

LIFE INSURANCE TRUST AGREEMENT

This Trust Agreement is made and entered into this _____ of _____, 20____, by and between

_____, (hereinafter referred to as "Grantor"),
and _____,
(hereinafter referred to as "Trustee").

For the purpose of making a gift to the beneficiaries of this Trust, the Grantor transfers and delivers and does hereby transfer, assign and convey to the Trustee, as Trustee, the sum of _____ Dollars (\$ _____), receipt of which is hereby acknowledged, in trust for the beneficiaries and for the uses and trusts hereinafter set out.

ARTICLE I

Trust Irrevocable

The Trustor hereby declares that this Trust is and shall be irrevocable and that, after the execution of this Trust, Trustor shall have no right, title or interest in, or power, privilege or incident of ownership in regard to any of the property in this Trust and no right to alter, amend, revoke or terminate this Trust or any of its provisions.

ARTICLE II

Trust Provisions Effective

During Trustor's Lifetime

- A. During Trustor's lifetime, the Trustee shall hold and manage the trust property and shall accumulate any income received therefrom and add the same to trust principal, except as provided in paragraph B of this Section.
- B. The Trustee shall have no duty to invest the principal of this Trust or to make periodic reports to the beneficiaries (other than notifications of withdrawal rights as provided hereinafter) with respect to the principal and income of the Trust during Trustor's lifetime. In addition, the Trustee shall be

under no obligation to pay the premiums which become due and payable with respect to any insurance policy in which the Trust has an interest, or to see that such premiums are paid by Trustor or others, or to notify any persons of the non-payment of such premiums. The Trustee shall be authorized, however, to apply any dividends received on any insurance policy and to borrow upon the

cash value of any policy to pay such premiums, and otherwise to use any income or principal of the Trust for such purpose. In addition, the Trustee shall have and may exercise all rights, elections, options, privileges and other powers with respect to the insurance policies in which the trust has an interest, including the right to exercise any conversion privilege or option to purchase additional insurance, the right to apply the cash value of any policy to the purchase of paid-up or extended insurance, and the right to surrender any policy in exchange for the cash value thereof. If no funds are available for the payment of premiums on any policy, the Trustee is authorized to distribute such policy to the Trustor's children living at the date of distribution.

ARTICLE III

Trust Provisions Effective After Trustor's Death.

A. Upon Trustor's death, the Trustee shall collect the

insurance proceeds, death benefits and other property payable to the Trust by reason of said death. In collecting such proceeds, benefits and other property, the Trustee shall be authorized to elect any optional mode of settlement, and the payment to and the receipt of by the Trustee shall be full discharge of the liability of any insurance company, which company need not take notice of this instrument or see to the application of any payment to the Trustee. The Trustee shall be authorized to institute legal action to enforce payment under any insurance policy but shall not be required to institute such legal action without indemnification satisfactory to it for any attorney's fees or other resulting expense.

B. After Trustor's death, the Trustee shall, if his wife,

, survives him, set aside separately in Trust for her any insurance proceeds paid to the Trustee that are included in Trustor's gross

estate as finally determined for federal estate tax purposes, and shall distribute to her the income from such at least quarter-annually during her lifetime and, at her death, the balance shall be distributed as said spouse shall appoint in her last will and testament. The Trustee shall hold, manage, and distribute the remaining property of this

Trust, and any additional property received by the Trustee as hereinafter provided, and further, the subsequent trust provisions shall be limited by and subject to the provisions of this paragraph with respect to the Trust Estate described in this Paragraph B.

C. The Trustee shall pay the net income from the property to

Trustor's wife, _____, and

Trustor's descendants in such amounts and proportions among them as the Trustee in its sole discretion shall deem best,

taking into consideration any other means of support they or any of them may have to the knowledge of the Trustee. Undistributed income shall be added to principal.

D. The Trustee may also encroach on the principal of this trust

in such amounts as it may deem necessary in its judgment to provide for the support and reasonable comfort of said wife and to provide for the proper support and education of Trustor's descendants, taking into consideration any other means of support they or any of them may have to the knowledge of the Trustee. To the extent practicable, however, the Trustee, in making encroachment for the

benefit of said wife, shall encroach first on the Marital

Deduction Trust created for Trustor's wife under Trustor's Will and/or Family Trust.

