

JEFF STEVEN VOLLUCCI AND SUSAN MARIE VOLLUCCI REVOCABLE TRUST

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**JEFF STEVEN VOLLUCCI AND SUSAN MARIE VOLLUCCI REVOCABLE TRUST**

**ARTICLE ONE. CREATION OF TRUST**

**1.1 Declaration**

Jeff Steven Vollucci and Susan Marie Vollucci, husband and wife, both of San Bernardino County, California, who are herein referred to as "the settlors" or "the trustees," depending on the context, hereby declare that they hold certain property (the "trust estate"), in trust, to be held, administered, and distributed as provided in this instrument.

**1.2 Names of Trusts**

The trusts created by this instrument shall be known collectively as the Jeff Steven Vollucci and Susan Marie Vollucci Revocable Trust, and each separate trust created under this instrument shall be referred to by adding the name or designation of that separate trust as it appears in the appropriate section of this instrument.

**1.3 Effective Date**

This declaration shall be effective immediately on execution by the settlors-trustees.

**1.4 Identification of Living Children**

The settlors have no living children in common.

Jeff Steven Vollucci has one (1) living child, David Edward Vollucci, born January 8, 2000, and whose mother is Monica Lynn Vollucci.

Susan Marie Vollucci has one (1) living child, Christian Davis, born February 23, 1994, and whose father is Rob Davis.

**1.5 No Deceased Children**

The settlors have no deceased children.

1.6 Definitions of Child, Children, and Issue

As used in this instrument, the terms "child" and "children" refer to natural children and children who have been legally adopted before age 21 by the parent or parents from or through whom their right to inherit or to take is determined or derived, and the term "issue" refers to all lineal descendants of all generations, with the relationship of parent and child at each generation being determined by the definitions of "child" and "children" set forth in this instrument.

The intention of the settlors is to include in the definitions of "child" and "children" the currently living children of either of the settlors who are not children of both of the settlors, but to exclude from the definitions of "child" and "children" any child born after the date of execution of this trust instrument who is not a child of both settlors. It is also the settlors' intention to include in the definition of "issue" any issue of any of the currently living children of either of the settlors who are not children of both settlors. It is also the settlors' intent to exclude the issue of any child born after the date of execution of this trust instrument who is not a child of

both settlors.

**ARTICLE TWO. TRUST ESTATE**

2.1 Definition of Trust Estate

All property subject to this instrument from time to time is referred to as the "trust estate" and shall be held, administered, and distributed as provided in this instrument. The trustee shall hold, administer, and distribute the property described in any schedules of property (which are attached hereto and made a part of this trust instrument), any other property that may be hereafter subject to this trust, and the income and proceeds attributable to all such property, in accordance

with the provisions of this instrument.

## 2.2 Character of Trust Assets

All community property of the settlors transferred to this trust, and the proceeds of all such property, shall continue to be community property under the laws of California, subject to the provisions of this instrument. All separate and quasi-community property shall remain the separate or quasi-community property, respectively, of the contributing settlor.

## 2.3 Nonprobate Transfers of Community Property

The consent of the settlors to the transfer of any community property assets subject to this trust shall be governed solely by the terms of this trust instrument. California Probate Code Sections 5010 through 5032 (or any successor sections), dealing with nonprobate transfers of community property on death, shall be inapplicable to any trust created by this instrument.

## 2.4 Additions to Trust

From time to time, the trustee may accept additions to this trust from any source. All such additions shall become a part of the trust estate and shall be held, administered, and distributed in accordance with the terms of this instrument. That additional property shall become part of the trust estate upon written acceptance of it by the trustee. Any additions to the trust shall be made by designating in writing the property to be added. However, the titling of any account, deed, or similar asset in the name of the trustee, as trustee of this trust, or any alternate or successor trustee acting under this instrument, shall be deemed to be a transfer to this trust. Any designation by a third party, whether by will, deed, account title designation, or similar transfer, shall also be a transfer to the trust estate.

## ARTICLE THREE. RIGHTS AND POWERS OF SETTLORS

### 3.1 Power of Revocation While Both Settlers Are Living

During the joint lifetimes of the settlers, any trust created by this instrument may be revoked or terminated, in whole or in part, by either settlor as to any separate and quasi-community property of that settlor, by either settlor as to any separate and quasi-community property of that settlor and any community property of the settlers. Any trust created by this instrument may be modified or amended by either settlor acting alone as to any separate and quasi-community property of that settlor, and by both settlers acting jointly as to any community property of the settlers.

### 3.2 Power of Revocation and Amendment After Death of Deceased Settlor

After the death of the deceased settlor, the surviving settlor may at any time amend, revoke, or terminate, in whole or in part, the Survivor's Trust. All other trusts shall become irrevocable and shall not be subject to amendment after the death of the deceased settlor.

### 3.3 Method of Revocation or Amendment

Any amendment, revocation, or termination of any trust created by this instrument shall be made by written instrument signed by both settlers or by the settlor making the revocation, amendment, or termination, and delivered to the trustee. If the instrument making the revocation, amendment, or termination is signed by only one settlor and the other settlor is living at that time, a copy of the instrument making the amendment, revocation, or termination shall also be delivered to the other settlor. An exercise of the power of amendment substantially affecting the duties, rights, and liabilities of the trustee shall be effective only if agreed to by the trustee in writing. The method of amendment and revocation provided in this section is the exclusive method of such amendment or revocation.

3.4 Delivery of Property After Revocation

After any revocation or termination with respect to community property, the trustee shall promptly deliver the designated property to the settlors. Unless otherwise provided in the

revocation of this trust instrument, any community property so returned shall continue to be the community property of the settlors. After any revocation or termination with respect to separate or quasi-community property, the trustee shall promptly deliver the designated property to the

contributing settlor.

3.5 Trustee's Retention of Assets on Revocation

In the event of any revocation of all or part of the trust, the trustee shall be entitled to

retain sufficient assets to reasonably secure the payment of liabilities the trustee has lawfully

incurred in administering the trust and any fees that have been earned by the trustee, until such

time as those liabilities have been discharged and fees paid, unless the settlors indemnify the

trustee against loss or expense.

**ARTICLE FOUR. DISTRIBUTIONS DURING SETTLORS' JOINT LIVES**

4.1 Payment of Income During Settlor's Joint Lives

So long as both settlors are living, the trustee shall pay the net income of the trust as

specified in this section.

(a) Community Property

The trustee shall pay to or apply for the benefit of the settlors, or either of them, all of the net income from the trust community property, in monthly or other convenient installments (but not less often than annually) as the settlors, or either of them, and the trustee may agree on from time to time.

(b) Separate and Quasi-Community Property



The trustee shall pay to or apply for the benefit of a settlor whose separate property or quasi-community property comprises part of the trust estate all of the net income from that property, in monthly or other convenient installments (but not less often than annually) as that settlor and the trustee may agree on from time to time.

4.2 Distributions of Principal During Settlor's Joint Lives

So long as both settlors are living, the trustee shall distribute principal of the trust, at any time or times, as specified in this section.

(a) Community Property

The trustee shall distribute to or apply for the benefit of the settlors, or either of them, as much of the principal of the community property of the trust as the trustee, in the trustee's discretion, deems necessary for the comfort, welfare, and happiness of the settlors, or either of them.

(b) Separate and Quasi-Community Property

The trustee shall distribute to or apply for the benefit of either settlor as much of the principal of the separate and quasi-community property of that settlor as the trustee, in the trustee's discretion, deems necessary for the comfort, welfare, and happiness of that settlor.

(c) Consideration of Other Resources When Distributing Principal

In exercising discretion under subsections (a) and (b), the trustee shall give the consideration that the trustee deems proper to all other income and resources then readily available for use by the settlor or settlors, as the case may be, for the stated purposes and that are then known to the trustee. All decisions of the trustee regarding such payments, if any, are within the trustee's discretion and shall be final and incontestable by anyone.

