as a result of the refusal to accept the certification of trust in lieu of the requested documents..." (emphasis added)

Probate Code Sec. 18100 provides that:

You "are not bound to inquire whether the trustee has power to act or is properly exercising a power and may assume without inquiry the existence of a trust power and its proper exercise" pursuant to this certificate and that you are "fully protected in dealing with or assisting the trustee just as if the trustee has and is properly exercising the power the trustee purports to exercise" pursuant to this certificate.

## INSTRUCTIONS TO PERSON OR ORGANIZATION TO WHOM THIS CERTIFICATION IS PRESENTED

1. Check to make sure this form has been signed and notarized.
2. Make a copy of this form for your records.
3. Complete your organization's/institution's forms from the information listed below.
4. Follow the directions of the trustee regarding any matters regarding the trust and any accounts, assets, or property in the name of the trust.

**THE UNDERSIGNED HEREBY CERTIFY AS FOLLOWS:**

### Trust Information

This trust was established and is currently in existence as follows:

|   |  |  |
|---|--|--|
| Name of Trust (title of trust document):  | Family Trust of Clay Pearson Finley and Betty Louise Finley                        |  |
| Date of Current Controlling Trust Document (date of execution):   | NOV 10 2004  |  |
| Type of Trust:  | Revocable Living Trust   |  |
| Name of Trustor(s) (Settlor(s), Grantor(s), Donor(s), Creator(s), Maker(s)):  | Clay Pearson Finley and Betty Louise Finley  |  |
| Currently Acting Trustee(s):  | Clay Pearson Finley and Betty Louise Finley  |  |
| Name of Parties signing trust:  | Above Trustors/Trustees  |  |
| Successor Trustee(s):   | <b>Husband's:</b><br>First: Anthony Wayne Finley<br>Second: Clay Pearson Finley II | <b>Wife's:</b><br>First: Tammy La Vette Bermudez<br>Second: Dexter Gene Kendricks, Jr. |
| Taxpayer Identification Number: (Trustors Social Security number(s))  | 422-32-3482  | 551-74-1493  |
| Name in which title to assets transferred to trust should be taken:   | Name of Trust as indicated above   |  |
| Mailing address of trust:   | Trustor/Trustee's address  |  |
| Signature Authority of Current Trustee(s): (Number of trustee signatures needed to authorize/conduct business on behalf of trust) | Any <u>one</u> trustee(s)  |  |

### Full Force and Effect

Said trust is in full force and effect and has not been revoked, modified or amended in any manner which would cause the representations contained in this certification to be incorrect.

### Current Trustee(s)

The names of all the currently acting Trustee(s) of the trust are as indicated above. Said trustee(s) have full authority, power and ability to conduct all business on behalf of the trust and otherwise act on behalf of the trust and buy, sell, transfer, and manage all money, accounts, assets, and property of the trust and sign all documents and papers for and on behalf of the trust including but not limited to signing all checks, signature cards, withdrawal documents and other banking and financial documents for and on behalf of the trust. The number of current trustee signatures necessary to conduct the business of the trust is as indicated above. Trustees may hold title in one trustee's name alone for convenience sake.

### Powers of Trustee(s)

Trustor has given the Trustee(s) of said Trust the powers listed below in addition to those on any attached pages:

- To open, establish, and maintain interest and non-interest bearing accounts, deposit and safe deposit boxes of all kinds and in amounts greater than covered by FDIC insurance. Make, sign, authorize, and deliver checks, drafts, orders, withdrawals and transfers of all kinds.
- Borrow, assign, pledge, guarantee, grant security, for any person, debt, or obligation and enter into all other credit transactions.
- To appoint attorneys-in-fact and agents to take any and all actions on behalf of the trust.
- Authorize and enter into overdraft lines of credit, credit/debit card, ATM, cash management, and all other account and financial services.
- Purchase, acquire, sell, transfer, trade and otherwise deal in stocks, bonds, indentures, options, warrants/rights and all other investments & securities.

All powers referred to herein are those currently in effect and there has been no subsequent change or modification therefrom that would cause the representations contained in this certification to be incorrect.

### Successor Trustee(s) Act

The successor trustees may act upon presentation of any of the following: 1) Letter of resignation of the previous trustees, 2) Certified copy of the death certificate of the previous trustee(s), 3) New Certification of Trust showing them as trustees.

### Trustee(s) Signing

The undersigned are the current Trustee(s) of the above named trust.

**SEE EXECUTION AND ACKNOWLEDGMENT ON NEXT PAGE**



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# EXECUTION AND ACKNOWLEDGMENT

## CERTIFICATION OF TRUSTEE(S)

THE UNDERSIGNED DECLARE AND CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF CALIFORNIA AND ANY OTHER STATE THAT ALL OF THE INFORMATION, STATEMENTS AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT ARE TRUE AND CORRECT AND IF CALLED TO TESTIFY THERETO COULD AND WOULD SO COMPETENTLY TESTIFY THERETO AND THAT THIS DOCUMENT WAS EXECUTED AT THE PLACE AND DATE INDICATED IN THE NOTARY ACKNOWLEDGMENT.

Trustee Signature:

Trustee Signature:

## CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

State of California, County of: Riverside) SS

On **NOV 10 2004**

before me, the undersigned, a Notary Public in and for said State, personally appeared:

Clay Pearson Finley and Betty Louise Finley

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.

SEAL:

Sarah Sandoval  
NOTARY PUBLIC



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10/12/2010 04:23:40 PM FILED/CERT

# SUMMARY OF PERTINENT POWERS AND PROVISIONS OF TRUST

## (ATTACHMENT TO CERTIFICATION OF TRUST)

THE FOLLOWING IS A SUMMARY OF THE PERTINENT PROVISIONS OF THE TRUST:

20101012000339650 72/94 \$15.00  
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10/12/2010 04:23:40 PM FILED/CERT

### ARTICLE OFFICE OF TRUSTEE

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the following additional trust provisions and powers shall apply in addition to those powers now or hereafter conferred by law on a trust of a similar nature.

