

TRUST AGREEMENT

between

JOHN ADAMS

as Grantor

and

JANE ADAMS

as Trustee

An irrevocable trust  
known as the

JOHN ADAMS SPLIT PURCHASE  
QPRT

Prepared By

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**TABLE OF CONTENTS**

	<u>Page</u>
ARTICLE I	THE GRANTOR'S FAMILY ..... 1
ARTICLE II	TRANSFERS TO THE TRUST..... 1
ARTICLE III	TEMPORARY REVOCABILITY ..... 2
ARTICLE IV	DURING PERIOD OF REVOCABILITY ..... 2
ARTICLE V	RESIDENCE TERM..... 2
ARTICLE VI	AFTER THE RESIDENCE TERM ..... 2
ARTICLE VII	THE TRUSTEES ..... 3
ARTICLE VIII	MANDATORY QPRT PROVISIONS ..... 5
ARTICLE IX	CONVERSION TO A GRAT ..... 7
ARTICLE X	OVERRIDING TAX PURPOSES ..... 8
ARTICLE XI	TRUST ADMINISTRATION..... 8
ARTICLE XII	DEFINITIONS AND MISCELLANEOUS ..... 9
SCHEDULE A	..... 12

**BECKLEY SPLIT PURCHASE  
QPR TRUST**

On \_\_\_\_\_, I, JOHN ADAMS (“John”) of Salem, New Hampshire (the “Grantor”), agreed with JANE ADAMS (“Jane”), as Trustee (the “Trustee”), to make this trust. This trust shall be effective as of \_\_\_\_\_, 2007.

ARTICLE I  
THE GRANTOR’S FAMILY

John and Jane are married to each other. The names of their children are WILLIAM ADAMS and MARY ADAMS.

ARTICLE II  
TRANSFERS TO THE TRUST

The Trustee hold the property listed on Schedule A attached hereto, and any property acquired by the Trustee after the date of the creation of this Trust or which otherwise becomes a part of the trust estate, which such subsequent acquired property will also be listed on Schedule A as it is acquired, on the terms and conditions set forth in this instrument. Schedule A reflects initial contributions of cash being made (i) by the Grantor, and (ii) by Joseph F. McDonald, III (“Mr. McDonald”), in his capacity as Trustee of the “GST exempt separate family trust” created under the JOHN ADAMS 2005 IRREVOCALE TRUST under a trust agreement dated March 25, 2005, between JOHN, as Grantor, Mr. McDonald, as the initial Trustee (the “irrevocable trust”), a copy of which trust agreement is attached hereto as Exhibit “A”. The Trustee hereunder intends to use such contributions to purchase a residence in \_\_\_\_\_, California, which the Grantor will occupy for his lifetime as his personal residence. Such residence, and any replacement personal residence(s) which the Trustee purchases with the net proceeds of the sale of the residence or any replacement residence, will hereinafter be referred to as the “Residence”. The Grantor’s initial contribution to this trust shown on Schedule A has been determined as an amount equal to the purchase price of the Residence, plus closing costs payable by the Trustee as buyer, multiplied by an actuarial factor presenting the value of the Grantor’s life estate in the Residence as determined under applicable Treasury Regulations. The irrevocable trust’s contribution is determined by multiplying such purchase price and closing costs by the appropriate actuarial factor from which is derived the value of the irrevocable trust’s remainder interest in the Residence. The Grantor intends and expects that this trust will qualify as a qualified personal residence trust (“QPRT”), as defined in Code §2702 and in Chapter 14 of the Code generally, unless the trust converts to a “grantor retained annuity trust” (“GRAT”), as hereinafter provided, such that none of the value of the property remaining in the trust at the time of the death of the Grantor will be included in the Grantor’s “gross estate” for federal estate tax purposes when the irrevocable trust’s remainder interest vests upon the Grantor’s death.

ARTICLE III  
TEMPORARY REVOCABILITY

A. Revocability. At any time before this trust owns real property which the Grantor is using as his personal residence, the Grantor reserves the right to revoke or amend this trust at any time by a writing specifying the nature and date of the change or revocation. The duties of the Trustee cannot be changed without written notice. The Grantor may amend or revoke the trust only with respect to his own contributions to the trust, to the extent not previously withdrawn. If the Grantor completely revokes his portion of the trust, the Trustee shall transfer the Grantor's portion of the trust funds to the Grantor or to his estate.

B. Irrevocability. On the first date on which the trust shall own the Residence, this trust shall become irrevocable and the Grantor shall thereafter have no power to alter, amend, revoke or terminate the trust in any way, except as expressly provided later in this instrument.

