

19654

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CERTIFICATION OF JESSE & MARY HOUSE 1982 TRUST

The undersigned hereby certify:

1. That JESSE H. HOUSE and MARY M. HOUSE are Trustees of that certain Trust Agreement dated the same date as this Certificate wherein JESSE H. HOUSE and MARY M. HOUSE are Trustors and JESSE H. HOUSE and MARY M. HOUSE are Initial Trustees.
2. That, for the purposes of convenience, the Trust created by the aforesaid Trust Agreement is named the "JESSE & MARY HOUSE 1982 TRUST".
3. That the aforesaid Trust Agreement contains, inter alia, the following provisions:
  - a. The powers of Jesse H. House and Mary M. House over assets subject to the Trust Agreement are set forth in Exhibit "A".
  - b. The powers of Trustees over assets subject to the Trust Agreement are set forth in Exhibit "B".
  - c. The successors to Jesse H. House and Mary M. House as Trustees are set forth in Exhibit "C".
  - d. The definitions of terms used herein are set forth in Exhibit "C".
4. This Certificate shall not be construed as amendatory of the Trust Agreement and, to the extent that any portion of this Certificate should conflict with the Trust Agreement, the provisions of the Trust Agreement shall control.

DATED this 12th day of October, 1982.

Jesse H. House  
JESSE H. HOUSE

Mary M. House  
MARY M. HOUSE

STATE OF OREGON, County of Klamath ) ss: October 12, 1982  
Before me personally appeared the above named JESSE H. HOUSE and MARY M. HOUSE, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

(SEAL)

Kirstine L. Prock  
NOTARY PUBLIC FOR OREGON

My Commission Expires: 12/16/84

Possession, Custody and Management of Custodial Assets: Except as may be expressly provided otherwise, Jesse and Mary shall have the exclusive possession, custody, and all power of management, without payment of rental therefor and without any accounting to Trustee thereof, of Custodial Assets transferred to Trustee by Jesse and Mary, respectively. Without limiting the generality of the foregoing, the power of management shall include, but not be limited to, all powers set forth in Exhibit "B" of this Certification of Trust and as the same shall be expanded by the following provisions:

a. Sell, Etc.: The power of management shall include the power to sell, convey, lease, encumber, or hypothecate any Custodial Asset. The foregoing power to lease, encumber, or hypothecate shall include the power to do so for periods longer than the term of any trust created by the Trust Agreement.

b. Securities: The power of management shall also include the power to open and maintain, in the name of Trustee, the name of this Trust, or in the name of any nominee of Trustee, including, without limiting the generality of the foregoing, the name of the respective Trustor of the asset invested in any account, street or otherwise, with any brokerage firm or company, and to conduct any and all stock trading activity, including, but not limited to, marginal trading, short selling, buying and selling options, whether or not such stocks are owned by Trustee, Trust, or nominee of Trustee.

c. Life Insurance: The power of management shall also include the power to hold, in the name of Trustee, in the name of the Trust, or in the name of any nominee of Trustee, any policy of life insurance on the life of Jesse or Mary, or both. Trustee shall not be obligated to pay the premiums on any such policy of life insurance and the named insured shall retain all rights afforded an owner of any such policy including, without limitation of the foregoing, the right to receive dividends therefrom, to borrow against such policy, or otherwise transfer the same.