**Cotrustees May Allocate Duties:** Any cotrustees may delegate or allocate any duties between themselves, in any manner, by any written document or agreement signed by such trustees, without concurrence of any beneficiaries. After such delegation, any one trustee may unilaterally revoke such delegation at will and without cause by written notice to the other trustee(s) and any affected third party. For example, such trustees may exercise this power to delegate to one such trustee the power to conduct any bank, financial institution, and securities brokerage transactions. The delegation may be merely indicated or implied from the designations on the signature card, deposit agreement, brokerage agreement, or other document on file with the bank, financial institution, brokerage, or other third party. No separate agreement of delegation is necessary. So long as any such delegation is in effect, any of the delegated powers may be exercised by the delegated trustee(s) to the same extent and with the same force and effect as if the delegating trustee had personally joined in and consented to such action.

**Delegation of Powers to Cotrustee or Successor Trustee — General:** A trustee shall have the power to delegate temporarily to a cotrustee or a successor trustee all or any of its powers or temporarily delegate to a successor trustee part of all or any of its powers so as to make such trustee a temporary cotrustee. The trustee shall effectuate the delegation by written notice to the delegated cotrustee or successor trustee specifying the powers delegated. This delegation shall terminate on delivery of written notice by the such delegating trustee to the delegated cotrustee or successor trustee of termination of the delegation. The delegated trustee shall incur no liability to any beneficiary of the trust estate as a result of any actions taken or not taken within the scope of delegation during the period of delegation.

**Action by Majority of Trustees — General:** Except as otherwise provided herein: 1. If two trustees are serving as cotrustees then the consent of both shall be required. 2. If more than two trustees are serving as cotrustees, any action taken by a majority of the trustees in office shall be binding on this trust, and in such case third parties may rely on such action. The non consenting trustees shall not be liable for actions of the majority.

**Certification of Trust — Acceptance:** Any third party may rely on and is hereby directed to accept a written statement or Certification of Trust signed under penalty of perjury by the then remaining cotrustee(s) or successor trustee(s) authorized to act hereunder stating that they are the currently acting trustee(s). Said third party may rely on and accept said written statement or Certification of Trust unless and until contradicted or superseded by a later written statement or Certification of Trust signed under penalty of perjury in the same manner.

**Separate Certifications — Allocations of Powers:** In order to carry out any separate delegation, allocation, or division of powers authorized in this document, the trustees are empowered also hereby to prepare separate certificates for each account, property, asset or circumstance in which there is a different delegation, allocation, or division of powers between the trustees.

**Certification — As Amendment:** The trustees of this trust may be added, changed, or designated upon a proper certification of trust without formal amendment. In such case the certification will act as an amendment or official designation of trustees without further documentation.

**Designation of Trust — Any Reasonable Manner:** On any title documents, accounts or other asset designations, any designation, name, or form of title that reasonably refers to or is intended to refer to the this trust is sufficient to designate the trust as the owner for all purposes. Formal, specific, or exact use of a particular form of the name of the trust is not necessary. No listing of any trustees names is required or necessary. Any discrepancy or difference in name, date, description, information or otherwise shall not in any way reduce, nullify or diminish the effectiveness of the ownership and control of such asset by the trust.

**Trustee's Incapacity — Successor Trustee Acts:** If any trustee is unable to participate in trust activities because of incapacity the designated remaining cotrustee(s) or successor trustee may act in place of such regular trustee during any such incapacity. The designated remaining cotrustee(s) or successor trustee shall incur no liability to any beneficiary of the trust or to the replaced trustee as a result of any action taken in good faith pursuant to this provision.

**Trustee's Incapacity — Defined:** Incapacity is defined as the inability of a trustee to substantially participate in trust activities because of illness, disability, or any other reason. In determining such incapacity, any of the following shall be deemed sufficient:

- Written statements from two licensed physicians (not related by blood or marriage to the trustee whose capacity is being certified) who have examined the trustee stating in essence that the trustee is incompetent, mentally ill, or unable to handle the trustees own affairs, needs a conservator appointed for them, or otherwise indicating in essence that the trustee is not able to significantly participate in financial or trust activities.
- Order or other determination of a court that the trustee is incompetent, mentally ill, or unable to handle the trustees own affairs, needs a conservator appointed for them, or otherwise indicating in essence that the trustee is not able to substantially participate in trust activities.
- Written statements under penalty of perjury by all the current and remainder adult beneficiaries that the trustee is incompetent, mentally ill, or unable to handle the trustees own affairs, needs a conservator appointed for them, or otherwise indicating in essence that the trustee is not able to significantly participate in financial or trust activities.

In the absence of any such statements or determinations, the designated remaining cotrustee(s) or successor trustee (or if none then the current adult income beneficiaries) shall petition the court having jurisdiction over this trust for authority to proceed as or appoint a successor trustee. Until a court of competent jurisdiction shall specifically determined otherwise, a trustee shall be considered to no longer be incapacitated and shall be restored to the trustees duties herein upon any of the following occurring:

- Written statements from two licensed physicians (not related by blood or marriage to the trustee whose capacity is being certified) who have examined the trustee stating in essence that the trustee is substantially able to participate in trust activities.

- Order or other determination of a court that the trustee is not incompetent, not mentally ill, not unable to handle the trustee's own affairs, no longer needs a conservator, or otherwise indicating in essence that the trustee is able to substantially participate in trust activities.
- Written statements under penalty of perjury by at least 50% of the current and/or remainder adult beneficiaries that the trustee is substantially able to again participate in trust activities.

The designated remaining cotrustee(s) or successor trustee shall incur no liability to any beneficiary of the trust or to the replaced trustee as a result of any action taken in good faith pursuant to this provision.