ARTICLE IV  
DURING PERIOD OF REVOCABILITY

When this trust is revocable, the Trustee shall accumulate all net income of the trust and apply it towards the purchase of the Residence to be used by the Grantor.

ARTICLE V  
RESIDENCE TERM

During the Residence Term, defined below, the Trustee shall hold the Residence, for the use of the Grantor, while he is living. The Grantor shall have the right to use the Residence without rent or other charge.

A. Residence Term. The Residence Term begins on the first date on which the trust ceases to be revocable under ARTICLE III, and continues until the death of the Grantor

B. The Residence. The Residence is the interest purchased by the Trustee in that real property used by the Grantor, and any replacement residence.

ARTICLE VI  
AFTER THE RESIDENCE TERM

Upon the death of the Grantor, the Trustee shall distribute the remaining trust fund to the then Trustee(s) of the irrevocable trust to be added to the principal of such trust or successor or distributee trust, and distributed as provided under the terms of the agreement creating the irrevocable trust or any successor or distributee trust which take effect upon the death of the Grantor. The Trustee hereunder shall be discharged from any fiduciary responsibility with respect to the assets delivered to the trustee(s) of such trust, and shall not be required to monitor the transferee trustee's management of the delivered assets or the performance of fiduciary duties under the terms of such trust.

If neither the irrevocable trust nor any successor or distributee trust is then in existence, the Trustee shall hold, manage, administer and distribute the remaining trust property as provided in the provisions of the irrevocable trust agreement applicable from and after the death of the Grantor as such provisions exist on the date of this Trust Agreement, and for those purposes, and such purposes alone, such provisions of the irrevocable trust agreement are incorporated herein by this reference.

ARTICLE VII  
THE TRUSTEES

A. Initial and Successor Trustees. JANE will serve as the initial Trustee of this trust.

(1) If JANE becomes unable or unwilling to serve or to continue to serve as Trustee, the Grantor shall serve as such successor Trustee(s) or appoint an alternate Trustee other than the Grantor, and in default, a successor shall be appointed by the majority vote of the Grantor's adult children who are not incapacitated, and if there are then no adult children then living who are not incapacitated, by the legal guardian of the oldest child of the Grantor who is living but is a minor or is incapacitated, and, in default, by Mr. McDonald, and in further default, by the then Trustee(s) of the irrevocable trust.

(2) No Trustee serving hereunder shall be required to provide surety or other security on a bond.

(3) No Trustee shall be responsible for or need inquire into any acts or omissions of a prior Trustee.

B. Appointment of Additional Trustee. The Trustee may appoint any person as an additional Trustee to serve at the pleasure of the appointing Trustee.

C. Resignation. Any Trustee may resign by giving written notice specifying the effective date of the resignation to the designated successor. An individual Trustee shall be deemed to have resigned upon a finding that he or she is incapacitated, as such term is defined in ARTICLE XII hereof.

D. Delegation. Any Trustee may delegate any powers and authorities to another Trustee for any period that the delegating Trustee deems appropriate. A person dealing in good faith with any Trustee may rely without inquiry upon that Trustee's representation that a particular power or authority has been delegated and not rescinded.

E. Compensation. Each person who serves as a Trustee shall be entitled to receive reasonable compensation for services rendered. In the case of a corporate Trustee, reasonable compensation is based upon its published fee schedule in effect at the time its services are rendered or as otherwise agreed, and its compensation may vary from time to time based on that schedule.

F. Management Powers. The Grantor grants the Trustee the following powers, exercisable in a fiduciary capacity and subject to the specific limitations contained elsewhere in this instrument.

(1) During the Residence Term, unless the trust is converted into a GRAT, the Trustee shall hold the Residence and any cash expressly permitted under this instrument with no requirement of further diversification. While the trust is revocable and thereafter, if the trust is converted into a GRAT, the Trustee may invest and reinvest the trust (or leave it temporarily uninvested) in any type of property and every kind of investment, in the same manner as a prudent investor would invest his or her own assets.

(2) The Trustee may sell or exchange any real or personal property contained in the trust, for cash or credit, at public or private sale, and with such warranties or indemnifications as the Trustees may deem advisable.

(3) The Trustee may borrow money (even from a Trustee and from any beneficiary of the trust), for the benefit of the trust and secure these debts with assets of the trust.

(4) The Trustee may grant security interests and execute all instruments creating such interests upon such terms as the Trustee may deem appropriate.

(5) The Trustee may compromise and adjust claims against or on behalf of the trust on such terms as the Trustee may deem appropriate.

(6) While the trust is revocable and thereafter, if the trust is converted into a GRAT, the Trustee may take title to any securities in the name of any custodial or nominee, without disclosing this relationship.

