

## EXHIBIT C—TRUSTEE POWERS

Texas Trust Code Section	Title	Trustee “Default” Power	“Suggested” Powers
111.035	DEFAULT AND MANDATORY RULES; CONFLICT BETWEEN TERMS AND STATUTE	<p>(a) Except as provided by the terms of a trust and Subsection (b), this subtitle governs:</p> <ol style="list-style-type: none"> <li>(1) the duties and powers of a trustee;</li> <li>(2) relations among trustees; and</li> <li>(3) the rights and interests of a beneficiary.</li> </ol> <p>(b) The terms of a trust prevail over any provision of this subtitle, except that the terms of a trust may not limit:</p> <ol style="list-style-type: none"> <li>(1) the requirements imposed under Section 112.031;</li> <li>(2) the applicability of Section 114.007 to an exculpation term of a trust;</li> <li>(3) the periods of limitation for commencing a judicial proceeding regarding a trust;</li> <li>(4) a trustee’s duty: <ol style="list-style-type: none"> <li>(A) with regard to an irrevocable trust, to respond to a demand for accounting made under Section 113.151 if the demand is from a beneficiary who, at the time of the demand: <ol style="list-style-type: none"> <li>(i) is entitled or permitted to receive distributions from the trust; or</li> <li>(ii) would receive a distribution from the trust if the trust terminated at the time of the demand; and</li> </ol> </li> <li>(B) to act in good faith and in accordance with the purposes of the trust; or</li> </ol> </li> <li>(5) the power of a court, in the interest of justice, to take action or exercise jurisdiction, including the power to: <ol style="list-style-type: none"> <li>(A) modify or terminate a trust or take other action under Section 112.054;</li> <li>(B) remove a trustee under Section 113.082;</li> </ol> </li> </ol>	<p>In the operation and management of the trusts herein created, the Trustee, except as otherwise specifically provided, shall have all of the powers, rights, privileges, duties, and obligations and be subject to all of the limitations and conditions granted and imposed by the Texas Trust Code, as amended and in force on the date of this [will/trust], which powers, rights, privileges, duties, and obligations are incorporated herein by reference. In addition thereto, the Trustee shall have any additional powers exercisable by trustees under said Code (or its successor statute governing the powers of trustees) at the time of exercise of any such powers, and the Trustee shall have, exercise, and be subject to the following provisions.</p> <p><b>[alternate provision below]</b></p> <p>Except as otherwise provided herein, the Trustee will have all powers granted to trustees by the common law or any statute including every power granted to trustees by the “Texas Trust Code,” Section 113.001 et seq., Tex. Prop. Code Ann., or any future amendment thereof which serves to increase the extent of powers granted to trustees, and such powers shall be increased or restricted as follows.</p> <p><b>[alternate provision below]</b></p> <p>The Trustee shall have any additional powers exercisable by trustees under the Texas Trust Code (or its successor statute governing the powers of trustees) at the time of exercise of any such powers, but if any</p>

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		<p>(C) exercise jurisdiction under Section 115.001;</p> <p>(D) require, dispense with, modify, or terminate a trustee's bond; or</p> <p>(E) adjust or deny a trustee's compensation if the trustee commits a breach of trust.</p> <p>(c) The terms of a trust may not limit any common-law duty to keep a beneficiary of an irrevocable trust who is 25 years of age or older informed at any time during which the beneficiary:</p> <p>(1) is entitled or permitted to receive distributions from the trust; or</p> <p>(2) would receive a distribution from the trust if the trust were terminated.</p>	<p>additional duties or obligations are added to said Code after the date of this instrument, any such duty or obligation shall be waived, to the maximum extent permissible under law.</p>
112.057	DIVISION AND COMBINATION OF TRUSTS	<p>(a) The trustee may, unless expressly prohibited by the terms of the instrument establishing the trust, divide a trust into two or more separate trusts without a judicial proceeding if the result does not impair the rights of any beneficiary or adversely affect achievement of the purposes of the original trust. The trustee may make a division under this subsection by:</p> <p>(1) giving written notice of the division, not later than the 30th day before the date of a division under this subsection, to each beneficiary who might then be entitled to receive distributions from the trust or may be entitled to receive distributions from the trust once it is funded; and</p> <p>(2) executing a written instrument, acknowledged before a notary public or other person authorized to take acknowledgements of conveyances of real estate stating that the trust has been divided pursuant to this section and that the notice requirements of this subsection have been satisfied.</p> <p>(b) A trustee, in the written instrument dividing a trust, shall allocate trust property among the separate</p>	<p><u>Special Multiple Trust Powers.</u> The following provisions shall be applicable if a trust for a beneficiary is divided into two or more separate trusts, or if the beneficiary of a trust established hereunder is also a beneficiary of any other trust, whether or not administered by the same trustee or trustees:</p> <p><u>Commingling Trusts.</u> The Trustee may, in its sole discretion, commingle all or any part of the assets of the multiple trusts created for a beneficiary by this Trust Agreement and hold such assets as one fund with each separate trust having proportionate undivided interests therein. However, the Trustee shall not be obligated to conduct investments or business on an equal basis among such separate trusts. The Settlor expressly intends that each separate trust be treated as a totally distinct trust entity for all purposes.</p> <p><u>Merger Of Trusts.</u> If at any time any Trustee of a trust shall also act as a Trustee of any other trust</p>

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		<p>trusts on a fractional basis, by identifying the assets and liabilities passing to each separate trust, or in any other reasonable manner. The trustee shall allocate undesignated trust property received after the trustee has divided the trust into separate trusts in the manner provided by the written instrument dividing the trust or, in the absence of a provision in the written instrument, in a manner determined by the trustee.</p> <p>(c) The trustee may, unless expressly prohibited by the terms of the instrument establishing a trust, combine two or more trusts into a single trust without a judicial proceeding if the result does not impair the rights of any beneficiary or adversely affect achievement of the purposes of one of the separate trusts. The trustee shall complete the trust combination by:</p> <p>(1) giving a written notice of the combination, not later than the 30th day before the effective date of the combination, to each beneficiary who might then be entitled to receive distributions from the separate trusts being combined or to each beneficiary who might be entitled to receive distributions from the separate trusts once the trusts are funded; and</p> <p>(2) executing a written instrument, acknowledged before a notary public or other person authorized to take acknowledgments of conveyances of real estate stating that the trust has been combined pursuant to this section and that the notice requirements of this subsection have been satisfied.</p> <p>(d) The trustee may divide or combine a testamentary trust after the will establishing the trust has been admitted to probate, even if the trust will not be funded until a later date. The trustee may divide or combine any other trust before it is funded.</p>	<p>for the benefit of the same beneficiary and upon substantially (although, perhaps, not identically) the same terms, conditions, and provisions, the Trustee, in its discretion, is authorized to transfer and merge all the assets held in the trust under this Trust Agreement to and with the other trust and thereupon terminate the trust under this Trust Agreement. The Trustee is further authorized to accept the assets of the other trust and to administer and distribute such assets and properties so transferred in accordance with the provisions of this Trust Agreement. In no event, however, shall this discretionary power be construed as a power of amendment, modification, or appointment in the hands of the Trustee. In addition, the merger of trusts under this provision shall not extend the date on which either trust shall vest under the rule against perpetuities law of Texas or, if applicable, the jurisdiction in which such trust is then being administered.</p> <p><u>Division Into Shares Of Trusts.</u> The Trustee may divide a single trust into multiple identical trusts; hold, manage, invest, and account for the several shares or separate Trusts which may be held in trust, either as separate funds or as a single fund, as the Trustee may deem appropriate. If a trust is held as a single fund, the Trustee may make division thereof only upon the books of account and allocating to each share or trust its proportionate part of the principal and income of the single fund and charging against each share or trust its proportionate part of the common</p>

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			<p>expenses.</p> <p><u>Transactions Between Separate Trusts.</u> Because it is probable that the separate trusts established hereunder will contain different investments and properties and the relative needs of the respective beneficiaries will vary, the Settlor is concerned that one or more of the trusts will have insufficient cash with which to make its distributions or investments. Accordingly, the Trustee is specifically authorized, but not directed, to transact any business among the separate trusts established hereunder, including, but not limited to, the following: (1) to borrow or lend money among the separate trusts on such terms and upon such collateral (if any) as the Trustee shall deem appropriate; (2) to purchase or sell assets or properties, or exchange assets or properties, among the separate trusts on such terms and conditions as the Trustee shall deem appropriate, provided that such purchase/sale transactions are for full and adequate consideration; or, (3) to conduct any other business or transaction among the separate trusts as the Trustee deems appropriate.</p> <p><u>Transfers Between Trusts For Same Beneficiary.</u> If another trust has been established for the benefit of a beneficiary for whom a trust has been established under this Trust Agreement, and such other trust has substantially (although, perhaps, not identically) the same terms, conditions, and provisions, the Trustee, in its discretion, is authorized to transfer any portion, or all, of the property then held in the trust held for such</p>

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			<p>beneficiary under this Trust Agreement to the other such trust. The Trustee is further authorized to accept assets from the other such trust and to administer and distribute such assets and properties so transferred in accordance with the provisions of this Trust Agreement. In no event, however, shall this discretionary power be construed as a power of amendment, modification, or appointment in the hands of the Trustee.</p> <p><u>Method of Distribution Or Division.</u> In dividing the trust estate into separate shares or trusts or in distributing the same, the Trustee may divide (including partition, if appropriate) or distribute in cash, in kind, whether pro rata or non-pro rata, or partly in cash and partly in kind, using different assets according to their values and/or undivided interests in the same assets, as is deemed appropriate; and value the trust estate or any part thereof for any purpose including division or distribution, reasonably and in good faith, and such valuation shall be conclusive upon all parties.</p> <p><b>[alternate merger provision below]</b></p> <p><u>Merger of Trusts.</u></p> <p>(1) If at any time the Trustee of any trust under this instrument is acting as trustee of any other trust for the benefit of the same beneficiary or beneficiaries and upon substantially the same trusts, terms and conditions, the Trustee is authorized and empowered, if in its discretion such action is in the best interest of</p>

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			<p>the beneficiary or beneficiaries of the trust, to transfer and merge all of the assets then held in trust under this Agreement with such other trust and thereupon to terminate the trust under this Agreement. It is provided, however, that the trust estate so merged will be subject to the same terms and conditions as before the merger, and such merger may not result in a distribution standard that is different from the distribution standards hereunder. Further, any such merger will be subject to the Maximum Duration Rule, originally applicable to the trust prior to the merger.</p> <p>(2) The Trustee is further authorized to accept the assets of any other trust that may be transferred to it under this Agreement and to administer and distribute such assets and properties so transferred in accordance with the provisions of this Agreement. For purposes of the Maximum Duration Rule, "the time of the creation of the interest" will be the date otherwise applicable to the trust if there had been no merger, or, if applicable and if sooner, the time of the creation of the original interest in the transferred assets.</p> <p>(3) The provisions of this [Subsection ____] are subject to the express limitations set forth elsewhere in this instrument on the powers of a Trustee of a trust intended to qualify for the estate tax marital deduction or of a trustee who is a beneficiary of a trust he or she is administering, which limitations will control in the event of conflict with this or any other provision of this Agreement. Accordingly, this [Subsection ____] does not apply to the Marital Deduction Gift or to any trust to which an election under IRC Section 2056(b)(7) is available, during the lifetime of Settlor's</p>

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			<p>spouse.</p> <p><b>[alternate division of trusts provision below]</b></p> <p><u>Division of Trusts.</u> The Trustee may divide any trust established as the result of a provision of this instrument, at any time, into two or more separate trusts. The division shall be made on a fractional basis. Any such division shall be effective from the date specified by the Trustee, which date may be the date of the Settlor's death. Any such separate trusts shall have the identical provisions as the original trust. If a trust is divided into separate trusts, the Trustee may, at any time: (1) make different tax elections with respect to each separate trust, (2) expend principal and exercise any other discretionary powers with respect to such separate trusts differently, (3) invest such separate trusts differently, (4) designate each such separate trust by an appropriate name which is different from the name of any other trust created hereunder, and (5) take all other actions consistent with such trusts being separate entities. Further, the donee of any power of appointment with respect to a trust so divided may exercise such power differently with respect to the separate trusts created by the division. The Trustee is exonerated from any liability arising from any exercise or failure to exercise these powers, provided the actions (or inactions) of the Trustee are made in good faith.</p>
112.059	TERMINATION OF UNECONOMIC TRUST	(a) After notice to beneficiaries who are distributees or permissible distributees of trust income or principal or who would be distributees or permissible distributees if the interests of the distributees or the trust were to terminate and no powers of appointment were	<u>Termination Of Small Trust.</u> If at any time the Trustee determines that a trust (including any separate trust or trust share created hereunder) is too small in value to justify the expenses and burdens of continued trust administration, the Trustee may terminate the

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		<p>exercised, the trustee of a trust consisting of trust property having a total value of less than \$50,000 may terminate the trust if the trustee concludes after considering the purpose of the trust and the nature of the trust assets that the value of the trust property is insufficient to justify the continued cost of administration.</p> <p>(b) On termination of a trust under this section, the trustee shall distribute the trust property in a manner consistent with the purposes of the trust.</p> <p>(c) A trustee may not exercise a power described by Subsection (a) if the trustee's possession of the power would cause the assets of the trust to be included in the trustee's estate for federal estate tax purposes.</p> <p>(d) This section does not apply to an easement for conservation or preservation.</p>	<p>trust (or any separate trust or trust share into which such trust may have been divided) and make distribution of the trust assets in the same manner as though the trust (or any such separate trust or trust share) was being terminated at the end of its normal term; provided that this provision shall not apply to any trust which has qualified for the marital deduction under IRC Section 2056. Further, the power under this [Subsection ___] may not be exercised by the Settlor nor by any Trustee who is a beneficiary of the trust in question.</p>
113.001	LIMITATION OF POWERS	<p>A power given to a trustee by this subchapter does not apply to a trust to the extent that the instrument creating the trust, a subsequent court order, or another provision of this subtitle conflicts with or limits the power.</p>	<p><u>Limitation On Powers.</u> Throughout this instrument, selected restrictions have been made upon the power of an individual fiduciary in order to insure that independent judgment is exercised in cases involving inherent conflicts between life tenants and remaindermen and determinations that would cause adverse federal tax consequences. No individual Trustee may exercise any power or discretion granted to the Trustee that directly or indirectly deals with the distribution or accumulation of income or principal to or for the benefit of any beneficiary to whom said individual fiduciary owes a legal obligation of support. In addition, no individual fiduciary shall have the power to exercise any other power or discretion hereunder if the exercise or holding of such power or discretion by said individual fiduciary would cause (l) said individual fiduciary to be treated as a donor for federal gift tax purposes because of such power or</p>

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			<p>discretion alone, (2) property otherwise excluded to be included in said individual fiduciary's federal gross estate, (3) a disclaimer under IRC Section 2518 by said individual fiduciary to be invalid to any extent, or (4) adverse federal generation-skipping transfer tax consequences to said individual fiduciary or to any other individual, trust, or other entity. Powers held by said individual fiduciary and falling within the preceding sentence shall be null and void as to said individual fiduciary's possession.</p> <p><u>Limitation On Distributions.</u> No individual Trustee may exercise any power or discretion granted to the Trustee in [paragraph ____] [additional distributions of principal] or [paragraph ____] [termination of small trust] of this [Article ____] which directly or indirectly deals with the distribution of income or principal to or for the benefit of said individual Trustee or any beneficiary to whom said individual Trustee owes a legal obligation of support; any such power or discretion shall be exercised by the other Trustee or Trustees then acting or, if no other Trustee is then acting, such power or discretion shall be exercised by the successor Trustee named in [paragraph ____ of Article ____] acting as Special Trustee for the purpose of exercising such power or discretion; or, if no such named successor Trustee is willing and able to act as a Special Trustee under this provision, such power or discretion shall be exercised by the Trust Committee named in [paragraph ____ of Article ____] as Special Trustee.</p> <p><u>No Distributions to Satisfy Contractual or Legal Obligation.</u> No distribution may be made to any person, which would discharge another person's legal</p>

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			obligation to support such person.
113.002	GENERAL POWERS	Except as provided by Section 113.001, a trustee may exercise any powers in addition to the powers authorized by this subchapter that are necessary or appropriate to carry out the purposes of the trust.	
113.003	OPTIONS	A trustee may: <ul style="list-style-type: none"> <li>(1) grant an option involving a sale, lease, or other disposition of trust property, including an option exercisable beyond the duration of the trust; or</li> <li>(2) acquire and exercise an option for the acquisition of property, including an option exercisable beyond the duration of the trust.</li> </ul>	
113.004	ADDITIONS TO TRUST ASSETS	A trustee may receive from any source additions to the assets of the trust.	<p><u>Retention Of And Additions To Trust Estate.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may retain any property, real, personal, or mixed, which may from time to time be or become a part of the trust estate, and such property shall be deemed a proper investment even though such property (by reason of its character, amount, proportion to the total trust estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision; and accept from any source any property to be held as part hereof.</p> <p><u>Acquisition Of Non-Productive Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may acquire property returning no income or slight income or retain any such property so long as is deemed appropriate without the same being in any way chargeable with income or the proceeds thereof in case of sale being in any part deemed income (provided, however, if any such property is held in a</p>

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			<p>trust created herein which qualifies as a marital deduction trust for federal estate tax purposes, the beneficiary thereof shall have the power to require the Trustee either to make such property productive or convert it within a reasonable time).</p> <p><b>[Note - a portion of the above Subsection applies only to a marital deduction trust.]</b></p> <p><u>Custody Of Trust Estate; Disbursement Of Funds.</u> The Trustee may retain sole custody of the trust estate; keep any of the property of the trust estate at any place or places in Texas or elsewhere in the United States or abroad, or with a depository or custodian at such place or places; make all disbursements of the trust estate's funds without any countersignature; and make all reports, including tax returns, to any agency of the government, local, state, or federal.</p>
113.005	ACQUISITION OF UNDIVIDED INTERESTS	A trustee may acquire all or a portion of the remaining undivided interest in property in which the trust holds an undivided interest.	
113.006	GENERAL AUTHORITY TO MANAGE AND INVEST TRUST PROPERTY	Subject to the requirements of Chapter 117, a trustee may manage the trust property and invest and reinvest in property of any character on the conditions and for the lengths of time as the trustee considers proper, notwithstanding that the time may extend beyond the term of the trust.	<u>Investment Of Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may invest and reinvest the trust estate from time to time in any property, real, personal, or mixed, including without limitation securities (whether public or private) of domestic and foreign corporations, partnerships (general and limited), limited liability companies, and investment trusts or companies, bonds, debentures, preferred stocks, common stocks, mortgages, mortgage participations, interests in common trust funds, and securities, bonds, or other obligations of the personal representative of a beneficiary's estate or any Trustee (or any affiliate thereof) of a trust hereunder