**Resignation — Designated Successors:** Any trustee may resign at any time from any trust under this instrument. The resigning trustee shall give written notice of the resignation by personal delivery or registered mail to all current income beneficiaries. The resignation shall be effective on the qualification of a designated successor trustee. The designated successor trustee shall act as trustee on acceptance of the appointment.

**Failure of Designated Trustees:** If all designated trustees of any type fail to qualify or cease to act, the surviving trustor, if any, (to the extent permitted by IRS rules and regulations) may appoint a successor. If there is no surviving trustor or if such is not permitted or fails to occur, the trustees then acting may appoint a successor trustee. If such trustees fail to make such appointment, the majority of adult income and principal beneficiaries may appoint a successor.

**Court Appointed Trustee:** If no successor trustees are otherwise appointed pursuant to the provisions of this document, a court of competent jurisdiction shall appoint a trustee or cotrustees, individual or corporate, after consideration of the preference of the current income beneficiaries of the trust.

**Trustor May Appoint Cotrustee:** If trustor is acting as trustee, trustor may appoint one or more cotrustees to aid trustor in the administration of this trust and remove them at any time.

**Special Trustee — Qualifications:** The special trustee shall be an independent trustee, whose relationship to the trust beneficiaries shall not cause attribution of any income or capital gain to them or principal to their gross estates because of the holding or exercise of any trustee power. Additionally, the special trustee shall have the knowledge, experience, and professional resources necessary to carry out the applicable tax and fiduciary responsibilities. If no special trustee has been appointed herein, but the trustee determines that one is needed, the trustee shall have the power to appoint one or to have a court of competent jurisdiction appoint a special trustee (individual, corporate, or cotrustees) after consideration of the preferences of the current income beneficiaries.

**Special Trustee — Replacement:** The special trustee may be removed and replaced with another qualified independent special trustee after the death of the last trustor by a majority of all the income beneficiaries. In such case the current special trustee shall be given 30 days written notice. The notice of removal shall not be effective until acceptance by the successor special trustee.

**Ancillary Trustee — Foreign Assets:** In the event that the trust has assets in another jurisdiction in which trustee is precluded from acting as trustee regarding such assets, then trustee may appoint an ancillary trustee who is able to act as trustee regarding such assets in the foreign jurisdiction. Such ancillary trustee shall have the same duties, powers, and rights regarding such assets as the regular trustee would have regarding such assets if the regular trustee were able to act as trustee regarding such assets. Trustee may remove such ancillary trustee on 30 days notice to such trustee and if necessary replace such trustee with another trustee able to act regarding such property. The regular trustee shall not be liable for the acts of the ancillary trustee.

**Substitute Trustee:** If a trustee is unwilling or unable to act regarding any particular trust property, or if the trustee deems it necessary or advisable to the proper or beneficial administration of such assets, the trustee may hire or designate in writing a substitute trustee regarding such property. Such substitute trustee shall have the same duties, powers, and rights regarding such assets as the regular trustee would have regarding such assets if the regular trustee were willing to act as trustee regarding such assets except as the delegating trustee expressly limits those duties, powers, and rights in the delegation.

**Successor Institutional Trustee:** As to any institutional trustee of this trust, if such institutional trustee or such trustee's trust business is acquired, by another sufficient, responsible, insured, and adequately funded institutional trustee, the successor institutional trustee shall succeed to such trusteeship to the same extent as the previous institutional trustee, without any action or approval being required.

**Designated Institutional Trustee by Other Institutional Trustee:** As to any institutional trustee of this trust, if such institutional trustee does not have a qualified trust department or business at the time of becoming trustee or cares not to accept the trusteeship for any reason, such institutional trustee is hereby authorized and requested to designate, appoint or name another qualified independent institutional trustee willing to act.

**Resignation as to Some Trusts:** Pursuant to the provisions of this instrument, a trustee may resign as trustee of one or more trusts under this instrument without resigning as trustee of other trusts under this instrument.

**Parent or Relative May Be Appointed as Substitute Trustee:** At the discretion of the trustee of a particular trust, such trustee can appoint substitute trustee(s) who is the parent or guardian or other relative of the particular beneficiaries of such trust to act as trustee(s) of such trust. Such trust may be further divided or allocated between the beneficiaries of such trust in order to facilitate the appointment of relatives of any or all of such beneficiaries of such trust.

**Different Trustees for Separate Trusts:** Pursuant to the provisions of this instrument, various circumstances may result in different trustees being in charge of different trusts.

**Employment of Consultants — General:** The trustee may employ custodians, attorneys, accountants, investment advisers, corporate fiduciaries, or any other agents or advisers to assist the trustee in the administration of this trust, and the trustee may rely on the advice given by these agents. The trustee shall pay reasonable compensation for all services performed by these agents from the trust estate out of either income or principal as the trustee in the trustee's reasonable discretion shall determine. These payments shall not decrease any compensation to which the trustee is entitled.

**Compensation — Reasonable:** The trustee may pay itself reasonable compensation from the trust estate during each calendar year for all ordinary services and reasonable additional compensation for any extraordinary services, all without court order. If the trustee shall serve for a part of a calendar year, the annual compensation shall be prorated. Compensation shall be presumed reasonable if it is equal to or less than the customary and prevailing charges for similar services by other trustees during the same period of time and in the same general geographic area.

**Reimbursement of Costs and Expenses:** The trustee shall be reimbursed for all of trustee's reasonable costs and expenses incurred in regard to exercising any of its duties and powers pursuant to this instrument.

**Exculpatory Clause — All Trustees:** No trustee shall be liable to any person interested in this trust for any act or default unless it results from the trustee's bad faith, willful misconduct, or gross negligence.

**Waiver of Liability for Predecessor Trustee:** Any successor trustee may accept as correct any accounting of trust assets made by any predecessor trustee. However, a successor trustee may institute any action or proceeding for the settlement of the accounts, acts, or omissions of any predecessor trustee.