(7) The Trustee may determine whether receipts are income or principal and whether disbursements are to be charged against income or principal, to the extent not established clearly by state law. Determinations made by the Trustee in good faith shall not require equitable adjustments.

(8) The Trustee may make all tax elections and allocations the Trustee may consider appropriate; however, this authority is exercisable only in a fiduciary capacity and may not be used to enlarge or shift any beneficial interest except as an incidental consequence of the discharge of fiduciary duties. No tax elections or allocations made by the Trustee in good faith shall require equitable adjustments.

(9) The Trustee may employ such lawyers, accountants and other advisers as the Trustee may deem useful and appropriate for the administration of the trust. The Trustee may employ a professional investment adviser in managing the investments of this trust (including any investment in mutual funds, investment trusts, or managed accounts), delegate to this adviser any discretionary investment authorities, and rely on the adviser's investment recommendations without liability to any beneficiary.

(10) The Trustee may divide and distribute the trust in kind, in money, or partly in each, without regard to the income tax basis of any asset and without the consent of any beneficiary. The decision of the Trustee in dividing any portion of the trust between or among two (2) or more beneficiaries shall be binding on all persons.

ARTICLE VIII  
MANDATORY QPRT PROVISIONS

This ARTICLE shall apply during the Residence Term, for so long as the trust is a QPRT, as defined in Code §2702, unless the trust converts to a GRAT, as described below.

A. Expenses. The Trustee shall notify the Grantor of any expenses incurred for property taxes, maintenance of the Residence, insurance, utilities, and other “carrying charges”, in excess of the trust’s cash assets. The Grantor shall pay such expenses without reimbursement by the trust.

B. Rental. The Trustee may not rent the Residence without the written consent of the Grantor.

C. Distribution of Income. All trust net income shall be distributed to the Grantor, not less frequently than annually.

D. No Distributions to Others. The Trustee may not distribute income or corpus of the trust to anyone other than the Grantor.

E. Limitation on Trust Assets. The Trustee may hold in this trust the Residence and any improvements to it that do not change its status as a personal residence of the Grantor. The Trustee also may hold cash or cash equivalents in the trust, as limited by this paragraph.

(1) The Trustee shall hold only that cash or cash equivalents that (when added to amounts already held in such account) does not exceed the amount reasonably required to:

(a) Pay trust expenses (including mortgage payments) already incurred or reasonably expected to be incurred within the next six (6) months following the date on which such addition of cash is made;

(b) Make any improvements to the Residence to be paid within the next six (6) months following the date on which such addition of cash is made; and

(c) Purchase the Residence within three (3) months of the date of the execution of this trust instrument, but only if the Trustee have entered into a contract to purchase the Residence before the receipt of such cash.

(2) The Trustee shall determine at least quarterly the amount of cash that may be held under this paragraph and shall immediately distribute any excess cash to the Grantor and the irrevocable trust, in proportion to their contributions to the trust.

(3) The Trustee shall hold all cash and cash equivalents in a separate account.

F. Sale of the Residence. The Trustee may sell the Residence, except as provided later in this paragraph F. If the Trustee sells the Residence, the Trustee shall hold any proceeds from the sale of the Residence (including any income or gains thereon) in a separate account for up to two (2) years after the date of sale. The Trustee shall use these proceeds (and all gains on these proceeds) to buy a Replacement Residence to be used as the personal residence of the Grantor. The Trustee may not sell or otherwise transfer the Replacement Residence or the Residence, directly or indirectly, to the Grantor, Jane or any subsequent spouse of the Grantor, or to any entity controlled by either or both of them, during the Residence Term or at anytime thereafter if the trust holding such Residence is then a grantor trust deemed owned by the Grantor for federal income tax purposes.

G. Insurance Proceeds. The Trustee shall hold adequate policies of casualty insurance on the Residence.

(1) The Trustee shall hold in a separate account the proceeds of any insurance paid to the trust as a result of damage to or destruction of the Residence (including any amount received as a result of the involuntary conversion of the Residence within the meaning of Code §1033) for up to two (2) years.

(2) The Trustee shall expend the amounts in this separate account to buy, construct, reconstruct, or repair the property to be held by the trust as a replacement for the Residence (also “the Residence”). These expenditures must be made within two (2) years of the date on which the Trustee receives the proceeds of this involuntary conversion.

H. Cessation Date. The date on which the trust ceases to be a QPRT, if any, is the “Cessation Date.”

(1) The trust ceases to be a QPRT with respect to the entire trust fund, on the date that the trust first owns any property other than one personal residence used by the Grantor, and such amounts of cash and casualty insurance otherwise permissible under this ARTICLE.