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			<p>which is a state or national banking association, without diversification and all with complete discretion to convert realty into personality or personality into realty or otherwise change the character of the trust estate, even though such investment (by reason of its character, amount, proportion to the total trust, estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one business or company than would be considered appropriate for a fiduciary apart from this provision.</p>
113.007	TEMPORARY DEPOSITS OF FUNDS	Subject to the requirements of Chapter 117, a trustee may manage the trust property and invest and reinvest in property of any character on the conditions and for the lengths of time as the trustee considers proper, notwithstanding that the time may extend beyond the term of the trust.	
113.008	BUSINESS ENTITIES	A trustee may invest in, continue, or participate in the operation of any business or other investment enterprise in any form, including a sole proprietorship, partnership, limited partnership, corporation, or association, and the trustee may effect any change in the organization of the business or enterprise.	<p><u>Formation of Family Business Entities.</u> The Trustee is authorized to invest all or any portion of the trust estate of a trust in one or more joint ventures, partnerships or corporations, the outstanding equity interests of which are owned by the trust, the beneficiaries, and any other individual (directly or indirectly) related to the Settlor. As an example only, the Trustee is authorized to form and organize a general or limited partnership between trusts established by this Trust Agreement and/or with the beneficiaries of the trusts.</p> <p><u>Corporate Entities.</u> The Trustee may incorporate any property in the trust estate; transfer any such property to one or more corporations and/or limited liability</p>

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			<p>companies for all or part of their capital stock or other securities (whether or not the Trustee is also a security holder, officer, director, or manager of such corporation or limited liability company in an individual, fiduciary, or other capacity); participate in the management of such entity or any other entity whose securities are a part of the trust estate; dissolve any such entities or any other entity whose securities are a part of the trust estate; and hold or dispose of as part of the trust estate any property received upon such a dissolution (all in such manner, at or for such times, and on such terms as are deemed appropriate).</p> <p><u>Partnerships.</u> The Trustee may enter into partnerships; transfer any property in the trust estate to one or more partnerships for interest in such partnerships; act as a partner in any partnership or with respect to any property (any part of which may be or become part of the trust estate originally or later); act as a partner with the Trustee acting in an individual, fiduciary, or other capacity; participate in the management of such partnerships; dissolve any partnership in which the Trustee acts as a partner; and hold or dispose of as part of the trust estate any property received upon such a dissolution (all in such manner, at or for such times, and on such terms as are deemed appropriate).</p> <p><u>Businesses.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., in addition to any and all powers granted to the Trustee by this Trust Agreement, the Trustee has the following additional powers with respect to any business interest which is or becomes a part of any trust, whether it be a sole proprietorship,</p>

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			<p>joint venture, partnership, or corporation:</p> <ul style="list-style-type: none"> <li>(1) to hold, retain, and continue to operate such business solely at the risk of the trust and without liability on the part of the Trustee for any losses resulting from operation of the business;</li> <li>(2) to enlarge, diminish, or change the scope or the nature of the activities of any business;</li> <li>(3) to use the general assets of the trust for the purposes of the business; to invest additional capital in or make loans to such business, regardless of the non-productivity of such investment or loan, or the diversification of investments;</li> <li>(4) to endorse or guarantee on behalf of the trust any loan or loans made to the business and to secure the loan or loans by pledge or mortgage not only of the trust's property interest in any such business but also by any other property of the trust estate that the Trustee may deem proper;</li> <li>(5) to make or concur in the decision to accumulate surplus in the business or to pay dividends or otherwise distribute the profits of the business, as the Trustee, in its discretion, may deem advisable;</li> <li>(6) to accept as correct financial or other statements rendered by the business from time to time about its conditions and operations except where the Trustee has actual notice of inaccurate information contained therein;</li> </ul>

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			<p>(7) to regard the business as an entity separate from the trust with no duty to account to any court about its business or operation;</p> <p>(8) to dissolve, liquidate, or sell any business interest at such time (and from time to time) and upon such terms as the Trustee may deem advisable;</p> <p>(9) to incorporate any business and hold the stock as an asset of the trust;</p> <p>(10) to determine whether business distributions are income or principal in accordance with the specific provisions of this Trust Agreement regarding such determinations;</p> <p>(11) to authorize the participation in and contribution of the business to any form of employee benefit plan, whether or not qualified as tax deductible;</p> <p>(12) to satisfy any liabilities arising out of the business, whether contractual or tortious in nature, first out of the business, and secondly out of the trust estate. However, in no event shall the Trustee be individually or personally liable for any business activities or decisions, and if the Trustee is held liable, it shall be entitled to indemnification from the business and the trust estate in the order named;</p> <p>(13) to authorize and participate in any mergers, reorganizations, consolidations, exchanges, sales, private or commercial annuities, or any other form of business transactions involving</p>

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			<p>ownership changes;</p> <p>(14) to employ such officers, managers, employees, or agents as it deems advisable and to pay such persons reasonable compensation for their services without regard to any fiduciary fees and expenses payable to the Trustee;</p> <p>(15) to exercise all other actions or powers which an individual, competent adult would possess in operating such business; and</p> <p>(16) to convert such business from one form (e.g., proprietorship, partnership, corporation) to another.</p> <p><u>Special Provisions Concerning Business Interests.</u> If at the time of the Settlor's death, the Settlor or this Trust owns an interest in one or more partnerships, closely held corporations, or limited liability companies, the provisions of this [Subsection ____] shall apply:</p> <p><u>Disposition Of Partnership Or Membership Interest.</u> The Settlor directs that the Trustee complete the terms of any agreement concerning the sale or disposition of the Settlor's interest in any such partnership or limited liability company that may be in existence at the time of the Settlor's death. In the event there is no such agreement in force at the time of the Settlor's death, the Trustee is authorized to allocate such partnership or membership interest to one or more trusts established under this instrument. The Trustee will not be responsible or liable to</p>

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			<p>any beneficiary for any act or omission to act in connection with the partnership or limited liability company while the Trustee is following or attempting to follow the provisions of this [Subsection].</p> <p><u>Disposition Of Stock In Closely Held Corporation.</u> The Trustee shall complete the terms of any agreement concerning the sale or disposition of such stock that may be in existence at the time of the Settlor's death. If no agreement is in force at the time of the Settlor's death, the Trustee is authorized to allocate such stock to one or more trusts established under this instrument. The Trustee will not be responsible or liable to any beneficiary for any act or omission to act in connection with the close corporation while the Trustee is following or attempting to follow the provisions of this [Subsection __].</p> <p><u>IRC Section 303 Redemption Provision.</u> The Trustee shall consider a redemption by any such closely held corporation of shares of stock of such corporation in accordance with the provisions of IRC Section 303 (or any other provision of law dealing with the same subject matter as said IRC Section 303) if it is necessary to sell such stock to pay taxes or expenses of the Settlor's estate; however, such stock not be sold unless absolutely necessary.</p>
113.009	REAL PROPERTY MANAGEMENT	<p>A trustee may:</p> <ol style="list-style-type: none"> <li>(1) exchange, subdivide, develop, improve, or partition real property;</li> <li>(2) make or vacate public plats;</li> </ol>	<p><u>Improving And Leasing Property.</u> The Trustee may improve any real estate comprising a part of the trust estate; demolish any buildings in whole or in part, and erect buildings; lease real estate or personal property</p>

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		<p>(3) adjust boundaries;</p> <p>(4) adjust differences in valuation by giving or receiving value;</p> <p>(5) dedicate real property to public use or, if the trustee considers it in the best interest of the trust, dedicate easements to public use without consideration;</p> <p>(6) raze existing walls or buildings;</p> <p>(7) erect new party walls or buildings alone or jointly with an owner of adjacent property;</p> <p>(8) make repairs; and</p> <p>(9) make extraordinary alterations or additions in structures as necessary to make property more productive.</p>	<p>on such terms and conditions and for such length of time (including ninety-nine (99) years or more) as are deemed appropriate, even though such lease may extend beyond the term of the trust; foreclose, extend, renew, assign, release, or partially release, and discharge security agreements, mortgages, or other liens; and accumulate income for the purpose of doing so.</p> <p><u>Partition.</u> The Trustee shall have the power to partition and distribute the trust estate or other estate, in divided (non pro rata) or undivided shares or in kind, (including temporal shares or interests) (without regard to whether the property is real, personal or mixed) among beneficiaries, on the basis of fair market value at the time of partition and distribution (provided that pro rata distribution of specific partitioned assets will not be required); to sell or partition real estate or any other property for any purpose without limitation, and to give warranties of title.</p>
113.010	SALE OF PROPERTY	A trustee may contract to sell, sell and convey, or grant an option to sell real or personal property at public auction or private sale for cash or for credit or for part cash and part credit, with or without security.	<u>Sales Or Disposition Of Property.</u> The Trustee may sell, exchange, give options upon, partition, convey, or otherwise dispose of, with or without covenants (including covenants of warranty of title) any property at public or private sale or otherwise, for cash or other consideration or on credit, and upon such terms and conditions as are deemed advisable, and to transfer and convey the same free of all trusts.
113.011	LEASES	(a) A trustee may grant or take a lease of real or personal property for any term, with or without options to purchase and with or without covenants relating to erection of buildings or renewals, including the lease of a right or privilege above or below the surface of real property.	<u>Improving And Leasing Property.</u> The Trustee may improve any real estate comprising a part of the trust estate; demolish any buildings in whole or in part, and erect buildings; lease real estate or personal property on such terms and conditions and for such length of time (including ninety-nine (99) years or more) as are

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		(b) A trustee may execute a lease containing terms or options that extend beyond the duration of the trust.	deemed appropriate, even though such lease may extend beyond the term of the trust; foreclose, extend, renew, assign, release, or partially release, and discharge security agreements, mortgages, or other liens; and accumulate income for the purpose of doing so.
113.012	MINERALS	<p>(a) A trustee may enter into mineral transactions, including:</p> <p>(1) negotiating and making oil, gas, and other mineral leases covering any land, mineral, or royalty interest at any time forming a part of a trust;</p> <p>(2) pooling and unitizing part or all of the land, mineral leasehold, mineral, royalty, or other interest of a trust estate with land, mineral leasehold, mineral, royalty, or other interest of one or more persons or entities for the purpose of developing and producing oil, gas, or other minerals, and making leases or assignments granting the right to pool and unitize;</p> <p>(3) entering into contracts and agreements concerning the installation and operation of plans or other facilities for the cycling, repressuring, processing, or other treating or handling of oil, gas, or other minerals;</p> <p>(4) conducting or contracting for the conducting of seismic evaluation operations;</p> <p>(5) drilling or contracting for the drilling of wells for oil, gas, or other minerals;</p> <p>(6) contracting for and making "dry hole" and "bottom hole" contributions of cash, leasehold interests, or other interests towards the drilling of wells;</p> <p>(7) using or contracting for the use of any method of secondary or tertiary recovery of any mineral, including the injection of water, gas, air, or other substances;</p> <p>(8) purchasing oil, gas, or other mineral</p>	<p><u>Mineral Contracts And Sales.</u> The Trustee may execute and deliver oil, gas, and other mineral leases containing such unitization or pooling agreements and other provisions as are deemed appropriate; execute mineral and royalty conveyances, purchase leases, royalties, and any type of mineral interest; and execute and deliver drilling contracts and other contracts, options, and other instruments necessary or desirable to participate actively in the oil, gas, or mining business (all of the foregoing may include such terms, conditions, agreements, covenants, provisions, or undertakings as are deemed appropriate).</p> <p><u>Income From Mineral Resources.</u> Notwithstanding the "Texas Uniform Principal and Income Act," Section 116.001 et seq., Tex. Prop. Code Ann., the Trustee may allocate all consideration from any interest in lands including royalties, overriding royalties, or working interests from which may be taken timber, minerals, oil, gas, or other natural resources (whether received as bonus or consideration for the execution of leases or as royalties, or similar payments received in connection with the physical severance of such natural resources) to trust principal or income in the sole discretion of the Trustee, including entirely to income regardless of what may be provided for in the Texas Trust Code and any allocation method determined by the Trustee shall be</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>leases, leasehold interests, or other interests for any type of consideration, including farmout agreements requiring the drilling or reworking of wells or participation therein;</p> <p>(9) entering into farmout contracts or agreements committing a trust estate to assign oil, gas, or other mineral leases or interests in consideration for the drilling of wells or other oil, gas, or mineral operations;</p> <p>(10) negotiating the transfer of and transferring oil, gas, or other mineral leases or interests for any consideration, such as retained overriding royalty interests of any nature, drilling or reworking commitments, or production interests; and</p> <p>(11) executing and entering into contracts, conveyances, and other agreements or transfers considered necessary or desirable to carry out the powers granted in this section, whether or not the action is now or subsequently recognized or considered as a common or proper practice by those engaged in the business of prospecting for, developing, producing, processing, transporting, or marketing minerals, including entering into and executing division orders, oil, gas, or other mineral sales contracts, exploration agreements, processing agreements, and other contracts relating to the processing, handling, treating, transporting, and marketing of oil, gas, or other mineral production from or accruing to a trust and receiving and receipting for the proceeds thereof on behalf of a trust.</p> <p>(b) A trustee may enter into mineral transactions that extend beyond the term of the trust.</p>	deemed to be reasonable.
113.013	INSURANCE	A trustee may purchase insurance of any nature, form, or amount to protect the trust property and the trustee.	<u>Insurance.</u> The Trustee may insure any part of the trust estate against such risks as are deemed appropriate, such insurance to be based on market value or cost and the coverage to be full or partial as is deemed appropriate; pay the premiums and collect or adjust the losses; acquire, hold, and pay premiums

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			upon insurance upon the life of any beneficiary, and exercise any and all rights of ownership thereof; and purchase other types of insurance or annuities for any beneficiary.
113.014	PAYMENT OF TAXES	A trustee may pay taxes and assessments levied or assessed against the trust estate or the trustee by governmental taxing or assessing authorities.	<p><u>Payment Of Expenses And Taxes.</u> The Trustee may incur such expenses or charges in the management of the trust estate as are deemed appropriate; render the trust estate for taxes if deemed desirable or refuse to do so if deemed undesirable; pay taxes, charges, and governmental assessments against the trust estate; and in anticipation of such expenses, charges, taxes, and assessments, set up such reserves as are deemed appropriate.</p> <p><u>Tax Elections and Allocations.</u> If no personal representative is appointed for the deceased Settlor's estate within six months of his or her death, the Trustee shall have the power and authority to make any and all estate, inheritance, generation-skipping transfer, income and other tax elections and allocations available to the Trustee, including specifically (1) the date and option, alternative or method which should be selected for the valuation of property in the deceased Settlor's estate for federal and state estate and inheritance tax purposes and the payment of all such taxes, (2) whether a deduction shall be taken as an income tax deduction or an estate tax deduction, (3) the election to extend the time for the payment of federal and state estate and inheritance taxes and the election to pay any such tax in installments, (4) the allocation of any of the deceased Settlor's available GST exemption from the federal generation-skipping transfer tax to any property as to which the deceased Settlor is the deemed transferor, and (5) the election under IRC Section 2652(a)(3) to</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>treat the deceased Settlor as the transferor of any qualified terminable interest property with respect to which the deceased Settlor's estate was allowed a deduction by reason of IRC Section 2056(b)(7). Property may be subject to the above elections and allocations whether or not such property is included in the deceased Settlor's probate estate, if the Trustee intends to exercise the election enumerated in (5) above as to any part of such qualified terminable interest property, the Trustee and/or the personal representative of the deceased Settlor's estate shall first set apart property constituting such part in a separate trust before the IRC Section 2652(a)(3) election is made so that, after the election and after the allocation of the GST exemption, its inclusion ratio as defined in IRC Section 2642(a) will be zero. The Trustee shall incur no liability to any beneficiary of the deceased Settlor's probate and/or nonprobate estate as a result of making or not making any election or allocation, regardless of the fact that any federal or state tax imposed on the deceased Settlor's estate is thereby increased or that there is a change in the proportion in which any beneficiary shares in the deceased Settlor's estate. The Trustee's decisions with respect to any election or allocation shall be binding and conclusive on all. concerned and no compensating adjustments between income or corpus, in the amount of any trust, or the interest of any beneficiary, shall be made as a result of any decision.</p> <p><b>[alternate tax election provision below]</b></p> <p><u>Tax Elections.</u> In determining the estate, inheritance, and income tax liabilities of the Settlor's estate, the Trustee is to exercise the Trustee's own and sole</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>discretion in determining: (1) the dates which are to be selected for the valuation of assets in the Settlor's gross estate for federal and state death tax purposes, (2) whether any portion of the Settlor's estate is to be valued under any of the applicable provisions of IRC Section 2032A, (3) whether any portion of the federal estate tax liability for the Settlor's estate is to be paid under any deferred payment option available to the Settlor's estate under the IRC, and (4) whether a deduction is to be taken as an income tax deduction or as an estate tax deduction. No compensating adjustments between income or principal or in the amount of any gift hereunder may be made as a result of any such decision. If the representative of the estate of the Decedent joins with the Survivor (or the representative of the estate of the Survivor if such Survivor is deceased) in filing income tax returns, or consents for gift tax purposes to having gifts made by the Settlor during the Settlor's life considered as made one-half by the Settlor and [his spouse], any resulting liability is to be borne by the estate of the Decedent, except such portion as the representative of the estate of the Decedent and the Survivor (or the Survivor's estate) agree is to be borne by the Survivor (or the Survivor's estate), and the estate of the Decedent shall exonerate such personal representative from personal liability therefor.</p> <p><b>[Note – the person designated to exercise discretion should be consistent with the similar provision contained in the wills.]</b></p> <p><u>Trustee's Power To Establish Separate Trusts.</u> In the event that any trust established under this Trust Agreement would have an inclusion ratio (as defined</p>

