

ESTATE PLANNING

PORTFOLIO

OF

JAMES JONES

and

MARY JONES

Prepared By:

ATTORNEY NAME

Attorney at Law

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Mr. and Mrs. James Jones
123 4th Street
Hometown, California 99999

Re: Instructions For Living Trust

Dear James and Mary:

Enclosed please find the **original** and copies of the estate planning documents you have recently completed. The originals should be kept with your other important original documents for safe-keeping and your successor Trustee should be notified as to the location of these documents; I will also keep a copy of your executed documents in my file. Now that your Trust has been signed and implemented, I want to leave you with this letter of instructions for future reference. As we discussed, the most important thing for you to remember is the necessity of titling all existing assets (other than automobiles, checking accounts, IRA accounts and/or other retirement benefits) and all subsequently acquired assets in the name of the Trust; the responsibility is yours to make sure all assets are properly in the trust. Property and assets which are not titled in the name of your Trust may be required to pass through a probate administration, could potentially not be subject to the terms of your Trust and could have adverse income and estate tax consequences. To assist you with this transfer process, I have enclosed a document entitled "Instructions for Transferring Assets to Your Living Trust". The title for the assets owned by the Trust will be:

JAMES JONES and MARY JONES, as co-Trustees of THE JONES LIVING TRUST, U/A dated July 4, 2008.

Also enclosed is a copy of the Certificate of Trust. The Certificate sets forth the existence of the Trust and your unlimited right as Trustee to deal with the trust accounts; this acts as a short version of the Trust Agreement and gives any third party all the information required from the Trust without getting into the dispositive provisions, which are, and should remain, confidential. If any institution should request a copy of the Trust, please provide them with a copy of the Certificate. Please continue to use your Social Security Number on all accounts; no special tax identification number is required and no special accountings or tax returns need be filed. I would suggest keeping a current listing (at least as of the first of each year) of your assets with your trust documents. This could serve as a reference point for your successor Trustee in the event of death.

As we discussed, the Wills are referred to as a "Pour-Over Will" because it instructs your Executor to distribute, at your death, any non-trust assets to the Trust; however, it may require a probate administration to make this distribution (this is why it is so important to make sure you have all of your assets titled in the name of the Trust). The Durable Powers of Attorney for Management of Property and Personal Affairs are a "general power of attorney"; this document is primarily intended to give your named agents the power to deal with any assets (including those in the trust) in the event of your temporary incapacity; however, as we have previously discussed, please be reminded that this document gives your named agent broad powers to dispose of, sell, convey and encumber your real and personal property.. The Health Care Directives give your named Agents the power to make medical decisions, sign consents and/or releases with hospitals and/or doctors; it also acts as your "living will" for end-of-life decisions. I suggest that you give a copy to your doctors for inclusion in your medical files and that you give a copy to your successor Agent. Also enclosed, you will find the Burial Instruction forms and the Instructions for the Distribution of Personal Property form for your completion (if you desire).

The present federal estate tax exemption is \$2,000,000 and it will increase to \$3,500,000 by 2009 (this is the amount of your assets which can pass to your heirs "estate tax free"; there is an unlimited deduction for assets passing to a surviving spouse). The estate tax is currently subject to complete phase out in 2010, but a so-called "sunset" provision reinstates the estate tax back to \$1,000,000 in 2011. In view of the present federal deficit and economic climate, I suspect that Congress will reinstate the estate tax in some form in 2010 although I doubt it will roll-back to the \$1,000,000. Of course, I will notify all my clients of any changes to the estate tax law.

As we have discussed, your Trust is intended to provide opportunities for reducing or possibly eliminating any federal estate taxes that might be otherwise imposed upon the death of the second spouse by effectively doubling the applicable estate tax exclusion. This is accomplished by dividing the Trust assets between separate trusts (referred to as the "Survivor's Trust", the "Decedent's Trust and the "QTIP Trust") after the death of the first spouse. However, please be advised that this process and other important tax decisions must be formally made and implemented prior to the filing of a Federal Estate Tax Return (which is due within **nine (9) months** from the date of death of the first spouse). Therefore, it is extremely important for the surviving spouse to consult with this office or a tax professional promptly after the death of the first spouse; additionally, you should notify your successor Trustee to contact this office or a qualified tax professional immediately if anything should happen to both of you or to the survivor of the two of you.

Finally, the Trust and the related documents are fully revocable or changeable during your lifetime; however, these documents have been executed with certain formalities and may be changed or revoked only through similar procedures. Accordingly, if there are any changes in your dispositive desires or the people you wish to carry out these desires, you should contact me or another estate planning professional in order to revoke or amend any of the documents. Other than the above, there is no need to handle your affairs any differently than you are doing right now, and I am sure you will find the Trust not to be any inconvenience or trouble whatsoever.

Mr. and Mrs. James Jones

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If you have any questions relating to the Trust or the titling of any asset in the Trust, please do not hesitate to contact this office immediately.

Sincerely yours,

LAW OFFICES OF YOUR NAME

By: _____
ATTORNEY NAME,
Attorney-at-Law

Encl.

THE JONES LIVING TRUST

THIS TRUST AGREEMENT is entered into by **JAMES JONES** and **MARY JONES**, also known as Mary Smith Jones,, as Settlor, and **JAMES JONES** and **MARY JONES**, as co-Trustees (hereinafter referred to as "Trustee"). For all purposes hereunder, the words "we", "us", "our", "their", and similar pronouns, shall refer to Settlor, **JAMES JONES** and **MARY JONES**, and shall be construed as the possessive when the context would so indicate.

ARTICLE I

RECITALS AND CONVEYANCE

WHEREAS, we desire to establish a trust of which, during our lifetimes and the lifetime of the survivor of us, we are the exclusive recipients of the economic benefits;

WHEREAS, this trust shall be initially funded with the assets described in the attached Schedule "A" entitled "INITIAL TRUST FUNDING"; these assets and any assets later added to the trust shall be known as the "trust fund" and shall be held, administered and distributed as provided in this document and any subsequent amendments to this document;

NOW, THEREFORE, the Trustee acknowledges receipt of the trust fund and shall hold the same in trust under the following terms, conditions and provisions:

ARTICLE II
DECLARATIONS

2.A. **Name.** This trust shall be known as **THE JONES LIVING TRUST**.

2.B. **Family.** We, JAMES JONES and MARY JONES, sometimes hereinafter referred to as husband and/or wife, are married. We have two children of this marriage now living; namely, SALLY SMITH and JUDY JONES.

James also has a child now living; namely, STEVEN JONES.

For all purposes under this Trust Agreement, including but not limited to distribution, we intend to treat all of the above-named children as though they were the issue of our marriage and all references to "our children", "our child" and "our issue" (or similar phrases) shall be so interpreted.

2.C. **Successor Trustees.**

(1) If either of us shall cease to act for any reason, during our joint lifetimes, the other of us shall act as sole Trustee of the trust.

(2) After the death of either of us, the survivor of us shall act as sole Trustee of the trust.

(3) In the event that both of us cease to act for any reason, we shall be succeeded by husband's son STEVEN JONES as the successor Trustee. If he fails to qualify or ceases to act, our daughter SALLY SMITH shall act as the alternate successor Trustee.

(4) While co-Trustees are acting, only one signature shall be required to conduct business with respect to property and/or assets held or owned by the trust. Any third party dealing with the trust may rely upon this singular authority without any further evidence. Any trust asset may be titled to reflect this authority, including the designation "and/or".

2.D. **Trust Fund.**

(1) All property now or hereafter subject to the terms hereof shall be deemed to be our community property and the proceeds thereof shall continue to retain its character as community property during our joint lifetimes (also hereinafter called the "community estate"). It is our intention that the Trustee shall have no more extensive power over the community property transferred to the trust fund than either of us would have had under California law then in effect which govern the management of community property had this Trust Agreement not been created, and this Trust Agreement shall be interpreted to achieve this intention. This limitation shall terminate on the death of either of us.

(2) We, and/or any other person, may add to the principal of the trust by deed, will, or otherwise.

2.E. **Definitions.** For any interpretation of this Trust Agreement, the following definitions shall apply:

(1) *Beneficiary.* The term “beneficiary” or “beneficiaries” shall mean any person and/or entity then eligible to receive current income or whose right to receive assets from the estate is currently vested;

(2) *Code.* Any reference to the “Code” shall refer to the Internal Revenue Code of 1986, as amended, and to any regulations pertaining to the referenced sections;

(3) *Descendants.* The term “descendants” shall include a person's lineal descendants of all generations.

(4) *Education.* As used in this Trust Agreement, the term “education” or “educational purposes” shall include any course of study or instruction which may, in the Trustee's discretion, be useful in preparing a beneficiary for any vocation consistent with such beneficiary's abilities and interests. Distributions for education may include tuition, fees, books, supplies, living expenses, travel and spending money to the extent that they are reasonable and necessary, again in the Trustee's absolute discretion;

(5) *Incapacity.*

(a) In the case of a question or dispute, incapacitation of a Trustee (whether such Trustee shall be either of us or a designated successor) shall be evidenced by written certification of two (2) physicians;

(b) If there is no question or dispute, incapacitation of a Trustee shall be established by the written declaration of only one doctor;

(6) *Interested Trustee.* The term “Interested Trustee” means (a) a Trustee who is a transferor of the property to the trust (including a person whose qualified disclaimer resulted in property passing to the trust); (b) a Trustee who is a beneficiary of the trust; or (c) a Trustee whom a beneficiary of the trust can remove and replace by appointing a Trustee that is related or subordinate to the beneficiary within the meaning of §672(c) of the Code.

For purposes of this subparagraph, “a beneficiary of the trust” means a person who is or in the future may be eligible to receive income or principal from the trust pursuant to the terms of the trust. A person shall be considered a beneficiary of a trust even if he or she has only a remote contingent remainder interest in the trust; however, a person shall not be considered a beneficiary of a trust if the person's only interest is as a potential appointee under a power of appointment.

(7) *Issue.* The term “issue” shall refer to lineal descendants of all degrees and shall include adopted persons; provided however, that such term shall refer only to the issue of

lawful marriages and illegitimate children only if a parent/child relationship existed between such child and his or her parent, living or deceased, as determined under California law. A child in gestation which is later born alive and survives for thirty (30) days shall be considered as issue in being throughout the period of gestation;

(8) *Legal Representative or Personal Representative.* As used in this Trust Agreement, the term “legal representative” or “personal representative” shall mean a person's guardian, conservator, executor, administrator, trustee, or any other person or entity personally representing a person or the person's estate.

(9) *Majority.* The term “majority” shall mean more than one-half (1/2), and, in the event of a deadlock, shall be determined in accordance with the laws of the State of California relating to inter-vivos trusts;

(10) *Principal and Income.* The determination by the Trustee in all matters as to what shall constitute principal of the trust, gross income therefrom and distributable net income under the terms of the trust shall be governed by the provisions of the Principal and Income Act of the State of California, except as to any of such matters as may otherwise be provided for in this instrument. In the event and to the extent that any of such matters relating to what constitutes principal or income of the trust and in the allocation of receipts and disbursements between these accounts is not provided for either in this Trust Agreement or in such Principal and Income Act, the Trustee has full power and authority to determine such matters;

(11) *Pronouns and Gender.* In this Trust Agreement, the feminine, masculine or neuter gender, and the singular or plural number, shall be deemed to include the others whenever the context so indicates;

(12) *Request in Writing.* When either of us is acting as the Trustee or as a co-Trustee, the requirement of a writing to be signed by either of us as Settlor and/or beneficiary and delivered to either of us as the Trustee shall be waived;

(13) *Right of Representation.* Whenever a distribution is to be made by “right of representation”, the assets are to be divided into as many shares as there are then-living children and deceased children who left living descendants. Each living child shall receive one share and each deceased child's share shall be divided among such deceased child's then-living descendants in the same manner; and,

(14) *Trustee.* Any reference to “Trustee” shall be deemed to refer to whichever individual, individuals (including us) or corporation shall then be acting as the Trustee.

2.F. **Governing Law.** This Trust Agreement is a California contract and creates a California trust; all of the terms and provisions hereof shall be interpreted according to the laws of the State of California relating to inter-vivos trusts, except as shall be specifically modified herein.

2.G. **Restrictions.** The interest of any beneficiary (whether entitled to current income or possessing only a future interest) in either the income or principal of the trust fund or any part of it shall not be alienated or in any other manner assigned or transferred by such beneficiary; and

such interest shall be exempt from execution, attachment and other legal process which may be instituted by or on behalf of any creditor or assignee of such beneficiary; nor shall any part of such interest be liable for the debts or obligations (including spousal and/or child support, except as required under California law) of any such beneficiary. This paragraph is intended to impose a "Spendthrift Trust" on all interests held for any beneficiary.

2.H. Maximum Duration of Trusts. Regardless of any other provision herein, the Maximum Duration for Trusts is the longest period that property may be held in trust under this Agreement under the applicable rules of the State of California governing perpetuities, vesting, accumulations, the suspension of alienation and the like (including any applicable period in gross such as twenty-one (21) years or ninety (90) years). If, under those rules, the Maximum Duration for Trusts shall be determined (or alternatively determined) with reference to the death of the last survivor of a group of individuals alive upon either of our deaths, or at such other time that the application of such rules limiting the maximum duration of trusts is deemed to begin, those individuals shall consist of all beneficiaries (including future and/or contingent) of this trust (as hereinafter named) alive at the time of such death. Any trust created hereunder must end immediately prior to such maximum duration and, thereupon, the Trustee shall pay over the principal, free from such trust, to the person or persons then entitled to receive the net income.

2.I. No-Contest Provision. To the extent permitted under the laws of the State of California, in the event any beneficiary under this trust shall, singly or in conjunction with any other person or persons, contest in any court the validity of this Trust Agreement and/or of the last Will of either of us, or shall seek to obtain an adjudication in any proceeding in any court that this Trust Agreement or any of its provisions and/or that such Wills or any of their provisions are void, or seek otherwise to set aside this Trust Agreement or any of its dispositive provisions, then the right of that person to take any interest given him or her by this Trust Agreement shall be determined as it would have been determined had the person predeceased us without being survived by issue. The Trustee is hereby authorized to defend, at the expense of the trust fund, any contest or other attack of any nature on this Trust Agreement or any of its provisions.

2.J. Presumptions. Any beneficiary who shall not be living thirty (30) days after the death of either of us shall be deemed not to have survived such person; except that in our case, if the order of our deaths cannot be established by proof, the husband shall be deemed to be the surviving spouse.

2.K. Special Distributions. If any income and/or principal of any trust hereunder ever vests outright under the provisions of this Trust Agreement in a person not yet twenty-one (21), or a person who suffers from substance abuse, or a person who the Trustee determines is incompetent, or a person whose financial circumstances are such that failure to delay distributions will actually reduce the trust benefits to such person, then the Trustee, in the Trustee's discretion and without supervision of any court, shall hold or distribute such property (subsequently referred to in this Paragraph as the "protected property") in accordance with the following provisions:

- (1) The Trustee may hold any protected property in a separate trust for each such beneficiary, exercising as the Trustee of such trust all the administrative powers

conferred in this Trust Agreement. The Trustee may accumulate or distribute to or for such beneficiary in accordance with subparagraph (2), as hereinbelow set forth, such amount or amounts of income and/or principal of the trust as the Trustee determines from time to time during the term of the trust to be appropriate. This separate trust shall terminate and vest absolutely when the beneficiary attains age twenty-one (21) if the beneficiary's age was the basis for the separate trust, dies, when the trust assets are exhausted by discretionary distributions, or the reason for the separate trust no longer exists in the Trustee's discretion. At such termination, the Trustee shall distribute the protected property then on hand in trust to the beneficiary or to the beneficiary's estate if the trust terminated at the beneficiary's death.

(2) The Trustee may distribute any protected property to or for the benefit of such beneficiary: (a) directly to the beneficiary; (b) on behalf of the beneficiary for the beneficiary's exclusive benefit; (c) to any account in a bank, credit union, mutual fund and/or brokerage firm either in the name of such beneficiary or in a form reserving title, management and custody of such account to a suitable person for the use of such beneficiary; (d) in any form of an annuity; and, (e) in all ways provided by law dealing with gifts or distributions to or for minors or persons under incapacity. The receipt for distributions by any such person shall fully discharge the Trustee.

(3) In determining whether to make distributions, the Trustee may consider other resources of the beneficiary, any governmental entitlements and the future needs of the beneficiary during the term of the trust. The protected property shall, at all times, remain free of all claims by any governmental agency and/or creditors of the beneficiary.

(4) Notwithstanding the provisions of the preceding subparagraphs or any other provision of this Agreement, the Trustee shall not suspend any mandatory distributions required for a trust to qualify, in whole or in part, for any Federal or state marital deduction or charitable deduction. Finally, nothing herein shall prevent a distribution mandated by the provisions hereinabove set forth relating to the Maximum Duration of Trusts.

2.L. **Conflict Resolution.** Any controversy between any interested parties concerning the construction, application or interpretation of any provision of this Trust Agreement or of the Trustee's actions shall be settled by arbitration in accordance with the laws of the State of California (if no such laws then exist, in accordance with the then current rules of the American Arbitration Association) and the findings of such arbitration may be enforced by any Court having jurisdiction thereof.

2.M. **Uneconomical Administration.** No other provision of this trust to the contrary, if at any time a share or trust being administered for any income beneficiary or group of income beneficiaries other than the survivor of us has such fair market value as to make the continued administration of the share or trust uneconomical as determined by the Trustee in the Trustee's sole discretion, the Trustee may pay the entire balance of such share or trust to the person or persons then entitled to the income therefrom, in proportion to their interests therein.

ARTICLE III
TRUSTEESHIP

3.A. **Successor Trustees.** We may, during our joint lifetimes, appoint individuals or corporations as co-Trustees or successor Trustees, by a written instrument other than a Will delivered to the other Trustee(s), if any are then-acting; and, upon the death of the first of us, the survivor may appoint, by the same method, individuals or corporations as co-Trustees or successor Trustees.

3.B. **Appointment of Trustee.** A successor Trustee may appoint a co-Trustee at any time or times; such appointment shall be by written instrument and may be revocable or irrevocable by its terms. If there is no Trustee acting hereunder, then a majority of the beneficiaries shall appoint a successor Trustee or co-Trustees by an instrument in writing, which appointment must be effective upon the date the last Trustee fails to qualify or ceases to act.

3.C. **Resignation.** Any Trustee may resign at any time by giving written notice to us, if living, or the survivor of us, and thereafter to the other Trustees, if any, and, if not, to all the beneficiaries. Any such notice shall become effective as agreed by us or the majority of the beneficiaries, but no later than thirty (30) days after such written notice. Notwithstanding the foregoing, the Trustee may, at the expense of any trust created hereunder, secure the appointment of a successor Trustee of such trust by a court of competent jurisdiction.

3.D. **Liability.** No successor Trustee shall be under any obligation to examine the accounts of any prior Trustee, and a successor Trustee shall be exonerated from all liability arising from any prior Trustee's acts or negligence. It is our intention that any Trustee serving hereunder shall be accountable only from the date such Trustee actually receives the assets of the trust.

3.E. **Bond.** No bond shall be required of any person or institution named in this Trust Agreement as the Trustee.

3.F. **Compensation.** A Trustee shall be entitled to receive, out of the income and principal of the trust fund, compensation for services hereunder to be determined, if a corporate Trustee, by the application of the current rates then charged by the Trustee for trusts of a similar size and character, and, if the Trustee shall be an individual, such compensation shall be the average of the current rates then charged by corporate fiduciaries doing trust business in the county of our residence for trusts of a similar size and character. The Trustee shall also be entitled to reimbursement for all travel and other necessary expenses incurred in the discharge of the Trustee's duties. The Trustee may impose any Trustee fees or other expenses of the trust against the principal or income of the trust fund without any duty to seek reimbursement from the interest not charged.

3.G. **Reports.** While either of us is living and if we are not acting as the Trustee or co-Trustee, the Trustee shall render an annual accounting to us unless we have waived such accounting. After the death of the survivor of us, the Trustee shall render an annual accounting to each beneficiary, except as such reporting shall be waived by such beneficiary. If beneficiaries entitled to an accounting are minors, their accounting shall be delivered to their parents or

guardian. If beneficiaries entitled to an accounting are incapacitated, their accounting shall be delivered to their legal representative. Unless the accounting is objected to in writing within one hundred and eighty (180) days after mailing to the persons to whom the accounting is to be rendered, the account shall be deemed final and conclusive in respect to all transactions disclosed in the accounting. The accounting shall be binding on all persons interested in the trust, including beneficiaries who are not known or who are not yet born. The records of the Trustee shall be open at all reasonable times to such inspections. The Trustee shall not be required to make any reports or accountings to the courts; however, nothing herein stated shall be deemed to restrict the Trustee from seeking judicial approval of the Trustee's accounts.

3.H. Payments to Beneficiaries.

(1) The Trustee shall pay the net income of any trust hereunder to the beneficiary to whom such income is directed to be paid, at such times as shall be convenient to such beneficiary and agreed to by the Trustee;

(2) Any income and/or principal of any trust hereunder to which any beneficiary may be entitled may, without regard to any order or assignment purporting to transfer the same to any other person, be paid or distributed by the Trustee, in the Trustee's sole discretion, into the hands of such beneficiary, or to the guardian of the person of such beneficiary, or be mailed to such beneficiary's last known address, or deposited to the account of such beneficiary in a bank or trust company of good standing, or be applied for the benefit of such beneficiary and his or her dependents directly by the Trustee; and the receipt for any payment or distribution or evidence of the application of any income or principal made in conformity with the foregoing shall discharge the Trustee from any further liability therefor; and,

(3) Unless the Trustee shall have received actual written notice of the occurrence of an event affecting the beneficial interests of this Trust Agreement, the Trustee shall not be liable to any beneficiary of this Trust Agreement for distribution made as though the event had not occurred.

3.I. Division of Trust Fund. There shall be no requirement for the physical segregation or division of any trusts created hereunder except as segregation or division may be required by the termination of any of the trusts, but the Trustee shall keep separate accounts for the different undivided interests.

3.J. Trustee Authority.

(1) Any Trustee may appoint an "Attorney-in-Fact" and delegate to such agent the exercise of all or any of the powers conferred upon a Trustee and may at pleasure revoke such appointment. Any such appointment shall be made by a written, acknowledged instrument.

(2) No purchaser from or other person dealing with the Trustee shall be responsible for the application of any purchase money or thing of value paid or delivered to such the

Trustee, and the receipt by the Trustee shall be a full discharge; and no purchaser or other person dealing with the Trustee and no issuer, or transfer agent, or other agent of any issuer of any securities to which any dealings with the Trustee should relate, shall be under any obligation to ascertain or inquire into the power of the Trustee to purchase, sell, exchange, transfer, mortgage, pledge, lease, distribute or otherwise in any manner dispose of or deal with any security or any other property held by the Trustee or comprised in the trust fund.

(3) Prior to delivering the trust fund to a successor Trustee or to making any partial or complete distribution of principal hereunder (other than a distribution that is made in the exercise of the Trustee's discretion and does not terminate the trust), the Trustee may require an approval of the Trustee's accounts and a release and discharge from all beneficiaries having an interest in the distribution. If any beneficiary or beneficiaries shall refuse to provide a requested release and discharge, the Trustee may require court settlement of such accounts; all of the Trustee's fees and expenses (including attorneys' fees) attributable to court approval of such accounts shall be paid by the trust involved to the extent that the accounts are approved.

(4) The certificate of a Trustee and/or Attorney-in-Fact that such Trustee and/or agent is acting according to the terms of this Trust Agreement shall fully protect all persons dealing with such Trustee and/or agent.

3.K. Release of Healthcare Information, including HIPAA Authority. We intend for the Trustee to be treated as we would regarding the use and disclosure of our individually identifiable health information or other medical records. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), 42 USC 1320d and 45 CFR 160-164, and the California Confidentiality of Medical Information Act ("CMIA"), California Civil Code §56. We authorize any physician, healthcare professional, dentist, health plan, hospital, clinic, laboratory, pharmacy or other covered health provider, any insurance company or medical information bureau or other health care clearinghouse that has provided treatment or services or that has paid for or is seeking payment from either of us for such services to give, disclose, and release, either orally or in writing, to the Trustee or Trustees, without restriction, all of our individually identifiable health information and medical records regarding any past, present or future medical or mental health condition.

The authority given to the Trustee shall supersede any prior agreement that we have made with either of our health care providers to restrict access to or disclosure of our individually identifiable health information. The authority given to the Trustee has no expiration date and shall expire only in the event that either of us revokes the authority in writing and delivers such revocation to our health care providers.

3.L. Life Insurance. Upon the death of either of us, the Trustee shall proceed immediately to collect the net proceeds of policies, if any, on our lives which are then payable to the Trustee and shall hold such proceeds for the purposes and upon the trusts provided in Article VI of this Trust Agreement. Payment to the Trustee by an insurance company of the proceeds of such policies and receipt of such proceeds by the Trustee shall be a full discharge of the liability of such

insurance company with respect to such proceeds, and no insurance company need inquire into or take notice of this Trust Agreement or see to the application of such payments. The Trustee may prosecute and maintain any litigation necessary to enforce payment of such policies.

3.M. Retirement Accounts. To the extent any trust hereunder is the beneficiary of a Retirement Account (as hereinafter defined) the Trustee shall draw the benefits from the Retirement Account in amounts sufficient to meet the minimum distribution requirements of §401(a)(9) of the Code and the regulations thereunder (the "Required Minimum Distribution"). Notwithstanding any provision of the trust to the contrary, the Required Minimum Distribution shall be paid to or applied for the benefit of the person or persons then entitled to receive or have the benefit of the income from such trust, or if there is more than one income beneficiary, the Trustee shall make such distribution to such income beneficiaries in the proportion in which they are beneficiaries or if no proportion is designated in equal shares to such beneficiaries.

