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*Sent via e-delivery only*  
Stephen Brower, Esq.  
Brentwood Law Group, PLLC  
1222 E. Baseline Drive, 2<sup>nd</sup> Floor  
Tempe, AZ 85283

**DRAFT**

RE: THE ALICE L. LEONHARDT REVOCABLE TRUST uad 2/26/2017 (the “Trust”)

Dear Stephen:

As you are aware, I represent Joyce Anderson, Greg Leonhardt, Scott Leonhardt, and Ruth Leonhardt, the surviving stepchildren of Alice L. “Louise” Leonhardt and beneficiaries of a specific devise under the Trust.

Article VI, section 6.F provides for the disposition of the Trust upon Louise’s passing. Section 6.F (2) constitutes a specific devise of the Itasca, Illinois property to my clients. Section 6.F (3) provides that if the Itasca property is sold, any identifiable proceeds shall be distributed to my clients in equal shares upon Louise’s passing. Section 6.F (4) identifies the residuary beneficiaries of the Trust once the specific devise is satisfied.

Article I of the Trust provides: “WHEREAS, I, ALICE L. LEONHARDT, desire to establish a trust which, during my lifetime, I am the sole life beneficiary and the exclusive recipient of the economic benefits”. The assets listed in Schedule A of the Trust, which includes the Itasca property, and any assets later added to the Trust, constitute the “trust fund”. The Trust does not require division of trust assets and does not limit Louise’s use of funds from the Trust corpus during her lifetime. As you correctly advised me during our call on April 29, 2024, Louise had the entire corpus of the Trust from which to pay her expenses. While the Trust opened an account into which the Itasca property proceeds were deposited, the Itasca house or its proceeds were part of the “trust fund”, the economic benefits of which Louise was the sole beneficiary during her lifetime.

Louise sold the Itasca property in September 2022. Your client, Margaret Jane Walters, Trustee of the Trust, has taken the position that because the proceeds from the sale were deposited into a separate Trust Chase account ending in 8868, proceeds from the Itasca property were segregated and once depleted, caused the specific devise to abate.

Trustee’s interpretation of the Trust administration during Louise’s lifetime is inconsistent. On the one hand, Trustee contends that Louise had access to the entire corpus of the Trust during her lifetime, while at the same time asserting that the Itasca property proceeds were segregated and separate; therefore, the use of those funds depleted the specific devise. As noted above, Louise

had the entire Trust corpus available to her during her lifetime and all of Trust assets constituted the “trust fund”.

Pursuant to A.R.S. §14-10112 the rules of construction for distribution of property by will apply to interpretation of trust terms and distribution of trust property. A.R.S. §14-3709 provides the order in which assets are appropriated, and abatement in the following order of priority: residue, general devises, and specific devises.<sup>1</sup> Specific devises are the last to be impacted by an insufficiency of assets for administration and distribution. Based upon the foregoing, and the specific devise of the Itasca house or its proceeds to my clients, Trustee is required to satisfy all expenses of administration and the specific devise before allocating assets to the residuary beneficiaries. At Louise’s death, so long as Trustee could identify the amount of the proceeds from the sale of the Itasca property, that amount constitutes the specific devise to my clients. Trustee’s attempt to abate the specific devise is both contrary to the terms of the Trust and Arizona law.

My clients request Trustee immediately distribute the balance of the specific devise to each of them in equal shares. The proceeds from the sale of the Itasca property identified on the Settlement Statement equal \$211,670.35. Trustee having made partial distribution of \$38,522.40 (\$9,630.69 to each of my clients), the remaining balance due under the specific devise is **\$173,147.95**, which equates to **\$43,286.98 for each of my clients**.

If Trustee refuses to distribute, or fails to make the required distributions by **July 15, 2024**, my clients demand that the arbitration process identified in the Trust be initiated and that your office contact my office to collaborate on the arbitration procedure.

Sincerely,

Stacey L. Johnson  
Stacey L. Johnson, PLLC

C: Clients

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<sup>1</sup> See also: *In re Estates of Garcia*, 455 P.2d 269, 9 Ariz App 587 (1969), and *Sanders v. Boyer*, 126 Ariz. 235, 613 P.2d 1291 (Ariz. Ct. App. 1980) for parallel analysis.