4.3 Distributions of Principal at Request of Settlor

So long as both settlors are living, the settlors shall have the right to withdraw principal of the trust, at any time or times, as specified in this section.

(a) Community Property

The trustee shall distribute to the settlors, or either of them, such amounts from the principal of the community property of the trust, up to the whole thereof, as the settlors, or either of them, may request of the trustee in writing.

(b) Separate and Quasi-Community Property

The trustee shall distribute to a settlor whose separate or quasi-community property comprises part of the trust estate as much of the principal of that property, up to the whole thereof, as that settlor may request of the trustee in writing.

4.4 Settlors' Obligation for Community Property Distributed

Any payment of income or principal from the trust community property to or for the benefit of the settlors, or either of them, shall remain the community property of the settlors. A settlor who receives any such payment shall have the same obligations respecting that property that he or she would have with respect to all community property generally.

4.5 Requests on Behalf of a Settlor Unable to Do So Personally

If, at any time, either settlor is unable personally to make a request of the trustee to withdraw principal of the trust, that settlor's right to make the request may be exercised for or in behalf of that settlor by an attorney in fact who, at the time of the exercise, is duly appointed and acting for that settlor under a valid and enforceable durable power of attorney executed by the settlor under the Uniform Durable Power of Attorney Act, or any successor statute. If there is no such attorney in fact, then the trustee shall have the discretion to make any principal distribution to or for the benefit of that settlor that the settlor could have requested personally if he or she were able to do so. In making any principal distribution under this section (whether pursuant to a request by an attorney in fact or not), the trustee shall pay as much of the principal as the trustee, in the trustee's discretion, deems necessary for that settlor's health, education, support, and

maintenance. The trustee shall have discretion to determine when a settlor is unable personally to request principal payments from the trustee for purposes of this section.

4.6 Trustee's Power to Make Gifts at Direction of Settlor

So long as both settlors are living, the trustee shall have the power to make gifts, as

specified in this section:

(a) Community Property

The trustee shall distribute such sums of community property trust principal to such person or persons who are the natural objects of the settlors' bounty, as the settlors, acting jointly, may direct in writing.

(b) Separate and Quasi-Community Property

The trustee shall distribute such sums of trust principal that is the separate property or the quasi-community property of a settlor to such person or persons who are the natural objects of that settlor's bounty, as that settlor may direct in writing.

(c) Incapacity of a Settlor

In the event that a settlor is unable to direct the trustee in writing under this section due to incapacity, such direction may be made on the settlor's behalf by a duly authorized attorney in fact acting under a valid durable power of attorney executed by the settlor under the Uniform Durable Power of Attorney Act (or successor statute); provided, however, that the amount of such gifts pursuant to the direction of an attorney in fact to any one person in any one year shall not exceed the amounts excluded from gift tax under Sections 2503(b) and (e) of the Internal Revenue Code (or successor statute).

**ARTICLE FIVE. DIVISION INTO SHARES AND INITIAL DISTRIBUTIONS AFTER DECEASED SETTLOR'S DEATH**

5.1 Special Gift If Jeff Steven Vollucci Is Deceased Settlor

If Jeff Steven Vollucci is the deceased settlor, on his death, the trustee shall distribute

\$500,000.00 proceeds from Prudential Financial Life Insurance Policy No. L4267975 to David

After the deceased settlor's death, on receipt by the trustee of a written statement from the personal representative of the deceased settlor's estate requesting that the trustee pay death taxes, debts, and expenses (as defined in Article Eight), with respect to any property in the deceased settlor's estate, the trustee shall pay, either directly or to the personal representative, any amounts requested by the personal representative for those purposes, in the manner specified below. The

### 5.3 Payment of Death Taxes, Debts, and Expenses on Statement From Personal Representative

If Susan Marie Vollucci is the deceased settlor, on her death, the trustee shall distribute \$150,000.00 proceeds from Genworth Financial Life Insurance Policy No. 0010477450 to Christian Davis, Susan's son, in trust, according to the terms set forth in Article Six applicable to the Trust for Christian, if the donee survives the settlor, and if the donee does not survive the settlor, this gift shall lapse. If this property is not in the trust on the date of the settlor's death, this gift shall lapse. This gift may be satisfied only out of Susan Marie Vollucci's one half (1/2) interest in the settlors' community property, her interest in her quasi-community property, or her separate property and not out of the assets of the Survivor's Share.

### 5.2 Special Gift If Susan Marie Vollucci Is Deceased Settlor

Edward Vollucci, Jeff's son, in trust, according to the terms set forth in Article Six applicable to the Trust for David, if the donee survives the settlor, and if the donee does not survive the settlor, this gift shall lapse. If this property is not in the trust on the date of the settlor's death, this gift shall lapse. This gift may be satisfied only out of Jeff Steven Vollucci's one half (1/2) interest in the settlors' community property, his interest in his quasi-community property, or his separate property and not out of the assets of the Survivor's Share.

trustee may rely on the personal representative's statement and shall not be liable for any act or omission by the personal representative in protesting or failing to protest the legality, propriety, or amount of the death taxes, debts, or expenses. If there is no personal representative, the trustee shall make the payments directly. Payments of debts and expenses shall be made by the trustee from the trust estate. Payment of any debts allocable against the separate property of the deceased settlor shall be charged against the Nonmarital Share (as defined below in this article). Debts allocable against community property shall be allocated to the Survivor's Share and the Nonmarital Share in accordance with California law in effect at the date of the deceased settlor's death, so long as charges against the Survivor's Share do not exceed the value of community property allocable to that share. All death taxes payable by reason of the deceased settlor's death shall be prorated and apportioned among the persons interested in the deceased settlor's estate as provided in the California Probate Code. Any death taxes attributable to any property passing to the surviving settlor that qualifies for the federal estate tax marital deduction shall be paid pro rata out of property that does not qualify for the federal estate tax marital deduction, so that the property qualifying for the federal estate tax marital deduction shall pass to the surviving settlor free of any death taxes.

#### 5.4 Trustee's Power to Defer Division or Distribution

Whenever the trustee is directed to divide any part of the trust estate or distribute trust assets on the death of either settlor, the trustee may, in the trustee's discretion, defer actual division or distribution for such reasonable period of time as is needed to effectively identify, take possession of, value, divide, and distribute the assets of the trust. During this time of deferral, the trustee may manage the trust assets through a single administrative trust. The ability

of the trustee to delay division or distribution shall not affect the vesting of interests, which shall be as of the date of death.

#### 5.5 Division of Trust Estate After Death of Deceased Settlor

On the death of the deceased settlor, the trustee shall divide the trust estate, including any additions made to it by reason of the deceased settlor's death, such as from the deceased settlor's estate or policies of insurance on his or her life, into three shares, hereafter referred to as the

Survivor's Share, the Marital Deduction Share, and the Nonmarital Share.

(a) The Survivor's Share shall consist of the portion of the trust estate consisting of the surviving settlor's one half (1/2) interest in the settlor's community property, the surviving settlor's one half (1/2) interest in the deceased settlor's quasi-community property, and all of the surviving settlor's separate property and quasi-community property.

(b) The Survivor's Share shall be held, administered, and distributed by the trustee according to the terms of the Survivor's Trust as set forth in Article Six.

(c) The Marital Deduction Share shall consist of assets excluding assets included in the Survivors Share having a value equal to the minimum amount necessary to eliminate (or reduce to the maximum extent possible) any federal estate tax at the death of the deceased settlor, taking into account the following:

(i) The net value of all other property that passes or has passed to the surviving settlor under this trust instrument, the will of the deceased settlor, or otherwise and that qualifies for the federal estate tax marital deduction. For purposes of this subsection, any qualified disclaimer made by the surviving settlor shall be disregarded, and any property that will qualify as qualified terminable interest property under Internal Revenue Code Section 2056(b)(7) if the requisite election is made shall be considered to be qualified terminable interest property, regardless of whether the election is made;

(ii) All federal estate tax deductions and exclusions actually allowed, other than the marital deduction;

(iii) The applicable credit amount available to the estate of the deceased settlor;

(iv) The credit for state death taxes available to the estate of the deceased settlor, to the extent that the use of that credit does not result in or increase any death tax payable to any state; and

(v) Any other allowable credits available to the estate of the deceased settlor (except the credit for tax on prior transfers from a "transferor," as defined in Internal Revenue Code Section 2013, who dies within two years after the date of death of the deceased settlor), but only to the extent that those credits do not disqualify this gift from receiving the marital deduction.