"Retirement Account" means amounts held in or payable pursuant to a plan (of whatever type) qualified under Code §401, or an individual retirement arrangement under Code §408, or a Roth IRA under Code §408A, or a tax-sheltered annuity under Code §403 or any other benefit subject to the distribution rules of Code §401(a)(9), or the corresponding provisions of any subsequent federal tax law. It is our intention that this trust qualify as a "conduit trust" under Code §401(a)(9) so that the trust's beneficiaries shall be considered designated beneficiaries for purposes of the minimum distribution rules, and that distributions may therefore be taken over the trust beneficiary's life expectancy (or the life expectancy of the oldest trust beneficiary).

The Retirement Accounts shall not be subject to the claims of any creditor of either of our estates, they shall not be used for the satisfaction of any distributions to a non "designated beneficiary" (as that term is defined in Treas. Reg. §1.401(a)(9)-4, Q&A 1) and they shall not be applied to the payment of the debts, taxes of either of us or other claims or charges against either of our estates unless and until all other assets available for such purposes have been exhausted, and even then only to the minimum extent that would be required under applicable law in the absence of any specific provision on this subject in this Trust.

3.N. Powers of Invasion. A discretionary power given to a Trustee of any trust created hereunder to invade or utilize the principal of such trust for "health, care, education, support or maintenance" (or a similar use of such terms) shall be considered to be in compliance with §§2041 and 2514 of the Code and any exercise of such power shall be limited by those sections. Notwithstanding §16081(c) of the California Probate Code, any other discretionary power given to a Trustee of any trust created hereunder to invade or utilize the principal of such trust for any other purpose shall be deemed to be a broader power if a clear reading of the terms of such power would so indicate. Further, notwithstanding §16081(c) of the California Probate Code, any discretionary power to make distributions of income or principal of any trust created hereunder which is given to a current beneficiary as sole Trustee is specifically intended to be given to such sole Trustee and the right of any other beneficiary to have another Trustee appointed for the purpose of making such discretionary distributions is hereby specifically waived.

3.O. **Release of Powers.** Each Trustee shall have the power to release or to restrict the scope of any power that such Trustee may hold in connection with any trust created under this Trust Agreement, whether said power is expressly granted in this Trust Agreement or implied by law. The Trustee shall exercise this release in a written instrument specifying the powers to be released or restricted and the nature of any such restriction. Any released power shall pass to and be exercised by the other then-acting Trustees.

ARTICLE IV

TRUSTEE'S POWERS

Subject to the provisions and limitations set forth expressly herein, the Trustee shall have, in general, the power to do and perform any and all acts and things in relation to the trust fund in the same manner and to the same extent as an individual might or could do with respect to his or her own property. No enumeration of specific powers made herein shall be construed as a limitation upon the foregoing general powers, nor shall any of the powers conferred herein upon the Trustee be exhausted by the use thereof, but each shall be continuing. In addition to the above, the Trustee shall have all of the powers authorized by §§16220, et. seq., of the California Probate Code (as though such powers were set forth herein) and, in addition, the Trustee is specifically authorized and empowered to exercise those powers hereinafter set forth in Exhibit "A" (attached hereto and incorporated herein by reference as though fully set forth).

ARTICLE V

OUR RETAINED POWERS

5.A. **Revocation.** During our joint lifetimes, this Trust Agreement may be revoked in whole or in part by an acknowledged instrument in writing signed by either of us which shall refer to this Trust Agreement and to this specific power and which shall be delivered to the then-acting Trustee and the other spouse in the event of such revocation, the community estate shall revert to both of us as if this Trust Agreement had not been created, and any separate property held by the trust fund shall revert to the spouse who contributed such separate property and shall constitute his or her separate property as if this Trust Agreement had not been created.

5.B. **Amendment.** We may, at any time during our joint lifetimes, amend any of the terms of this Trust Agreement by an acknowledged instrument in writing signed by both of us which shall refer to this Trust Agreement and to this specific power and which shall be delivered to the then-acting Trustee.

5.C. **Revocation and Amendment after the First Death.**

(1) On the death of the first of us, the surviving spouse may amend any or all of the provisions of Articles II, III or IV of this Trust Agreement [except as such amendment would alter the beneficial interests of the "Decedent's Trust" and the "Marital Deduction Trusts" (as hereinafter defined), cause the loss of the marital deduction for all or any part of the Marital Deduction Trusts, or would cause all or any part of the Decedent's Trust to be included in the surviving spouse's taxable estate.

(2) On the death of the first of us, the surviving spouse shall have the power to amend, revoke or terminate the "Survivor's Trust" (as hereinafter defined). On revocation or termination of the Survivor's Trust, all of its assets shall be delivered to the surviving spouse.

(3) On the death of the first of us, the "Decedent's Trust" and the "Marital Deduction Trusts" (as hereinafter defined) may not be amended, revoked, or terminated; provided however, the surviving spouse shall have the power to change the manner of distribution, whether outright or continued in trust, of the Decedent's Trust and/or the Marital Deduction Trusts to the deceased spouse's issue. This Limited Power of Appointment shall include the power to allocate all or an unequal portion of the assets of the Decedent's Trust and/or the Marital Deduction Trusts to one or more beneficiaries to the exclusion of the deceased spouse's other issue, so long as such beneficiaries are the issue of the deceased spouse.

(4) Revocation and amendment shall be made in the manner as herein above provided in Paragraphs 5.A. and 5.B.

(5) On the death of the surviving spouse, no trust created herein may be amended or revoked.

5.D. Powers Personal to Us. Our powers to revoke or amend this Trust Agreement are personal to us and shall not be exercisable on our behalf by any conservator and/or guardian or other person, except the non-incapacitated spouse may amend the trust if he or she is in possession of an executed power of attorney from the incapacitated spouse specifically granting the right of amendment for this trust. Notwithstanding the above limitation on a conservator and/or a guardian, revocation or amendment may be authorized, after notice to the Trustee, by the Court that appointed a conservator and/or a guardian of either of us.

5.E. Tangible Personal Property. While either of us is living, we reserve the right to retain the control, use and possession of any or all of the tangible personal property included in the trust fund. We expressly limit the Trustee's responsibility with respect to the property so retained to the Trustee's function as the holder of legal title until we (or the survivor of us) surrender our right to the use and possession of any such property or until the death of both of us. In addition, we shall have the right, exercisable by written notice to the Trustee on terms specified by us, to direct the sale, transfer, gift or other disposition of any such property, with or without consideration, and the Trustee shall take all actions necessary to comply with the terms of such notice. In the event we surrender any such property to the Trustee, or upon our deaths, the Trustee shall take possession, preserve and maintain such property. The Trustee shall be responsible and accountable only for that tangible personal property which is actually in the Trustee's possession or control or, if retained by us, is found by application of reasonable diligence at the death of the survivor of us or at such time that the Trustee asserts control.

5.F. Residential Property. We reserve the right to have complete and unlimited, possession, use and control of any real property which may ever constitute an asset of the trust estate and

which is occupied by us for residential purposes, thereby retaining the requisite beneficial interest and possessory rights in and to such real property to comply with the "Homestead" laws of the State in which such property is located, so that such requisite beneficial interest and possessory rights constitute in all respects "equitable title to real estate". Notwithstanding anything to the contrary contained in this Agreement, our interest in such real property shall be an interest in real property, and not personalty, and such real property shall be deemed to be our homestead; such use and control shall be without rent or other accountability to the Trustee. As part of such use and control, we, and not the Trustee, shall have the responsibility to manage such property, pay taxes, insurance, utilities and all other charges against the property, and may, at our option, charge such expenses to the trust fund, or may request reimbursement for any advances made for such purposes.

ARTICLE VI

DISPOSITION OF TRUST FUND

6.A. **Trustee's Basic Duties.** During the term of this Trust Agreement, the Trustee shall hold, manage, invest and reinvest the trust fund, collect the income and profits from it, pay the necessary expenses of trust administration, and distribute the net income and principal as provided in this ARTICLE VI.

6.B. **Disposition During Our Joint Lifetimes.** During our joint lifetimes, we shall be equally entitled to the entire net income of the community estate. At the written request of both of us, the Trustee shall pay to either spouse so much of the principal of the community estate as we shall request or shall make such gratuitous transfers of the principal the community estate as we both shall direct. During our joint lifetimes, the Trustee shall also pay to husband or wife, respectively, or shall apply for his or her benefit, the entire net income of such spouse's separate property (if any). At the written request of the spouse who contributed any separate property to the trust, the Trustee shall pay to such spouse so much of the principal of such separate property as he or she shall request.

6.C. **Disposition During Incapacity.** If at any time during our joint lifetimes, in the Trustee's discretion, either of us has become physically or mentally incapacitated, whether or not a court of any jurisdiction has declared him or her incompetent, mentally ill, or in need of a conservator and/or a guardian, the Trustee shall pay to the other spouse, or apply for the benefit of either of us, first from the community estate, and then equally from our separate estates, the amounts of net income and principal necessary in the Trustee's discretion for the proper health, support, and maintenance of both of us in accordance with our accustomed manner of living at the date of such incapacity, until the incapacitated spouse is again able to manage his or her own affairs, or until the earlier death of such incapacitated spouse. The non-incapacitated spouse may also withdraw from time to time accumulated trust income and principal of the community estate; such income and principal so withdrawn shall be held and administered as community property. Any income in excess of the amounts applied for the benefit of us shall be accumulated and added to the principal of the community estate or the separate estate as the case may be. As a guide to the Trustee, it is our intent that we, and the survivor of us, shall remain in our primary residence as long as it is medically reasonable and, if we should need convalescent care, that we

be able to return home as soon as it is medically reasonable; the expense of home care shall be of secondary importance.

6.D. Division of the Trust Fund at the Death of the First of Us. The first of us to die shall be called the "Deceased Spouse" and the survivor of us shall be called the "Surviving Spouse". On the death of the Deceased Spouse, the Trustee shall divide the trust fund, including any additions made to the trust by reason of his or her death, such as from the decedent's Will or life insurance policies on the decedent's life, into separate trusts in the following manner:

(1) The "Survivor's Trust" shall include the Surviving Spouse's separate estate (if any) and the Surviving Spouse's interest in the community estate, including any undistributed or accrued income on it, which when added to the community property assets that pass to the Surviving Spouse by other means [e.g., joint tenancy, beneficiary designation of life insurance proceeds, IRA's, 401(k) plans, and/or pension or profit sharing plan benefits] shall equal the Surviving Spouse's share of the community estate. The Surviving Spouse shall have the power to require the Trustee to make all or part of the principal of the Survivor's Trust productive or to convert promptly any unproductive part of the trust fund into productive property. This power shall be exercised by the Surviving Spouse in a written instrument delivered to the Trustee.

(2) The Trustee shall allocate all of the Deceased Spouse's separate estate (if any) and the Deceased Spouse's interest in the community estate to the "Marital Deduction Trust". But, if the Trustee or the Deceased Spouse's personal representative choose not to elect the federal estate tax marital deduction pursuant to §2056(a) as to any property that would otherwise qualify for the qualified terminable interest property ("QTIP") election as defined by §2056(b)(7)(B) of the Code, the Trustee shall allocate that portion of such trust (the "non-election share") in the following manner:

(a) The Trustee shall first allocate to the "State Marital Deduction Trust" the minimum pecuniary (i.e., dollar) amount of the non-election property necessary as a marital deduction and which will qualify for a state QTIP election to eliminate entirely any state estate tax which would be otherwise payable on the non-election property. But, if the Trustee or the Deceased Spouse's personal representative choose not to elect the state estate tax marital deduction as to any property that would otherwise qualify for the state QTIP election, the Trustee shall allocate that portion of the non-election property in the manner hereinafter set forth in subsection (b).

(i) Only assets eligible for the state estate tax marital deduction shall be allocated to the State Marital Deduction Trust. It is our intention to have the State Marital Deduction Trust qualify for the marital deduction under state laws applicable to the estate tax marital deduction. In no event shall the Trustee take any action or have any power that will impair the marital deduction, and all provisions

regarding the State Marital Deduction Trust shall be interpreted to conform to this primary objective.

- (ii) The Surviving Spouse shall have the power to require the Trustee to make all or part of the principal of the State Marital Deduction Trust productive or to convert promptly any unproductive part of the State Marital Deduction Trust into productive property. This power shall be exercised by the Surviving Spouse in a written instrument delivered to the Trustee.
 - (iii) In addition, if the Deceased Spouse's unused Generation Skipping Tax Exemption (as defined under Chapter 13 of the Code) is not enough to cover the entire State Marital Deduction Trust (after taking into account the use of such exemption in the Decedent's Trust), then the Trustee shall divide the State Marital Deduction Trust into two (2) sub-trusts: the first to contain assets of a value equal to the amount of the unused Generation Skipping Tax Exemption of the Deceased Spouse and the second to contain the remainder of the State Marital Deduction Trust. The sub-trust containing the unused exemption shall be labeled "State Marital Deduction Trust A" and the other sub-trust shall be labeled "State Marital Deduction Trust B".
- (b) The "Decedent's Trust" shall consist of the balance of the non-elected property.
- (i) The Surviving Spouse shall not at any time have a general power of appointment (as described in §§2041 and 2514 of the Code) over any assets of Decedent's Trust and any provisions of this Trust Agreement which would so create a general power of appointment shall be disregarded.
 - (ii) In addition, if the Deceased Spouse's unused Generation Skipping Tax Exemption (as defined under Chapter 13 of the Code) is not enough to cover the entire Decedent's Trust, then the Trustee shall divide the Decedent's Trust into two (2) sub-trusts: the first to contain assets of a value equal to the amount of the unused Generation Skipping Tax Exemption of the Deceased Spouse and the second to contain the remainder of the Decedent's Trust. The sub-trust containing the unused exemption shall be labeled "Decedent's Trust A" and the other sub-trust shall be labeled "Decedent's Trust B".
- (c) It is our intention to have the Marital Deduction Trust qualify for the marital deduction under §2056(b)(7) of the Code or any corresponding or substitute provisions of the Code applicable to that deduction. In no event

shall the Trustee take any action or have any power that will impair the marital deduction, and all provisions regarding the Marital Deduction Trust shall be interpreted to conform to this primary objective. For all purposes of determining the value of the Marital Deduction Trust, final federal estate tax values shall control and account shall not be taken of any credit that would cause the marital deduction to be disallowed in whole or in part, or of any item not deductible for estate tax purposes because claimed for income tax purposes

- (d) The Surviving Spouse shall have the power to require the Trustee to make all or part of the principal of the Marital Deduction Trust productive or to convert promptly any unproductive part of the Marital Deduction Trust into productive property. This power shall be exercised by the Surviving Spouse in a written instrument delivered to the Trustee.
- (e) Notwithstanding anything to the contrary in this Trust Agreement, the Surviving Spouse shall have the right to disclaim all or any part of the Marital Deduction Trust (i.e., the disclaimer may be as to specific assets, specific sums of money, a percentage or a fractional interest in the Marital Deduction Trust). In the event of a disclaimer by the Surviving Spouse in all or a part of the Marital Deduction Trust, such disclaimed portion (including all income attributable thereto) shall be added to the Decedent's Trust and shall, for all purposes under this Trust Agreement, be treated as a part thereof.
- (f) In addition, if the Deceased Spouse's unused Generation Skipping Tax Exemption (as defined under Chapter 13 of the Code) is not enough to cover the entire Marital Deduction Trust (after taking into account the use of such exemption in the Decedent's Trust and the State Marital Deduction Trust), then the Trustee shall divide the Marital Deduction Trust into two (2) sub-trusts: the first to contain assets of a value equal to the amount of the unused Generation Skipping Tax Exemption of the Deceased Spouse and the second to contain the remainder of the Marital Deduction Trust. The sub-trust containing the unused exemption shall be labeled "Marital Deduction Trust A" and the other sub-trust shall be labeled "Marital Deduction Trust B".

6.E. Deferral of Division or Distribution. Whenever the Trustee is directed to make a distribution of trust assets or a division of trust assets into separate trusts or shares on the death of either of us, the Trustee may, in the Trustee's discretion, defer such distribution or division up to six (6) months after such death. When the Trustee defers distribution or division of the trust assets, the deferred division or distribution shall be made as if it had taken place at the time prescribed in this Trust Agreement in the absence of this Paragraph and all rights given to the beneficiaries of such trust assets under other provisions of this Trust Agreement shall be deemed to have accrued and vested as of such prescribed time; further, the beneficiaries of such trust assets shall be entitled to receive interest on the delayed distribution pursuant to California law

(if there is no provision expressly applicable to trusts, then interest shall be paid pursuant to California law applicable to decedents' estates). Upon making distribution of trust assets or a division of trust assets into separate trusts at the death of the Deceased Spouse, the assets shall be valued at the date of distribution or the date of funding the trusts created by this instrument if such date is different than the date of death, and the Trustee shall distribute or divide so as to avoid application of terminable interest rules and regulations.

6.F. Authorized Actions at Our Deaths. At and after the death of either of us, the Trustee is authorized and directed to pay over to our executor, administrator, or personal representative so much of the trust fund as such representative shall state in writing is necessary or desirable to provide the estate with funds with which to pay the funeral expenses, debts, cost of administration and/or the taxes on the taxable estate, including transfer, estate and inheritance taxes which may be imposed upon the probate estate, upon the trust fund and/or upon any property or interest in property, legal or equitable, which is included in the taxable estate, and any such statement of our executor, administrator, or personal representative (regardless of the nature or extent of the assets held in such the estate) shall be binding and conclusive upon the Trustee and upon all persons and corporations having any interest in the trust fund.

(1) If such executor, administrator, or personal representative fails to furnish any such directions or if no such representative is appointed, the Trustee may, in its discretion, pay in whole or in part all debts which are due and enforceable against our estate, the expenses of the last illness, funeral, and administration and all death taxes and other governmental charges imposed under the laws of the United States or of any state or country by reason of such death.

(2) Any federal and/or state death taxes imposed on any trust assets, or on any assets included in the taxable estate of the Surviving Spouse not part of the trust fund (or not added to the trust fund following our death) shall be paid from the residue of the Trust Estate (i.e., after any specific distributions) and shall not be pro-rated among the beneficiaries and/or trusts who actually receive such property. Provided however:

- (a) No death taxes shall be apportioned to, charged against or paid from any gift made to a charitable organization that qualifies for a charitable deduction under §2055 of the Code.
- (b) No death taxes shall be apportioned to, charged against, or paid from any property qualifying for the marital deduction under §2056 of the Code.
- (c) No death taxes shall be apportioned to, charged against or paid from any other property excluded from the imposition of death taxes by reason of any exemption, exclusion, or deduction applicable to the property, or because of (i) provisions of our respective Wills or this Trust Agreement that expressly exclude the property from taxation; (ii) the relationship between the deceased and the beneficiary of the property; or (iii) the character of the property. All such property shall pass free of death taxes.

- (d) All death taxes imposed on property includible in either of our gross taxable estate under §2041 of the Code by reason of a general power of appointment held by the deceased shall be charged to and paid from the property subject to the power. Further, we direct that the amount of the general power of appointment property equal to the death taxes attributable to the value of the property shall be paid to the Trustee, to be held in this trust and used to pay death taxes. The amount of death taxes attributable to the property shall equal (i) the amount of all death taxes imposed on either of our taxable estate (including the value of the general power of appointment property), less (ii) the amount of all death taxes that would have been imposed on the taxable estate excluding the value of the general power of appointment property. The rules promulgated under §2207 of the Code shall apply in determining the amount of the incremental tax to be paid from the general power of appointment property.
- (e) Any increment in death taxes attributable to other property in which either of us had a life interest or a term interest that did not end prior to his or her death (including a life estate or life income interest) and which is included in either of our gross taxable estate shall be borne by the holder or recipient of that property.
- (f) Notwithstanding the general language of this subparagraph 6.F., the state inheritance tax, if any, based on the relationship of the beneficiary to us shall be paid by each beneficiary who has received a distribution of the Trust Estate which gives rise to such tax.

(3) At the death of the Deceased Spouse, payments under this section shall be made only out of (a) the Deceased Spouse's separate property, if any, (b) the Deceased Spouse's one-half interest in our quasi-community property, if any, and (c) the Deceased Spouse's one-half interest in our community property, and shall not be made from the Surviving Spouse's property. Any death taxes attributable to any property passing to the Surviving Spouse that qualifies for the federal estate tax marital deduction shall be paid pro rata out of property that does not qualify for the federal estate tax marital deduction, so that the property qualifying for the federal estate tax marital deduction shall pass to the Surviving Spouse free of any death taxes.

(4) At the death of the Surviving Spouse, the payment of the charges, costs, taxes or other expenses as above specified in this Paragraph shall first be made from the Survivor's Trust, and shall, in the event of the exhaustion of the Survivor's Trust, be made from the first from the Marital Deduction Trust and then from the State Marital Deduction Trust only after the Trustee is satisfied that the Surviving Spouse's estate does not have sufficient funds from other sources to pay such charges, costs, taxes or expenses; provided however, no part of the Decedent's Trust and/or the Marital Deduction Trusts shall be subject to claim by any governmental agency. Provided further, all state death taxes imposed on QTIP property includible in the Surviving Spouse's gross

taxable estate shall be apportioned to, charged against and paid from the State Marital Deduction Trust and all federal death taxes imposed on QTIP property includible in the Surviving Spouse's gross taxable estate under §2044 of the Code shall be apportioned to, charged against and paid from the Marital Deduction Trust as provided under §2207A of the Code. Notwithstanding the foregoing, if a reverse QTIP election is made for the Marital Deduction Trust under §2652(a)(3) of the Code, no death taxes shall be charged against or paid from the QTIP property subject to the election.

(5) Notwithstanding the provisions of subparagraph (2), at the death of the Surviving Spouse, such authorized payments shall specifically exclude the payment of any generation-skipping transfer tax which shall be specifically borne by the asset(s) giving rise to such tax and, provided further, any transfer, estate and inheritance taxes which may be imposed upon either Marital Deduction Trust shall first be paid by the Trustee from that portion of the respective Marital Deduction Trust which gave rise to such tax that portion of the respective Marital Deduction Trust which gave rise to such tax.

6.G. Deceased Spouse's Expenses. On the death of the Deceased Spouse, and to the extent authorized by Paragraph 6.F. as hereinabove set forth, the Trustee shall pay out of the trust fund such charges, costs, taxes or other expenses in the following manner:

(1) Any payment for federal and/or state death taxes shall be charged to and paid from the Decedent's Trust.

(2) Payments for last-illness, funeral and other administration costs shall be charged to the Decedent's Trust; provided however, that administration costs allocable to the Surviving Spouse's share of the community estate administered in the Deceased Spouse's estate shall be charged to the Survivor's Trust.

(3) Payment of the Deceased Spouse's debts shall be charged against the Survivor's Trust and the Decedent's Trust in accordance with California law in effect at the date of decedent's death.

6.H. Payments of Income.

(1) The Trustee shall pay to or apply for the benefit of the Surviving Spouse the net income of both the Survivor's Trust and the Marital Deduction Trusts. No less frequently than annually, the Trustee shall also pay to or apply for the benefit of the Surviving Spouse the "annual minimum required distribution" from any qualified plan account and/or Individual Retirement Account ("IRA") from which the right to receive distributions is held by any Trust. In addition thereto, the Surviving Spouse has the power, exercisable annually, to compel the Trustee to withdraw from any qualified plan account and/or Individual Retirement Account ("IRA") from which the right to receive distributions is held by either Marital Deduction Trust an amount equal to the accounting income of the IRA, according to state law, during the year which is in excess of the annual minimum required distribution of such account(s) and to distribute that amount to or apply it for the benefit of the Surviving Spouse. In no event shall the Uniform

Principal and Income Act's "10% rule" be acceptable for the determination of the accounting income.

(2) The Trustee (if an co-Trustees are then-acting and the Surviving Spouse is a co-Trustee, this power shall be limited to the co-Trustee or co-Trustees other than the Surviving Spouse), in the Trustee's sole and absolute discretion, shall pay to or for the benefit of the Surviving Spouse and/or the Deceased Spouse's issue (or trusts established for the benefit of the Deceased Spouse's issue), in equal or unequal distributions, such part of the net income of the Decedent's Trust on a yearly or such other basis as deemed advisable for the comfort and maintenance of such beneficiaries. Any income not so distributed shall be added to principal. Provided however, notwithstanding this discretionary power to distribute income, no less frequently than annually, the Trustee shall pay to or apply for the benefit of the Surviving Spouse the "annual minimum required distribution" from any qualified plan account and/or Individual Retirement Account ("IRA") from which the right to receive distributions is held by the Decedent's Trust.

6.I. Payments of Principal to Surviving Spouse.

(1) The Trustee shall also pay to or apply for the benefit of the Surviving Spouse such sums out of the principal of the Survivor's Trust as the Trustee, in the Trustee's discretion, shall consider necessary for the Surviving Spouse's proper health, support, comfort, enjoyment, and welfare. In addition, the Trustee shall pay the Surviving Spouse as much of the principal of the Survivor's Trust as the Surviving Spouse shall request or shall make such gratuitous transfers of the principal of the Survivor's Trust as the Surviving Spouse shall direct. The Trustee shall exercise in a liberal manner the power to invade the principal of the Survivor's Trust and the rights of the remaindermen in the trust shall be considered of secondary importance.