d. Trustee's Nominee: Jesse or Mary may act as nominee of Trustee for any of the Custodial Assets transferred and conveyed by such Trustor to Trustee pursuant to the Trust Agreement. Without limitation of the foregoing, a Trustor shall be deemed to hold a Custodial Asset as nominee of Trustee where Jesse or Mary executes and delivers to Trustee any instrument transferring any Custodial Asset to Trustee even though the Custodial Asset remains registered in the name of the Trustor transferring such Custodial Asset, the registration in the name of Trustee of such a Custodial Asset is not completed, or the transferring Trustor retains possession of the certificate, or other document and/or instrument, evidencing the title thereto. If Jesse or Mary acts as a nominee for any Custodial Asset transferred to Trustee, such Trustor of a Custodial Asset may receive directly any dividends, interest, income or distributions from or upon such Custodial Asset and neither Jesse or Mary, nor Trustee of such Custodial Asset shall have any duty of accounting to the other, or to any other person, with regard thereto. If Jesse or Mary, in possession of a Custodial Asset (as nominee of Trustee), should transfer title to a Custodial Asset to one other than Trustee, such a transfer shall constitute a withdrawal of such a Custodial Asset from the Trust Estate and Trustee shall have no further interest therein, nor duties with regard thereto. If Jesse or Mary should transfer a Custodial Asset to a third party, Jesse or Mary shall notify Trustee of any withdrawal of any Custodial Asset from the Trust Estate, but such notice shall not be a condition precedent to the effective withdrawal of a Custodial Asset from the Trust Estate or to the conveyance of good and sufficient title to the transferee thereof.

e. Co-Tenancies: If any Co-Tenancy account, or Co-Tenancy title to real property or personal property of any kind, should be established between Jesse or Mary and Trustee, the instrument, document, or conveyance establishing or creating such Co-Tenancy shall be the equivalent of an instrument, document, or conveyance designating such Co-Tenancy account or property as part of the Custodial Assets of that Trustor, and, as between Jesse or Mary and Trustee, any such Co-Tenancy account or property shall be subject to the covenants, terms, and provisions of the Trust Agreement. To the extent changes are made in any such Co-Tenancy account (either by addition, or deletion), the same shall constitute an addition to, or removal of, the Custodial Assets. Where such a Co-Tenancy account is a joint account in the nature of an Investment Account, Jesse or Mary may write checks thereon or make withdrawals therefrom without the co-signature of Trustee, and such writing or checks or the making of withdrawals by Jesse or Mary shall constitute withdrawals from the Trust Estate and Trustee shall have no further interest in any amount, or amounts, so withdrawn, or any further duty with regard thereto. The

capacity of Jesse or Mary of any Custodial Asset held between Jesse or Mary and Trustee as Co-Tenants shall be that of nominee of Trustee and not that of co-owner.

f. Instructions by Jesse or Mary to Trustee and Indemnification of Trustee: Jesse or Mary, in exercising the power to manage, possess or control any asset of the Trust Estate as herein provided, may direct Trustee, from time to time, in writing, to participate and join in any action elected by Jesse or Mary and Trustee shall comply with such direction. The direction by Jesse or Mary may include (without limiting the generality of the rights herein provided) direction to sell, convey, transfer, or lease any Jesse's or Mary's Asset. If Trustee is directed to take any action concerning a Jesse's or Mary's Asset pursuant to the rights herein provided, and the proceeds or products of such an action are received by Trustee, Trustee shall account for the same and apply the same as directed by Jesse or Mary. Unless Jesse or Mary expressly directs Trustee to pay the proceeds from the sale, leasing, or disposition of a Jesse's or Mary's Asset to Jesse or Mary, the same shall continue to be subject to the terms of the Trust Agreement. In any event, Trustee shall promptly and fully account to Jesse or Mary in writing for any proceeds or products received by Trustee as a consequence of any action directed by Jesse or Mary. In order to assure Trustee's compliance with Jesse's or Mary's directions concerning Jesse's or Mary's Assets pursuant to the provisions herein provided, Jesse or Mary hereby covenants and agrees to and with Trustee to indemnify and hold harmless Trustee from any and all claims, demands, causes of action, actions or suits, and costs (including, without limiting the generality of the foregoing, reasonable attorney fees with or without suit or action, and, if suit or action, at trial or on appeal). As security for the foregoing covenant to indemnify and hold harmless Trustee, Trustee is hereby given (in addition to all powers conferred by law, a lien upon those assets of the Trustor so directing Trustee (both principal and income) for the payment thereof, including, but not limited to, the right to take possession of such Trustor's Custodial Assets for the purpose of reimbursing Trustee of any sums due Trustee by way of this covenant to indemnify Trustee or hold Trustee harmless. Notwithstanding any implication to the contrary, this subparagraph shall not be construed as giving Jesse the power to direct Trustee concerning Mary's Assets, nor Mary the power to direct Trustee concerning Jesse's Assets.