(d) The Nonmarital Share shall consist of all assets not allocated to the Survivor's Share or the Marital Deduction Share under the formula specified in this section.

(e) The Nonmarital Share shall be held, administered, and distributed by the trustee according to the terms of the Bypass Trust as set forth in Article Six.

(f) The Marital Deduction Share shall be held, administered, and distributed by the trustee according to the terms of the Survivor's Trust as set forth in Article Six.

## 5.6 Allocation and Valuation of Assets

In allocating assets between the Marital Deduction Share and the Nonmarital Share, the trustee shall allocate the trust assets in cash or in kind, or partly in each, on a pro rata or non pro rata basis, and in undivided interests or not; subject, however, to the following:

### (a) Qualification for Marital Deduction

Only assets that qualify for the marital deduction shall be allocated to the Marital Deduction Share.

### (b) Valuations of Allocations in Kind

Assets allocated in kind shall be valued for purposes of allocation on the date or dates of distribution.

### (c) Foreign Death Tax Credit

The trustee shall not allocate assets that qualify for the foreign death tax credit to the Marital Deduction Share unless all other assets or interests available for allocation have been so allocated.

5.7 Intention That Marital Deduction Share Qualify for Marital Deduction

The settlors intend that the Marital Deduction Share qualify for the federal estate tax marital deduction and this instrument shall be construed accordingly. No fiduciary shall take any action or exercise any power that may impair the federal estate tax marital deduction.

5.8 Intention That Disposition Be Eligible for Marital Deduction

The settlors intend that the disposition of the trust estate set forth in the preceding section (to the extent that it provides for disposition of the deceased settlor's property) be eligible for the federal estate tax marital deduction, and this instrument shall be construed accordingly.

5.9 Disclaimer of Property

Any property or portion of property that is disclaimed by the surviving settlor shall be

held, administered, or distributed according to the terms of the Disclaimer Trust, as set forth in

Article Six.

**ARTICLE SIX. DISPOSITIVE PROVISIONS OF TRUSTS CREATED AFTER DECEASED SETTLOR'S DEATH**

6.1 Survivor's Trust

The trustee shall hold, administer, and distribute the assets of the Survivor's Trust as

follows:

(a) Payment of Income

The trustee shall pay to or apply for the benefit of the surviving settlor, so long as the surviving settlor lives, the entire net income of the trust, in monthly or other convenient installments agreed on by the surviving settlor and the trustee, but not less often than annually. It is the intention of the settlors that the trust



produce for the surviving settlor during his or her lifetime the income, or that the surviving settlor shall have the benefit of the trust property, as is consistent with the value of the trust property and with its preservation.

(b) Discretionary Payment of Principal by Trustee

At any time or times during the trust term, the trustee shall pay to or apply for the benefit of the surviving settlor so much of the principal of the trust as the trustee deems proper for the comfort, welfare, and happiness of the surviving settlor. In exercising discretion, the trustee shall give the consideration that the trustee deems proper to all other income and resources that are then known to the trustee and that are readily available to the surviving settlor. All decisions of the trustee regarding payments under this subsection, if any, are within the trustee's discretion and shall be final and incontestable by anyone.

(c) Right of Surviving Settlor to Withdraw Principal

The trustee shall pay to the surviving settlor as much of the trust principal, up to all of it, as the surviving settlor may from time to time request in a signed writing delivered to the trustee.

(d) Payment of Death Taxes, Debts, and Expenses

On the death of the surviving settlor and subject to any power of appointment exercised by him or her, the trustee may, in the trustee's discretion, pay out of the income or principal (or partly from each) of the Survivor's Trust, the death taxes, debts, and expenses (as defined in Article Eight) arising on the death of the surviving settlor. All death taxes payable by reason of the surviving settlor's death shall be prorated and apportioned among the persons interested in the surviving settlor's estate as provided by the California Probate Code.

(e) Special Gifts of Personal Property On Death of Surviving Settlor

On the death of the surviving settlor, the trustee shall make the following distributions from the assets of the Survivor's Trust:

- (i) Antique Hutch, Bookcase, Curio to Jim Chagolla, Susan's brother, if the donee survives the surviving settlor, and if the donee does not survive the surviving settlor, this gift shall lapse. If this property is not in the trust on the date of the settlor's death, this gift shall lapse.

- (ii) Susan's 18kt diamond Tiffany Ring to Christian Davis, Susan's son, if the donee survives the surviving settlor, and if the donee does not

survive the surviving settlor, this gift shall lapse. If this property is not in the trust on the date of the settlor's death, this gift shall lapse.

(iii) Susan's jewelry, excluding her 18kt diamond Tiffany Ring and her wedding ring to Abby Nevins, if the donee survives the surviving settlor, and if the donee does not survive the surviving settlor, this gift shall lapse. If this property is not in the trust on the date of the settlor's death, this gift shall lapse.

(iv) Susan's wedding ring to Christian Davis, if the donee survives the surviving settlor, and if the donee does not survive the surviving settlor, this gift shall lapse. If this property is not in the trust on the date of the settlor's death, this gift shall lapse.

## 6.2 Disposition of Bypass Trust Until Death of Surviving Settlor

During the lifetime of the surviving settlor, the trustee shall hold, administer, and

distribute the assets of the Bypass Trust as follows:

### (a) Discretionary Payment of Income and Principal by Trustee.

At any time or times, the trustee shall pay to or apply for the benefit of the surviving settlor so much of the net income and principal of the trust as the trustee deems proper to pay the reasonable expenses of the surviving settlor for his or her health, education, support, and maintenance. In exercising discretion, the trustee shall give the consideration that the trustee deems proper to all other income and resources that are known to the trustee and that are readily available to the surviving settlor for use for these purposes. All decisions of the trustee regarding payments under this subsection, if any, are within the trustee's discretion and shall be final and incontestable by anyone. The trustee shall accumulate and add to principal any net income not distributed.

### (b) Limitation on Discretionary Payment of Principal by Trustee

Notwithstanding the provisions of the preceding subsection, the trustee shall not make discretionary payments of principal from the Bypass Trust to the surviving settlor unless the fair market value of the principal of the Survivor's Trust is below one hundred thousand dollars (\$100,000.00).

## 6.3 Disposition of Bypass Trust on Death of Surviving Settlor

On the death of the surviving settlor, the trustee shall hold, administer, and distribute the

(a) If any children of the settlors survive the surviving settlor, the trustee shall divide the trust property (including all income then accrued but uncollected and all income then remaining in the hands of the trustee) into as many shares of equal market value as are necessary to create one share for each of the settlors' children who survive the surviving settlor and one share for each of the settlors' children who predecease the surviving settlor but who leave issue surviving the surviving settlor.

(b) If David Edward Vollucci ("David") survives the surviving settlor, the share created for David shall be distributed outright to him if he has reached the age of twenty-five (25) years at the time of the death of the surviving settlor. If David survives the surviving settlor but has not reached the age of 25 years at that time, the share shall be held, administered, and distributed by the trustee, in trust, according to the terms set forth in this Article Six applicable to the Trust for David.

(c) If Christian Davis ("Christian") survives the surviving settlor, the share created for Christian shall be distributed outright to him if he has reached the age of twenty-five (25) years at the time of the death of the surviving settlor. If Christian survives the surviving settlor but has not reached the age of 25 years at that time, the share shall be held, administered, and distributed by the trustee, in trust, according to the terms set forth in this Article Six applicable to the Trust for Christian.