(2) The Trustee, other than an Interested Trustee, may distribute to the Surviving Spouse as much of the principal of the Decedent's Trust and/or the Marital Deduction Trusts as such Trustee may determine advisable for any purpose. If there is no Trustee that is not an Interested Trustee, the Trustee (if co-Trustees are then-acting and the Surviving Spouse is a co-Trustee, this power shall be limited to the co-Trustee or co-Trustees other than the Surviving Spouse) considers the income of the Surviving Spouse to be insufficient, the Trustee shall also pay to or apply for the benefit of the Surviving Spouse such sums out of the principal of the Decedent's Trust and/or the Marital Deduction Trusts as the Trustee, in the Trustee's discretion, shall consider necessary for the Surviving Spouse's proper health, support and maintenance, in order to maintain the same standard to which the Surviving Spouse was accustomed at the death of the Deceased Spouse; provided however, no part of the Decedent's Trust and/or the Marital Deduction Trusts shall be subject to claim by any governmental agency.

(3) Although not mandatory, it is suggested that payments out of principal to the Surviving Spouse shall be made first out of the Survivor's Trust until it is exhausted, then in the following order of priority: the Marital Deduction Trust, the State Marital

Deduction Trust and the Decedent's Trust. In addition, the Trustee may also consider the Surviving Spouse's other assets and income, outside the Survivor's Trust, in making such discretionary payments.

6.J. Power of Appointment in Surviving Spouse. On the death of the Surviving Spouse, the Trustee shall distribute the balance then remaining, if any, of the Survivor's Trust, including both principal and any accrued or undistributed income, to such one or more persons or entities, including the Surviving Spouse's own estate, and on such terms and conditions, either outright or in trust, as the Surviving Spouse shall appoint by an amendment to this Trust Agreement adding a Paragraph providing for the distribution of the Survivor's Trust separate from the Decedent's Trust. Any of the Survivor's Trust not effectively appointed by the Surviving Spouse in this manner shall follow the disposition of the Decedent's Trust in all respects as hereinafter set forth; provided however, the Trustee shall, to the extent and in the manner hereinabove authorized, first pay out of the Survivor's Trust not so appointed the Surviving Spouse's last illness and funeral expenses, attorney's fees and other costs incurred in administering his or her estate, other obligations incurred for his or her support, and any estate or inheritance taxes (including interest and penalties) occasioned by the Surviving Spouse's death.

6.K. Distribution at Surviving Spouse's Death. On the death of the Surviving Spouse, the Trustee shall hold, administer and distribute the Decedent's Trust and the Marital Deduction Trusts, as then constituted, or the entire trust fund, as the case may be (all of which is hereafter referred to as the "Trust Estate"), as follows:

(1) The Trustee shall distribute such items of our tangible personal property as may then be included in the Trust Estate in accordance with any written instructions left by us, or either of us, and the remainder of such personal property, or all of it if no such instructions are left, in the manner that the Trustee shall determine, in the Trustee's absolute discretion.

(2) Trustee shall distribute our interest in that business entity known as JONES & SON, 123 4th Street, Hometown, California; and shall include, but not be limited to, the goodwill, accounts receivable, equipment, inventory, bank accounts and all other assets of the business of whatever manner, wherever located, and whenever acquired, to husband's son STEVEN JONES; provided however, if he does not survive the Surviving Spouse, the Trustee shall transfer and deliver this property in the manner hereinafter set forth for the distribution of the residue of the Trust Estate.

(3) The Trustee shall divide the rest, remainder and residue of the Trust Estate into as many equal shares as there are children of ours then living and children of ours then deceased with issue then living. The Trustee shall allocate one (1) such share to each then-living child and one (1) such share to each group composed of the then-living issue of a deceased child. Each such share shall be distributed, or retained in trust, as hereafter provided:

(a) Each share allocated to a living child shall be retained and administered as a separate trust. Until the child for whom such share was allocated attains

age twenty-five (25), the Trustee thereof shall be the Trustee hereinabove set forth in Paragraph 2.C. and, upon such child attaining said age (or if such child is already said age upon the Surviving Spouse's death), the child and the then-acting Trustee shall act as co-Trustees of such share; further, upon such child attaining age thirty (30) (or if such child is already said age upon the Surviving Spouse's death), the sole Trustee of such share shall be the child for whom such share was allocated. After attaining age thirty (30), each child shall also have the power to appoint a co-Trustee or successor Trustees of his or her share (in the absence of any such designation, the successor Trustees shall be in the manner hereinabove set forth in Paragraph 2.C.). If, prior to the time such child is designated as the sole Trustee of his or her share, the Trustee presently acting pursuant to Paragraph 2.C. determines that such child would be ineligible to receive trust income pursuant to Paragraph 2.K. (as hereinabove set forth), the Trustee shall delay the designation of such child as the Trustee until such child would again be eligible to receive trust income.

- (b) The Trustee (if co-Trustees are then-acting and the child for whom such share was allocated is a co-Trustee, this power shall be limited to the co-Trustee or co-Trustees other than the child) shall pay to or apply for the benefit of each child for whom a share was allocated or to his or her issue as much of the net income and principal of such each child's share as the Trustee, in the Trustee's discretion, shall deem necessary for their proper support, health, maintenance and education. Any income not so distributed to or for the benefit of the child's issue shall be distributed to such child.
- (c) On the death of a child for whose benefit a share is then held in trust hereunder, the Trustee shall distribute such share in further trust to the then-living issue of such deceased child, by right of representation. The Trustee (if co-Trustees are then-acting and the beneficiary for whom such trust is held is a co-Trustee, this power shall be limited to the co-Trustee or co-Trustees other than the beneficiary) shall pay to or apply for the benefit of the beneficiary of each new trust and/or the issue of such beneficiary as much of the net income and/or principal of said trust as the Trustee, in the Trustee's discretion, shall deem necessary for their proper support, health, maintenance and education. Any net income not so distributed shall be paid to or applied for the benefit of the beneficiary. On the death of the beneficiary, the Trustee shall distribute such deceased beneficiary's trust in further trust to the then-living issue of such deceased beneficiary, by right of representation, to be administered under the same provisions as the beneficiary's trust.
- (d) If a deceased child shall not be survived by issue, the Trustee shall distribute his or her share to our then-living issue (whenever born), by right of representation. Thereafter, if a deceased beneficiary shall not be survived by issue, the Trustee shall distribute such deceased beneficiary's

trust, by right of representation, to the issue of the deceased beneficiary's nearest lineal ancestor who was a descendant of ours or, if no such descendant is then living, to our then-living issue (whenever born), by right of representation. Provided however, any portion of the trust of a deceased child or another deceased beneficiary distributable to any other beneficiary for whose benefit a share shall then be held in trust hereunder shall be added to such share and shall thenceforth be held, administered and distributed as a part thereof.

- (e) Each share allocated (at the time hereinabove set forth for the original division of the Trust Estate into shares) to a group composed of the then-living issue of a deceased child of ours shall be held for such issue in the same manner as is hereinabove set forth in subsection (c).
- (f) As a guide to the Trustee, in the administration of the discretionary trusts:
 - (i) It is our intent is to encourage our children and their descendents to become independent and educated; we have created lifetime trusts for our children and their descendents as a source of financial security that will be protected throughout their lifetimes, but which is available to them to use to enrich their lives, pursue their dreams, and provide for extra opportunities based on our family values. Education, integrity, hard work and a commitment to family and loved ones are the values by which our family has lived their lives and raised their children; we hope that our descendants will allow these same values to guide them throughout their own lives and that by doing so, they will use their trust assets wisely.
 - (ii) It is our desire that the Trustee give assistance to a beneficiary for the pursuit of education, basic living expenses while obtaining education and to allow our beneficiaries to remain debt free so long as they are acting responsibly. For example, we would want the Trustee to use some of our trust assets to help a beneficiary purchase a house or pay off student loans so long as the beneficiary was maintaining a responsible lifestyle. Trust assets may also be used to pay for such things as vacations and entertainment if the primary needs of the beneficiary's education and living expense ere already fulfilled.
 - (iii) In making discretionary distributions, the Trustee may take into consideration, to the extent the Trustee shall deem advisable, any income or other resources of such beneficiaries, outside of said trust, known to the Trustee and reasonably available for these purposes. It is our express desire that the Trustee also take into consideration the future probable needs of a beneficiary prior to making any discretionary distributions hereunder. Education and

basic living expenses are the primary objectives for our trust assets; all other distributions are luxuries and should be considered only after the Trustee ensures that there are sufficient assets to educate and secure the financial future of the beneficiaries.

(4) If no issue of ours shall be living at the death of the Surviving Spouse or prior to the distribution of the whole of the Trust Estate, the Trustee shall distribute such part of the Trust Estate as shall then be held in trust hereunder one-half (1/2) to husband's heirs and one-half (1/2) to wife's heirs; the identities and respective shares of such heirs to be determined according to the laws of the State of California in effect at the date of execution of this Trust Agreement.

6.L. Generation Skipping Tax Provisions. The purpose of this Paragraph is to place in one Paragraph as many provisions relating to generation skipping as is practical. In this Paragraph and in the generation skipping context generally, the term or any reference to the term "generation skipping tax" refers to the federal generation skipping transfer tax under Chapter 13 of the Code.

(1) Definitions. For purposes of this Trust Agreement the following generation skipping definitions apply:

- (a) *Exempt.* The term "exempt" refers to property, or a trust or a share that has a generation skipping inclusion ratio of Zero (an applicable fraction for generation skipping purposes of One). This means that distributions from such a trust or with respect to such property are not subject to the Generation Skipping Tax. References to an "Exempt Trust" or to an "Exempt Share" refer to or are a special titling for property that has or is to be established having an inclusion ratio of Zero.
- (b) *Nonexempt.* The terms "Nonexempt Trust" or "Nonexempt Share" or "nonexempt" refer to property, or a trust or a share that has a generation skipping inclusion ratio of One (an applicable fraction for generation skipping purposes of Zero). This means that distributions from such a trust or with respect to such property are subject to the Generation Skipping Tax.
- (c) *Trustee.* In this Paragraph, and in the generation skipping context generally, the term "Trustee" refers to the person or persons whom the Code authorizes to make the transferor election for qualified terminable interest property under Section 2652(a)(3) of the Code and to allocate the exemption under Section 2631(a) of the Code. However, if the Executor of our Will has that authority under the Code, then the term "Trustee" in this Paragraph and elsewhere when used in reference to those authorizations includes the Executor. A person acting as a Trustee shall not, however, be authorized to make or participate in any generation skipping election or allocation decision if making or participating in that decision would result

in that person having a general power of appointment over the property which such person would not otherwise have. If this prohibition leaves no Trustee able to make elections and allocations, the Trustee for such limited purposes shall be filled in the manner hereinabove set forth in Article III.

(2) Exemption Allocation. In allocating our exemption, the Trustee may include or exclude from that allocation any property of which we are the transferor for generation skipping purposes, including property transferred before the death of the Surviving Spouse. The Trustee may base the decision on prior transfers, gift tax returns, and other information known to the Trustee; there is no requirement that the allocations proportionately, equally, or in any other particular manner benefit the various transferees or beneficiaries of that property.

(3) Separate Trusts for Exempt and Nonexempt Property. If any of either of our or another's exemption is allocated to property of a trust under this agreement or to the Exempt Portion of that trust, and the trust results in a generation skipping inclusion ratio of other than Zero, then the Trustee must immediately create two separate trusts so that each separate trust has a generation skipping inclusion ratio of either Zero (the Exempt Portion) or One (the Non-Exempt Portion). The Trustee does this by allocating to a Nonexempt trust the minimum amount of property needed to create that trust with an inclusion ratio of One, while leaving an Exempt trust with an inclusion ratio of Zero.

If any of the separate trusts in this document terminate, partially terminate, are subdivided, or distributions are made from them, or are combined, the Trustee shall preserve the nonexempt (inclusion ratio of One) or exempt (Zero inclusion ratio) generation skipping character of the property in each trust. Therefore, when the Trustee adds to or combines property with the property of another trust or trusts, or establishes trusts from one or more sources, the Trustee shall not combine or add nonexempt property with exempt property in a trust even if this requires the creation of more separate trusts with the same terms.

For example, if the terms of Trust X direct that on its termination (or on the failure of a party to exercise a power of appointment) the Trustee shall add its property to another trust, then the Trustee shall add Trust X's exempt property only to the property in an exempt trust even if it is necessary to create another exempt trust for that exempt property, with the same terms as the terms of the recipient trust. Nonexempt property shall be combined only with the nonexempt property in a nonexempt trust even if it is necessary to create another nonexempt trust for that nonexempt property, with the same terms as the terms of the recipient trust.

(4) Combining or Separating Trusts Depending on Interests. To preserve the rights and to protect the interests of beneficiaries, the Trustee may combine trusts having the same inclusion ratio with the same terms for beneficiaries, or may separate trusts having the same inclusion ratio and different terms for different beneficiaries. In deciding whether and how to exercise this authority, the Trustee may consider efficiencies of administration, generation skipping tax and other transfer tax considerations, income

taxes on the trusts and their beneficiaries, the beneficiaries' future needs, the desirability for different the Trustees for different trusts, and any other considerations the Trustee deems appropriate.

(5) General Power of Appointment. If the beneficiary has been given a Testamentary General Power of Appointment (hereinafter referred to as "GPA") in order to avoid or minimize the generation skipping transfer tax, then this subparagraph governs the use of the GPA:

- (a) This GPA gives the beneficiary the power to appoint the assets subject to this power **only** to the creditors of the beneficiary's estate.
- (b) The beneficiary may exercise the GPA alone and in all events; provided however, the GPA shall be effective to convey property other than as hereinabove set forth in the above Paragraph only if, at the time of the beneficiary's death, there would be a generation skipping transfer tax imposed on the property so appointed if this GPA were not granted to the beneficiary.
- (c) The GPA can be exercised only in the beneficiary's will specifically referring to the GPA granted in the specific section of Article VI of this Trust Agreement. "Will" does not include a codicil.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES,
Settlor

MARY JONES,
Settlor

We hereby acknowledge receipt of the trust fund, accept the terms of THE JONES LIVING TRUST, and covenant that we will execute the trust with all due fidelity.

JAMES JONES,
Trustee

MARY JONES,
Trustee

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared JAMES JONES and MARY JONES, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

EXHIBIT “A”
OF
THE JONES LIVING TRUST
STANDARD TRUSTEE POWERS

1. **Agreements.** To carry out the terms of any valid agreements which Settlers, or either of them, may have entered into during Settlers’ lifetimes regarding property owned by the trust;
2. **Asset Title.** To hold securities or other property in the Trustee's name as trustee, or in "street name", or in bearer form;
3. **Bank Accounts.** To open and maintain bank accounts in the name of the Trustee with any bank, trust company or savings and loan association authorized and doing business in any State of the United States of America. If more than one Trustee shall be acting, the Trustees may designate one or more of them to conduct banking activities and to make deposits, withdrawals and endorsements upon giving written notice of such designation to the bank, trust company, or savings and loan association in question; and such bank, trust company or savings and loan association shall be protected in relying upon such designation;
4. **Contracts.** To enter into contracts which are reasonably incident to the administration of the trust;
5. **Deal with Fiduciaries.** To buy from, sell to, and generally deal with the Trustee individually and as a fiduciary;
6. **Depreciation Reserve.** The Trustee shall not be required to establish any reserve for depreciation or to make any charge for depreciation against any portion of the income of the trust fund;
7. **Divisions and Distributions.** In any case in which the Trustee is required to divide any trust assets into shares for the purpose of distribution (or otherwise), such division may be in kind, including undivided interests in any real property, or partly in kind and partly in money. For such purposes, the Trustee may make such sales of trust assets as the Trustee may deem necessary on such terms and conditions as the Trustee shall deem fit, and to determine the relative value of the securities or other assets so allotted or distributed; the Trustee's determination of values and of the property for such distribution shall be conclusive. The decision of the Trustee in distributing assets in reliance on this paragraph shall be binding, and shall not be subject to challenge by any beneficiary;
8. **Indebtedness.** With respect to any indebtedness owed to the trust, secured or unsecured:
 - (a) To continue the same upon and after maturity, with or without renewal or extension, upon such terms as the Trustee deems advisable; and,
 - (b) To foreclose any security for such indebtedness, to purchase any property securing such indebtedness and to acquire any property by conveyance from the debtor in lieu of foreclosure;

9. **Invest and Reinvest.** To invest, reinvest, change investments and keep the trust fund invested in any kind of property, real, personal, or mixed, including by way of illustration but not limitation, oil and gas royalties and interests; precious metals; common and preferred stocks of any corporation; bonds; notes; debentures; trust deeds; mutual funds or common trust funds, including such funds administered by a Trustee; interests in partnerships, whether limited or general and as a limited or general partner; intending hereby to authorize the Trustee to act in such manner as the Trustee shall believe to be in the best interests of the trust fund and the beneficiaries thereof. The Trustee is specifically vested with the power and authority to open, operate and maintain securities brokerage accounts wherein any securities may be bought and/or sold on margin, and to hypothecate, borrow upon, purchase and/or sell existing securities in such account as the Trustee shall deem appropriate or useful and, further, while Settlers, or either of them, are acting as a Trustee, such account(s) may deal in commodities, options, futures contracts, hedges, puts, calls and/or straddles (whether or not covered by like securities held in the brokerage account). These powers shall be construed as expanding the standards of the prudent investor rule as set forth in the Uniform Prudent Investor Act;

10. **Loans.** To borrow for the trust fund from any person, corporation or other entity, including the Trustee, at such rates and upon such terms and conditions as the Trustee shall deem advisable, and to pledge as security any of the assets of the trust fund for the benefit of which such loan is made; to execute, acknowledge and deliver mortgages, deeds of trust or other documents incidental thereto; to lend money upon such terms and such conditions as the Trustee deems to be in the best interests of the trust fund and the beneficiaries thereof, including the lending of money from one trust to any other trust created hereunder and to borrow on behalf of one trust from any other trust created hereunder, and further including the right to lend money to the probate estate (if any) of either Settlor but in such event such loans shall be adequately secured and shall bear the then prevailing rate of interest for loans to such persons or entities for the purposes contemplated;

11. **Manage and Control.** To manage, control, sell at public or private sale, convey, exchange, partition, divide, subdivide, improve, repair; to grant options and to sell upon deferred payments; to pledge or encumber by mortgage or deed of trust or any other form of hypothecation; to otherwise dispose of the whole or any part of the trust fund on such terms and for such property or cash or credit, or any combination thereof, as the Trustee may deem best; to lease for terms within or extending beyond the duration of the trust fund for any purposes; to create restrictions, easements, to compromise, arbitrate, or otherwise adjust claims in favor of or against the trust fund; to institute, compromise and defend actions and proceedings with respect to the trust fund; and to secure such insurance, at the expense of the trust fund, as the Trustee may deem advisable;

12. **Professional Assistance.** To employ and compensate agents, investment managers, attorneys, accountants, and other professionals deemed by the Trustee to be reasonably necessary for the administration of the trust fund, and the Trustee shall not be liable for any losses occasioned by the good faith employment of such professionals, nor shall the Trustee be liable for any losses occasioned by any actions taken by the Trustee in good faith reliance upon any advice or recommendation thereof; to pay all costs, taxes, and charges in connection with the administration of the trust fund; and to be reimbursed for all reasonable expenses, including attorneys' fees, incurred in the management and protection of the trust fund and to pay such professionals a reasonable fee without court approval thereof. Any such payment by the Trustee of such fees shall be out of principal or income, as the Trustee may elect, or partially out of each. The discretion of the Trustee to pay these expenses from income or principal, or partially from each, should be subject to the Trustee's fiduciary obligation to treat income beneficiaries and remaindermen equitably;

13. **Purchase.** To purchase property at its fair market value as determined by the Trustee from the probate estate (if any) of either Settlor;

14. **Receive Assets.** To receive, take possession of, sue for, recover and preserve the assets of the trust fund, both real and personal, coming to its attention or knowledge, and the rents, issues and profits arising from such assets;

15. **Securities.** With respect to any corporation or partnership, the stocks, bonds or interests in which may form a part of the trust estate, to act in the same manner and to exercise any and all powers which an individual could exercise as the legal owner of any such corporate stock or partnership interest, including the right to vote in person or in proxy, or to surrender, exchange or substitute stocks, bonds, or other securities as an incident to the merger, consolidation, re-capitalization or dissolution of any of such corporation, or to exercise any option or privilege which may be conferred upon the holders of such stocks, bonds, or other securities, either for the exchange or conversion of the same into other securities or for the purchase of additional securities, and to make any and all payments which may be required in connection therewith;

16. **Retention of Trust Property.** To retain, without liability for loss or depreciation resulting from such retention, any assets received by the Trustee or any property that may from time to time be added to the trust fund or any trust created hereunder; or any property in which the funds of any trust may from time to time be invested, for such time as the Trustee shall deem best, even though such property may represent a large percentage of the total property of the trust fund or it would otherwise be considered a speculative or inappropriate investment. This authority shall not supersede any right otherwise granted to the Surviving Spouse under this Trust Agreement to compel that certain trust assets be made productive;

17. **Closely-Held Business.**

- (a) *Authority to Operate.* The Trustee may operate “the Business” (as defined below) and retain any equity interests in the Business, even if these interests would otherwise be a speculative or inappropriate investment for a Trust. This authority shall not supersede any right otherwise granted to the Surviving Spouse under this Trust Agreement to compel that certain trust assets be made productive. The Trustee may do all things related to the operation of the Business that may be appropriate, all in a fiduciary capacity:
- (i) The Trustee may carry out the terms of any option or buy-sell agreements into which either of the Settlers may have entered.
 - (ii) The Trustee may sell or liquidate any of the Business interests at such price and on such terms as the Trustee may deem advisable.
 - (iii) The Trustee may arrange for and supervise the continued operations of the Business.
 - (iv) The Trustee may vote (in person or by proxy) as stockholder or otherwise and in any matter involving the Business on behalf of the Trust.
 - (v) The Trustee may grant, exercise, sell or otherwise deal in any rights to subscribe to additional interests in the Business.
 - (vi) The Trustee may take any actions appropriate to cause the capital stock or securities in the Business to be registered for public sale under any state or

Federal securities act; may enter into any underwriting agreements or other agreements necessary or advisable for this registration and sale; and may grant indemnities to underwriters and others in connection with such registration.

- (vii) The Trustee may participate in any incorporation, dissolution, merger, reorganization or other change in the form of the Business and, where appropriate, deposit securities with any protective committees and participate in any voting trusts.
 - (viii) The Trustee may delegate to others discretionary power to take any action with respect to the management and affairs of the Business that either of the Settlers could have taken as the owner of the Business.
 - (ix) The Trustee may invest additional capital in, subscribe to additional stock or securities of and lend money or credit to the Business from the Trust.
 - (x) The Trustee may accept as correct financial or other statements rendered by the Business as to its conditions and operations except when having actual notice to the contrary.
- (b) *Liabilities.* Any contractual and tort liabilities arising from the Business shall be satisfied first from its assets, and only secondarily from other assets of the Trust. The Trustee shall have no liability to anyone for any loss arising from the operations, retention or sale of the Business.
- (c) *Compensation.* The Trustee shall be entitled to additional reasonable compensation for the performance of services with respect to the Business, which may be paid to the Trustee from the Business, the trust assets, or both, as the Trustee may deem advisable.
- (d) *Conflict of Interest Waived.* The Trustee may exercise the authorities granted hereunder even if the Trustee personally shall own an interest in the Business.
- (e) *“The Business” Defined.* “The Business” means any interest owned by either or both of the Settlers, the Trust, or some combination of them, representing in the aggregate at least Five Percent (5%) of the total equity interests in any actively-conducted trade or business, whether incorporated or unincorporated. Settlers declare that the term “the Business” shall also include, but not be limited to, any five percent or greater equity interests in any general and/or limited partnerships, as well as membership interests in any limited liability company formed, operated, beneficially owned by or participated in (to the extent of five percent or more) by either Settlor prior to such Settlor’s death, and shall also include any interest in JONES & SON or its successor-in interest, if any. The term “the Business” does not include any interests that are regularly traded on an established exchange or over-the-counter.

18. **Tax Consequences.** To prepare and file returns and arrange for payment with respect to all local, state, federal and foreign taxes incident to this Trust Agreement; to take any action and to make any election, in the Trustee's discretion, to minimize the tax liabilities of this Trust Agreement and its beneficiaries; and,

19. **General Powers.** To do any and all other acts necessary, proper or desirable for the benefit of the trust fund and its beneficiaries, and to effectuate the powers conferred upon the Trustee hereunder.

SCHEDULE “A”
OF
THE JONES LIVING TRUST
INITIAL TRUST FUNDING

1. The real property located at 123 4th Street, Hometown, California.
- 2.
3. All articles of personal and household use and ornament of every kind and description and wheresoever situated.

DECLARATION OF TRUST

We, **JAMES JONES** and **MARY JONES**, hereby declare that all assets of every kind and description and wheresoever situated which we jointly or individually presently own (regardless of the means by which acquired and/or the record title in which held; including, by way of illustration and not limitation, all real property, investments, bank accounts, etc.), other than any Individual Retirement Accounts or other type of plan which is tax deferred under the Internal Revenue Code of 1986, are transferred to and the same shall be owned by:

THE JONES LIVING TRUST,

being a revocable living trust, which exists under a certain trust agreement created by us concurrently herewith.

The foregoing declaration and transfer shall apply even though "record" ownership or title, in some instances, may, presently or in the future, be registered in our respective individual names, in which event such record ownership shall hereafter be deemed held in trust even though such trusteeship remains undisclosed. This declaration may be terminated by either of us by written notice to the Trustee of the above-mentioned trust.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES

MARY JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared **JAMES JONES** and **MARY JONES**, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

CERTIFICATE OF TRUST

TO: ALL FINANCIAL INSTITUTIONS, MUTUAL FUND ADMINISTRATORS, TITLE INSURERS, TRANSFER AGENTS, AND OTHER PERSONS AND INSTITUTIONS

The undersigned desire to confirm the establishment of a revocable living trust named THE JONES LIVING TRUST (hereinafter referred to as the "Trust"). The following provisions are found in said Trust and may be relied upon as a full statement of the matters covered by such provisions by anyone dealing with the original co-Trustees or their successors.