**Bond — Waiver:** No trustee nominated in this instrument or in any amendment or modification to it, including nonresidents, shall be required to post bond or security.

**Trustee Self-Dealing — Loan, Buy, and Sell:** The trustee shall have the power to loan or advance the trustee's own funds to the trust for any trust purpose, with interest at current rates, to receive security for such loans in the form of a mortgage, pledge, deed of trust, or other encumbrance of any assets of the trust, to purchase or exchange assets of the trust at their fair market value as determined by an independent appraiser, to sell property to the trust at a price not in excess of its fair market value as determined by an independent appraiser, and to lease assets to or from the trust for fair rental value as determined by an independent appraiser.

**Trustee and Executor Transactions — Self-Dealing Permissive:** The trustee and the executor of trustors estate may freely contract financial transactions between themselves, such as the purchase and sale of assets and the making of loans, secured and unsecured, notwithstanding each office being held by the same person and apparent conflicts of interest.

**Income and Principal Allocations — Special Trustee:** For all trusts under this instrument, if necessary or beneficial the special trustee alone shall have the power to allocate income and principal for any beneficiary serving as trustee or for persons the trustee-beneficiary legally supports.

**Interested Trustee — Limitations:** Notwithstanding the general powers conferred on the trustee or any other general provisions of this agreement to the contrary contained in this agreement, no individual trustee shall participate in the exercise of discretion regarding the distribution of trust income or principal unless such discretion is limited by an ascertainable standard.

No individual trustee shall participate in the exercise of discretion regarding distributions to any person or persons such trustee is legally obligated to support.

**Trustee — Broad Power, Fiduciary Capacity:** To carry out the purposes of any trust under this instrument and subject to any limitations stated elsewhere in this instrument, the trustee is vested, without necessity of application to any court, with the powers listed herein as well as any powers conferred by law. The enumeration of certain powers in this instrument shall not limit the trustee's powers. The trustee shall have all the rights, powers, and privileges that an absolute owner of the same property would have, subject to the trustee's fiduciary obligations and to any limitations stated elsewhere in this instrument.

**Trustee Powers — Fiduciary Role:** The trustee shall exercise all the powers in the trustee's fiduciary capacity and only in such capacity. Further, the trustee shall have no power to enlarge or shift any of the beneficial interests under such trust except as an incidental consequence of the discharge of the trustee's fiduciary duties and shall not make any distribution that discharges any beneficiary's legal obligations of support.

**Fiduciary Capacity of Trustee:** The trustee of an irrevocable trust provided for in this instrument shall act at all time in a fiduciary capacity and shall treat the income and remainder beneficiaries equitably and no trustee shall have any power which would cause includability of such trust share in such trustee's estate for federal estate tax purposes.

**General Power of Appointment — Not Included:** The trustee shall always exercise its powers and duties in a fiduciary capacity. The trustee shall not exercise any general power given in this instrument in favor of such trustee, such trustee's estate, or such trustee's creditors in such a way that would constitute a general power of appointment. The trustee shall only have such powers of appointment as are specifically and clearly given under the particular trust provisions.

## ARTICLE MANAGEMENT POWERS

**Introduction:** For each trust under this instrument, except as otherwise provided in this instrument, the trustee of the trust shall have the management powers set forth below in addition to those powers now or hereafter conferred by law on a trust of a similar nature.

**Retain or Abandon Property:** The trustee shall have the power to continue to hold any property, including shares of the trustee's own stock, or to abandon any property that the trustee receives or acquires.

**Unproductive Property:** Except when specifically restricted, the trustee shall have the power to retain, purchase, or otherwise acquire unproductive property.

**Sell, Exchange, Repair:** The trustee shall have the power to manage, control, grant options on, sell (for cash or on deferred payments with or without security), convey, exchange, partition, divide, improve, and repair trust property.

**Lease:** The trustee shall have the power to lease trust property for terms within or beyond the terms of the trust and for any purpose.

**Contract Power — General:** The trustee shall have the power to make and execute contracts, deeds, leases, and other agreements for any purpose necessary or beneficial to the purposes of the trust and have the powers and deal with the trust property in other ways which a natural person could normally deal with their own property.

**Trustee Banking Powers:** The trustee shall have the following powers regarding any accounts or funds held at banks or other financial institutions:

- To engage in and perform all banking and related transactions, including certificates of deposit, savings accounts, checking accounts, money market accounts and any and all other banking or financial institution functions.
- To open, establish, and maintain interest and non-interest bearing accounts, deposit and safe deposit boxes of all kinds and in amounts greater than covered by FDIC insurance. Make, sign, authorize, and deliver checks, drafts, orders, withdrawals and transfers of all kinds.




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- Borrow, assign, pledge, guarantee, grant security, for any person, debt, or obligation and enter into all other credit transactions.
- To appoint attorneys-in-fact and agents to take any and all actions on behalf of the trust.
- Authorize and enter into overdraft lines of credit, credit/debit card, ATM, cash management, and all other account and financial services.
- Purchase, acquire, sell, transfer, trade and otherwise deal in stocks, bonds, indentures, options, warrants/rights and all other investments & securities.

**Investments — General Power:** The trustee shall have the power to invest and reinvest the trust estate in every kind of property, real, personal, or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, preferred or common stocks, shares in investment trusts, investment companies, and mutual funds, and mortgage participations, life insurance policies on the life of any beneficiary, which persons of prudence, discretion, and intelligence acquire for their own account, and any common trust fund administered by the trustee.