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			<p>in IRC Section 2642(a)(1)) of neither one nor zero, instead of establishing one trust for the beneficiary, the Trustee shall establish two or more separate trusts for such beneficiary and shall allocate the trust property between such trusts so that one or more trusts will have an inclusion ratio of zero (an "Exempt Trust") and the other trust(s) shall have an inclusion ratio of one (a "Non-Exempt Trust"); each such trust shall be administered and distributed under the same terms. All property allocated between Exempt and Non-Exempt Trusts shall be valued at fair market value on the date of allocation. If an Exempt Trust is established for a beneficiary, and additional property is allocated to such beneficiary under any provision of this Trust Agreement, or otherwise, the Trustee shall allocate such property between such separate trusts in the manner necessary to maintain the inclusion ratio of zero for the Exempt Trust(s). If the Trustee establishes an Exempt Trust and a Non-Exempt Trust for a beneficiary, all distributions to the beneficiary shall first be paid out of the Non-Exempt Trust(s) until each such trust is exhausted.</p> <p><u>Marital Deduction Intended; Trustee's Power.</u> A material purpose in establishing this [Last Name Marital Trust] is to obtain a marital deduction allowable pursuant to the provisions of the IRC or other similar statute in force from time to time. To the extent possible, assets that do not qualify for the marital deduction shall not be allocated to this trust. The Trustee is expressly authorized to enter into any agreement with the Internal Revenue Service or any other governmental body or official and to execute, from time to time, any declaration of policy or disclaimer restricting the discretion given the Trustee</p>

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			<p>in order to preserve the marital deduction to the maximum extent provided for by this [Article ____].</p> <p>(a) I hereby authorize my executor, in my executor's sole discretion, to elect that any part or all of any amount passing under this [Article ____] be treated as qualified terminable interest property for the purpose of qualifying for the marital deduction allowable in determining the federal estate tax on my estate. It is my expectation that my executor will make said election with respect to the entire amount unless, under the circumstances about the time of my death, my executor determines that such an election will not be advantageous considering the prospective combined death taxes on my estate and [Settlor's Spouse]'s estate. Even if the election is not made, it shall nonetheless be deemed to have been made for purposes of determining the amount of the marital deduction gift.</p> <p>(b) If my executor does not elect to treat all of the property passing to this trust as qualified terminable interest property for the purpose of qualifying for the marital deduction allowable in determining the federal estate tax on my estate, my executor and Trustee shall establish two identical trusts under this [Article ____] for the benefit of [Settlor's Spouse], and shall allocate to a trust referred to as the "QTIP Trust" the portion or fraction of the trust estate for which an election is made to treat the property as qualified terminable interest property, and all other property in this trust shall be allocated to a separate trust referred to as the "Non-QTIP Trust." In the event two separate trusts are established under this paragraph G-2: (i) the trust estate shall be divided on a fractional or</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>percentage basis to reflect the partial election, but the separate trusts need not be funded with a pro rata portion of each asset; and (ii) all taxes, expenses, and debts payable out of the [Last Name Marital Trust] pursuant to [paragraph ___ of this Article ____] (including federal estate taxes imposed at the time of [Settlor's Spouse]'s death under IRC Section 2044) shall be paid entirely out of the QTIP Trust. Further, any distributions of principal to [Settlor's Spouse] under [paragraph ___ of this Article ____] shall first be paid out of the QTIP Trust until such trust is exhausted.</p> <p><b>[additional marital deduction provisions below]</b></p> <p><u>Special Tax Provisions Relating To The [Last Name Marital Trust].</u></p> <p><u>Qualifications For Marital Deduction.</u> It is the Settlor's intent that, to the extent the Trustee so elects, the trust estate allocated to the [Last Name Marital Trust] shall qualify for the marital deduction allowed by the federal estate tax laws applicable to the Settlor's estate. It is the Settlor's expectation that his personal representative will make said election with respect to the entire amount unless, under the circumstances about the time of the death of the Settlor, such personal representative determines that such an election will not be advantageous considering the prospective combined death taxes on the estate of the Settlor. To this end, the powers and discretions of the Trustee with respect to the allocation and distribution of the assets to the [Last Name Marital Trust] shall not</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>be exercised except in a manner consistent with the Settlor's intent as expressed in this [Subsection ____]. The Trustee is expressly authorized to enter into any agreement with the Internal Revenue Service or any other governmental body or official and to execute, from time to time, any declaration of policy or disclaimer restricting the discretion given the Trustee in order to preserve the marital deduction to the maximum extent provided for by this [paragraph ____].</p> <p><u>Marital Deduction Election.</u> If the personal representative of the Decedent's estate (or the Trustee, as applicable) does not elect to treat all of the property passing to the [Last Name Marital Trust] as qualified terminable interest property for the purpose of qualifying for the marital deduction allowable in determining the federal estate tax on the Decedent's estate, such personal representative and Trustee shall establish two identical trusts under the [Last Name Marital Trust] for the benefit of the Survivor, and shall allocate to a trust referred to as the "QTIP Trust" the portion or fraction of the trust estate for which an election is made to treat the property as qualified terminable interest property, and all other property in such trust shall be allocated to a separate trust referred to as the "Non-QTIP Trust." In the event two separate trusts are established: (i) the trust estate shall be divided on a fractional or percentage basis to reflect the partial election, but the separate trusts need not be funded with a pro rata portion of each asset; and (ii) all taxes, expenses, and debts payable out of</p>

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			<p>the [Last Name Marital Trust] (including federal estate taxes imposed at the time of the Survivor's death under IRC Section 2044) shall be paid entirely out of the QTIP Trust. Further, any distributions of principal to the Survivor shall first be paid out of the QTIP Trust until such trust is exhausted.</p> <p><u>Distribution Of Assets Allocated To The [Last Name Marital Trust].</u> The Trustee may satisfy the allocation to the [Last Name Marital Trust] by making distributions of cash or in kind, or by making distributions partly of cash and partly in kind. In making distributions in kind, the Trustee shall value assets at their date of distribution values. In no event may such allocation and distribution be satisfied with property or the proceeds of property with respect to which the federal estate tax marital deduction would not be allowable if the property or the proceeds thereof were so used, and the amount of such gift shall be reduced to the extent that it cannot be satisfied with property that qualifies for the deduction.</p> <p><u>Two Or More Separate Trusts for Generation-Skipping Exemption.</u></p> <p>(a) If my executor exercises the special election provided by IRC Section 2652(a)(3), my executor and Trustee shall establish two identical trusts under this [Article ____] for the benefit of [Settlor's Spouse], and shall allocate to one trust (referred to as the "Exempt Trust") the maximum amount of property that may be held in such trust while retaining an inclusion ratio (as defined in IRC Section 2642) of</p>

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Texas Trust Code Section	Title	Trustee “Default” Power	“Suggested” Powers
			<p>zero, after allocation by my executor of my remaining unused generation-skipping transfer tax exemption under IRC Section 2631(a). My executor and Trustee shall allocate such remaining unused generation-skipping transfer tax exemption to such Exempt Trust. My executor and Trustee shall establish such Exempt Trust by dividing the trust estate on a fractional basis, and shall comply with the regulations applicable at my death concerning the funding of the Exempt Trust so that federal estate tax values shall be used to determine the inclusion ratio for the Exempt Trust.</p> <p>(b) In the event the Exempt Trust is established, all taxes, expenses, and debts payable out of the [Last Name Marital Trust] pursuant to [paragraph ___ of this Article ____] (including federal estate taxes imposed at the time of [Settlor’s Spouse]’s death under IRC Section 2044) shall be paid entirely out of the other (or “Non-Exempt”) Trust. Further, any distributions of principal to [Settlor’s Spouse] under [paragraph ___ of this Article ____] shall first be paid out of the Non-Exempt Trust until such trust is exhausted. In the event the [Last Name Marital Trust] has already been divided into two separate trusts under [paragraph ___ of this Article ____], the Trustee may further divide such trusts into as many separate trusts as may be necessary, in the Trustee’s sole discretion, to accomplish the objectives of this [paragraph ____].</p> <p><u>Federal Generation-Skipping Transfer Tax.</u></p> <p>The Trustee may make (or coordinate with the <u>personal</u> representative of the Settlor’s estate to make) any and all elections permitted by any tax law and may allocate any of the Settlor’s</p>

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			<p>remaining exemption from the federal generation-skipping transfer tax provided in IRC Section 2631 which is available at the time of death of the Settlor to any property as to which the Settlor is deemed to be the transferor under the provisions of IRC Section 2652(a), including any property transferred by the Settlor during his lifetime as to which no allocation was made prior to his death. All elections and allocations hereunder shall be in the discretion of the Trustee, who may omit any such property from any such election or allocation. Any decision made by the Trustee hereunder shall be binding on all persons.</p> <p>If the Trustee considers any distribution or termination of an interest or power hereunder as a distribution or termination subject to a generation-skipping transfer tax, the Trustee is authorized:</p> <p style="padding-left: 40px;">(a) To augment any taxable distribution by an amount which the Trustee estimates to be sufficient to pay such tax and charge the same to the particular trust or share to which the tax relates without adjustment of the relative interests of the beneficiaries;</p> <p style="padding-left: 40px;">(b) To pay such tax, in the case of a taxable termination or direct skip, from the particular trust or share to which the tax relates without adjustment of the relative interests of the beneficiaries. If said tax is imposed in part by reason of the trust</p>

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			<p>property hereunder and in part by reason of other property, the Trustee shall pay only the portion of such tax attributable to the taxable termination or direct skip hereunder taking into consideration deductions, exemptions, credits, and other factors which the Trustee deems advisable; and</p> <p>(c) To postpone final termination of any particular trust and to withhold all or any portion of the trust property until the Trustee is satisfied it no longer has any liability to pay any generation-skipping tax with reference to such trust or its termination.</p>
113.015	AUTHORITY TO BORROW	A trustee may borrow money from any source, including a trustee, purchase property on credit, and mortgage, pledge, or in any other manner encumber all or any part of the assets of the trust as is advisable in the judgment of the trustee for the advantageous administration of the trust.	<u>Borrowing Money.</u> The Trustee may borrow money and execute promissory notes therefore, and secure such obligations by security agreements, mortgages, or other liens or pledges of any property of the trust estate; make any type of purchase or contract, including installment contracts or credit arrangements, the effect of which is to borrow money; and give guaranties binding upon the trust estate; and accumulate income for the purpose of repaying any indebtedness owed.
113.016	MANAGEMENT OF SECURITIES	A trustee may: <ul style="list-style-type: none"> <li>(1) pay calls, assessments, or other charges against or because of securities or other investments held by the trust;</li> <li>(2) sell or exercise stock subscription or conversion rights;</li> <li>(3) vote corporate stock, general or limited partnership interests, or other securities in person or by</li> </ul>	<u>Voting Securities; Reorganizations.</u> The Trustee may vote, in person or by proxy, any stocks or other assets having voting rights; enter voting trusts and voting agreements; exercise any options, rights, or privileges pertaining to any property in the trust estate; participate in any merger, reorganization, or consolidation affecting the trust estate; and in connection therewith, take any action which an

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		<p>general or limited proxy;</p> <p>(4) consent directly or through a committee or other agent to the reorganization, consolidation, merger, dissolution, or liquidation of a corporation or other business enterprise; and</p> <p>(5) participate in voting trusts and deposit stocks, bonds, or other securities with any protective or other committee formed by or at the instance of persons holding similar securities, under such terms and conditions respecting the deposit thereof as the trustee may approve; sell any stock or other securities obtained by conversion, reorganization, consolidation, merger, liquidation, or the exercise of subscription rights free of any restrictions upon sale otherwise contained in the trust instrument relative to the securities originally held; assent to corporate sales, leases, encumbrances, and other transactions.</p>	<p>individual could take with respect to property owned outright by such individual, including the payment of expenses or assessments, the deposit of stock or property with a protective committee, the acceptance or retention of new securities or property, and the payment of such amounts of money as may seem advisable in connection therewith.</p> <p><u>Investment Of Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may invest and reinvest the trust estate from time to time in any property, real, personal, or mixed, including without limitation securities (whether public or private) of domestic and foreign corporations, partnerships (general and limited), limited liability companies, and investment trusts or companies, bonds, debentures, preferred stocks, common stocks, mortgages, mortgage participations, interests in common trust funds, and securities, bonds, or other obligations of the personal representative of a beneficiary's estate or any Trustee (or any affiliate thereof) of a trust hereunder which is a state or national banking association, without diversification and all with complete discretion to convert realty into personality or personality into realty or otherwise change the character of the trust estate, even though such investment (by reason of its character, amount, proportion to the total trust, estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one business or company than would be considered</p>

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			appropriate for a fiduciary apart from this provision.
113.017	CORPORATE STOCK OR OTHER SECURITIES HELD IN NAME OF NOMINEE	A trustee may: <ol style="list-style-type: none"> <li>(1) hold corporate stock or other securities in the name of a nominee;</li> <li>(2) under Subchapter B, Chapter 161, or other law, employ a bank incorporated in this state or a national bank located in this state as custodian of any corporate stock or other securities held in trust; and</li> <li>(3) under Subchapter C, Chapter 161, or other law, deposit or arrange for the deposit of securities with a Federal Reserve Bank or in a clearing corporation.</li> </ol>	<u>Nominees.</u> The Trustee may hold any securities or other property of the trust estate for any length of time in the name of a nominee or nominees without mention of any trust or fiduciary capacity in any instrument of ownership.
113.018	EMPLOYMENT OF AGENTS	A trustee may employ attorneys, accountants, agents, including investment agents, and brokers reasonably necessary in the administration of the trust estate.	<u>Employment Of Agents.</u> The Trustee may employ such brokers, banks, custodians, investment advisors, attorneys, and other agents or employees, and delegate to them such duties, rights, and powers for such period as is deemed appropriate; pay such persons reasonable compensation from the trust estate, regardless of whether any such person is (or is a partner or employee of, or is owned by) a beneficiary, the personal representative of the Settlor's estate, or the Trustee; the Trustee shall not be held liable or otherwise responsible for any neglect, omission, or wrongdoing of any agent employed by the Trustee on behalf of a trust provided the Trustee uses reasonable care in the employment of the agent.
113.019	CLAIMS	A trustee may compromise, contest, arbitrate, or settle claims of or against the trust estate or the trustee.	<u>Adjustment Of Claims And Suits.</u> The Trustee may prosecute or defend any suit; compromise or arbitrate any claim (including a claim for taxes) or any litigation either in favor of or against the trust estate; and pay claims upon such evidence as is deemed sufficient.
113.020	BURDENSOME OR WORTHLESS	A trustee may abandon property the trustee considers burdensome or worthless.	

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	PROPERTY		
113.021	DISTRIBUTION TO MINOR OR INCAPACITATED BENEFICIARY	<p>(a) A trustee may make a distribution required or permitted to be made to any beneficiary in any of the following ways when the beneficiary is a minor or a person who in the judgment of the trustee is incapacitated by reason of legal incapacity or physical or mental illness or infirmity:</p> <ol style="list-style-type: none"> <li>(1) to the beneficiary directly;</li> <li>(2) to the guardian of the beneficiary's person or estate;</li> <li>(3) by utilizing the distribution, without the interposition of a guardian, for the health, support, maintenance, or education of the beneficiary;</li> <li>(4) to a custodian for the minor beneficiary under the Texas Uniform Transfers to Minors Act (Chapter 141) or a uniform gifts or transfers to minors act of another state;</li> <li>(5) by reimbursing the person who is actually taking care of the beneficiary, even though the person is not the legal guardian, for expenditures made by the person for the benefit of the beneficiary; or</li> <li>(6) by managing the distribution as a separate fund on the beneficiary's behalf, subject to the beneficiary's continuing right to withdraw the distribution.</li> </ol> <p>(b) The written receipts of persons receiving distributions under Subsection (a) of this section are full and complete acquittances to the trustee.</p>	<p><u>Distributions To Certain Persons.</u> If any distributions from a trust are ever made outright to minors or persons who, in the opinion of the fiduciary responsible for their property (herein referred to as "the Fiduciary"), are under any disability or unable to administer distributions properly, then the Fiduciary in such Fiduciary's discretion, in any jurisdiction, without giving or requiring bond, without intervention of a guardian, conservator, or other representative, and without supervision of any court, may hold or distribute such property (herein referred to as the "Protected Property") in accordance with the provisions to follow, neither of which may operate to impair any beneficiary's indefeasible ownership in such property.</p> <p><u>Distribution Through Trust.</u> The Fiduciary may hold any Protected Property in a separate trust for such beneficiary, exercising as trustee of such trust all of the administrative powers given herein to the <u>Trustee</u>. The Fiduciary may also appoint by written designation an individual or corporate successor trustee with identical powers. Any such Fiduciary may accumulate or distribute to or for such beneficiary in accordance with the paragraph to follow such amount or amounts of income or principal of the trust as the Fiduciary determines from time to time during the term of the trust. The trust will terminate and vest free of trust when the beneficiary attains majority, or if disabled, when such beneficiary overcomes any disability or inability, or when the trust assets are exhausted by discretionary distribution or otherwise. Upon such termination, the Fiduciary</p>

## Exhibits to Executor and Trustee Powers

Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>shall distribute the trust assets then on hand to the beneficiary, or to the beneficiary's estate if the trust terminates at the beneficiary's death.</p> <p><u>Alternate Distributions.</u> The Fiduciary may distribute any Protected Property to or for the benefit of such <u>beneficiary</u> (1) directly to the beneficiary; (2) on behalf of the beneficiary for the beneficiary's benefit; (3) to any account in a bank or savings institution either in the name of such beneficiary or in a form reserving title, management, and custody of such account to a suitable person for the use of such beneficiary; (4) in any form of annuity; (5) in all ways provided by laws dealing with gifts or distributions to or for minors (including but not limited to the Texas Uniform Transfers to Minors Act) or persons under disability; (6) to any trust of which the beneficiary is the principal beneficiary (to be added to and administered as a part thereof); and/or (7) to any suitable person with whom the beneficiary resides or who has the care or control of the beneficiary without obligation to see to the further application of such distributions, and the receipt for distributions by any such person will fully discharge the Fiduciary.</p>
113.022	POWER TO PROVIDE RESIDENCE AND PAY FUNERAL EXPENSES	A trustee of a trust that is not a charitable remainder unitrust, annuity trust, or pooled income fund that is intended to qualify for a federal tax deduction under Section 664, Internal Revenue Code, after giving consideration to the probable intention of the settlor and finding that the trustee's action would be consistent with that probable intention, may:	<u>Use Of Residential Property By Survivor.</u> The Survivor shall have the right to occupy and use, without rental or accounting to the Trustee, any home, apartment, or condominium in which a trust of which such Survivor is a beneficiary has any interest (herein referred to as the "residential property"), and the right to surrender such right to occupy and use the