CREATION OF TRUST

The Trust was created concurrently herewith by a Trust Agreement executed by the undersigned as Settlers and co-Trustees, for the benefit of the undersigned during their joint lifetimes, thereafter for the lifetime benefit of the survivor, and ultimately for the benefit of other successor beneficiaries in interest.

NAME OF TRUST

The name of the Trust is THE JONES LIVING TRUST. Any assets held in the name of the Trust should be titled in substantially the following manner: JAMES JONES and MARY JONES, as co-Trustees of THE JONES LIVING TRUST, U/A dated _____, 2008.

TRUSTEE

The currently acting co-Trustees of the Trust are JAMES JONES and MARY JONES. If either of said co-Trustees shall cease to act for any reason, the other shall act as sole Trustee of the Trust. In the event that both cease to act for any reason, they shall be succeeded by STEVEN JONES as the successor Trustee. If said successor Trustee fails to qualify or ceases to act, SALLY SMITH shall act as the alternate successor Trustee.

SIGNATURE AUTHORITY

While co-Trustees are acting, only one signature shall be required to conduct business with respect to property and/or assets held or owned by the Trust. Any third party dealing with the Trust may rely upon this singular authority without any further evidence. Any Trust asset may be titled to reflect this authority, including the designation "and/or".

REVOCABILITY OF TRUST

The Trust is revocable. The persons holding the power to revoke or amend the Trust are JAMES JONES and MARY JONES.

TAXPAYER IDENTIFICATION NUMBER

The Trust uses the Social Security number of the Settlers as its Taxpayer Identification Number. This number is 555-55-5555.

ADDRESS OF THE TRUST

The Trust uses the address of the Settlers/Trustees as its location. This address is 123 4th Street, Hometown, California 99999.

TRUSTEE AUTHORITY

(1) A Trustee may appoint an Attorney-in-Fact ("Power of Attorney") and delegate to such agent the exercise of all or any of the powers conferred upon a Trustee.

(2) The Settlers intend for the Trustee to be treated as they would regarding the use and disclosure of their individually identifiable health information or other medical records. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), 42 USC 1320d and 45 CFR 160-164, and the California Confidentiality of Medical Information Act ("CMIA"), California Civil Code §56. The Settlers authorize any physician, healthcare professional, dentist, health plan, hospital, clinic, laboratory, pharmacy or other covered health provider, any insurance company and medical information bureau or other health care clearinghouse that has provided treatment or services or that has paid for or is seeking payment from either Settlor for such services to give, disclose, and release, either orally or in writing, to the Trustee or Trustees, without restriction, all of such Settlor's individually identifiable health information and medical records regarding any past, present or future medical or mental health condition.

The authority given to the Trustee shall supersede any prior agreement that the Settlers have made with their health care providers to restrict access to or disclosure of their individually identifiable health information. The authority given to the Trustee has no expiration date and shall expire only in the event that either Settlor revokes the authority in writing and delivers such revocation to his or her health care providers.

(3) No purchaser from or other person dealing with the Trustee shall be responsible for the application of any purchase money or thing of value paid or delivered to such the Trustee, but the receipt by the Trustee shall be a full discharge; and no purchaser or other person dealing with the Trustee and no issuer, or transfer agent, or other agent of any issuer of any securities to which any dealings with the Trustee should relate, shall be under any obligation to ascertain or inquire into the power of the Trustee to purchase, sell, exchange, transfer, mortgage, pledge, lease, distribute or otherwise in any manner dispose of or deal with any security or any other property held by the Trustee or comprised in the trust fund.

(4) The certificate of a Trustee and/or the agent of a Trustee that such person is acting according to the terms of this Agreement shall fully protect all persons dealing with such Trustee and/or agent. Any person may rely upon the certification of any Trustee as to the matters which are not contained in this Certificate, including a further enumeration of the Trustee's powers.

TRUSTEE'S POWERS

The Trustee shall have, in general, the power to do and perform any and all acts and things in relation to the trust fund in the same manner and to the same extent as an individual might or could do with respect to his or her own property including the power to buy, sell, hold, transfer, convey, or exercise any ownership rights in any asset for the Trust by executing any appropriate document, or by an oral demand to buy or sell a security; to maintain, deposit or to withdraw from any bank, brokerage or mutual fund account (including margin accounts), and to sign checks or drafts on any such account; to purchase or exercise rights in any life insurance or annuity contracts; and to borrow and pledge any Trust asset as security. In addition to the above, the Trustee shall have all of the powers authorized by §§16220, et. seq., of the California Probate Code (as though such powers were set forth herein).

ADMINISTRATIVE PROVISIONS

- (1) The Trust shall be administered according to the laws of the State of California relating to inter-vivos trusts, except as shall be specifically modified therein.
- (2) The Trust has not been revoked, modified, or amended in any manner that would cause the representations contained in this Certification of Trust to be incorrect.
- (3) This Certificate of Trust is a true and accurate statement of the matters referred to herein concerning the Trust.
- (4) This Certificate of Trust has been signed by both of the currently acting co-Trustees of the Trust.
- (5) This Certificate of Trust is intended to comply with the provisions of §18100.5 of the California Probate Code.
- (6) Reproductions of this executed original (with reproduced signatures) shall be deemed to be original counterparts of this Certificate of Trust and any person who is in possession of a photocopy of this executed Certificate may, in good faith, rely upon the information it contains and shall not be liable to the Settlers, any Trustee or beneficiary for reliance upon the information herein contained.
- (7) No person shall have received notice of any event upon which the use of this Certificate of Trust depends unless said notice is in writing and until the notice is delivered to said person.

IN WITNESS WHEREOF, the undersigned declare under penalty of perjury that the foregoing is true and correct and that they have executed this Certificate of Trust on _____, 2008, in Riverside County, California.

JAMES JONES,
Settlor-Trustee

MARY JONES,
Settlor-Trustee

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared JAMES JONES and MARY JONES, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

MARITAL PROPERTY AGREEMENT

THIS AGREEMENT, made and executed by and between **JAMES JONES** (hereinafter referred to as "Husband") and **MARY JONES** (hereinafter referred to as "Wife").

WITNESSETH:

WHEREAS, Husband and Wife are married and are residents of the State of California;

WHEREAS, concurrently herewith, Husband and Wife have created a revocable inter vivos trust known as **THE JONES LIVING TRUST**. All community property assets transferred to the Trustee of said trust are referred to in that agreement and in this agreement as "the community estate".

WHEREAS, both Husband and Wife are the lifetime beneficiaries of said trust;

WHEREAS, both Husband and Wife wish to treat all of their property, regardless of previous ownership, as the property of both and have intended said property to be the community property of both parties; and,

WHEREAS, both Husband and Wife wish to enter into a comprehensive agreement concerning the status of their property and to provide for and facilitate the division of such property when the community terminates on the death of either of them.

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OTHERS, IT IS AGREED AS FOLLOWS:

- (1) All joint tenancy assets now held or hereafter acquired by the parties shall be community property of the parties unless the parties specifically agree otherwise by an instrument in writing that expressly refers to and modifies this Agreement.
- (2) Notwithstanding the provisions of Paragraph 1 above, the parties agree that all of the following assets that are held by them as joint tenants (whether now owned or hereafter acquired) shall be owned by them as joint tenants: (a) checking accounts at any financial institution; (b) automobiles and other motor vehicles; and (c) U.S. "Series E" savings bonds.
- (3) The parties understand and agree, with respect to joint tenancy assets listed in Paragraph 2 above, that (a) each party owns an undivided one-half (1/2) interest in the asset as his or her separate property and, (b), the deceased party's interest in such property will pass by operation of law to the survivor, notwithstanding anything to the contrary in the deceased party's will.

(4) The parties agree that all retirement proceeds and all assets (other than the joint tenancy assets as set forth in Paragraph 2 above) are community property.

(5) The parties agree that each of them owns an undivided one-half (1/2) interest in the total value of their community property estate rather than an undivided one-half (1/2) interest in each and every community property asset.

(6) Other than the joint tenancy assets as set forth in Paragraph 2 above, all property owned by Husband and Wife, including all property now, or hereafter, titled in the name of the above-referenced Trust shall be, and hereby is the community property of both Husband and Wife.

(7) Following the death of the first to die of the parties, they intend to effect a division of their community estate in order to accomplish one or more of their estate planning objectives. Accordingly, the parties agree that (a) the surviving party will own, as a part of his or her share of the community estate, all retirement proceeds and (b) the deceased party's share of the community property estate shall include other community property assets equal in value to the value of such retirement proceeds. For purposes of this division, all assets shall be valued as of the date of death of the deceased party. This division shall be accomplished by the following:

- (a) If the surviving party is designated as the primary beneficiary of the retirement proceeds owned by the deceased party, the surviving party agrees that the deceased party's interest in the community estate shall include other community property assets held in the said trust equal in value to such retirement proceeds.
- (b) The surviving party shall be the specific legatee under the deceased party's Will of his or her community property interest in the retirement proceeds owned by the surviving party, and surviving party agrees that deceased party's interest in the community estate shall include other community property assets held under said trust equal in value to such retirement proceeds.
- (c) The parties further agree that the Trustee or Trustees then in office under the above-referenced Trust shall select the assets that shall constitute the deceased party's interest in the community estate in accordance with the agreement of the parties set forth in this agreement.
- (d) The parties agree that the surviving party shall have the unrestricted right
 - (i) to change the beneficiary designation of the retirement proceeds and
 - (ii) to elect a different benefit or payment option with respect to the retirement proceeds.

(8) This agreement shall not apply to property division, property classification, or spousal maintenance in the event of the dissolution of the marriage by divorce,

annulment, or legal separation. In any action filed by either party for divorce, annulment, or legal separation, the court shall apply California law in effect at the time. Upon entry of a court judgment of dissolution of the parties' marriage, this agreement shall become void.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES

MARY JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared JAMES JONES and MARY JONES, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

ASSIGNMENT OF PERSONAL PROPERTY

We, **JAMES JONES** and **MARY JONES**, hereby declare that all articles of personal and household use and ornament of every kind and description and wheresoever situated which we presently own or hereafter acquire (regardless of the means by which acquired and/or the record title in which held; including, by way of illustration and not limitation, all automobiles, club memberships, china, glass, clothing, jewelry, precious stones, furniture, rugs, paintings and other works of art, books, silverware, etc., and including all insurance with respect thereto) are transferred to and the same shall be owned by:

THE JONES LIVING TRUST,

being a revocable living trust, which exists under a certain trust agreement created by us concurrently herewith.

The foregoing declaration and transfer shall apply even though "record" ownership or title, in some instances, may, presently or in the future, be registered in our respective individual name or names, in which event such record ownership shall hereafter be deemed held in trust even though such trusteeship remains undisclosed. This declaration may be terminated by us by written notice to the Trustee of the above-mentioned trust. Notwithstanding this transfer in trust, we reserve the unlimited right to the use of the aforementioned items.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES

MARY JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared **JAMES JONES** and **MARY JONES**, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

LAST WILL AND TESTAMENT
OF
JAMES JONES

I, **JAMES JONES**, a resident of Monterey County, California, declare that this is my Last Will and Testament, hereby revoking all prior Wills and Codicils.

ARTICLE ONE

DECLARATIONS

1.A. **Family.** I am married to MARY JONES and all references to “my wife” shall be to her. I have two children of this marriage now living; namely, SALLY SMITH and JUDY JONES. I also have a child by a previous marriage now living; namely, STEVEN JONES.

I have intentionally, and not as a result of any mistake or inadvertence, omitted in this Will to provide for any other children and/or issue of mine, if any, however defined by law, presently living. Any child or children born after the date of this Will shall be treated as though they were named in this Paragraph, and all provisions of this Will shall be interpreted as if any children born after the date of this Will had been so named.

1.B. **Trust Agreement.** The term "TRUST AGREEMENT" as used in this Will shall refer to that certain unrecorded trust instrument known as THE JONES LIVING TRUST, created by my wife and me concurrently herewith.

1.C. **Property.** I confirm to my wife MARY her one-half interest in any of our community property, with or without the necessity of probate administration or other court order, at my wife’s discretion. It is my intention by this Will to dispose of my separate property (if any) and my interest in the property owned by my wife and me (other than any property held in joint tenancy with my wife at the time of my death).

ARTICLE TWO

FIDUCIARIES

2.A. **Executor.** My nomination for the Executor of my Will, to serve without bond being required, shall be the then-acting Trustee or Trustees of THE JONES LIVING TRUST. The term "my Executor" as used in this Will shall include any personal representative of my estate.

2.B. **Appointment of Special Executor.** If for any reason my Executor is unwilling or unable to act as Executor with respect to any provision of my Will or the administration of my estate, my Executor shall appoint, in writing, an individual, a bank, or a trust company that is not related or subordinate within the meaning of §672(c) of the Internal Revenue Code to act as a substitute

or special Executor for such purpose, and may revoke any such appointment at will. Each substitute or special Executor so acting shall exercise all administrative and fiduciary powers granted by my Will unless expressly limited by the delegating Executor in the instrument appointing such substitute or special Executor. Any substitute or special Executor may resign at any time by delivering written notice to my Executor to that effect.

ARTICLE THREE

DISTRIBUTION OF ESTATE

3.A. **Payment of Estate Expenses.** My Executor shall pay from my estate, after consulting with the then-acting Trustee or Trustees of THE JONES LIVING TRUST, all debts which are due and enforceable against my estate, the expenses of my last illness and funeral, the expenses of administering my estate, and all death taxes and governmental charges imposed and made payable under the laws of the United States or of any state or country by reason of my death. Such taxes shall include taxes imposed upon life insurance, endowment or annuity contracts upon my life, and upon all other property, whether passing under my Will or otherwise; provided that the assets, if any, over which I hold any taxable power of appointment at my death shall bear the entire increment and the burden of death taxes and other governmental charges to the extent that the total of such taxes and charges is greater than would have been imposed and made payable if I did not hold such a power of appointment, and to the extent required by law, I exercise such power of appointment in favor of the appropriate taxing authorities to discharge such taxes. Other than the above direction for the taxation of a power of appointment, the proration of taxes imposed upon my estate shall be in the manner directed in said trust.

If my residuary estate is insufficient for such payments, in whole or in part, or if, in the discretion of my Executor, all or a part of such payments from my estate would prejudice the best interests of my estate, then my Executor shall direct the then-acting Trustee or Trustees of said trust to pay the appropriate amounts, either directly or to my Executor for such purposes.

3.B. **Interest in Retirement Plans.** I give MARY all of my interest, if any, in any qualified retirement plans (i.e., IRA, Keogh, 401k, Pension and/or Profit-Sharing Plans) of which she is the owner/participant.

3.C. **Gift to Trust.** I give, devise and bequeath the remainder of my estate to the then-acting Trustee or Trustees of THE JONES LIVING TRUST, together with any additions or amendments thereto, to be added to the principal of that trust and to be held, administered and distributed under the Trust Agreement and any amendments to such Trust Agreement. I direct that such Trust Agreement shall not be administered under court supervision, control or accounting, and the Trustee shall not be required to give bond in such capacity.

3.D. **Alternate Disposition.** If the trust hereinabove referred to in Paragraph 1.B. of this Will is not in effect at my death, or if for any other reason the gift to said trust (as hereinabove set forth) cannot be accomplished, I specifically and completely incorporate the terms of said trust into this Will by reference. In such a situation, I direct my Executor to establish a trust in accordance with the provisions of said trust and give the remainder of my estate, excluding any property over which I might have a power of appointment, to the Trustee of such trust.

ARTICLE FOUR

ESTATE ADMINISTRATION

4.A. **General Powers of Executor.** Subject to any limitations stated elsewhere in this Will, my Executor shall have, in addition to all of the powers now or hereafter conferred on Executors by law (specifically including all of the powers authorized by §§9650, et. seq., of the California Probate Code, as though such powers were set forth herein), and any powers enumerated elsewhere in this Will, the power to perform any of the acts specified in this section without the necessity of court approval:

- (1) To take possession or control of all of my Estate subject to disposition by this Will, and collect all debts due to me or to my Estate;
- (2) To receive the rents, issues, and profits from all real and personal property in my Estate until the estate is settled or delivered over by order of court to my heirs or beneficiaries;
- (3) To pay taxes on, and take all steps reasonably necessary for the management, protection, and preservation of, all property in my Estate;
- (4) To insure the property of my Estate against damage or loss, and insure the Executor against liability to third persons;
- (5) To deposit money belonging to my Estate in an insured account in a financial institution in California;
- (6) If any asset of my Estate consists of an option right, to exercise the option and to use any funds or property in my Estate to acquire the property covered by the option;
- (7) To hold any securities or other property, both real and personal, in the name of the Executor, in the name of such nominee as my Executor shall select, or in the form of "street certificates," without in any of such cases disclosing the fact that such property is held in a fiduciary capacity, and to indemnify any such nominee against any loss resulting from holding such property as nominee;
- (8) To vote in person, and give proxies to exercise, any voting rights with respect to any stock, any membership in a nonprofit corporation, or any other property in my Estate, and waive notice of a meeting, give consent to the holding of a meeting, and authorize, ratify, approve, or confirm any action that could be taken by shareholders, members, or property owners;
- (9) To make any elections permitted under any pension, profit sharing, employee stock ownership or other benefit plan;

- (10) To sell and to grant options to purchase all or any part of my estate, both real and personal, at any time, at public or private sale, for such consideration, whether or not the highest possible consideration, and upon such terms, including credit, as the Executor shall deem advisable, and to execute, acknowledge and deliver deeds or other instruments in connection therewith. No purchaser shall be held to see to the application of the purchase money;
- (11) To lease any real estate for such term or terms and upon such provisions and conditions as the Executor shall deem advisable, including the granting of options to renew, options to extend the term or terms, and options to purchase;
- (12) To borrow and to pledge or mortgage any property as collateral, and to make secured or unsecured loans. The Executor is specifically authorized to make loans without interest to any beneficiary hereunder. No individual or entity loaning property to the Executor shall be held to see to the application of such property;
- (13) To pay any and all charges reasonably incurred in connection with or incidental to the distribution of any property of my Estate, including but not limited to expenses of storage, freight, shipping, delivery, packing, and insurance; and, on any accounting, treat any such expenditures as expenses of the administration of my Estate;
- (14) To dispose of or abandon tangible personal property (including donation to any charitable organization or organizations of the Executor's choice), except tangible personal property that is a specific gift, when the cost of collecting, maintaining, and safeguarding the property would exceed its fair market value;
- (15) To commence and prosecute, either individually or jointly with my heirs or beneficiaries, any action necessary or proper to quiet title to or recover possession of any real or personal property in my Estate;
- (16) To pay, compromise or settle any claim, action, or proceeding by or for the benefit of, or against, me, my Estate, or the Executor, subject only to any confirmation of court that may be required by law; and,
- (17) To employ others in connection with the administration of my Estate, including legal counsel, investment advisors, brokers, accountants and agents, notwithstanding the fact that the Executor may receive a direct or indirect financial benefit as a result of such employment or may otherwise be affiliated with any of them, and to pay reasonable compensation thereto in addition to that to be paid to the Executor.

4.B. Power to Invest. To retain for whatever period the Executor shall deem advisable any property, including property owned by me at my death, and to invest and reinvest any money of my Estate not reasonably required for the immediate administration of my Estate in any kind of property, real, personal, or mixed, and in any kind of investment, including but not limited to

improved and unimproved real property, interest-bearing accounts, certificates of deposit, corporate and governmental obligations of any kind, preferred or common stocks, mutual funds (including mutual funds of the “load” and “no load” variety), investment trusts, money-market funds, taxable and tax-exempt commercial paper, repurchase and reverse repurchase agreements, and stocks, obligations, and shares or units of common trust funds of any corporate fiduciary; regardless of whether any particular investment would be proper for an Executor and regardless of the extent of diversification of the assets held hereunder.

4.C. Power to Make Tax Elections. To the extent permitted by law, and without regard to the resulting effect on any other provision of this Will, on any person interested in my Estate, or on the amount of taxes that may be payable, the Executor shall have the power to choose a valuation date for tax purposes; choose the methods to pay any death taxes; elect to treat or use any item for state or federal estate or income tax purposes as an income tax deduction or an estate tax deduction; disclaim all or any portion of any interest in property passing to my Estate at or after my death; and determine when an item is to be treated as taken into income or used as a tax deduction.

4.D. Division or Distribution in Cash or in Kind. In order to satisfy a pecuniary gift or to distribute or divide estate assets into shares or partial shares, the Executor may distribute or divide those assets in kind, or divide undivided interests in those assets, or sell all or any part of those assets and distribute or divide the property in cash, in kind, or partly in cash and partly in kind, with or without regard to tax basis. Property distributed to satisfy a pecuniary gift under this Will shall be valued at its fair market value at the time of distribution.

4.E. Payments to Legally Incapacitated Persons. If at any time any beneficiary under this Will is a minor or it appears to the Executor that any beneficiary is incapacitated, incompetent, or for any other reason not able to receive payments or make intelligent or responsible use of the payments, then the Executor, in lieu of making direct payments to the beneficiary, may make payments to the beneficiary’s conservator or guardian; to the beneficiary’s custodian under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state; to one or more suitable persons, as the Executor deems proper, such as a relative or a person residing with the beneficiary, to be used for the benefit of the beneficiary; to any other person, firm, or agency for services rendered or to be rendered for the beneficiary’s assistance or benefit; or to accounts in the beneficiary’s name with financial institutions, and the receipt of the person to whom such money or property is paid shall be a full and complete discharge to the Executor.

4.F. Liability. Unless due to such Executor’s own willful default or gross negligence, no Executor shall be liable for such Executor’s acts or omissions nor those of any co-Executor or prior Executor.

4.G. Independent Administration of Estates Act. My Estate may be administered under the Independent Administration of Estates Act (specifically including all of the powers authorized by §§10400, et. seq., of the California Probate Code, as though such powers were set forth herein).

ARTICLE FIVE

MISCELLANEOUS PROVISIONS

5.A. **No Contest.** To the extent permitted under the laws of the State of California, if any person who is, or claims under or through a devisee, legatee or beneficiary under this Will, or any person who, if I died intestate, would be entitled to share in my estate, shall in any manner whatsoever, directly or indirectly contest this Will or attack, oppose or seek to impair or invalidate any provision hereof or of the Trust hereinabove mentioned, or seeks to succeed to any part of my Estate otherwise than in the manner specified in this Will, or conspire or cooperate with anyone attempting to do any of the acts or things aforesaid, then the right of that person to take any interest given him or her by this Will or as an heir-at-law shall be determined as it would have been determined had the person predeceased me without being survived by issue.

5.B. **Miscellaneous.**

- (1) As used in this Will, the masculine, feminine or neuter gender, and the singular or plural number, shall be deemed to include the others whenever the context so indicates.
- (2) Article headings in this Will are inserted for convenience only, and are not to be considered in the construction of the provisions thereof.

5.C. **Period of Survivorship.** For the purposes of this Will, a beneficiary shall not be deemed to have survived me if that beneficiary dies within thirty (30) days after my death.

5.D. **Guardian Ad Litem.** I direct that the representation by a guardian ad litem of the interests of persons unborn, unascertained, or legally incompetent to act in proceedings for the allowance of accounts hereunder be dispensed with to the extent permitted by law.

5.E. **Beneficial Interests.** The interest of any beneficiary in any share or part of this Will, both as to principal and income, shall not be alienable, assignable, attachable, transferable nor paid by way of anticipation, nor in compliance with any order, assignment or covenant and shall not be applied to, or held liable for, any of their debts or obligations either in law or equity and shall not in any event pass to his, her or their assignee under any instrument or under any insolvency or bankruptcy law, and shall not be subject to the interference or control of creditors, spouses or others.

5.F. **Severability Clause.** If any provision of this Will is invalid, that provision shall be disregarded, and the remainder of this Will shall be construed as if the invalid provision had not been included.

5.G. **Governing Law.** All questions concerning the validity and interpretation of this Will, shall be governed by the laws of the State of California in effect at the time this Will is executed.

IN WITNESS WHEREOF, I have on _____, 2008, in Riverside County, California, signed, sealed, published and declared the foregoing instrument as and for my Last Will and Testament, in the presence of each and all of the subscribing witnesses, each of whom I have requested, in the presence of each of the others, to subscribe his or her name as an attesting witness, in my presence and in the presence of the others. I am of legal age, of sound mind, and under no constraint or undue influence.

JAMES JONES

On the date last above written, JAMES JONES declared to us, the undersigned, that the foregoing instrument was his Last Will and Testament and requested us to act as witnesses to it. To the best of our knowledge, JAMES JONES was of legal age, of sound mind, and under no constraint or undue influence. JAMES JONES thereupon signed this Will in our presence, all of us being present at the same time. We now, at his request, in his presence and in the presence of each other, subscribe our names as witnesses.

Executed on _____, 2008, in Riverside County, California.

We declare under penalty of perjury that the foregoing is true and correct.

[signature – please print name under this line]

555 Park Avenue
Hometown, New Jersey

[signature – please print name under this line]

555 Park Avenue
Hometown, New Jersey

LAST WILL AND TESTAMENT
OF
MARY JONES

I, **MARY JONES**, also known as Mary Smith Jones, a resident of Monterey County, California, declare that this is my Last Will and Testament, hereby revoking all prior Wills and Codicils.