**Securities — Investment Powers:** The trustee shall have the power to invest, purchase, acquire, sell, transfer, trade and otherwise deal in stocks, bonds, indentures, options, warrants/rights and all other investments & securities every of every kind which persons of prudence, discretion, and intelligence acquire for their own account including, but not limited to:

- Corporate obligations of every kind.
- Preferred or common stocks
- Shares in investment trusts
- Investment companies
- Mutual funds
- Investment funds, trusts, and companies
- Mortgage participations
- Life insurance policies
- Futures contracts and transactions
- Commodities transactions
- Option contracts
- Trade options
- Puts and Calls
- Precious metals and materials
- Coins and collectibles
- Minerals, oil, hydrocarbons and other substances
- Money market, domestic and foreign currencies and bonds
- Index funds, market funds and other reference funds, indexes, and securities
- All other investments and securities



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**Securities — Management Powers:** The trustee shall have all the rights, powers, and privileges of an owner and investor of the securities held in trust, including, but not limited to the following:

- The power to vote
- Give proxies
- Pay assessments
- Participate in voting trusts and pooling agreements (whether or not extending beyond the term of the trust).
- Enter into shareholders' agreements
- Purchase bonds either at a premium or at a discount.
- Consent to foreclosure, reorganizations, consolidations, merger liquidations, sales, and leases, and, incident to any such action, to deposit securities with and transfer title to any protective or other committee on such terms as the trustee may deem advisable
- Exercise or sell stock subscription or conversion rights
- Open, operate, and maintain a securities brokerage or similar accounts
- Buy, sell or trade in securities on margin
- Hypothecate or borrow upon the purchase or sale against existing securities in such accounts
- Power to hold securities or other property in the trustee's name as trustee under this trust, in the trustee's own name, or in the name of a nominee
- To hold securities unregistered in such condition that ownership will pass by delivery.
- Any other normal and usual powers, preferences, privilege, or rights that a holder, owner, or investor in securities or investments would have.

**Bonds — Limitations:** For bonds purchased at a premium, the trustee shall, in a reasonable manner, periodically repay to principal each premium from interest on the bond or sale or redemption proceeds. For bonds purchased at discounts, the trustee shall periodically accumulate each discount as interest and, to the extent necessary, pay such discount out of principal or from the sale or redemption proceeds.

**Treasury Bonds — Special Tax Redemptions:** The trustee shall have the power to purchase at less than par, obligations of the United State of America that are redeemable at par in payment of any federal estate tax liability of a trustor in such amounts as the trustee deems advisable. The trustee shall exercise this discretion if the trustee believes that a trustor is in substantial danger of death, and the trustee may borrow funds and give security for such purchase. The trustee shall resolve any doubt concerning the desirability of making the purchase and its amount in favor of making the purchase and in purchase in a larger even though somewhat excessive, amount. The trustee shall not be liable to a trustor, any heir, or any beneficiary of this trust for losses resulting from purchases made in good faith. The trustee shall redeem such obligations to the fullest extent possible in payment of a trustor's federal estate tax liability.

**Oil and Mineral Interests:** The trustee shall have the powers regarding any oil, gas, mining, mineral, natural resources or similar interests or rights as follows:

- To maintain in full force and effect any such interests and rights.
- Purchase additional such rights and interests when necessary or desirable to effect a reasonable plan of development

or operation of trust assets or incident to any other real estate or other interests of the trust.

- To drill, test, explore, mine, develop, remove, and otherwise exploit any and all such interests or rights.
- To buy or sell undivided portions of such interests or rights.
- Exchange such interests or rights for other properties or services on behalf of the trust.
- To execute leases regarding such rights and interests on such terms as the trustee shall deem reasonable or beneficial.
- Select, employ, utilize, or participate and/or enter in any business forms including partnerships, joint ventures, co-owners groups, syndicates, and corporations.
- Select, employ, utilize, or participate and/or enter in any agreements including community oil leases, pooling, repressurization, unitization and other agreements regarding such interests.
- To enter into such relationships, business forms, or agreements that the trustee deems reasonable even though extending beyond the likely duration of any trust which said assets are a part.
- To execute division orders, transfer orders, releases, assignments, farmouts, and any other instruments which trustee deems reasonable.
- To use the general assets of the trusts created under this instrument for the purposes of acquiring, holding, managing, developing, pooling, operating, or disposing of any such interests or rights.
- To engage in other reasonable conduct for the purpose of acquiring, holding, exploiting, developing, operating, or disposing of any and all such interests or rights.

S Corporation Stock: If at any time a trust holds stock in an S corporation and the trust is not a qualified subchapter S trust, the trustee shall have the power to distribute such stock to the beneficiaries as if the trust had terminated regarding such stock while continuing to hold any other property in trust.

In addition, the trustee may divide a trust into separate trusts for each of the beneficiaries with each such new trust having mandatory income distribution provisions or other provisions to allow it to qualify as a qualified subchapter S trust. In all other respects the new trusts shall be as consistent as possible with the original trusts.

Loan: The trustee shall have the power to loan money to any person, including a trust beneficiary or the estate of a trust beneficiary, at prevailing interest rates and with or without security as the trustee deems advisable.

Borrow — General: The trustee shall have the power to borrow money and to encumber or hypothecate trust property by mortgage, deed of trust, pledge, or by otherwise, to securing the indebtedness of the trust or the joint indebtedness of the trust and a co-owner of trust property even if such encumbrance may continue to be effective after the term of any trusts pursuant to this instrument

Transactions Between Trusts: The trustee shall have the power to loan or advance money from any trust created herein to any other trust created herein, at prevailing interest rates and with or without security as the trustee deems advisable and may sell and purchase assets between the trust created herein for adequate consideration, in the trustees reasonable discretion.

Insurance: The trustee shall have the power to carry, at the expense of the trust, insurance of such kinds and in such amounts as the trustee deems advisable to protect the trust estate against any damage or loss and to protect the trustee against liability with respect to third parties.

General Partnership Restriction: The trustee, in the trustee's absolute discretion, shall have the election to act only as a limited partner of any general partnership in the trust and shall take any action necessary to effect this election.

