

TRUST AGREEMENT

between

MARY A. SMITH
the “Grantor”

and

JOHN B. SMITH *as the Trustee*
of the “single family trust” initially
to be created hereunder,

creating

various Irrevocable Trusts
known as the

**MARY A. SMITH FAMILY LAND
PRESERVATION AND FORTRESS TRUSTS**

Prepared By:

McDonald & Kanyuk, PLLC
Attorneys at Law
Concord, New Hampshire
(603) 228-9900

**MARY A. SMITH FAMILY LAND
PRESERVATION AND FORTRESS TRUSTS**

This Indenture dated this ____ day of _____, 2006, by and between **MARY A. SMITH**, of Anytown, Merrimack County, New Hampshire, as the “**Grantor**”, and **JOHN B. SMITH**, of Anytown, Merrimack County, New Hampshire as **the “Trustee”**. **The Grantor’s children are ROBERT C. SMITH, and MICHAEL D. SMITH.** The name of the Grantor’s spouse is **JOHN B. SMITH** (the “Grantor’s spouse”). This Trust Agreement and the various separate family trusts to be created hereunder shall sometimes be known simply and collectively as the “**MARY A. SMITH FAMILY LAND PRESERVATION AND FORTRESS TRUSTS**”.

ARTICLE I

DEFINITIONS AND GUIDELINES

As used in this instrument the words:

A. “Accountees” shall mean the person or persons entitled to an accounting as described in **ARTICLE XI** below, except as specifically may otherwise herein below be provided.

B. “Child”, “children”, “issue”, “descendant”, and “descendants” shall include those persons bearing the indicated relationship to the designated ancestor, and shall include such persons born before or after the date of execution of this Agreement and such persons who may be legally adopted.

C. “Code” shall mean the Internal Revenue Code of 1986, as amended.

D. “Endowment” shall mean a fund of liquid assets which may be established and administered for the short and long term maintenance, care and improvement of the family lands.

E. “Family Lands” shall mean the improved real property, with any improvements thereon contributed to the Trust by the Grantor and described in Schedule A attached hereto. The family lands shall also include any real property or improvements thereon acquired or constructed by the Trustee after the date of the Grantor’s establishment of this Trust

F. Depending on the context in which the words are used, “**trust fund**” and “**trust property**” shall mean all property belonging to the income or principal of the separate “**single family**”, “**family land**” and “**family fortress**” trusts and any subsidiary “**subtrusts**” and “**reserve accounts**” created hereunder, as

defined in **ARTICLE III-A**, and **Sections III** and **IV** of **ARTICLE III-B** hereof, together with all property being held under this Agreement, and eventually allotted by the administrative Trustee among such separate family trusts, subtrusts and reserve accounts by (i) the Grantor or any beneficiary hereunder during his or her lifetimes, and (ii) the Grantor's or any beneficiary's will, revocable trust or other instrument effecting a deathtime distribution of property to this Trust and such separate trusts, subtrusts and reserve accounts.

G. Any reference herein to gender or number, unless the context otherwise requires, shall not affect the construction thereof and the same shall be interchangeable with any other gender or number, as the case may be.

H. The mental or physical "**incapacity**" of any person through illness, age or other cause may be established by the written statement of two (2) physicians.

I. Any headings or captions used herein are for ease of reference purposes only.

J. "**This instrument**", "**this Agreement**", "**hereunder**", "**herein**" and "**hereof**" shall refer to this instrument.

K. "**Skip person**" shall have the meaning as a term of art under the Federal generation-skipping transfer tax law as set forth in Code §2613(a). "**Non-skip person**" shall have the meaning set forth in Code §2613(b).

L. "**Trustee**", when not modified by the words "**administrative**", "**interested**" or "**disinterested**" shall, as the context requires, mean, collectively, the Trustee of the "single family trust" serving hereunder during the Grantor's lifetime, and, after the death of the Grantor, the interested and disinterested Trustees of each family land and fortress trust to be created hereunder. "**Administrative Trustee**" shall have the meaning set forth in **ARTICLE XII** hereof, and shall mean the Trustee to be appointed after the termination of the single family trust and to whom will be delegated certain administrative duties and powers hereunder as are primarily described in **ARTICLE III-B** hereof. "**Interested**" and "**disinterested Trustees**" of each family land and fortress trust to be created hereunder after the termination of the single family trust shall have the meanings set forth in **ARTICLE XII** hereof. Unless otherwise specifically provided to the contrary in this Agreement, any powers exercisable after the termination of the

single family trust and the deaths of all of the Grantor's children by a majority or supermajority of the interested Trustees of the family land trusts hereunder shall be subject to the vote weighting system described in *Subparagraph G.2.* of *ARTICLE XII* below.

M. *“Zero inclusion ratio property”* shall mean all property held by the Trustee hereunder which has an inclusion ratio, as defined by Code §2642(a)(1), of zero (0) for Federal generation-skipping transfer tax purposes. *“Non-zero inclusion ratio property”* shall mean all property held by the Trustee hereunder which has an inclusion ratio of one (1) for such Federal generation-skipping transfer tax purposes.

N. The Trusts created hereunder shall be New Hampshire trusts and shall in all respects be governed by the laws of the State of New Hampshire, unless the governing law with respect to any family trust is changed to that of another jurisdiction as provided in *Paragraph G.* of *ARTICLE XII* hereof.

ARTICLE II

BENEFICIARIES' WITHDRAWAL POWERS

When the Grantor during the Grantor's lifetime at any time or from time to time (i) makes an addition to the Trust, and (ii) notifies the Trustee that such addition shall become subject to the rights of withdrawal as provided herein, each of the persons then living who are herein below defined as the *“beneficiaries”* shall have the right, upon notice from such Trustee as provided herein, to demand the immediate distribution of such addition or part thereof subject to such right of withdrawal under certain terms and conditions as is herein below provided. Any such notice given by the Grantor to the Trustee may by its terms be effective as to subsequent transfers hereto by the Grantor unless and until notice to the contrary is received by the Trustee from the Grantor, or until such notice is revoked by the Grantor.

A. *Powerholders; Amounts; Special Rules.*

1. *Successive Powerholders.* Subject to the limitations described in *subparagraph 2.* below, the withdrawal privileges stated above shall be exercisable by the following persons (who, for the purposes of this Article and only for such purposes, shall be referred to as the *“beneficiaries”*) in the following order for the following amounts:

a. First Tier: The Grantor's Children, Their Spouses, and Their Issue.

Subject to the limitations described in *subparagraph 2.* below, each child of the Grantor and each spouse of a child of the Grantor who is then a beneficiary of the single family trust under the conditions and limitations described in *Paragraph F.* of *ARTICLE III-A* hereof, shall have the right to withdraw a *pro rata* portion of the value of the contribution up to the maximum amount described in *subparagraph 2.* below.

b. Second Tier: The Grantor's Children' Issue. If the value of the property received or deemed to have been received by the Trustee from the Grantor exceeds the amounts which can be withdrawn under *subparagraph 1.a.* above, and if there are living at that time any issue of the Grantor's children, each person among such living issue shall have the right to withdraw an amount equal to one (1) divided by the number of such then living issue and multiplied by the total value of such excess, up to the withdrawal limitations described in *subparagraph 2.* below.

2. Special Provisions Concerning Withdrawal Amount.

a. In General. Notwithstanding anything to the contrary appearing in *subparagraph 1.* above, the maximum amount withdrawable in any year by any withdrawal powerholder hereunder shall not exceed the lesser of (i) the maximum amount over which the powerholder may have a power of withdrawal without its lapse being treated as a release of such power under §2514(e) of the Code, which maximum shall be determined after consideration of any other lapses of powers of appointment held by the powerholder which have occurred during the taxable year in which the contribution is made, and (ii) the maximum amount excludable from the contributing Grantor's taxable gifts for such year in respect to gifts to the powerholder under §2503(b) of the Code, taking into account for a married contributing Grantor §2513 of the Code, unless the Grantor otherwise directs in a written notice to the Trustee provided pursuant to *subparagraph b.* below.

b. Grantor's Right to Modify and Limit Powers of Withdrawal. It is provided, however, that the Grantor in making such an addition shall have the right by a written instrument filed with the Trustee to (i) exclude any beneficiary who would otherwise have a power of withdrawal exercising the power, (ii) to increase or decrease the amount subject to any beneficiary's power of withdrawal

(except that the amount subject to all withdrawal power granted hereunder shall not exceed the amount of the addition), or (iii) change the period during which any beneficiary may exercise a power of withdrawal.

B. Source for Payment Upon Exercise of Power. Any distribution of funds from the trust to a beneficiary shall be made, in the Trustee's sole and absolute discretion, (i) from the liquid assets comprising the principal, even if completely exhausting such assets (including from loans taken by the Trustee against such principal), (ii) from the illiquid assets comprising such principal, where such assets or an undivided fractional interest in such assets are capable of being severed from the whole principal and distributed to the beneficiary, or (iii) from income that has been accumulated during the existence of the Trust.

C. Trustee's Notice to Beneficiaries. Whenever an addition subject to a beneficiary's right of withdrawal is made to the Trust, the Trustee shall promptly give notice of such addition to the beneficiary or, if the beneficiary is then under a legal disability, to the beneficiary's legal guardian or, if no legal guardian has been appointed for said beneficiary, to his or her then living parent or, if there is no such living parent, to his or her nearest adult relative. Any such notice given by the administrative Trustee may by its terms be effective as to the beneficiaries' withdrawal rights with respect to subsequent transfers hereto by the Grantor unless and until the administrative Trustee delivers notice to the contrary to the withdrawal powerholders, or until such notice is revoked by the administrative Trustee. Notice shall be deemed delivered when mailed.

D. Beneficiaries' Exercise of Withdrawal Powers. Except as otherwise provided hereinabove in any written notice of the Grantor, each beneficiary shall have the right to make such demand only during the one (1) month period starting on the date of the delivery of the Trustee's notice provided under the preceding **Paragraph C**. This demand must be made by means of a written instrument executed by the beneficiary or, if the beneficiary is under legal disability, by such beneficiary's legal guardian or, if no legal guardian has been appointed for such beneficiary, by his or her then living parent or, if none, his or her nearest adult relative, in any such case acting solely on behalf of such legally incapacitated beneficiary in making such demand and receiving such distribution for the beneficiary's sole benefit. If no such demand is made within the one (1) month period starting with the date of the delivery of such notice (or such shorter or longer period described in the Grantor's notice to the Trustee), the beneficiary's right to demand distribution of that

addition or such portion thereof shall lapse and the beneficiary shall no longer have the right to make such demand. When the Trustee receives a properly executed demand for withdrawal this demand shall be honored forthwith. The Trustee shall at all times while such demand right is outstanding and exercisable retain sufficient liquid funds or transferable assets in the Trust to satisfy such right of demand if it is exercised. If there are no or insufficient liquid assets available for this purpose, the Trustee may satisfy such obligation by making distributions in specific property, real or personal, or an undivided interest therein, without regard to the income tax basis of specific property allocated to any powerholder.

E. Forfeiture of Powers. Any beneficiary having a right of withdrawal hereunder shall immediately forfeit such right upon making an assignment for the benefit of his or her creditors, filing of a voluntary petition in bankruptcy, being adjudicated a bankrupt or insolvent, or consenting to or acquiescing in the appointment of a trustee or receiver of all or any substantial part of his or her assets or properties.

F. Precedence of Withdrawal Powers. It is the Grantor's intention that the powers of withdrawal granted in this Article render as "**present interests**" the rights of the beneficiaries holding such powers so as to qualify for the annual federal gift tax exclusion provided under Code §2503 all or a portion of any transfers to this Trust subject to such rights of withdrawal. The provisions of this Article shall take precedence over and control any other provisions of this Agreement, and all other such provisions shall be limited and qualified so as not to diminish the rights of the beneficiaries hereunder.

**ARTICLE III
ESTABLISHMENT AND ADMINISTRATION OF
SEPARATE "FAMILY" TRUSTS**

ARTICLE III-A

**DURING THE LIFETIMES OF THE GRANTOR AND THE GRANTOR'S SPOUSE
SINGLE FAMILY TRUST**

A. Creation of the Single Family Trust. During the period beginning with the date of the Grantor's execution of this Trust Agreement and ending with the death of the survivor of the Grantor, and the Grantor's spouse (or the simultaneous deaths if the order of their deaths cannot be determined), after administering the provisions of **ARTICLE II** hereof, the Trustee shall hold, manage, administer and

distribute the Trust property as a ***“single family trust”*** upon the terms and conditions described in this ***ARTICLE III-A.***

B. Distribution of the Income and Principal of the Single Family Trust.

1. ***In General.*** The Trustee may pay out of the single family trust’s net income or principal, or both, such amount or amounts (whether equal or unequal and whether the whole or a lesser amount) as such Trustee, in its sole and absolute discretion, determines to or for the benefit of such one (1) or more persons then living as such Trustee in its sole and absolute discretion, may select out of a class composed of (i) the Grantor’s spouse, (ii) the Grantor’s children, (iii) each of the Grantor’s children’s spouses who are then beneficiaries of the single family trust as provided in ***Paragraph F.*** of this ***ARTICLE***, and (iv) the living issue of the Grantor’s children. Any net income not so paid shall be added to principal. In exercising this discretion, it is the Grantor’s hope (but not direction) that the Trustee will (i) give primary consideration to the Grantor’s spouse’s needs and desires as the primary beneficiary of the single family trust, and (ii) will avoid making any distributions to beneficiaries of the family lands or if any liquid assets comprising the trust principal and net income which the Trustee determines, again in its sole and absolute judgment, may be required in the future to finance carrying charges associated with the family lands to best accomplish the Grantor’s purposes described in ***Section I*** of ***ARTICLE III-B*** below that the family lands be preserved and maintained after the termination of the single family trust for the benefit of future generations of the Grantor’s family.

2. ***Limitation Upon Trustee’s Powers to Distribute to or for the Benefit of Him or Herself; Possible Appointment of Special Co-Trustee.*** Notwithstanding the foregoing, if the Trustee is also a beneficiary eligible to receive distributions hereunder, such Trustee shall have the right to distribute trust property to or for the benefit of him or herself from the principal an amount or amounts not exceeding ***Five Thousand Dollars (\$5,000)*** in the aggregate, and, if such person is living on the last day of such year, an amount, if any, by which five percent (5%) of the then fair market value of the net principal (not reduced by any income taxes chargeable to principal) exceeds the value of the amount or amounts previously distributed to him or her from the trust during such year valued as of the date or dates he or she makes the

distribution to him or herself; PROVIDED, HOWEVER, that such amount or amounts shall be greater or lesser than the amount determined under the “five or five” formula if, after the date of this Trust Agreement, the federal gift tax law changes to adjust the “lapse protection amounts”, so called, in which event the Trustee/beneficiary’s rights hereunder shall be such greater or lesser amount as is determined under Code §2514(e), or its successor section, as of the date any such rights of the Trustee/beneficiary are to be exercised. Further, the Trustee shall not make any distribution to any beneficiary hereunder which would relieve a legal obligation of the Trustee/beneficiary to support such recipient beneficiary. The Trustee may appoint a special co-Trustee which such co-Trustee, upon such appointment, shall possess only the unlimited discretion hereinabove described to make distributions of trust net income or principal to or for the benefit of the Trustee/beneficiary, and no other power granted to Trustees hereunder or given to trustees under the governing law, provided that no such special co-Trustee shall be “related or subordinate to” the Trustee/beneficiary as those terms are defined in Code §672(c). Any such appointment shall be by an instrument in writing signed by the Trustee, and shall be effective upon the special co-Trustee’s acceptance of such appointment.

C. Use and Enjoyment of the Family Lands. The Grantor’s spouse shall be entitled to the use and enjoyment of the family lands (or any fractional interest therein) held in the single family trust, so long as the Grantor’s spouse pays a pro rata share of the carrying charges associated with the trust’s fractional interest. If the Grantor’s spouse predeceases the Grantor, during their lifetimes the Grantor’s children and their issue, who, collectively shall be referred to herein as the “beneficiaries” of the single family trust, may, in the sole and absolute discretion of the Trustee, use, enjoy and occupy the family lands and any other real property included in the single family trust estate, whether, as hereinbelow described, completely rent-free, for fair rental value, or in exchange for their payment of all carrying charges relating to the real estate, including, but not limited to, property taxes, property and casualty insurance premiums, special assessments, costs of maintenance and repairs, utilities, and all other expenses customarily borne by a life tenant under New Hampshire law. The Grantor envisions that after the Grantor’s spouse’s death the Trustee may in its discretion make all or a portion of the family lands available for the use and enjoyment of such one or more of

the beneficiaries as the Trustee, in its sole and absolute discretion, may choose at any time and from time to time, and may charge rent and other assessments for the use and enjoyment of such lands by such beneficiaries, in such amount or amounts as such Trustee determines, in its sole and absolute judgment, is appropriate given the nature and intensity of each such beneficiary's use and enjoyment of such lands. Notwithstanding the foregoing, during any period a Trustee serving hereunder is also a beneficiary hereunder, if such Trustee/beneficiary determines, after consultation with tax counsel, that allowing him or herself and other beneficiaries the rent-free use of the family lands might be construed as a ***“general power of appointment”*** under Code §2041 and §2514, such powers shall be exercisable exclusively by a special co-Trustee appointed by the Trustee as hereinabove provided. The Trustee may (but need not) also lease the real estate to non-beneficiaries of the single family trust, including the Grantor alone or as a co-tenant. Any such lease arrangement shall be subject to a Lease Agreement entered by the Trustee, as landlord, and a beneficiary or non-beneficiary, as tenant, which such Lease Agreement or Agreements the Trustee is specifically empowered to enter as hereinafter provided; PROVIDED, HOWEVER, that any Lease Agreement the Trustee exercises its unlimited discretion to enter into with the Grantor, as the sole or a co-Tenant, shall be upon commercially reasonable terms and conditions, including, without limitation: (i) fair rental value, as determined by a written report of a professional appraiser who is a Member of the Appraisal Institute (“MAI”), the cost of such appraisal to be borne by the Grantor as tenant; (ii) for a term not to exceed a term equal to one-half (1/2) of the actuarial life expectancy of the Grantor as tenant, and (iii) if the term of the lease exceeds three years, or if the lease is automatically renewing without further notice, the lease must contain reasonable rent escalators which might, for example, be pegged to the consumer price index, or require the rents to be redetermined at intervals of no more than five (5) years by a fair rental value reappraisal, the cost of which is to borne by the Grantor as tenant. The Grantor and the Trustee acknowledge and certify by signing this Trust Agreement that there is no understanding between the Grantor and the Trustee, express or implied, concerning the Grantor leasing of the family lands or a portion thereof, after the Grantor's spouse's death, and the decision whether to enter into any such Lease Agreement with the Grantor is committed to the sole and absolute discretion of the Trustee, to be informed only by the Trustee's judgment as to which course of action

concerning the leasing of the family lands best meets such Trustee's undivided fiduciary duty to the Trust beneficiaries, a class of persons which does not include the Grantor.

D. Right of First Refusal Upon Trustee's Decision to Sell the Family Lands. If the Trustee of the single family trust decides to exercise its power to sell all or a portion of the family lands under the power of sale described in **Paragraph A. of ARTICLE VII** hereof, the beneficiaries shall have the rights of first refusal and purchase which the Trustee determines, in its sole and absolute discretion, are similar to those rights which are described in **subparagraph E.2.b. of Section III, ARTICLE III-B** hereof given to the accountees of the separate family land trusts to be created hereunder after the termination of the single family trust. For these purposes, any reference in such subparagraph to "accountee" or "accountees" shall be construed as a reference to a beneficiary or the beneficiaries, and any reference to the "administrative Trustee" shall be construed as a reference to the Trustee of the single family trust.