(2) The trust ceases to be a QPRT with respect to the proceeds of the sale of the Residence, on the earlier of the date two (2) years after the date on which the trust sells the Residence and the end of the Residence Term, unless a new Residence is purchased by the Trustee.

(3) The trust ceases to be a QPRT with respect to the proceeds of the involuntary conversion of the Residence, to the extent that this conversion renders the Residence unusable as a residence, on the earlier of the date two (2) years after the date of the involuntary conversion and the end of the Residence Term, unless replacement of or repairs to the Residence are completed or a new replacement residence is acquired by the trust before that date.

I. Commutation. The interest of the Grantor in this trust may not be commuted.

J. Construction. The Grantor intends that this trust, after it becomes irrevocable, will be a QPRT, according to the applicable regulations of the U.S. Department of the Treasury promulgated with respect to Code §2702, and all provisions of this instrument shall be construed consistent with this intent.

ARTICLE IX  
CONVERSION TO A GRAT

The Trustee shall convert the trust to a GRAT within thirty (30) days after the Cessation Date. The date of this conversion to a GRAT is the "Conversion Date."

A. The Annuity Amount. From the Conversion Date until the termination of the Residence Term, the trust shall function exclusively as a GRAT. During such term, the trustee shall pay to the Grantor, all of the trust's net income or, if greater, an "Annuity Amount."

(1) The Annuity Amount shall be determined by dividing the lesser of the value for federal gift tax purposes of all interests retained the Grantor in property transferred to this trust (as of the date on which the trust first becomes irrevocable) or the value of the trust assets on the Conversion Date, by the annuity factor for the initial term of the Grantor's interest in the trust determined under Code §7520 (as of the date of such transfer).

(2) If only a portion of the trust terminates because a portion of the trust continues to be a QPRT, then the Annuity Amount shall be a fraction of this figure.

(a) The numerator of this fraction shall be the excess of the fair market value of the trust assets on the Conversion Date over the amount (including acquisition costs, if any) reinvested in the new Residence or expended for repairs of the existing Residence.

(b) The denominator of that fraction shall be the fair market value of the trust assets on the Conversation Date.

B. Payment of Annuity Amount. The Annuity Amount shall be paid in equal annual installments from income and, to the extent income is insufficient, from principal.

(1) The Trustee shall begin paying the annuity Amount not later than thirty (30) days after the Conversion Date, but the entitlement of the Grantor to the Annuity Amount begins on the Cessation Date.

(2) Any Annuity Amount deferred until after the Cessation Date shall be paid together with interest, computed at a rate equal to the interest rate assumed for noncharitable interests under Code §7520, on the Cessation Date, adjusted by the amount of any income actually distributed by the trust to the Grantor during the deferral period between the Cessation Date and the date on which the Annuity Amount is paid.

C. Distributions to Others. The Trustee may not distribute income or corpus to anyone other than the Grantor while the trust is a GRAT.

D. Short Years. In determining the Annuity Amount, the Trustee shall prorate the Annuity Amount on a daily basis for short taxable years.

E. Incorrect Determinations. If the net fair market value of the trust assets is incorrectly determined by the Trustee, then within a reasonable period after the final determination of the correct value, the Trustee shall pay to the Grantor (in the case of an undervaluation), or the Grantor shall pay to the Trustee (in the case of an overvaluation), an amount equal to the difference between the Annuity Amount properly payable and the Annuity amount actually paid.

F. Commutation. The interests of the Grantor in this GRAT may not be commuted.

G. Investment Limitations. The investment limitations contained in the ARTICLE entitled "Mandatory QPRT Provisions" shall not apply when the trust is a GRAT.

H. Construction. The Grantor intends that this ARTICLE create a trust in which the interests of the Grantor is a "qualified interest" under the applicable Treasury Regulations under Code §2702, and all provisions of this instrument shall be construed consistent with this intent.

#### ARTICLE X OVERRIDING TAX PURPOSES

This ARTICLE states some of the Grantor's purposes in creating this trust, and all provisions of this trust shall be construed so as best to effect these purposes. No Trustee shall exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

A. Income Taxation. This trust shall be a grantor trust deemed owned by the Grantor for federal income tax purposes, but only to the extent of the Grantor's initial and any subsequent contributions to the trust.

B. Reserved Use. The right of the Grantor to use the Residence during the Residence Term shall give them those rights ordinarily associated with ownership of an asset for life and a contingent GRAT interest, and no rights inconsistent therewith.

C. Qualified Interest. This trust shall constitute a Qualified Personal Residence Trust under Code §2702 and the Treasury Regulations thereunder.