Closely Held Business Interest: The trustee shall have the power to continue to hold and operate, to sell, or to liquidate, at the risk of the trust estate, any closely held business interest in which trustor had an interest, whether proprietorship, joint venture, partnership, or corporation even though such business interests may constitute all or a substantial portion of the trust estate. Trustee shall have the following additional powers regarding such business interests:

- To control, direct and manage the business and delegate such powers to appropriate individuals or entities.
- To diminish, enlarge or change the scope or nature of any business.
- Directly participate in the conduct of any such business or employ others to do so on behalf of the trust.
- Elect, employ and discharge directors, officers, employees and agents and fix their compensation and define their duties.
- To invest other trust estate assets in such business, to pledge other assets of the estate or trust as security for loans made to such business, and to loan funds from the trust to such business.
- To borrow from any bank or other lending institution, including the trustee, on competitive terms.
- To organize a corporation under the laws of this or any other state or country and to transfer to it all or any part of the business or other property held in the estate or trust, and to receive in exchange stocks, bonds, and other securities.
- Participate in the incorporation of any trust property, and corporate reorganization, sale, merger, consolidation, recapitalization, liquidation, dissolution, or any stock redemption or cross purchase buy-sell agreement or similar business actions or agreements.
- To pay any additional required fees if any business interest that may be included in an estate or trust requires additional effort and expertise on the part of the trustee. Such fees may be taken as a directors fee that will be remitted to the trustee or charged as a management consultation fee by the trustee.
- Execute partnership agreements, buy-sell agreements, or similar business agreements and any amendments to them.
- Carry out any of the provisions of any agreement entered into by trustor prior to trustors death for the sale of any business interest or the stock thereof.
- To treat the business as an entity separate from the estate or trust and in its accountings to a court and to any beneficiaries, the trustee shall be required to report only the earnings and condition of the business in accordance with standard corporate accounting practice.
- To retain in the business such amount of net earnings for working capital and other purposes of the business as advisable in conformity with sound business practice.
- To purchase, process, and sell merchandise of every kind and description and to purchase and sell machinery and equipment, furniture, and fixtures, and supplies of all kinds.
- Exercise all of the business powers in this instrument regardless of whether trustee is a personally interested or involved party with respect to any such business interest.

Power to Issue or Receive Private Annuities: The trustee of any of the trusts herein shall have the power in the trustees discretion to issue or receive private annuities in exchange for property owned by another trust herein or any beneficiary of this instrument, if such power or conduct would not cause an adverse tax consequence.

Commercial Annuities — Contracts: The trustee shall have the power to purchase commercial or non commercial annuity contracts for an income beneficiary and pay for such contracts out of principal and income. The trustee shall consult with the beneficiary on such purchases and may use this power, for example, to provide insured supplemental support for an aged beneficiary or to facilitate the termination of an uneconomical trust. The issuing annuity company shall have an "A" financial rating in Class XIII or higher from the A.M. Best Company or successor and shall belong to an industry or government group that guarantees the annuity obligation. The trustee shall further decide in its absolute discretion whether to purchase a performance bond and decide whether the annuity shall be guaranteed, refundable, or assignable. The special trustee shall exercise this power if necessary for any trustee-beneficiary.

Residence — Occupation by Beneficiary: The trustee is expressly authorized, in the trustee's absolute discretion, to permit any person having an interest in the income of the trust to occupy any real property forming a part of the trust estate on such terms as the trustee shall deem proper, whether rent free or in consideration of payment of taxes, insurance, maintenance, and ordinary repairs, or otherwise. Real property as used herein may include household and garden furniture, furnishings, appliances, equipment, bedding, rugs, and supplies used in connection with such real property in the trustees discretion.

Additional Powers Regarding Real Estate: The trustee shall have the following additional powers regarding real estate:

- To sell, grant, convey, transfer, or deed any interest in any real property.
- To grant options to purchase or lease real estate.
- The trustee may invest in unimproved real property and may improve such assets by expending trust principal.
- The trustee may repair, alter, abandon, improve, remodel, construct, build, and reconstruct any and all buildings and improvements.
- The trustee may raze existing buildings and erect new buildings, either alone or jointly with owners of adjacent property.
- The trustee may subdivide and resubdivide any real property of this trust and do all acts necessary, beneficial, or advisable to accomplish and benefit such.
- To grant or release easements and other interests regarding real estate, enter into party wall agreements, execute estoppel certificates and other such actions.
- To dedicate parks, streets, alleys, or any other public, neighborhood, or community facilities.
- The trustee may subordinate any encumbrance on property that the trust may hold if, in the trustees discretion, subordination does not unreasonably impair the security held for the loan or obligation.
- To insure any conduct or action authorized by this section.

Allocation of Rental Property Expenses: The trustee may set up and carry, and may charge to income or principal, reserves for repairs, improvements, upkeep, obsolescence, and depreciation of any real or personal property of the trust estate, as the trustee, in the trustees discretion, shall consider proper, and the portion charged to income shall be treated as an expense and deduction when computing net income.

Acquisition of Property at Foreclosure Sale: The trustee may bid for and purchase any real or personal property in which the trustee may have an interest as lienholder or otherwise and that is sold at a foreclosure sale or a trustees or pledgees sale under any mortgage or deed of trust or at any judicial sale. The trustee may also acquire by purchase at any foreclosure sale, or by deed in lieu of any foreclosure or sale, property covered by any mortgage, deed of trust, or pledge then in default, and the property be accepted in partial or full satisfaction of the encumbrances against the property.

Power to Probate Assets: In unusual circumstances, if the trustee deems it necessary, convenient, or beneficial, the trustee of any of the trusts herein shall have the power in the trustees discretion to probate directly or indirectly any of the assets of the trust or subject such to the jurisdiction of a probate court.