E. Termination of Single Family Trust. The single family trust shall terminate upon the death of the survivor of the Grantor and the Grantor's spouse (or upon their simultaneous deaths if the order of such deaths cannot be determined). Upon such termination, an "administrative Trustee" shall be appointed as provided in **subparagraph B.2.a. of ARTICLE XII** hereof, and such Trustee shall divide and distribute the property remaining in the single family trust, plus any income accumulated in such trust but undistributed at the time of such termination, as follows:

1. Division Into "Family" and "Charitable" Shares. The administrative Trustee shall divide such property into two separate shares. The **"charitable share"** shall have a value equal to (i) 10% of such property, up to a maximum of Four Hundred Thousand Dollars (\$400,000); (ii) minus the value of any property contributed to the charities described below (the **"charities"**), by the Grantor and/or the Grantor's spouse during their lifetimes; and (iii) minus the amount of any property passing to the charities upon or by reason of the Grantor's or the Grantor's spouse's deaths via their revocable trusts, wills, beneficiary designations or otherwise, including as a result of a disclaimer of property otherwise distributable to a beneficiary other than the charities. In identifying any gifts or bequests made to the charities during the Grantor's and the Grantor's spouse's lifetimes, the administrative Trustee shall ignore any gift of less than

Five Thousand Dollars (\$5,000) in value, and, in the case of a ***“split interest gift”***, so-called, such as a gift to a pooled income fund, charitable remainder trust, gift annuity or charitable lead trust, the administrative Trustee shall consider only the actuarial value of the recipient charity’s portion of the split interest as such portion was valued for federal income, gift or estate tax purposes when the split interest was created. The ***“family share”*** shall consist of the trust property not included in the charitable share.

2. Distribution of Separate Shares. The administrative Trustee shall distribute the charitable share outright among such charities which are chosen by the administrative Trustee in its sole and absolute discretion and which shall qualify as “public charities” under Code §§170(b)(1)(A), 170(c), 2055(a) and 2522(a) both on the date this Trust Agreement becomes irrevocable, and the date for distribution of the charitable share. In exercising this discretion, the Grantor wishes (but does not direct) that the administrative Trustee will choose those charitable recipients which such Trustee determines, in its sole and uncontrolled judgment, the Grantor and the Grantor’s spouse would have favored had they been alive. Such charities may (but need not) include: The Lake Sunapee Protective Association of Sunapee, New Hampshire; the Joslin Diabetes Center, of Boston, Massachusetts; the Upper Valley Community Foundation, a subsidiary of the New Hampshire Charitable Foundation; and the New Hampshire Women’s Fund, of Concord, New Hampshire. The administrative Trustee’s exercise of this discretion shall be final and binding on all persons and entities interested in the trust estate. The administrative Trustee shall distribute the family share as provided in **ARTICLE III-B** hereof.

F. Conditional Nature of Beneficial Interests of the Spouses of the Grantor’s Children. Notwithstanding anything to the contrary herein contained, any beneficial interest, powers or rights conferred on a spouse of a child of the Grantor shall terminate or be suspended, as the case may be, upon the dissolution or any legal change in the marital relationship between such spouse and such child by divorce or decree of legal separation or separate maintenance.

ARTICLE III-B

**AFTER THE TERMINATION OF THE SINGLE FAMILY TRUST:
CREATION OF SEPARATE FAMILY LAND AND FORTRESS TRUSTS**

Section I

Statement of the Grantor's Purposes and Intentions

In the management and administration of the separate family trusts to be established under **Sections III** and **IV** of this **ARTICLE III-B** and the assets of such separate trusts, the Grantor hopes (but does not direct) that the Trustee will be guided by the following statements of the Grantor's purposes.

A. The Family Land Trusts. The Grantor's primary purpose in establishing and funding this Trust is to provide in **Section III** of this **ARTICLE** and elsewhere in this Agreement for the federal transfer tax efficient transmission, conservation, maintenance and centralized ownership, management and improvement of the family lands for the benefit of present and future generations of the Grantor's family. Accordingly, from and after the termination of the single family trust, the Trustee will hold the family lands and any endowment in separate trusts (sometimes referred to as the "**family land trusts**"), one of which may be established on a **per stirpital** basis for each branch of the Grantor's family headed by one of the Grantor's children, together with any permanent or estate taxable reserve accounts, so-called, which may be created to hold the contribution or contributions of one or more beneficiaries of the family land trusts. Such endowed family land trusts shall continue as generation-skipping trusts, so-called, as hereinbelow provided, and shall not increase in number regardless of how many subbranches of the Grantor's family proliferate in generations below the Grantor's children's generation in whose names family land trusts may initially (or ultimately) be established.

B. The Family Fortress Trusts. The Grantor's other important purpose is to provide in **Section IV** of this **ARTICLE** and elsewhere in this Agreement for the federal transfer tax efficient transfer and management of any "**Section IV property**" as hereinafter defined, which such property includes any trust property other than the family lands, endowment or any permanent or estate taxable reserve account or subtrust contributed to the Trust by (i) the Grantor, during her lifetime upon or after her death, or (ii) a

beneficiary of a separate family fortress trust being administered hereunder only upon his or her death (but not during any of the beneficiaries' lifetimes), and also to hold any property into which such family lands, endowment and reserve accounts and subtrusts are converted upon the sale of all or a portion of the family land or the exercise of certain **"Put"** rights hereunder. The Grantor intends to accomplish this by creating separate generation-skipping subtrusts under **Section IV** below (sometimes referred to as **"family fortress trusts"**), initially on a **per stirpital** basis for the benefit of each separate branch of the Grantor's family headed by a living or predeceased child of the Grantor, each such trust to proliferate further on a **per stirpital** basis as upon the death of the child (or the respective issue of a predeceased child), and as future generations of the Grantor's child's family pass. The Grantor hopes that the family fortress trusts will provide a flexible, federal transfer tax efficient means of owning and conserving such property other than the family lands and endowment, all as provided in **Section IV** below.

Section II

Division of Trust Property

A. Division Into Separate Shares.

1. Property Contributed by the Grantor During the Grantor's Lifetime or By the Grantor or the Grantor's Spouse Upon and After their Deaths.

a. Trust Contributions Subject to Division; Creation of Separate Funds for the Family Lands, Endowment and Section IV Properties. The various provisions of this **subparagraph A.1.** shall apply to the family share as hereinabove defined, which such share shall include any property not distributed as part of the charitable share, and, in any event, shall include only property contributed by the Grantor during her lifetime, and any property distributed to the Trustee hereunder upon or by reason of the Grantor's or the Grantor's spouse's deaths under the terms of their wills, revocable trusts, beneficiary designations or other means. Before dividing the family share of the trust property into separate **per stirpital** shares as hereinbelow provided, the administrative Trustee shall first classify the assets comprising such property as either **"family lands"**, **"endowment"** or **"Section IV property"** as hereinafter defined. The administrative Trustee's exercise of discretion in making such classifications shall be final and

binding on all persons interested in the Trust estate. In making such classifications, it is the Grantor's wish (but not direction) that the administrative Trustee will classify (i) as **"family lands"**, all property hereinabove defined as the family lands; (ii) as **"endowment"** sufficient liquid assets (assuming the trust holds such assets) which such Trustee determines, in its sole and uncontrolled judgment, will produce total annual investment return (both fiduciary accounting net income and capital appreciation) sufficient to finance expenses associated with the short and medium-term annual carrying charges for the family lands, including maintenance, upkeep, property taxes, insurance proceeds, ordinary repairs, and any anticipated capital improvements, and (iii) as **"Section IV property"** all property of the family share which is not classified as other family lands or endowment. The administrative Trustee shall segregate the trust property into three separate family lands, endowment and Section IV property funds according to this classification. Notwithstanding the foregoing, if the administrative Trustee exercises its power to sell the family lands, which such power is described in **subparagraph A.1.d.** of this **Section II**, the administrative Trustee need not create separate funds for the family lands and endowment, and the net proceeds of any such sale, together with all other property held hereunder, shall comprise the Section IV property fund.

b. Separate Shares to be Established.

i. In General: Per Stirpital Division. Unless otherwise instructed in the contributor's writing accompanying or directing the contribution, upon termination of the single family trust, or, if later, upon the Trustee's receipt of the Grantor's or the Grantor's spouse's contribution, the Trustee (meaning the administrative Trustee) shall, on its books of account, divide each such separate family lands, endowment or Section IV property fund into as many equal shares as will allow it to allot one such share (a **"child's share"**) of each such fund for each child of the Grantor living on the date the contribution is made, and one such share (a **"predeceased child's share"**) of each such fund for the collective issue of each of the Grantor's children who shall have previously died.

ii. Possible Reallocation of the Property of Each Child's Share of the Separate Funds.

(a) Appointment of a disinterested Trustee.

Notwithstanding the foregoing, after creating the separate child's and predeceased child's shares of each of such funds, and before adding them to the separate family land and family fortress trusts to be created as hereinafter provided, the administrative Trustee shall first appoint a disinterested Trustee who or which meets the eligibility requirements applicable to disinterested Trustees described in **ARTICLE XII** hereof. Such appointment shall be by a written instrument delivered to the disinterested Trustee, and shall be effective on such Trustee's written acceptance of such appointment.

(b) Disinterested Trustee's Power Disproportionately to Allocate the Property of the Separate Funds Among the Separate Shares. Such disinterested Trustee shall have the authority to reapportion the property of the separate family lands, endowment and Section IV property funds among such separate child's and predeceased child's shares in any which the disinterested Trustee determines, in its sole and absolute discretion, is appropriate. In exercising this discretion, the Grantor hopes (but does not direct) that the disinterested Trustee will consult with the Grantor's children, and will apportion the family lands and endowment exclusively to one or more child's or predeceased child's shares under circumstances in which the ultimate beneficiaries of the family land trusts which will hold such shares have expressed an intention and desire for them and their living and future descendants to use and enjoy the family lands. If the disinterested Trustee exercises its discretion to make a disproportionate allocation of the family lands and endowment exclusively among such one or more child's and predeceased child's shares, it is the Grantor's hope (but not direction) that the disinterested Trustee will conversely disproportionately allocate the Section IV property among the other separate shares established so as to achieve equality in the value of all separate shares established hereunder relative to one another.

(c) Disinterested Trustee's Power to Disproportionately Allocate the Zero and Non-Zero Inclusion Ratio Property Comprising the Section IV Property Fund.

Such disinterested Trustee may also, in the exercise of its sole and absolute discretion, disproportionately allocate among the child's and predeceased child's shares the zero and non-zero inclusion ratio property comprising the Section IV property if such Trustee determines, in its sole and uncontrolled judgment, that such action may benefit the members of one (1) or more branches of the Grantor's family headed by a child or predeceased child of the Grantor, without prejudicing another such branch of the family. In no event, however, shall any such disproportionate allocation result in inequality in the value of the shares of the Section IV property so set apart (except, of course, to the extent that such Trustee also disproportionately allocates the property of all three separate funds under the authority granted in the preceding subparagraph, in which case the cumulative values of each such share of all three funds shall be equal to each other). The Grantor envisions (but does not direct), for example, that the disinterested Trustee will exercise this discretion to (i) allocate the zero inclusion ratio property of the Section IV property fund exclusively or primarily to one (1) or more child's shares, and the non-zero inclusion ratio property comprising such fund exclusively or primarily to one (1) or more predeceased child's shares, if such Trustee determines, in its sole and uncontrolled judgment, that the lifetime distribution of non-zero inclusion ratio property to a predeceased child's issue would not be subject to generation-skipping transfer taxation because of the application of the so-called **“predeceased ancestor exception”**; and (ii) allocate the zero inclusion ratio property comprising such fund exclusively or primarily to those shares established for those of the Grantor's children who (a) have or expect to have children of their own, and (b) have or expect to have sufficient wealth of their own such that generation-skipping trusts and planning may be desirable to them and their descendants. The Grantor hopes (but does not direct) that such Trustee will consult with the adult beneficiaries of each of the child's and predeceased child's shares and their advisors before exercising this discretion, if such beneficiaries desire such a dialogue. Such Trustee's determinations in the exercise of these discretions shall be final and binding on all persons interested in the trust estates.

(d) Deemed Resignation of Disinterested Trustee; Action of Administrative Trustee in the Absence of Notice of the Disinterested Trustee's Exercise of Discretions. Any disinterested Trustee so appointed shall be deemed to have resigned as such Trustee upon

the exercise of its discretion, which, in the case of a exercise involving a decision not to disturb the strict *per stirpital* allotment made by the administrative Trustee, shall be evidenced by such disinterested Trustee's writing mailed or delivered to the administrative Trustee reporting the disinterested Trustee's decision. If the administrative Trustee does not receive such a writing within thirty (30) days of the disinterested Trustee's acceptance of its appointment, the administrative Trustee may, in its sole and absolute discretion, assume that the disinterested Trustee will not disturb the *per stirpital* allocation, and the administrative Trustee may use the separate shares to fund the separate family land trusts and family fortress trusts as hereinafter provided. The administrative Trustee and disinterested Trustee may waive strict compliance with the timing requirements of this subparagraph in a written agreement of waiver which is retained with the trust records.

c. Beneficiary Disclaimers. Notwithstanding the foregoing, if an interested Trustee of any family land or fortress trust to be created hereunder to hold a separate share of the family share of the trust property established hereunder, and the primary beneficiary of such trust, delivered to the administrative Trustee a notice of disclaimer of all or a portion of the property which would otherwise fund any such trust, which such disclaimer is hereby expressly authorized whether or not the governing law would authorize such disclaimer, the administrative Trustee shall allocate the property to which each such disclaimer pertains among the charities which have received (or will receive) the charitable share as defined above.

d. Administrative Trustee's Power to Sell the Family Lands. The Grantor hopes that the Grantor's children and further descendants will view the family lands as a family heirloom to be preserved and protected for the benefit of the Grantor's children and further descendants, and serve as a focal point for family recreation and foster family cohesion and a sense of family identity as future generations of the Grantor's family pass. The Grantor recognizes, however, that the Grantor's children and future descendants may not share the Grantor's goal for the protection and preservation of the family lands, or may conclude that the costs associated with maintenance and upkeep of the family lands may be prohibitive and, accordingly, conclude that such children and future descendants may prefer that the value lands be liquidated and fungible financial assets be substituted for them. Accordingly, if a majority of those persons who will be interested Trustees of the family land trusts which would otherwise be established to hold the family lands and

endowment direct the administrative Trustee to sell the family lands, the administrative Trustee shall do so within a reasonable period following the termination of the single family trust. Any such direction to sell the family lands must be communicated to the administrative Trustee within nine (9) months of the death of the survivor of the Grantor and the Grantor's spouse. If the administrative Trustee does not receive any such communication, the administrative Trustee shall proceed with the division and distribution of the trust property as hereinabove provided. If, however, the administrative Trustee does receive such a direction to sell, such Trustee shall place the family lands on the market for sale and shall have full power and discretion to negotiate the terms of such sale. As indicated earlier in this Section, any such sale will render moot those provisions of this Trust Agreement requiring the creation of separate funds for the family lands and endowment, and all provisions herein relating to the creation and administration of any family land trusts. All trust property held hereunder, including the proceeds of a sale of the family lands, shall be considered Section IV property and be subject to the provisions relating to the creation of the separate family fortress trusts and other terms and conditions of this Trust Agreement relating to the administration and distribution of Section IV property.

2. Property Contributed by a Beneficiary of Any Separate Family Trust.

a. Contributions Made During a Beneficiary's Lifetime; Federal Estate Taxable Subtrusts.

i. Temporary Reserve Accounts; Segregation Into Estate Taxable Subtrusts. Unless otherwise directed in a writing delivered to the administrative Trustee simultaneously with or prior to such Trustee's receipt of a contribution, upon the administrative Trustee's receipt of any such contribution by a living beneficiary of any trust hereunder (including a child of the Grantor, a child's spouse or any of the issue of such child), including a contribution made to create or enhance a reserve account or subtrust established or to be established as hereinbelow provided with respect to a separate family land trust in which the contributing beneficiary has a current beneficial interest, the administrative Trustee shall segregate such property from the other property comprising the separate trust or trusts hereunder in which the contributor is beneficially interested, or with respect to which the reserve account is to be or was established.

The administrative Trustee shall hold such property in a separate *“estate taxable subtrust”* or *“temporary reserve account”* established in the contributor’s name.

ii. Contributor’s Rights With Respect to Subtrust Assets. The assets of such subtrust shall be subject to withdrawal upon the written request of the contributor (or if the contributor is incapacitated, the contributor’s spouse or if the incapacitated contributor has no spouse or if such spouse is incapacitated, any of the contributor’s adult issue) delivered to the administrative Trustee. Any such subtrust shall otherwise be administered as described in *Subparagraph C.2.d.* of *Section III* of this *ARTICLE* and, with respect to the distribution of such subtrust upon the termination of its family land trust or the contributing beneficiary’s death, as provided in *Paragraph G.* of such *Section III*, and *Paragraph A.* of *Section V* of this *ARTICLE*, respectively.

iii. Subtrust Trusteeship. Notwithstanding anything to the contrary contained herein, the administrative Trustee shall always be the sole Trustee of any estate taxable subtrust created hereunder.

b. Property Contributed Upon the Death of a Beneficiary: Creation of Permanent Reserve Accounts.

i. Contributing Beneficiary’s Instructions. If the beneficiary effecting the contribution by reason of his or her death was a current beneficiary of a family land trust immediately prior to his or her death, the administrative Trustee shall allocate any property contributed upon or by reason of the death of a beneficiary of any separate family trust created hereunder (whether such contribution occurs under the beneficiary’s will, revocable trust, beneficiary designation, exercise of a power of appointment, or otherwise), as a *“permanent reserve account”* according to any instructions contained in the beneficiary’s writing effecting such contribution. The administrative Trustee shall hold, manage and administer such account as directed in such instructions. Such instructions might, for example, direct that the interested Trustee of the family land trust in which the contributing beneficiary’s descendants are beneficially interested will apply the income and principal of the account against assessments made as hereinafter provided with respect to such beneficiary’s descendants who continue their participation in the subject family land trust. If

the beneficiary effecting the contribution was not a current beneficiary of a family land trust immediately prior to his or her death, the administrative Trustee shall hold the contributed property in, or add the contributed property to the family fortress trust or trusts established, or to be established, for the contributing beneficiary's issue or other of the Grantor's issue, as directed in the beneficiary's written instructions accompanying or effecting such contribution.

ii. Administration in the Absence of Beneficiary Instructions. In the absence of any such instructions, if the contributing beneficiary was a current beneficiary of a separate family land trust immediately prior to such beneficiary's death, the administrative Trustee shall allot the contribution to a permanent reserve account which such Trustee shall separately maintain in connection to the family land trust with respect to which the deceased beneficiary was an accountee immediately prior to his or her death. The administrative Trustee shall invest and reinvest the property of any such account and apply from its net income, if sufficient, and its principal, if needed, such amount or amounts as are required to satisfy any assessments made against the descendants and spouse of the contributing beneficiary as hereinbelow provided. The administrative Trustee may, in its sole and absolute discretion, distribute all or a portion of the net income or principal of the account to the family fortress trust of which the contributing beneficiary is the primary beneficiary, or, if the contributing beneficiary is no longer living, among the family fortress trusts being maintained for the descendants of the contributing beneficiary, or, there are no such family fortress trusts, among the other permanent reserve accounts being maintained hereunder. If there are no such descendants spouses, family fortress trusts or reserve accounts, such Trustee shall add the property of such reserve to the endowment (or use it to reestablish such endowment if it is no longer in existence), and, if there are no family land trusts then in existence, the assets remaining in such permanent reserve shall be distributed as provided in *Paragraph G.* below. If the contributing beneficiary was not a current beneficiary of a separate family land trust immediately prior to such beneficiary's death, the administrative Trustee shall allot such contribution among the separate family fortress trusts created or to be created, as the case may be, for or with respect to such beneficiary's surviving issue on a *per stirpital* basis, or, if there are no such issue then living and no such family fortress trusts to be created, the administrative Trustee shall allot such property in a *per*

stirpital fashion among the separate family fortress trusts being administered for the then living issue of such beneficiary's parents or, in default of such issue, and family fortress trust, in a *per stirpital* fashion among such trusts being maintained for the Grantor's issue who are then living.

c. Rents and Assessments Are Not Considered To Be Contributions. For the purposes of the preceding *subparagraph 2.*, a beneficiary's payment of any rents, or operating or capital improvements assessments described in *Section III* below shall not be considered to be a contribution. For such purposes, a "contribution" shall be synonymous with a gift or estate taxable transfer as determined for federal transfer tax purposes.

