

[1]
PERSONAL RESIDENCE TRUST

THIS AGREEMENT was made the ____ day of March, 2016, between [1], of Bellingham, Washington, as Grantor, and [1], as Trustee.

W I T N E S S E T H

WHEREAS, the Grantor desires to create a residence trust for the benefit of his wife, [2], hereinafter “the primary beneficiary”; and

WHEREAS, the Grantor desires that upon the death of his wife the property or the proceeds of its sale, should be distributed to his children _____, hereinafter “the secondary beneficiaries”;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Grantor does hereby assign, convey, transfer and deliver to the Trustee the property commonly known as _____, receipt of which the Trustee does hereby acknowledge,

TO HAVE AND TO HOLD the same and any other property which the Trustee may hereafter at any time hold or acquire as provided hereunder (the "trust estate") **IN TRUST, NEVERTHELESS**, to manage, invest and reinvest the same, to collect the income thereof, and to dispose of the net income and principal thereof for the following uses and purposes and subject to the terms and conditions hereinafter set forth:

FIRST: NAME OF TRUST

The trust shall be known as the [1] Residence Trust of 2016.

SECOND: BENEFICIARIES

The primary beneficiary of the trust is the Grantor’s wife [2].
The secondary beneficiaries of the trust are the Grantor’s children:

THIRD: REVOCABLE TRUST CONTINGENCY

The Trust shall be revocable in full or in part during the life of the Grantor, and may be amended by Grantor at any time. Any amendment or revocation shall be in writing and acknowledged before a notary public. Following the death of the Grantor, the trust shall be irrevocable.

FOURTH: PERSONAL RESIDENCE IN TRUST

A. Residence Trust. This trust shall initially hold the real property constituting a personal residence of the Grantor located at _____ (hereinafter “the property”).

(1) Grantor's Retained Use. The Grantor shall have the right, rent free, to the exclusive use, possession and enjoyment as a personal residence of such real property (or any successor residence acquired by the Trustee as hereinafter provided). The Grantor shall pay all carrying costs associated with the personal residence held in the trust and shall pay all other costs associated with such residence, including costs of extraordinary repairs and improvements.

(2) Primary Beneficiary's Use. Upon the death of the Grantor, the primary beneficiary shall have the right of occupancy of the property for her life, subject to Article Fifth below.

B. Successor Residence. Upon written request of the primary beneficiary, and only of the primary beneficiary, the Trustee may sell the personal residence then held in the trust and use the proceeds of any such sale to acquire a successor personal residence, which shall thereafter be held hereunder for the benefit of the beneficiaries as provided above. Any sales proceeds in excess of those used by the Trustee to acquire a successor personal residence shall be distributed in equal shares to the secondary beneficiaries.

C. Repairs and Insurance Proceeds. If the personal residence held by the Trustee is damaged or destroyed, any insurance proceeds in excess of those required to repair the residence or build a successor personal residence shall be distributed in equal shares to the secondary beneficiaries.

FIFTH: FINAL DISTRIBUTION

The trust shall terminate upon the first to occur of (a) the death of the primary beneficiary, (b) the cessation of primary beneficiary's use of the residence as her residence for a continuous period of six months or more, or (c) the primary beneficiary's failure for four continuous months to pay the expenses of the property, including utilities and insurance (following a failure to cure after 30 days actual notice of the deficiency). Upon an event of termination, the Trustee shall sell the trust property and distribute the trust assets to the secondary beneficiaries in equal shares.

SIXTH: POWERS OF TRUSTEE

In addition to, and not by way of limitation of, the powers conferred by law upon fiduciaries, Grantor hereby expressly grants to the Trustee, the powers hereinafter enumerated, all of such powers so conferred or granted to be exercised by the Trustee as the Trustee may deem advisable in the exercise of sole and absolute discretion and without court authorization,:

(1) To appoint, employ and remove, at any time and from time to time, any accountants, attorneys, agents, clerks, repairmen and employees; and to fix their compensation.

(2) To execute and deliver any and all instruments to carry out any of the foregoing powers, no party to any such instrument being required to inquire into its validity or to see to the application of any money or other property paid or delivered pursuant to the terms of any such instrument.

SEVENTH: PROTECTIVE PROVISION

No beneficial interest in any trust created hereunder, whether in income or in principal, shall be subject to anticipation, assignment, pledge, sale or transfer in any manner, and no beneficiary of the Trust or other person interested therein shall have the power to anticipate, encumber or charge his or her interest therein, and no trust estate created hereunder shall be liable for or subject to the debts, contracts, obligations, liabilities or torts of any beneficiary of any such trust or other person interested therein; provided, however, that nothing contained herein shall be construed as preventing any beneficiary from making a qualified disclaimer with respect to interests herein.

EIGHTH: CONSTRUCTION

This instrument shall be construed in accordance with the laws of the State of Washington and all questions involving the validity and administration of any trust hereby created shall be determined in accordance with said laws.

NINTH: BINDING EFFECT

This Agreement shall extend to and be binding upon the executors, administrators, successors and assigns of the Grantor and upon the successors and assigns of the Trustee.

TENTH: LIMITED LIABILITY

Every act done, power exercised or obligation assumed by the Trustee pursuant to the provisions of this Agreement shall be held to be done, exercised or assumed, as the case may be, by the Trustee acting in a fiduciary capacity and not otherwise, and every person, firm or corporation contracting or otherwise dealing with the Trustee shall look only to the funds and property of the trust estate for payment under such contract or payment of any money that may become due or payable under any obligation arising under this Agreement, in whole or in part, and the Trustee shall not be personally liable therefor even though the Trustee did not exempt itself from personal liability when entering into any contract, obligation or transaction in connecting with or growing out of the trust estate.