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>(1) permit real estate held in trust to be occupied by a beneficiary who is currently eligible to receive distributions from the trust estate;</p> <p>(2) if reasonably necessary for the maintenance of a beneficiary who is currently eligible to receive distributions from the trust estate, invest trust funds in real property to be used for a home by the beneficiary;</p> <p>and</p> <p>(3) in the trustee's discretion, pay funeral expenses of a beneficiary who at the time of the beneficiary's death was eligible to receive distributions from the trust estate.</p>	<p>residential property. While the Survivor has the use of such property, the Survivor shall pay all taxes, insurance, and assessments on said property, shall pay for any necessary repairs, shall pay the interest portion of any encumbrance payments, and shall pay all costs of utilities. The Trustee shall pay from the principal of the trust the principal portion of any encumbrance payments and the costs of any improvements. To the extent that any item is not specifically listed above, the Survivor shall pay all of the items that would be payable by the Survivor if he or she owned a legal life estate in the property, and the Trustee shall pay from the principal of the trust estate all of the items that would be payable by the Trustee if the Trustee owned a legal remainder interest in the property. The Survivor may direct the Trustee to exchange the residential property for comparable residential property, or sell the residential property and either apply the proceeds toward the purchase of residential property at such location as the Survivor shall approve or retain and invest the proceeds. Any property so acquired shall be subject to all the terms and conditions of this trust, including these provisions as to the use and occupancy and the sale or exchange of the property.</p> <p><u>Use Of Residential Property By A Beneficiary.</u> If the Trustee determines that a beneficiary's trust has sufficient assets to provide for the beneficiary in accordance with the terms of his or her trust hereunder, the Trustee, at any time after the beneficiary attains age [25] and upon the beneficiary's written request, may purchase a residence (including a vacation home) for the beneficiary as requested by the beneficiary; and the beneficiary's trust shall own such</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>residence. The beneficiary shall have the right to occupy and use any residence owned by a trust established for the benefit of such beneficiary (herein referred to as the "residential property") without rental or accounting to the Trustee and the right to surrender such right to occupy and use the residential property. While the beneficiary has the use of such property, the beneficiary's trust shall pay all taxes, insurance, and assessments on said property, and the beneficiary shall pay for any necessary repairs and all costs of utilities. To the extent that any item is not specifically listed above, the beneficiary shall pay all of the items that would be payable by the beneficiary if he or she owned a legal life estate in the property, and the Trustee shall pay from the principal of the beneficiary's trust estate all of the items that would be payable by the Trustee if the Trustee owned a legal remainder interest in the property. If the beneficiary so directs, the Trustee shall exchange the residential property for comparable residential property, or sell the residential property and either apply the proceeds toward the purchase of residential property at such location as the beneficiary shall approve or retain and invest the proceeds. Any property so acquired shall be subject to all the terms and conditions of this trust, including these provisions as to the use and occupancy and the sale or exchange of the property.</p> <p><u>Payment Of Debts And Expenses.</u> The Trustee shall pay the expenses of administration of the trusts established under this Agreement, including expenses relating to the determination of estate and inheritance taxes attributable to the assets held under this Agreement and payable as a result of such death. The Trustee shall also pay funeral expenses, expenses of</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			last illness, and debts to the extent the Trustee is advised by the Settlor's personal representative that said expenses and debts are valid and enforceable claims; provided that the Trustee may renew and extend any debt or charge existing at such time.
113.023	ANCILLARY TRUSTEE	<p>(a) If trust property is situated outside this state, a Texas trustee may name in writing an individual or corporation qualified to act in the foreign jurisdiction in connection with trust property as ancillary trustee.</p> <p>(b) Within the limits of the authority of the Texas trustee, the ancillary trustee has the rights, powers, discretions, and duties the Texas trustee delegates, subject to the limitations and directions of the Texas trustee specified in the instrument evidencing the appointment of the ancillary trustee.</p> <p>(c) The Texas trustee may remove an ancillary trustee and appoint a successor at any time as to all or part of the trust assets.</p> <p>(d) The Texas trustee may require security of the ancillary trustee, who is answerable to the Texas trustee for all trust property entrusted to or received by the ancillary trustee in connection with the administration of the trust.</p> <p>(e) If the law of the foreign jurisdiction requires a certain procedure or a judicial order for the appointment of an ancillary trustee or to authorize an ancillary trustee to act, the Texas trustee and the ancillary trustee must satisfy the requirements.</p>	<u>Resident Or Ancillary Trustee.</u> If a resident of any particular jurisdiction must serve as Trustee, and if no such resident is appointed herein, the Trustee (or the persons designated as such herein, if each of those persons is disqualified by reason of her or his residence) shall appoint (and may replace at any time) the necessary Trustee or Co-Trustee. Any ancillary Trustee shall act only with respect to those matters and property which necessitated such appointment, and shall not participate in any decision regarding distributions of income or principal.
113.024	IMPLIED POWERS	The powers, duties, and responsibilities under this subtitle do not exclude other implied powers, duties, or responsibilities that are not inconsistent with this subtitle.	<u>Powers Under Changed Conditions.</u> The Trustee may exercise such other powers as may be necessary or desirable in the management and control of the trust estate (whether or not similar to those herein enumerated) to enable the Trustee to act under changed conditions, the exact nature of which cannot be foreseen.

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
113.025	POWERS OF TRUSTEE REGARDING ENVIRONMENTAL LAWS	<p>(a) A trustee or a potential trustee may inspect, investigate, cause to be inspected, or cause to be investigated trust property, property that the trustee or potential trustee has been asked to hold, or property owned or operated by an entity in which the trustee or potential trustee holds or has been asked to hold any interest or for the purpose of determining the potential application of environmental law with respect to the property. This subsection does not grant any person the right of access to any property. The taking of any action under this subsection with respect to a trust or an addition to a trust is not evidence that a person has accepted the trust or the addition to the trust.</p> <p>(b) A trustee may take on behalf of the trust any action before or after the initiation of an enforcement action or other legal proceeding that the trustee reasonably believes will help to prevent, abate, or otherwise remedy any actual or potential violation of any environmental law affecting property held directly or indirectly by the trustee.</p>	
113.027	DISTRIBUTIONS GENERALLY	<p>When distributing trust property or dividing or terminating a trust, a trustee may:</p> <ol style="list-style-type: none"> <li>(1) make distributions in divided or undivided interests;</li> <li>(2) allocate particular assets in proportionate or disproportionate shares;</li> <li>(3) value the trust property for the purposes of acting under Subdivision (1) or (2); and</li> <li>(4) adjust the distribution, division, or termination for resulting differences in valuation.</li> </ol>	<p>The Trustee is authorized to make all partitions and divisions contemplated by any of the provisions of this instrument. The Trustee is authorized to make any distribution or division of the trust property in cash or in kind or both. The Trustee is authorized to make non-pro rata distributions in kind of particular assets, provided that no trust or beneficiary shall receive a lesser portion of fair market value of property than would have been received had a pro rata distribution in kind been made.</p> <p><b>[alternate provision below]</b></p> <p><u>Method of Distribution Or Division.</u> In dividing the</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			trust estate into separate shares or trusts or in distributing the same, the Trustee may divide (including partition, if appropriate) or distribute in cash, in kind, whether pro rata or non-pro rata, or partly in cash and partly in kind, using different assets according to their values and/or undivided interests in the same assets, as is deemed appropriate; and value the trust estate or any part thereof for any purpose including division or distribution, reasonably and in good faith, and such valuation shall be conclusive upon all parties.
113.051	GENERAL DUTY	The trustee shall administer the trust in good faith according to its terms and this subtitle. In the absence of any contrary terms in the trust instrument or contrary provisions of this subtitle, in administering the trust the trustee shall perform all of the duties imposed on trustees by the common law.	
113.052	LOAN OF TRUST FUNDS TO TRUSTEE	<p>(a) Except as provided by Subsection (b) of this section, a trustee may not lend trust funds to:</p> <ol style="list-style-type: none"> <li>(1) the trustee or an affiliate;</li> <li>(2) a director, officer, or employee of the trustee or an affiliate;</li> <li>(3) a relative of the trustee; or</li> <li>(4) the trustee's employer, employee, partner, or other business associate.</li> </ol> <p>(b) This section does not prohibit:</p> <ol style="list-style-type: none"> <li>(1) a loan by a trustee to a beneficiary of the trust if the loan is expressly authorized or directed by the instrument or transaction establishing the trust; or</li> <li>(2) a deposit by a corporate trustee with itself under Section 113.057 of this Act.</li> </ol>	<p><u>Special Trustee Self-Dealing Provisions.</u> The Settlor is aware of the potential problems that may arise in the administration of the trusts established hereunder if a Trustee, in its discretion, should find it advisable to transact business with itself, whether individually or as Trustee of any other trust created by this Agreement, or as trustee under any other trust agreement. The Settlor expressly relieves any and all Trustees and fiduciaries from any self-dealing restrictions and limitations, except for those prohibitions which cannot be waived.</p> <p>Accordingly, the Settlor hereby specifically waives such rules and prohibitions regarding self-dealing, conflict of interest, or any other rule or regulation regarding the transaction of business between a particular trust or fiduciary and such trustee or fiduciary. For example, the Trustee may freely</p>

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			<p>transact any business among the separate trusts created by this Trust Agreement (therefore specifically abrogating Section 113.054 of the Texas Trust Code), between the trusts established hereunder and any other trust, or between the Trustee, in its individual capacity, and the trusts established hereunder, subject, however, to the exclusive delegation of duties to a particular class (or classes) of Trustees by this Agreement.</p> <p><u>Loans; Dealing With Beneficiaries.</u> The Trustee may make loans, secured or unsecured, in such amounts, upon such terms, at such rates of interest, and to such persons, firms, or corporations as are deemed advisable. The Trustee may make such loans to, and buy property from and sell property to, any beneficiary, the estate of any beneficiary (whether living or dead), or a trust created by or for the benefit of any beneficiary (whether living or dead).</p>
113.053	PURCHASE OR SALE OF TRUST PROPERTY BY TRUSTEE	<p>(a) Except as provided by Subsections (b), (c), (d), (e), (f), and (g), a trustee shall not directly or indirectly buy or sell trust property from or to:</p> <ol style="list-style-type: none"> <li>(1) the trustee or an affiliate;</li> <li>(2) a director, officer, or employee of the trustee or an affiliate;</li> <li>(3) a relative of the trustee; or</li> <li>(4) the trustee's employer, partner, or other business associate.</li> </ol> <p>(b) A national banking association or a state-chartered corporation with the right to exercise trust powers that is serving as executor, administrator, guardian, trustee, or receiver may sell shares of its own capital stock held by it for an estate to one or more of its officers or directors if a court:</p> <ol style="list-style-type: none"> <li>(1) finds that the sale is in the best interest of</li> </ol>	<p><u>Trustee Powers In Transacting Or Dealing With Estates.</u> The Trustee is specifically authorized to transact any business with the estate of the Settlor or the estate of any beneficiary. This power shall include, but shall not be limited to, the following provisions:</p> <p><u>Power To Lend Funds To Estates.</u> The Trustee is authorized, but not directed, to lend trust funds to the executor or administrator of the estate of the Settlor or to the estate of any beneficiary or to the estate of any individual related to the Settlor or any beneficiary upon such <u>security</u>, for such time, at such rates of interest (if any), and upon such terms as the Trustee, in its discretion, may deem</p>

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		<p>the estate that owns the shares;</p> <p>(2) fixes or approves the sales price of the shares and the other terms of the sale; and</p> <p>(3) enters an order authorizing and directing the sale.</p> <p>(c) If a corporate trustee, executor, administrator, or guardian is legally authorized to retain its own capital stock in trust, the trustee may exercise rights to purchase its own stock if increases in the stock are offered pro rata to shareholders.</p> <p>(d) If the exercise of rights or the receipt of a stock dividend results in a fractional share holding and the acquisition meets the investment standard required by this subchapter, the trustee may purchase additional fractional shares to round out the holding to a full share.</p> <p>(e) A trustee may:</p> <p>(1) comply with the terms of a written executory contract signed by the settlor, including a contract for deed, earnest money contract, buy/sell agreement, or stock purchase or redemption agreement; and</p> <p>(2) sell the stock, bonds, obligations, or other securities of a corporation to the issuing corporation or to its corporate affiliate if the sale is made under an agreement described in Subdivision (1) or complies with the duties imposed by Chapter 117.</p> <p>(f) A national banking association, a state-chartered corporation, including a state-chartered bank or trust company, a state or federal savings and loan association that has the right to exercise trust powers and that is serving as trustee, or such an institution that is serving as custodian with respect to an individual retirement account, as defined by Section 408, Internal Revenue Code, or an employee benefit plan, as defined by Section 3(3), Employee Retirement Income Security</p>	<p>proper.</p> <p><u>Power To Purchase Assets From Estates.</u> The Trustee is further authorized to purchase from the executors or administrators of these estates any item of property for such sums and on such terms <u>and</u> conditions as the Trustee may deem proper. The Trustees shall be free from any self-dealing restrictions concerning such transactions even if such Trustees are likewise serving in the fiduciary capacity as the executor or administrator of such estate.</p>

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Texas Trust Code Section	Title	Trustee “Default” Power	“Suggested” Powers
		<p>Act of 1974 (29 U.S.C. Section 1002(3)), regardless of whether the custodial account is, or would otherwise be, considered a trust for purposes of this subtitle, may:</p> <p>(1) employ an affiliate or division within a financial institution to provide brokerage, investment, administrative, custodial, or other account services for the trust or custodial account and charge the trust or custodial account for the services, provided, however, nothing in this section shall allow an affiliate or division to engage in the sale or business of insurance if not otherwise permitted to do so; and</p> <p>(2) receive compensation, directly or indirectly, on account of the services performed by the affiliate or division within the financial institution, whether in the form of shared commissions, fees, or otherwise, provided that any amount charged by the affiliate or division for the services is disclosed and does not exceed the customary or prevailing amount that is charged by the affiliate or division, or a comparable entity, for comparable services rendered to a person other than the trust.</p> <p>(g) In addition to other investments authorized by law for the investment of funds held by a fiduciary or by the instrument governing the fiduciary relationship, and notwithstanding any other provision of law and subject to the standard contained in Chapter 117, a bank or trust company acting as a fiduciary, agent, or otherwise, in the exercise of its investment discretion or at the direction of another person authorized to direct the investment of funds held by the bank or trust company as fiduciary, may invest and reinvest in the securities of an open-end or closed-end management investment company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. § 80a-1 et seq.) if the portfolio of the investment company or investment trust</p>	

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		<p>consists substantially of investments that are not prohibited by the governing instrument. The fact that the bank or trust company or an affiliate of the bank or trust company provides services to the investment company or investment trust, such as those of an investment advisor, custodian, transfer agent, registrar, sponsor, distributor, manager, or otherwise, and receives compensation for those services does not preclude the bank or trust company from investing or reinvesting in the securities if the compensation is disclosed by prospectus, account statement, or otherwise. An executor or administrator of an estate under a dependent administration or a guardian of an estate shall not so invest or reinvest unless specifically authorized by the court in which such estate or guardianship is pending.</p>	
113.054	SALES FROM ONE TRUST TO ANOTHER	<p>A trustee of one trust may not sell property to another trust of which it is also trustee unless the property is:</p> <ol style="list-style-type: none"> <li>(1) a bond, note, bill, or other obligation issued or fully guaranteed as to principal and interest by the United States; and</li> <li>(2) sold for its current market price.</li> </ol>	<p><u>Special Multiple Trust Powers.</u> The following provisions shall be applicable if a trust for a beneficiary is divided into two or more separate trusts, or if the beneficiary of a trust established hereunder is also a beneficiary of any other trust, whether or not administered by the same trustee or trustees:</p> <p><u>Commingling Trusts.</u> The Trustee may, in its sole discretion, commingle all or any part of the assets of the multiple trusts created for a beneficiary by this Trust Agreement and hold such assets as one fund with each separate trust <u>having</u> proportionate undivided interests therein. However, the Trustee shall not be obligated to conduct investments or business on an equal basis among such separate trusts. The Settlor expressly intends that each separate trust be treated as a totally distinct trust entity for all purposes.</p> <p><u>Merger Of Trusts.</u> If at any time any Trustee of a</p>

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			<p>trust shall also act as a Trustee of any other trust for the benefit of the same beneficiary and upon substantially (although, perhaps, not identically) the same terms, conditions, and provisions, the Trustee, in its discretion, is authorized to transfer and merge all the assets held in the trust under this Trust <u>Agreement</u> to and with the other trust and thereupon terminate the trust under this Trust Agreement. The Trustee is further authorized to accept the assets of the other trust and to administer and distribute such assets and properties so transferred in accordance with the provisions of this Trust Agreement. In no event, however, shall this discretionary power be construed as a power of amendment, modification, or appointment in the hands of the Trustee.</p> <p><u>Division Into Shares Of Trusts.</u> The Trustee may divide a single trust into multiple identical trusts; hold, manage, invest, and account for the several shares or separate Trusts which may be held in trust, either as separate funds or as a single fund, as the Trustee may deem appropriate. If a trust is held as a single fund, the Trustee may make division thereof only upon the books of account and allocating to each share or trust its proportionate part of the principal and income of the single fund and charging against each share or trust its proportionate part of the common expenses.</p> <p><u>Transactions Between Separate Trusts.</u> Because it is probable that the separate trusts established hereunder will contain different investments and</p>

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			<p>properties and the relative needs of the respective beneficiaries will vary, the Settlor is concerned that one or more of the trusts will have insufficient cash with which to make its distributions or investments. Accordingly, the Trustee is specifically authorized, but not directed, to transact any business among the separate trusts established hereunder, including, but not limited to, the following: (1) to borrow or lend money among the separate trusts on such terms and upon such collateral (if any) as the Trustee shall deem appropriate; (2) to purchase or sell assets or properties, or exchange assets or properties, among the separate trusts on such terms and conditions as the Trustee shall deem appropriate, provided that such purchase/sale transactions are for full and adequate consideration; or, (3) to conduct any other business or transaction among the separate trusts as the Trustee deems appropriate.</p> <p><u>Method of Distribution Or Division.</u> In dividing the trust estate into separate shares or trusts or in distributing the same, the Trustee may divide (including partition, if appropriate) or distribute in cash, in kind, whether pro rata or non-pro-rata, or partly in cash and partly in kind, using different assets according to their values and/or undivided interests in the same assets, as is deemed appropriate; and value the trust estate or any part thereof for any purpose including division or distribution, reasonably and in good faith, and such valuation shall be conclusive upon all parties.</p> <p><u>Trustee Powers In Transacting Or Dealing With</u></p>