B. Administration of Separate Shares as Separate Family Trusts. Depending on its nature as family lands, endowment, or reserve or subtrust accounts, on one hand, or *Section IV* property, on the other hand, each such separate fund, account or subtrust allotted to a separate share or otherwise segregated under *subparagraphs A.1.* and *A.2.* above shall be held in a separate family trust as provided in *Sections III* and *IV* below, as the case may be, but, with respect to any separate family land trust being administered under such *Section III*, the administrative Trustee shall have the authority to keep all of the property of the Trust in a single investment, or otherwise as it shall determine, and to make division thereof among the separate trust funds only upon the books of such Trustee. Each such respective separate trust will sometimes hereinafter generally be referred to as a "*family trust*", or specifically a "*family land*" or "*family fortress*" trust, as the case may be, depending upon the purposes of the trust and the nature of the property it holds, as more fully described in such *Sections III* and *IV*.

Section III

Administration of Separate Family Land Trusts

A. Establishment and Maintenance of Family Land Trusts for Separate Family Branches in the Grantor's Children's Generation. Any separate family trust holding an interest in the family lands and the endowment, and any permanent reserve account, estate taxable subtrust or temporary reserve account funded by any beneficiary of a separate family land trust as provided above, shall be administered as provided

in this **Section III**. The Grantor understands and contemplates that the provisions of the preceding **Section II** and this **Section III** will initially require the establishment and maintenance of as many further family trusts as there are child's and predeceased child's shares established at the time of the termination of the single family trust. One or more (even all) of such trusts may terminate before the dates or events hereinbelow described for the ultimate termination of such trusts if, prior to such dates or events, one or more of such trusts no longer hold an interest in the family lands. There shall never, at any time be more than that number of separate family land trusts at any time as there are children of the Grantor in whose names separate family land trusts are initially established hereunder, regardless of the number of subbranches of the Grantor's family which proliferate below the Grantor's children's generation.

B. Beneficiaries' Use and Enjoyment of the Family Lands.

1. In General. The beneficiaries of each such family trust are entitled, in common with all other beneficiaries of all other such family trusts, to use and enjoy the family lands, subject to the administrative Trustee's discretions with respect to the management of such use and enjoyment as hereinbelow provided.

2. Identity of the Beneficiaries of Each Family Land Trust.

a. Absolute Beneficial Interests of the Grantor's Children and Their Lineal Descendants. The primary beneficiaries of each such trust shall be the child of the Grantor in whose name the trust is initially established and being maintained, if such child is living, and, after the child's death all of such child's descendants occupying the highest generation below the child in which generation there is at least one descendant then living, for or with respect to whom no "Put" right terminating their family land trust or their participation therein has previously been exercised as hereinbelow provided.

b. Conditional Beneficial Interests of Spouses of Children and Lineal Descendants. The spouses of each such child and lineal descendant shall also have a beneficial interest in the family land trust with respect to which his or her child or lineal descendant spouse is an accountee or was an accountee immediately prior to his or her death, but any such spouse shall be considered a secondary beneficiary of the trust. For purposes of this Paragraph, such beneficial interest of any such secondary

beneficiary of a child or other lineal descendant of the Grantor shall terminate or be suspended, as the case may be, upon the dissolution or change in the marital relationship between such spouse and such child or other descendant by divorce or decree of legal separation or separate maintenance.

3. *Rights of Beneficiaries of Family Land Trusts.* Such beneficiary or beneficiaries of each family land trust described in the immediately preceding subparagraphs shall hereinafter sometimes collectively be referred to as the “*beneficiaries*”, and individually as the “*beneficiary*”.

a. *Administrative Trustee’s Coordination of Use and Enjoyment of Family Lands.* The administrative Trustee shall bear responsibility for coordinating the use and enjoyment of the family lands by all beneficiaries of all family land trusts hereunder, according to such rules and procedures which may be adopted, and revised and amended from time to time, in whole or in part, in the sole and absolute discretion of the administrative Trustee. The Grantor hopes (but does not direct) that such rules and procedures will establish a system for advance reservations for the use of the family lands, and the maintenance of an annual calendar reflecting such reservations. In the event that the administrative Trustee receives reservations for the use of the property during the same time period but from different beneficiaries, the administrative Trustee’s determination in honoring one of such reservations, and such Trustee’s determination on any other issue or reconciling any other conflict concerning the beneficiaries’ use and enjoyment of the family lands, shall be final.

b. *Conditional Nature of Beneficiaries’ Rights and Interests; Trustees’ Powers to Require Rental Payments.* Each such beneficiary of the family land trusts shall have a conditional right to use and enjoy such lands as provided in this *subparagraph b.* and elsewhere in this Agreement. For the purposes of this *subparagraph b.*, such beneficiaries shall hereinafter be referred to collectively as the “*beneficiaries*”. Such beneficiaries’ common right to use and enjoyment of the family lands shall be subject to the requirements hereinafter described concerning their payment of assessments, and their compliance with any rules, regulations or bylaws adopted and amended from time to time by the administrative and interested Trustees. Upon affirmative vote of a majority of the interested Trustees of all family land trusts, one or more beneficiaries may be charged such rent for their use and enjoyment of the

family lands as is determined in the sole and absolute discretion of such interested Trustees. Such interested Trustees may delegate such powers to charge rent to the administrative Trustee under such terms and conditions as are described in an instrument of delegation signed a majority of such interested Trustees. Notwithstanding the foregoing, the Grantor envisions (but does not direct) that this power to charge rent for such use will be exercised only if a majority of such interested Trustees determine, in their sole and absolute judgment, that any liquid assets in the endowment or other sources of funds available to the Trustees are or may in the future be insufficient to satisfy current or future expenses of the ownership of the family lands.

C. *Income and Expenses.*

1. *Allocation; Pro Rata and Disproportionate Allocations.* The administrative Trustee shall divide any income of and capital gain from the Trust property (including any income from endowment investments and income producing activities conducted on the property, including but not limited to timber sales, tree farming, the subdivision, sale or rental of the family lands or other activities, which such activities are hereinbelow expressly authorized) into as many equal shares as there are then family land trusts in existence, and credit it to the account set forth on the books of the administrative Trustee with respect to each such trust. Likewise, all expenses of every name and nature incurred by the administrative Trustee from the Trust property shall be allocated and charged among such separate accounts in equal amounts.

Notwithstanding the foregoing, the administrative Trustee shall have the same powers in his or her sole and absolute discretion disproportionately to allocate income and expenses among the separate family land trusts hereunder are described in those provisions below related to disproportionate assessments for operating deficits or capital improvements. Such excess income shall be subject to distribution in the discretion of any disinterested Trustee who may then be serving, as provided in ***Subparagraph E.2.*** of this ***Section III.*** If there is no such disinterested Trustee then serving, or if any disinterested Trustee then serving does not distribute the income as provided in the subparagraph referenced above, any excess net income may, in the administrative Trustee's sole and absolute discretion, be allocated among any permanent reserve accounts established as provided in ***subparagraph 2.b.*** below, be added to the endowment (or used initially to create

or reestablish such endowment, if it is not then in existence), or allocated among (or initially fund, as the case may be) the separate family fortress trusts as provided in **Section IV** below.

2. Assessments for Operating Deficits and Capital Improvements;

Establishment of Reserves.

a. Operating and Capital Improvements Assessments; Assessment

Procedure. In the event that any net income allocated among the separate trusts as provided in the preceding subparagraph, together with any liquid assets comprising the principal of the endowment that the administrative Trustee determines, in its sole and absolute discretion, is available to the administrative Trustee to apply to debt service and operating and other expenses associated with the family lands, are insufficient to pay such expenses, the administrative Trustee may make assessments for operating purposes (including, without limitation, the payment of real estate carrying charges and maintenance and repairs), and, upon affirmative vote or written approval of a two-thirds majority of the interested Trustees of all family land trusts then in existence, for capital improvements purposes. Any such assessments made to eliminate an operating deficit shall herein be referred to an **“operating assessment”**. Any such assessment made for capital improvements purposes shall be referred to as a **“capital improvements assessment”**. Any assessment hereunder shall be made by the administrative Trustee by written notice to the interested Trustee of each family land trust to be charged. Such interested Trustee shall then be responsible to collect such assessment from the accountees of the subject trust in such proportions, and upon such terms and conditions, as such interested Trustee determines, in its sole and absolute discretion, will equitably reflect the accountees’ relative use, enjoyment and benefit from the family land trusts, in the same manner provided in **subparagraph b.** below relating to the administrative Trustee’s disproportionate assessments against the separate family land trusts. The interested Trustee’s determination in this regard shall be binding and final on all accountees and beneficiaries interested in the subject trust. The interested Trustee shall bear all responsibility for collecting such assessment from the accountees of the subject trust, and paying such assessment to the administrative Trustee as hereinbelow provided.

b. Allocation of Assessments Among Family Land Trusts;

Disproportionate Assessments. Assessments shall be *pro-rated* equally among each family trust, except that if there are two (2) or more family land trusts in existence, in his or her sole and absolute discretion the administrative Trustee may apportion certain costs and expenses unequally among such trusts, or even entirely to one or more but not all of such trusts, in order to impose heavier assessments against those trusts whose beneficiaries may for the period involved have (i) caused waste or damage to the family lands or enjoyed greater use of the family lands, or (ii) will exclusively or disproportionately benefit from the proposed capital improvement. The amount of such disproportionate assessments shall, in the sole judgment of the administrative Trustee equitably reflect such greater or exclusive waste, damage, use or benefit.

c. Special Provisions Relating to Proposed Capital Improvements

Assessments. If the administrative Trustee proposes to assess one or more of the family land trusts for proposed capital improvements, the Grantor hopes (but does not direct) that the administrative Trustee will confer with the interested Trustee of each family land trust against which an assessment is contemplated (the “*assesseees*”) to identify any potentially adverse federal transfer tax consequences which might result to the assesseees of the subject trust against which the assessment is contemplated and such assesseees’ families should they be required to satisfy the contemplated assessment. The Grantor hopes, but does not direct, that the administrative Trustee will consider the possibility that the payment of the contemplated assessment may (i) be deemed to be a transfer by the proposed assesseees to which the “*retained interest*” standards of Code Sections 2036 and 2038 may apply upon such assesseees’ deaths, (ii) disturb the zero inclusion ratio of the subject family land trust, resulting in possible adverse federal generation-skipping transfer tax consequences to the subject trust or with respect to such assesseees’ descendants who might receive future distributions from the assesseees’ family land trusts, and (iii) result in direct federal gift tax consequences to such assesseees. If the administrative Trustee determines that the payment of the contemplated assessments could cause such federal transfer tax complications, the Grantor hopes (but does not direct) that the administrative Trustee will either forego the proposed capital improvement, or seek another means, other than assessing the family land trusts, for financing the proposed improvements. Such other means might include, without limitation, distributions

to the subject family land trust from the disinterested Trustee of the family fortress trusts being maintained primarily for or with respect to the assessee assuming that the disinterested Trustee of such family fortress trust or trusts is willing to exercise its discretion to do so, or borrowings from the Trustees of such family fortress trusts, third parties or one or more beneficiaries of the family land trusts upon such terms and conditions that the administrative Trustee determines, in its sole and absolute discretion, are appropriate.

d. Use of Reserve Accounts. Any assessments against a family land trust or accountees with respect to which or whom a reserve account or accounts, subtrust or subtrusts have been established as hereinabove provided may, in the administrative Trustee's sole and absolute discretion, be paid from such sources.

e. Binding Obligations; Interest on Delinquent Payment of Assessments. Upon the administrative Trustee's written notice of assessment delivered to the interested Trustee of each such trust, such assessment shall become a binding obligation on such interested Trustee and shall constitute a lien upon the subject trust's interest in the family lands. Interest at one percent (1%) above the Boston Prime Rate shall be charged on all assessments remaining unpaid for thirty (30) days.

f. Failure to Pay Assessment. If the interested Trustee of a family land trust fails to pay in full an assessment charged against the subject trust for a period of ninety (90) days, a majority of the interested Trustees of all family land trusts, other than the interested Trustee of the defaulting trust, may, in their sole and absolute discretion, either (i) waive the default and make arrangements with the interested Trustee of the defaulting family land trust for the deferred payment of the delinquent assessment(s), or (ii) satisfy such assessment by instructing the administrative Trustee to determine the purchase price of such defaulting trust's interest in the family lands (as provided in the immediately succeeding subparagraph) and purchase such interest as provided below. The proceeds of any such purchase or sale of such interest shall be applied first against the amount of the defaulted assessment, plus interest, with the balance held in accordance with the provisions of **Section IV** below.

D. Voluntary and Involuntary Suspension, Termination and Liquidation of Beneficial Interests and Beneficiary Rights and Obligations.

1. ***Expression of the Grantor's Purposes and Intentions.*** The Grantor hopes and expects that (i) each of the Grantor's children in whose name a family land trust is initially established and his or her immediate family, and (ii) all of the issue of such children and their immediate families, will consider their beneficial interests in the family lands as a resource available to them for recreational and secondary residential purposes, and as a vehicle for facilitating communication and interaction with members of the other branches of the Grantor's family with whom she might otherwise have limited or no contact. The Grantor further hopes that all beneficiaries of all the separate family land trusts will take advantage of their family branch's family land trust by exercising their rights to the use and enjoyment of the family lands as coordinated by the administrative Trustee (hereinafter the "***beneficiary rights***"), and be willing and able to pay any assessments and meet any other financial or other obligations imposed hereunder and under any separate rules, regulations and bylaws adopted by the administrative and interested Trustees (hereinafter referred to as "***beneficiary obligations***"), as a condition to exercising their beneficiary rights.

The Grantor understands, however, that circumstances such as geographical separation, career constraints, family economics, other priorities and even a lack of enthusiasm for exercising beneficiary rights may prevent or discourage individual beneficiaries or entire subbranches of the Grantor's family from exercising their beneficiary rights and performing their beneficiary obligations. The Grantor does not wish to require any of Grantor's descendants to continue to participate in this family endeavor despite their inability or disinclination to enjoy it. Nor does the Grantor wish to create any tension or inequality among those of such descendants who are willing and able to exercise their valuable rights and meet their obligations as beneficiaries, on the one hand, and, on the other, those who are not.

Accordingly, the Grantor wishes to establish certain mechanisms by which an entire branch or subbranch of the family, or even individual beneficiaries, may suspend their participation in their family land trust, or liquidate such trust or their and their dependent descendants' individual interests therein entirely. In establishing these mechanisms, the Grantor wishes also to allow such suspension or liquidation to occur in an orderly fashion and in a manner which is fair and equitable for both the beneficiaries seeking suspension or liquidation, and those desiring to continue their participation. In interpreting and administering the various

subparagraphs of this **Paragraph D.**, the Grantor hopes that all beneficiaries and Trustees invoking and administering the liquidation and suspension mechanisms will be mindful of these purposes and this expression of the Grantor's intentions.

2. Suspension of Beneficiary Interests and Obligations.

a. Adoption of Bylaws; Involuntary Suspension of Beneficiary Rights.

The Grantor hopes (but does not direct) that a majority of the interested Trustees of all family land trusts will adopt bylaws supplementing the provisions of this Trust Agreement and any rules and regulations adopted by the administrative Trustee under authority granted hereunder, which are not inconsistent with such provisions of this Agreement. The adoption of such bylaws is hereby expressly authorized. The Grantor hopes that any such bylaws will include, without limitation, rules of conduct for the beneficiaries' use and enjoyment of the family lands. The Grantor expressly authorizes such Trustees to provide for sanctions for violations of such rules, including the involuntary suspension and termination of beneficiary rights and obligations without any compensating payment of trust property to the offending beneficiary or beneficiaries or any family fortress trust to be established or being maintained for or with respect to such beneficiary or beneficiaries. Any such sanctions shall be imposed by the majority vote of the interested Trustees of all family land trusts then in existence without regard for the system of weighting the respective votes of such Trustees as described in **subparagraph G.2. of Article XII** hereof. The adoption and enforcement of any such bylaws and rules shall be wholly in the discretion of the interested Trustees and shall not be subject to question or challenge by anyone interested in the trust estates hereunder. The Grantor also hopes (but does not direct) that any such bylaws will define circumstances under which beneficiary obligations might be suspended or terminated in cases in which a strict enforcement of such obligations would impose hardship as may be defined in such bylaws.

b. Voluntary Suspension; Leaves of Absence. The Grantor also hopes (but does not direct) that any bylaws adopted by the interested Trustees will establish a procedure for the beneficiaries to apply to the interested Trustee of the trust in which such beneficiary is interested for leaves of absence during which beneficiary rights and obligations will be suspended, but not terminated. The Grantor

envisions that any such bylaws will establish such terms and conditions for leaves of absence which will discourage or prevent the beneficiaries from abusing the privilege.

3. Liquidation of Beneficial Interests; "Put" Rights.

a. Liquidation and Termination of an Entire Family Land Trust's Interest in the Family Lands and Endowment.

i. Exercise of Put; Purchase Price. A majority of the accountees of each family land trust may vote to direct the interested Trustee of their family land trust to Put the subject trust's share of the family lands and endowment at an purchase price equal to (i) seventy-five percent (75%) of the fair market value of such share of the family lands as determined under the appraisal procedure described in **subparagraph iii. (a)** below, net of the outstanding principal amount, and accrued interest, on any debt secured by a mortgage on such family lands as of the date that the Put is exercised and any unpaid carrying charges with respect to such family lands (such as real estate taxes and insurance) **pro rated** as of the date of such exercise and (ii) 100% of the subject trust's **pro rata** share of the endowment being maintained by the administrative Trustee. Such fair market value of the family lands and endowment shall be the subject trust's share, as shown on the administrative Trustee's books of account, of the fair market value of such family lands and the value of the endowment, as determined in **subparagraph iii.** below, less all debts and obligations of the subject trust outstanding on the date the Put right is exercised, including such trust's share of any assessments yet to be made for the year of exercise, and such other costs and expenses which the administrative Trustee determines, in its sole and absolute discretion, the administrative Trustee incurs as a result of the exercise of the Put. Notwithstanding the foregoing, if a sale of all of the family lands occurs within ten years of the exercise of a Put hereunder, the family fortress trust (or trusts) to which was (or were) previously distributed the proceeds of the Put transaction with respect to which such exercise pertains shall be entitled to receive 90% of a **pro rata** share of the net purchase price received by the family land trusts which then remained in existence, as if the family land trust with respect to which the Put right had previously been exercised was still then in existence, if the price for which the family lands were sold exceeds the appraised value determined in connection with the Put transaction.

ii. Manner of Exercise. The interested Trustee exercising a Put right hereunder shall do so by written notification sent certified mail, return receipt requested, to the administrative Trustee.

iii. Appraisal; Payment of Purchase Price.