## EXHIBIT "B"

Powers of Trustee Over Management Assets: Trustee shall have, in addition to all powers conferred by law, the right and power over any assets subject to the Trust Agreement which become a Trustor's Management Assets, or other than Jesse's or Mary's Assets, to do all acts which are, in Trustee's judgment, needful or desirable for the proper and advantageous management of such assets (subject to the limitations set forth herein). Included in the foregoing sentence, without limiting the generality of the foregoing, are the following specific powers:

a. Securities: To invest any property forming part of the Trust Estate in such securities, including securities issued by or insured by the United States of America, State thereof, or political subdivision of such State, or any country other than the United States of America, common or preferred stocks, notes, debentures, or fractional shares of any corporation, and shall have like authority to exercise, or sell, stock subscription or commission rights, and to purchase fractional shares needed to round out fractional shareholdings that might arise concerning any stock held pursuant to the authority granted hereby. To open an account, or accounts, with any brokerage firm or company, including, but not limited to, a street account. In addition, Trustee shall have the right to acquire its own stock and to either vote any stock subject to the Trust (including its own stock), or give its proxy to vote such stock comprising an asset of the Trust to a distributee. Trustee may also sell any of the investments referred to in this paragraph. Trustee shall have the authority to register or qualify for exemption from registration shares of stock in any corporation with any agency or agencies of any government (including, but not limited to, the Securities and Exchange Commission of the Government of the United States); to participate in any such registration or qualification for exemption from registration; to apply for and to secure the approval of any agency of any government with respect to the sale of such shares; to sell such shares to the public (or to underwriters for public sale) or to private investors or to participate in the public or private sale of such shares; to enter into an agreement with respect to any such sale with any broker, investment banker or underwriter; to make such representations, warranties and indemnities as are customarily given by a selling stockholder to any broker, investment banker or underwriter in connection with a firmly underwritten offering; to incur and to pay all expenses necessary or appropriate in connection with any such registration, qualification or sale; and to take all other action necessary or appropriate in order to consummate any such sale. This power shall include (without limiting the generality of the foregoing) any and all shareholder's interest and/or debentures, notes, or like evidence of investments, in California-Oregon Shoe Co., an Oregon corporation, or its successor.

b. Property: To continue to hold any property (real, personal, or mixed) received in trust at the risk of the Trust Estate and not at the risk of Trustee. Trustee need not sell any of the assets in the Trust Estate merely for the sake of diversification nor for the sake of obtaining cash funds to invest in other assets which might produce more income. In addition, to sell, convey, lease, encumber, or hypothecate, any property that may become part of the Trust Estate. The foregoing power shall include the power to lease, encumber, or hypothecate, for periods longer than the term of any trust created by the Trust Agreement.

c. Retain Property and Operate Business: To continue to hold any property received in trust and to operate at the risk of the Trust Estate and not at the risk of Trustee, any property or business received in trust, as long as Trustee may deem advisable, the profits and losses therefrom to inure to or be chargeable to the Trust Estate as a whole and not to the Trustee. Trustee need not sell any of such assets merely for the sake of diversification nor for the sake of obtaining cash funds to invest in other assets which might produce more income. To amplify the foregoing intent, Trustee is specifically authorized to retain the stock of California-Oregon Shoe Co., an Oregon corporation (or any successor thereto). Trustee is specially authorized to continue in the Trust Estate any partnership interest which may comprise a portion of the Trust Estate. It is Trustors' opinion, based upon personal experience, that diversification and other normal fiduciary investment rules are not as likely to produce the best investment results. It is Trustors' specific intent that Trustee shall have the absolute discretion to hold and manage the Trust assets following investment programs similar to that which Trustors have followed prior to any asset of the Trust Estate becoming subject to these powers. Trustee is specifically relieved of any liability or responsibility to any beneficiary for continuing to hold any property received in trust.

d. Borrow Money and Loan Trustee's Funds: To borrow money and to loan or advance Trustee's own funds to any Trust created by the Trust Agreement for any trust purpose at prevailing rates of interest and to mortgage

and hypothecate the property and securities of the Trust Estate in whole or in part as security for the repayment of such loans or advances.

e. Make Repairs: To make such expenditures for the repairing, improving and rebuilding of any property of the Trust Estate as Trustee may deem necessary.

f. Use a Nominee of Title: To hold securities and other property in the name of Trustee, or in the name of Trustee's nominee, but Trustee shall be responsible for the acts of such nominee affecting such property only if such nominee is other than Trustor.

g. Pay Expenses: To pay all taxes, charges, commissions and other expenses of the Trust Estate, including reasonable compensation for Trustee's own services, which shall be based upon its schedule of fees at the time such fees become payable, if Trustee maintains a schedule, otherwise nothing. Trustee shall also be entitled to reimbursement for all outlays, advances, costs and expenses incurred by Trustee in the preservation, maintenance, and protection of the Trust Estate without reduction of Trustee's fees.

h. Hold Trust Estate as Undivided Whole: Except as may be otherwise specifically provided herein, to hold the Trust Estate as an undivided whole without separation into any separate trusts created by the Trust Agreement for such period as Trustee shall deem expedient, but no such undivided holding shall defer or postpone vesting or distribution under the trusts and powers therein declared.

i. Determine Principal and Income: To determine, in all cases, what receipts are income and what are principal and what disbursements are chargeable to income and what are chargeable to principal; subject, however, to the definition of income contained in the Trust Agreement.

j. Protection and Realization of Assets: To take any action with respect to conserving or realizing upon the value of any assets and with respect to foreclosures, reorganizations or other changes affecting any asset; to collect, pay, contest, compromise or abandon demands of or against the Trust Estate, wherever situated; and to execute contracts, notes, conveyances and other instruments, including instruments containing covenants and warranties binding upon and creating a charge against the Trust Estate, and containing provisions excluding personal liability.

k. Employ Professionals: To employ any custodian, attorney, accountant, corporate fiduciary, or any other agent or agents to assist Trustee in the administration of the Trust Estate and to rely on the advice given by these agents. If Trustee should have any financial interest in business of such professionals, the same shall not constitute a conflict of interest. Reasonable compensation for all services performed by these agents shall be paid from the Trust Estate out of either income or principal as Trustee, in Trustee's discretion, shall determine, and shall not decrease the compensation to which Trustee may be entitled. Trustee shall not be responsible for any neglect, omission, or wrong doing of any agent or employee unless Trustee fails to use reasonable care in the supervision of these persons.

l. Pay to Beneficiary: To pay income or principal to which a beneficiary is entitled directly to a beneficiary, to any person having custody of a beneficiary, to the legal guardian or conservator of a beneficiary, or to any person who, or corporation which, shall be furnishing maintenance, support or education to a beneficiary, or as otherwise specifically provided in the Trust Agreement. The receipt of any person to whom payment is made as herein authorized shall be sufficient voucher for Trustee, and in the discretion of Trustee, the recipient need not be required to account to Trustee or to any court or other person as to disposition thereof. To make any distribution or division of principal or income of the Trust Estate in cash, or in kind, or both, and to allot different kinds or disproportionate shares of property or undivided interest in property among those entitled to distribution. To the extent that securities or other property is determined by Trustee to be distributable under the terms of this paragraph, Trustee shall distribute the same at its market value as nearly to the date of distribution as can reasonably be determined by Trustee. The judgment of Trustee as to what shall constitute a just and proper division or apportionment of assets of the Trust Estate among any distributees shall be binding and conclusive on all interested parties. Income accrued or unpaid on trust property when received into any trust shall be treated as any other income. Income accrued or held undistributed at the termination of any interest or estate under any trust shall go to the beneficiaries.

entitled to the next succeeding interests, in the proportion in which they take such interests. Periodic payments out of principal not due upon the termination of any interest or estate shall not be apportioned to that date. Proration of taxes and other current expenses to the date of termination shall not be required. Trustee may exercise any powers and discretions set forth in this paragraph for a reasonable period after termination of the Trust Estate.