#### ARTICLE XI TRUST ADMINISTRATION

A. Accountings. The Trustee shall not be required to file annual accounts with any court or court official in any jurisdiction.

B. Incapacitated Beneficiaries. The Trustee may distribute income, principal, or both to a minor or incapacitated beneficiary (as such term is defined in ARTICLE XII hereof) to his or her parent, guardian, personal representative, or the person with whom the beneficiary resides, without looking to the proper application of those payments.

C. Change of Situs. The Trustee may change the situs of any trust (and to the extent necessary or appropriate, the trust assets) to a state or country other than the one in which the trust is then administered, if the Trustee believe it to be in the best interests of the trust or the beneficiaries. The Trustee may elect that the law of such other jurisdiction shall govern the trust to the extent necessary or appropriate under the circumstances.

D. Additional Transfers. Except when this trust is a GRAT, and subject to the express limitations contained elsewhere in this instrument, any person may transfer property to the Trustee at any time. The Trustee may refuse to accept a transfer if acceptance is not in the trust's best interests. The Trustee may accept a gift subject to one or more conditions imposed by the donor or the Trustee if it is in the best interests of the trust and the beneficiaries and if any such condition does not change the rights of a beneficiary with respect to any prior gift.

E. Amounts Paid to or by the Grantor. Any amounts distributed by the Trustee to the Grantor while he is living shall be distributed to him in proportion to his contribution to the trust, adjusted for any withdrawals made by the Grantor in any other proportion than that of his contributions. Any amounts that the Grantor is required to contribute to the trust shall be contributed by him proportionately to his prior contributions, adjusted for any withdrawals made by the Grantor in any other proportion than that of his contributions.

## ARTICLE XII DEFINITIONS AND MISCELLANEOUS

A. Code and Tax-Related Terms. References herein to the "Code" shall refer to the Internal Revenue Code of 1986, as amended, and any corresponding provision of federal law in substitution therefor. All tax-related terms used in this instrument shall have the same meaning in the Trust that they have in the Code, as amended, and the applicable Treasury Regulations thereunder.

B. Incapacity. The incapacity of an individual Trustee or any other person through illness, age, or other cause shall be established by the written statement of two (2) physicians licensed to practice medicine in the State or other jurisdiction where the individual Trustee or such other person, as the case may be, resides.

C. Shall and May. A direction that a Trustee "shall" take an action means that such Trustee shall have no discretion in deciding whether or not to take such action. A statement that the Trustee "may" do something shall give the Trustee absolute and uncontrolled discretion whether or not to do such thing, exercisable by the Trustee or other person alone and subject to correction by a court only if the statement is directed towards a Trustee and such Trustee should act in bad faith, in violation of specific provisions of this Trust, or in violation of the Trustee's

fiduciary duties.

D. Trustee. The “Trustee” or “Trustees” shall include each Trustee individually, multiple Trustees, and any successor.

E. Copies. There is only one signed original of this trust. Anyone may rely on a copy of this trust certified by a notary public or similar official to be a true copy of the signed original (and of any amendments) as if that copy were the signed original. Anyone may rely upon any statement of fact certified by the person who appears from the original document or a certificate copy to be a Trustee.

F. Number. Whenever the context requires, the singular number includes the plural and the plural the singular.

G. Applicable Law. This trust shall be governed by and construed according to the laws of the State of California, unless the situs and governing law of the trust is changed as herein provided.

DECLARED on the date first above written.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, JOHN ADAMS as Grantor, and JANE ADAMS as the Trustee, have hereunto set their hands, on the day and year first hereinbelow written.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
John Adams, Grantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Jane Adams, Trustee

STATE OF  
COUNTY OF

On this the \_\_\_\_ day of \_\_\_\_\_, 2007, before me, the undersigned officer, personally appeared JOHN ADAMS, known to me (or satisfactorily proved) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

STATE OF  
COUNTY OF

On this the \_\_\_ day of \_\_\_\_\_, 2007, before me, the undersigned officer, personally appeared JANE ADAMS, known to me (or satisfactorily proved) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

SCHEDULE A

JOHN ADAMS SPLIT PURCHASE  
QPRT

\_\_\_\_\_, 2007 contributions:

1. From the Grantor - the sum of \$\_\_\_\_\_, calculated as provided in the attached memorandum, representing \_\_\_\_\_% of the combined purchase price and closing costs due from the buyer at the closing for the purchase of the Residence.

2. From the Irrevocable Trust – the sum of \$\_\_\_\_\_, representing \_\_\_\_\_% of the combined purchase price and closing costs due from the buyer at the closing for the purchase for the Residence.

**EXHIBIT "A"**