(d) The trustee shall distribute each share created for a deceased child outright to the then-living issue of that child, with those issue to take that share in the manner provided in California Probate Code Section 246. However, if an individual issue has not reached the age of twenty-one (21) years at the death of the surviving settlor, the trustee shall continue to hold, administer, and distribute that issue's share in a separate trust for that issue according to the terms set forth in Article Six applicable to the Separate Share Trust for Issue.

(e) If none of the children of the settlors survive the surviving settlor but there are issue of the settlors who survive the surviving settlor, the trustee shall distribute the trust property outright to those issue, who are to take that property in the manner provided in California Probate Code Section 246. However, if an individual issue has not reached the age of twenty-one (21) years at the death of the surviving settlor, the trustee shall continue to hold, administer, and distribute that issue's share in a separate trust for that issue according to the terms set forth in Article Six applicable to the Separate Share Trust for Issue.

(f) If none of the issue of the settlors survive the surviving settlor, the trust property shall be distributed outright as follows: one half (1/2) to the heirs of the deceased settlor and one half (1/2) to the heirs of the surviving settlor.

6.4 Disclaimer Trust

The trustee shall hold, administer, and distribute the assets of the Disclaimer Trust as

follows:

(a) Payment of Income

Except as limited by the Spendthrift Clause contained in this instrument, the trustee shall pay to or apply for the benefit of the surviving settlor, the entire net income of the trust, in monthly or other convenient installments agreed on by the surviving settlor and the trustee, but not less often than annually. Any trust income not distributed pursuant to the trustee's discretion contained in the Spendthrift Clause shall be accumulated and added to principal.

(b) Discretionary Payment of Principal by Trustee

At any time or times during the trust term, the trustee shall pay to or apply for the benefit of the surviving settlor so much of the principal of the trust as the trustee deems proper to pay the reasonable expenses of the surviving settlor for his or her health, education, support, and maintenance. In exercising discretion, the trustee shall give the consideration that the trustee deems proper to all other income and resources that are known to the trustee and that are readily available to the surviving settlor for use for these purposes. All decisions of the trustee regarding payments under this subsection, if any, are within the trustee's discretion and shall be final and incontestable by anyone.

(c) Distribution of Remainder

On the death of the surviving settlor, the trustee shall distribute all the property subject to the trust (including all income then accrued but uncollected and all net income then remaining in the hands of the trustee) in the manner specified in Section 6.3 applicable to the remainder provisions of the Bypass Trust.

6.5 Trust for David

The trustee shall hold, administer, and distribute the Trust for David as follows:

(a) Discretionary Payments of Income and Principal

At any time or times during the trust term, the trustee shall pay to or apply for the benefit of David as much of the net income and principal of the trust as the trustee deems proper for David's comfort, welfare, and happiness (but subject to subdivision (c) of California Probate Code Section 16081 with respect to payments to or for the benefit of a beneficiary who is a trustee). In exercising discretion, the trustee shall give the consideration that the trustee deems proper to all other income and resources that are known to the trustee and that are readily available to David for use for these purposes. All decisions of the trustee regarding payments under this subsection, if any, are within the trustee's discretion and shall be final and incontestable by anyone. The trustee shall accumulate and add to principal any net income not distributed.

(b) Termination of Trust

The trust shall terminate on David reaching the age of twenty-five (25) years or his death, whichever occurs first.

(c) Distribution in Three Stages When David is Living

When David reaches the age of eighteen (18) years, the trustee shall distribute to David one third (1/3) of the principal of the trust. When the child reaches the age of twenty-one (21) years, the trustee shall distribute to the child one half (1/2) of the remaining principal of the Separate Share Trust. If the trust terminates on David reaching the age of twenty-five (25) years, the trustee shall distribute the trust property (including all income then accrued but uncollected and all net income then remaining in the hands of the trustee) to David outright. If David has already reached the age of 18 years or 21 when this trust is first created, the trustee shall distribute to David one third (1/3) or two thirds (2/3), as the case may be, of the trust principal, and the balance shall be retained in trust for David pursuant to the applicable provisions of this section.

(d) Distribution on Death of David Before Age of Twenty-Five

If the trust terminates on the David's death, the trustee shall distribute the trust property outright to David's then-living issue in the manner provided in California Probate Code Section 246, or if David has no issue then living, to the settlors then-living issue in the manner provided in California Probate Code Section 246. However, if an individual issue has not reached the age of twenty-one (21) years at the death of the David, the trustee shall continue to hold, administer, and distribute that issue's share in a separate trust for that issue according to the terms set forth in Article Six applicable to the Separate Share

Trust for Issue.

(e) Final Disposition

If the trust property is not completely disposed of by the preceding provisions, the undisposed-of portion shall be distributed outright as follows: one half (1/2) to the heirs of the deceased settlor and one half (1/2) to the heirs of the surviving settlor.

6.6 Trust for Christian

The trustee shall hold, administer, and distribute the Trust for Christian as follows:

(a) Discretionary Payments of Income and Principal

At any time or times during the trust term, the trustee shall pay to or apply for the benefit of Christian as much of the net income and principal of the trust as the trustee deems proper for Christian's comfort, welfare, and happiness (but subject to subdivision (c) of California Probate Code Section 16081 with respect to payments to or for the benefit of a beneficiary who is a trustee). In exercising discretion, the trustee shall give the consideration that the trustee deems proper to all other income and resources that are known to the trustee and that are readily available to Christian for use for these purposes. All decisions of the trustee regarding payments under this subsection, if any, are within the trustee's discretion and shall be final and incontestable by anyone. The trustee shall accumulate and add to principal any net income not distributed.

(b) Termination of Trust

The trust shall terminate on Christian reaching the age of twenty-five (25) years or his death, whichever occurs first.

(c) Distribution in Three Stages When Christian is Living

When Christian reaches the age of eighteen (18) years, the trustee shall distribute to Christian one third (1/3) of the principal of the trust. When the child reaches the age of twenty-one (21) years, the trustee shall distribute to the child one half (1/2) of the remaining principal of the Separate Share Trust. If the trust terminates on Christian reaching the age of twenty-five (25) years, the trustee shall distribute the trust property (including all income then accrued but uncollected and all net income then remaining in the hands of the trustee) to Christian outright. If Christian has already reached the age of 18 years or 21 when this trust is first created, the trustee shall distribute to Christian one third (1/3) or two thirds

(2/3), as the case may be, of the trust principal, and the balance shall be retained in trust for Christian pursuant to the applicable provisions of this section.

(d) Distribution on Death of Christian Before Age of Twenty-Five

If the trust terminates on the Christian's death, the trustee shall distribute the trust property outright to Christian's then-living issue in the manner provided in California Probate Code Section 246, or if Christian has no issue then living, to the settlors then-living issue in the manner provided in California Probate Code Section 246. However, if an individual issue has not reached the age of twenty-one (21) years at the death of the Christian, the trustee shall continue to hold, administer, and distribute that issue's share in a separate trust for that issue according to the terms set forth in Article Six applicable to the Separate Share Trust for Issue.

(e) Final Disposition

If the trust property is not completely disposed of by the preceding provisions, the undisposed-of portion shall be distributed outright as follows: one half (1/2) to the heirs of the deceased settlor and one half (1/2) to the heirs of the surviving settlor.

6.7 Separate Share Trust for Issue

Each share or portion of the trust estate, or of the trust property of any other trust created by this trust instrument, that is allocated to a Separate Share Trust for Issue for the benefit of the beneficiary (as defined in subsection (a) below) when that beneficiary is under the age of twenty-one (21) years shall be held, administered, and distributed by the trustee as a separate trust, as follows:

(a) Beneficiaries

The beneficiary of this trust is the individual issue of a deceased child of the settlors or the individual issue of the settlors, as the case may be, for whom this trust is created pursuant to the other provisions of this trust instrument.