E. Trustor's primary desire is that Trustor's wife be supported

as well as possible during her life and that Trustor's children be supported and educated as well as possible, rather than the preservation of the principal until the termination of this trust, and the Trustee is to be guided by this consideration in determining the amount to be used for the support of said wife and the support and education of Trustor's descendants hereunder. After any descendant has

completed his or her education, or in normal course should have completed his or her education, the Trustee

shall not be required to make any payment for the support or education of such descendant unless, in the judgment of the trustee, there is ample trust corpus to support said wife and educate other descendants or such descendant who is unable to support himself or herself.

- F. Trustor's surviving spouse shall have the power at any time,
and from time to time by instrument in writing signed by

her and delivered to the Trustee, to direct the Trustee to turn over any part or all of the property in this Trust to or among such of Trustor's descendants, and in such manner, in trust or otherwise, as said spouse may in such instrument direct or appoint, provided that she shall have no power to appoint the property to herself, to her estate, to her creditors or to the creditors of her estate.

- G. On the death of Trustor's wife, the property then remaining

in this Trust shall be distributed to or among such of Trustor's descendants, and in such manner, in trust or otherwise, as Trustor's wife may, by her last will and testament or trust, direct or appoint, making express reference to this power, provided that she shall have no power to appoint the property to herself, to her estate, to her creditors, or to the creditors of her estate.

- H. Should Trustor's wife fail to exercise her power of

appointment as to all of the property of this trust, or should she predecease Trustor, then after the death of the survivor of Trustor and Trustor's spouse, all property remaining in this Trust as to which Trustor's wife fails to exercise her power of appointment shall be divided into as many separate and equal shares as Trustor has children then living and deceased children with descendants then living.

1. The Trustee shall distribute one of the shares, per
stirpes, among the descendants then living of each

deceased child of Trustor, except that the share of any descendant then under 21 years of age may be held in trust as hereinafter provided.

2. The Trustee shall hold one of the shares in a separate

trust for each then living child of Trustor and shall pay the net income quarter-annually therefrom to such child.

3. the Trustee may encroach upon the principal of the

Trust of any such child in such amounts as it may deem necessary in its judgment to provide for the support and education of such child.

4. If and when each beneficiary is 21 years of age, the

Trustee shall turn over to such beneficiary all of the property then in the trust of such beneficiary.

5. The Trustee may also distribute to any Trust

beneficiary, either before or after such beneficiary becomes 21 years of age, from the trust of such beneficiary, a proportion of the principal of the trust to enable such beneficiary to marry, to enter into a trade, profession or business, to purchase a home or for similar purposes, if the Trustee deems such distribution to be in the best interest of such beneficiary.

6. Should any child die after the division of the property

into separate Trusts but before such child has become

entitled to receive all of his or her Trust, then the Trust of such child shall be distributed, per stirpes, among the surviving descendants of such child, if any, and, if not, shall be added proportionately to the trust shares originally set apart for Trustor's other children or their descendants and be held and distributed in all respects as if it had originally been a part of such other shares.

7. If, at any time before the final distribution of this

trust, all of the beneficiaries herein named or described should die and there should be no such beneficiary to take the property or the income therefrom, then the property remaining in the Trust shall be distributed among the persons who would have been entitled thereto under the laws of descent and distribution of Trustor's state of domicile at Trustor's death as if Trustor had died intestate at that time owning such property in fee simple.

ARTICLE IV

RULE AGAINST PERPETUITIES

Anything in this Trust to the contrary notwithstanding, all property of every trust created herein shall vest in and be distributed to the persons then entitled to the income from such property at the expiration of twenty-one (21) years after the death of the last surviving beneficiary of the Trust who was in life at the date of the execution of this Trust, unless sooner vested as herein provided. The purpose of this provision is to prevent any possible violation of the rule against perpetuities and this provision should be so construed. At the expiration of such twenty-one (21) year period, the Trustee shall distribute the property of each Trust or share to the person entitled or permitted to receive the income from such Trust or share and, if more than one person is entitled or permitted to receive income from a Trust or share, then the Trustee shall distribute the property of such Trust or share among them in such proportions as the Trustee in its discretion shall determine.

ARTICLE V

TRUST ADDITIONS

Trustor, as well as others, shall have the right at any time to add to this Trust by depositing additional property with the Trustee hereunder, provided such property is acceptable to the Trustee, and all property so deposited shall be held and distributed by the Trustee in all respects as if it had been a part of the property originally deposited hereunder, unless the instrument by which such property is deposited otherwise provides.