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			<p><u>Estates.</u> The Trustee is specifically authorized to transact any business with the estate of the Settlor or the estate of any beneficiary. This power shall include, but shall not be limited to, the following provisions:</p> <p><u>Power To Lend Funds To Estates.</u> The Trustee is authorized, but not directed, to lend trust funds to the executors or administrators of the estate of the Settlor or to the estate of any beneficiary or to the estate of any individual related to the Settlor or any beneficiary upon such security, for such time, at such rates of interest (if any), and upon such terms as the Trustee, in its discretion, may deem proper.</p> <p><u>Power To Purchase Assets From Estates.</u> The Trustee is further authorized to purchase from the executors or administrators of these estates any item of property for such sums and on such terms and conditions as the Trustee may deem proper. <u>The</u> Trustees shall be free from any self-dealing restrictions concerning such transactions even if such Trustees are likewise serving in the fiduciary capacity as the executor or administrator of such estate.</p>
113.055	PURCHASE OF TRUSTEE'S SECURITIES	(a) Except as provided by Subsection (b) of this section, a corporate trustee may not purchase for the trust the stock, bonds, obligations, or other securities of the trustee or an affiliate, and a noncorporate trustee may not purchase for the trust the stock, bonds, obligations, or other securities of a corporation with which the trustee is	<u>Corporate Trustee.</u> The powers and authorities granted to the Trustee will not be limited by the fact that the Trustee is a bank or financial institution, and the Trustee will not be subject to limitations or restrictions imposed upon a bank or financial institution or upon fiduciaries generally with respect to

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		<p>connected as director, owner, manager, or any other executive capacity.</p> <p>(b) A trustee may:</p> <p>(1) retain stock already owned by the trust unless the retention does not satisfy the requirements prescribed by Chapter 117; and</p> <p>(2) exercise stock rights or purchase fractional shares under Section 113.053 of this Act.</p>	<p>the type of investment any such Trustee may make of its own funds or of the funds of others. Specifically, the Trustee may: (1) retain, acquire, or otherwise deal in the capital stock or other securities of the Trustee (or its parent corporation) or of a corporation for which the Trustee is registrar, transfer agent, or the like; (2) deposit trust funds with the Trustee as a bank, and (3) contract or otherwise enter into transactions with the Trustee as a bank or any of its affiliates or any other trust for which it is acting as Trustee. If a corporate Trustee, before or after qualification as Trustee, consolidates or merges with another corporation or otherwise reorganizes or changes its name, any resulting corporation or association which succeeds to the fiduciary business of such corporate Trustee shall become a Trustee hereunder instead of such corporate Trustee. However, if a corporate Trustee fails or is reorganized by a government agency, a majority of the then adult and competent income beneficiaries of a trust shall have the right to remove such corporate Trustee and to appoint a successor corporate Trustee by a written notice delivered to the Trustee being removed, accompanied by a statement of willingness to accept the trust signed by the selected successor Trustee.</p>
113.056	AUTHORIZATION TO MAKE CERTAIN INVESTMENTS	<p>(a) Unless the terms of the trust instrument provide otherwise, and subject to the investment standards provided by this subtitle and any investment standards provided by the trust instrument, the trustee may invest all or part of the trust assets in an investment vehicle authorized for the collective investment of trust funds pursuant to Part 9, Title 12, of the Code of Federal Regulations.</p> <p>(d) Subject to any investment standards provided by this chapter, Chapter 117, or the trust instrument,</p>	<p><u>Investment Of Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may invest and reinvest the trust estate from time to time in any property, real, personal, or mixed, including without limitation securities (whether public or private) of domestic and foreign corporations, partnerships (general and limited), limited liability companies, and investment trusts or companies, bonds, debentures, preferred stocks, common stocks, mortgages,</p>

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		whenever the instrument directs, requires, authorizes, or permits investment in obligations of the United States government, the trustee may invest in and hold such obligations either directly or in the form of interests in an open-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., or in an investment vehicle authorized for the collective investment of trust funds pursuant to Part 9, Title 12 of the Code of Federal Regulations, so long as the portfolio of such investment company, investment trust, or collective investment vehicle is limited to such obligations and to repurchase agreements fully collateralized by such obligations.	mortgage participations, interests in common trust funds, and securities, bonds, or other obligations of the personal representative of a beneficiary's estate or any Trustee (or any affiliate thereof) of a trust hereunder which is a state or national banking association, without diversification and all with complete discretion to convert realty into personality or personality into realty or otherwise change the character of the trust estate, even though such investment (by reason of its character, amount, proportion to the total trust, estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one business or company than would be considered appropriate for a fiduciary apart from this provision.
113.057	DEPOSITS BY CORPORATE TRUSTEE WITH ITSELF	<p>(a) A corporate trustee may deposit trust funds with itself as a permanent investment if authorized by the settlor in the instrument creating the trust or if authorized in a writing delivered to the trustee by a beneficiary currently eligible to receive distributions from a trust created before January 1, 1988.</p> <p>(b) A corporate trustee may deposit with itself trust funds that are being held pending investment, distribution, or payment of debts if, except as provided by Subsection (d) of this section:</p> <p>(1) it maintains under control of its trust department as security for the deposit a separate fund of securities legal for trust investments;</p> <p>(2) the total market value of the security is at all times at least equal to the amount of the deposit; and</p> <p>(3) the separate fund is marked as such.</p>	<u>Custody Of Property And Records.</u> While a corporate trustee is acting as Co-Trustee, it alone shall have custody of all money, securities, and other personal property comprising the trust estate, maintain all records and accounts for the trust estate, and make all necessary payments and distributions.

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		<p>(c) The trustee may make periodic withdrawals from or additions to the securities fund required by Subsection (b) of this section as long as the required value is maintained. Income from securities in the fund belongs to the trustee.</p> <p>(d) Security for a deposit under this section is not required for a deposit under Subsection (a) or under Subsection (b) of this section to the extent the deposit is insured or otherwise secured under state or federal law.</p>	
113.081	RESIGNATION OF TRUSTEE	<p>(a) A trustee may resign in accordance with the terms of the trust instrument, or a trustee may petition a court for permission to resign as trustee.</p> <p>(b) The court may accept a trustee's resignation and discharge the trustee from the trust on the terms and conditions necessary to protect the rights of other interested persons.</p>	<p><u>Resignation.</u> A Trustee of a trust may resign by giving at least thirty (30) days prior written notice thereof to the Trust Committee, to the successor Trustee of such trust named in [Section ____], and to each current income beneficiary of such trust. A member of the Trust Committee may waive the notice required by this [paragraph ____].</p>
113.082	REMOVAL OF TRUSTEE	<p>(a) A trustee may be removed in accordance with the terms of the trust instrument, or, on the petition of an interested person and after hearing, a court may, in its discretion, remove a trustee and deny part or all of the trustee's compensation if:</p> <p>(1) the trustee materially violated or attempted to violate the terms of the trust and the violation or attempted violation results in a material financial loss to the trust;</p> <p>(2) the trustee becomes incapacitated or insolvent;</p> <p>(3) the trustee fails to make an accounting that is required by law or by the terms of the trust; or</p> <p>(4) the court finds other cause for removal.</p> <p>(b) A beneficiary, cotrustee, or successor trustee may treat a violation resulting in removal as a breach of trust.</p> <p>(c) A trustee of a charitable trust may not be</p>	<p><u>Removal And Resignation.</u> After the Decedent's death, the current members of the Trust Committee (other than the member being removed) may remove a member of the Trust Committee by written directions, provided there is reasonable cause and the Trustee consents thereto in writing. Should the members of the Trust Committee determine that a member of the Trust Committee is disabled, then such member shall be removed and replaced by a successor member of the Trust Committee; provided that, if the members of the Trust Committee shall determine that such removed member shall no longer be disabled, such removed member shall resume his or her duties as a member of the Trust Committee upon written notice from the members of the Trust Committee to the Trustee, at which time such successor member shall resume his or her standing as a successor member of the Trust Committee.</p>

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Texas Trust Code Section	Title	Trustee “Default” Power	“Suggested” Powers
		<p>removed solely on the grounds that the trustee exercised the trustee's power to adjust between principal and income under Section 113.0211.</p>	<p>Any member of the Trust Committee may resign as a member of the Trust Committee at any time, by a signed writing delivered to the other members of the Trust Committee and to each then-acting Trustee.</p>
113.083	<p>APPOINTMENT OF SUCCESSOR TRUSTEE</p>	<p>(a) On the death, resignation, incapacity, or removal of a sole or surviving trustee, a successor trustee shall be selected according to the method, if any, prescribed in the trust instrument. If for any reason a successor is not selected under the terms of the trust instrument, a court may and on petition of any interested person shall appoint a successor in whom the trust shall vest.</p> <p>(b) If a vacancy occurs in the number of trustees originally appointed under a valid charitable trust agreement and the trust agreement does not provide for filling the vacancy, the remaining trustees may fill the vacancy by majority vote.</p>	<p><u>Appointment Of Successor Trustee.</u> The right to appoint a successor Trustee or Co-Trustee includes the right to appoint a series of successor Trustees. The right to appoint shall apply to any vacancy in the Trustee. The holder of a power to appoint a successor Trustee shall exercise such power by delivering a designation in writing to: each then acting Trustee, each person who is to become a Trustee upon acceptance, and to each current income beneficiary of the applicable trust. The designated successor Trustee shall consent to appointment in writing. Any previous appointment may be revoked and a new appointment made by such holder.</p> <p><u>Right To Appoint And Replace Corporate Trustee.</u> A majority of the beneficiaries of a trust who are then entitled to receive income distributions (including the guardian of any minor or incompetent beneficiary) shall have the right to remove a corporate Trustee of any trust established under this Trust Agreement, with or without cause. If at any time no Trustee is acting with respect to any trust established under this Trust Agreement, and no successor Trustee has been appointed by the person or the Trust Committee which has the power to appoint a successor Trustee within 60 days, or if a corporate Trustee is removed under this [paragraph ____], a majority of the beneficiaries of such trust who are then entitled to receive income distributions (including the guardian of any minor or incompetent beneficiary) shall have the right to</p>

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			appoint as successor Trustee of such trust any bank or trust company having its principal offices in the United States and having trust powers (and assets under management of at least 500 million dollars) by delivering a written notice of such removal and/or appointment to the Trustee, accompanied by a statement of willingness to accept the trust signed by the selected successor Trustee.
113.084	POWERS OF SUCCESSOR TRUSTEE	Unless otherwise provided in the trust instrument or by order of the court appointing a successor trustee, the successor trustee has the rights, powers, authority, discretion, and title to trust property conferred on the trustee.	
113.085	EXERCISE OF POWERS BY MULTIPLE TRUSTEES	<p>(a) Cotrustees may act by majority decision.</p> <p>(b) If a vacancy occurs in a cotrusteeship, the remaining cotrustees may act for the trust.</p> <p>(c) A cotrustee shall participate in the performance of a trustee's function unless the cotrustee:</p> <p>(1) is unavailable to perform the function because of absence, illness, disqualification under other law, or other temporary incapacity; or</p> <p>(2) has delegated the performance of the function to another trustee in accordance with the terms of the trust or applicable law, has communicated the delegation to all other cotrustees, and has filed the delegation in the records of the trust.</p> <p>(d) If a cotrustee is unavailable to participate in the performance of a trustee's function for a reason described by Subsection (c)(1) and prompt action is necessary to achieve the purposes of the trust or to avoid injury to the trust property, the remaining cotrustee or a majority of the remaining cotrustees may act for the trust.</p> <p>(e) A trustee may delegate to a cotrustee the</p>	<u>Trustee Defined; Scope Of Authority; Liability.</u> As used in this Will the term "Trustee" shall be deemed to refer to Co-Trustees and any successor Trustee as well as the initial Trustee. No one dealing with the Trustee need inquire concerning the validity of anything the Trustee purports to do, nor see to the proper application of any money paid or property transferred to or upon the order of the Trustee. Except for bad faith, willful default, reckless indifference, or gross negligence, no individual serving as Trustee hereunder shall be liable for any act, omission, loss, damage, or expense arising from the performance of his or her duties under any trust hereunder. Except for bad faith, willful default, reckless indifference, or gross negligence, no corporate fiduciary serving as Trustee hereunder shall be liable for any act, omission, loss, damage, or expense arising from the performance of its duties under any trust hereunder. No Trustee shall be liable or responsible for any acts or omissions of any predecessor Trustee or for any losses or expenses resulting therefrom, or shall be required to inquire into

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>performance of a trustee's function unless the settlor specifically directs that the function be performed jointly. Unless a cotrustee's delegation under this subsection is irrevocable, the cotrustee making the delegation may revoke the delegation.</p>	<p>any act or decision of, or pursue any claim or remedy against, any predecessor Trustee. Any successor Trustee shall be entitled to accept as conclusive any accounting and statement of assets furnished by the predecessor Trustee (or by such predecessor's personal representative or successor in interest), and shall be entitled to acknowledge receipt of only those assets included in such statement.</p> <p><u>Delegation Of Powers Or Duties.</u> Any individual Co-Trustee may at any time delegate any or all of his or her powers or duties, either ministerial or discretionary, to another Co-Trustee and may revoke or renew such delegation at any time. Any such delegation or revocation or renewal of delegation shall be given in writing by the individual to the Co-Trustee to whom powers or duties are delegated.</p> <p><u>No Duty to Monitor.</u> No Trustee who is a Directed Trustee (as defined below) or who has delegated a power or authority shall have any obligation to monitor, supervise, or consult with the Powerholder (as defined below) or any Trustee(s) to whom any such power or authority was delegated.</p> <p><u>Liability for Following Directions.</u> If any provision of a trust established hereunder allocates a power or authority to one or more Trustees to the exclusion of one or more other Trustees, or allocates any such power or authority to an individual or a group of individuals (such holder of a power or authority, whether or not a Trustee, is referred to as a "Powerholder"), all Trustees are directed to comply with the directions or decisions of a Powerholder (any such Trustee being referred to as a "Directed Trustee")</p>

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			<p>and must accept the decision and directions of the Powerholder without question. Each Directed Trustee, in following the directions of a Powerholder, shall not be liable for any act, omission, loss, damage, or expense arising from the performance of his or her duties under any trust hereunder, unless it is determined that such Directed Trustee is acting in bad faith in complying with such directions. In addition, any Powerholder who is not also a Trustee of the trust with respect to which the power or authority is being exercised shall not be considered a Trustee or fiduciary of the trust. A Powerholder with respect to a trust hereunder shall not be liable for any act, omission, loss, damage, or expense arising from the performance of his or her duties under any trust hereunder, except for bad faith, willful default, reckless indifference, or gross negligence.</p> <p><u>Resolution Of Disputes.</u> If, after consultation with each other, Co-Trustees are unable to agree regarding any matter affecting a trust, including, without limitation, administration, management, sale, retention, acquisition, or establishing policy, the dispute shall be submitted to the Trust Committee whose decision shall govern and the Trustees shall implement the decision of the Trust Committee and shall be fully protected and held harmless from the consequences taken or omitted in reliance on the written instructions of the Trust Committee. The Trust Committee shall also be held harmless from the consequences taken or omitted in connection with the resolution of the conflict between the Trustees.</p>
113.151	DEMAND FOR ACCOUNTING	(a) A beneficiary by written demand may request the trustee to deliver to each beneficiary of the trust a written statement of accounts covering all transactions	<u>Reports; Accounts.</u> During the administration of a trust, the Trustee shall render reports no less frequently than annually to each beneficiary of such

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		<p>since the last accounting or since the creation of the trust, whichever is later. If the trustee fails or refuses to deliver the statement on or before the 90th day after the date the trustee receives the demand or after a longer period ordered by a court, any beneficiary of the trust may file suit to compel the trustee to deliver the statement to all beneficiaries of the trust. The court may require the trustee to deliver a written statement of account to all beneficiaries on finding that the nature of the beneficiary's interest in the trust or the effect of the administration of the trust on the beneficiary's interest is sufficient to require an accounting by the trustee. However, the trustee is not obligated or required to account to the beneficiaries of a trust more frequently than once every 12 months unless a more frequent accounting is required by the court. If a beneficiary is successful in the suit to compel a statement under this section, the court may, in its discretion, award all or part of the costs of court and all of the suing beneficiary's reasonable and necessary attorney's fees and costs against the trustee in the trustee's individual capacity or in the trustee's capacity as trustee.</p> <p>(b) An interested person may file suit to compel the trustee to account to the interested person. The court may require the trustee to deliver a written statement of account to the interested person on finding that the nature of the interest in the trust of, the claim against the trust by, or the effect of the administration of the trust on the interested person is sufficient to require an accounting by the trustee.</p>	<p>trust to whom a distribution of income or principal may be made at that time. Such reports shall detail the assets of the trust and the income and principal transactions during the accounting period. The usual statements of a corporate trustee, rendered at least annually, shall satisfy this requirement. The Trustee, however, shall have no duty to render annual or other periodic accounts to any court. The approval of an account by such beneficiary(ies) (or their natural or legal guardians, conservators, or committees, if any, other than the Trustee) shall, with regard to all matters and transactions shown or otherwise disclosed in such account, be a complete release of the Trustee, and shall be final and binding on all persons and entities, whether then in being or not, who are then or who thereafter may become entitled to an interest in the trust. An account shall be deemed to have been so approved unless written objections are received by the Trustee within thirty (30) days after such account has been rendered. It is the intention of the Settlor that, to the maximum extent allowed under the Texas Trust Code, the provisions of this [paragraph _____] control over any other provision of the Texas Trust Code regarding notice to the trust beneficiaries.</p> <p><u>Special Fiduciary Accounting Provisions For Income Distributions.</u> The Settlor recognizes that the Trustee may be unable to make actual distributions of all the income of a trust due to the unique nature of its QSST status and the possibility that sufficient income from an S corporation to satisfy the mandatory income distribution provisions may not be distributed to the QSST. To the extent a QSST does not receive sufficient distributions from an S corporation to enable the Trustee to make actual distributions of all income</p>