(b) Discretionary Payments

At any time or times during the trust term, the trustee shall pay to or apply for the benefit of the beneficiary as much of the net income and principal of the trust as the trustee deems proper for the comfort, welfare, and happiness of that beneficiary (but subject to subdivision (c) of California Probate Code Section 16081 with respect to payments to or for the benefit of a beneficiary who is a trustee). In exercising discretion, the trustee shall give the consideration that the trustee deems proper to all other income and resources that are known to the trustee and that are readily available to the beneficiaries for use for these purposes. All decisions of the trustee regarding payments under this subsection, if any, are within the trustee's discretion and shall be final and incontestable by anyone. The trustee shall accumulate and add to principal any net income not distributed.

(c) Distribution on Termination

The trust shall terminate on the beneficiary reaching twenty-one (21) years of age or on the death of the beneficiary, whichever occurs first. If the trust terminates on the beneficiary reaching 21 years of age, the trustee shall distribute the trust property (including all income then accrued but uncollected and all net income then remaining in the hands of the trustee) to the beneficiary outright. If the trust terminates on the death of the beneficiary, the trustee shall distribute the trust property to the then-living issue of the beneficiary in the manner provided in California Probate Code Section 246, or if the beneficiary has no issue then living, to the then-living issue of that deceased child who is the ancestor of the beneficiary, with those issue taking this trust property in the manner provided in California Probate Code Section 246.

(d) Final Disposition

If the trust property is not completely disposed of by the preceding provisions, the undisposed-of portion shall be distributed outright as follows: one half (1/2) to the heirs of the deceased settlor and one half (1/2) to the heirs of the surviving settlor.

6.8 Spendthrift Clause

The interests of the beneficiaries under this instrument are not transferable by voluntary or involuntary assignment or by operation of law, and shall be free from the claims of creditors and from attachment, execution, bankruptcy, and other legal process, to the maximum extent



permitted by law. If any such transfer is made or attempted by or against any beneficiary, all further trust payments of income or principal or both to that beneficiary (and any right of that beneficiary to such payments) shall be suspended for a period of time or indefinitely (but in no case for longer than the term of the trust) as the trustee determines. In lieu of payments to that beneficiary, the trustee may apply so much of the trust income or principal or both to which the beneficiary would otherwise be entitled as the trustee deems necessary for the beneficiary's education and support. All trust income (to which the beneficiary would otherwise be entitled) not so applied shall in the discretion of the trustee be accumulated and added to trust principal at such time or times as the trustee deems proper. Notwithstanding anything to the contrary in this section of this instrument, the surviving settlor shall be paid all income to which he or she is entitled under the Survivor's Trust.

#### ARTICLE SEVEN. TRUSTEE

##### 7.1 Successor Trustees

If the office of trustee becomes vacant, by reason of death, incapacity, or any other reason, the following, in the order of priority indicated, shall be trustee or cotrustees (as the case may be):

First: Terri Taflinger, Jeff's sister.

Second: Terri Nevins, Susan's sister.

If all those named above are or become unable (by reason of death, incapacity, or any

other reason) or unwilling to serve or continue to serve as successor trustee, a new trustee or set of cotrustees shall be appointed by the court.

7.2 Trustees for Trust for David and Trust for Christian

Terri Taftinger, Jeff's sister, shall serve as Trustee of the Trust for David according to the terms set forth in Article Six. Terri Nevins, Susan's Sister, shall serve as Trustee of the Trust for Christian according to the terms set forth in Article Six.

If those named above are or become unable (by reason of death, incapacity, or any other reason) or unwilling to serve or continue to serve as successor trustee, a new trustee or set of

cotrustees shall be appointed by the court.

7.3 Removal and Replacement of Trustee by Settors

While both settors are alive, the settors shall have the power, at any time and for any

reason, with or without cause, to remove any trustee acting under this instrument, and

notwithstanding any other provision of this instrument, designate another trustee to replace the

removed trustee. Removal shall be effected by giving a written notice of removal to the trustee to

be removed and to the designated successor. The removal shall become effective on the delivery

to the settors of a written acceptance of the trust by the successor trustee, and the settors shall

promptly notify the trustee being removed of the receipt of that acceptance.

7.4 Waiver of Bond

No bond or undertaking shall be required of any individual who serves as a trustee under

this instrument.

7.5 Compensation of Individual Trustees

Each individual who is a trustee under this instrument shall be entitled to reasonable

compensation for services rendered, payable without court order.

## 7.6 Procedure for Resignation

Any trustee may resign at any time, without giving a reason for the resignation, by giving written notice, at least thirty (30) days before the time the resignation is to take effect, to the settlors, if living, to any other trustee then acting, to any persons authorized to designate a successor trustee, to all trust beneficiaries known to the trustee (or, in the case of a minor beneficiary, to the parent or guardian of that beneficiary) and to the successor trustee. A resignation shall be effective on written acceptance of the trust by the successor trustee.

## 7.7 General Powers of Trustee

To carry out the purposes of the trusts created under this instrument, and subject to any limitations stated elsewhere in this instrument, the trustee shall have all of the following powers, in addition to all of the powers now or hereafter conferred on trustees by law:

(a) With or without court authorization, sell (for cash or on deferred payments, and with or without security), convey, exchange, partition, and divide trust property; grant options for the sale or exchange of trust property for any purpose, whether the contract is to be performed or the option is to be exercised within or beyond the term of the trust; and lease trust property for any purpose, for terms within or extending beyond the expiration of the trust, regardless of whether the leased property is commercial or residential and regardless of the number of units leased.

(b) Engage in any transactions with the personal representative of the estate of either settlor that are in the best interest of any trusts created in this instrument.

(c) Manage, control, improve, and maintain all real and personal trust property.

(d) Subdivide or develop land; make or obtain the vacation of plats and adjust boundaries, or adjust differences in valuation on exchange or partition by giving or receiving consideration; and dedicate land or easements to public use with or without consideration.

(e) Make ordinary or extraordinary repairs or alterations in buildings or other

trust property, demolish any improvements, raze existing party walls or buildings, and erect new party walls or buildings, as the trustee deems advisable.

(f) Employ and discharge agents and employees, including but not limited to attorneys, accountants, investment and other advisers, custodians of assets, property managers, real estate agents and brokers, and appraisers, to advise and assist the trustee in the management of any trusts created under this trust instrument, and compensate them from the trust property.

(g) With respect to securities held in trust, exercise all the rights, powers, and privileges of an owner, including, but not limited to, the power to vote, give proxies, and pay assessments and other sums deemed by the trustee necessary for the protection of the trust property; participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers, and liquidations, and, in connection therewith, deposit securities with and transfer title to any protective or other committee under such terms as the trustee deems advisable; exercise or sell stock subscription or conversion rights; and accept and retain as investments of the trust any securities or other property received through the exercise of any of the foregoing powers.

(h) Hold securities or other trust property in the trustee's own name or in the name of a nominee, with or without disclosure of the trust, or in unregistered form, so that title may pass by delivery.

(i) Deposit securities in a securities depository that is either licensed or exempt from licensing.

(j) Borrow money for any trust purpose from any person or entity, including one acting as trustee hereunder, on such terms and conditions as the trustee deems advisable, and obligate the trust for repayment; encumber any trust property by mortgage, deed of trust, pledge, or otherwise, whether for terms within or extending beyond the term of the trust, as the trustee deems advisable, to secure repayment of any such loan; replace, renew, and extend any such loan or encumbrance; and pay loans or other obligations of the trust deemed advisable by the trustee.

(k) Procure and carry, at the expense of the trust, insurance in such forms and in such amounts as the trustee deems advisable to protect the trust property against damage or loss, and to protect the trustee against liability with respect to third persons.

(l) Enforce any obligation owing to the trust, including any obligation secured by a deed of trust, mortgage, or pledge held as trust property, and purchase any

property subject to a security instrument held as trust property at any sale under the instrument.

(m) Extend the time for payment of any note or other obligation held as an asset of, and owing to, the trust, including accrued or future interest, and extend the time for repayment beyond the term of the trust.

(n) Pay or contest any claim against the trust; release or prosecute any claim in favor of the trust; or, in lieu of payment, contest, release, or prosecution, adjust, compromise, or settle any such claim, in whole or in part, and with or without consideration.