ARTICLE VI

WITHDRAWAL PROVISION

During the lifetime of the Grantor, the Grantor's wife, or if she is not living, the Grantor's oldest child living from time to time (hereafter referred to as the "donee") shall have the right to withdraw from the Trust any part or all of the cash or other property transferred to the Trust during a calendar year by any donor, in an amount not exceeding the lesser of : (1) the

amount of the gift tax annual exclusion then available under Section 2503(b) of the Internal Revenue Code of 1954, as amended,

or (2) the maximum amount over which the lapse of a power to withdraw is not considered a release of such power under Sections 2041 and 2514 of the Internal Revenue Code of 1954, as amended. The donee shall have the power of withdrawal in the year in which this Trust is created and funded and in any subsequent year in which additional property is transferred by gift to the Trust by the Grantor or any other person.

ARTICLE VII

TRUSTEES

- A. The following people will act as Trustee in the following order of priority:
- 1.
 2. A Trustee chosen by the Trustor, but neither the Trustor nor Trustor's spouse may act as a Trustee, nor may the Trustor or Trustor's spouse remove a Trustee.
 3. A Trustee chosen by a majority of the beneficiaries with a parent or legal guardian voting for minor beneficiaries, but the guardians of the beneficiaries may not serve as a Trustee.
- B. No Trustee shall be required to inquire into or audit the acts or doings of any other Trustee or to make any claim against any other Trustee or his or her estate. Any successor Trustee shall have and may exercise any or all of the powers, immunities, privileges and exemptions herein conferred on the Trustee as fully and to the same extent as if such successor had originally been named Trustee herein.
- C. A Trustee serving hereunder shall receive reasonable compensation for services rendered and shall be reimbursed for out-of-pocket expenses reasonable incurred in the administration of any trust established hereunder.

ARTICLE VIII

DEFINITIONS

Whenever the term "child", "children", "descendant", or "descendants" is used in this Trust agreement, such reference shall be deemed to include any legally adopted child to the extent that it would include a natural child of the adopting parent, except that it shall exclude any person adopted after reaching majority age.

ARTICLE IX

ANNUAL REPORT

After Trustor's death, the Trustee shall, at least annually, furnish to each person then entitled to income from this Trust, a statement showing the property then held by the Trustee and the receipts and disbursements, but shall not be required to make or file any inventory or appraisal or file annual or other returns or reports to any court or to give bond.

ARTICLE X

ASSET COMPOSITION

Trustor has confidence in the investments which have been or will

be deposited hereunder and no change need be made by the Trustee in these investments solely for the propose of creating a diversity of investments, but the Trustee shall be authorized to sell or otherwise dispose of such investments, if and to the extent the Trustee deems such sale or disposition to be in the best interest of the Trust, without being constrained to do so.

ARTICLE XI

POWERS OF TRUSTEE

A. In the management, care and disposition of this Trust, the

Trustee shall have the power to do all things and to execute such instrument as may be deemed necessary or proper, including the following powers, all of which may be exercised without order of or report to any court:

1. To sell, exchange or otherwise dispose of any property

at any time held or acquired hereunder, at public or private sale, for cash or on terms, without advertisement, including the right to lease for any term notwithstanding the period of the Trust, and to grant options, including an option for a period beyond the duration of the Trust;

2. To invest all monies in such stocks, bonds, securities,

investment company or trust shares, mortgages, notes, choses in action, real estate, improvements thereon, and other property as the Trustee may deem best, without regard to any law now or hereafter in force limiting investments of fiduciaries;

3. To retain for investment any property deposited with

the Trustee hereunder, including any stock in the corporate Trustee or in a parent or affiliate company of such Trustee or any stock in a company

which the corporate Trustee or its parent or affiliate holds as an asset, either individually or in a fiduciary capacity;

4. To vote in person or by proxy any corporate stock or other security and to agree to or take any other action in regard to any reorganization, merger, consolidation, liquidation, bankruptcy or other procedure or proceeding affecting any stock, bond, note, or other security;

5. To use real estate brokers, accountants and other agents, if such employment be deemed necessary or desirable, and to pay reasonable compensation for

their services;

6. To compromise, settle or adjust any claim or demand by or against the Trust and to agree to any rescission or modification of any contract or agreement affecting the Trust;