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			<p>to or for the benefit of the beneficiary, the Trustee is specifically directed to establish an account on the books and records of the trust indicating that such remaining undistributed amounts are due and payable to the beneficiary (a "QSST Income Payable Account"). The Settlor does not intend to override the Trustee's discretion regarding principal distributions to or for the benefit of the beneficiary. Instead, the Settlor wants to provide that the Trustee shall have no liability for failing to make actual distributions where, as a matter of practical necessity, the QSST has failed to receive sufficient distributions from the S corporation and there are insufficient assets other than the Stock in one or more corporations that have elected S corporation status with which to make such mandatory income distributions.</p> <p>No interest shall accrue to or be payable on a QSST Income Payable Account except to avoid imputation of interest under specific provisions of the IRC. The Trustee shall distribute any amounts set aside in the QSST Income Payable Account to or for the benefit of the beneficiary as soon as practically possible taking into account the receipts of the QSST.</p> <p><u>Disclosure Duties to Beneficiaries.</u> To the extent permitted by law, I direct that no beneficiary under the age of 25 years shall have the right to receive a copy of the trust document or any information about the trust. Further, the trustee shall have no obligation to deliver a copy of the trust document or to disclose any information regarding the trust or its assets to any beneficiary who is neither entitled nor permitted to receive current distributions from the trust, and who would receive no distribution from the trust if it then</p>

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			terminated, and no such beneficiary may demand an accounting from the Trustee under Section 113.151 of the Texas Trust Code.
113.171	COMMON TRUST FUNDS	<p>(a) A bank or trust company qualified to act as a fiduciary in this state may establish common trust funds to provide investments to itself as a fiduciary, including as a custodian under the Texas Uniform Transfers to Minors Act (Chapter 141) or a uniform gifts or transfers to minors act of another state or to itself and others as cofiduciaries.</p> <p>(b) The fiduciary or cofiduciary may place investment funds in interests in common trust funds if:</p> <p>(1) the investment is not prohibited by the instrument or order creating the fiduciary relationship; and</p> <p>(2) if there are cofiduciaries, the cofiduciaries consent to the investment.</p> <p>(c) A common trust fund includes a fund:</p> <p>(1) qualified for exemption from federal income taxation as a common trust fund and maintained exclusively for eligible fiduciary accounts; and</p> <p>(2) consisting solely of assets of retirement, pension, profit sharing, stock bonus, or other employees' trusts that are exempt from federal income taxation.</p>	
113.172	AFFILIATED INSTITUTIONS	A bank or trust company that is a member of an affiliated group under Section 1504, Internal Revenue Code of 1954 (26 U.S.C. 1504), with a bank or trust company maintaining common trust funds may participate in one or more of the funds.	
114.001	LIABILITY OF TRUSTEE TO BENEFICIARY	(a) The trustee is accountable to a beneficiary for the trust property and for any profit made by the trustee through or arising out of the administration of the trust, even though the profit does not result from a breach of trust; provided, however, that the trustee is not required	<p><u>Limitation Of Liability Of Trustee.</u></p> <p><u>To Trust Beneficiaries.</u> Except for bad faith, willful default, reckless indifference, or gross negligence, no individual serving as Trustee</p>

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		<p>to return to a beneficiary the trustee's compensation as provided by this subtitle, by the terms of the trust instrument, or by a writing delivered to the trustee and signed by all beneficiaries of the trust who have full legal capacity.</p> <p>(b) The trustee is not liable to the beneficiary for a loss or depreciation in value of the trust property or for a failure to make a profit that does not result from a failure to perform the duties set forth in this subtitle or from any other breach of trust.</p> <p>(c) A trustee who commits a breach of trust is chargeable with any damages resulting from such breach of trust, including but not limited to:</p> <p>(1) any loss or depreciation in value of the trust estate as a result of the breach of trust;</p> <p>(2) any profit made by the trustee through the breach of trust; or</p> <p>(3) any profit that would have accrued to the trust estate if there had been no breach of trust.</p> <p>(d) The trustee is not liable to the beneficiary for a loss or depreciation in value of the trust property or for acting or failing to act under Section 113.025 or under any other provision of this subtitle if the action or failure to act relates to compliance with an environmental law and if there is no gross negligence or bad faith on the part of the trustee. The provision of any instrument governing trustee liability does not increase the liability of the trustee as provided by this section unless the settlor expressly makes reference to this subsection.</p> <p>(e) The trustee has the same protection from liability provided for a fiduciary under 42 U.S.C. Section 9607(n).</p>	<p>hereunder shall be liable for any act, omission, loss, damage, or expense arising from the performance of his or her duties under any trust. Except for bad faith, willful default, reckless indifference, or gross negligence, no corporate fiduciary serving as Trustee hereunder shall be liable for any act, omission, loss, damage, or expense arising from the performance of its duties under any trust. No Trustee shall be liable or responsible for any acts or omissions of any predecessor Trustee or for any losses or expenses resulting therefrom, or <u>shall</u> be required to inquire into any act or decision of, or pursue any claim or remedy against, any predecessor Trustee. Any successor Trustee shall be entitled to accept as conclusive any accounting and statement of assets furnished by the predecessor Trustee (or by such predecessor’s personal representative or successor in interest), and shall be entitled to acknowledge receipt of only those assets included in such statement.</p> <p><u>To Third Parties.</u> No one dealing with the Trustee need inquire concerning the validity of anything the Trustee purports to do, nor see to the proper application of any money paid or property transferred to or upon the order of the Trustee. <u>The</u> Trustee shall not have any personal liability to any person or corporation dealing with the Trustee in the administration of the trust, and the Trustee may receive reimbursement from the trust for any liability, whether in contract or in tort, incurred in the administration of the trust in accordance with the provisions hereof. The Trustee may contract in such form that the</p>

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			Trustee will be exempt from such personal liability and that such liability will be limited to the trust assets.
114.003	POWERS TO DIRECT	<p>(a) The terms of a trust may give a trustee or other person a power to direct the modification or termination of the trust.</p> <p>(b) If the terms of a trust give a person the power to direct certain actions of the trustee, the trustee shall act in accordance with the person's direction unless:</p> <p>(1) the direction is manifestly contrary to the terms of the trust; or</p> <p>(2) the trustee knows the direction would constitute a serious breach of a fiduciary duty that the person holding the power to direct owes to the beneficiaries of the trust.</p> <p>(c) A person, other than a beneficiary, who holds a power to direct is presumptively a fiduciary required to act in good faith with regard to the purposes of the trust and the interests of the beneficiaries. The holder of a power to direct is liable for any loss that results from a breach of the person's fiduciary duty.</p>	<p>If any provision of a trust established hereunder allocates a power or authority to one or more Trustees, the exclusion of one or more other Trustees, or allocates any such power or authority to an individual or a group of individuals acting as Trustee (such holder of a power or authority, whether or not a Trustee, is referred to as a "Powerholder") any Trustee is directed to comply with the directions or decisions of a Powerholder (any such Trustee being referred to as a "Directed Trustee") must accept the decision and directions of the Powerholder without question. Each Directed Trustee shall, in following the directions of a Powerholder, shall not be liable for any act, omission, loss, damage, or expense arising from the performance of its duties under trust hereunder, unless it is determined that such Directed Trustee is acting in bad faith in complying with such directions. In addition, any Powerholder who is not also a Trustee of the trust with respect to which the power or authority is being exercised shall not be considered a Trustee or fiduciary of the trust. The Powerholder with respect to a trust hereunder shall not be liable for any act, omission, loss, damage, or expense arising from the performance of his or her duties under any trust hereunder, except for willful default or gross negligence.</p> <p>In the event an individual Co-Trustee has delegated any or all of its powers or duties, either ministerial or discretionary, to another Co-Trustee under any trust established hereunder, the individual Co-Trustee has</p>

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			delegated any such powers or duties shall not be liable for any act, omission, loss, damage, or expense arising from the actions or failure to act, of the Co-Trustee(s) whom such power or duty was delegated, unless the delegating Co-Trustee acted in bad faith. In addition, no Trustee who is a Directed Trustee or who has delegated a power of authority shall have any obligation to monitor, supervise, or consult with the Powerholder or Trustee(s) to whom such power or authority was delegated.
114.004	ACTIONS TAKEN PRIOR TO KNOWLEDGE OR NOTICE OF FACTS	A trustee is not liable for a mistake of fact made before the trustee has actual knowledge or receives written notice of the happening of any event that determines or affects the distribution of the income or principal of the trust, including marriage, divorce, attainment of a certain age, performance of education requirements, or death.	<u>Notice To Trustee.</u> Until the Trustee shall receive written notice of any event on which the right to payment or distribution may depend, the Trustee shall incur no liability to persons whose interests may have been affected by that event for payments or distributions in good faith made or not made.
114.005	RELEASE OF LIABILITY BY BENEFICIARY	<p>(a) A beneficiary who has full legal capacity and is acting on full information may relieve a trustee from any duty, responsibility, restriction, or liability as to the beneficiary that would otherwise be imposed on the trustee by this subtitle, including liability for past violations.</p> <p>(b) The release must be in writing and delivered to the trustee.</p>	
114.007	EXCULPATION OF TRUSTEE	<p>(a) A term of a trust relieving a trustee of liability for breach of trust is unenforceable to the extent that the term relieves a trustee of liability for:</p> <p>(1) a breach of trust committed:</p> <p>(A) in bad faith;</p> <p>(B) intentionally; or</p> <p>(C) with reckless indifference to the interest of a beneficiary; or</p> <p>(2) any profit derived by the trustee from a</p>	<p><u>Limitation Of Liability Of Trustee.</u></p> <p><u>To Trust Beneficiaries.</u> Except for bad faith, willful default, reckless indifference, or gross negligence, no individual serving as Trustee hereunder shall be liable for any act, omission, loss, damage, or expense arising from the performance of his or her duties under any trust. Except for bad faith, willful default, reckless</p>

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		<p>breach of trust.</p> <p>(b) A term in a trust instrument relieving the trustee of liability for a breach of trust is ineffective to the extent that the term is inserted in the trust instrument as a result of an abuse by the trustee of a fiduciary duty to or confidential relationship with the settlor.</p> <p>(c) This section applies only to a term of a trust that may otherwise relieve a trustee from liability for a breach of trust. Except as provided in Section 111.0035, this section does not prohibit the settlor, by the terms of the trust, from expressly:</p> <p>(1) relieving the trustee from a duty or restriction imposed by this subtitle or by common law; or</p> <p>(2) directing or permitting the trustee to do or not to do an action that would otherwise violate a duty or restriction imposed by this subtitle or by common law.</p>	<p>indifference, or gross negligence, no corporate fiduciary serving as Trustee hereunder shall be liable for any act, omission, loss, damage, or expense arising from the performance of its duties under any trust. No Trustee shall <u>be</u> liable or responsible for any acts or omissions of any predecessor Trustee or for any losses or expenses resulting therefrom, or shall be required to inquire into any act or decision of, or pursue any claim or remedy against, any predecessor Trustee. Any successor Trustee shall be entitled to accept as conclusive any accounting and statement of assets furnished by the predecessor Trustee (or by such predecessor's personal representative or successor in interest), and shall be entitled to acknowledge receipt of only those assets included in such statement.</p> <p><u>To Third Parties.</u> No one dealing with the Trustee need inquire concerning the validity of anything the Trustee purports to do, nor see to the proper application of any money paid or property transferred to or upon the order of the Trustee. The Trustee shall not have any personal liability to any person or corporation dealing with the Trustee in the administration of the trust, and the Trustee may receive reimbursement from the trust for any liability, whether in contract or in tort, incurred in the administration of the trust in accordance with the provisions hereof. The Trustee may contract in such form that the Trustee will be exempt from such personal liability and that such liability will be limited to the trust assets.</p>
114.085	PARTNERSHIPS	(a) To the extent allowed by law, a trustee who	<u>Partnerships.</u> The Trustee may enter into partnerships;

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		<p>takes the place of a deceased partner in a general partnership in accordance with the articles of partnership is liable to third persons only to the extent of the:</p> <p>(1) deceased partner's capital in the partnership; and</p> <p>(2) trust funds held by the trustee.</p> <p>(b) A trustee who contracts to enter a general partnership in its capacity as trustee shall limit, to the extent allowed by law, the trust's liability to:</p> <p>(1) the trust assets contributed to the partnership; and</p> <p>(2) other assets of the trust under the management of the contracting trustee.</p> <p>(c) If another provision of this subtitle conflicts with this section, this section controls. This section does not exonerate a trustee from liability for negligence.</p>	<p>transfer any property in the trust estate to one or more partnerships for interest in such partnerships; act as a partner in any partnership or with respect to any property (any part of which may be or become part of the trust estate originally or later); act as a partner with the Trustee acting in an individual, fiduciary, or other capacity; participate in the management of such partnerships; dissolve any partnership in which the Trustee acts as a partner; and hold or dispose of as part of the trust estate any property received upon such a dissolution (all in such manner, at or for such times, and on such terms as are deemed appropriate).</p>
116.005	TRUSTEE'S POWER TO ADJUST	<p>(a) A trustee may adjust between principal and income to the extent the trustee considers necessary if the trustee invests and manages trust assets as a prudent investor, the terms of the trust describe the amount that may or must be distributed to a beneficiary by referring to the trust's income, and the trustee determines, after applying the rules in Section 116.004(a), that the trustee is unable to comply with Section 116.004(b). The power to adjust conferred by this subsection includes the power to allocate all or part of a capital gain to trust income.</p> <p>(b) In deciding whether and to what extent to exercise the power conferred by Subsection (a), a trustee shall consider all factors relevant to the trust and its beneficiaries, including the following factors to the extent they are relevant:</p> <p>(1) the nature, purpose, and expected duration of the trust;</p> <p>(2) the intent of the settlor;</p> <p>(3) the identity and circumstances of the</p>	<p><u>Power To Determine Income And Principal.</u> Dividends paid in the form of stock and capital gains shall be treated as principal. Except as herein otherwise specifically provided, the Trustee shall have full power and authority to determine the manner in which expenses are to be borne and in which receipts are to be credited as between principal and income, and also to determine what shall constitute principal or income, and may withhold from income such reserves for depreciation or depletion as it may deem fair and equitable. In determining such matters the Trustee may give consideration to the provisions of the Texas Trust Code (or its successor statute) relating to such matters, but shall not be bound by such provisions.</p> <p><u>Judgment And Discretion Of Trustee Final.</u> Wherever the judgment or discretion of the Trustee is exercised, such decision will be final and binding upon every person interested in the trust. The Trustee, when</p>

**Exhibits to Executor and Trustee Powers**

Texas Trust Code Section	Title	Trustee “Default” Power	“Suggested” Powers
		<p>beneficiaries;</p> <p>(4) the needs for liquidity, regularity of income, and preservation and appreciation of capital;</p> <p>(5) the assets held in the trust; the extent to which they consist of financial assets, interests in closely held enterprises, tangible and intangible personal property, or real property; the extent to which an asset is used by a beneficiary; and whether an asset was purchased by the trustee or received from the settlor;</p> <p>(6) the net amount allocated to income under the other sections of this chapter and the increase or decrease in the value of the principal assets, which the trustee may estimate as to assets for which market values are not readily available;</p> <p>(7) whether and to what extent the terms of the trust give the trustee the power to invade principal or accumulate income or prohibit the trustee from invading principal or accumulating income, and the extent to which the trustee has exercised a power from time to time to invade principal or accumulate income;</p> <p>(8) the actual and anticipated effect of economic conditions on principal and income and effects of inflation and deflation; and</p> <p>(9) the anticipated tax consequences of an adjustment.</p> <p>(c) A trustee may not make an adjustment:</p> <p>(1) that reduces the actuarial value of the income interest in a trust to which a person transfers property with the intent to qualify for a gift tax exclusion;</p> <p>(2) that changes the amount payable to a beneficiary as a fixed annuity or a fixed fraction of the value of the trust assets;</p> <p>(3) from any amount that is permanently set aside for charitable purposes under a will or the terms of</p>	<p>exercising any discretionary power relating to the distribution or accumulation of principal or income or to the termination of a trust, will be responsible only for lack of good faith in the exercise of such power.</p> <p><b>[Do not apply to distribution provision with an ascertainable standard]</b></p> <p><u>Release Of Trust Powers.</u> If a Trustee deems it to be in the best interest of the beneficiaries, the Trustee, by written instrument signed by such Trustee, will have the power and authority to release, disclaim or restrict the scope of any power or discretion (but not a duty) granted to such Trustee in this instrument or implied by law.</p> <p><u>Relinquishment of Powers.</u> Any Trustee may release or relinquish any one or more of any powers, rights or privileges which, in the Trustee’s judgment, unless released or relinquished, might result in adverse consequences to the trust or any beneficiary because of changes in law or interpretation of the law. Any such release or relinquishment shall be made by written instrument acknowledged and filed in the Deed Records of [County of Residence] County, Texas. After any power has been so released or relinquished it shall never again be exercised by the Trustee.</p>

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Texas Trust Code Section	Title	Trustee “Default” Power	“Suggested” Powers
		<p>a trust unless both income and principal are so set aside;</p> <p>(4) if possessing or exercising the power to make an adjustment causes an individual to be treated as the owner of all or part of the trust for income tax purposes, and the individual would not be treated as the owner if the trustee did not possess the power to make an adjustment;</p> <p>(5) if possessing or exercising the power to make an adjustment causes all or part of the trust assets to be included for estate tax purposes in the estate of an individual who has the power to remove a trustee or appoint a trustee, or both, and the assets would not be included in the estate of the individual if the trustee did not possess the power to make an adjustment;</p> <p>(6) if the trustee is a beneficiary of the trust;</p> <p>or</p> <p>(7) if the trustee is not a beneficiary, but the adjustment would benefit the trustee directly or indirectly.</p> <p>(d) If Subsection (c)(5), (6), (7), or (8) applies to a trustee and there is more than one trustee, a cotrustee to whom the provision does not apply may make the adjustment unless the exercise of the power by the remaining trustee or trustees is not permitted by the terms of the trust.</p> <p>(e) A trustee may release the entire power conferred by Subsection (a) or may release only the power to adjust from income to principal or the power to adjust from principal to income if the trustee is uncertain about whether possessing or exercising the power will cause a result described in Subsection (c)(1)-(6) or (c)(8) or if the trustee determines that possessing or exercising the power will or may deprive the trust of a tax benefit or impose a tax burden not described in Subsection (c). The release may be permanent or for a specified period,</p>	

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>including a period measured by the life of an individual.</p> <p>(f) Terms of a trust that limit the power of a trustee to make an adjustment between principal and income do not affect the application of this section unless it is clear from the terms of the trust that the terms are intended to deny the trustee the power of adjustment conferred by Subsection (a).</p>	
116.007	PROVISIONS REGARDING NONCHARITABLE UNITRUSTS	<p>(a) This section does not apply to a charitable remainder unitrust as defined by Section 664(d), Internal Revenue Code of 1986 (26 U.S.C. Section 664), as amended.</p> <p>(b) In this section:</p> <p>(1) "Unitrust" means a trust the terms of which require distribution of a unitrust amount.</p> <p>(2) "Unitrust amount" means a distribution mandated by the terms of a trust in an amount equal to a fixed percentage of not less than three or more than five percent per year of the net fair market value of the trust's assets, valued at least annually. The unitrust amount may be determined by reference to the net fair market value of the trust's assets in one year or more than one year.</p> <p>(c) Distribution of the unitrust amount is considered a distribution of all of the income of the unitrust and shall not be considered a fundamental departure from applicable state law. A distribution of the unitrust amount reasonably apportions the total return of a unitrust.</p> <p>(d) Unless the terms of the trust specifically provide otherwise, a distribution of the unitrust amount shall be treated as first being made from the following sources in order of priority:</p> <p>(1) from net accounting income determined as if the trust were not a unitrust;</p> <p>(2) from ordinary accounting income not</p>	The Trustee shall distribute to the beneficiary each year, in quarterly or more frequent installments, an amount equal to 5% of the net value of the trust assets as of December 31 of the preceding calendar year. Each such distribution shall be charged first to income to the extent thereof and then to the principal of the trust; the balance of the net income (if any) shall be added to principal after the end of the trust's tax year.