(a) Appraisal Procedure. Within a reasonable time following the administrative Trustee's receipt of a notice of a exercise of a Put right hereunder, the administrative Trustee shall obtain an appraisal of fair market value of the family lands by an impartial professional appraiser chosen by such Trustee. Any such appraisal must be made by a Member of the Appraisal Institute ("MAI"). The interested Trustee of the subject trust may agree to be bound by the administrative Trustee's appraisal, or may opt to obtain his or her own MAI appraisal. The expense of obtaining the administrative Trustee's appraisal and any appraisal obtained by the interested Trustee of the subject Trust shall be borne entirely by the subject family land trust but may, in the administrative Trustee's sole and absolute discretion, be paid by the administrative Trustee and deducted from the purchase price paid to the subject trust. The administrative Trustee shall also determine the value of the endowment in any manner which such Trustee determines, in its sole and absolute discretion, is appropriate; PROVIDED, HOWEVER, that if the endowment contains marketable securities, the administrative Trustee shall value them as such Trustee might value them for federal gift tax purposes if such Trustee were making a gift of such securities on the date of the exercise of the Put. Any such appraisals and valuations must be completed within a ninety (90) day period beginning with the administrative Trustee's receipt of the interested Trustee's written notice of exercise. If the interested Trustee of the subject trust elects to obtain his or her own appraisal of the family lands, the Put price shall be determined by averaging the two appraisals; PROVIDED, HOWEVER, that if there is more than a 50% discrepancy between the lower and higher appraised values, both appraisals shall be disregarded and new appraisals shall be obtained as provided above. If there has been a recent appraisal of the family lands, or if they can informally agree on a Put price without conducting the procedures described in this subparagraph, the parties may agree in writing to be bound by such appraisal or informally agreed-upon Put price. The value so obtained shall be final and binding upon all parties and shall be communicated to the interested Trustees of

all family land trusts, except as otherwise hereinabove specifically provided if all of the family lands are sold within ten years of the exercise of a Put, in which case the value is to be readjusted, and the beneficiaries of the Put exercise are to receive additional proceeds, if the subsequent sales price exceeds the appraised value determined in connection with the exercise of the Put.

(b) Payment of Purchase Price. The purchase price shall be payable in the discretion of the administrative Trustee in a lump sum, or in whole or in part with a promissory note executed by the administrative Trustee in his or her fiduciary (and not individual) capacity, payable to the subject family land trust over a term not longer than twenty (20) years with interest at a rate equal to the appropriate **“applicable federal rate”** as determined for federal income tax purposes as of the date of the closing of the Put transaction. Such note shall allow for prepayment, in whole or in part, without penalty. It shall be secured by a mortgage on the family lands which shall be subordinate to any outstanding debt secured by a mortgage interest in such real estate, and shall, in the administrative Trustee’s sole and absolute discretion, be subject to subordination to any interest securing any future debt incurred by such Trustee, other than any future debt incurred in connection with the exercise of another Put hereunder. The Promissory Note shall also contain a specific provision which requires that the entire remainder of the principal amount of the note, plus any accrued interest, is to be accelerated upon a subsequent sale of the family lands, provided that such sale produces net proceeds which the administrative Trustee determines, in its sole and absolute discretion, are sufficient in amount to pay such remaining principal amount in full. In the case of a sale of a portion (but not all) of such lands, a **pro rata** portion of such remaining principal amount and accrued interest shall be accelerated, provided, again that if the administrative Trustee determines, in its sole and absolute discretion, that the net proceeds are sufficient for such purposes. The amounts required to service the payments of principal and interest under such note shall be annually assessed as an operating expense in equal shares against all continuing family land trusts as part of the assessment procedure described above.

(c) No Partial Exercise. Any Put exercised hereunder shall apply to the subject family land trust’s entire interest in the family lands and endowment. There shall be no partial

exercise of any Put rights hereunder. If the administrative Trustee is also the descendant of the Grantor in whose name the subject trust was established or is one of the issue of such descendant, such descendant or issue shall be deemed to have resigned as such administrative Trustee upon its receipt of written notice of exercise described in *subparagraph 3.a.ii.* above, and a successor administrative Trustee (other than any beneficiary of the subject trust) shall be appointed as provided in **ARTICLE XII** hereof.

(d) Termination of a Family Land Trust With Respect to Which Put Rights are Exercised.

Upon the completion of a Put transaction with respect to a family land trust, the Trustee shall assign any promissory note or distribute any Put proceeds received by or in the name of the terminating family land trust, together with such terminating trust's portion of the endowment, if an endowment is then in existence, as shown on the administrative Trustee's books of account, and any reserve accounts or estate taxable subtrusts being maintained in such trust's name, as provided in **Paragraph G.** below.

b. Individual Accountee Put Rights.

i. Grantor's Intention.

The Grantor recognizes that as each separate family land trust continues for future generations of the descendant's family in whose name the trust was originally established, confining the exercise of a Put right only to the subject family land trust's interest in the family lands and endowment will disable individual accountees comprising individual subbranches of the descendant's family from liquidating their interests if they are unwilling or unable to continue their participation in the subject family land trust. The Grantor wishes to avoid that result by allowing such individual accountees (hereinafter **"electing accountees"**) the opportunity to Put their indirect interests in the subject family land trust under terms and conditions similar to those applicable to the Put rights held by the separate family land trusts, except that any electing accountee's Put rights shall be exercisable wholly within the subject family land trust and shall not involve the participation of other family land trusts.

ii. Exercise of Accountees' Put Rights. Any electing accountee shall exercise his or her rights hereunder in accordance with the same procedure described in the provisions of the preceding *subparagraph a.* with the following exceptions:

(a) Any reference appearing in the various provisions of such subparagraph to the *"administrative Trustee"* shall be interpreted as a reference to the interested Trustee of the subject family land trust in which the electing accountee has a beneficial interest. Any such reference to the *"interested Trustee"* shall be interpreted as a reference to the electing accountee. Any reference to *"the subject family land trust"* or *"subject trust"* shall be interpreted as a reference to the electing accountee. Any reference to the *"family lands"* and *"endowment"* shall be interpreted as a reference to the subject family land trust's fractional interest in the family lands and endowment.

(b) An electing accountee may exercise rights hereunder for him or herself, and any beneficiary of the subject family trust on whose behalf the electing accountee is entitled to receive accounts under *ARTICLE XI* hereof.

(c) The price payable to an electing accountee by the interested Trustee of the subject trust shall be determined in accordance with the following formula: the number of individual accountees subject to the election, divided by the number of accountees of the subject family land trust living on the date of exercise, multiplied by the subject family trust's percentage interest in the adjusted appraised value of the family lands and endowment as determined under *subparagraph a.* above.

(d) The provisions of *subparagraph a.iii.(d)* above shall not apply to the disposition of any proceeds payable with respect to an electing accountee. Rather, (i) the interested Trustee of the subject trust shall pay any such proceeds to the Trustee or Trustees of any family fortress trust (or initially establish and fund any such trust if it is not then in existence) from which the electing accountee is eligible to receive distributions of income or principal or would be then eligible to receive such distributions if such trust were in existence, or, alternatively (ii) the then disinterested Trustee of the family land trust with respect to which the Put right was exercised may exercise its discretion under *Paragraph E.*

below to distribute such proceeds outright to the exercising accountee and to any beneficiaries of the family land trust for whom the accountee is also acting.

(e) Any electing accountee's exercise of a Put right hereunder shall permanently terminate the beneficiary rights and obligations with respect to the subject family land trust both for the electing accountee him or herself and any beneficiaries on whose behalf the electing accountee is authorized to act hereunder. The Grantor hopes that any beneficiary considering the exercise of an accountee's Put right hereunder will seriously consider such consequences both for him or herself and such other beneficiaries before reaching a final decision as to such exercise.

E. Disinterested Trustee's Discretion Over Distributions of Income and Principal of the Separate Family Land Trusts.

1. ***Distributions of Income.*** The disinterested Trustee of each separate family land trust may pay out of the net income of such trusts such amount or amounts (whether equal or unequal and whether the whole or a lesser amount) as such Trustee, in its sole and absolute discretion, determines to or for the benefit of such one or more persons as such Trustee, in its sole and absolute discretion, may select out of a class composed of the Grantor's child in whose name the trust is being maintained, if such child is then living, and such child's living issue from time to time. Any net income not so paid shall be added to principal. Before exercising this discretion over distributions of income, the disinterested Trustee shall consult with the administrative Trustee who shall have a right to veto any such distribution if the administrative Trustee determines, in his, her or its sole and absolute discretion, that such net income is needed to apply to any operating deficit or should be added to (or used to initially fund or reestablish, as the case may be) the permanent reserve accounts or endowment as provided in ***Subparagraph C.1.*** of this ***Section.***

2. ***Distributions of Principal.*** Such disinterested Trustee may also pay out of the principal of each separate family land trust such amount or amounts (whether equal or unequal and whether the whole or a lesser amount) as such Trustee, in its sole and absolute discretion, determines (i) to or for the benefit of such one or more persons as such Trustee, in its sole and absolute discretion, selects out of a class composed of the Grantor's child in whose name the trust is being maintained, and the issue of such child

living from time to time, and (ii) to any separate family fortress trust or trusts established or to be established under **Section IV** of this **ARTICLE**. No such distribution shall be made of any separate trust's interest in the family lands or the endowment without the prior written approval of a majority of the interested Trustees of all family land trusts then in existence.

F. Interested Trustees' Power to Direct Sale of Family Lands.

1. Direction to Sell. Notwithstanding anything to the contrary herein contained or provided in the law applicable to Trustees, the interested Trustees of all separate family land trusts shall have the power, upon their majority vote, to direct the administrative Trustee to sell all or a portion of the family lands upon such terms and conditions as such interested Trustees, in their sole and absolute discretion, describe in a written notice mailed or delivered to the administrative Trustee. If there are only two family land trusts in existence, the decision to direct such sale must be made by the unanimous consent of both interested Trustees, each of whom must sign the notice of direction to sell. If there is only one such trust in existence, this direction may be given unilaterally by the sole interested Trustee.

2. Marketing and Sale of Property.

a. In General. The administrative Trustee shall place the family lands (or portion thereof subject to the interested Trustee's notice of direction to sell) on the market for sale within a reasonable time of such Trustee's receipt of the interested Trustees' notice that any conditions described in **subparagraph 2.b.i.** below have been satisfied. The administrative Trustee shall negotiate tentative terms and conditions of sale with a prospective buyer or buyers, which such terms shall be subject to the written approval of all interested Trustees who have signed the notice of direction to sell. The administrative Trustee's decision to sell (or not to sell) the family lands to one or more of such persons, and the administrative Trustee's choice of the terms of such sale, shall be final and binding on all persons interested in the trusts hereunder.

b. Accountees' Rights of First Purchase and Refusal. Notwithstanding the foregoing, any sale of such property to a third-party (i.e., a non-beneficiary of any family land trust) shall first

be subject to certain rights of first purchase and refusal of the accountees as described in this *subparagraph b.*

i. Rights of First Purchase. Before the administrative Trustee places on the market all or that portion of the family lands subject to the direction to sell, each interested Trustee shall provide written notice of such direction to sell to each accountee of the family land trust with respect to which the interested Trustee is then serving. Such notice shall also inform the recipient accountee of his or her right to communicate to the administrative Trustee such accountee's desire to negotiate with such administrative Trustee for the purchase of the family lands subject to the direction to sell. Within 30 days after the interested Trustee's delivery of such accountee notice, the recipient accountee shall have a right to notify the administrative Trustee in writing of his or her interest in purchasing the family lands subject to the direction to sell, and the general terms and conditions under which such accountee proposes to consummate such purchase. Such notice must be received by the administrative Trustee prior to the expiration of the 30 day period described above, which such period may be extended in the sole and absolute discretion of a majority of the interested Trustees of all family land trusts then in existence. A majority of such interested Trustees may, in their sole and absolute discretion, authorize the administrative Trustee to pursue negotiations with one or more of such accountees who have provided such notice of desire. Any proposed purchase and sale agreement produced by such negotiations shall be subject to the written approval of a majority of the interested Trustees. The interested Trustees' determinations in (i) designating to the administrative Trustee a prospective accountee purchaser or prospective accountee purchasers with whom to negotiate, and (ii) approving or disapproving any proposed purchase and sale agreement produced by such negotiations and presented for approval by the administrative Trustee, shall be final and binding on all persons interested in the family land trusts. The Grantor wishes that it be clearly understood that the only rights conferred to any accountee hereunder is the opportunity to communicate to the administrative Trustee his or her desire to negotiate for the purchase of all or a portion of the family lands under such terms, conditions and requirements as are described above, and have such desires reviewed and considered by the interested Trustees before the property is offered for sale to non-family members. The Grantor intends neither to

establish any conditions for such review and consideration, nor give the accountees any enforceable rights beyond those described above.

ii. Rights of First Refusal. To the extent that a sale of the family lands subject to a notice of direction to sell is not made to an accountee or accountees as provided in the preceding subparagraph, and the administrative Trustee places such family lands on the open market for sale as provided in *subparagraph 2.a.* above, and receives an offer or offers of purchase from a third party or third parties, the accountees shall have certain rights of first refusal as follows:

(a) Each interested Trustee of a family land trust shall deliver a copy of such offer or offers to each of the accountees of the family land with respect to which the interested Trustee is then serving. Such copy or copies shall be accompanied by the interested Trustee's written notice that the administrative Trustee intends to accept such offer or offers, and that the accountee shall have the right within thirty (30) days to accept the terms of such offer in a writing delivered to the administrative Trustee and within an additional thirty (30) days to purchase the family lands subject to such offer in the accountee's own name or in the name of a nominee, for the purchase price and on the terms specified in such offer or offers.

(b) If no accountee shall elect within the period described above to purchase the family lands subject to such offer or offers, the administrative Trustee may then sell the family lands to such offer or offers provided the sale is on the same terms and conditions as for the price set forth in the copy or copies of the offer or offers sent to the accountees.

(c) If more than one accountee exercises the right of first refusal described above, to the extent that such exercise pertains to the same family lands or the same portion of such lands, the administrative Trustee shall draw lots to determine the buyer.

(d) Notwithstanding the foregoing, if a majority of the interested Trustees of all family land trusts determine, in their sole and absolute discretion, that an accountee exercising a right of first refusal hereunder will not financially be qualified for perform any deferred

obligations incident to any seller financing contemplated by the offer or offers, such Trustees may refuse to allow such exercise. Any determination of the interested Trustees in this regards shall be final and binding.

(e) A majority of the interested Trustees of all family land trusts may waive strict compliance with the conditions described above by extending any of the time periods under such terms and conditions as such Trustees determine, in their sole and absolute discretion, by their majority vote.

iii. **Notices.** Any notice to be delivered to any accountee by any Trustee hereunder shall be deemed to have been delivered when sent by the Trustee to be charged, certified mail, return receipt requested, to the accountee's address last known to the Trustee. Any notice to be delivered to a Trustee by any accountee shall be deemed delivered when received by the Trustee.

3. **Allocation of Sale Proceeds.** In the event of a sale pursuant to this authority, the administrative Trustee shall allocate all net sale proceeds among all family trusts which held an interest in the sold real estate as shown on the administrative Trustee's books of account in the same proportions as each trust's percentage interest in such real estate as of the date of the administrative Trustee's receipt of such direction to sell. Before making such allocation, the administrative Trustee shall first adjust each trust's share of the proceeds for any delinquent assessments due from such trusts in such manner which the administrative Trustee determines, in its sole and absolute discretion, is appropriate.

G. **Termination of Family Land Trusts No Longer Holding an Interest in The Family Lands.**

1. **Trust Termination; Distribution of Property Other than the Property of an Estate Taxable Subtrust.** Any family land trust shall immediately terminate when it no longer holds an interest in the family lands as shown on the books and records of the administrative Trustee. Upon such termination, all of the property of such trust, together with its share of any balance remaining in the endowment as shown on the books of the administrative Trustee and the remaining balance of any permanent reserve account established with respect to the terminating family land trust, which reserve account is not subject to specific provisions concerning its distribution established by the contributing beneficiary when

creating such account as provided above, shall be allocated among the family fortress trust or trusts being maintained for, or not yet established for, as the case may be, the child or descendants of the child of the Grantor in whose name the terminating family land trust was being administered, and who are also beneficiaries of the distributee family fortress trust or trusts, or would be such beneficiaries if such distributee trust or trusts were previously established, and not *per capita* among the distributee family fortress trust or trusts itself or themselves being maintained or to be established, as the case may be, for such child or descendants. If any promissory notes to be distributed hereunder would be fractionalized among several of such family fortress trusts, the administrative Trustee may either distribute separate promissory sub-notes to each such trust representing such trust's ratable portion of the remaining principal on such note, or hold such note and allocate a portion of each payment thereunder ratably among the various trusts, in such Trustee's sole and absolute discretion.

2. *Outright Distribution of Property of Estate Taxable Subtrust.* The administrative Trustee shall distribute the property remaining in any estate taxable subtrust or temporary reserve account established by any beneficiary of the terminating family land trust to the person or persons who funded such subtrust. If such person or persons cannot be identified, or they disclaim such property, the disinterested Trustee shall allocate the property of the subject subtrust among the accountees of the terminating trust, by right of representation, or in such other manner as the disinterested Trustee determines, in its sole and absolute discretion, will accomplish a *per stirpes* distribution of such property among the then living descendants of the beneficiary or beneficiaries (or the beneficiary or beneficiaries him or herself, or themselves, if then living) who initially created and funded the subtrust or account and in whose name such subtrust or account was being maintained. If there are no such descendants, such Trustee shall distribute such property as it would if such contributing beneficiary or beneficiaries had then died intestate, domiciled in the State of New Hampshire, and owning such property outright.

H. *The Grantor's Children's and Further Descendants' Powers to Shift Beneficial Interests in Family Lands.* Each child and, after such child's death, the descendants of such child of the Grantor in whose name a family land trust is established shall have the power, by a provision in such child's or

descendants' wills specifically referring to this Agreement, to modify the beneficial interests which would otherwise be given to such child's and descendants' spouses and issue under the terms of the subject family land trust. Such power shall include the power to decrease the class of beneficiaries of the separate family trust established in the child's name who would otherwise be entitled to the common use and enjoyment of the family lands.

Section IV

Administration of Family Fortress Trusts

The Trustee shall hold, manage, administer and distribute each family trust's share of the Trust property (sometimes referred to as "***the Section IV property***") not subject to ***Section III*** above, IN TRUST as a "***family fortress trust***" under the terms and conditions described in this ***Section IV***. The Grantor understands that there may be little or no initial funding of the family fortress trusts, and that upon the death of the Grantor all or most of the Trust property may be allotted to the family land trusts (unless the Grantor decides to fund the family fortress trusts upon their deaths under the terms of their wills, revocable trusts or otherwise). Beneficiaries, particularly primary beneficiaries, of a family fortress trust, may also choose upon their deaths to direct in their wills, trusts or otherwise that additional Section IV property be contributed to their respective family fortress trusts. Moreover, one or more family fortress trusts may be enhanced or initially funded upon the termination of any family land trust as provided in ***Paragraph G. of Section III*** above. If and when funded, the family fortress trusts may be much greater in number than the number of such trusts initially created hereunder upon the termination of the single family trust. The family fortress trusts may be particularly numerous as future generations of the Grantor's family pass and multiple family fortress trusts are established in the names of certain "***primary beneficiaries***" of such trusts, all as hereinbelow provided.

A. Family Fortress Trusts for Child's Shares.

1. Discretionary Distributions of Income and Principal. The disinterested Trustee may pay out of the net income or principal, or both, of each family fortress trust holding a child's share of the Section IV property such amount or amounts (whether equal or unequal and whether the whole or a

lesser amount) as such Trustee, in its sole and absolute discretion, determines to or for the benefit of such one or more persons and trusts as such Trustee, in its sole and absolute discretion, selects out of a class composed of the Grantor's child for whom the child's share was initially allotted and the issue of such child living from time to time, and any family fortress trusts of which such child and issue is a beneficiary or beneficiaries. The Grantor's child shall be referred to herein as ***"the child"***. Any net income not so paid shall be added to principal. In exercising this discretionary power, the Grantor hopes (but does not direct) that the disinterested Trustee will give primary consideration to the needs and desires of the Grantor's child, if living, and those of such child's children who have not (a) reached the age of twenty-five (25) years, or (b) completed their education.