Power to Facilitate Transfer of Assets to Trust without Probate: As to any assets that trustor indicated an intent to be part of any trust established in this instrument, the trustee is authorized and shall have the power to engage in any conduct necessary to include such assets in the trust estate, including but not limited to the following:

- Signing declarations, certifications, affidavits, court documents or similar instruments under penalty of perjury or otherwise that such assets are owned by the trust.
- Signing declarations, certifications, affidavits, court documents or similar instruments under penalty of perjury or otherwise to cause such assets to be transferred to the trust.
- Signing declarations, certifications, affidavits, court documents or similar instruments under penalty of perjury or otherwise under any quasi-probate, probate avoidance, or short form procedure or method under the laws of any jurisdiction.



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**EXECUTION AND ACKNOWLEDGMENT**

**CERTIFICATION OF TRUSTEE(S)**

THE UNDERSIGNED DECLARE AND CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF CALIFORNIA AND ANY OTHER STATE THAT ALL OF THE INFORMATION, STATEMENTS AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT ARE TRUE AND CORRECT AND IF CALLED TO TESTIFY THERETO COULD AND WOULD SO COMPETENTLY TESTIFY THERETO AND THAT THIS DOCUMENT WAS EXECUTED AT THE PLACE AND DATE INDICATED IN THE NOTARY ACKNOWLEDGMENT.

Trustee Signature:

*Clay Pearson Finley*

Trustee Signature:

*Betty L. Finley*

**CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC**

State of California, County of: Riverside) SS

On **NOV 10 2004**

before me, the undersigned, a Notary Public in and for said State, personally appeared:

Clay Pearson Finley and Betty Louise Finley

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.

SEAL:

*Sarah Sandoval*  
NOTARY PUBLIC



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**SPECIFIC DECLARATION, DESIGNATION, ASSIGNMENT  
AND TRANSFER OF PROPERTY TO TRUST  
(INCLUDING FUTURE PROPERTY)**

|                             |   |
|-----------------------------|---|
| Name of Trust:              | Family Trust of Clay Pearson Finley and Betty Louise Finley |
| Trustor(s):                 | Clay Pearson Finley and Betty Louise Finley                 |
| Effective date of transfer: | NOV 10 2004   |

**DECLARATION, ASSIGNMENT AND TRANSFER OF ALL PRESENT PROPERTY AND ASSETS TO TRUST**

The undersigned(s) hereby give, assign, and transfer to the Trustees of the Trust indicated above, all right, title, and interest to the property, rights, assets, items, and interests (collectively referred to herein as property), described generally herein and on any attachments or lists related hereto, that the undersigned, now or at any time in the future, owns, obtains, acquires, comes into possession of, or has any right, title, or interest in, to, or regarding, and hereby declare and designate such property as trust property. This assignment and transfer shall be effective wheresoever such property is located and no matter in what manner, name, or title such property is acquired or held. This assignment and transfer shall be effective even if such property is never evidenced or transferred on any title documents or other evidence of title or ownership to said property. This assignment and transfer shall be subject to any debt, encumbrance, or lien on such property and any such debts, encumbrances, or liens on such property shall be borne by the trust as provided in the trust instrument. Such property does hereby immediately become part of and subject to said Trust and to be held, administered, and distributed by the Trustees as provided in said Trust. For legal purposes this document shall be considered a fully effective declaration of trust regarding all such property. No further documentation or transfer shall be necessary to transfer all title and ownership to all such property to the trust. No amendment of title or beneficiary documents shall be necessary. Third parties may rely on and are instructed to rely on this general transfer alone as having transferred all title and ownership to such property to the trust.

**DECLARATION, ASSIGNMENT, AND TRANSFER DESPITE HOW TITLE MAY BE HELD**

It is the intent of the undersigned that all such property presently owned, held, or hereafter acquired or coming into existence is to be owned, obtained, acquired, and held in and pursuant to said Trust. Despite the fact that the undersigned may own, acquire, obtain, or hold said property in the undersigned(s) individual name(s), it is intended that all such property is and will be actually held as a trustee in a fiduciary capacity under said Trust even though such trusteeship is undisclosed. The undersigned(s) may hold such property in various forms of their first names, middle names, last names, family names, unmarried names, nicknames, initials or other names, titles, or initials, or combinations thereof. Despite under what names, titles, or designations any such property is held, all such property is hereby immediately fully and effectively transferred to the trust and any title company or third party may rely on any declaration or affidavit signed by any trustee or trustor of the trust that said property is trust property or that the persons named on any title document are the same persons as trustors.

Except to the extent of any interest provided to the undersigned pursuant to the terms and provisions of said Trust, the undersigned hereby waives and shall not have any personal interest in any of said property.

**OTHER IMPORTANT PROVISIONS**

The undersigned agrees to sign any further papers, documents, contracts or forms and to engage in any other conduct that may become necessary, convenient, advisable, or beneficial to evidence title and ownership in such property to said Trust. But failure to do so shall not be evidence of any intent to not transfer the property to the trust or to remove the property from the trust.

The listing of property, while containing or describing specific items or categories, is not intended and should not be considered to limit or fully describe, the size, nature, extent, character or other composition of the trust estate or the property intended to be transferred to the trust, but this listing, assignment, and transfer of property to the trust should be given its widest possible interpretation.

The property being transferred by this document is in addition to any other property transferred to the trust in any other way or by any other document or method.

Any inaccuracy, incompleteness, or mistake in the listing, designation, or transfer of any property or item shall not negate, limit, diminish, lessen, decrease or reduce its transfer to the trust in full. But said property or item shall be transferred to the trust to the full extent that said property or item is held, owned, or acquired by Trustor(s).

Trustee(s) agree to accept all property listed or referred to hereon or on the attachments hereto (whether presently or later attached or listed) and any future property transferred to the trust whether listed hereon or not.

Transfer is effective to the trust of all property or items listed hereon or referred to herein or attached hereto directly or indirectly, specifically or generally and whether specifically listed hereon or on any attachments or lists related hereto at the time of signing of this document or later listed or recorded hereon or attached hereto and whether listed or recorded hereon or attached hereto by one or both trustors and whether listed directly by any trustor or merely at the direction of any trustor.