ARTICLE ONE

DECLARATIONS

1.A. **Family.** I am married to JAMES JONES and all references to “my husband” shall be to him. I have two children of this marriage now living; namely, SALLY SMITH and JUDY JONES.

I have intentionally, and not as a result of any mistake or inadvertence, omitted in this Will to provide for any child and/or issue of mine, if any, however defined by law, presently living. Any child or children born after the date of this Will shall be treated as though they were named in this Paragraph, and all provisions of this Will shall be interpreted as if any children born after the date of this Will had been so named.

1.B. **Trust Agreement.** The term "TRUST AGREEMENT" as used in this Will shall refer to that certain unrecorded trust instrument known as THE JONES LIVING TRUST, created by my husband and me concurrently herewith.

1.C. **Property.** I confirm to my husband JAMES his one-half interest in any of our community property, with or without the necessity of probate administration or other court order, at my husband’s discretion. It is my intention by this Will to dispose of my separate property (if any) and my interest in the property owned by my husband and me (other than any property held in joint tenancy with my husband at the time of my death).

ARTICLE TWO

FIDUCIARIES

2.A. **Executor.** My nomination for the Executor of my Will, to serve without bond being required, shall be the then-acting Trustee or Trustees of THE JONES LIVING TRUST. The term "my Executor" as used in this Will shall include any personal representative of my estate.

2.B. **Appointment of Special Executor.** If for any reason my Executor is unwilling or unable to act as Executor with respect to any provision of my Will or the administration of my estate, my Executor shall appoint, in writing, an individual, a bank, or a trust company that is not related or subordinate within the meaning of §672(c) of the Internal Revenue Code to act as a substitute

or special Executor for such purpose, and may revoke any such appointment at will. Each substitute or special Executor so acting shall exercise all administrative and fiduciary powers granted by my Will unless expressly limited by the delegating Executor in the instrument appointing such substitute or special Executor. Any substitute or special Executor may resign at any time by delivering written notice to my Executor to that effect.

ARTICLE THREE

DISTRIBUTION OF ESTATE

3.A. **Payment of Estate Expenses.** My Executor shall pay from my estate, after consulting with the then-acting Trustee or Trustees of THE JONES LIVING TRUST, all debts which are due and enforceable against my estate, the expenses of my last illness and funeral, the expenses of administering my estate, and all death taxes and governmental charges imposed and made payable under the laws of the United States or of any state or country by reason of my death. Such taxes shall include taxes imposed upon life insurance, endowment or annuity contracts upon my life, and upon all other property, whether passing under my Will or otherwise; provided that the assets, if any, over which I hold any taxable power of appointment at my death shall bear the entire increment and the burden of death taxes and other governmental charges to the extent that the total of such taxes and charges is greater than would have been imposed and made payable if I did not hold such a power of appointment, and to the extent required by law, I exercise such power of appointment in favor of the appropriate taxing authorities to discharge such taxes. Other than the above direction for the taxation of a power of appointment, the proration of taxes imposed upon my estate shall be in the manner directed in said trust.

If my residuary estate is insufficient for such payments, in whole or in part, or if, in the discretion of my Executor, all or a part of such payments from my estate would prejudice the best interests of my estate, then my Executor shall direct the then-acting Trustee or Trustees of said trust to pay the appropriate amounts, either directly or to my Executor for such purposes.

3.B. **Interest in Retirement Plans.** I give JAMES all of my interest, if any, in any qualified retirement plans (i.e., IRA, Keogh, 401k, Pension and/or Profit-Sharing Plans) of which he is the owner/participant.

3.C. **Gift to Trust.** I give, devise and bequeath the remainder of my estate to the then-acting Trustee or Trustees of THE JONES LIVING TRUST, together with any additions or amendments thereto, to be added to the principal of that trust and to be held, administered and distributed under the Trust Agreement and any amendments to such Trust Agreement. I direct that such Trust Agreement shall not be administered under court supervision, control or accounting, and the Trustee shall not be required to give bond in such capacity.

3.D. **Alternate Disposition.** If the trust hereinabove referred to in Paragraph 1.B. of this Will is not in effect at my death, or if for any other reason the gift to said trust (as hereinabove set forth) cannot be accomplished, I specifically and completely incorporate the terms of said trust into this Will by reference. In such a situation, I direct my Executor to establish a trust in accordance with the provisions of said trust and give the remainder of my estate, excluding any property over which I might have a power of appointment, to the Trustee of such trust.

ARTICLE FOUR

ESTATE ADMINISTRATION

4.A. **General Powers of Executor.** Subject to any limitations stated elsewhere in this Will, my Executor shall have, in addition to all of the powers now or hereafter conferred on Executors by law (specifically including all of the powers authorized by §§9650, *et. seq.*, of the California Probate Code, as though such powers were set forth herein), and any powers enumerated elsewhere in this Will, the power to perform any of the acts specified in this section without the necessity of court approval:

- (1) To take possession or control of all of my Estate subject to disposition by this Will, and collect all debts due to me or to my Estate;
- (2) To receive the rents, issues, and profits from all real and personal property in my Estate until the estate is settled or delivered over by order of court to my heirs or beneficiaries;
- (3) To pay taxes on, and take all steps reasonably necessary for the management, protection, and preservation of, all property in my Estate;
- (4) To insure the property of my Estate against damage or loss, and insure the Executor against liability to third persons;
- (5) To deposit money belonging to my Estate in an insured account in a financial institution in California;
- (6) If any asset of my Estate consists of an option right, to exercise the option and to use any funds or property in my Estate to acquire the property covered by the option;
- (7) To hold any securities or other property, both real and personal, in the name of the Executor, in the name of such nominee as my Executor shall select, or in the form of "street certificates," without in any of such cases disclosing the fact that such property is held in a fiduciary capacity, and to indemnify any such nominee against any loss resulting from holding such property as nominee;
- (8) To vote in person, and give proxies to exercise, any voting rights with respect to any stock, any membership in a nonprofit corporation, or any other property in my Estate, and waive notice of a meeting, give consent to the holding of a meeting, and authorize, ratify, approve, or confirm any action that could be taken by shareholders, members, or property owners;
- (9) To make any elections permitted under any pension, profit sharing, employee stock ownership or other benefit plan;

- (10) To sell and to grant options to purchase all or any part of my estate, both real and personal, at any time, at public or private sale, for such consideration, whether or not the highest possible consideration, and upon such terms, including credit, as the Executor shall deem advisable, and to execute, acknowledge and deliver deeds or other instruments in connection therewith. No purchaser shall be held to see to the application of the purchase money;
- (11) To lease any real estate for such term or terms and upon such provisions and conditions as the Executor shall deem advisable, including the granting of options to renew, options to extend the term or terms, and options to purchase;
- (12) To borrow and to pledge or mortgage any property as collateral, and to make secured or unsecured loans. The Executor is specifically authorized to make loans without interest to any beneficiary hereunder. No individual or entity loaning property to the Executor shall be held to see to the application of such property;
- (13) To pay any and all charges reasonably incurred in connection with or incidental to the distribution of any property of my Estate, including but not limited to expenses of storage, freight, shipping, delivery, packing, and insurance; and, on any accounting, treat any such expenditures as expenses of the administration of my Estate;
- (14) To dispose of or abandon tangible personal property (including donation to any charitable organization or organizations of the Executor's choice), except tangible personal property that is a specific gift, when the cost of collecting, maintaining, and safeguarding the property would exceed its fair market value;
- (15) To commence and prosecute, either individually or jointly with my heirs or beneficiaries, any action necessary or proper to quiet title to or recover possession of any real or personal property in my Estate;
- (16) To pay, compromise or settle any claim, action, or proceeding by or for the benefit of, or against, me, my Estate, or the Executor, subject only to any confirmation of court that may be required by law; and,
- (17) To employ others in connection with the administration of my Estate, including legal counsel, investment advisors, brokers, accountants and agents, notwithstanding the fact that the Executor may receive a direct or indirect financial benefit as a result of such employment or may otherwise be affiliated with any of them, and to pay reasonable compensation thereto in addition to that to be paid to the Executor.

4.B. **Power to Invest.** To retain for whatever period the Executor shall deem advisable any property, including property owned by me at my death, and to invest and reinvest any money of my Estate not reasonably required for the immediate administration of my Estate in any kind of property, real, personal, or mixed, and in any kind of investment, including but not limited to

improved and unimproved real property, interest-bearing accounts, certificates of deposit, corporate and governmental obligations of any kind, preferred or common stocks, mutual funds (including mutual funds of the “load” and “no load” variety), investment trusts, money-market funds, taxable and tax-exempt commercial paper, repurchase and reverse repurchase agreements, and stocks, obligations, and shares or units of common trust funds of any corporate fiduciary; regardless of whether any particular investment would be proper for an Executor and regardless of the extent of diversification of the assets held hereunder.

4.C. Power to Make Tax Elections. To the extent permitted by law, and without regard to the resulting effect on any other provision of this Will, on any person interested in my Estate, or on the amount of taxes that may be payable, the Executor shall have the power to choose a valuation date for tax purposes; choose the methods to pay any death taxes; elect to treat or use any item for state or federal estate or income tax purposes as an income tax deduction or an estate tax deduction; disclaim all or any portion of any interest in property passing to my Estate at or after my death; and determine when an item is to be treated as taken into income or used as a tax deduction.

4.D. Division or Distribution in Cash or in Kind. In order to satisfy a pecuniary gift or to distribute or divide estate assets into shares or partial shares, the Executor may distribute or divide those assets in kind, or divide undivided interests in those assets, or sell all or any part of those assets and distribute or divide the property in cash, in kind, or partly in cash and partly in kind, with or without regard to tax basis. Property distributed to satisfy a pecuniary gift under this Will shall be valued at its fair market value at the time of distribution.

4.E. Payments to Legally Incapacitated Persons. If at any time any beneficiary under this Will is a minor or it appears to the Executor that any beneficiary is incapacitated, incompetent, or for any other reason not able to receive payments or make intelligent or responsible use of the payments, then the Executor, in lieu of making direct payments to the beneficiary, may make payments to the beneficiary’s conservator or guardian; to the beneficiary’s custodian under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state; to one or more suitable persons, as the Executor deems proper, such as a relative or a person residing with the beneficiary, to be used for the benefit of the beneficiary; to any other person, firm, or agency for services rendered or to be rendered for the beneficiary’s assistance or benefit; or to accounts in the beneficiary’s name with financial institutions, and the receipt of the person to whom such money or property is paid shall be a full and complete discharge to the Executor.

4.F. Liability. Unless due to such Executor’s own willful default or gross negligence, no Executor shall be liable for such Executor’s acts or omissions nor those of any co-Executor or prior Executor.

4.G. Independent Administration of Estates Act. My Estate may be administered under the Independent Administration of Estates Act (specifically including all of the powers authorized by §§10400, et. seq., of the California Probate Code, as though such powers were set forth herein).

ARTICLE FIVE

MISCELLANEOUS PROVISIONS

5.A. **No Contest.** To the extent permitted under the laws of the State of California, if any person who is, or claims under or through a devisee, legatee or beneficiary under this Will, or any person who, if I died intestate, would be entitled to share in my estate, shall in any manner whatsoever, directly or indirectly contest this Will or attack, oppose or seek to impair or invalidate any provision hereof or of the Trust hereinabove mentioned, or seeks to succeed to any part of my Estate otherwise than in the manner specified in this Will, or conspire or cooperate with anyone attempting to do any of the acts or things aforesaid, then the right of that person to take any interest given him or her by this Will or as an heir-at-law shall be determined as it would have been determined had the person predeceased me without being survived by issue.

5.B. **Miscellaneous.**

(1) As used in this Will, the masculine, feminine or neuter gender, and the singular or plural number, shall be deemed to include the others whenever the context so indicates.

(2) Article headings in this Will are inserted for convenience only, and are not to be considered in the construction of the provisions thereof.

5.C. **Period of Survivorship.** For the purposes of this Will, a beneficiary shall not be deemed to have survived me if that beneficiary dies within thirty (30) days after my death.

5.D. **Guardian Ad Litem.** I direct that the representation by a guardian ad litem of the interests of persons unborn, unascertained, or legally incompetent to act in proceedings for the allowance of accounts hereunder be dispensed with to the extent permitted by law.

5.E. **Beneficial Interests.** The interest of any beneficiary in any share or part of this Will, both as to principal and income, shall not be alienable, assignable, attachable, transferable nor paid by way of anticipation, nor in compliance with any order, assignment or covenant and shall not be applied to, or held liable for, any of their debts or obligations either in law or equity and shall not in any event pass to his, her or their assignee under any instrument or under any insolvency or bankruptcy law, and shall not be subject to the interference or control of creditors, spouses or others.

5.F. **Severability Clause.** If any provision of this Will is invalid, that provision shall be disregarded, and the remainder of this Will shall be construed as if the invalid provision had not been included.

5.G. **Governing Law.** All questions concerning the validity and interpretation of this Will, shall be governed by the laws of the State of California in effect at the time this Will is executed.

IN WITNESS WHEREOF, I have on _____, 2008, in Riverside County, California, signed, sealed, published and declared the foregoing instrument as and for my Last Will and Testament, in the presence of each and all of the subscribing witnesses, each of whom I have requested, in the presence of each of the others, to subscribe his or her name as an attesting witness, in my presence and in the presence of the others. I am of legal age, of sound mind, and under no constraint or undue influence.

MARY JONES

On the date last above written, MARY JONES declared to us, the undersigned, that the foregoing instrument was her Last Will and Testament and requested us to act as witnesses to it. To the best of our knowledge, MARY JONES was of legal age, of sound mind, and under no constraint or undue influence. MARY JONES thereupon signed this Will in our presence, all of us being present at the same time. We now, at her request, in her presence and in the presence of each other, subscribe our names as witnesses.

Executed on _____, 2008, in Riverside County, California.

We declare under penalty of perjury that the foregoing is true and correct.

[signature – please print name under this line] 555 Park Avenue
Hometown, New Jersey

[signature – please print name under this line] 555 Park Avenue
Hometown, New Jersey

DURABLE POWER OF ATTORNEY FOR MANAGEMENT OF PROPERTY AND PERSONAL AFFAIRS

I, **JAMES JONES**, as an individual and as co-Trustee of THE JONES LIVING TRUST, executed by myself and my wife concurrently herewith, intend to create a Durable Power of Attorney (herein referred to as "this Power") pursuant to California Probate Code §4000 and following, specifically including the Uniform Durable Power of Attorney Act but specifically not including §4600 and following relating to health care. As long as my wife MARY JONES is acting as my Agent, this Power is effective immediately upon its execution and shall not be affected by my subsequent disability or incapacity; however, if my wife fails to qualify or ceases to act, the powers granted to my successor Agents in Article II of this Power shall become effective only upon my incapacity as determined in accordance with Paragraph 2.E. of Article II of this Power. If, after being determined to be incapacitated, I should regain my capacity as determined in accordance with Paragraph 2.F. of Article II of this Power, the powers granted to my successor Agents in Article II of this Power shall cease.

I give my Agent, and my successor Agents, the powers specified in this Power with the understanding that they will be used for my benefit and on my behalf and will be exercised only in a fiduciary capacity.

I. APPOINTMENT

1.A. **Designation of Agent.** I hereby designate and appoint my wife MARY JONES as my Attorney-in-Fact (hereinafter referred to in this power of attorney as "my Agent").

1.B. **Alternate Agents.** If my wife is not available or becomes ineligible to act, or if I revoke her appointment or authority to act, then I designate the following persons to serve as my alternate Agent to have all of the powers hereinafter set forth; such persons to serve in the order listed below:

First Alternate Agent:

my son STEVEN JONES

Second Alternate Agent:

my daughter SALLY SMITH

II. POWERS

2.A. **Enumerated Powers.** To exercise or perform any act, power, duty, right or obligation whatsoever that I now have for property, real or personal, tangible or intangible, now owned or hereafter acquired by me, including, without limitation, the following specifically enumerated powers. I grant to my Agent full power and authority to do everything necessary in exercising any of the powers herein granted as fully as I might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that my Agent shall lawfully do or cause to be done by virtue of this power of attorney and the powers herein granted:

(1) Real and Personal Property. To take any actions for the management or maintenance of any real or personal property in which I own an interest when this Power is executed, or in which I later acquire an interest, including the power to acquire, sell, and convey ownership of property; control the manner in which property is managed, maintained, and used; change the form of title in which property is held; satisfy and grant security interests and other encumbrances on property; obtain and make claims on insurance policies covering risks of loss or damage to property; accept or remove tenants; collect proceeds generated by property; ensure that any needed repairs are made to property; exercise rights of participation in real estate syndicates or other real estate ventures; make improvements to property; and perform any other acts described in California Probate Code §§4451 and 4452.

(2) Motor Vehicles. To apply for a Certificate of Title upon, and endorse and transfer title thereto, for any automobile, truck, pickup, van, motorcycle or other motor vehicle, and to represent in such transfer assignment that the title to said motor vehicle is free and clear of all liens and encumbrances except those specifically set forth in such transfer assignment.

(3) Financial Institutions. To take any actions in connection with any financial institution in which I have an account or an interest in an account when this Power is executed, or in which I later acquire an account or an interest in an account, including the power to continue, modify, or terminate existing accounts; open new accounts; draw, endorse, and deposit checks drafts and other negotiable instruments (including, but not limited to, Social Security, government and insurance checks made payable to me); prepare financial statements; borrow money; and, perform any other acts described in California Probate Code §4455. For the purposes of this paragraph, the term "financial institution" includes, but is not limited to, banks, trust companies, savings banks, commercial banks, building and loan associations, savings and loan companies or associations, credit unions, industrial loan companies, thrift companies and brokerage firms.

(4) Safe Deposit Boxes. To have access at any time or times to any safe deposit box rented to me, wheresoever located, and to remove all or any part of the contents thereof, and to surrender or relinquish any safe deposit box, and any institution in which any such

safe deposit box may be located shall not incur any liability to me or my estate as a result of permitting my attorney to exercise this power.

(5) Insurance and Annuities. To take any actions with respect to any insurance or annuity contracts in which I have an interest when this Power is executed, or in which I later acquire an interest, including the power to acquire additional insurance coverage of any type or additional annuities; continue existing insurance or annuity contracts; agree to modifications in the terms of insurance or annuity contracts in which I have an interest; borrow against insurance or annuity contracts in which I have an interest, to the extent allowed under the contract terms; change beneficiaries under existing contracts and name beneficiaries under new contracts, including the power to designate my Agent as the beneficiary; receive dividends, proceeds, and other benefits generated by the contracts; transfer interests in insurance or annuity contracts to the extent permitted under the terms of those contracts; and perform any other acts described in California Probate Code §4457.

(6) Beneficial Interests. To take any actions with respect to any probate estate, trust, conservatorship, guardianship, escrow, custodianship, or other fund/entity in which I have a beneficial interest when this Power is executed, or in which I later acquire an interest, including the power to accept, reject, disclaim, receive, receipt for, sell, assign, release, pledge, exchange, or consent to a reduction in or modification of a share in or payment from the fund/entity; demand or obtain by litigation or otherwise money or other things of value to which I am, may become, or claim to be entitled by reason of the fund/entity; initiate, participate in, and oppose litigation to ascertain the meaning, validity, or effect of a deed, will, declaration of trust, or other instrument or transaction affecting my interest; initiate, participate in, and oppose litigation to remove, substitute, or surcharge a fiduciary; conserve, invest, disburse, and use anything received for an authorized purpose; and perform any other acts described in California Probate Code §4458.

(7) Retirement Plans and Benefits. In connection with any pension, profit sharing or stock bonus plan, individual retirement account (IRA), Roth IRA, § 403(b) annuity or account, § 457 plan, or any other retirement plan, arrangement or annuity in which I am a participant or of which I am a beneficiary (whether established by my agent or otherwise) (each of which is referred to in this document as a “Plan” or “such Plan”), my agent shall have the following powers, in addition to all other applicable powers granted by this document:

- (i) To establish one or more Plans in my name;
- (ii) To make contributions (including “rollover” contributions) or cause contributions to be made to such Plan with my funds or otherwise on my behalf;
- (iii) To receive and endorse checks or other distributions to me from such Plan, or to arrange for the direct deposit of the same in any account in my name or in the name of any existing trust for my benefit or a trust created by my agent for my benefit;

- (iv) To elect a form of payment of benefits from such Plan, to withdraw benefits from such Plan, to make, exercise, waive or consent to any and all elections and/or options that I may have regarding contributions to, investments or administration of, distribution from, or benefits under, such Plan; and,
- (v) To designate one or more beneficiaries or contingent beneficiaries for any benefits payable under such Plan on account of my death, and to change any such prior designation of beneficiary made by me or by my agent, subject to the following limitation: My agent shall have no power to designate my agent directly or indirectly as a beneficiary or contingent beneficiary to receive a greater share or proportion of any such benefits than my agent would have otherwise received, unless such change is consented to by all other beneficiaries who would have received the benefits but for the proposed change; the preceding limitation shall not apply to any designation of my agent as beneficiary in a fiduciary capacity, with no beneficial interest.

(8) Claims and Litigation. To take any actions with respect to any claim that I may have or that has been asserted against me and with respect to any legal proceeding in which I have an interest when this Power is executed, or in which I later acquire an interest, including the power to institute, prosecute, and defend legal proceedings and claims on my behalf; file actions to determine adverse claims, seek preliminary, provisional, or intermediate relief on my behalf; apply for the enforcement or satisfaction of judgments that have been rendered in my favor; participate fully in the development of claims and proceedings; submit any dispute in which I have an interest to arbitration; submit and accept settlement offers and participate in settlement negotiations; handle all procedural aspects, such as service of process, filing of appeals, stipulations, verifications, waivers, and all other matters in any way affecting the process of any claim or litigation; satisfy judgments that have been rendered against me; and perform any other acts described in California Probate Code §4459.

(9) Tax Matters. For any tax year for which the statute of limitations has not run and to the tax year in which this durable power of attorney was executed and any subsequent tax year, to prepare and file any and all documents and take all actions that are necessary or that my Agent believes to be desirable with respect to my local, state, or federal tax liability, including the power to participate in audits; exercise my rights to protest and appeal assessments; pay amounts due to the appropriate taxing authority; execute waivers, consents (including, but not limited to, consents and agreements under Internal Revenue Code §2032A, or any successor section thereto), closing agreements, and similar documents related to my tax liability; participate in all procedural matters connected with my tax liability; exercise any elections that may be available to me under applicable state or federal tax laws or regulations; and perform any other acts described in California Probate Code §4463.

(10) Personal and Family Maintenance. To conduct my personal affairs and to discharge any and all obligations I may owe to myself and to family members and other

third persons who are customarily or legally entitled to my support when this Power is executed, or that are undertaken thereafter, including the power to take steps to ensure that our customary standard of living is maintained; continue existing charge accounts, open new charge accounts, and make payments thereon; provide for transportation; maintain correspondence; prepare, maintain, and preserve personal records and documents; maintain membership in any social, religious, or professional organization and make contributions thereto; and perform any other acts described in California Probate Code §4460.

(11) Social Security Administration. To sign, execute, deliver, process and acknowledge applications, documents, checks and such other instruments in writing, of every kind and nature, as may be necessary or proper to obtain and receive any benefits to which I or any of my dependents may be entitled through the United States Social Security Administration; and to communicate on my behalf with the Social Security Administration.

(12) Business Interests. To conduct or participate in any lawful business of whatever nature for me and in my name; execute partnership agreements and amendments thereto; incorporate, reorganize, merge, consolidate, recapitalize, sell, liquidate or dissolve any business; elect or employ officers, directors and attorneys; carry out the provisions of any agreement for the sale of any business interest or the stock therein; and exercise voting rights with respect to stock, either in person or by proxy, and exercise stock options.

(13) Gifts. As long as my wife is my Agent, she shall have the authority to make gifts, grants, or other transfers without consideration, of cash or other property, either outright or in trust, including the power to forgive indebtedness and consent to gift splitting under Internal Revenue Code §2513 or successor sections. The powers granted under this paragraph shall be exercised, if at all, in favor of my wife, my issue, any spouse of my issue and any other of my dependents, including my Agent. Any gifts made pursuant to this paragraph shall not be future interests within the meaning of Internal Revenue Code §2503, and the aggregate amount of any gifts made in any one calendar year to any one individual shall not exceed the amount that may be made free of federal gift tax.

Initials of Principal

(14) Transfer to Trust. To transfer and convey to the Trustee or co-Trustees of the trust agreement hereinabove referenced any or all assets now or at any time or times hereafter standing in my name or representing my interest in assets owned jointly, commonly, or otherwise with any other person or persons, including, without limitation, real estate, ownership rights in insurance policies of all kinds, cash, checks (particularly government and insurance checks), stocks, bonds, securities, and properties of all kinds; and pursuant to such purpose to terminate savings, checking, safekeeping, agency, investment advisory, and custody accounts in my name, alone or with others, at any bank or broker, by directing that all or any part of the balance therein, including all cash, stocks, bonds,

and other securities and property, subject to any indebtedness secured thereby, be transferred and delivered to said Trustee or co-Trustees.

(15) Amending Power. As long as my wife is my Agent, she shall have the authority to act in my behalf for all purposes in amending that certain trust agreement hereinabove referenced.

Initials of Principal

(16) Create an Irrevocable Trust. To create an irrevocable trust for my benefit wherein the beneficial interests at my death shall be the same as the dispositive provisions in the trust agreement hereinabove referenced in effect on the date such irrevocable trust is created, to name the Trustees and successor Trustees, and to fund such irrevocable trust with all or any assets of mine or other interests in property which are capable of being held in said irrevocable trust, including those assets which may then be held in the revocable trust agreement hereinabove referenced. This authority includes the power to create and fund an irrevocable trust which may qualify me for Medicaid. My Agent may serve as the Trustee of the irrevocable trust. My Agent shall have the power to withdraw income or principal on my behalf or for my benefit, and to exercise whatever trust powers or elections which I may exercise.