2. Termination of Child's Family Fortress Trusts. Each family fortress trust initially established in the name of a child of the Grantor shall terminate upon the last to occur of (a) the death of the child, and (b) the date all living children of such child (who shall hereinafter sometimes be referred to collectively as ***"grandchildren"*** and singularly as a ***"grandchild"***) have attained the age of twenty-five (25) years or sooner die.

3. Division of Family Fortress Trust Assets into Separate Grandchild's and Predeceased Grandchild's Shares. Upon such termination, the disinterested Trustee shall divide and set apart all property then belonging to the income or principal of the trust into as many equal shares as will allow it to set apart one such share for each then living grandchild (a ***"grandchild's share"***), and one such share for the then living issue collectively of each grandchild who shall have previously died (a ***"predeceased grandchild's share"***).

4. Creation of Further Family Fortress Trusts.

a. For Grandchild's Shares. Each such grandchild's share so set apart shall be held in a separate family fortress trust for the grandchild and his or her issue established in the name of the grandchild and administered under the same terms and conditions as are described in the provisions of this ***Paragraph A.***, except that the words ***"grandchild"***, ***"grandchildren"***, ***"great grandchild"***, and ***"great***

grandchildren”, respectively, shall be substituted for any reference to *“child”*, *“children”*, *“grandchild”*, and *“grandchildren”*, respectively, appearing therein.

b. For Predeceased Grandchild’s Shares. Each predeceased grandchild’s share shall be held in a separate family fortress trust established in the name of the predeceased grandchild and administered under the same terms and conditions as are described in the provisions of **Paragraph B.** below, except that the same substitution of words described in the preceding **subparagraph a.** shall apply under this subparagraph.

B. Family Fortress Trusts Holding Predeceased Child’s Shares.

1. Distributions of Income and Principal. The disinterested Trustee may pay out of the net income or principal, or both, of each family fortress trust established with respect to the collective issue of predeceased child of the Grantor such amount or amounts (whether equal or unequal and whether the whole or a lesser amount) as such Trustee, in its sole and absolute discretion, determines to or for the benefit of such one or more persons and trusts as such Trustee may, in its sole discretion, select out of a class composed of such issue and any family fortress trust or trusts being maintained for or with respect to such issue. Any net income not so paid shall be added to principal. In exercising this discretion, the Grantor hopes (but does not direct) that the disinterested Trustee will give primary consideration to the needs of those beneficiaries who have not reached the age of twenty-five (25) years or completed their education.

2. Termination of Trust. Such trust shall terminate upon the earlier to occur of (a) the death of the last survivor of the grandchildren of the Grantor with respect to whom the share was initially allotted, and (b) the date upon which all of such grandchildren have reached the age of twenty-five (25) years.

3. Division and Distribution of Trust Assets. Upon such termination, the disinterested Trustee shall divide the trust property into equal grandchild’s and predeceased grandchild’s shares, and hold and administer such separate shares in family fortress trusts, as provided in **subparagraph A.3.** above, and **subparagraph A.4.** above, respectively, as applicable.

C. Beneficiary Transfers to Family Fortress Trusts. The Grantor anticipates that one or more beneficiaries of a family fortress trust, particularly any primary beneficiary (as hereinafter defined) of

such trust and any such beneficiary's spouse, may, by designation appearing in a will, trust or contractual provision, including a beneficiary designation, wish upon his or her death to provide for the transfer or appointment of Section IV property of his or her own, or property over which the beneficiary has a power of appointment, to the family fortress trust or trusts being maintained for or with respect to such beneficiary's branch of the Grantor's family or any other family trust established hereunder for or with respect to another branch of such family. The executor or other authorized personal representative of such beneficiary or spouse may also allocate all or a portion of his or her generation-skipping transfer tax exemption to the property so transferred or appointed. The Grantor encourages each such beneficiary to consider arranging for such transfers, appointments and allocations as a means of enhancing the value of the separate family fortress trusts created hereunder in the hope that such beneficiaries consider such trusts to be a resource available to assist them in their own family financial, estate and asset protection planning. The Grantor anticipates that before arranging for any such deathtime transfers to any trust hereunder, a beneficiary will first solicit the opinion of his or her tax counsel as to any adverse federal gift, estate and generation-skipping transfer tax consequences of making such arrangements, including the creation of federal generation-skipping transfer tax complications, and whether structuring the transfer of property in another manner (including, but not limited to, funding a trust of the beneficiary's own creation) will better achieve the beneficiary's tax or non-tax objectives. In providing the foregoing, the Grantor hopes that each beneficiary of a family fortress trust, particularly each primary beneficiary, will adopt a proprietary attitude concerning the trust of which he or she is a beneficiary and will endeavor to understand the trust and its purposes and how such purposes may be integrated into his or her family's estate, financial and asset protection planning.

D. Lifetime and Testamentary Powers of Appointment Held by Primary Beneficiaries.

1. In General. Notwithstanding anything to the contrary hereinabove contained, each primary beneficiary of a family fortress trust shall have the right during his or her lifetime and upon his or her death to appoint the property then remaining in such trust to or for the benefit of such person or persons as such beneficiary may select, and in such estates, interests and proportions as such beneficiary may direct by a

deed of appointment which is signed by the beneficiary and witnessed and acknowledged, and delivered to the disinterested Trustee, or by such beneficiary's will specifically referring to this Agreement.

2. **Conditions and Limitations.** Such power of appointment shall be subject to the following provisions.

a. **Disinterested Trustee's Power to Disregard Powers Exercised under Compulsion.** If the disinterested Trustee determines, in its sole and absolute judgment, that a beneficiary's power of appointment was exercised under compulsion or any circumstances which creates a question about the voluntariness of the beneficiary's exercise, the disinterested Trustee may, in its sole and absolute discretion, refuse to honor the exercise and continue to hold the property subject to the attempted exercise in Trust under those provisions of this Agreement governing the management and disposition of the subject property in default of the beneficiary's exercise of the power. The Grantor envisions that, for example, the disinterested Trustee will disregard any attempted exercise which would cause the trust assets to be subject to a property settlement in the event of the beneficiary's divorce.

b. **Non-General Powers.** The powers granted to the primary beneficiaries hereunder are intended to be non-general powers of appointment, and not general powers of appointment, as defined in Code Section 2041. Accordingly, in no event shall any primary beneficiary exercise such power in favor of him or herself, or his or her creditors, estate or the creditors of his or her estate, except to the extent that the disinterested Trustee exercises its discretion under **ARTICLE IV** below to transform such power from a non-general to a general power of appointment. If any primary beneficiary shall fail to exercise or shall not fully or effectively exercise such power of appointment, the Trustee shall continue to hold and administer the trust property for the benefit of such beneficiary's issue as provided in **Paragraphs A.** or **B.** above, as applicable.

Section V

Ultimate Termination of Family Trusts and

Estate Taxable Subtrusts

A. **Estate Taxable Subtrusts.** Upon the death of the beneficiary in whose name an estate taxable subtrust is being maintained, the Trustee shall distribute the property remaining in such subtrust

among such person or persons, including the beneficiary's estate, and in such interests, estates and proportions, as such beneficiary may designate in a Will specifically referring to such estate taxable subtrust. The Trustee shall distribute so much of the property remaining in such subtrust as is not fully or effectively appointed among such beneficiary's issue then surviving by right of representation.

B. Separate Family Trusts.

1. In General. Unless earlier terminated, or except as otherwise provided in the immediately succeeding *subparagraph B. 2.*, each family trust created and administered under *Sections III* and *IV* above shall terminate upon the earlier to occur of:

a. The expiration of a period beginning on the date of this Agreement, and ending on the date marking the expiration of the longest period defined in New Hampshire's rule against perpetuities as such rule exists on the date of this Agreement existed on the date of this Agreement. Such period shall hereinafter be referred to as the "*New Hampshire perpetuities period*"; and

b. The death of the last surviving beneficiary of such trust.

2. Termination in the Event of a Change in the Governing Law. Notwithstanding the foregoing *subparagraph 1.a.*, if the governing law to which any family land or fortress trust hereunder is subject is changed to that of a jurisdiction other than New Hampshire which allows the continuation of the trust beyond the expiration of the New Hampshire perpetuities period defined above, or if that jurisdiction defines a shorter perpetuities period than that defined by New Hampshire law, the applicable perpetuities period described in such *subparagraph 1.a.* shall be the perpetuities period, if any, under the new governing law or if there is no such limitation on the duration of trusts, the trust or trusts subject to such new governing law shall terminate only as provided in *subparagraph 1.b.* above unless it is previously terminated as provided elsewhere in this Trust Agreement.

3. Distribution of Trust Property Upon Expiration of the Applicable Perpetuities Period. If a family trust terminates upon the expiration of an applicable perpetuities period, the Trustee shall pay the then remaining principal and undistributed income of such trust by right of representation among the

person or persons (other than a disclaiming primary beneficiary) then living who were eligible to receive payments of income and principal of such trust immediately before its termination.

4. Distribution of Family Trust Property Upon the Death of the Last Surviving Beneficiary.

a. If, however such trust terminates upon the death of its last surviving beneficiary, and such beneficiary has not fully or effectively exercised, in whole or in part, any testamentary power of appointment he or she may have as provided above, either because of restrictions placed on such exercise under such paragraph or otherwise, the disinterested Trustee shall divide and distribute the principal and undistributed income remaining in the terminating trust in such manner as such Trustee determines, in its sole and absolute discretion, accomplishes a *per stirpes* allocation of such property among:

(i) The family trusts then being maintained for the benefit of any living siblings of the last deceased beneficiary of the terminating trust, which family trusts have the same character as the terminating family trust as family land or fortress trusts,

(ii) Any such trusts being maintained for or with respect to any individual or collective issue of any such sibling who shall have previously died, and

(iii) Any individual blood relatives of such deceased beneficiary for whom no family trust is being maintained hereunder, which individuals bear the same degree of kinship to such deceased beneficiary as do those family trust beneficiaries described in the immediately preceding *subparagraphs a.(i) and (ii)*.

b. If there are no such trusts then in existence, and no such individual blood relative then living, the disinterested Trustee shall divide and distribute such property in a manner which such Trustee determines, in its sole and absolute discretion, accomplishes a *per stirpes* allocation of the property among:

(i) The family trusts of the same character of family land or fortress trusts then being maintained for the issue of the grandparent of the last deceased beneficiary of the terminating trust, which grandparent is also a lineal descendant of the Grantor; and

(ii) Any individual blood relatives of such deceased beneficiary for or with respect to whom no such family trusts are being maintained, which such individual blood relatives bear the same degree of kinship to such deceased beneficiary as do the family trust beneficiaries described in *subparagraph b.(i)* immediately above. If there are no such family trusts then in existence or such individuals then living, the disinterested Trustee shall continue to attempt to accomplish a *per stirpes* distribution among the family trusts being maintained for the then living issue of the lineal ancestor in the next generation above such grandparent who is also a lineal descendant of the Grantor, and any individuals for whom no trust is being maintained but who bear the same degree of kinship to such grandparent as do any beneficiaries of family trusts described in the preceding clause.

c. Any *per stirpital* division and distribution of property hereunder occurring under circumstances in which there are both family trusts and individuals eligible to receive property shall be accomplished by reference to the beneficiaries of such family trusts, and not the trusts themselves.

d. By the various provisions of this *subparagraph 4*, the Grantor intends to provide for a distribution of the property of any terminating family trust in a *per stirpes* fashion among the continuing family trust or trusts created hereunder having the same character as the terminating trust as family land or fortress trusts, and any individual lineal descendant or descendants of the Grantor for whom no such trust or trusts are being maintained, which continuing trust or trusts have beneficiaries bearing, and which individuals have the nearest degree of kinship to, the last deceased beneficiary of the terminating trust who is also a lineal descendant of the Grantor. The disinterested Trustee of the terminating family trust shall be guided by this expression of intention in interpreting and applying this provision and may refrain from attempting strictly to follow its directions if the disinterested Trustee determines, in its sole and absolute discretion and without being required to resort to a court of competent jurisdiction for authority or for approval of its construction of the language of this subparagraph, that such action is necessary to accomplish the overall purpose and intention of the Grantor described in this *subparagraph d*. The disinterested Trustee's interpretation of this provision, and its distribution of the property of the terminating family trust based on such interpretation, shall be final and binding on all beneficiaries of all trusts hereunder. If there is

no disinterested Trustee in office with respect to a terminating family trust hereunder, a judicial authority of competent jurisdiction shall appoint a disinterested Trustee to wind up the terminating trust's affairs and distribute its assets as herein provided.

ARTICLE IV

GENERATION-SKIPPING TRANSFER TAX PROVISIONS

A. *Guidelines for Exercise of Trustee's Discretion Over Family Fortress Trusts.* One of the Grantor's objectives in creating the separate family fortress trusts is to provide the opportunity for the reduction of federal wealth transfer taxes, and the protection of the assets of the trusts hereunder from the beneficiaries' creditors and other third parties, for successive generations of the Grantor's family through the accumulation and growth (and not necessarily the distribution) of the property in each family fortress trust for the longest period of time allowed under applicable law. Accordingly, it is the Grantor's wish (but not direction) that the Trustee will consider the guidelines described below in administering the property of each such trust, and exercising its discretion over trust distributions.

1. Consistent with the objectives of reducing wealth transfer taxes, the Trustee should consider withholding distributions and providing the beneficiaries the use of trust assets (through loans, rent-free leases, and other arrangements), after taking into account all factors the Trustee shall deem relevant, including, but not limited to, immediate and future income and transfer taxes payable by each family fortress trust and its beneficiaries. Accordingly, the Trustee is specifically authorized (but not directed) to invest in appreciating "use" assets such as homes, art work, and jewelry, and, to the extent consistent with the overall tax savings objectives of the trust, allow the beneficiaries, particularly the primary beneficiary of each family trust, the use and enjoyment of such assets on a rent-free basis. The Grantor envisions that the beneficiaries will purchase their own "wasting" assets such as automobiles, furniture and furnishings, and will absorb most of their family expenditures such as food, schooling, entertainment, vacations and other consumables, since the distribution of otherwise federal wealth transfer tax exempt trust assets for this purpose may be wasteful. The Grantor also encourages the disinterested Trustee of the family fortress trusts to purchase from the beneficiaries of the family fortress trust, particularly the primary beneficiaries of such trust, closely-held

business interests, which such interests may (or may not) represent non-controlling, discounted non-voting or voting stock representing a minority interest in a closely-held corporation, non-managing member interests in a limited liability company, or limited partner interests in a family limited partnership.

2. In providing the foregoing guidelines, the Grantor does not intend that the Trustee will administer each such trust to preclude distributions to beneficiaries who may need trust assets for basic living expenses (or even luxuries) if the disinterested Trustee determines, in its sole and absolute discretion, that such beneficiaries could not adequately provide for such items themselves.

3. The Grantor also hopes (but does not direct) that the disinterested Trustee will consider the beneficiary's own estate and federal income tax planning needs and goals prior to making any distributions of income or principal hereunder. For example, the Grantor does not expect that the Trustee will refrain from making distributions if federal income or wealth transfer tax considerations indicate that such distributions are desirable. Such a distribution might be appropriate, for example, to enable a primary beneficiary to create his or her own wealth transfer tax shelter arrangement, utilizing his or her own federal wealth transfer tax exemptions and exclusions, which arrangement may continue for a term beyond that of the family fortress trust created hereunder with respect to which such beneficiary and provide such beneficiary's family with the maximum possible federal transfer tax savings in a manner consistent with the Grantor's overall purposes in creating the family fortress trusts. It is the Grantor's hope (but not direction) that in considering these issues the disinterested Trustee will consult with the beneficiary and the beneficiary's legal and financial advisors if the beneficiary desires such a dialogue.

B. Other Provisions Relating to Trustee's Discretion. The following provisions shall apply to the family land or fortress trusts as the context of the provision requires.

1. Any family fortress trust bearing the name of a single living descendant of the Grantor (whether a child, grandchild or further descendant) shall be administered primarily for the benefit of such living descendant, and secondarily for the benefit of such descendant's issue who are also beneficiaries of such trust. Each such living descendant of the Grantor in whose name the trust is established shall hereinafter be referred to as the "**primary beneficiary**" of such family fortress trust. In exercising its discretionary

powers over any family fortress trust, the Grantor hopes (but does not direct) that the disinterested Trustee will consult with each primary beneficiary to determine such beneficiary's needs and desires and will give primary consideration to his or her wishes in this regard.

Any powers or authorities exercisable by an incapacitated primary beneficiary shall be exercisable by the person or persons eligible to receive accounts in such beneficiary's behalf as provided in **ARTICLE XI** hereof.

2. Any provision hereof to the contrary notwithstanding, if any beneficiary hereunder is or shall become institutionalized and shall be receiving nursing or other professional health care on an "in-home" or other out-patient basis, the Grantor desires (but does not direct) that the Trustee's discretion as to the need, propriety, or amount of distributions of income or principal to or for the use and benefit of such beneficiary will be limited solely to providing only those comforts and luxuries not otherwise provided by such institution and any such health care professionals and organizations, under any publicly-funded program or from other sources (public or private). The Grantor hopes that under no circumstances will the Trustee exercise its discretion to utilize funds for the payment of such services that would otherwise be borne by any privately funded program or by the institution, unless the disinterested Trustee determines, in its sole and absolute discretion, that such services are not providing an appropriate standard of care for such beneficiary. It is the Grantor's wish (but not direction) that any distributions of trust property made to any such beneficiary be made to supplement (and not replace) benefits provided from sources other than the family fortress trust from which the beneficiary is otherwise then eligible to receive distributions of income or principal.

3. All tax sensitive discretionary powers to distribute income or principal from a family land or fortress trust shall not be exercised by the interested Trustee of such trust, but shall exclusively be exercised by the disinterested Trustee of such Trust. For the purposes of this paragraph, "**tax-sensitive powers**" or discretions shall include any power or discretion given to Trustees hereunder which, if exercised by an interested Trustee who was also a potential income or principal beneficiary of such Trust, may result in adverse federal income, gift, estate or generation-skipping transfer tax consequences to such beneficiary, or

with respect to any Trust property subject to such beneficiary's power or control. Such powers shall include any discretion to distribute income or principal to such beneficiary who is also an interested Trustee. If the effect of any provision or provisions of this Agreement would be to cause the property of any family trust to be included in the federally taxable estate of any such beneficiary who is also a Trustee, then such provision or provisions shall be construed so as not to allow such beneficiary to exercise or participate in the exercise of such power as Trustee, but rather such power shall be exercised solely by the disinterested Trustee. The foregoing sentence shall have no applicability to *subparagraph D.4.* below, relating to the disinterested Trustee's power to transfer any powers of appointment held by the primary beneficiaries of the family fortress trusts.

4. The Trustee is specifically authorized herein to acquire and retain certain "use" assets as part of the principal of any family trust hereunder, and allow the beneficiaries the rent-free use and enjoyment of such assets. The Grantor is aware that such actions may be viewed as non-traditional under the prevailing prudent man rule of Trustee conduct. Also, there may be certain risks inherent in the acquisition and retention of such assets. The Grantor directs that the Trustee shall not be held liable for any loss resulting from such acquisitions and retention unless such loss shall result directly from the Trustee's bad faith or willful misconduct. In determining any question or liability for losses, it should be considered that the Trustee is engaging in the purchase and retention of non-income producing and other speculative assets at the express request of the Grantor.