**PROPERTY TRANSFERRED TO TRUST:**

All property generally or specifically listed, described, or referred to hereon or in any attachments or lists related hereto. Additional specific properties may be later added to and listed hereon by or at the direction of either trustor without the need to further sign, initial, witness, date or otherwise acknowledge or verify the listing or adding of such assets. Property may be later removed from the trust by deletion from the attached lists by or at the direction of either trustor without the need to further sign, initial, witness, date or otherwise acknowledge or verify the listing or adding of such assets.

**General Provisions Regarding This Document**

The undersigned(s) agree to sign any further papers, documents, contracts or forms and to engage in any other conduct necessary, beneficial, convenient, or advisable to carry out the terms and provisions of this document, and effectuate this declaration, designation, assignment, and transfer. But failure to do so shall not be evidence of any intent to negate or not effectuate the terms and provisions of this document.

This assignment and transfer shall be binding on all heirs, administrators, executors, trustees, assigns, and all others.

**SEE EXECUTION AND ACKNOWLEDGMENT ON NEXT PAGE**



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# EXECUTION AND ACKNOWLEDGMENT

## SPECIFIC DECLARATION, DESIGNATION, ASSIGNMENT AND TRANSFER OF PROPERTY TO TRUST

The undersigned trustor(s) hereby make and agree to this document and certify that the trustor(s) have read this declaration, designation, assignment, and transfer document in its entirety and any attachments and lists related thereto and that they correctly state property which is assigned and transferred to the trust which the trustee(s) are to hold, manage, and distribute as part of the trust estate pursuant to the terms of the trust. The trustor(s) acknowledge, agree, accept, and approve this document and any attachments or lists related thereto in all particulars and request that the trustee(s) sign it.

The undersigned trustee(s) hereby certify that the trustee(s) have read this declaration, designation, assignment, and transfer document in its entirety and any attachments and lists related thereto and that they correctly state property which is assigned and transferred to the trust which the trustee(s) are to hold, manage, and distribute as part of the trust estate pursuant to the terms of the trust. The trustee(s) acknowledge, agree, accept, and approve this declaration, designation, assignment, and transfer document in all particulars and acknowledge delivery of this document to them.

If any of the undersigned are both a trustor and a trustee, the undersigneds single signature acts as an acknowledgement, acceptance, approval, agreement, certification, and execution for all purposes in their capacity as both a trustor and trustee. Two signatures are not required from the same person(s) acting in both capacities.

THE UNDERSIGNED DECLARE AND CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF CALIFORNIA AND ANY OTHER STATE THAT ALL OF THE INFORMATION, STATEMENTS AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT ARE TRUE AND CORRECT AND IF CALLED TO TESTIFY THERETO COULD AND WOULD SO COMPETENTLY TESTIFY THERETO AND THAT THIS DOCUMENT WAS EXECUTED AT THE PLACE AND DATE INDICATED IN THE NOTARY ACKNOWLEDGMENT.

Trustor/Trustee Signature:

Trustor/Trustee Signature:

State of California, County of: Riverside) SS

On **NOV 10 2004**

before me, the undersigned, a Notary Public in and for said State, personally appeared:

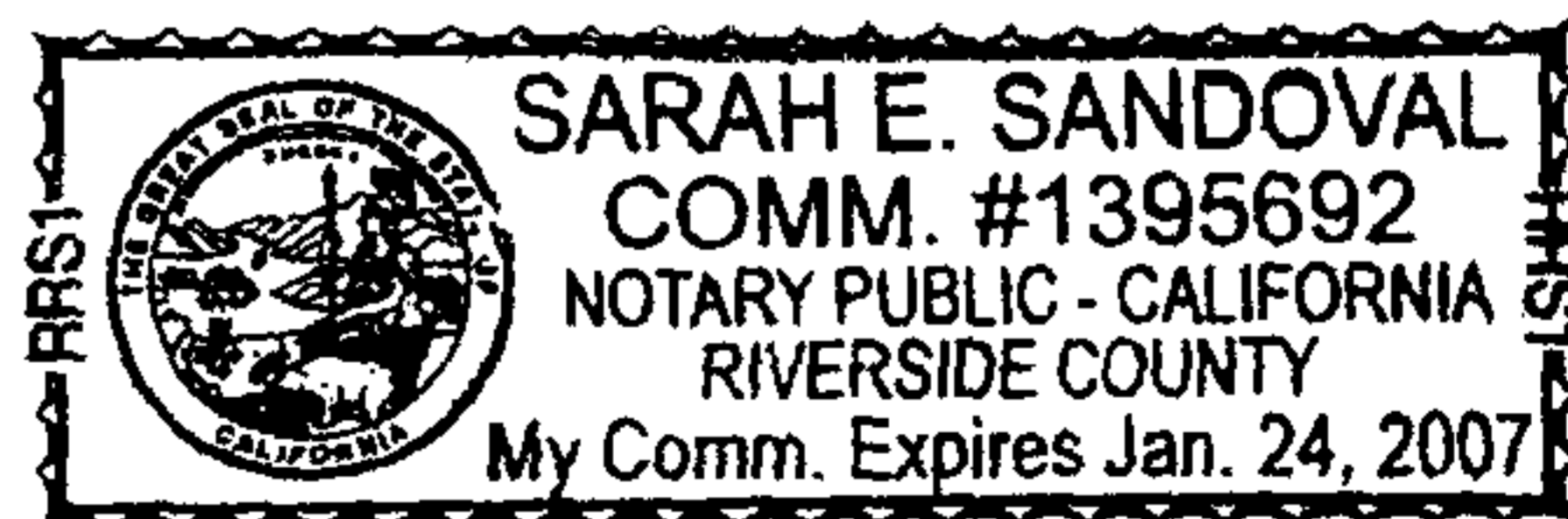
Clay Pearson Finley and Betty Louise Finley

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.

SEAL:

NOTARY PUBLIC



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