(o) At trust expense, prosecute or defend actions, claims, or proceedings of whatever kind for the protection of the trust property and of the trustee in the performance of the trustee's duties, and employ and compensate attorneys, advisers, and other agents as the trustee deems advisable.

## 7.8 Tax Powers

The trustee shall have the power, in the trustee's sole discretion, to do any or all of the

following acts:

(p) to elect the alternate valuation date if an estate tax return is filed;

(q) to apply for any deferrals available to the estate under the federal estate tax law for the payment of estate taxes;

(r) to elect any item either as an income or estate tax deduction for any tax reporting purpose;

(s) to determine when a particular item will be deducted or reported as income.

In addition, the personal representative of the deceased settlor's estate, or the successor

trustee of the deceased settlor's trust if no such personal representative has been appointed, shall have the discretion to file a federal estate tax return for the deceased settlor and to elect on such return that the surviving settlor may take into account the deceased settlor's Deceased Spousal

Unused Exclusion Amount ("DSUEA").

No person adversely affected by any of these choices is entitled to any reimbursement or adjustment, and neither the personal representative nor the successor trustee shall be required to make any adjustment between income and principal or in the amount of any property passing to any beneficiary as a result of any election under this provision. The preceding sentence is applicable in all events, including when the personal representative or successor trustee shall exercise any discretion the personal representative or successor trustee may hold to allocate the benefits of such actions or elections among the various beneficiaries, even if the consequence of such actions or elections is to directly or indirectly prefer one beneficiary or group of beneficiaries over others.

#### 7.9 Power to Retain Trust Property

The trustee shall have the power to retain property received into the trust at its inception or later added to the trust, without regard to whether the trust investments are diversified, until, in the judgment of the trustee, disposition of the property should be made.

#### 7.10 Trustee's Power to Invest Trust Property

The trustee shall have the power to invest in and acquire every kind of property, real, personal, or mixed, including but not limited to improved and unimproved real property, corporate and government obligations of every kind, stocks (both preferred and common), shares of mutual funds of any character, shares of investment companies, interest-bearing accounts, and foreign assets. The trustee is under no duty to diversify investments. This section of the trust instrument shall be construed as allowing the trustee a broader latitude with respect to trust investments than would be permitted by the California Uniform Prudent Investor Act, as amended from time to time.

7.11 Power Over Unproductive Property

The trustee shall have the power to retain or acquire unproductive or underproductive property; provided, however, that as to any assets of the Survivor's Trust, the surviving settlor shall have the right, by delivery of a written instrument to the trustee, to require the trustee to make unproductive property productive, within a reasonable time following receipt of the request.

7.12 Power to Operate Business

The trustee shall have the power to hold and operate any business or enterprise that is or becomes trust property, on such terms and for such a time as the trustee, in the trustee's

discretion, deems advisable; to purchase, acquire, invest in, or otherwise participate in, any business or other enterprise on behalf of the trust; or to sell, dissolve, liquidate, or terminate any such business. The trustee shall also have the power to incorporate, reorganize, or otherwise change the form of a business or enterprise that is part of the trust, through merger or consolidation of two or more enterprises or otherwise, and to participate in that business or enterprise as a sole proprietor, as a general or limited partner, as a shareholder, or in any other capacity. Any operation, sale, purchase, acquisition, investment in, or dissolution or liquidation of a business interest, in good faith, shall be at the risk of the trust, and without liability on the part of the trustee for any resulting losses. The trustee shall also have the power to contribute capital or loan money to the business or enterprise on such terms and conditions as the trustee deems advisable.

7.13 Power to Self-Deal

The trustee, acting as an individual or as a trustee of another trust not created by this trust

instrument, shall have the power to perform the following acts with respect to the property of any trust under this trust instrument: purchase property from or sell property to the trust at fair market value; exchange property for trust property of equal value; lease property from or to the trust at fair rental value; lend or advance funds to the trust, with interest at then-prevailing rates, and receive security for the loans in any commercially reasonable form; and receive from any business in which the trust has an interest a reasonable salary and reimbursement of expenses while performing duties as a trustee. The trustee, acting as trustee of another trust established by the settlors or another trust established for the benefit of any one or more of the beneficiaries of the trust, shall have the power to borrow funds from the trust with interest at then-prevailing rates, and give security for the loans in any commercially reasonable form.

#### 7.14 Powers Regarding Subchapter S Stock

If at any time the trust estate includes shares of stock in any corporations that have elected to be governed by the provisions of Subchapter S of Chapter 1 of Subtitle A of the Internal Revenue Code (IRC Section 1361 et seq., or any successor sections), then notwithstanding any other provision of this instrument, the trustee shall at all times manage those shares, and administer the trust estate, in a manner that will maintain the S corporation status. To satisfy this obligation, but without limiting the discretion of the trustee to take any action to protect the S corporation status, the trustee shall act as follows:

##### (b) Allocation or Distribution to Permitted Shareholders

The trustee shall allocate or distribute shares of S corporation stock only to those trusts or those beneficiaries that are permitted to be shareholders of an S corporation.

##### (c) Qualified Subchapter S Trust Provisions



If shares of S corporation stock are allocated to any trust created under this instrument and that trust does not otherwise qualify as a permitted shareholder under Internal Revenue Code Section 1361, or any successor section, then notwithstanding any other provision of this instrument, that trust (or any portion of that trust containing S corporation stock) shall be administered so as to ensure that it is a Qualified Subchapter S Trust (QSST), an Electing Small Business Trust (ESBT), or some other form of trust that qualifies as a permitted shareholder under Internal Revenue Code Section 1361, or any successor section. The S corporation stock in each such trust shall be held in separate share trusts (within the meaning of Internal Revenue Code Section 663(c), or any successor section) for each beneficiary, and all other property in each trust shall be held in a separate trust, which shall continue to be administered in accordance with the terms of this instrument. With respect to the separate share trusts holding S corporation stock, the trustee shall make distributions of income and principal, and otherwise administer the trusts, to ensure that those trusts do not become ineligible shareholders of an S corporation. To the extent that the terms of this instrument are inconsistent with those separate share trusts qualifying as permitted shareholders of an S corporation, those terms shall be disregarded.

(d) Other Trustee Administrative Powers

The trustee shall have the power (1) to enter into agreements with other shareholders or with the corporation relating to transfers of S corporation stock or the management of the S corporation; and (2) to allocate amounts received, and the tax on undistributed income, between income and principal. During the administration of a trust holding S corporation stock, the trustee may allocate tax deductions and credits arising from ownership of S corporation stock between income and principal. In making those allocations, the trustee shall consider that the beneficiary is to have the enjoyment of the property at least equal to that ordinarily associated with an income interest.

(e) Beneficiary Agreement

The trustee shall not distribute any S corporation stock to any beneficiary unless, prior to that distribution, the beneficiary enters into a written agreement with the S corporation stating the following: (1) that the beneficiary will consent to any election to qualify the corporation as an S corporation; (2) that the beneficiary will not interfere with the S corporation maintaining its S corporation status; (3) that the beneficiary will not transfer the S corporation stock to any transferee who does not agree to execute a similar consent; (4) that the beneficiary will not transfer the stock in a manner that will cause a termination of S corporation status under the then applicable federal and state tax law and regulations; and (5) that the beneficiary will join in any attempt to obtain a waiver

from the Internal Revenue Service of a terminating event on the grounds of inadvertence if S corporation status is inadvertently terminated and the S corporation or any shareholder desires that S corporation status should continue.

(f) Certificate to Bear Legend

If the trustee receives any shares of S corporation stock whose stock certificates bear a legend stating that the transfer, pledge, assignment, hypothecation, or other disposition of the stock is subject to the terms set forth in the preceding subsection, then the stock certificates shall also bear that legend when the trustee distributes those shares of S corporation stock to a beneficiary.