2.B. General Grant of Powers. It is my intention by the granting of the foregoing powers to give my Agent the broadest possible powers to represent my interests and my estate in all aspects of any transactions or dealings involving me or my property. The only powers which my Agent shall not exercise with respect to me and my property are as follows:

- (1) To use my assets to satisfy any legal obligations of my Agent, including but not limited to the support of any dependents of my Agent; provided, however, that such dependents shall not include myself or those persons whom I am otherwise legally obligated to support;
- (2) To exercise any powers granted to the trustee pursuant to an irrevocable trust agreement of which my Agent is the settlor and I am the trustee;
- (3) To exercise any incidents of ownership over any policy or policies of life insurance insuring the life of my Agent and of which I am the owner; and,
- (4) To make health care decisions as defined in §4617 of the California Probate Code.

Subject only to the limitations and prohibitions set forth in the preceding paragraph, and excepting those actions that conflict with or are limited by another provision in this Power, I give my Agent the power to act as my alter ego with respect to all matters and affairs that are not included in the other provisions in this Power, to the extent that a principal can act through an agent.

2.C. Incidental Powers. In connection with the exercise of any of the powers described in the preceding paragraphs, I give my Agent full authority, to the extent that a principal can act through an agent, to take all actions that my Agent believes necessary, proper, or convenient, to

the extent that I could take such actions myself, including the power to prepare, execute, and file all documents and maintain records; enter into contracts; hire, discharge, and pay reasonable compensation to attorneys, accountants, expert witnesses, or other assistants; execute, acknowledge, seal, and deliver any instrument; and perform any other acts described in California Probate Code §4450.

2.D. Inspection and Disclosure of Information Relating to My Physical or Mental Health.

My agent has the power and authority to request, review, and receive, to the extent I could do so individually, any information, verbal or written, regarding my physical or mental health, including, but not limited to, my individually identifiable health information or other medical records. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), 42 U.S.C. 1320d and 45 CFR 160-164, and the California Confidentiality of Medical Information Act ("CMIA"), California Civil Code §56. I hereby authorize any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy, or other covered health care provider, any insurance company, and the Medical Information Bureau, Inc., or other health care clearinghouse that has provided treatment or services to me, or that has paid for or is seeking payment from me for such services, to give, disclose, and release to my agent, without restriction, all of my individually identifiable health information and medical records regarding any past, present, or future medical or mental health condition. This authority given my agent shall supersede any other agreement which I may have made with my health care providers to restrict access to or disclosure of my individually identifiable health information. This authority given my agent shall be effective immediately, has no expiration date and shall expire only in the event that I revoke the authority in writing and deliver it to my health care provider.

2.E. Determination of Incapacity. For all purposes under this Power, I shall be deemed "incapacitated" if and so long as a court of competent jurisdiction has made a finding to that effect or a guardian or conservator of my person or estate duly appointed by a court of competent jurisdiction is serving, or upon certification by a physician (licensed to practice under the laws of the state of my residency) that I am unable to properly care for myself or for my person or property, which certification shall be made by such physician in a written declaration under penalty of perjury. A certified copy of the decree declaring incapacity or appointing a guardian or conservator, or the physician's certificate shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

2.F. Capacity Regained. After a determination of incapacity, I shall be deemed to have regained capacity by a finding of a court of competent jurisdiction to that effect, or when the guardianship or conservatorship for me has been judicially terminated, or upon certification by a physician (licensed to practice under the laws of the state of my residency) that I am capable of properly caring for myself or am able to manage my person or property, which certification shall be made by such physician in a written declaration under penalty of perjury. A certified copy of the decree declaring my regained capacity or terminating the guardianship or conservatorship, or the physician's certificate, shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

III. AMPLIFYING PROVISIONS

3.A. **Reimbursement for Costs and Expenses.** My Agent shall be entitled to reimbursement from my property for expenditures properly made in the execution of the powers conferred by me in this Power. My Agent shall keep records of any such expenditures and reimbursement.

3.B. **No Compensation.** My Agent shall not be entitled to compensation for the services rendered in the execution of any of the powers conferred by me in this Power.

3.C. **Reliance by Third Parties.** To induce third parties to rely upon the provisions of this Power, I, for myself and on behalf of my heirs, successors, and assigns, hereby waive any privilege that may attach to information requested by my Agent in the exercise of any of the powers described herein. Moreover, on behalf of my heirs, successors, and assigns, I hereby agree to hold harmless any third party who acts in reliance upon this Power for damages or liability incurred as a result of that reliance. My Agent is authorized, at the expense of my estate, to seek interpretation and/or enforcement of any power granted to my Agent under this document from a court of competent jurisdiction. My Agent may seek any appropriate legal remedy including, but not limited to, declaratory judgments, temporary or permanent injunctions, and actual or punitive damages against any person or entity who unreasonably, negligently or willfully fails or refuses to follow my Agent's instructions with respect to a power granted to my Agent under this document.

3.D. **Ratification.** I ratify and confirm all that my Agent does or causes to be done under the authority granted in this Power. All instruments of any sort entered into in any manner by my Agent shall bind me, my estate, my heirs, successors, and assigns.

3.E. **Exculpation.** My Agent shall not be liable to me or any of my successors in interest for any action taken or not taken in good faith, but shall be liable for any willful misconduct or gross negligence.

3.F. **Revocation and Amendment.** I revoke all prior General Powers of Attorney that I may have executed and I retain the right to revoke or amend this document and to substitute other attorneys in fact in place of the Agent herein named. Amendments to this document shall be made in writing by me personally (not by my Agent) and they shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

3.G. **Spousal Consent.** My Agent shall have the power to give consents in accordance with California Probate Code §§3000 to 3154.

IV. GENERAL PROVISIONS

4.A. **Nomination of Conservator.** If proceedings are initiated for the appointment of a conservator of my estate, I hereby nominate my Agent as such conservator. I hereby waive the requirement of a bond. I request that, if my Agent is so appointed as conservator of my estate, the court make an order granting to that person all or as many of those independent powers listed in California Probate Code §2591 as the court deems appropriate.

4.B. **Photostatic Copies.** Persons dealing with my Agent may rely fully on a photostatic copy of this Power.

4.C. **Severability.** If any of the provisions of this Power are found to be invalid for any reason, such invalidity shall not affect any of the other provisions of this Power, and all invalid provisions shall be wholly disregarded.

4.D. **Governing Law.** All questions pertaining to validity, interpretation, and administration of this Power shall be determined in accordance with the laws of the State of California.

4.E. **Understanding of Document.** I understand that this Power is an important legal document: (1) this document provides my Agent with broad powers to dispose of, sell, convey, and encumber my real and personal property; (2) the powers granted in this Power will exist for an indefinite period of time unless I limit their duration by the terms of this Power or revoke this Power, and they will continue to exist notwithstanding my subsequent disability or incapacity; and (3) I have the right to revoke or terminate this Power at any time.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared JAMES JONES, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

DURABLE POWER OF ATTORNEY FOR MANAGEMENT OF PROPERTY AND PERSONAL AFFAIRS

I, **MARY JONES**, as an individual and as co-Trustee of THE JONES LIVING TRUST, executed by myself and my husband concurrently herewith, intend to create a Durable Power of Attorney (herein referred to as "this Power") pursuant to California Probate Code §4000 and following, specifically including the Uniform Durable Power of Attorney Act but specifically not including §4600 and following relating to health care. As long as my husband JAMES JONES is acting as my Agent, this Power is effective immediately upon its execution and shall not be affected by my subsequent disability or incapacity; however, if my husband fails to qualify or ceases to act, the powers granted to my successor Agents in Article II of this Power shall become effective only upon my incapacity as determined in accordance with Paragraph 2.E. of Article II of this Power. If, after being determined to be incapacitated, I should regain my capacity as determined in accordance with Paragraph 2.F. of Article II of this Power, the powers granted to my successor Agents in Article II of this Power shall cease.

I give my Agent, and my successor Agents, the powers specified in this Power with the understanding that they will be used for my benefit and on my behalf and will be exercised only in a fiduciary capacity.

I. APPOINTMENT

1.A. **Designation of Agent.** I hereby designate and appoint my husband JAMES JONES as my Attorney-in-Fact (hereinafter referred to in this power of attorney as "my Agent").

1.B. **Alternate Agents.** If my husband is not available or becomes ineligible to act, or if I revoke his appointment or authority to act, then I designate the following persons to serve as my alternate Agent to have all of the powers hereinafter set forth; such persons to serve in the order listed below:

First Alternate Agent:

my stepson STEVEN JONES

Second Alternate Agent:

my daughter SALLY SMITH

II. POWERS

2.A. **Enumerated Powers.** To exercise or perform any act, power, duty, right or obligation whatsoever that I now have for property, real or personal, tangible or intangible, now owned or hereafter acquired by me, including, without limitation, the following specifically enumerated powers. I grant to my Agent full power and authority to do everything necessary in exercising any of the powers herein granted as fully as I might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that my Agent shall lawfully do or cause to be done by virtue of this power of attorney and the powers herein granted:

(1) Real and Personal Property. To take any actions for the management or maintenance of any real or personal property in which I own an interest when this Power is executed, or in which I later acquire an interest, including the power to acquire, sell, and convey ownership of property; control the manner in which property is managed, maintained, and used; change the form of title in which property is held; satisfy and grant security interests and other encumbrances on property; obtain and make claims on insurance policies covering risks of loss or damage to property; accept or remove tenants; collect proceeds generated by property; ensure that any needed repairs are made to property; exercise rights of participation in real estate syndicates or other real estate ventures; make improvements to property; and perform any other acts described in California Probate Code §§4451 and 4452.

(2) Motor Vehicles. To apply for a Certificate of Title upon, and endorse and transfer title thereto, for any automobile, truck, pickup, van, motorcycle or other motor vehicle, and to represent in such transfer assignment that the title to said motor vehicle is free and clear of all liens and encumbrances except those specifically set forth in such transfer assignment.

(3) Financial Institutions. To take any actions in connection with any financial institution in which I have an account or an interest in an account when this Power is executed, or in which I later acquire an account or an interest in an account, including the power to continue, modify, or terminate existing accounts; open new accounts; draw, endorse, and deposit checks drafts and other negotiable instruments (including, but not limited to, Social Security, government and insurance checks made payable to me); prepare financial statements; borrow money; and, perform any other acts described in California Probate Code §4455. For the purposes of this paragraph, the term "financial institution" includes, but is not limited to, banks, trust companies, savings banks, commercial banks, building and loan associations, savings and loan companies or associations, credit unions, industrial loan companies, thrift companies and brokerage firms.

(4) Safe Deposit Boxes. To have access at any time or times to any safe deposit box rented to me, wheresoever located, and to remove all or any part of the contents thereof, and to surrender or relinquish any safe deposit box, and any institution in which any such

safe deposit box may be located shall not incur any liability to me or my estate as a result of permitting my attorney to exercise this power.

(5) Insurance and Annuities. To take any actions with respect to any insurance or annuity contracts in which I have an interest when this Power is executed, or in which I later acquire an interest, including the power to acquire additional insurance coverage of any type or additional annuities; continue existing insurance or annuity contracts; agree to modifications in the terms of insurance or annuity contracts in which I have an interest; borrow against insurance or annuity contracts in which I have an interest, to the extent allowed under the contract terms; change beneficiaries under existing contracts and name beneficiaries under new contracts, including the power to designate my Agent as the beneficiary; receive dividends, proceeds, and other benefits generated by the contracts; transfer interests in insurance or annuity contracts to the extent permitted under the terms of those contracts; and perform any other acts described in California Probate Code §4457.

(6) Beneficial Interests. To take any actions with respect to any probate estate, trust, conservatorship, guardianship, escrow, custodianship, or other fund/entity in which I have a beneficial interest when this Power is executed, or in which I later acquire an interest, including the power to accept, reject, disclaim, receive, receipt for, sell, assign, release, pledge, exchange, or consent to a reduction in or modification of a share in or payment from the fund/entity; demand or obtain by litigation or otherwise money or other things of value to which I am, may become, or claim to be entitled by reason of the fund/entity; initiate, participate in, and oppose litigation to ascertain the meaning, validity, or effect of a deed, will, declaration of trust, or other instrument or transaction affecting my interest; initiate, participate in, and oppose litigation to remove, substitute, or surcharge a fiduciary; conserve, invest, disburse, and use anything received for an authorized purpose; and perform any other acts described in California Probate Code §4458.

(7) Retirement Plans and Benefits. In connection with any pension, profit sharing or stock bonus plan, individual retirement account (IRA), Roth IRA, § 403(b) annuity or account, § 457 plan, or any other retirement plan, arrangement or annuity in which I am a participant or of which I am a beneficiary (whether established by my agent or otherwise) (each of which is referred to in this document as a “Plan” or “such Plan”), my agent shall have the following powers, in addition to all other applicable powers granted by this document:

- (i) To establish one or more Plans in my name;
- (ii) To make contributions (including “rollover” contributions) or cause contributions to be made to such Plan with my funds or otherwise on my behalf;
- (iii) To receive and endorse checks or other distributions to me from such Plan, or to arrange for the direct deposit of the same in any account in my name or in the name of any existing trust for my benefit or a trust created by my agent for my benefit;

- (iv) To elect a form of payment of benefits from such Plan, to withdraw benefits from such Plan, to make, exercise, waive or consent to any and all elections and/or options that I may have regarding contributions to, investments or administration of, distribution from, or benefits under, such Plan; and,
- (v) To designate one or more beneficiaries or contingent beneficiaries for any benefits payable under such Plan on account of my death, and to change any such prior designation of beneficiary made by me or by my agent, subject to the following limitation: My agent shall have no power to designate my agent directly or indirectly as a beneficiary or contingent beneficiary to receive a greater share or proportion of any such benefits than my agent would have otherwise received, unless such change is consented to by all other beneficiaries who would have received the benefits but for the proposed change; the preceding limitation shall not apply to any designation of my agent as beneficiary in a fiduciary capacity, with no beneficial interest.

(8) Claims and Litigation. To take any actions with respect to any claim that I may have or that has been asserted against me and with respect to any legal proceeding in which I have an interest when this Power is executed, or in which I later acquire an interest, including the power to institute, prosecute, and defend legal proceedings and claims on my behalf; file actions to determine adverse claims, seek preliminary, provisional, or intermediate relief on my behalf; apply for the enforcement or satisfaction of judgments that have been rendered in my favor; participate fully in the development of claims and proceedings; submit any dispute in which I have an interest to arbitration; submit and accept settlement offers and participate in settlement negotiations; handle all procedural aspects, such as service of process, filing of appeals, stipulations, verifications, waivers, and all other matters in any way affecting the process of any claim or litigation; satisfy judgments that have been rendered against me; and perform any other acts described in California Probate Code §4459.

(9) Tax Matters. For any tax year for which the statute of limitations has not run and to the tax year in which this durable power of attorney was executed and any subsequent tax year, to prepare and file any and all documents and take all actions that are necessary or that my Agent believes to be desirable with respect to my local, state, or federal tax liability, including the power to participate in audits; exercise my rights to protest and appeal assessments; pay amounts due to the appropriate taxing authority; execute waivers, consents (including, but not limited to, consents and agreements under Internal Revenue Code §2032A, or any successor section thereto), closing agreements, and similar documents related to my tax liability; participate in all procedural matters connected with my tax liability; exercise any elections that may be available to me under applicable state or federal tax laws or regulations; and perform any other acts described in California Probate Code §4463.

(10) Personal and Family Maintenance. To conduct my personal affairs and to discharge any and all obligations I may owe to myself and to family members and other

third persons who are customarily or legally entitled to my support when this Power is executed, or that are undertaken thereafter, including the power to take steps to ensure that our customary standard of living is maintained; continue existing charge accounts, open new charge accounts, and make payments thereon; provide for transportation; maintain correspondence; prepare, maintain, and preserve personal records and documents; maintain membership in any social, religious, or professional organization and make contributions thereto; and perform any other acts described in California Probate Code §4460.

(11) Social Security Administration. To sign, execute, deliver, process and acknowledge applications, documents, checks and such other instruments in writing, of every kind and nature, as may be necessary or proper to obtain and receive any benefits to which I or any of my dependents may be entitled through the United States Social Security Administration; and to communicate on my behalf with the Social Security Administration.

(12) Business Interests. To conduct or participate in any lawful business of whatever nature for me and in my name; execute partnership agreements and amendments thereto; incorporate, reorganize, merge, consolidate, recapitalize, sell, liquidate or dissolve any business; elect or employ officers, directors and attorneys; carry out the provisions of any agreement for the sale of any business interest or the stock therein; and exercise voting rights with respect to stock, either in person or by proxy, and exercise stock options.

(13) Gifts. As long as my husband is my Agent, he shall have the authority to make gifts, grants, or other transfers without consideration, of cash or other property, either outright or in trust, including the power to forgive indebtedness and consent to gift splitting under Internal Revenue Code §2513 or successor sections. The powers granted under this paragraph shall be exercised, if at all, in favor of my husband, my issue, any spouse of my issue and any other of my dependents, including my Agent. Any gifts made pursuant to this paragraph shall not be future interests within the meaning of Internal Revenue Code §2503, and the aggregate amount of any gifts made in any one calendar year to any one individual shall not exceed the amount that may be made free of federal gift tax.

Initials of Principal

(14) Transfer to Trust. To transfer and convey to the Trustee or co-Trustees of the trust agreement hereinabove referenced any or all assets now or at any time or times hereafter standing in my name or representing my interest in assets owned jointly, commonly, or otherwise with any other person or persons, including, without limitation, real estate, ownership rights in insurance policies of all kinds, cash, checks (particularly government and insurance checks), stocks, bonds, securities, and properties of all kinds; and pursuant to such purpose to terminate savings, checking, safekeeping, agency, investment advisory, and custody accounts in my name, alone or with others, at any bank or broker, by directing that all or any part of the balance therein, including all cash, stocks, bonds,

and other securities and property, subject to any indebtedness secured thereby, be transferred and delivered to said Trustee or co-Trustees.

(15) Amending Power. As long as my husband is my Agent, he shall have the authority to act in my behalf for all purposes in amending that certain trust agreement hereinabove referenced.

Initials of Principal

(16) Create an Irrevocable Trust. To create an irrevocable trust for my benefit wherein the beneficial interests at my death shall be the same as the dispositive provisions in the trust agreement hereinabove referenced in effect on the date such irrevocable trust is created, to name the Trustees and successor Trustees, and to fund such irrevocable trust with all or any assets of mine or other interests in property which are capable of being held in said irrevocable trust, including those assets which may then be held in the revocable trust agreement hereinabove referenced. This authority includes the power to create and fund an irrevocable trust which may qualify me for Medicaid. My Agent may serve as the Trustee of the irrevocable trust. My Agent shall have the power to withdraw income or principal on my behalf or for my benefit, and to exercise whatever trust powers or elections which I may exercise.

2.B. General Grant of Powers. It is my intention by the granting of the foregoing powers to give my Agent the broadest possible powers to represent my interests and my estate in all aspects of any transactions or dealings involving me or my property. The only powers which my Agent shall not exercise with respect to me and my property are as follows:

- (1) To use my assets to satisfy any legal obligations of my Agent, including but not limited to the support of any dependents of my Agent; provided, however, that such dependents shall not include myself or those persons whom I am otherwise legally obligated to support;
- (2) To exercise any powers granted to the trustee pursuant to an irrevocable trust agreement of which my Agent is the settlor and I am the trustee;
- (3) To exercise any incidents of ownership over any policy or policies of life insurance insuring the life of my Agent and of which I am the owner; and,
- (4) To make health care decisions as defined in §4617 of the California Probate Code.

Subject only to the limitations and prohibitions set forth in the preceding paragraph, and excepting those actions that conflict with or are limited by another provision in this Power, I give my Agent the power to act as my alter ego with respect to all matters and affairs that are not included in the other provisions in this Power, to the extent that a principal can act through an agent.

2.C. Incidental Powers. In connection with the exercise of any of the powers described in the preceding paragraphs, I give my Agent full authority, to the extent that a principal can act through an agent, to take all actions that my Agent believes necessary, proper, or convenient, to

the extent that I could take such actions myself, including the power to prepare, execute, and file all documents and maintain records; enter into contracts; hire, discharge, and pay reasonable compensation to attorneys, accountants, expert witnesses, or other assistants; execute, acknowledge, seal, and deliver any instrument; and perform any other acts described in California Probate Code §4450.

2.D. Inspection and Disclosure of Information Relating to My Physical or Mental Health.

My agent has the power and authority to request, review, and receive, to the extent I could do so individually, any information, verbal or written, regarding my physical or mental health, including, but not limited to, my individually identifiable health information or other medical records. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), 42 U.S.C. 1320d and 45 CFR 160-164, and the California Confidentiality of Medical Information Act ("CMIA"), California Civil Code §56. I hereby authorize any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy, or other covered health care provider, any insurance company, and the Medical Information Bureau, Inc., or other health care clearinghouse that has provided treatment or services to me, or that has paid for or is seeking payment from me for such services, to give, disclose, and release to my agent, without restriction, all of my individually identifiable health information and medical records regarding any past, present, or future medical or mental health condition. This authority given my agent shall supersede any other agreement which I may have made with my health care providers to restrict access to or disclosure of my individually identifiable health information. This authority given my agent shall be effective immediately, has no expiration date and shall expire only in the event that I revoke the authority in writing and deliver it to my health care provider.

2.E. Determination of Incapacity. For all purposes under this Power, I shall be deemed "incapacitated" if and so long as a court of competent jurisdiction has made a finding to that effect or a guardian or conservator of my person or estate duly appointed by a court of competent jurisdiction is serving, or upon certification by a physician (licensed to practice under the laws of the state of my residency) that I am unable to properly care for myself or for my person or property, which certification shall be made by such physician in a written declaration under penalty of perjury. A certified copy of the decree declaring incapacity or appointing a guardian or conservator, or the physician's certificate shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

2.F. Capacity Regained. After a determination of incapacity, I shall be deemed to have regained capacity by a finding of a court of competent jurisdiction to that effect, or when the guardianship or conservatorship for me has been judicially terminated, or upon certification by a physician (licensed to practice under the laws of the state of my residency) that I am capable of properly caring for myself or am able to manage my person or property, which certification shall be made by such physician in a written declaration under penalty of perjury. A certified copy of the decree declaring my regained capacity or terminating the guardianship or conservatorship, or the physician's certificate, shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

III. AMPLIFYING PROVISIONS

3.A. **Reimbursement for Costs and Expenses.** My Agent shall be entitled to reimbursement from my property for expenditures properly made in the execution of the powers conferred by me in this Power. My Agent shall keep records of any such expenditures and reimbursement.

3.B. **No Compensation.** My Agent shall not be entitled to compensation for the services rendered in the execution of any of the powers conferred by me in this Power.

3.C. **Reliance by Third Parties.** To induce third parties to rely upon the provisions of this Power, I, for myself and on behalf of my heirs, successors, and assigns, hereby waive any privilege that may attach to information requested by my Agent in the exercise of any of the powers described herein. Moreover, on behalf of my heirs, successors, and assigns, I hereby agree to hold harmless any third party who acts in reliance upon this Power for damages or liability incurred as a result of that reliance. My Agent is authorized, at the expense of my estate, to seek interpretation and/or enforcement of any power granted to my Agent under this document from a court of competent jurisdiction. My Agent may seek any appropriate legal remedy including, but not limited to, declaratory judgments, temporary or permanent injunctions, and actual or punitive damages against any person or entity who unreasonably, negligently or willfully fails or refuses to follow my Agent's instructions with respect to a power granted to my Agent under this document.

3.D. **Ratification.** I ratify and confirm all that my Agent does or causes to be done under the authority granted in this Power. All instruments of any sort entered into in any manner by my Agent shall bind me, my estate, my heirs, successors, and assigns.

3.E. **Exculpation.** My Agent shall not be liable to me or any of my successors in interest for any action taken or not taken in good faith, but shall be liable for any willful misconduct or gross negligence.

3.F. **Revocation and Amendment.** I revoke all prior General Powers of Attorney that I may have executed and I retain the right to revoke or amend this document and to substitute other attorneys in fact in place of the Agent herein named. Amendments to this document shall be made in writing by me personally (not by my Agent) and they shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

3.G. **Spousal Consent.** My Agent shall have the power to give consents in accordance with California Probate Code §§3000 to 3154.

IV. GENERAL PROVISIONS

4.A. **Nomination of Conservator.** If proceedings are initiated for the appointment of a conservator of my estate, I hereby nominate my Agent as such conservator. I hereby waive the requirement of a bond. I request that, if my Agent is so appointed as conservator of my estate, the court make an order granting to that person all or as many of those independent powers listed in California Probate Code §2591 as the court deems appropriate.

4.B. **Photostatic Copies.** Persons dealing with my Agent may rely fully on a photostatic copy of this Power.

4.C. **Severability.** If any of the provisions of this Power are found to be invalid for any reason, such invalidity shall not affect any of the other provisions of this Power, and all invalid provisions shall be wholly disregarded.

4.D. **Governing Law.** All questions pertaining to validity, interpretation, and administration of this Power shall be determined in accordance with the laws of the State of California.

4.E. **Understanding of Document.** I understand that this Power is an important legal document: (1) this document provides my Agent with broad powers to dispose of, sell, convey, and encumber my real and personal property; (2) the powers granted in this Power will exist for an indefinite period of time unless I limit their duration by the terms of this Power or revoke this Power, and they will continue to exist notwithstanding my subsequent disability or incapacity; and (3) I have the right to revoke or terminate this Power at any time.

Executed on _____, 2008, in Riverside County, California.