C. Power to Segregate Trust Property According to Generation-Skipping Transfer Tax Inclusion Ratio. Notwithstanding anything to the contrary contained in this Agreement, the Trustee shall have the power, in the Trustee's sole and absolute discretion, at any time, to divide the family trusts to be created hereunder into two separate trusts such that the Federal generation-skipping transfer tax inclusion ratio for each such trust shall be either zero (0) or one (1). Any such trust containing zero inclusion ratio property shall be referred to as a "*GST Exempt Trust*". Any such trust containing non-zero inclusion ratio property shall be known as a "*GST Taxable Trust*".

D. Administration of Separate GST Exempt and Taxable Trusts. In the event that the Trustee exercises its discretion hereunder to segregate the Trust property into separate trusts according to inclusion ratios, the following administrative provisions shall apply to such separate trusts:

1. Distributions to Skip and Non-Skip Persons. All distributions of principal and income to a non-skip person shall be made only from the GST Taxable Trust until the same has been exhausted and only then from the GST Exempt Trust. All distributions of principal and income to a skip person shall be made only from the GST Exempt Trust until the same has been exhausted, and only then from the GST Taxable Trust. Notwithstanding the foregoing, in making distributions to non-skip persons, the disinterested Trustee of any family trust should consider making sufficient distributions to utilize the non-skip person's unified credit provided by Section 2010 of the Code, and the non-skip person's gift and estate tax brackets set forth in Section 2001 of the Code if, by making such distributions, the disinterested Trustee believes, in its sole and absolute discretion, that the inclusion in such non-skip person's estate, or in a gift if one were subsequently made by such non-skip person, may achieve a significant savings and transfer tax by incurring an estate tax or a gift tax, rather than a generation-skipping transfer tax which would otherwise be imposed, and thereby increase the amount of property ultimately passing to at least some of the beneficiaries of the trust.

2. Payments for Tuition and Medical Care. Notwithstanding anything to the contrary appearing in the preceding paragraph, if at any time the Trustee shall make any payment to any educational organization for the tuition of any beneficiary of a GST Exempt or GST Taxable Trust, or any payment to any person who provides medical care for any such beneficiary, such payment shall be made from the GST Taxable Trust with respect to such beneficiary so long as there is such property available, if the Trustee determines, in its sole judgment, that the use of such non-zero inclusion ratio property for such purpose will not be a taxable event for generation skipping transfer tax purposes. Even if there is no GST Taxable Trust, the Grantor hopes (but does not direct) that the disinterested Trustee will refrain from making any distributions of zero inclusion ratio property for the purposes described in this **subparagraph 2.** if such Trustee determines, in its sole and absolute discretion, that the beneficiary for whose benefit such

distributions would otherwise be made as available other non-generation-skipping transfer tax favored assets to apply to these purposes. The foregoing language describing payments shall have the same meaning as set forth in Section 2503(e) of the Code.

3. *Trusts as Separate Entities.* With respect to any separate GST Taxable and Exempt Trusts, the Trustee may, at any time prior to a combination of such trusts, (i) make different tax elections with respect to each such trust, (ii) expend principal (and exercise any other discretionary powers with respect to such separate trusts) differently, (iii) invest such separate trusts differently, and (iv) take all other actions consistent with such trusts being separate entities.

4. *Powers of Appointment Held by Primary Beneficiaries.* The disinterested Trustee is authorized in its sole discretion with respect to any part of the principal of a family fortress trust, by an instrument filed with the trust records, (i) to create in the primary beneficiary of such trust a general power of appointment within the meaning of Section 2041 of the Code (including a power the exercise of which requires the consent of the disinterested Trustee), including the power to transform an existing non-general power of appointment into a general power of appointment, that may dispose of the property upon the death of such beneficiary, (ii) to eliminate such power for all or any part of such principal as to which such power was previously created, (iii) irrevocably to release the right to eliminate such power, and (iv) to divide the trust principal into two fractional shares based upon the then portion of the trust that would be includible in the gross estate of the beneficiary holding such power if such beneficiary died immediately before such division (in which case the power shall be over the entire principal of one share and over no part of the other share), and each such share shall be administered as a separate trust unless the disinterested Trustee shall in its discretion thereafter combine such separate trusts in to a single trust, which action is hereby authorized. In authorizing such action it is the Grantor's hope (but not direction) that a general power will be created or kept in effect when the disinterested Trustee believes the inclusion of the property subject to such power in the beneficiary's gross estate may achieve a significant savings in transfer taxes by having an estate tax rather than a Chapter 13 tax imposed on such property which may also permit a greater use of the GST exemption under Code Section 2613(a) of the beneficiary or such beneficiary's spouse.

5. ***Disinterested Trustee's General Power to Amend this Trust Agreement.*** After the death of the Grantor and the termination of the single family trust, the disinterested Trustee of the family land trusts, and the disinterested Trustee of each family fortress trust, may, by a written instrument attach to this Agreement, amend any provision hereof which such Trustee determines, in its sole and absolute discretion, would result in hardship, or, if applied strictly, would be inconsistent with the Grantor's intention determined by the disinterested Trustee's interpretation of this Trust Agreement, conversations such Trustee may have had with one or more of the beneficiaries of the subject trust or trusts, which such beneficiaries may have conferred with the Grantor, and legal counsel retained by such Trustee, whether or not such legal counsel also had a role in preparing the Trust Agreement and advising the Grantor as estate planning counsel. Any such amendment with respect to the family land trusts shall be subject to the approval of the majority vote of the interested Trustees of such trusts. The Grantor intends that this amendment power be exercised without resort to any probate court, the appointment of any guardians *ad lita* to represent the interests of unborn, minor or incapacitated beneficiaries, or any other procedure which might interfere with the disinterested Trustee's exercise of these powers, which, except as otherwise expressly indicated above, the Grantor intends shall be absolute and unfettered.

ARTICLE V

PERSONS UNDER DISABILITY

If, upon the distribution of any property from any trust established under this Trust Agreement, any person who is entitled to receive such property is then under twenty-one (21) years of age, legally incompetent or in the Trustee's opinion unable to manage his or her affairs due to advanced age, illness or other condition (hereinafter referred to as "***disability***"), the Trustee may:

A. Retain such property to which such person would otherwise be entitled, together with any other property received by it for such person, in a separate trust and hold and dispose of the same IN TRUST, as follows:

1. The Trustee shall pay to or apply for the benefit of such person so much of the net income and principal, or either, as the Trustee shall deem desirable, accumulating and adding to the principal at the end of each fiscal year of the Trust any income not so paid or applied.

2. The Trustee shall pay the then remaining principal, together with any undistributed income, to such person, free of all trusts, when and if such person is free of disability.

3. The Trustee shall pay the remaining principal and undistributed income to such person's estate if such person dies before becoming free of disability.

4. The Trustee may distribute property under this Article to or for the benefit of such person as herein below provided if its continued retention should be impractical.

B. Or, the Trustee may distribute such property to such person, or to such person's legal guardian, or to such person's custodian under a gifts or transfers to minors act including a custodian selected by the Trustee, or to a parent of such person, or to an individual with whom such person resides, or to some other individual for the benefit of such person, or to a trustee holding other assets in trust for the benefit of such person under this or some other Trust Agreement. The receipt of such person, his or her guardian, his or her custodian, his or her parent, another individual or trustee shall constitute a complete discharge of the Trustee in respect to such distribution.

ARTICLE VI

CONTINGENT DISTRIBUTION

If at the time of termination of any trust created hereunder there is no person living who is entitled to the principal or income of such trust, the Trustee shall pay the then remaining principal and undistributed income, among the charities which received (or will receive) the charitable share of the terminating single family trust as hereinabove defined, except that any powers and discretions exercisable by the ***“administrative Trustee”*** under the provisions defining the amount and distribution of the charitable share shall be exercisable by the Trustee or Trustees then serving.

ARTICLE VII

TRUSTEES' POWERS

Unless otherwise specifically provided herein in provisions defining the duties and powers of any special Trustee hereunder, each Trustee of any trust being maintained under this Trust Agreement is authorized to exercise from time to time all powers conferred by New Hampshire RSA 564-A, the Uniform Trustees' Powers Act, as amended, by common law upon Trustees or as otherwise expressed in this Trust Agreement or any other corresponding laws defining the powers of trustees in force in any jurisdiction, the laws of which may in the future govern the administration of any trust hereunder. As supplemental to such powers, the Trustee shall have the following specific powers and authorities, each of which is to be construed in the broadest possible manner:

A. To invest or reinvest in such securities or other property, real or personal, and to retain any property at any time received or held by it hereunder for such period, as it shall, in its sole discretion, determine, whether or not the same be income-producing, including participation in any common trust fund administered by the Trustee. Notwithstanding the foregoing, during the term of the single family trust, no power to sell any personal residence (or a fractional interest in a personal residence) which was previously held in a "qualified personal residence trust" created by the Grantor shall be exercised to sell any such personal residence or fractional interest therein to the Grantor, the Grantor's spouse, or any entity controlled by the Grantor or the Grantor's spouse.

B. Consistent with the Grantor's purposes in creating this Trust, after the termination of the single family trust:

1. Upon the majority vote of the interested Trustees of all family land trusts, the administrative Trustee may exercise the power described in **Paragraph A.** of this Article to purchase additional real property which may (or may not be) adjacent to any family lands. The Grantor hopes (but does not direct) that such interested Trustees will exercise this power if she determines, in her absolute judgment, that such action will increase the privacy of those beneficiaries entitled to the use and enjoyment of the family lands, or otherwise enhance such use and enjoyment.

2. Upon the affirmative vote of a majority of the interested Trustees, the administrative Trustee may retain and remunerate third party professionals to assist such Trustee to develop and implement a plan for the use, conservation or development of the family lands. Such plan might contemplate timber management or harvesting on such lands; seeking local property tax classifications which reflect the current use of such lands and might result in property tax savings in the short and long term; retaining, without limitation, the services of attorneys, appraisers and consultants, to pursue property tax abatements, paid or volunteer services of land use professionals, including foresters, loggers and biologists, either directly or through a local, regional or national conservation organization, and developing a plan for the granting of conservation easements or restrictions with respect to the property, whether temporary or permanent, which a majority of the interested Trustees determine, in their sole and absolute judgment, are appropriate. In addition to the third party professionals listed above, the administrative Trustee may retain the services of attorneys, engineers, surveyors and land use planners in developing a plan for the subdivision and development of all or a portion of the properties. Any expenses incurred in this connection may be paid from the income or principal of any existing endowment, or subject to the assessment procedures described above, as determined by the majority vote of the interested Trustees. In granting these powers, the Grantor desires to give the interested Trustees of the family land trusts the unlimited discretion to develop and implement a plan for the development or restriction of the family lands which will insure, to the greatest extent possible, the accomplishment of the Grantor's long term purpose for the use and enjoyment of all or a portion of the family lands for the Grantor's children, their descendants and their respective families. The Grantor acknowledges that the achievement of these purposes may require the Trustees to realize or even sacrifice, as the case may be, in the case of the granting of a conservation easement, the economic value inherent in the family lands, which such action is hereby expressly authorized. The Grantor wishes to provide the Trustees with broad powers and flexibility to do so.

C. To make distributions (including satisfaction of any pecuniary bequests) in cash or in specific property, real or personal, or an undivided interest therein, or partly in cash and partly in such property and to

do so without regard to the income tax basis of specific property allocated to any beneficiary (including any trust) and without making *pro rata* distribution of specific assets.

D. To hold securities or other property in the name of the Trustee, in the name of the nominee of the Trustee, or in the name of a custodian for its nominee) selected by the Trustee, with or without disclosure of this Trust, the Trustee being responsible for the acts of such custodian or nominee affecting such property.

E. To appoint a bank, trust company, brokerage firm or other third party custodian or clearing house as custodian for securities and any other assets. Any such appointment shall terminate when a bank or trust company begins to serve as Trustee hereunder. The custodian shall keep the deposited property, collect and receive the income and principal, and hold, invest, disburse or otherwise dispose of the property or its proceeds (specifically including selling and purchasing securities and delivering securities sold and receiving securities purchased) upon the order of the Trustee. The custodian's fee shall be charged against income or principal, or both, in such proportions as the Trustee deems proper.

F. To delegate commonly held Trustee powers to one or more co-Trustees. In the event of any such delegation, the delegating Trustee shall be exonerated from any liability or surcharge for actions taken by the Trustee or Trustees to whom the Trustee powers were delegated. After the termination of the single family trust, upon the written approval of a majority of the interested Trustees of all family land trusts, the administrative Trustee shall have the power to hire third party professionals to perform the Trustee's duties hereunder, including those relating to investment management, including, without limitation, private money managers, financial planners and mutual fund companies, and to pay such fees to such third party professionals as a majority of the interested Trustees determine, in their sole and absolute discretion, are reasonable. The Trustees shall be protected from any liability or surcharge for the actions of any such agent, provided that such Trustees exercised reasonable judgment and diligence and did not act in bad faith in selecting such agent. The Grantor hopes (but does not direct) that the interested Trustees will authorize the administrative Trustee to exercise these powers to retain professional investment management assistance for the assets of the endowment and any reserve account or subtrust held hereunder.

G. The Trustee shall have the power to make all tax elections and exercise all other discretion provided for in the Code and related regulations. The Trustee shall have no liability to any Grantor's estate or any beneficiary thereof as the result of its acting as thus authorized, and the Trustee shall not seek reimbursement or contribution from any person or adjust the interest of any person as a result of any action taken or foregone under the provisions hereof.

H. In any case where the rules of law governing questions between income and principal appear in the Trustee's sole judgment, to be uncertain or to work hardship or injustice, the Trustee shall have the authority to determine what shall be credited or charged to income and to principal as the Trustee may determine, in its sole, absolute discretion, to be fair and equitable. This authority shall extend to, but shall not be limited to, income from wasting assets, securities purchased at a premium, stock dividends and stock splits. The Trustee's decisions whether and when to exercise this authority and to depart from the rules of law governing any question in the area of principal and income shall be binding on all beneficiaries or any persons claiming an interest through such beneficiaries. Any determination of the Trustee hereunder as to what shall be principal or income shall be similarly binding.

I. With respect to the family land trusts being administered under **Section III** of **ARTICLE III-B** above, the administrative Trustee shall have the power to borrow, in such Trustee's sole and absolute discretion, any principal sum or sums which shall not exceed a cumulative total of **Twenty Thousand Dollars (\$20,000)** during any two year period beginning with an initial borrowing which does not occur within a previous two year borrowing period triggered by an earlier loan. Any proposed borrowing exceeding these limitations shall be subject to the prior written approval of a majority of the interested Trustees of each such family land trusts then in existence.

J. Except as otherwise hereinabove provided relating to any lease agreement between the Trustee of the single family trust and the Grantor, to lease any real property held by the Trust, including the family lands or any portions of such property, to any, including non-beneficiaries of the family land trusts, and upon such terms and conditions as the administrative Trustee determines in its sole and absolute discretion; provided that after the termination of the single family trust, any proposed lease of the family lands shall be

subject to the prior written approval of the majority of the interested Trustees of all family land trusts then in existence, which such right of prior approval may be waived upon such terms and conditions as are described in a written waiver signed by a majority of the interested Trustees and mailed or delivered to the administrative Trustee.

K. After the termination of the single family trust, to merge any family fortress trust hereunder with any family fortress or other trust created under the Grantor's will or revocable or other trust, or any such document created by a primary beneficiary of a separate family land or fortress trust created hereunder upon or after the termination of the single family trust, provided that such trusts have the same or substantially similar beneficiaries, interests and other provisions as the trust being administered hereunder, and such action does not result in the commingling of zero and non-zero inclusion ratio properties.

L. After the deaths of the Grantor, to loan all or a portion of the principal of a family fortress trust to one or more trust beneficiaries, particularly the primary beneficiary and members of such beneficiary's immediate family, or one or more of the family land trusts created hereunder, with or without security, upon such terms and conditions as the disinterested Trustee of the subject trust determines, in its sole and absolute discretion, are appropriate under the circumstances. The Grantor hopes that the disinterested Trustee of any such family fortress trust will liberally exercise this power to make cash or other liquid assets available to the primary beneficiary and his or her immediate family on such terms and conditions as may not be available to such beneficiary or beneficiaries through conventional sources of financing. The Grantor envisions, for example, that the disinterested Trustee might structure one or more demand loans, perhaps with respect to which interest only is payable until the earlier of the disinterested Trustee's demand or the payor/beneficiary's death, between such Trustee and one or more such beneficiaries which might enable such beneficiary or beneficiaries to finance the purchase of a home, transportation resources, educational payments, or other purchases or purposes, and allow a family land trust to meet its obligations hereunder to pay assessments, regardless of whether financing would otherwise be available to the borrowing beneficiary or beneficiaries or family land trust or trusts from conventional lenders such as banks, mortgage or finance companies.

ARTICLE VII-A

SPECIAL PROVISIONS REGARDING LIFE INSURANCE POLICIES

Section I

Separate Subtrusts For Insurance Policies On the Grantor's and the Beneficiaries' Lives

A. *Establishment of Insurance Subtrusts.* During the lifetime of the Grantor, the Trustee of the single family trust is hereby specifically empowered to purchase and maintain as investments of the single family trusts life insurance policies on the Grantor's life. The Grantor wishes to encourage the Trustee to do so as a means of building or enhancing the endowment established for the long-term benefit of the family land trusts, to provide liquidity to pay needed debts and taxes which may be due on the Grantor's death, or for other purposes. Moreover, the disinterested Trustee of any family land or fortress trust may, in its sole and absolute discretion, use the net income and principal of the trust to purchase and maintain as a trust investment any policy of insurance on the life or lives of one or more beneficiaries of the subject trust (particularly the primary beneficiary(ies) and/or his or her spouse or their spouses). If such disinterested Trustee exercises this discretion, such policy or policies shall be acquired and retained in a separate ***"insurance subtrust"*** (sometimes also referred to as a ***"life insurance subtrust"***) to be created and with respect to which the disinterested Trustee shall be the sole initial Trustee.

B. *Trustee's Powers and Payments of Premiums during Insured's or Insureds' Lifetimes.* As to any life insurance policy or policies purchased after the Grantor's death, the Trustee of a life insurance subtrust shall possess and be vested with all rights of ownership with respect to any such policy, including the right to borrow from such policy and surrender it for its cash value, and shall exclusively exercise all Trustee powers relating to life insurance described in ***Section II*** of this ***ARTICLE II*** and the provisions of this Trust Agreement generally. So long as any such policy is held in an insurance subtrust, the proceeds payable under such policy shall be payable to such subtrust. The Trustee of the insurance subtrust shall certify to the disinterested Trustee of the subject family land or fortress trust from which the subtrust was created, such amount or amounts as are required to pay any premiums or other costs or expenses due in connection with the ownership of such policy or policies and the administration of the insurance subtrust generally. Such disinterested Trustee shall immediately pay to the Trustee of the insurance subtrust such amount or amounts

so certified. The Trustee of the insurance subtrust may pay so much of the net income or principal, or both, of such subtrust, and in such amount or amounts (whether equal or unequal and whether the whole or a lesser amount) as such Trustee, in its sole and absolute discretion, determines is necessary to pay the annual premiums on any insurance policy or policies owned by the subtrust, and is to be distributed from the subtrust to or for the benefit of such one or more persons as the Trustee may, in its sole discretion, select out of a class composed of the insured or the insureds, and the issue of the insured or insureds living from time to time, except that under no circumstances may the Trustee of any insurance subtrust have the power to distribute the policy or policies itself or themselves to such insured or insureds.