7. To renew any indebtedness as well as to borrow money and secure the same by mortgaging, pledging or conveying any property of the Trust, including the power to borrow from the Trustee at a reasonable rate of interest;

8. To retain and carry on any business in which the Trust may acquire any interest, to acquire additional interest in any such business, to agree to the

liquidation in kind of any corporation in which the Trust may have any interest and to carry on the business thereof, to join with other owners in adopting any form of management for any business or property in which the Trust may have an interest, to become or remain a partner, general or limited, in

regard to any such business or property, to incorporate any such business or property and hold the stock or other securities as an investment, and to employ agents and confer on them authority to manage and operate

such business, property or corporation, without

liability for the acts of any such agent or for any loss, liability or indebtedness of such business if the management is selected or retained with reasonable care;

9. To register any stock, bond or other security in the

name of a nominee, without the addition of words indicating that such security is held in a fiduciary capacity, but accurate records shall be maintained showing that such security is a trust asset and the Trustee shall be responsible for the acts of such nominee.

10. The Trustee may retain or invest in undivided interests and commingle assets of separate Trusts hereunder and shall not be required to physically segregate or apportion undivided interests to such separate Trusts.

B. In making distributions from the Trust to or for the benefit

of any minor or other person under a legal disability, the Trustee need not require the appointment of a guardian but shall be authorized to pay or deliver the same to the custodian of such person, to pay or deliver the same to the such person without the intervention of a guardian, to pay or deliver the same to a legal guardian of such person if one has already been appointed, or to use the same for the benefit of such person.

C. In the distribution of the Trust and any division into

separate Trusts and shares, the Trustee shall be authorized to make the distribution and division in money or in kind

or in both, regardless of the basis for income tax purposes of any property distributed or divided in kind, and the distribution and division made and the values established by the Trustee shall be binding and conclusive on all persons taking hereunder. The Trustee may, in making such distribution or division, allot undivided interests in the same property to several Trusts or shares.

D. If, at any time after Trustor's death, the total fair market

value of the assets of any Trust established or to be established hereunder is very small, the Trustee, in its discretion, shall be authorized to terminate such Trust or to decide not to establish such Trust and in such event the property then held in or to be distributed to such Trust shall be distributed to the persons who are then or would be entitled to the income of such Trust. If the amount of income to be received by such persons is to be determined in the discretion of the Trustee, then the Trustee shall distribute the property among such of the persons to whom the Trustee is authorized to distribute income and in such proportions as the Trustee in its discretion shall determine.

E. The Trustee shall be authorized to lend or borrow at an

adequate rate of interest and with adequate security and upon such terms and conditions as the Trustee shall deem fair and equitable and to sell or purchase, at the fair market value as determined by the Trustee any property to or from Trustor's estate, the estate of Trustor's spouse or any property to or from Trustor or Trustor's spouse during life or after death, even though the same person or corporation may be acting as executor or Trustee of Trustor's estate or the estate of Trustor's spouse. In particular, the Trustee is requested to make loans for the retirement of any mortgage or encumbrance on real estate owned by Trustor or Trustor's spouse.

F. The Trustee shall have discretion to determine whether items

should be charged or credited to income or principal or allocated between income and principal as the Trustee may deem equitable and fair under all the circumstances, including the power to amortize or fail to amortize any part or all of any premium or discount, to treat any part or all of the profit resulting from the maturity or sale of any asset, whether purchased at a premium or at a discount, as income or principal or apportion the same between income and principal, to apportion the sales price of any asset

between income and principal, to treat any dividend or

other distribution on any investment as income or principal or apportion the same between income and principal, to charge any expense against income or principal or apportion the same, and to provide or fail to provide a reasonable reserve against depreciation or obsolescence on any asset subject to depreciation or obsolescence, all as the Trustee may reasonably deem equitable and just under all of the circumstances.

Except as herein otherwise expressly provided, all income or principal to be paid to any of the beneficiaries shall be paid by the Trustee direct, and only to the beneficiaries, to the personal representative of any beneficiary or, where authorized, applied for the beneficiary. The Trustee shall not recognize any transfer, mortgage, pledge, hypothecation, order or assignment of any beneficiary by way of anticipation of income or principal. The income and

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me, this

_____ day of _____, 20_____.

Notary Public

State of
Expires:

My Commission

SCHEDULE "A"

Cash:

Other Property:

Insurance Payable to Trustee:

1.

2.

3.

4.

TRUSTOR:

TRUSTEE: