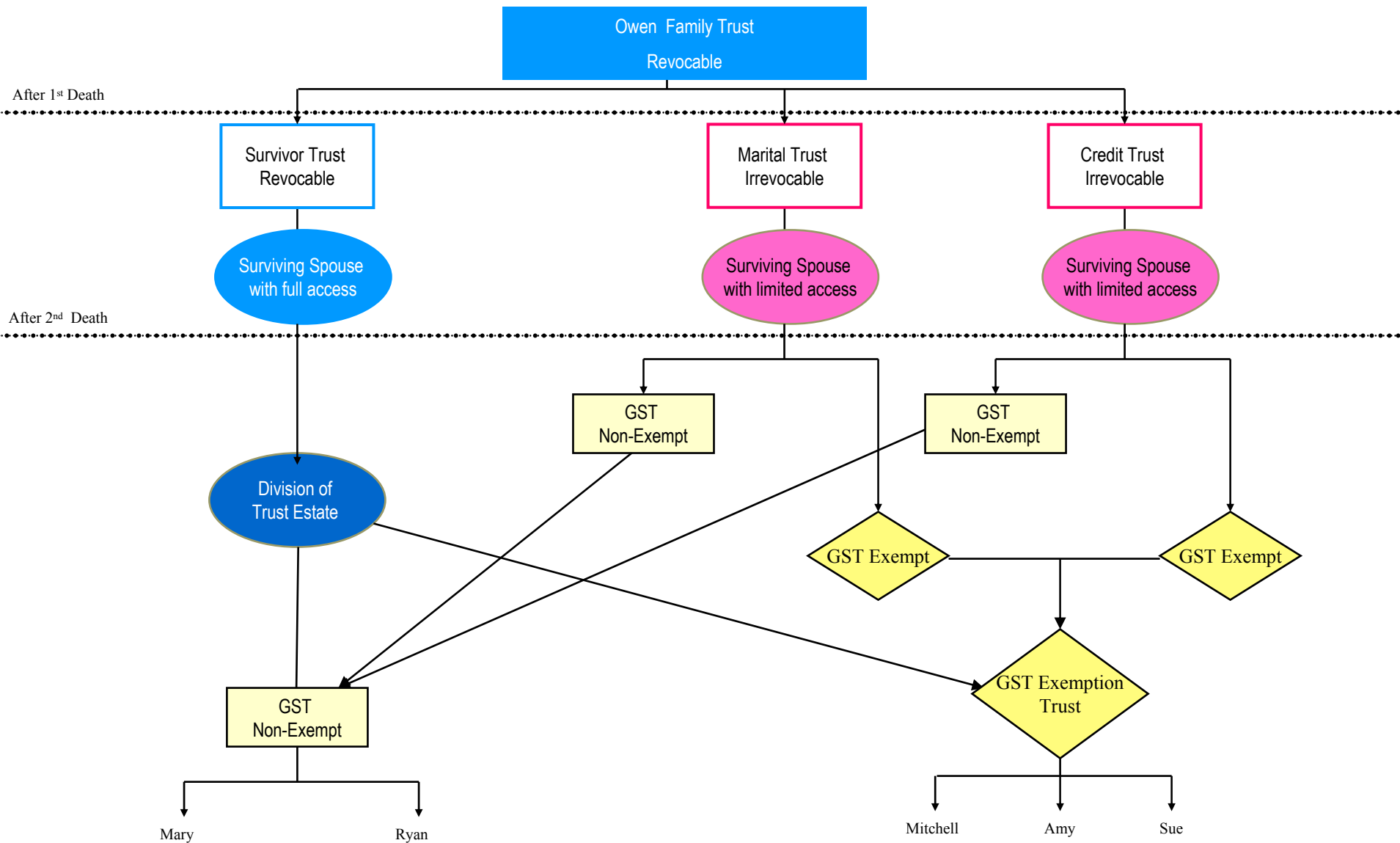


Confidential Presentation For: John and Mary Owen

January 2002

Presented by
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The Owen Family Trust



Terms of Owen Trust

- Trustors and Trustees
 - John Owen
 - Mary Owen
- Successor Trustee
 - Mary Owen Richardson
 - U.S. Trust
- During lifetime of the Trustors
 - All Net Income from Community Property shall be used for the use and benefit of the trustors and principal as requested by either Trustor
 - All Net Income from Separate Property shall be used for the use and benefit of the trustor who contributed and principal shall be used at such trustor's request
- Upon the death of the first trustor to die
 - Gifts of tangible personal property to the Survivor's Trust
 - Trustor's jewelry, clothing, household furniture and furnishings, kitchenware, personal automobiles, and other tangible articles of a personal nature
 - Division into the following Sub-Trusts
 - Survivor's Trust
 - Marital Trust
 - Credit Trust



Dispositive Provisions--Survivor's Trust

- Revocable and amendable
- Funded by SS's separate property and SS's ½ interest in community property.
- Net income to SS, payable at least quarterly.
- Discretionary principal of requested by SS.
- Trustee discretion to use principle for SS's care, comfort, health, education, support, and maintenance.
- SS may direct trustee to sell assets that produce little to no income.
- Debts, expenses, and taxes of SS may be paid from Survivor's Trust upon SS's death.
- Expenses incurred to distribute personal property may be a general expense of this Trust.
- Trustee has power to allocate decedent's GST exemption.



Dispositive Provisions--Marital Trust

- Funded by smallest fractional share as necessary for the marital deduction to eliminate Federal Estate tax
 - *As such, a percentage of each asset shall fund this trust.*
- Trust shall be split into two sub-trusts
 - GST Exemption
 - GST Non-exempt
- During SS's lifetime
 - All net income to SS, payable at least quarterly.
 - Discretionary distribution of principal and income to SS for reasonable health, education, support and maintenance.
- SS may direct trustee to sell assets that produce little to no income.
- May pay all of the SS's debts, expenses, taxes, funeral and last illness.
- SS retains limited power of appointment that takes effect at SS's death
- Trustee has power to allocate decedent's GST exemption.



Dispositive Provisions-Credit Trust

- Funded by fractional share amount
- Decedent's expenses may be paid by this trust.
- Trustee has power to allocate the decedent's GST exemption.
- Separate equal shares will be allocated to sub-trusts
 - GST Exemption (60%)
 - Mitchell, Amy, and Sue
 - GST Non-exempt (40%)
 - Mary and Ryan
- During SS's lifetime
 - Discretionary distribution of principal and income to SS and trustor's children and grandchildren, for reasonable health, education, support and maintenance.
 - SS's interest precede the interest of children and grandchildren
 - SS retains limited power of appointment
- Income not distributed will be added to principal and applied proportionately to each listed beneficiary at the end of the calendar year.



Distribution of Trust - All Trusts

- Upon death of surviving spouse
- Separate equal shares will be received by Mary, Ryan, Mitchell, Amy, and Sue
- Income will be distributed to beneficiaries in proportion to their share.
- Up to age 22, discretionary income and principal to beneficiary based on reasonable HEMS standard
 - Income not distributed will be added to principal and applied proportionately to each listed beneficiary at the end of each calendar year.
- At age 22, mandatory income and discretionary principal distribution to beneficiaries
- Principal distributions
 - At age 25, 1/3 of corpus distribution.
 - At age 30, 1/2 of corpus distribution.
 - At age 35, remaining corpus distribution.
- If beneficiary predeceases distributions, then governed by or received by
 - Power of appointment held by the beneficiary's will or
 - Then living issue of beneficiary, or
 - Beneficiary's siblings