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		allocable to net accounting income; (3) from net realized short-term capital gains; (4) from net realized long-term capital gains; and (5) from the principal of the trust estate.	
116.153	BUSINESS AND OTHER ACTIVITIES CONDUCTED BY TRUSTEE	<p>(a) If a trustee who conducts a business or other activity determines that it is in the best interest of all the beneficiaries to account separately for the business or activity instead of accounting for it as part of the trust's general accounting records, the trustee may maintain separate accounting records for its transactions, whether or not its assets are segregated from other trust assets.</p> <p>(b) A trustee who accounts separately for a business or other activity may determine the extent to which its net cash receipts must be retained for working capital, the acquisition or replacement of fixed assets, and other reasonably foreseeable needs of the business or activity, and the extent to which the remaining net cash receipts are accounted for as principal or income in the trust's general accounting records. If a trustee sells assets of the business or other activity, other than in the ordinary course of the business or activity, the trustee shall account for the net amount received as principal in the trust's general accounting records to the extent the trustee determines that the amount received is no longer required in the conduct of the business.</p> <p>(c) Activities for which a trustee may maintain separate accounting records include:</p> <ol style="list-style-type: none"> <li>(1) retail, manufacturing, service, and other traditional business activities;</li> <li>(2) farming;</li> <li>(3) raising and selling livestock and other animals;</li> <li>(4) management of rental properties;</li> <li>(5) extraction of minerals and other natural</li> </ol>	<p><u>Businesses.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., in addition to any and all powers granted to the Trustee by this Trust Agreement, the Trustee has the following additional powers with respect to any business interest which is or becomes a part of any trust, whether it be a sole proprietorship, joint venture, partnership, or corporation:</p> <ol style="list-style-type: none"> <li>(1) to hold, retain, and continue to operate such business solely at the risk of the trust and without liability on the part of the Trustee for any losses resulting from operation of the business;</li> <li>(2) to enlarge, diminish, or change the scope or the nature of the activities of any business;</li> <li>(3) to use the general assets of the trust for the purposes of the business; to invest additional capital in or make loans to such business, regardless of the non-productivity of such investment or loan, or the diversification of investments;</li> <li>(4) to endorse or guarantee on behalf of the trust any loan or loans made to the business and to secure the loan or loans by pledge or mortgage not only of the trust's property interest in any such business but also by any other property of</li> </ol>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>resources;</p> <p>(6) timber operations; and</p> <p>(7) activities to which Section 116.177 applies.</p>	<p>the trust estate that the Trustee may deem proper;</p> <p>(5) to make or concur in the decision to accumulate surplus in the business or to pay dividends or otherwise distribute the profits of the business, as the Trustee, in its discretion, may deem advisable;</p> <p>(6) to accept as correct financial or other statements rendered by the business from time to time about its conditions and operations except where the Trustee has actual notice of inaccurate information contained therein;</p> <p>(7) to regard the business as an entity separate from the trust with no duty to account to any court about its business or operation;</p> <p>(8) to dissolve, liquidate, or sell any business interest at such time (and from time to time) and upon such terms as the Trustee may deem advisable;</p> <p>(9) to incorporate any business and hold the stock as an asset of the trust;</p> <p>(10) to determine whether business distributions are income or principal in accordance with the specific provisions of this Trust Agreement regarding such determinations;</p> <p>(11) to authorize the participation in and contribution of the business to any form of employee benefit plan, whether or not qualified as tax deductible;</p>

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			<p>(12) to satisfy any liabilities arising out of the business, whether contractual or tortious in nature, first out of the business, and secondly out of the trust estate. However, in no event shall the Trustee be individually or personally liable for any business activities or decisions, and if the Trustee is held liable, it shall be entitled to indemnification from the business and the trust estate in the order named;</p> <p>(13) to authorize and participate in any mergers, reorganizations, consolidations, exchanges, sales, private or commercial annuities, <u>or</u> any other form of business transactions involving ownership changes;</p> <p>(14) to employ such officers, managers, employees, or agents as it deems advisable and to pay such persons reasonable compensation for their services without regard to any fiduciary fees and expenses payable to the Trustee;</p> <p>(15) to exercise all other actions or powers which an individual, competent adult would possess in operating such business; and</p> <p>(16) to convert such business from one form (e.g., proprietorship, partnership, corporation) to another.</p> <p><u>Special Provisions Concerning Business Interests.</u> If at the time of a Settlor's death, either the Settlor or this trust owns an interest in one or more partnerships, closely held corporations, or limited liability companies, the provisions of this [Subsection ____]</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>shall apply:</p> <p><u>Disposition Of Partnership Or Membership Interest.</u> The Settlor directs that the Trustee complete the terms of any agreement concerning the sale or disposition of the Settlor's interest in any such partnership or limited liability company that may be in existence at the time of the Settlor's death. In the event there is no such agreement in force at the time of the Settlor's death, the Trustee is authorized to allocate such partnership or membership interest to one or more trusts established under this instrument. The Trustee will not be responsible or liable to any beneficiary for any act or omission to act in connection with the partnership or limited liability company while the Trustee is following or attempting to follow the provisions of this [Subsection ____].</p> <p><u>Disposition Of Stock In Closely Held Corporation.</u> The Trustee shall complete the terms of any <u>agreement</u> concerning the sale or disposition of such stock that may be in existence at the time of the Settlor's death. If no agreement is in force at the time of the Settlor's death, the Trustee is authorized to allocate such stock to one or more trusts established under this instrument. The Trustee will not be responsible or liable to any beneficiary for any act or omission to act in connection with the close corporation while the Trustee is following or attempting to follow the provisions of this [Subsection ____].</p> <p><u>IRC Section 303 Redemption Provision.</u> The Trustee</p>

## Exhibits to Executor and Trustee Powers

Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			shall consider a redemption by any such closely held corporation of shares of stock of such corporation in accordance with the provisions of IRC Section 303 of (or any other provision of law dealing with the same subject matter as said IRC Section 303) if it is necessary to sell such stock to pay taxes or expenses of the Settlor's estate; however, such stock not be sold unless absolutely necessary.
116.172	DEFERRED COMPENSATION, ANNUITIES, AND SIMILAR PAYMENTS	<p>(a) In this section:</p> <p>(1) "Future payment asset" means the asset from which a payment is derived.</p> <p>(2) "Payment" means a payment that a trustee may receive over a fixed number of years or during the life of one or more individuals because of services rendered or property transferred to the payer in exchange for future payments. The term includes a payment made in money or property from the payer's general assets or from a separate fund created by the payer, including a private or commercial annuity, an individual retirement account, and a pension, profit-sharing, stock-bonus, or stock-ownership plan.</p> <p>(b) To the extent that the payer characterizes a payment as interest or a dividend or a payment made in lieu of interest or a dividend, a trustee shall allocate it to income. The trustee shall allocate to principal the balance of the payment and any other payment received in the same accounting period that is not characterized as interest, a dividend, or an equivalent payment.</p> <p>(c) If no part of a payment is characterized as interest, a dividend, or an equivalent payment, and all or part of the payment is required to be made, a trustee shall allocate to income the part of the payment that does not exceed an amount equal to:</p> <p>(1) four percent of the fair market value of the</p>	<p><u>Collection of Death Benefits.</u></p> <p>1. <u>Trustee May Be Named Beneficiary of Life Insurance Proceeds.</u> The Trustee, in trust, may be named as the direct beneficiary of the proceeds of one or more life insurance policies or IRAs and (or) as the direct beneficiary of benefits from one or more deferred compensation or retirement plans or of other nonprobate assets payable by reason of death (sometimes referred to as "Death Benefits").</p> <p>2. <u>Duty of Trustee To Cause The Payment of Death Benefits or to Collect Them.</u> As soon as possible after the death of the insured, the Trustee will take possession of all policies and other written instruments necessary to collect the Death Benefits. the Trustee will then cause the payment of, or collect (by whatever means necessary, including the prosecution and maintenance of litigation) such sums of money or other properties (the Death Benefits) as will be due under the terms of any policies of insurance (including multiple indemnity benefits) or under the terms of any retirement plans (less any amounts required to pay or provide for the payment of any liabilities or obligations to the issuing insurance company, retirement plan trustee or custodian, or other remitter</p>

**Exhibits to Executor and Trustee Powers**

Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>future payment asset on the date specified in Subsection (d); less</p> <p>(2) the total amount that the trustee has allocated to income for all previous payments received from the future payment asset during the same accounting period in which the payment is received.</p> <p>(d) For purposes of Subsection (c)(1), the determination of the fair market value of a future payment asset is made on the later of:</p> <p>(1) the date on which the future payment asset first becomes subject to the trust; or</p> <p>(2) the last day of the accounting period of the trust that immediately precedes the accounting period during which the payment is received.</p> <p>(e) For each accounting period a payment is received, the amount determined under Subsection (c)(1) must be prorated on a daily basis unless the determination of the fair market value of a future payment asset is made under Subsection (d)(2) and is for an accounting period of 365 days or more.</p> <p>(f) A trustee shall allocate to principal the part of the payment described by Subsection (c) that is not allocated to income.</p> <p>(g) If no part of a payment is required to be made or the payment received is the entire amount to which the trustee is entitled, the trustee shall allocate the entire payment to principal. For purposes of Subsection (c) and this subsection, a payment is not "required to be made" to the extent that it is made only because the trustee exercises a right of withdrawal.</p> <p>(h) If, to obtain an estate tax marital deduction for a trust, a trustee must allocate more of a payment to income than provided for by this section, the trustee shall allocate to income the additional amount necessary to obtain the marital deduction.</p>	<p>with respect to any policy or plan). It is provided, however, that the Trustee need not incur any substantial expense in collecting these payments until it holds funds under this instrument sufficient to pay these substantial expenses or is otherwise indemnified.</p> <p>The Trustee is authorized to compromise and adjust claims arising out of the insurance policies or retirement plans upon such terms and conditions as the Trustee considers just, and the decision of the Trustee will be binding upon all persons interested in it.</p> <p>3. <u>Trustee May Leave Death Benefits With Issuing Company.</u> Subject to the limitations provided elsewhere in this instrument, in the case of any individual Trustee who is a trust beneficiary of a trust it is administering, the Trustee may, however, in its discretion, leave any or all Death Benefits with the issuing insurance company or other remitter under any option of settlement available under the terms of any policy or plan or the practice of any company, provided that the Trustee may exercise only those options of settlement as will not cause the loss of any portion of the Marital Deduction Gift needed to reduce the federal estate taxes payable by the Settlor's estate.</p> <p>4. <u>The Insurance Company or Other Payor May Pay Death Benefits Either to the Trustee or to Such Persons as the Trustee Directs.</u> The payor of Death Benefits pursuant to the beneficiary designation will pay the Death Benefits to the Trustee, or, alternatively, directly to the person(s), trust(s) or entity(ies) entitled to them under the terms of this instrument (later on sometimes referred to as the "one or ones"), as determined and certified by the Trustee. Any such</p>

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			<p>payment by that payor, as certified by the Trustee, or directly to the Trustee, will constitute a full acquittance of that payor, who will not be permitted or required to determine the correctness of that payment or to see to the application of the Death Benefits so paid.</p> <p>5. <u>Special Definition of Term "The Trustee."</u> Any Death Benefits that are to be paid, in accordance with a beneficiary designation or otherwise, to "the Trustee named in the Settlor's Last Will" (or designation of similar import), will mean that the Death Benefits will be paid to the Trustee, in trust, of [Last Name Family Trust], under the terms and conditions existing under the trust at the date of the Settlor's death, whether or not this trust was or is in existence at the time the beneficiary designation was signed, and whether or not the trust that is in existence at such time was subsequently amended or restated. Further, such designation will be effective, according to its terms, whether or not the Settlor's Will was in existence at the time the beneficiary designation was signed, and whether or not the Will that was in existence at such time is subsequently replaced by a new last Will. As to the Death Benefits, the Trustee will serve only the capacity as Trustee and not as executor or administrator of Settlor's estate.</p> <p><u>Allocation of Death Benefits After Receipt By Trustee.</u></p> <p>1. <u>Spouse Is Not Divested of State Property Receipt By Trustee.</u> If a spouse of the Settlor had, on the date of the Settlor's death, a community or separate property interest in a life insurance contract,</p>

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			<p>retirement plan benefits (or other arrangement) paying Death Benefits to the Trustee or to the Settlor's estate, then the portion of those Death Benefits that comprises or represents the separate or community property interest of the surviving spouse, if any, will be allocated and distributed in fee simple outright to that spouse, unless that spouse is a Settlor under [Last Name Family Trust], in which case the allocation and distribution will be added to the Survivor's Share. (For this purpose, any distribution of Death Benefits to a spouse, other than by virtue of this or any other [Article ____] of this instrument, will be considered to have been first made out of the spouse's community or separate property interest, thereby reducing the amount passing under this [Subsection ____].) For purposes of this [paragraph ____], a spouse will be treated as having survived the Settlor if the order of their deaths cannot be determined, or if the spouse survived the Settlor by any time at all, notwithstanding the general rule (otherwise applicable) requiring survival for a specific period of time. The allocation below will be made after satisfaction of (or otherwise taking into account) the community property interest of any spouse of the Settlor.</p> <p>2. <u>Death Benefits Are To Be Added To Trust Estate.</u> All other Death Benefits described in this [Article ____] that are payable to the one or ones certified by the Trustee, or that alternatively are payable directly to the Trustee, or that alternatively are payable to the Settlor's probate estate, will be allocated and distributed as a part of Decedent's Share of [Last Name Family Trust].</p> <p>3. <u>Trustee of Specific Trust Named As Beneficiary.</u></p>

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			<p>If the Trustee of a special trust is designated (as such) to receive Death Benefits, then the Trustee will receive or distribute or certify the payment of such Death Benefits to that trust or to the beneficiaries of that trust (but only in accordance with its terms). For example, if the Trustee of "The Tax Shelter Trust" is named as the beneficiary, then the proceeds will be allocated to that trust, and if the Trustee of [The Marital Deduction Trust] is named as the beneficiary, then the proceeds will be allocated to that trust.</p> <p>4. <u>Death Benefits Are Not Part of Probate Estate.</u> Notwithstanding anything else in this instrument to the contrary, Death Benefits payable to the Trustee will never be or become part of the Settlor's probate or testamentary estate.</p> <p><u>Additional Life Insurance Provisions.</u></p> <p>The Trustee may invest any portion or all of the assets of any trust established under this instrument in one or more life insurance policies on a Settlor or any beneficiary of such trust, or on the life of any person in whom a beneficiary has an insurable interest; any such investment may be made without regard to any duty to diversify the assets of a trust.</p> <p>A. <u>Insufficient Funds In Trust.</u> If, at any time, the assets of the Trust Estate and the funds furnished by the Settlor are insufficient to pay the premiums or other charges on the insurance policies in the Trust, the Trustee shall not be required to pay said premiums or other charges, and the Trustee shall not be liable for its failure to do so. However, in the event of such insufficiency, the Trustee may, in its absolute</p>

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			<p>discretion, pay the premiums or other charges, or any of them, and the Trustee may obtain the necessary funds therefor by selling at public or private sale, without notice to the Settlor or any other person, a sufficient portion of the principal of the Trust; by borrowing on the security of the principal of the Trust or any part thereof or on any of the insurance policies then in the Trust; by applying the dividends on any of such insurance policies; or by surrendering any of such insurance policies for their cash surrender values. The Trustee may also, in its absolute discretion, convert any policy on which premiums have not been paid due to insufficient funds into a paid up policy pursuant to the terms of such policy.</p> <p>B. <u>Lapse Of A Policy.</u> The Trust will terminate as to any insurance policy that lapses or is forfeited for nonpayment of premiums, and the Trustee shall have no further obligation, duty, or liability with respect thereto.</p> <p>C. <u>Collection Of Insurance Proceeds.</u> Upon the death of an insured, the Trustee shall collect the proceeds of any and all insurance policies on such insured's life of which the Trustee is the owner or beneficiary. The Trustee shall furnish the necessary proofs of death to the insurance companies issuing such insurance policies. The Trustee is authorized to take any and all other steps reasonably necessary for the collection of such proceeds and benefits, including the institution of proceedings at law or in equity in order to enforce the payment thereof. However, if the Trustee obtains an opinion of legal counsel that it may be subject to liabilities and expenses which may not be reimbursed from the trust estate, the Trustee shall not</p>

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			<p>be required to institute or maintain any legal action for the collection of such proceeds and benefits unless it is first indemnified to its satisfaction against all liabilities and expenses to which the Trustee may be subjected as a result of such action. The Trustee is further authorized to compromise and settle claims arising out of any insurance policy or benefit plan on such terms and conditions as it deems advisable, and the decision of the Trustee shall be binding on all interested parties. The Trustee shall be authorized to give the insurance company or other party all the necessary and proper releases and acquittances in full discharge of all their liabilities under such insurance policies or benefit plans. The insurance proceeds and benefits so collected by the Trustee shall be added to and become a part of the principal of the Trust Estate; provided, however, that the Trustee, except for its negligence or breach of fiduciary duty, shall not be liable for the failure to collect all or any part of the insurance proceeds and benefits and the Trustee shall be responsible for the proceeds and benefits only when collected by or paid to it.</p> <p>To the extent permitted, the Trustee shall have the right to negotiate and receive proceeds from insurance policies and employee benefit plans in any manner it deems prudent and consistent with the tax objectives (considering both death tax and income tax) and other objectives of the Trustee and its beneficiaries. Provided, however, if such proceeds would be otherwise exempt from federal estate taxes, in whole or in part, the Trustee shall not elect to receive such proceeds in such manner as to subject them to such taxes in the Settlor's estate without the written consent</p>