(g) No Disqualification of Marital Deduction

Any grant of power or discretion to the trustee under this section shall be void to the extent that the grant would cause the estate of the deceased to lose all or part of the federal estate tax marital deduction, and in the event of an irreconcilable conflict between qualification of a trust as a permitted shareholder of an S corporation and qualification of that trust for the federal estate tax marital deduction, all of the S corporation's stock otherwise passing to that trust shall be distributed outright to the surviving settlor.

7.15 Retention of Family Residence

The trustee shall retain, in any trust or trusts created by this trust instrument, any interest in real property used by the settlors as their principal residence at the time of the deceased settlor's death ("the family residence"), and shall deal with the family residence in accordance with the following terms and conditions:

(a) During his or her lifetime, the surviving settlor shall have the right to occupy the family residence (or any substitute residence or residential property purchased as provided in this section of the trust instrument) free of any rent.

(b) The trustee shall pay as much of the mortgage or trust deed payments, property taxes, assessments, insurance, maintenance, and ordinary repairs on the family residence (or any substitute residence or residential property purchased as provided in this section of the trust instrument) as corresponds to the trusts

income or principal of the trust or trusts in accordance with the principles applicable to the charging of payments under California law, but in no event shall

payment be made in a manner that disqualifies any part of the trust, that would otherwise so qualify, for the federal estate tax marital deduction.

(c) The surviving settlor, at his or her option, shall have the right to advise the trustee in writing that he or she no longer wishes to occupy the family residence and to direct the trustee to sell it, or any interest therein. In deciding on the terms and conditions relating to any sale, the trustee shall take into account all relevant factors, including, but not limited to, the intent of the settlors that no sale be made in a "forced sale" situation (other than at the direction of the surviving settlor) or at a time when, because of high mortgage rates or otherwise, the residential real estate market is depressed. In selling the family residence, the trustee may dispose of it on such terms as the trustee deems desirable, including an installment sale or any other desirable method of disposing of the family residence, provided that if the sale is for consideration other than cash, the purchaser's obligation shall be secured by a first deed of trust. In the event of a sale, the surviving settlor may direct the trustee in writing to apply the proceeds of the sale to the purchase of a substitute residence or residential property, of comparable or lesser value, to be selected by the surviving settlor, or to reinvest the proceeds in any manner that he or she may direct, provided that any such investments satisfy normal fiduciary standards of prudence and safety, and to use the income from reinvestment to pay the rental or lease payments on another residence or residential property, to be selected by the surviving settlor. Any net trust accounting income from any such investments, in excess of the trust share of the rental costs and any other expenses of trust administration, shall be added to the other trust income and distributed in accordance with the relevant provisions of the trust or trusts as set forth in Article Six of this trust instrument.

(d) On the death of the surviving settlor, the trust interest in either the family residence, any proceeds remaining from the sale of the family residence, or any substitute residence or residential property purchased by the trustee with any proceeds of sale of the family residence, shall be distributed in accordance with the applicable provisions of the trust or trusts in which the interest or interests are held, as set forth in Article Six of this trust instrument.

## 7.16 No Duty to Segregate

Each trust created under this instrument shall constitute a separate trust and be

administered accordingly; however, the assets of all of the trusts may be combined for

bookkeeping purposes and held for the trust beneficiaries without physical division into separate trusts until time of distribution.

7.17 Power to Divide or Combine Trust Assets

The trustee shall have the power to divide a single trust into separate shares, each to be administered in accordance with the terms and conditions of the single trust from which they

were created, when the trustee, in the trustee's discretion, determines that division is desirable or advisable in view of tax considerations (including considerations related to the income tax, the gift tax, the estate tax, or the generation-skipping transfer tax) or other objectives of the trusts and their beneficiaries. The trustee shall not be required to make a physical segregation or division of the various trust shares created under this trust instrument, except as segregation or

division may be required by reason of the termination and distribution of any of the trusts, but the trustee shall keep separate accounts and records for different undivided interests. The trustee, in the trustee's discretion, shall have the further power to combine two or more trusts having substantially the same terms into a single trust for purposes of administration, when tax or other factors indicate that such combination would be desirable or advisable.

7.18 Trustee's Power to Determine Income and Principal

Unless otherwise specifically provided in this instrument, the determination of all matters with respect to what is principal and income of any trust under this instrument and the

apportionment and allocation of receipts, expenses, and other charges between principal and income shall be governed by the provisions of the California Uniform Principal and Income Act from time to time existing. The trustee in the trustee's discretion shall determine any matter not provided for either in this instrument or in the California Uniform Principal and Income Act.

7.19 Division or Distribution in Cash or Kind

In order to satisfy a pecuniary gift or to distribute or divide trust assets into shares or

partial shares, the trustee may distribute or divide those assets in kind, or divide undivided interests in those assets, or sell all or any part of those assets and distribute or divide the property in cash, in kind, or partly in cash and partly in kind. Property distributed to satisfy a pecuniary gift under this instrument shall be valued at its fair market value at the time of distribution. This section shall apply only to the extent that it does not conflict with the provisions in this instrument specifying allocation of assets involving the marital deduction share.

#### 7.20 Payments to Legally Incapacitated Persons

If at any time any trust beneficiary is a minor, or it appears to the trustee that any trust beneficiary is incapacitated, incompetent, or for any other reason not able to receive payments or make intelligent or responsible use of the payments, then the trustee, in lieu of making direct payments to the trust beneficiary, may make payments to the beneficiary's conservator or guardian; to the beneficiary's custodian under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state; to the beneficiary's custodian under the California Uniform Transfers to Minors Act until the beneficiary reaches the age of twenty-five (25); to one or more suitable persons as the trustee deems proper, such as a relative of or a person residing with the beneficiary, to be used for the beneficiary's benefit; to any other person, firm, or agency for services rendered or to be rendered for the beneficiary's assistance or benefit; or to accounts in the beneficiary's name with financial institutions. If there is no custodian then-serving or nominated to serve by the settlor for a beneficiary, the personal representative or trustee, as the case may be, shall designate the custodian. The receipt of payments by any of the foregoing shall constitute a sufficient acquittance of the trustee for all purposes.

7.21 Trustee's Liability

No trustee shall be liable to any interested party for acts or omissions of that trustee, except those resulting from that trustee's willful misconduct or gross negligence. This standard shall also apply regarding a trustee's liability for the acts or omissions of any cotrustee, predecessor trustee, or agent employed by the trustee.

7.22 Written Notice to Trustee

Until the trustee receives written notice of any death or other event on which the right to payments from any trust may depend, the trustee shall incur no liability for disbursements made in good faith to persons whose interests may have been affected by that event.

7.23 Duty to Account

The trustee shall render accounts at least annually, at the termination of a trust, and on a change of trustees to the persons and in the manner required by law. When a predecessor trustee has failed to render accounts as required under this provision, the successor trustee may, but need not, render accounts for such period with reasonable efforts without incurring any additional liability for acts of a predecessor trustee, other than as already provided under California law. This provision is intended to permit the successor trustee to render accounts for the predecessor without creating any additional duty to investigate or to account. Nonetheless, if in the course of rendering accounts left undone by the predecessor trustee, the successor trustee obtains knowledge of a situation that may constitute a breach of trust committed by the predecessor trustee, the successor trustee shall deal with such knowledge in accordance with the successor trustee's fiduciary duties and powers.