MARY JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared MARY JONES, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

CALIFORNIA ADVANCE HEALTH CARE DIRECTIVE

By this document, I, **JAMES JONES**, intend to create an advance health care directive under California Probate Code §4600 and following. This directive shall not be affected by my subsequent incapacity.

I. POWER OF ATTORNEY FOR HEALTH CARE

1.A. **DESIGNATION OF HEALTH CARE AGENT.** I hereby designate and appoint my wife **MARY JONES** as my agent to make health care decisions for me as authorized in this document. For the purposes of this document, "health care decision" means any decision regarding any care, treatment, service, or procedure to maintain, diagnose, or otherwise affect my physical or mental condition.

1.B. **ALTERNATE AGENTS.** If my wife is not available or becomes ineligible to act as my agent, or if I revoke her appointment or authority to act, then I designate the following persons to serve as my agent to make health care decisions for me as authorized in this document, such persons to serve in the order listed below:

First Alternate Agent: My son **STEVEN JONES**

Second Alternate Agent: My daughter **SALLY SMITH**

1.C. **GENERAL STATEMENT OF AUTHORITY GRANTED.** Subject to any limitations in this document, I hereby grant to my agent full power and authority: (a) to make health care decisions for me to the same extent that I could make such decisions for myself if I had the capacity to do so, including, without limitation, decisions to provide, withhold or withdraw artificial nutrition and hydration and all other forms of health care to keep me alive; and (b) to make personal care decisions for me to the same extent that I could make those decisions for myself if I had the capacity to do so, including, without limitation, determining where I will live, providing me meals, hiring household employees, providing transportation, handling mail, and arranging recreation and entertainment for me.

1.D. **AGENT'S AUTHORITY EFFECTIVE IMMEDIATELY.** My agent's authority to make health care decisions for me takes effect immediately.

1.E. **AGENT'S OBLIGATION.** My agent shall make health care decisions for me in accordance with this power of attorney for health care, any instructions I give in Part 2 of this form, and my other wishes to the extent known to my agent. To the extent my wishes are unknown, my agent shall make health care decisions for me in accordance with what my agent

determines to be in my best interest. In determining my best interest, my agent shall consider my personal values to the extent known to my agent.

1.F. **ANATOMICAL GIFTS.** My agent shall have the power and authority to make a disposition of a part or parts of my body under the Uniform Anatomical Gift Act.

1.G. **DISPOSITION OF REMAINS.** Unless I subsequently execute a document entitled “Burial Instructions”, my agent shall have the power and authority to direct the disposition of my remains according to my agent’s discretion.

1.H. **ARRANGEMENTS FOR FUNERAL OR MEMORIAL SERVICE.** Unless I subsequently execute a document entitled “Burial Instructions”, my agent shall have the power and authority to arrange for my funeral or other memorial service.

II. INSTRUCTIONS FOR HEALTH CARE

2.A. **END-OF-LIFE DECISIONS (“LIVING WILL”).** I recognize that modern medical technology has made possible the artificial prolongation of my life beyond natural limits. I do not wish to artificially prolong the process of my dying if continued health care will not improve my prognosis for recovery or otherwise enable me to live a productive and/or enjoyable life. Therefore, I do not want efforts made to prolong my life and I do not want life-sustaining treatment to be provided or continued: (1) if I am in an irreversible coma or persistent vegetative state; or (2) if I am terminally ill and the use of life-sustaining procedures would serve only to artificially delay the moment of my death; or (3) under any other circumstances in which the burdens of the treatment outweigh the expected benefits. In making decisions about life-sustaining treatment under provision (3) above, I want my agent to consider the relief of suffering and quality of remaining life as well as the extent of the possible prolongation of my life. I understand that if there is a conflict between my agent’s decision and this statement, this statement shall take precedence.

For purposes of this statement:

(A) “Life-sustaining treatment” means any medical procedure, treatment, intervention, or other measure including artificially or technologically supplied nutrition and hydration that, when administered, will serve principally to prolong the process of dying.

(B) “An irreversible coma”, means a coma from which the treating physicians have reasonably concluded I will never regain consciousness.

(C) “Persistent vegetative state” means a state of permanent unconsciousness that, to a reasonable degree of medical certainty as determined in accordance with reasonable medical standards by my attending physician and one other physician who has examined me, is characterized by both of the following:

- (i) I am irreversibly unaware of myself and my environment, and
- (ii) There is a total loss of cerebral cortical functioning, resulting in my having no capacity to experience pain or suffering.

(D) "Terminal condition" means an irreversible, incurable, and untreatable condition caused by disease, illness, or injury from which, to a reasonable degree of medical certainty as determined in accordance with reasonable medical standards by my attending physician and one other physician who has examined me, both of the following apply:

- (i) There can be no recovery; and
- (ii) Death is likely to occur within a relatively short time if life sustaining treatment is not administered.

Initials

2.B. **RELIEF FROM PAIN.** Notwithstanding anything herein to the contrary, I direct that treatment for alleviation of pain or discomfort be provided at all times, even if it hastens my death. Notwithstanding the preceding paragraph, if withholding or withdrawing nutrition and/or hydration will cause me to experience substantial pain or discomfort, I want to be provided with nutrition and/or hydration.

Initials

2.C. **OTHER WISHES.** In addition to the preceding paragraphs, I am making the following directives to my agent:

If I ever fall into a persistently vegetative state, you are directed to reduce my misery as painlessly as possible.

Initials

If I become senile, you are directed to let me die naturally and without any extraordinary medical treatment.

Initials

If I am in an irreversible coma or persistent vegetative state, I do not want any form of CPR.

Initials

If I am already in an irreversible coma or persistent vegetative state and I develop some other illness or condition for which a course of treatment would be considered, I do not want any additional treatment to be initiated (for example, if I am in an irreversible coma and it is subsequently discovered that I have cancer, I do not want chemotherapy and/or radiation).

Initials

III. INSTRUCTIONS FOR PERSONAL CARE

3.A. **INDEPENDENT LIVING.** I wish to live in my home for as long as that is reasonably possible without endangering my physical or mental health and safety and to receive whatever

assistance from household employees or personal care givers may be necessary to permit me to do so; provided, however, that in the event my agent determines that appropriate household employees or personal care givers are not available without putting my financial position or physical or mental health or safety at risk, then I wish to live in the least restrictive and most home-like setting deemed appropriate by my agent. I further request that I live as near as possible to my primary residence in order that I may visit with friends and neighbors to the degree my agent believes that I will benefit from such relationships. I wish to return home as soon as reasonably possible after any hospitalization or transfer to convalescent care. If my agent determines that I am no longer able to live in my home, I wish that my agent consider alternatives to convalescent care which will permit me as much privacy and autonomy as possible, including such options as placing me in an assisted living facility or board and care facility.

3.B. **SOCIAL INTERACTION.** I wish to be encouraged to maintain my social relationships and to engage in social interaction even if I am no longer able to recognize my family and friends or to fully participate in social activities.

IV. MISCELLANEOUS MATTERS

4.A. **INSPECTION AND DISCLOSURE OF INFORMATION RELATING TO MY PHYSICAL OR MENTAL HEALTH.** Subject to any limitations in this document, my agent has the power and authority to do all of the following:

- (1) Request, review, and receive, to the extent I could do so individually, any information, verbal or written, regarding my physical or mental health, including, but not limited to, my individually identifiable health information or other medical records. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), 42 U.S.C. 1320d and 45 CFR 160-164, and the California Confidentiality of Medical Information Act ("CMIA"), California Civil Code §56. I hereby authorize any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy, or other covered health care provider, any insurance company, and the Medical Information Bureau, Inc., or other health care clearinghouse that has provided treatment or services to me, or that has paid for or is seeking payment from me for such services, to give, disclose, and release to my agent, without restriction, all of my individually identifiable health information and medical records regarding any past, present, or future medical or mental health condition. This authority given my agent shall supersede any other agreement which I may have made with my health care providers to restrict access to or disclosure of my individually identifiable health information. This authority given my agent shall be effective immediately, has no expiration date and shall expire only in the event that I revoke the authority in writing and deliver it to my health care provider;
- (2) Execute on my behalf any releases or other documents that may be required in order to obtain this information; and

(3) Consent to the disclosure of this information.

4.B. **SIGNING DOCUMENTS, WAIVERS, AND RELEASES.** When necessary to implement the health care decisions that my agent is authorized by this document to make, my agent has the power and authority to execute on my behalf all of the following:

(1) Documents titled or purporting to be a "Refusal to Permit Treatment" and "Leaving Hospital Against Medical Advice" and;

(2) Any necessary waiver or release from liability required by a hospital or physician.

4.C. **NOMINATION OF CONSERVATOR OF PERSON.** If a conservator of the person is to be appointed for me, I nominate my agent to serve as such conservator:

4.D. **PRIOR DESIGNATIONS REVOKED.** I revoke any prior advance health care directive and any prior durable power of attorney for health care.

4.E. **USE OF COPIES PERMITTED.** Persons dealing with my agent may rely fully on a photocopy of this document as though the photocopy was an original.

4.F. **ADVICE OF LAWYER OBTAINED.** My lawyer has advised me concerning my rights in connection with this advance directive and the applicable law and the consequences of signing or not signing this advance directive.

This Advance Health Care Directive is executed by me on _____, 2008, in Riverside County, California.

JAMES JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared JAMES JONES, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

LAWYER'S CERTIFICATE

I am a lawyer authorized to practice law in the state where this power of attorney was executed and JAMES JONES was my client at the time this advance directive was executed. I have advised my client concerning his rights in connection with this advance directive and the applicable law and the consequences of signing or not signing this advance directive, and my client, after being so advised, has executed this advance directive.

Executed on _____, 2008, at Hometown, New Jersey.

ATTORNEY NAME,
Attorney-at-Law

Address: 555 Park Avenue, Suite 101, Hometown, New Jersey 98765
Telephone Number: (888) 555-1111

CALIFORNIA ADVANCE

HEALTH CARE DIRECTIVE

By this document, I, **MARY JONES**, intend to create an advance health care directive under California Probate Code §4600 and following. This directive shall not be affected by my subsequent incapacity.

I. POWER OF ATTORNEY FOR HEALTH CARE

1.A. **DESIGNATION OF HEALTH CARE AGENT.** I hereby designate and appoint my husband **JAMES JONES** as my agent to make health care decisions for me as authorized in this document. For the purposes of this document, "health care decision" means any decision regarding any care, treatment, service, or procedure to maintain, diagnose, or otherwise affect my physical or mental condition.

1.B. **ALTERNATE AGENTS.** If my husband is not available or becomes ineligible to act as my agent, or if I revoke his appointment or authority to act, then I designate the following persons to serve as my agent to make health care decisions for me as authorized in this document, such persons to serve in the order listed below:

First Alternate Agent: My stepson **STEVEN JONES**

Second Alternate Agent: My daughter **SALLY SMITH**

1.C. **GENERAL STATEMENT OF AUTHORITY GRANTED.** Subject to any limitations in this document, I hereby grant to my agent full power and authority: (a) to make health care decisions for me to the same extent that I could make such decisions for myself if I had the capacity to do so, including, without limitation, decisions to provide, withhold or withdraw artificial nutrition and hydration and all other forms of health care to keep me alive; and (b) to make personal care decisions for me to the same extent that I could make those decisions for myself if I had the capacity to do so, including, without limitation, determining where I will live, providing me meals, hiring household employees, providing transportation, handling mail, and arranging recreation and entertainment for me.

1.D. **AGENT'S AUTHORITY EFFECTIVE IMMEDIATELY.** My agent's authority to make health care decisions for me takes effect immediately.

1.E. **AGENT'S OBLIGATION.** My agent shall make health care decisions for me in accordance with this power of attorney for health care, any instructions I give in Part 2 of this form, and my other wishes to the extent known to my agent. To the extent my wishes are unknown, my agent shall make health care decisions for me in accordance with what my agent determines to be in my best interest. In determining my best interest, my agent shall consider my personal values to the extent known to my agent.

1.F. **ANATOMICAL GIFTS.** My agent shall have the power and authority to make a disposition of a part or parts of my body under the Uniform Anatomical Gift Act.

1.G. **DISPOSITION OF REMAINS.** Unless I subsequently execute a document entitled “Burial Instructions”, my agent shall have the power and authority to direct the disposition of my remains according to my agent’s discretion.

1.H. **ARRANGEMENTS FOR FUNERAL OR MEMORIAL SERVICE.** Unless I subsequently execute a document entitled “Burial Instructions”, my agent shall have the power and authority to arrange for my funeral or other memorial service.

II. INSTRUCTIONS FOR HEALTH CARE

2.A. **END-OF-LIFE DECISIONS (“LIVING WILL”).** I recognize that modern medical technology has made possible the artificial prolongation of my life beyond natural limits. I do not wish to artificially prolong the process of my dying if continued health care will not improve my prognosis for recovery or otherwise enable me to live a productive and/or enjoyable life. Therefore, I do not want efforts made to prolong my life and I do not want life-sustaining treatment to be provided or continued: (1) if I am in an irreversible coma or persistent vegetative state; or (2) if I am terminally ill and the use of life-sustaining procedures would serve only to artificially delay the moment of my death; or (3) under any other circumstances in which the burdens of the treatment outweigh the expected benefits. In making decisions about life-sustaining treatment under provision (3) above, I want my agent to consider the relief of suffering and quality of remaining life as well as the extent of the possible prolongation of my life. I understand that if there is a conflict between my agent’s decision and this statement, this statement shall take precedence.

For purposes of this statement:

(A) “Life-sustaining treatment” means any medical procedure, treatment, intervention, or other measure including artificially or technologically supplied nutrition and hydration that, when administered, will serve principally to prolong the process of dying.

(B) “An irreversible coma”, means a coma from which the treating physicians have reasonably concluded I will never regain consciousness.

(C) “Persistent vegetative state” means a state of permanent unconsciousness that, to a reasonable degree of medical certainty as determined in accordance with reasonable medical standards by my attending physician and one other physician who has examined me, is characterized by both of the following:

(i) I am irreversibly unaware of myself and my environment, and

(ii) There is a total loss of cerebral cortical functioning, resulting in my having no capacity to experience pain or suffering.

(D) “Terminal condition” means an irreversible, incurable, and untreatable condition caused by disease, illness, or injury from which, to a reasonable degree of medical

certainty as determined in accordance with reasonable medical standards by my attending physician and one other physician who has examined me, both of the following apply:

- (i) There can be no recovery; and
- (ii) Death is likely to occur within a relatively short time if life sustaining treatment is not administered.

Initials

2.B. **RELIEF FROM PAIN.** Notwithstanding anything herein to the contrary, I direct that treatment for alleviation of pain or discomfort be provided at all times, even if it hastens my death. Notwithstanding the preceding paragraph, if withholding or withdrawing nutrition and/or hydration will cause me to experience substantial pain or discomfort, I want to be provided with nutrition and/or hydration.

Initials

2.C. **OTHER WISHES.** In addition to the preceding paragraphs, I am making the following directives to my agent:

If I ever fall into a persistently vegetative state, you are directed to reduce my misery as painlessly as possible.

Initials

If I become senile, you are directed to let me die naturally and without any extraordinary medical treatment.

Initials

If I am in an irreversible coma or persistent vegetative state, I do not want any form of CPR.

Initials

If I am already in an irreversible coma or persistent vegetative state and I develop some other illness or condition for which a course of treatment would be considered, I do not want any additional treatment to be initiated (for example, if I am in an irreversible coma and it is subsequently discovered that I have cancer, I do not want chemotherapy and/or radiation).

Initials

III. INSTRUCTIONS FOR PERSONAL CARE

3.A. **INDEPENDENT LIVING.** I wish to live in my home for as long as that is reasonably possible without endangering my physical or mental health and safety and to receive whatever assistance from household employees or personal care givers may be necessary to permit me to do so; provided, however, that in the event my agent determines that appropriate household

employees or personal care givers are not available without putting my financial position or physical or mental health or safety at risk, then I wish to live in the least restrictive and most home-like setting deemed appropriate by my agent. I further request that I live as near as possible to my primary residence in order that I may visit with friends and neighbors to the degree my agent believes that I will benefit from such relationships. I wish to return home as soon as reasonably possible after any hospitalization or transfer to convalescent care. If my agent determines that I am no longer able to live in my home, I wish that my agent consider alternatives to convalescent care which will permit me as much privacy and autonomy as possible, including such options as placing me in an assisted living facility or board and care facility.

3.B. SOCIAL INTERACTION. I wish to be encouraged to maintain my social relationships and to engage in social interaction even if I am no longer able to recognize my family and friends or to fully participate in social activities.

IV. MISCELLANEOUS MATTERS

4.A. INSPECTION AND DISCLOSURE OF INFORMATION RELATING TO MY PHYSICAL OR MENTAL HEALTH. Subject to any limitations in this document, my agent has the power and authority to do all of the following:

- (1) Request, review, and receive, to the extent I could do so individually, any information, verbal or written, regarding my physical or mental health, including, but not limited to, my individually identifiable health information or other medical records. This release authority applies to any information governed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), 42 U.S.C. 1320d and 45 CFR 160-164, and the California Confidentiality of Medical Information Act ("CMIA"), California Civil Code §56. I hereby authorize any physician, health care professional, dentist, health plan, hospital, clinic, laboratory, pharmacy, or other covered health care provider, any insurance company, and the Medical Information Bureau, Inc. or other health care clearinghouse that has provided treatment or services to me, or that has paid for or is seeking payment from me for such services, to give, disclose, and release to my agent, without restriction, all of my individually identifiable health information and medical records regarding any past, present, or future medical or mental health condition. This authority given my agent shall supersede any other agreement which I may have made with my health care providers to restrict access to or disclosure of my individually identifiable health information. This authority given my agent shall be effective immediately, has no expiration date and shall expire only in the event that I revoke the authority in writing and deliver it to my health care provider;
- (2) Execute on my behalf any releases or other documents that may be required in order to obtain this information; and
- (3) Consent to the disclosure of this information.

4.B. **SIGNING DOCUMENTS, WAIVERS, AND RELEASES.** When necessary to implement the health care decisions that my agent is authorized by this document to make, my agent has the power and authority to execute on my behalf all of the following:

- (1) Documents titled or purporting to be a "Refusal to Permit Treatment" and "Leaving Hospital Against Medical Advice" and;
- (2) Any necessary waiver or release from liability required by a hospital or physician.

4.C. **NOMINATION OF CONSERVATOR OF PERSON.** If a conservator of the person is to be appointed for me, I nominate my agent to serve as such conservator:

4.D. **PRIOR DESIGNATIONS REVOKED.** I revoke any prior advance health care directive and any prior durable power of attorney for health care.

4.E. **USE OF COPIES PERMITTED.** Persons dealing with my agent may rely fully on a photocopy of this document as though the photocopy was an original.

4.F. **ADVICE OF LAWYER OBTAINED.** My lawyer has advised me concerning my rights in connection with this advance directive and the applicable law and the consequences of signing or not signing this advance directive.

This Advance Health Care Directive is executed by me on _____, 2008, in Riverside County, California.

MARY JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared MARY JONES, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

LAWYER'S CERTIFICATE

I am a lawyer authorized to practice law in the state where this power of attorney was executed and MARY JONES was my client at the time this advance directive was executed. I have advised my client concerning her rights in connection with this advance directive and the applicable law and the consequences of signing or not signing this advance directive, and my client, after being so advised, has executed this advance directive.

Executed on _____, 2008, at Hometown, New Jersey.

ATTORNEY NAME,
Attorney-at-Law

Address: 555 Park Avenue, Suite 101, Hometown, New Jersey 98765
Telephone Number: (888) 555-1111

BURIAL INSTRUCTIONS

1. At my death, I wish to be cremated.
2. I would like my ashes scattered at sea.
3. I have made post-death arrangements at Hometown Funeral Home, 223 Main St., Hometown, CA.
4. The authority to carry out my wishes shall be in the following order of priority:

MARY JONES

STEVEN JONES

SALLY SMITH

Dated: _____

JAMES JONES

BURIAL INSTRUCTIONS

1. At my death, I wish to be cremated.
2. I would like my ashes scattered at sea.

3. I have made post-death
arrangements at:

4. The authority to carry out my wishes shall be in the following order of priority:

JAMES JONES
STEVEN JONES
SALLY SMITH

Dated: _____

MARY JONES

**INSTRUCTIONS FOR
THE DISTRIBUTION OF
OUR PERSONAL EFFECTS**

Pursuant to the terms of THE JONES LIVING TRUST, we are making the following instructions for the distribution of our tangible personal property and personal effects at the death of the survivor of us:

Beneficiary	Item

Dated: _____

JAMES JONES

MARY JONES

Dear Sir or Madam:

We wish to change the title of all of our accounts (other than any IRA accounts). Please change the owner of each account to the following:

JAMES JONES and MARY JONES, or their successors, as co-Trustees of THE JONES LIVING TRUST, U/A dated _____, 2008.

Please find a copy of a Certificate of Trust Establishment and Authority which documents the establishment of our trust and sets out our unlimited powers for the future handling of the account(s) as trustee. Please continue to use the Social Security Number (555-55-5555) now on the account as the Tax Identification Number; pursuant to IRS Regulation 1.671-4(b), no separate Tax Identification Number is required for this type of trust.

If you have any questions regarding this transfer, please contact us at the address below, or telephone us at (213) 555-5555. Thank you for your cooperation.

Sincerely yours,

JAMES JONES

MARY JONES

123 4th Street
Hometown, California 99999

_____, 2008

Merrill Lynch
123 Main Street
Hometown, CA

Re: Account Number: 123456

Dear Sir or Madam:

We have established a revocable, living trust; accordingly, please use this letter as your authorization to journal all securities and cash from the above-captioned account into a new account in the following name:

JAMES JONES and MARY JONES, as co-Trustees of THE JONES LIVING TRUST,
U/A dated _____, 2008

Please find a copy of a Certificate of Trust Establishment and Authority which documents the establishment of our trust and sets out the powers of the trustee for the future handling of the account; you will note that this trust authorizes a "margin-type" account. Please continue to use the Social Security Number now on the account; pursuant to IRS Regulation 1.671-4(b), no separate Tax Identification Number is required for this type of trust. In addition, please retain all existing rights, authorizations, and privileges for the new account.

If you have any questions regarding this request, please contact us at the address below, or telephone us at (213) 555-5555. Thank you for your cooperation.

Sincerely yours,

JAMES JONES

MARY JONES

123 4th Street
Hometown, California 99999

RECORDING REQUESTED BY:

JAMES JONES and
MARY JONES

WHEN RECORDED, MAIL TO
AND MAIL TAX STATEMENTS TO:

Mr. and Mrs. James Jones
123 4th Street
Hometown, CA 99999

THIS SPACE FOR RECORDER'S USE ONLY

APN: 555-666-777

The undersigned Grantors declare that this conveyance transfers Grantors' interest to Grantors' Revocable Trust for no consideration.

This transaction is exempt from the Documentary Transfer Tax pursuant to R & T Code §11930.

GRANT DEED TO A REVOCABLE TRUST

JAMES JONES and MARY JONES, the GRANTORS,

HEREBY GRANT TO

JAMES JONES and MARY JONES, as co-Trustees of THE JONES LIVING TRUST, U/A dated _____, 2008, the GRANTEE,

All of THAT PROPERTY situated in the County of Monterey, State of California, bounded and described as set forth in Exhibit "A" (attached hereto and incorporated herein by reference).

The then-acting Trustee has the power and authority to encumber or otherwise to manage and dispose of the hereinabove described real property; including, but not limited to, the power to convey.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES

MARY JONES

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On _____, 2008, before me, _____, a Notary Public, personally appeared JAMES JONES and MARY JONES, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[SEAL]

Signature of Notary Public

PRELIMINARY CHANGE OF OWNERSHIP REPORT

[To be completed by transferee (buyer) prior to transfer of subject property in accordance with section 480.3 of the Revenue and Taxation Code.] A Preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located; this particular form may be used in all 58 counties of California.

FOR RECORDER'S USE ONLY

THIS REPORT IS NOT A PUBLIC DOCUMENT

SELLER/TRANSFEROR: James Jones and Mary Jones
BUYER/TRANSFeree: The Jones Living Trust
ASSESSOR'S PARCEL NUMBER(S): 555-666-777
PROPERTY ADDRESS OR LOCATION: 123 4th Street, Hometown, CA
MAIL TAX INFORMATION TO: 123 4th Street, Hometown, CA 99999
Phone Number (8 a.m. - 5 p.m.) (213) 555-5555

NOTICE: A lien for property taxes applies to your property on January 1 of each year for the taxes owing in the following fiscal year, July 1 through June 30. One-half of these taxes is due November 1, and one-half is due February 1. The first installment becomes delinquent on December 10, and the second installment becomes delinquent on April 10. One tax bill is mailed before November 1 to the owner of record. **You may be responsible for the current or upcoming property taxes even if you do not receive the tax bill.**

The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the _____ Assessor. For further information on your supplemental roll obligation, please call the Monterey County Assessor.