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			<p>of the personal representative of the Settlor's estate.</p> <p>No insurance company that has issued or shall issue a policy or policies of insurance subject hereto shall have any obligation to inquire into the terms of this Trust or to see to the application of the proceeds and benefits of any such policy or policies. No employee benefit plan fiduciary shall have any obligation to inquire into the terms of this Trust or to see to the application of the proceeds and benefits of any such plan. The issuance by the Trustee of a receipt or acknowledgment to any such insurance company or plan fiduciary shall be effective to release the insurance company or plan fiduciary from any liability as a result of such policy or plan and shall be binding upon all beneficiaries of the Trust.</p> <p>D. <u>Purchase of Life Insurance.</u> The Trustee may purchase and pay the premiums on a life insurance policy on the life of the Settlor, or any beneficiary, or any person in whom a beneficiary has an insurable interest, and the Trustee may accept the contribution of any such policy of insurance. In this regard, the Trustee may concentrate its investments in policies of insurance covering the life of the Settlor. The Trustee alone shall exercise every incident of ownership over each policy of insurance held in trust hereunder. Any receipts, releases, and other instruments the Trustee executes in connection with a policy shall be binding and conclusive upon the insurance company and upon all beneficiaries and other persons interested in the trusts created or continued hereunder.</p> <p>E. <u>Concerning Insurance Policies; Incidents Of Ownership And Independent Trustee.</u> The Trustee</p>

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			<p>shall own all incidents of ownership in any and all life insurance policies conveyed, transferred and assigned to the Trustee as well as any life insurance policies owned initially by any trust created or continued hereunder. The Trustee may and is hereby authorized to exercise any and all incidents of ownership in any such life insurance policies as fully as any owner might do, and the Settlor agrees to execute any and all instruments, assignments and designations necessary to permit the Trustee to exercise any such incidents of ownership.</p> <p>If an individual Trustee is serving hereunder, and if the individual Trustee is an insured under a policy or policies of life insurance which are acquired and owned in whole or in part as an asset of any trust estate, such individual Trustee (hereinafter referred to as the "Insured Trustee") shall not exercise, or participate in the exercise of, any incidents of ownership in or over such policy or policies; all such incidents of ownership with respect to such policy or policies shall be vested solely in any other Trustee or Trustees who might be serving hereunder, or if no other Trustee or Trustees are serving hereunder, then all such incidents of ownership shall be vested solely in any substitute or successor Trustee appointed to serve as Trustee hereunder if the Insured Trustee were not serving as a Trustee hereunder, and such substitute or successor Trustee shall have all of the powers and duties granted to Trustees hereunder with respect to such policy or policies of life insurance.</p> <p><b>[alternate provisions below]</b></p> <p><u>Employee Benefits And Life Insurance Proceeds.</u> The</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>Settlor may cause the Trustee to be named as a beneficiary of certain employee benefits (including individual retirement accounts and individual retirement annuities) and/or the proceeds of certain policies of insurance on the Settlor's life. Upon the death of the insured, the Trustee shall proceed immediately to collect the net proceeds that may be payable to the Trustee as beneficiary under the terms of any employee benefit plan (including individual retirement accounts and individual retirement annuities) and life insurance policies (including any multiple indemnity benefits). The Trustee may, and upon being indemnified to the Trustee's satisfaction against all costs and expenses to be incurred shall, prosecute and maintain any litigation necessary to enforce payment of such employee benefits and life insurance policies. The Trustee has full authority and power to make any compromise, adjustment, or settlement with respect to any insurance policy or employee benefit plan upon the terms and conditions as the Trustee deems to be in the best interests of the trust. The decision of the Trustee shall be binding upon all persons interested in the trust or in the insurance policy, employee benefit plan, or their proceeds.</p> <p><u>Election Of Options.</u> The Trustee may, however, in such Trustee's discretion, leave any or all of the proceeds or benefits with the issuing insurance company or other remitter under any option or settlement available under the terms of any policy or plan or the practice of any company. The Trustee will not be liable to any beneficiary of a trust established under this Agreement for any adverse income or estate tax</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
			<p>consequences occasioned by the exercise or nonexercise of any deferred payment settlement or other option.</p> <p><u>Proceeds Payable Only To The Trustee.</u> A third party not otherwise authorized by law may not enforce any claim against the assets of any trust under this [Subsection ____]. This [Subsection ____] confers no right whatsoever on any third party over the proceeds of any employee benefit plan (including individual retirement accounts and individual retirement annuities) or any policy of insurance on the Settlor's life payable to the Trustee. It is the Settlor's intent that such proceeds and policies be payable to named or ascertainable beneficiaries through the medium of a trust and not to the Settlor's personal representative or to the Settlor's probate estate and not be deemed subject to distribution as a part of the Settlor's probate estate.</p>
116.174	MINERALS, WATER, AND OTHER NATURAL RESOURCES	<p>(a) To the extent that a trustee accounts for receipts from an interest in minerals or other natural resources pursuant to this section, the trustee shall allocate them as follows:</p> <p>(1) If received as delay rental or annual rent on a lease, a receipt must be allocated to income.</p> <p>(2) If received from a production payment, a receipt must be allocated to income if and to the extent that the agreement creating the production payment provides a factor for interest or its equivalent. The balance must be allocated to principal.</p> <p>(3) If received as a royalty, shut-in-well payment, take-or-pay payment, or bonus, the trustee shall allocate the receipt equitably.</p>	<p><u>Income From Mineral Resources.</u> Notwithstanding the "Texas Uniform Principal and Income Act," Section 116.001 et seq., Tex. Prop. Code Ann., the Trustee may allocate all consideration from any interest in lands including royalties, overriding royalties, or working interests from which may be taken timber, minerals, oil, gas, or other natural resources (whether received as bonus or consideration for the execution of leases or as royalties, or similar payments received in connection with the physical severance of such natural resources) to trust principal or income in the sole discretion of the Trustee, including entirely to income regardless of what may be provided for in the Texas Trust Code and any</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>(4) If an amount is received from a working interest or any other interest not provided for in Subdivision (1), (2), or (3), the trustee must allocate the receipt equitably.</p> <p>(b) An amount received on account of an interest in water that is renewable must be allocated to income. If the water is not renewable, the trustee must allocate the receipt equitably.</p> <p>(c) This chapter applies whether or not a decedent or donor was extracting minerals, water, or other natural resources before the interest became subject to the trust.</p> <p>(d) The trustee may allocate a receipt from any interest in minerals, water, or other natural resources the trust owns on January 1, 2004, in the manner provided by this chapter or in any lawful manner used by the trustee before January 1, 2004, to make the same allocation. The trustee shall allocate a receipt from any interest in minerals, water, or other natural resources acquired by the trust after January 1, 2004, in the manner provided by this chapter.</p> <p>(e) An allocation of a receipt under this section is presumed to be equitable if the amount allocated to principal is equal to the amount allowed by the Internal Revenue Code of 1986 as a deduction for depletion of the interest.</p>	allocation method determined by the Trustee shall be deemed to be reasonable.
116.176	PROPERTY NOT PRODUCTIVE OF INCOME	<p>(a) If a marital deduction is allowed for all or part of a trust whose assets consist substantially of property that does not provide the spouse with sufficient income from or use of the trust assets, and if the amounts that the trustee transfers from principal to income under Section 116.005 and distributes to the spouse from principal pursuant to the terms of the trust are insufficient to provide the spouse with the beneficial enjoyment required to obtain the marital deduction, the spouse may require the trustee to make property productive of</p>	<p><u>Acquisition Of Non-Productive Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may acquire property returning no income or slight income or retain any such property so long as is deemed appropriate without the same being in any way chargeable with income or the proceeds thereof in case of sale being in any part deemed income (provided, however, if any such property is held in a trust created herein which qualifies as a marital</p>

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		<p>income, convert property within a reasonable time, or exercise the power conferred by Section 116.005(a). The trustee may decide which action or combination of actions to take.</p> <p>(b) In cases not governed by Subsection (a), proceeds from the sale or other disposition of an asset are principal without regard to the amount of income the asset produces during any accounting period.</p>	<p>deduction trust for federal estate tax purposes, the beneficiary thereof shall have the power to require the Trustee either to make such property productive or convert it within a reasonable time).</p>
116.205	INCOME TAXES	<p>(a) A tax required to be paid by a trustee based on receipts allocated to income must be paid from income.</p> <p>(b) A tax required to be paid by a trustee based on receipts allocated to principal must be paid from principal, even if the tax is called an income tax by the taxing authority.</p> <p>(c) A tax required to be paid by a trustee on the trust's share of an entity's taxable income must be paid proportionately:</p> <p>(1) from income to the extent that receipts from the entity are allocated to income; and</p> <p>(2) from principal to the extent that:</p> <p>(A) receipts from the entity are allocated to principal; and</p> <p>(B) the trust's share of the entity's taxable income exceeds the total receipts described in Subdivisions (1) and (2)(A).</p> <p>(d) For purposes of this section, receipts allocated to principal or income must be reduced by the amount distributed to a beneficiary from principal or income for which the trust receives a deduction in calculating the tax.</p>	<p><u>Payment Of Expenses And Taxes.</u> The Trustee may incur such expenses or charges in the management of the trust estate as are deemed appropriate; render the trust estate for taxes if deemed desirable or refuse to do so if deemed undesirable; pay taxes, charges, and governmental assessments against the trust estate; and in anticipation of such expenses, charges, taxes, and assessments, set up such reserves as are deemed appropriate.</p>
116.206	ADJUSTMENTS BETWEEN PRINCIPAL AND INCOME BECAUSE OF TAXES	<p>(a) A fiduciary may make adjustments between principal and income to offset the shifting of economic interests or tax benefits between income beneficiaries and remainder beneficiaries which arise from:</p> <p>(1) elections and decisions, other than those</p>	<p><u>Allocation Of Deductions.</u> Notwithstanding the "Texas Uniform Principal and Income Act," Section 116.001 et seq., Tex. Prop. Code Ann., the Trustee may allocate between the trust estate and any one or more income beneficiaries, as is deemed appropriate,</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		<p>described in Subsection (b), that the fiduciary makes from time to time regarding tax matters;</p> <p>(2) an income tax or any other tax that is imposed upon the fiduciary or a beneficiary as a result of a transaction involving or a distribution from the estate or trust; or</p> <p>(3) the ownership by an estate or trust of an interest in an entity whose taxable income, whether or not distributed, is includable in the taxable income of the estate, trust, or a beneficiary.</p> <p>(b) If the amount of an estate tax marital deduction or charitable contribution deduction is reduced because a fiduciary deducts an amount paid from principal for income tax purposes instead of deducting it for estate tax purposes, and as a result estate taxes paid from principal are increased and income taxes paid by an estate, trust, or beneficiary are decreased, each estate, trust, or beneficiary that benefits from the decrease in income tax shall reimburse the principal from which the increase in estate tax is paid. The total reimbursement must equal the increase in the estate tax to the extent that the principal used to pay the increase would have qualified for a marital deduction or charitable contribution deduction but for the payment. The proportionate share of the reimbursement for each estate, trust, or beneficiary whose income taxes are reduced must be the same as its proportionate share of the total decrease in income tax. An estate or trust shall reimburse principal from income.</p>	<p>any depletion, depreciation, or other apportionable deduction under the Code. In allocating such deductions, or in designating the source of any income distributed or accumulated, the personal representative of a beneficiary's estate or the Trustee of a trust hereunder may take into consideration the respective income tax benefits available therefrom to the various beneficiaries and to the trust estate from information known or furnished to such personal representative or the Trustee.</p>
117.003	PRUDENT INVESTOR RULE	<p>(a) Except as otherwise provided in Subsection (b), a trustee who invests and manages trust assets owes a duty to the beneficiaries of the trust to comply with the prudent investor rule set forth in this chapter.</p> <p>(b) The prudent investor rule, a default rule, may be expanded, restricted, eliminated, or otherwise altered by the provisions of a trust. A trustee is not liable to a</p>	<p><u>Investment Of Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may invest and reinvest the trust estate from time to time in any property, real, personal, or mixed, including without limitation securities (whether public or private) of domestic and foreign corporations, partnerships</p>

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Texas Trust Code Section	Title	Trustee "Default" Power	"Suggested" Powers
		beneficiary to the extent that the trustee acted in reasonable reliance on the provisions of the trust.	(general and limited), limited liability companies, and investment trusts or companies, bonds, debentures, preferred stocks, common stocks, mortgages, mortgage participations, interests in common trust funds, and securities, bonds, or other obligations of the personal representative of a beneficiary's estate or any Trustee (or any affiliate thereof) of a trust hereunder which is a state or national banking association, without diversification and all with complete discretion to convert realty into personality or personality into realty or otherwise change the character of the trust estate, even though such investment (by reason of its character, amount, proportion to the total trust, estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one business or company than would be considered appropriate for a fiduciary apart from this provision.
117.004	STANDARD OF CARE; PORTFOLIO STRATEGY; RISK AND RETURN OBJECTIVES	<p>(a) A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.</p> <p>(b) A trustee's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.</p> <p>(c) Among circumstances that a trustee shall consider in investing and managing trust assets are such of the following as are relevant to the trust or its</p>	<u>Investment Of Property.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may invest and reinvest the trust estate from time to time in any property, real, personal, or mixed, including without limitation securities (whether public or private) of domestic and foreign corporations, partnerships (general and limited), limited liability companies, and investment trusts or companies, bonds, debentures, preferred stocks, common stocks, mortgages, mortgage participations, interests in common trust funds, and securities, bonds, or other obligations of the personal representative of a beneficiary's estate or any Trustee (or any affiliate thereof) of a trust hereunder

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		<p>beneficiaries:</p> <ul style="list-style-type: none"> <li>(1) general economic conditions;</li> <li>(2) the possible effect of inflation or deflation;</li> <li>(3) the expected tax consequences of investment decisions or strategies;</li> <li>(4) the role that each investment or course of action plays within the overall trust portfolio, which may include financial assets, interests in closely held enterprises, tangible and intangible personal property, and real property;</li> <li>(5) the expected total return from income and the appreciation of capital;</li> <li>(6) other resources of the beneficiaries;</li> <li>(7) needs for liquidity, regularity of income, and preservation or appreciation of capital; and</li> <li>(8) an asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.</li> </ul> <p>(d) A trustee shall make a reasonable effort to verify facts relevant to the investment and management of trust assets.</p> <p>(e) Except as otherwise provided by and subject to this subtitle, a trustee may invest in any kind of property or type of investment consistent with the standards of this chapter.</p> <p>(f) A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, has a duty to use those special skills or expertise.</p>	<p>which is a state or national banking association, without diversification and all with complete discretion to convert realty into personality or personality into realty or otherwise change the character of the trust estate, even though such investment (by reason of its character, amount, proportion to the total trust, estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one business or company than would be considered appropriate for a fiduciary apart from this provision.</p>
117.005	DIVERSIFICATION	A trustee shall diversify the investments of the trust unless the trustee reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying.	

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117.006	DUTIES AT INCEPTION OF TRUSTEESHIP	Within a reasonable time after accepting a trusteeship or receiving trust assets, a trustee shall review the trust assets and make and implement decisions concerning the retention and disposition of assets, in order to bring the trust portfolio into compliance with the purposes, terms, distribution requirements, and other circumstances of the trust, and with the requirements of this chapter.	<u>Retention Of And Additions To Trust Estate.</u> Notwithstanding the "Texas Uniform Prudent Investor Act," Section 117.001 et seq., Tex. Prop. Code Ann., the Trustee may retain any property, real, personal, or mixed, which may from time to time be or become a part of the trust estate, and such property shall be deemed a proper investment even though such property (by reason of its character, amount, proportion to the total trust estate, or otherwise) would not be considered appropriate for a fiduciary apart from this provision; and accept from any source any property to be held as part hereof.
117.007	LOYALTY	A trustee shall invest and manage the trust assets solely in the interest of the beneficiaries.	
117.008	IMPARTIALITY	If a trust has two or more beneficiaries, the trustee shall act impartially in investing and managing the trust assets, taking into account any differing interests of the beneficiaries.	
117.009	INVESTMENT COSTS	In investing and managing trust assets, a trustee may only incur costs that are appropriate and reasonable in relation to the assets, the purposes of the trust, and the skills of the trustee.	
117.010	REVIEWING COMPLIANCE	Compliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of a trustee's decision or action and not by hindsight.	
117.011	DELEGATION OF INVESTMENT AND MANAGEMENT FUNCTIONS	(a) A trustee may delegate investment and management functions that a prudent trustee of comparable skills could properly delegate under the circumstances. The trustee shall exercise reasonable care, skill, and caution in: (1) selecting an agent; (2) establishing the scope and terms of the	<u>Employment Of Agents.</u> The Trustee may employ such brokers, banks, custodians, investment advisors, attorneys, and other agents or employees, and delegate to them such duties, rights, and powers for such period as is deemed appropriate; pay such persons reasonable compensation from the trust estate, regardless of whether any such person is (or is a partner or

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		<p>delegation, consistent with the purposes and terms of the trust; and</p> <p>(3) periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the terms of the delegation.</p> <p>(b) In performing a delegated function, an agent owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation.</p> <p>(c) A trustee who complies with the requirements of Subsection (a) is not liable to the beneficiaries or to the trust for the decisions or actions of the agent to whom the function was delegated, unless:</p> <p>(1) the agent is an affiliate of the trustee; or</p> <p>(2) under the terms of the delegation:</p> <p>(A) the trustee or a beneficiary of the trust is required to arbitrate disputes with the agent; or</p> <p>(B) the period for bringing an action by the trustee or a beneficiary of the trust with respect to an agent's actions is shortened from that which is applicable to trustees under the law of this state.</p> <p>(d) By accepting the delegation of a trust function from the trustee of a trust that is subject to the law of this state, an agent submits to the jurisdiction of the courts of this state.</p>	<p>employee of, or is owned by) a beneficiary, the personal representative of the Settlor's estate, or the Trustee.</p> <p><u>Protection Of Trustee For Acts Of Agents.</u> The Trustee shall not be held liable or otherwise responsible for any neglect, omission, or wrongdoing of any agent employed by the Trustee on behalf of a trust provided the Trustee uses reasonable care in the employment of the agent.</p>