ELEVENTH: TRUSTEES

The following trustee provisions shall apply:

A. Resignation and Incapacity.

(1) Any trustee may resign at any time by written notice, setting forth the effective time and date thereof, delivered to a successor trustee

(2) If and when any individual trustee becomes incapacitated, as defined by a Court of law or the affidavit of the trustee's regularly attending physician, the trustee shall automatically cease to be a trustee as though he or she had resigned at the time of such event. The word "incapacitated" as used in this agreement shall be deemed to include not only persons who have been so declared by a court of competent jurisdiction, but also persons for whom a guardian or conservator or other fiduciary of the person or estate or both shall have been appointed by a court of competent jurisdiction.

B. Appointment of Successor. In the event that the named trustee is unwilling or unable to serve, then _____ shall serve as successor trustee. If he is unable or unwilling to serve, then _____ shall serve as successor trustee. If she is unable or unwilling to serve, then _____ shall serve as successor trustee.

C. Expenses and Compensation. Upon the death of the primary beneficiary, and not before that event, the Trustee shall pay from income or principal of the Trust Estate, or partly from each, in its discretion, all expenses incurred in the administration of this Trust and the protection of this Trust against legal attack, including counsel fees and a reasonable compensation for its own services as such Trustee, which compensation and expenses constitute a first lien on the Trust Estate.

D. Bond. The Grantor hereby directs that any Trustee acting hereunder shall not be required to enter bond or other security in the State of Washington or any other jurisdiction in which said fiduciary may be called upon to act.

E. Accounting. The Trustee shall not be required to comply with the Trustees Accounting Act of the State of Washington, Chapter 11.106 of the Revised Code of Washington, or any amendment thereto; provided that annual statements of account for Trust expenses paid by the Trust, if any, shall be made to the beneficiaries who have reached the age of eighteen (18) years and who have not been declared incapacitated, to the legal guardian of a beneficiary and to the natural guardian of a minor beneficiary.

TWELFTH: ADMINISTRATIVE PROVISIONS

The administration of the Trust or Trusts established under this Agreement shall be governed by the following provisions:

A. General Powers. The Trustee shall have all powers, rights, duties, and obligations provided by law, including but not limited to the powers granted by the Washington Trust Act of 1984, Chapter 11.98 of the Revised Code of Washington and RCW 11.98.070 in particular, and any amendment thereto, except as modified by grants of powers or by limitations on such powers set forth elsewhere in this Agreement, including, without limiting the generality of the terms, the

following specific powers or limitations on such powers:

B. Investment of Trust Funds. Except as provided in § 5.2 above, the Trustee shall handle and invest the Trust Estate in accordance with the provisions of Chapter 11.100 of the Revised Code of Washington and any amendment thereto. Notwithstanding the foregoing, it is the intention of the Trustor that the Trustee not be bound by any requirement that may be imposed under RCW 11.100.020, or otherwise, to diversify investments. If the Trustee, in its discretion, determines that it is in the best interests of the Trust to invest all, or a disproportionate share, of the Trust Estate in a single asset, the Trustee shall not be held liable for so investing.

C. Principal and Income. The Trustee shall determine what is principal or income in accordance with the provisions of the Washington Principal and Income Act, Chapter 11.104 of the Revised Code of Washington, and any amendment thereto.

D. Facility of Payment. If at any time, or from time to time, any beneficiary entitled to receive income or principal hereunder shall be a minor, or incapacitated, or a person whom the Trustee deems to be unable to wisely or properly handle funds if paid to such beneficiary directly, the Trustee may make such payments in its discretion, in any one of the following ways:

(a) Make expenditures directly for the education of such beneficiary. The decision of the Trustee to make direct payments or to apply funds on behalf of such a beneficiary shall be conclusive and binding upon all parties.

(b) Name a Custodian for such beneficiary (who may also be the Trustee) under the Washington Uniform Transfers to Minors Act, Chapter 11.93 of the Revised Code of Washington, and any amendment thereto, and make such payment to such Custodian.

E. Compromise of Claims. The Trustee may, at its option, at any time, in connection with its management of the Trust or the collection of any monies due or payable to it as Trustee hereunder, compromise or abandon any claims existing in favor of or against the Trust.

F. Trustee's Advances. The Trustee may loan or advance its own funds for any trust purpose to this Trust, said loans or advances to bear a reasonable rate of interest from the date of advancement until paid, and, together with interest, to constitute a first lien upon the entire Trust Estate until paid.

G. Payment of Taxes

(a) The Trustee shall have full power and authority to pay from the Trust Estate any taxes, charges or assessments for which the Trustee, the Trust Estate, or any interest therein becomes liable, and any such payments shall be made from and charged to either income or principal of the Trust Estate, or any share or separate trust thereof, as the Trustee, in its discretion, deems proper.

(b) Method of Payment. The Trustee may pay any taxes directly to the applicable

taxing authority or make such payment to the another fiduciary on behalf of the Trust, and the Trustee shall request and receive a written statement from such fiduciary confirming the amount of such taxes charged against the Trust Estate and the payment of such taxes to the applicable taxing authority.

IN WITNESS WHEREOF, the undersigned Grantor and Trustee have executed this Agreement as of the date first above written.