PART I: TRANSFER INFORMATION (please answer all questions)

- YES NO
- A. Is this transfer solely between husband and wife (addition of a spouse, death of a spouse, divorce settlement, etc.)?
- B. Is this transaction only a correction of the name(s) of the person(s) holding title to the property (for example, a name change upon marriage)?
- Please explain
- C. Is this document recorded to create, terminate, or re-convey a lender's interest in the property?
- D. Is this transaction recorded only as a requirement for financing purposes or to create, terminate, or re-convey a security interest (e.g., cosigner)? Please explain
- E. Is this document recorded to substitute a trustee of a trust, mortgage, or other similar document?
- F. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants?
- G. Does this transfer return property to the person who created the joint tenancy (original transferor)?
- H. Is this transfer of property:
- 1. to a revocable trust that may be revoked by the transferor and is for the benefit of the transferor transferor's spouse?
- 2. to a trust that may be revoked by the Creator/Grantor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the Creator/Grantor dies?
- 3. to an irrevocable trust for the benefit of the Creator/Grantor and/or Grantor's spouse?
- 4. to an irrevocable trust from which the property reverts to the Creator/Grantor within 12 years?
- I. If this property is subject to a lease, is the remaining lease term 35 years or more including written options?
- *J. Is this transfer between parent(s) and child(ren)? or from grandparent(s) to grandchild(ren)?
- *K. Is this transaction to replace a principal residence by a person 55 years of age or older?
Within the same county? Yes No
- *L. Is this transaction to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5? Within the same county? Yes No
- M. Is this transfer solely between domestic partners currently registered with the California Secretary of State?

*If you checked yes to J, K or L, you may qualify for a property tax reassessment exclusion, which may result in lower taxes on your property. **If you do not file a claim, your property will be reassessed.**

Please provide any other information that would help the Assessor to understand the nature of the transfer.

If the conveying document constitutes an exclusion from a change in ownership as defined in section 62 of the Revenue and Taxation Code for any reason other than those listed above, set forth the specific exclusions claimed: _____

Please answer all questions in each section. If a question does not apply, indicate with "N/A." Sign and date at bottom of second page.

PART II: OTHER TRANSFER INFORMATION

- A. Date of transfer if other than recording date _____
- B. Type of transfer (please check appropriate box):
 - Purchase Foreclosure Gift Trade or Exchange Merger, Stock, or Partnership Acquisition
 - Contract of Sale - Date of Contract _____
 - Inheritance - Date of Death _____ Other (please explain): _____
 - Creation of Lease Assignment of a Lease Termination of a Lease Sale/Leaseback
 - Date lease began _____
 - Date lease began _____
 - Original term in years (including written options) _____
 - Remaining term in years (including written options) _____
 - Monthly Payment _____ Remaining Term _____
- C. Was only a partial interest in the property transferred? Yes No
If yes, indicate the percentage transferred _____%.

Please write Assessor's Parcel Number(s): 555-666-777

Please answer, to the best of your knowledge, all applicable questions, then sign and date. If a question does not apply, indicate with "N/A."

PART III: PURCHASE PRICE AND TERMS OF SALE

- A. CASH DOWN PAYMENT OR value of trade or exchange (excluding closing costs) Amount \$ _____
- B. FIRST DEED OF TRUST @ ____% interest for ____ years. Pymts./Mo. = \$ _____ (Prin. & Int. only) Amount \$ _____
 - FHA (____ Discount Points) Fixed rate New loan
 - Conventional Variable rate Assumed existing loan balance
 - VA (____ Discount Points) All inclusive D.T. (\$_____ Wrapped) Bank or savings & loan
 - Cal-Vet Loan carried by seller Finance company
 - Balloon Payment Yes No Due Date _____ Amount \$ _____
- C. SECOND DEED OF TRUST @ ____% interest for ____ years. Pymts./Mo. = \$ _____ (Prin. & Int. only) Amount \$ _____
 - Bank or savings & loan Fixed rate New loan
 - Loan carried by seller Variable rate Assumed existing loan balance
- D. OTHER FINANCING: Is other financing involved not covered in (b) or (c) above? Yes No Amount \$ _____
 - Type _____ @ ____% interest for ____ years. Pymts./Mo. = \$ _____ (Prin. & Int. only)
 - Bank or savings & loan Fixed rate New loan
 - Loan carried by seller Variable rate Assumed existing loan balance
- E. WAS AN IMPROVEMENT BOND ASSUMED BY THE BUYER? Yes No Outstanding Balance: Amount \$ _____
- F. TOTAL PURCHASE PRICE (or acquisition price, if traded or exchanged, include real estate commission if paid)

TOTAL ITEMS A THROUGH E \$

G. PROPERTY PURCHASED Through a broker Direct from seller From a family member Other (please explain): _____
 If purchased through a broker, provide broker's name and phone number: _____
 Please explain any special terms, seller concessions, or financing and any other information that would help the Assessor understand the purchase price and terms of sale: _____

PART IV: PROPERTY INFORMATION

- A. TYPE OF PROPERTY TRANSFERRED:
 - Single-family residence Agricultural Timeshare
 - Multiple-family residence (no. of units: _____) Co-op/Own-your-own Manufactured home
 - Commercial/Industrial Condominium Unimproved lot
 - Other (Description: i.e., timber, mineral, water rights, etc. _____)
- B. IS THIS PROPERTY INTENDED AS YOUR PRINCIPAL RESIDENCE? Yes No
 If **yes**, enter date of occupancy ____/____/20____ or intended occupancy ____/____/20____.
(month) (day) (year) (month) (day) (year)
- C. IS PERSONAL PROPERTY INCLUDED IN PURCHASE PRICE (i.e., furniture, farm equipment, machinery, etc.) (other than a manufactured home subject to local property tax)? Yes No
 If **yes**, enter value of the personal property included in the purchase price \$ _____ (Attach itemized list of personal property.)
- D. IS A MANUFACTURED HOME INCLUDED IN PURCHASE PRICE? Yes No
 If **yes**, how much of the purchase price is allocated to the manufactured home? _____
- E. DOES THE PROPERTY PRODUCE INCOME? Yes No If **yes**, is the income from:
 Lease/Rent Contract Mineral rights Other (please explain): _____
- F. WHAT WAS THE CONDITION OF THE PROPERTY AT THE TIME OF SALE?
 Good Average Fair Poor

Please explain the physical condition of the property and provide any other information (such as restrictions, etc.) that would assist the Assessor in determining the value of the property: _____

CERTIFICATION

OWNERSHIP TYPE () <input type="checkbox"/> Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input checked="" type="checkbox"/> Other Trust	I certify that the foregoing is true, correct and complete to the best of my knowledge and belief. This declaration is binding on each and every co-owner and/or partner.
NAME OF NEW OWNER/CORPORATE OFFICER James Jones and Mary Jones	TITLE Trustee
SIGNATURE OF NEW OWNER/CORPORATE OFFICER	DATE
NAME OF ENTITY (typed or printed) The Jones Living Trust	FEDERAL EMPLOYER ID NUMBER
ADDRESS (typed or printed) 123 4th Street, Hometown, CA 99999	E-MAIL ADDRESS (optional) DATE

(NOTE: The Assessor may contact you for additional information.)

If a document evidencing a change of ownership is presented to the recorder for recordation without the concurrent filing of a preliminary change of ownership report, the recorder may charge an additional recording fee of twenty dollars (\$20).

SUMMARY OF ESTATE PLANNING PROVISIONS

FOR

JAMES JONES

AND

MARY JONES

SUMMARY OF ESTATE PLANNING PROVISIONS

LIVING TRUST:

Your revocable living trust is an agreement between the “Settlor” and the “Trustee” to hold the trust assets for the benefit of the beneficiary of the trust. The Settlor is the person setting up the trust and the Trustee is the person who manages the trust. In order to form the trust, the Settlor transfers property to the Trustee to hold in the name of the trust. Since this is your trust, you are both the Settlor and you are both the initial co-Trustees of the trust. Please remember that the trust must be written with the possibility that you might not always be the Trustee (e.g., in the event of your incapacity). The trust further provides that, for your joint lifetimes and the lifetime of the survivor, you are also the beneficiaries of the trust. These points are covered in the Recitals and in Article I of the trust.

Paragraph 2.A. designates the name of the trust. This is the name you will use to re-title your assets to the trust.

Paragraph 2.B. sets forth your family situation.

Paragraph 2.C. designates who shall act as your successor Trustee in the event you are no longer able to act; either due to your death or your incapacity. While both of you are acting as co-Trustees, the trust provides that only one signature of either of you is needed to conduct business on behalf of the trust.

Paragraph 2.D. enables you (or anyone else) to add property to the trust, either during your lifetimes or at death.

Paragraph 2.E. defines the terms used through the trust.

Paragraph 2.F. establishes the laws of California as the operative laws controlling this trust.

Paragraph 2.G. is often referred to as a “Spendthrift Clause” because it prevents a future beneficiary from alienating (“selling”) his or her interest in the trust (usually for pennies on the dollar); it also keeps a creditor or ex-spouse of a beneficiary from being able to reach the beneficiary's interest while it is held in the trust.

Paragraph 2.H. is the Maximum Duration of Trusts provision (it is also known as the “Rule Against Perpetuities”) and most all states require it to be included in a trust. Basically, the rule states that, regardless of circumstances, a trust (or an interest in the trust) must end at some point in the future; it does not mean that the trust must continue for that period. Since these laws can change, your trust merely states that the trust will end, assuming it was still on-going, at the end of the maximum period under California law at that time. Please note that it is extremely unlikely that this provision will ever be needed, but it must be included.

Paragraph 2.I. is the “No Contest” provision in the trust. It states that, to the extent permitted under California law, if anyone challenges the validity of the trust or your intent as expressed in the trust, that person and his or her descendants will receive nothing from the trust.

Paragraph 2.J. sets the requirement that a beneficiary must survive the survivor of you by at least thirty days to receive his or her distribution. This can avoid an unnecessary probate of the beneficiary's share of the trust. This paragraph also accounts for the possibility of a simultaneous death of the two of you.

Paragraph 2.K. creates some general rules (which will not override any specific distribution provisions) of what will happen to any trust distribution going to a beneficiary who is under the age of twenty-one or who is incapacitated at the time of the distribution. Again, if you have made specific provisions (for example, holding a trust share until age twenty-five), those specific provisions will take precedence over the general provisions in this paragraph. One of the important provisions of this paragraph is the discretionary right it gives to the Trustee to hold any distribution for a beneficiary deemed by the Trustee to be incompetent or suffering from substance abuse, or because the beneficiary's financial circumstances are such that failure to delay the distribution would actually reduce the trust benefits to the beneficiary (e.g., a beneficiary who is receiving state assistance of some kind).

Paragraph 2.L. establishes the procedures to resolve any conflicts between beneficiaries or between a beneficiary and the Trustee.

Paragraph 2.M. provides that the Trustee can distribute an interest in the trust if the cost of administering that interest makes it uneconomical to continue the trust administration on that share.

Article III has detailed provisions concerning the Trustee.

Paragraph 3.A. reiterates your authority to designate anyone you wish as a co-Trustee or as a successor Trustee.

Paragraph 3.B. gives the beneficiaries the authority to appoint a new Trustee if, for any reason, no Trustee is acting and there is no successor Trustee designated or able to act; otherwise, the court would appoint the new Trustee.

Paragraph 3.C. gives any Trustee the right to resign and, if there is not a designated successor Trustee, to have a successor Trustee appointed by the court.

Paragraph 3.D. releases a successor Trustee from any liability for the actions of a predecessor (although the predecessor Trustee would still be liable). Without this protection, no successor Trustee would ever be willing to act.

Paragraph 3.E. eliminates the requirement that a Trustee post a bond prior to acting. A bond is very difficult to obtain when there is no court supervision and is very expensive (it is paid out of the trust assets); it can also be a “Catch-22” situation because the successor Trustee cannot gain access to the trust assets to pay for the bond until he or she becomes the Trustee but cannot become the Trustee until the bond has been posted. The best advice is to designate successor Trustees you can trust!

Paragraph 3.F. sets the compensation of a successor Trustee. If a Trustee is a corporation (i.e., a bank) the compensation is the Trustee's published fee schedule; however, when a Trustee is an individual such compensation shall be the average of what banks in your county would charge for a similar trust. A Trustee is also entitled to be reimbursed for all necessary expenses incurred in the discharge of the Trustee's duties. The last sentence in the paragraph gives the Trustee the right to determine how the fees should be allocated.

Paragraph 3.G. discusses the reporting requirements of the Trustee. In general, a Trustee must report (“account”) to the beneficiaries of a trust at least annually. Obviously, while either of you is the Trustee (and the beneficiary) it is not necessary for you to account to yourself; further, a beneficiary can waive (“give-up”) the requirement. An accounting becomes final when it is given pursuant to this paragraph and it is not objected to within sixty days.

Paragraph 3.H. outlines the manner of payment of trust assets to the beneficiaries. This paragraph releases the Trustee from liability for any payment made in conformance to the paragraph.

Paragraph 3.I. means that a Trustee can hold separate trust interests in a common account but must maintain a separate accounting for each interest.

Paragraph 3.J. defines certain actions a Trustee can take; for example, a Trustee can, just as you can, give another person a “power of attorney”.

Paragraph 3.K. gives your successor Trustee the right to obtain your health care information which would otherwise not be accessible under the privacy provisions of the federal Health Insurance Portability and Accountability Act (“HIPAA”). This information may be necessary in the event you became incapacitated. Similar provisions are also in your Health Care powers.

Paragraph 3.L. authorizes the Trustee to collect any life insurance which is payable to the trust (i.e., the trust is the beneficiary of the policy).

If any IRA or other tax deferred accounts are paid to the trust (as the beneficiary), Paragraph 3.M. makes sure that the trust can receive the same “stretch” on the pay-outs which would be available if the account had been paid directly to an individual (this language has to be fairly technical to meet the IRS requirements).

Paragraph 3.N. provides that a discretionary power given to the Trustee to invade or

utilize the principal of a trust for “health, care, education, support or maintenance” of a beneficiary shall not be a General Power of Appointment (as defined in §§2041 and 2514 of the Internal Revenue Code) which could have adverse tax consequences. The paragraph also clarifies a provision in the California Probate Code concerning discretionary powers given to a Trustee.

Paragraph 3.O. permits a Trustee to release or to restrict the scope of any trustee power if necessary for an appropriate reason (such as a tax consequence).

Article IV grants the powers of the Trustee. In general, the Trustee will have the same level of control over the trust assets that you enjoyed prior to transferring the assets into the trust. The actual powers are set forth in Exhibit A to the trust.

Article V contains your retained rights as the creators of your trust.

Paragraphs 5.A. and 5.B. provide for your right to revoke or change the trust at any time during your joint lifetimes. How these powers are treated is based in part on the ownership of the underlying assets.

Paragraph 5.C. discusses the rights of the survivor of you to revoke or change the trust. Although the survivor continues to have the unlimited right to revoke or change the survivor's portion of the trust (later defined as the “Survivor's Trust”), there are certain limitations placed on the survivor with regard to the deceased's portion (later defined as the “Decedent's Trust” and the “Marital Deduction Trust”). After the first death, the “Decedent's Trust” and the “Marital Deduction Trust” can not be revoked by the survivor, but the survivor has the limited power to change the manner of distribution of these trusts among the issue of the deceased spouse. This gives the survivor the flexibility to make changes if circumstances change after the first death.

Paragraph 5.D. prevents the exercise of these powers by any one other than you.

There are also provisions concerning your right to use your personal property (Paragraph 5.E.) and your principal residence (Paragraph 5.F.) without accountability to the Trustee (if you are not acting as the Trustee at any point during your lifetime) ; in addition, Paragraph 5.E. ensures that you are entitled to any “homestead” exemption even though your residence is titled in the trust.

Article VI is the part of the trust that controls how the assets of the trust are to be distributed; both during your lifetime and then after your death. It is the distribution after death when the trust acts like a Will, except the assets can be distributed without court supervision (i.e., no probate).

Paragraph 6.A. restates the Trustee's responsibility.

Paragraph 6.B. states your unlimited right to the income and principal during your joint lifetimes.

Paragraph 6.C. instructs the Trustee on how to distribute or accumulate the trust income and principal in the event of incapacity; it also states your desire to stay in your principal residence as long as possible and/or to return to your residence from a care facility as soon as it is medically reasonable.

Paragraph 6.D. provides for the division of the trust into sub-trusts after the first death. It is the most detailed paragraph in the entire trust because this is where all of the tax planning provisions are contained.

Your trust potentially divides into four separate sub-trusts after the first death. The survivor's portion of the trust passes to the survivor's revocable part of the trust estate (called the "Survivor's Trust"). The deceased spouse's portion of the trust initially goes into an irrevocable trust called the "Federal Marital Deduction Trust"; from there the surviving spouse can choose to have that portion of the deceased spouse's estate up to the maximum amount which can pass state estate tax free in the year of the first death go to another irrevocable trust called the "State Marital Deduction Trust" (even though there is currently no separate California estate tax, we do not know what the situation will be, or where you may be a legal resident, at the time of death – we are "covering the bases") and, finally, if there is still a balance, it goes, up to the amount of the federal estate tax exemption, to an irrevocable trust called the "Decedent's Trust". In this situation, there will be no federal estate tax due regardless of the value of the trust and the tax laws in the year of death (this is called the "unlimited marital deduction"). At the death of the survivor, the assets held in the Decedent's Trust and the State Marital Deduction Trust (if this trust was necessary based on the laws of your state of residence at the time of the first death) pass to the beneficiaries of your trust without federal tax (there may be some state tax due on the State Marital Deduction Trust) and the assets in the Survivor's and the Federal Marital Deduction Trust are taxed only to the extent the total value in those trusts exceeds the estate tax exclusions, federal and/or state, available for the year of the surviving spouse's death. This division allows the trust to use the estate tax exclusion amounts at both deaths and thereby at least double the amount which can pass estate tax free to your heirs. In addition, those assets in the Decedent's and the Marital Deduction Trusts, although available for use by the surviving spouse, will go to the beneficiaries of your trust at the survivor's death as directed in the trust as it existed just prior to the first death (subject, as mentioned in Paragraph 5.C., to the right of the surviving spouse to change the manner of distribution to the deceased spouse's issue). Because this Paragraph is so tax sensitive, the language has to be very precise and must deal with technical details.

Paragraph 6.E. gives the Trustee the right to delay distribution of the trust for up to six months after your death. This time frame is tied to the federal estate tax "alternative valuation date" (the right to revalue the estate for tax purposes six months after the date of death), but more importantly it gives the Trustee some time to make sure all of the assets have been located and all of the debts and bills have been paid before being

pressured by the beneficiaries to make distributions. This does not mean the Trustee cannot be making some or all of the distributions in the meantime.

Paragraph 6.F. authorizes the Trustee to pay from the trust all of your debts, funeral expenses, the costs of administration and any taxes. Because legally the Executor of an estate has this responsibility, this paragraph coordinates the payment with the Executor if one is appointed or gives this authority to the Trustee if one is not appointed (as is typically the case). The provisions for the payment of any death taxes is fairly technical; the important point here is that the taxes (if any) are paid from the balance of the trust before final distribution.

Paragraph 6.G. allocates the payment of the debts, expenses of administration and taxes (if any).

Paragraph 6.H. requires the Trustee to pay all of the income from the Survivor's Trust and the Marital Deduction Trust to the surviving spouse plus giving the Trustee the discretion to pay the income of the Decedent's Trust to either the survivor or to your issue (this can provide for asset protection, as well as, potential income tax benefits). In addition, because IRA rules can apply and can have different requirements, there is language to make sure that these conflicting tax laws do not result in any adverse income or estate tax consequences.

Paragraph 6.I. gives the Trustee the power to use the principal of the sub-trusts for the benefit of the survivor. This is an unlimited power utilizing any criteria for the Survivor's Trust; however, unless there is "non-Interested Trustee" for asset protection purposes, for the use of the principal of the Decedent's Trust and the Marital Deduction Trusts, the power must be discretionary and be limited to the survivor's "proper health, support and maintenance", in order to maintain the same standard to which the survivor was accustomed at the time of the first death. This limitation is necessary to prevent the assets in the Decedent's Trust from being taxable as part of the survivor's estate.

Paragraph 6.J. reiterates the survivor's power to change the beneficiaries of the Survivor's Trust by also giving the survivor what is referred to as a "Power of Appointment". The Paragraph goes on to say that whatever assets in the Survivor's Trust which are not specifically left differently will be added to the Decedent's Trust and will be distributed according to Paragraph 6.K.

Paragraph 6.K. is the place in the trust where you direct how your trust (including any assets added to the trust after your death, such as life insurance or assets passing through the "Pour-Over Will") shall be distributed at the death of the survivor of the two of you. The first subparagraph lets you control the distribution of any tangible personal property (i.e., "things") through a separate list of instructions (this form is included with your trust papers). Please review the remainder of this Paragraph carefully.

DECLARATION OF TRUST:

Under certain very limited circumstances, this Declaration could possibly be helpful after your death if you neglected to transfer a valuable asset to your Trust; it merely confirms that you intended to include all of your assets within your Trust. This Declaration is not a substitute for the requirement that you must transfer (“title”) your assets into the name of your Trust in order to avoid a potential probate of those non-Trust assets.

CERTIFICATE OF TRUST:

The Certificate sets forth the existence of your Trust and your unlimited right as Trustees to deal with any account or asset held in the Trust. The Certificate acts as a short version of the Trust Agreement and gives any third party all the information required from the Trust without getting into the dispositive provisions, which are (and should remain) confidential.

MARITAL PROPERTY AGREEMENT:

This Marital Property Agreement confirms your intent to treat all of your property, regardless of previous ownership, as the community property of both of you. This will provide some favorable income tax advantages when the community terminates on the death of either spouse. In the event this is not your intent, do not sign this Agreement and advise me at once.

ASSIGNMENT OF PERSONAL PROPERTY:

This Assignment acts as the method of transferring all of your tangible personal property assets (generally such assets do not have a title or an ownership document) to your Trust (thereby avoiding the necessity or possibility of having to probate these assets).

INSTRUCTIONS FOR THE DISTRIBUTION OF OUR PERSONAL PROPERTY:

This is an optional form and can be completed at any time (you should make copies of it for future use). This is where you can designate specific items of your tangible personal property (i.e., “things”) to go to certain people at your death. For example, “We give the diamond engagement ring to our daughter MARY”; “We give the stamp collection to our grandson MICHAEL SMITH”; etc. You should NOT, however, use this form to designate cash gifts or specific trust assets. You can add to or change this form as often as you wish without having to amend your trust or execute a codicil to your Will; if you do add or delete a distribution, you should date and initial the addition or deletion (or complete a new form and destroy the old one).

WILLS:

Your Wills are commonly referred to as a “pour-over” will. Under the terms of the Will, any assets held by you which have not previously been transferred into your Trust will be added to the Trust at the time of your death (but may be subject to a probate administration in order to do so). The purpose of this is to make sure all of your assets (whether in the Trust or not) are distributed according to the dispositive plan set forth in the Trust.

THE DURABLE POWERS OF ATTORNEY FOR MANAGEMENT OF PROPERTY AND PERSONAL AFFAIRS:

The Durable Power of Attorney is a “general power of attorney”. This document is primarily intended to give your named agent (initially the other of you is the primary agent) the power to deal with any trust or non-trust assets in the event of your incapacity. However, this document gives your agent broad powers to dispose of, sell, convey and encumber your real and personal property; if you have any concern about granting such broad powers, please contact me at once.

ADVANCE HEALTH CARE DIRECTIVES:

The Advance Health Care Directives give your named Agents (initially the other of you is the primary Agent) the power to make medical decisions, sign consents and/or releases with hospitals and/or doctors [it conforms to the new Federal Laws (known as “HIPAA”) with regard to the releases]. It also acts as your “living will” for end-of-life decisions.

Law Offices of Your Name

Attorney-At-Law

555 Park Avenue

Suite 101

Hometown, New Jersey 98765

TELEPHONE: (888) 555-1111 -- FACSIMILE: (888) 555-1112

E-Mail: *YourName@aol.com*

NOTICE AND ACKNOWLEDGMENT

To: Mr. and Mrs. James Jones
123 4th Street
Hometown, California 99999

I have accepted your estate planning documents for safekeeping. By law, I must use ordinary care for preservation of these documents.

You must keep me advised of any change in your address shown above. If you do not and I cannot return these documents to you when necessary, I will no longer be required to use ordinary care for their preservation, and I may transfer them to another attorney, or I may transfer them to the clerk of the Superior Court of the county of your last known domicile and give notice of the transfer to the State Bar of California.

If you have any questions, please do not hesitate to ask me.

Sincerely yours,

LAW OFFICES OF YOUR NAME

By: _____
ATTORNEY NAME,
Attorney-at-Law

My address shown above is correct. I understand that I must keep you advised of any change in this address.

Executed on _____, 2008, in Riverside County, California.

JAMES JONES

MARY JONES

Law Offices of Your Name

Attorney-At-Law

555 Park Avenue

Suite 101

Hometown, California 98765

TELEPHONE: (888) 555-1111 -- FACSIMILE: (888) 555-1112

E-Mail: *YourName@aol.com*

Mr. and Mrs. James Jones
123 4th Street
Hometown, California 99999

July 4, 2008

DESCRIPTION OF SERVICE OR COST

AMOUNT

LIVING TRUST PACKAGE, including:

Review and analysis; conferences; preparation and execution of Revocable Living Trust, Pour-over Wills, Certificate of Trust, Durable Powers of Attorney, Advance Health Care Directives, and Miscellaneous Estate Planning and Transfer Documents.

\$2,500.00

Recording Fee

\$15.00

Less Retainer Payments Received

<\$500.00>

AMOUNT DUE THIS BILL

\$2,015.00

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THANK YOU FOR LETTING US BE OF SERVICE TO YOU

OFFICE COPY

Mr. and Mrs. James Jones
123 4th Street
Hometown, California 99999

<u>DESCRIPTION OF SERVICE OR COST</u>	<u>AMOUNT</u>
LIVING TRUST PACKAGE:	\$2,500.00
Recording Fee	\$15.00
	<hr/>
Less Retainer Payments Received	<\$500.00>
AMOUNT DUE THIS BILL	\$2,015.00
	<hr/> <hr/>

DATE SIGNED: July 4, 2008

PAYMENTS RECEIVED:

\$ _____

\$ _____