C. Distribution of Subtrust Assets Upon the Insured's or Insureds' Deaths. With respect to any life insurance policy or policies purchased on the life of a beneficiary of a separate trust created after the deaths of the Grantor, upon the death or deaths of the insured or insureds, the Trustee shall either (i) add the proceeds to the endowment or a permanent reserve account being maintained, or to be established, with respect to the family land trust with respect to which the insured or insureds were accountees immediately prior to his, her or their death or deaths; or (ii) divide the property of the insurance subtrust, including any death benefit payable under any policy or policies held in such subtrust, into "child's" and "predeceased child's" shares with respect to the children of the insured or insureds in the same manner described in those provisions of this Trust Agreement requiring a *per stirpital* division of the property of the terminating single family trust with respect to the living and predeceased children of the Grantor. If the Trustee chooses to make a *per stirpital* division of such proceeds, the Trustee shall manage, administer and distribute each predeceased child's share of the insurance subtrust assets as provided in the family fortress trust provisions hereof as if the predeceased child of the insured or insureds and the issue of such predeceased child were the predeceased child of the Grantor and the issue of such child, respectively, as described in the provisions of such further family trusts.

D. Provision of General Application to Insurance Subtrusts. Notwithstanding anything to the contrary herein contained, during the term of any such insurance subtrust, no person insured under any such policy shall have a right to serve as a Trustee of such subtrust, nor shall any such insured have a right to exercise any power concerning any policy insuring his or her life, including the exercise of any "*incidents of*

ownership” as described in Code §2042 with respect to such policy, which such incidents of ownership shall exclusively be possessed and exercisable by the Trustee of the insurance subtrust. Nothing in this subparagraph or this Trust Agreement generally shall be interpreted to empower any beneficiary of any family land or fortress trust, or life insurance subtrust to influence the disinterested Trustee in deciding to create any insurance subtrust or in the exercise of the discretion of the Trustee of any insurance subtrust over any policy or policies held in such subtrust, including the subtrust Trustee’s decision to purchase and retain any one or more of such policy or policies. Such discretions and all incidents of ownership over such policies shall exclusively be vested in such disinterested Trustee and subtrust Trustee, respectively.

Section II

Trustees’ Powers With Respect To Life Insurance Policies

A. One of the Grantor’s objectives in creating and funding this Trust is to provide cash (i) to enhance or establish the endowment for the family land trusts which may be created or enhanced upon the death of the Grantor or (ii), for loan or asset purchase transactions which the Grantor expect (but do not direct) may be structured between the Trustee and the Grantor’s estate or Revocable Trust, in order to provide liquidity which may be needed to pay debts and taxes, including, without limitation, Federal estate taxes. The Grantor also wishes to provide the opportunity for (i) the establishment or enhancement of permanent reserve accounts to be established for the exclusive benefit of the family land trust of which the insured or insureds was or were a current beneficiary or beneficiaries of immediately prior to the insured’s death, and (ii) allow the Trustee or Trustees of the separate family land and fortress trusts to engage in such estate liquidity transactions with the estates or personal representatives of the beneficiaries of such trusts, particularly the primary beneficiaries. Consistent with these intentions, the Trustee is authorized, in its sole discretion, to purchase and maintain Trust assets, such as insurance policies on the lives of the Grantor, and life insurance policies owned by any insurance subtrust and insuring the life of one or more beneficiaries of the separate family land and fortress trusts hereunder to be created after the Grantor’s death, which will accomplish such purposes but which might otherwise be deemed an improper trust investment under prevailing standards of fiduciary investment conduct in the absence of specific enabling language in this Trust Agreement. This power shall include, without limitation, the power to make such investments and

reinvestments in such life insurance policies or products of any nature, without limitation to what are known as legal investments, and in such proportions as the Trustee determines, in its sole discretion, will further the Grantor's stated purposes. In exercising this discretion, it is the Grantor's intent that the Trustee not be held to any principle of diversification of investments if the Trustee determines, in its sole discretion, that the purchase of one or more investments or classes of investments in insurance policies or products will best further the Grantor's purpose. The exercise of the Trustee's discretion hereunder shall be absolute and shall not be subject to challenge by any person whether beneficially interested in this Trust or otherwise.

B. The Trustee shall be under no obligation, however, (i) to pay any premiums, assessments or other charges necessary to keep any life insurance policy comprising the Trust property in force, (ii) to ascertain whether any such premiums have been paid, or (iii) to notify the insured or any beneficiary hereunder of the nonpayment of premiums. Upon the death of the insured, the Trustee shall use the Trustee's best efforts to collect the proceeds of any such policy and shall hold any proceeds so collected as the Trustee hereunder. The Trustee shall not be required to institute any legal proceedings to enforce payment of any such policy unless the Trustee is indemnified to the Trustee's satisfaction against any resulting expenses and liabilities. Payment to the Trustee by an insurance company and the receipt and release by the Trustee shall constitute a full release and discharge of the liability of such company, and no such company need inquire into or take notice of this Trust or see to the application of any such payment.

C. The Trustee is authorized (but not obliged) to engage and pay for out of the assets of the trust estate the services of such accountants, appraisers, legal counsel, insurance consultants or other experts to guide and aid the Trustee in the purchase and maintenance of any life insurance policies. The Trustee shall be under no obligation, however, (i) to pay any premiums, assessments or other charges necessary to keep any life insurance policy comprising the Trust property in force, (ii) to ascertain whether any such premiums have been paid, or (iii) to notify the insured or any beneficiary hereunder of the nonpayment of premiums. Upon the death of the insured, the Trustee shall use the Trustee's best efforts to collect the proceeds of any such policy and shall hold any proceeds so collected as the Trustee hereunder. The Trustee shall not be required to institute any legal proceedings to enforce payment of any such policy unless the Trustee is indemnified to the Trustee's satisfaction against any resulting expenses and liabilities. Payment to the Trustee by an insurance

company and the receipt and may be a Trustee), and may establish such agency or custodial accounts as the Trustee, in its absolute discretion, may deem to be in the best interest of the trust estate. The compensation paid to any such expert shall be in addition to and shall not reduce the compensation otherwise payable to the Trustee.

D. The Trustee may retain any life insurance policy purchased by or transferred to the Trustee, a predecessor Trustee, or any other person, and the Trustee shall have no duty at any time to make any inquiry or investigation into the advisability of such retention (including, without limitation, inquiry or investigation into any matters set forth in **Paragraph E.** below). With respect to any such policies retained by the Trustee, the Trustee shall have no liability to the Grantor or any present or future beneficiary of the trust for non-productivity, declining in value, or lack of diversification of the Trust assets. The fact that the Trustee may have made inquiry regarding any such matter prior to the acquisition of the policy or after the acquisition of such policy, whether such inquiry was done by the Trustee personally or any agent retained under the authority of the preceding **Paragraph C.**, regarding any such matter prior to the acquisition of a policy or after the acquisition of such policy shall place no duty upon the Trustee to make any further inquiry, but shall be considered activity beyond the scope of the Trustee's duties.

E. The Trustee, conclusively and without inquiry or independent investigation, may rely upon the representations of any person selling or in any way associated with the marketing, promotion or sale of a given life insurance policy regarding the relative quality of such policy (as compared to other available policies), or regarding the absolute quality of such policy (without regard to other available policies). Specifically, but not by way of limitation, the Trustee shall at no time have any duty whatsoever (i) to verify that any particular life insurance policy satisfies the requirements for a life insurance contract under Code §7702; (ii) to compare the performance or pricing or the projected performance or pricing of a particular life insurance policy with the performance or pricing or projected performance or pricing of any other life insurance policy which may then be available from any source; (iii) to assess the propriety of purchasing or retaining any life insurance policy as an asset of the Trust as compared to other then - available vehicles which are not life insurance policies; or (iv) to investigate the strength or solvency of the company which issued or is offering a given life insurance policy.

F. The Trustee shall not be liable to the Grantor or any present or future beneficiary of the Trust for any loss or damage suffered in connection with the performance or lack of performance of any life insurance policy owned by the Trust or the insolvency of any life insurance company issuing any such policy. In general, the Trustee's duties and responsibilities with respect to any life insurance policy owned by the Trust, until such policy matures or is surrendered or otherwise disposed of, are to provide safekeeping services with respect to the policy to pay premiums as and when they come due if it has sufficient available funds to do so, and to provide notices to holders of withdrawal rights in accordance with the provisions hereof. The Grantor specifically acknowledges that the Trustee would not accept the position of Trustee unless its duties and responsibilities were limited as set out in this **ARTICLE**.

ARTICLE VII-B

SPECIAL POWERS RELATING TO CLOSELY-HELD BUSINESS INTERESTS

Section I

Trustees' Powers Concerning Closely-Held Business Interests

If the property of any trust created under this Agreement consists of an equity interest in or any other closely-held business organization, whether a corporation, limited liability company, partnership, general or limited, joint venture, or sole proprietorship, the following provisions shall apply to such trust:

A. The Trustee shall be vested with the following "business powers", which shall be supplemental to the powers contained in hereunder or conferred by law, and all of which may be exercised with respect to the business assets:

1. To retain and continue to operate such business for such period as the Trustee shall determine.

2. To control, direct and manage such business, and in this connection, the Trustee, in its sole discretion, shall determine the manner and extent of its active participation in the operation, and the Trustee may delegate all or any part of its power to supervise and operate to such person or persons as it may select, including any associate, partner, officer or employer of such business.

3. To hire and discharge officers and employees, fix their compensation and define their duties; and to employ, compensate and discharge agents, attorneys, consultants, accountants, and such

other representatives as the Trustee, in its sole discretion, may deem appropriate, including the power to employ any beneficiary (or individual Trustee) in any of the foregoing capacities.

4. To loan funds from such trust to the business, and to borrow from any bank or other lending institution including any corporate Trustee named, or appointed as provided, in this Agreement on such terms as are competitive.

5. To organize a corporation under the laws of the State of New Hampshire or any other state or country and to transfer to it all or any part of such business or other property held in such trust, and to receive in exchange for such property such stocks, bonds and other securities as the Trustee may deem advisable.

6. To take any action required to convert any corporation into a partnership, sole proprietorship, limited liability company or limited liability partnership, or to convert any partnership to a corporation, sole proprietorship, limited liability company or limited liability partnership, or convert any sole proprietorship to a corporation, partnership, limited liability company or limited liability partnership, or to convert any limited liability company to a corporation, partnership, sole proprietorship or limited liability partnership, or to convert any limited liability partnership to a corporation, partnership, sole proprietorship or limited liability company.

7. To treat such business as an entity separate from such trust, and in its accountings to the court and to any beneficiaries, the Trustee shall only be required to report the earnings and condition of such business in accordance with standard corporate accounting practice.

8. To retain in such business such amount of the net earnings for working capital and other purposes of the business as the Trustee may deem advisable in conformity with sound business practice.

9. To purchase, process and sell merchandise of every kind and description, and to purchase and sell machinery and equipment, furniture and fixtures and supplies of all kinds.

10. To sell or liquidate all or any part of such business at such time and price and upon such terms and conditions (including credit) as the Trustee, in its sole discretion, may determine. The Trustee is specifically authorized and empowered to make such sale to any partner, officer or employee of such business (or to any individual Trustee) or to any beneficiary under this Agreement.

11. To exercise any of the rights and powers conferred in this **ARTICLE** in conjunction with another or others.

12. To diminish, enlarge or change the scope of such business.

13. To improve any business real estate and pay the cost out of principal, and to enter into agreements for the rental, lease, sale or purchase of such real estate, under such terms and conditions as the Trustee, in its sole discretion, may determine. These powers with respect to business real estate shall also include the powers to employ personnel, rent office space, buy or lease office equipment, and generally to conduct in any and all of the activities incident to the ownership and management of such business real estate, with full power to borrow and pledge in order to finance such activities, and the power to contract agents for property management or other services with respect to such real estate.

14. With respect to any incorporated business, to exercise all voting rights attributable to the shares of stock of the subject corporation, and to exercise all rights of a shareholder under applicable law.

15. Notwithstanding anything to the contrary contained in this Agreement, to divide the trusts to be created hereunder into two separate trusts, one such trust to contain exclusively business assets, and the other to contain exclusively non-business assets. Such separate trusts shall contain identical dispositive provisions but may have different Trustees, particularly a different disinterested Trustee. The Grantor's purposes in providing for such segregation is to recognize that the ownership and management of closely held business interests may impose certain risks, and require certain skills and expertise, that a corporate disinterested Trustee may not be equipped to assume or perform. The Grantor contemplates that any such separate trust holding exclusively non-business assets will have as its Trustee an individual or individuals who possess such skills and are willing and able to assume any such risks. Any Trustee exercising the power described in this Paragraph to transfer any such business assets to another Trustee or Trustees administering a separate trust shall be discharged from any fiduciary responsibility with respect to the assets so delivered and shall not be required to monitor the transferee Trustees' management of the delivered asset or performance of fiduciary duties under the terms of the transferee trust.

B. The Grantor is aware of the fact that certain risks are inherent in the operation of such business and expect that decisions of a "businessperson's risk" nature will be required in contrast to the

Prudent Person Rule. Therefore, the Grantor directs that the Trustee shall not be held liable for any loss resulting from the retention and operation of such business unless such loss shall result directly from the Trustee's bad faith or willful misconduct. In determining any question or liability for losses, it should be considered that the Trustee is engaging in a speculative enterprise at the express request of the Grantor.

C. If any businesses operated by the Trustee pursuant to these powers shall be incorporated, then it is directed that all liabilities arising therefrom shall be satisfied first from such business itself and second out of the appropriate trust estate, it being the Grantor's intention that in no event shall any such liability be enforced against the Trustee personally. If the Trustee shall be held personally liable, it shall be entitled to indemnity first from the business and second from the appropriate trust estate or estates.

D. It is recognized that any business interest which may be included in the Trust Fund may require additional efforts and expertise on the part of the Trustee. Accordingly, it is recognized that additional fees may be required. Such fees may be taken as a director's or managing partner's fee which will be remitted to the Trustee and/or as a management consultation charge by the Trustee.

Section II

Separate Subtrusts to Hold the Stock of S Corporations

A. *Non-Qualified Trusts.* Notwithstanding any other provision of this Trust Agreement, if at the death of the Grantor (i) the Trustee holds stock of an S corporation as defined in Code §1361(a), and (ii) the Trustee determines in its sole judgment that such stock cannot practically be held in any trust created under this Agreement from and after the date of the Grantor's death (a "***non-qualified trust***") (other than pursuant to this provision) without causing the corporation to lose its status as an S corporation, then notwithstanding anything to the contrary herein, prior to the expiration of any grace period described in the Code during which such a trust can hold the stock of a S corporation without voiding the corporation's S election, the Trustee shall, in its sole discretion, either (i) perfect any required election to hold the stock in an "***electing small business trust***" as defined in the Code, in which case such electing small business trust shall have the same dispositive provisions as the non-qualified trust, or (ii) allocate such stock into separate

subtrusts (collectively “*QSSTs*” and individually a “*QSST*”), in which case such QSSTs and the S corporation stock held in such QSSTs shall be administered as provided in *Paragraph B*. below.

B. Administration of QSST. The Trustee shall create a separate QSST for the primary beneficiary of the non-qualified trust, or, with respect to a non-qualified trust which has no primary beneficiary, for each of the beneficiaries of such trust in the highest generation below the Grantor, which such beneficiaries, for purposes of this *Paragraph B*. only, also shall be referred to as “*primary beneficiaries*”. The Trustee shall administer the separate QSST established for such primary beneficiary as provided in this subparagraph, regardless of whether the provisions of this Paragraph conflict with the provisions of non-qualified trust in which such stock would otherwise have been held in the absence of this Paragraph.

1. The Trustee shall pay to or for the benefit of the primary beneficiary all of the net income from the beneficiary’s QSST in annual or more frequent installments.

2. The Trustee shall pay to the primary beneficiary or to the primary beneficiary’s guardian or conservator, upon the request of the beneficiary or the guardian or conservator, an amount of the principal of the beneficiary’s QSST sufficient to pay the beneficiary’s state and federal income taxes attributable to the income allocable to the beneficiary with respect to the S corporation stock in the beneficiary’s QSST. In addition, the Trustee may pay out of the principal such amount or amounts as the Trustee, in its sole discretion, determines to or for the benefit of the primary beneficiary; provided, however, that while any the primary beneficiary is serving as Trustee, the beneficiary as Trustee may distribute principal to himself or herself only at such times and in such amounts as is necessary for his or her health, maintenance, support, and education.

3. Upon the primary beneficiary’s death, any income of the beneficiary’s QSST which has accrued but has not been paid shall be paid to the beneficiary’s estate. The principal shall be disposed of as provided in the non-qualified trust.

4. Each QSST created hereunder is intended to be a “*qualified subchapter S trust*” within the meaning of §1361(d)(3) of the Code, and it is the Grantor’s desire that each primary beneficiary make the election under §1361(d)(2) of the Code to establish or to continue the S corporation status for each affected corporation. Any provision of this Agreement that would disqualify a trust as a qualified subchapter

S trust is hereby declared void, and each provision required under the relevant provisions of the Internal Revenue Code or the regulations, rulings, or other official pronouncements is incorporated herein by this reference.

C. *Maximum Number of Shareholders.* Under no circumstances shall such stock be allocated to more than the maximum number of shareholders permitted under §1361 of the Code, and if an electing small business trust, individual beneficiary, or QSST cannot receive stock because of this restriction, the Trustee is directed to allocate other assets of equal value to the trust or beneficiary, as the case may be, in lieu of the S corporation stock, and the Trustee's discretion regarding the trusts or beneficiaries affected and the selection of assets allocated thereto shall be absolute.

ARTICLE VIII

SPENDTHRIFT PROVISION

All payments of principal to be made by the disinterested Trustee or any other Trustee hereunder shall be paid by such Trustee in its sole, absolute discretion into the hands of the beneficiary entitled to receive the same or be paid or applied for the benefit of such beneficiary in any manner which appears to such Trustee in his or her discretion to be in the best interests of the beneficiary so long as no part of such income shall inure to the benefit of anyone other than the beneficiary and no such payment shall be made into the hands of anyone else, whether claiming by authority of such beneficiary or otherwise, including if any such beneficiary should endeavor to anticipate or assign his or her right to income under this trust or if such right to income should be subjected by attachment or otherwise to the debts of such beneficiary.

ARTICLE IX

ADDITIONS TO TRUST ESTATE

The Grantor or any other persons may at any time and from time to time, transfer and deliver to the Trustee cash or other property acceptable to such Trustee which shall thereupon become a part of the trust estate and shall be held and disposed of by such Trustee in all respects subject to the provisions of this Agreement. Except as otherwise provided above with respect to any estate taxable subtrust and provisions requiring the segregation of trust property in accordance with inclusion ratios for federal generation-skipping

transfer tax purposes or any other provisions hereof requiring a segregation of trust assets, the trust investments, whether originally or subsequently transferred to the administrative Trustee to become a part of the separate family trusts, may be commingled and treated as part of any one or more of such trusts.

ARTICLE X

LIABILITIES OF TRUSTEES AND OTHERS

A. Each Trustee shall be deemed to have acted within the scope of its authority, to have exercised reasonable care, diligence and prudence, and to have acted impartially as to all persons interested in the Trust estate unless the contrary can be proved by affirmative evidence.

B. No Trustee hereunder shall be liable for the acts or omissions of any agent selected in good faith by the Trustee or for any error in judgment or other acts or omissions done or made in good faith. No Trustee hereunder shall be liable for the default of any Co-Trustee or prior Trustee or for failure to contest the account of any other such fiduciary, to compel redress of any breach of trust or to require delivery of any Trust property other than that actually received from a prior Trustee or legal representative of such prior Trustee unless previously requested in writing to take such action by a beneficiary or his or her guardian. No surety or sureties or any official bond shall ever be required of any Trustee hereunder.

C. Anyone may rely on a copy certified by a notary public to be a true copy of this instrument or of any writings relating to this instrument as fully as on the originals and anyone may rely fully upon any statement of fact certified by anyone who appears from the original hereof or a certified copy hereof to be a Trustee hereunder.