7.24 Time Period For Objecting to Account

Upon receipt of an account by the trustee, a beneficiary has 180 days to make any objection to such account or to make any claim against the trustee for matters adequately disclosed in such account. The existence of this time period for objecting to an account shall be stated in the accounts rendered by the trustee in a separate paragraph on the face of the account in not less than 12-point boldface type as follows:

**NOTICE TO BENEFICIARIES**

**YOU HAVE ONE HUNDRED EIGHTY (180) DAYS FROM YOUR RECEIPT OF THIS ACCOUNT OR REPORT TO MAKE AN OBJECTION OR OBJECTIONS TO ANY ITEM SET FORTH IN THIS ACCOUNT OR REPORT. ANY OBJECTION YOU MAKE MUST BE IN WRITING; IT MUST BE DELIVERED TO THE TRUSTEE WITHIN THE PERIOD STATED ABOVE; AND IT MUST STATE YOUR OBJECTION. YOUR FAILURE TO DELIVER A WRITTEN OBJECTION TO THE TRUSTEE WITHIN THE TIME PERIOD STATED ABOVE WILL PERMANENTLY PREVENT YOU FROM LATER ASSERTING THIS OBJECTION AGAINST THE TRUSTEE. IF YOU DO MAKE AN OBJECTION TO THE TRUSTEE, THE THREE YEAR PERIOD PROVIDED IN SECTION 16460 OF THE PROBATE CODE FOR COMMENCEMENT OF LITIGATION WILL APPLY TO CLAIMS BASED ON YOUR OBJECTION AND WILL BEGIN TO RUN ON THE DATE THAT YOU RECEIVE THIS ACCOUNT OR REPORT.**

7.25 Mandated Disclosures Upon Incapacity of the Surviving Settlor

If the surviving settlor becomes incapacitated, the trustee shall account to those persons who will become beneficiaries of income and/or principal distributions from the trust estate immediately following the death of the surviving settlor in addition to accounting to the surviving settlor, any person who may be acting as conservator of the estate of the surviving settlor and any person who may be acting as agent under the surviving settlor's durable power of attorney for property management. If the surviving settlor becomes incapacitated, the trustee shall provide a copy of this instrument and any amendments hereto to those persons who will become beneficiaries of income and/or principal distributions from the trust estate immediately following the death of the surviving settlor.

7.26 Cotrustee May Delegate Acts to Other Cotrustee

Any cotrustee may, from time to time, delegate to the other cotrustee routine acts of trust administration and may establish bank or other accounts for the trust that will honor the signature of one or of either cotrustee.

**ARTICLE EIGHT. CONCLUDING PROVISIONS**

8.1 Perpetuities Savings Clause

Notwithstanding any other provision of this instrument, every trust created by this instrument or by the exercise of any power of appointment created by this instrument shall terminate no later than twenty-one (21) years after the death of the last survivor of the settlors and their issue who are alive at the creation of the trust. For purposes of this perpetuities savings clause, a trust shall be deemed to have been created on the date the trust becomes irrevocable or the date of the death of the surviving settlor, whichever occurs first. If a trust is terminated under



this section, the trustee shall distribute all of the principal and undistributed income of the trust to the income beneficiaries of the trust in the proportion in which they are entitled (or eligible, in the case of discretionary payments) to receive income immediately before the termination. If that proportion is not fixed by the terms of the trust, the trustee shall distribute all of the trust property to the persons then entitled or eligible to receive income from the trust outright in a manner that, in the trustee's opinion, will give effect to the intent of the settlors in creating the trust. The trustee's decision is to be final and incontestable by anyone.

8.2 Simultaneous Death

If the settlors die under circumstances in which the order of their deaths cannot be established by clear and convincing evidence, each settlor shall be deemed to have survived the other, and this instrument shall be construed accordingly. If any other beneficiary under this instrument and either or both settlors die under circumstances in which the order of their deaths cannot be established by clear and convincing evidence, the settlor or settlors shall be deemed to have survived the beneficiary, and this instrument shall be construed accordingly.

8.3 Survivorship Requirement

For purposes of this instrument, a beneficiary shall be deemed not to have survived a settlor if that beneficiary dies within thirty (30) days after the death of that settlor.

8.4 No-Contest Clause

If any beneficiary under this instrument, singularly or in combination with any other person or persons, directly or indirectly does any of the following acts, then the right of that person to take any interest given to him or her by this instrument shall be void, and any gift or other interest in the trust property to which the beneficiary would otherwise have been entitled

shall pass as if he or she had predeceased the settlors.

(a) Without probable cause challenges the validity of this instrument on any of the following grounds:

(i) Forgery;

(ii) Lack of due execution;

(iii) Lack of capacity;

(iv) Menace, duress, fraud, or undue influence;

(v) Revocation pursuant to the terms of this instrument or applicable law;

(vi) Disqualification of a beneficiary who is a "disqualified person" as described in California Probate Code section 21350 or applicable successor statute.

(b) Files a pleading to challenge the transfer of property on the grounds that it was not the transferor's property at the time of the transfer;

(c) Files a creditor's claim or prosecutes any action against the trust for any debt alleged to be owed by the settlors, or either of them, or from this trust to the beneficiary-claimant.

#### 8.5 Definition of Deceased Settlor and Surviving Settlor

In this instrument, the first settlor to die is referred to as the "deceased settlor" and the

other settlor is referred to as the "surviving settlor."

#### 8.6 Definitions of Death Taxes, Debts, and Expenses

As used in this instrument, the following definitions apply:

(a) The term "death taxes" shall mean all inheritance, estate, succession, and other similar taxes that are payable by any person on account of that person's interest in the estate of a settlor or by reason of that settlor's death, including penalties and interest, but excluding the following:

(i) any additional tax that may be assessed under Internal Revenue

- (ii) any federal or state tax imposed on any generation-skipping transfer, as that term is defined in the federal tax laws, unless that generation-skipping transfer tax is payable directly out of the assets of a trust created by this instrument.
- (b) The term "debts and expenses" shall include the following:

- (i) all costs, expenses of litigation, counsel fees, or other charges that the trustee incurs in connection with the determination of the amount of the death taxes, interest, or penalties referred to in subsection (a) of this section; and
- (ii) legally enforceable debts, funeral expenses, expenses of last illness, and administration and property expenses.

#### 8.7 Definition of Incapacity

As used in this instrument, "incapacity" or "incapacitated" means a person operating

under a legal disability such as a duly established conservatorship, or a person who is unable to do either of the following:

- (a) Provide properly for that person's own needs for physical health, food, clothing, or shelter; or
- (b) Manage substantially that person's own financial resources, or resist fraud or undue influence.

The determination of incapacity shall be made by the trustee, but if the capacity of the

trustee is at issue, the successor trustee.

#### 8.8 Definition of Education

As used in this instrument, the term "education" refers to the following:

- (a) Education at public or private elementary, junior high, middle, or high schools, including boarding schools;
- (b) Undergraduate, graduate, and postgraduate study in any field, whether or

prescribed in this instrument, and the identity and shares of those heirs shall be determined according to the California laws of succession that concern separate property not acquired from a previously deceased spouse and that are in effect at the time the settlor or settlors are deemed to have died.


ARTICLE NINE. SIGNATURE AND EXECUTION

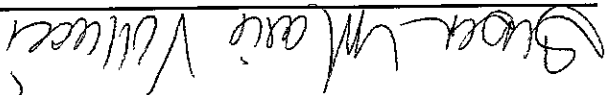
9.1 Execution

We certify that we have read the foregoing declaration of trust and that it correctly states the terms and conditions under which the trust estate is to be held, administered, and distributed. As settlors of the trusts created by this declaration of trust, we approve this declaration of trust in all particulars, and agree to be bound by its terms and conditions. As trustees of the trusts created by this declaration of trust, we approve this declaration of trust in all particulars, and agree to be bound by its terms and conditions.

Executed on April 5, 2012, at Redlands, California.

SETTLORS-TRUSTEES

  
Jeff Steven Vollucci

  
Susan Marie Vollucci

ACKNOWLEDGMENT

State of California

County of San Bernardino

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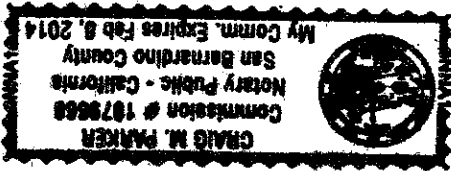
On 4/5/2012, before me, Craig M. Parker, a notary public, personally appeared Jeff Steven Vollucci and Susan Marie Vollucci, who proved to me on the basis of

satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that

the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



(Seal)

Craig M. Parker  
My commission expires on: February 8, 2014