D. The Grantor directs that all liabilities arising from the Trustees' administration of the trusts hereunder (other than liabilities for loss resulting directly from a Trustee's bad faith or willful misconduct) shall be satisfied out of the appropriate Trust estate; it being the Grantor's intention that in no event shall any such liability be enforced against the Trustee personally. If a Trustee shall be held personally liable, such Trustee shall be entitled to indemnity from the appropriate Trust estate or estates.

ARTICLE XI

TRUSTEES' ACCOUNTS

A. Single Family Trust. During the term of the single family trust, the Trustee shall provide an accounting of its administration of the single family trust to the Grantor if the other is not living or is living but is incapacitated, but if the Grantor is incapacitated, to her agent or agents under one or more durable powers of attorney then in force, or, in default of such agents, to her conservators or guardians, or, if there is no such conservator or guardian, to the oldest living descendant of the Grantor who is not serving as a Trustee hereunder and is not incapacitated, or his legal guardian or conservator, or, in further default, to those persons who are then eligible to receive distributions of the single family trust income as hereinabove provided or the parent or legal guardian of any minor or incapacitated such beneficiary, upon the written request of the person ("**accountee**") entitled to receive the account.

B. Family Land Trusts. After the death of the Grantor and the creation of the separate family land and fortress trusts hereunder, upon the written request of one or more of the persons defined as "**accountees**" hereunder (which written request can by its terms apply to future accounting periods), each year the administrative Trustee shall render an accounting of the administration of each separate family land trust hereunder to those persons ("**accountees**") then of full age and legal capacity then eligible to receive income from the trust or, if any such person is not of full age or is legally incapacitated, to his or her parent or guardian. The administrative Trustee may delegate its duty hereunder to any disinterested Trustee of any family land trust with respect to which an accounting is required. Notwithstanding the foregoing, any spouses of any of the Grantor's descendants shall not be considered accountees of any family land or fortress trust except to the extent that such spouses are entitled to receive accountings as provided in this Article in their representative capacities as the parent or legal guardian of their spouse or minor or incapacitated child who is also a descendant of the Grantor, and no such spouse shall have the power to exercise any rights or powers granted herein on behalf of such child where the Trust Agreement confers such rights and powers on accountees who act in representative capacities.

C. Family Fortress Trusts. After the death of the Grantor and the creation of the separate family fortress trusts hereunder, each year the Trustees of any family fortress trusts shall render an accounting of the administration of such trust to those persons (“*accountees*”) then of full age and legal capacity and eligible to receive income from the trust, or, if such person is not of full age or is legally incapacitated, to his or her parent or guardian.

D. Finality of Accounts. The written approval of an accountee shall, as to all transactions shown in such accounting, be final and binding on all persons (whether in being or not) who are then or may thereafter become entitled to share in any principal or income hereunder and the failure of any such accountee to object to such accounting within sixty (60) days after the receipt thereof shall be deemed to be the equivalent of such person’s written approval.

ARTICLE XII

DESIGNATION AND APPOINTMENT OF TRUSTEES:

TRUSTEES IN GENERAL

A. Corporate Trustees; Merger, Reorganization, Acquisition, Etc. In the event a Corporate Trustee is serving hereunder, references thereto shall be deemed to include it and any successor to it. Any such Corporate Trustee shall be deemed to include any corporation or institution which may, by reorganization, acquisition, merger, or in other manner, succeed to the trust business thereof.

B. Trustee Succession; Removal and Appointment.

1. The Single Family Trust. The Grantor’s spouse shall be the Trustee of the single family trust until his resignation, removal, incapacity or death. In the event of a vacancy in the office of such Trustee, the successor co-Trustees shall be the Grantor’s children, **ROBERT** and **MICHAEL** (or one of them if the other is ever unable or unwilling to accept or continue to serve), and, in the event neither of them are willing or able to continue to serve, a successor shall be appointed by the accountee or a majority thereof if more than one. Under no circumstances shall the Grantor be eligible to serve as Trustee of the single family trust. Any special co-Trustee of the single family trust to be appointed as hereinabove provided shall be appointed by the Trustee in a written notice delivered to the special co-Trustee, and shall be effective upon

the written acceptance of such special co-Trustee. The Trustee may remove any such special co-Trustee by the Trustee's written notice of removal mailed or delivered to such Trustee, and replace such Trustee with a successor who or which is not "*related or subordinate to*" the Trustee as those terms are defined in Code §672(c).

2. The Family Land and Fortress Trusts.

a. Administrative Trustee. After the Grantor's death and the termination of the single family trust, the initial administrative Trustees shall be the Grantor's sons, **ROBERT** and **MICHAEL**. If either **ROBERT** or **MICHAEL** are ever unable or unwilling to accept or continue as such administrative Trustee, the other shall serve alone. If both **ROBERT** and **MICHAEL** are ever unable or unwilling to accept or continue as such administrative Trustee an initial or successor administrative Trustee shall be appointed by a majority of the interested Trustees of all family land trusts in existence on the date when such vacancy occurs, or, if in the case of the appointment of an initial administrative Trustee, there are not yet any interested Trustees, by a majority of those persons who were accountees of the single family trust immediately prior to the Grantor's death if the Grantor was then living but was incapacitated. In default of such appointment, a successor shall be appointed by a majority of the accountees of all family land trusts hereunder. After the death or incapacity of either or both **ROBERT** or **MICHAEL**, no more than one person or entity may serve as administrative Trustee. The powers exercisable by such administrative Trustee shall be strictly limited to those specifically conferred on such Trustee by the terms of this Agreement.

b. Interested Trustees. The initial interested Trustee of each family land or fortress trust shall be the living child of the Grantor in whose name such trust was created, or if such child is unable or unwilling to accept or continue to serve as such interested Trustee, his oldest living descendant who is not a minor and is not incapacitated (or, if all of such descendants are minors or are incapacitated, the oldest descendant's parent or legal guardian). If such child is not living, or in the event of a vacancy further in the office of interested Trustee of any such Trust for any other reason, a successor interested Trustee shall be appointed by the majority vote of the accountees of the subject trust from among a class composed of such accountees, or, in default of such accountees, such appointment power shall be exercisable by a majority of the

accountees of all other trusts created hereunder of the same nature as the subject trust (i.e. a family land or fortress trust). Such accountees shall have the power to appoint one among them to serve as interested Trustee of the subject trust. No more than one person shall serve as interested Trustee of any family trust at any time, and only persons who are descendants of the Grantor, or the parent or legal guardian of a minor or incapacitated descendant of the Grantor, may serve as the interested Trustee of such trust.

c. Disinterested Trustee. The office of disinterested Trustee of each family trust created hereunder may initially be unfilled. If there is a need or desire to appoint a disinterested Trustee of any family fortress trust, such Trustee shall be designed by a majority of the accountees of the subject family fortress trust with respect to which such need or desire exists. If there exists a need or desire to appoint a disinterested Trustee of any family land trust, such Trustee shall be appointed by the majority vote of all interested Trustees of all family land trusts then in existence. If there is a disinterested Trustee to be appointed for more than one family land trust, that disinterested Trustee shall be the same person or entity for all such family land trusts for which a disinterested Trustee is needed or desired. The disinterested Trustee of any such family land or fortress trust shall always an individual or individuals (other than any of the Grantor's issue or any of the spouses of such issue or their legal guardian or other representative), or a corporation or other form of business entity authorized to provide trust services under the laws of the jurisdiction in which it maintains its principal of business.

d. Removal of Administrative Trustee. A majority of the interested Trustees of all family land trusts shall have the power for any reason and at any time to remove the administrative Trustee of the family land trusts. Such removal shall be by written notice signed by such interested Trustees and mailed or delivered to the administrative Trustee to be removed. If there are no interested Trustees who are living and are not incapacitated, such removal powers shall be exercisable by a majority of the accountees of all family land trusts then in existence.

e. Removal of Interested Trustees. No child of the Grantor shall be subject to removal as long as such child is serving as an interested Trustee hereunder. If a person other than a child of the Grantor is serving as interested Trustee of any family trust hereunder, such interested Trustee shall be

subject to removal by written notice signed by a majority of the accountees of the trust with respect to which the person to be removed is then serving.

f. Removal of Disinterested Trustees of Family Fortress Trusts. The interested Trustee of each family fortress trust shall have the power for any reason and at any time to remove any disinterested Trustee of such trust as hereinbelow provided. Such interested Trustee shall hereinafter be referred to as the **“removal powerholder”**. This removal power shall be exercisable upon the following terms and conditions:

i. Manner of Exercise of Power. Such removal shall be by written notice signed by the removal powerholder and mailed or delivered to the disinterested Trustee to be removed.

ii. Appointment of Successors Upon Exercise of Power. Upon the exercise of a power of removal hereunder, a successor disinterested Trustee shall be appointed, in descending order, by (i) the spouse of the primary beneficiary of the trust, provided that such spouse is him or herself a beneficiary of such trust at the time the trustee appointment power is to be exercised, and (ii) by a majority of the accountees of the family fortress trusts with respect to which the removal power was exercised; PROVIDED, HOWEVER, that in no event shall any individual acting removal powerholder who is also an accountee of such trust participate in the designation of a successor. If there are no persons eligible hereunder to appoint a successor, a successor shall be appointed by a judicial authority of competent jurisdiction.

g. Removal of Disinterested Trustee of Family Land Trusts. A majority of the interested Trustees of all family land trusts shall have the power to remove the disinterested Trustee of such trusts upon the same terms and conditions as are described in *subparagraph f.* above; PROVIDED, HOWEVER, that any reference to the **“interested Trustee”**, or **“interested Trustee of each family fortress trust”**, shall be interpreted as the **“interested Trustees of all family land trusts”**, and *subparagraph f. ii.*, relating to the appointment of a successor upon the exercise of removal powers, shall not apply hereunder. Rather, in the event of a vacancy in the office of the disinterested Trustee of all family land trusts caused by the exercise of a removal power hereunder, a successor disinterested Trustee shall be appointed by the majority vote of all interested Trustees of all family land trusts.

h. Removal of Trustee of Single Family Trust. The Grantor, and if the Grantor is incapacitated, the oldest living descendant of the Grantor who is not serving as Trustee of the single family trust and is not incapacitated, or the parent or legal guardian of such descendant if he or she is a minor or incapacitated, may remove the Trustee of the single family trust, provided that any successor Trustee appointed to replace a removed Trustee as hereinabove provided shall not be **“related or subordinate to”** the acting removal power holder as those terms are defined in Code §672(c).

C. Incapacity of Trustees. Any individual Trustee shall be considered to have ceased to serve hereunder upon his or her incapacity as defined in **ARTICLE I** thereof.

D. Manner of Resignation of Trustees. Any Trustee hereunder may resign at any time by an instrument in writing duly signed and mailed or delivered to each Grantor or the legal guardian of the Grantor if she is incapacitated, and, after the death of the Grantor, or if the Grantor is incapacitated, to the Trustee or Trustees of the subject trust or trusts who will continue in office after the resignation of the resigning Trustee, or, if there are no such continuing Trustee or Trustees, if the subject trust is a family fortress trust, to the primary beneficiary of such trust, or, if there is no such primary beneficiary who is living and is not incapacitated, to the primary beneficiary’s accountee, or if the subject trust is a family land trust, to the administrative Trustee or if the administrative Trustee has also resigned or is not otherwise then serving, to the accountees of the subject trust. No such resignation shall be effective until thirty (30) days after such mailing or delivery thereof.

E. Manner of Acceptance of Trustee Appointment. Any successor Trustee hereunder in order to qualify as such Trustee shall attach its written acceptance of the trusts herein created to the original or any fully signed and executed copy of this Trust Agreement.

F. Trustee’s Authority. No purchaser or other person dealing with any Trustee purporting to act under any power or authority granted in or given by any Trustee in purported compliance with this Trust Agreement or any part or parts of it need inquire into the existence of facts upon which such purported power or authority depends or into questions of whether such purported power or authority still exists.

G. Trustee Action.

1. ***Interested and Disinterested Trustees.*** If there shall be any disagreement in any matter pertaining to the administration and investment of the property of a family land or fortress trust (other than any matter exclusively delegated hereunder to a special Trustee, including any matter which is “***tax sensitive***” and exclusively delegated to the disinterested Trustee) at any time when there are interested and disinterested Trustees of such trusts serving simultaneously, the decision of the interested Trustee shall control in such matters and the dissenting Trustee shall have no liability for participating in or carrying out the acts of such interested Trustee as the controlling Trustee.

2. ***Weighted Votes of the Interested Trustees of the Family Land Trusts.*** After the termination of the single family trust the Grantor intends that all interested Trustees of all family land trusts shall serve as a “***board of trustees***” to exercise all powers such Trustees hold in common with each other under the terms of this Trust Agreement. Unless otherwise specifically provided in this Agreement with respect to any matter requiring the vote or approval of a majority or supermajority of the interested Trustees of the family land trusts, after the death or incapacity of all of the Grantor’s children, each such interested Trustee shall have a weighted vote determined by dividing the number of living accountees of the family land trust with respect to which such interested Trustees in serving, by the total number of accountees of all family land trusts living on the date that the matter in question comes before the board of Trustees. In providing such weighting of each interested Trustee’s vote after the Grantor’s children’s deaths, the Grantor hopes to achieve proportionality of representation with respect to the accountees of each family land trust relative to the accountees of all other family land trusts.

H. Trust Portability: Authority to Change the Situs and Governing Law of Family Trusts.

In the event of the appointment or succession of a non-New Hampshire domiciled disinterested Trustee of any family trust created hereunder, except for any family trust, such as a family land trust, owning a direct interest in real estate (as opposed to an indirect interest in such real estate, such as a partnership, LLC member or shareholder interest in an entity owning such real estate), such that the laws of the State or other jurisdiction in which such real estate is located must govern the administration and interpretation of the subject trust, such disinterested Trustee, or the person or persons appointing such Trustee, may, by any deed,

revocable or irrevocable, declare that such trust shall, from the date of such declaration, take effect in accordance with the law of the jurisdiction in which such non-New Hampshire Trustee is domiciled, and change the situs of the subject trust property to such jurisdiction, with full effects regarding the jurisdiction and forum for the administration and with the rights for the successor or continuing Trustee, as the case may be, to make such alterations in the trust provisions as it may consider necessary to secure that this trust be rendered as valid and effective under the laws of the jurisdiction named in such declaration as it is under the laws of the State or other jurisdiction to which the administration of the subject trust was previously subject. Notwithstanding the foregoing, in making such alterations and amendments, it is the Grantor's wish (but not direction) that the disinterested Trustee possessing these powers shall preserve, to the extent possible, any favorable tax attributes of the trust under the laws of the United States, including the federal generation-skipping transfer and estate tax exempt character of the trust property, but any such tax objectives shall be subsidiary to the Grantor's primary purposes of providing the flexibility to allow any family trust or trusts created hereunder to continue for a period longer than (even in perpetuity) the previously applicable rule against perpetuities would allow, if such continuation is desirable, or to minimize the state taxes which might otherwise be payable with respect to the income or capital gains of the trust. No such declaration shall be effective until a copy thereof is endorsed on or annexed to this Agreement.

I. Trustee Compensation. Any corporate Trustee serving hereunder shall be entitled to receive compensation in accordance with its standard fee schedule, unless an alternative arrangement is negotiated between such Trustee and the beneficiaries of the subject trust. The Trustee of the single family trust, and, after the termination of such trust, any administrative Trustee serving hereunder shall be entitled to reasonable compensation, which, in the case of the administrative Trustee of the family land trusts, will be determined by a majority of the interested Trustees of all family land trusts. The Trustee of the single family trust and the administrative Trustee of the family land trusts shall be entitled to receive reimbursement for any out-of-pocket expenses which might not otherwise be a proper expense for reimbursement under prevailing fiduciary accounting standards including, without limitation, any expenses for travel which shall be reimbursed first from any endowment, second from the net income of the subject family trusts, and third, in the case of

the administrative Trustee, from the application of the assessment procedure described above, in such manner as such administrative Trustee determines, in its sole and absolute discretion, is fair and equitable. The administrative Trustee may waive its right to compensation hereunder by a writing delivered or mailed to all of the interested Trustees describing the terms and conditions of such waiver. The interested Trustees of any trust hereunder shall be entitled to no compensation. The interested Trustees of any family land trusts shall be entitled to reimbursement of any reasonable expense incurred in the performance of their duties, including reasonable expenses for travel and lodging while on trust business. The determination of what is a reasonable expense shall be committed wholly to the administrative Trustee's discretion and its determination on any reimbursement request submitted shall be final and binding. The administrative Trustee shall pay any such expenses first from the net income of the family land trust with respect to the interested Trustee requesting such reimbursement is an accountee; second, through the application of the assessment procedure specifically against such family land trust; third, if the first two sources are insufficient, from the income or principal of the endowment fund as determined by the administrative Trustee in the exercise of its sole and absolute discretion, and fourth, as an assessment against the beneficiaries of the subject trust as provided above.

ARTICLE XIII

IRREVOCABILITY OF TRUST

This Trust Agreement and the trust hereby created are irrevocable and shall not be altered or amended. Notwithstanding the foregoing, the disinterested Trustees of the various family trusts to be established hereunder after the death of the Grantor are hereinabove granted the powers to amend the provisions of such trusts. Moreover, the Trustee may amend any provisions of any family trust if such Trustee determines, in its sole and absolute discretion, that such provisions would cause an unanticipated federal income or transfer tax liability to be incurred by the Grantor or any beneficiary hereunder. After the termination of the single family trust this power shall be exercisable exclusively by the disinterested Trustee of the subject trust, if a disinterested Trustee is then serving. The disinterested Trustee's exercise of this discretion shall in all respects be absolute and shall not be subject to question by any beneficiary.

ARTICLE XIV

GRANTOR TRUST STATUS

A. Grantor's Power to Substitute Trust Assets. Notwithstanding anything in this Agreement to the contrary, the Grantor, acting in a non-fiduciary capacity may, for any reason, and at any time, remove an asset or assets from the trust or trusts hereunder and substitute for such assets the acting Grantor's own asset or assets, provided that these asset or assets so removed and substituted have an equivalent value. This power shall be exercisable by the acting Grantor by written notice mailed or delivered to the Trustee which identifies the asset or assets to be removed and substituted, establishes the values of such asset or assets, and indicates the means of determining such values. The Trustee shall accomplish the proposed substitution of such asset or assets within thirty (30) days of its receipt of any such notice. This power may be waived by the Grantor under such terms and conditions as are described in a written notice delivered to the Trustee. The Grantor understands that by retaining this power, the Grantor will be accountable to report all of the trust's items of income, gain, deduction and credit on the Grantor's personal income tax return as required under Code §675, unless and until the Grantor waives such power in a writing delivered to the Trustee describing the terms and conditions of such waiver.

B. Waiver of Right of Reimbursement. The Grantor hereby negates any right the Grantor might have under state law to require the Trustee to reimburse them for any federal income tax liability the Grantor pays as a result of the existence of the non-fiduciary power of substitution described in the preceding *Paragraph A.*

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Grantor, **MARY A. SMITH** has hereunto set her hand, and **JOHN B. SMITH**, in token of his acceptance of the trusts hereby created has caused these presents to be executed.

Witness

Mary A. Smith, Grantor

Witness

John B. Smith, Trustee

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

Personally appeared before me, the undersigned officer, on this ____ day of _____, 2006, **MARY A. SMITH**, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and who acknowledged that it was executed for the purposes contained therein.

Notary Public/Justice of the Peace
My Commission Expires:_____

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

Personally appeared before me, the undersigned officer, on this ____ day of _____, 2006, **JOHN B. SMITH**, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and who acknowledged that it was executed for the purposes contained therein.

Notary Public/Justice of the Peace
My Commission Expires:_____

MARY A. SMITH FAMILY LAND
PRESERVATION AND FORTRESS TRUSTS

SCHEDULE A

_____, 2006 - An undivided fractional interest in certain real estate located in Anytown, Merrimack County, New Hampshire -- see copy of deed attached hereto.