- A. Initial Trustee: The Initial Trustees shall be Jesse and Mary. Upon the death or incapacity of either of them, the one of them able and willing to act shall act as Trustee. In the event of the death or incapacity of Jesse and Mary, the Successor Trustee shall be as set forth in this Article V.
- B. Designation of Successor Trustee: Successor Trustee to any Trustee shall be governed by the following:
1. Successor Trustee to Jesse and Mary: Upon the death, incapacity, or resignation of both Jesse and Mary, then Ron shall be Successor Trustee to Initial Trustees.
  2. No Trustee Designated Willing or Able to Act: If all individuals named herein as Trustee, or any successor, or successors, to them designated as provided in this Article V should be unable or unwilling to act as Trustee, then a Successor Trustee shall be selected as follows:
    - a. United States National Bank of Oregon as Successor Trustee: United States National Bank of Oregon, a national banking association, shall be Successor Trustee unless it is unable to act or is removed as provided in this Trust Agreement.
    - b. By Anyone Interested in the Trust Estate: If no one authorized in Article V selects a Successor Trustee within ninety (90) days from the date there should be no Trustee acting under the provisions of this Trust Agreement, anyone interested in any portion of this Trust Estate may, either in person, or through his or her guardian or conservator, secure the appointment of a Successor Trustee by a court of competent jurisdiction at the expense of the Trust Estate.
  3. Corporate Trustee as Successor Trustee Subject to Certain Provisions: If any Successor Trustee should be a Corporate Trustee (whether named in this Trust Agreement as a Successor Trustee or selected pursuant to this Trust Agreement), such Corporate Trustee shall be subject to the following provisions:
    - a. Sale of Trust Business: In the event a Corporate Trustee should sell or transfer its business or its trust department, or should consolidate or merge with another institution authorized to transact trust business in the State of Oregon, any successor to a Corporate Trustee shall act as successor to a Corporate Trustee without further formality other than the instruments necessary to accomplish the succession itself.
    - b. Resignation of Corporate Trustee: If the Corporate Trustee should resign, a successor to such a Corporate Trustee shall be selected in the same manner as provided in the preceding Subparagraph 2,b of this Article V.
    - c. Removal of Corporate Trustee: A majority of the beneficiaries of this Trust Agreement, either individually, or by and through their respective guardians or conservators, may remove any Corporate Trustee acting with respect to any trust established by this Trust Agreement no longer revocable by either of the Trustors and may designate a successor to any removed Corporate Trustee. Removal shall be effected as follows: By delivery of a written instrument personally, or by certified mail, to the then acting Corporate Trustee; by written acceptance of the office of Trustee signed by the successor to the acting Corporate Trustee selected pursuant to this provision; and by delivery of notice of such change and acceptance to all beneficiaries of any trust, or trusts, created by this Trust Agreement being then administered pursuant to this Trust Agreement. Any such removal shall be effective only upon the end of the month following the date of such removal.
  4. Responsibility of Successor Trustee for Acts of Predecessor: No Successor Trustee shall be liable for any act, omission, or default of a predecessor Trustee, shall have no duty to investigate or review any action of a predecessor Trustee and may accept the accounting records of the predecessor Trustee showing assets on hand without further investigation and without incurring any liability to any person claiming or having an interest in the Trust Estate.
- C. Right of Resignation: Any Trustee shall have the right to resign at any time; provided, however, that the effective date of such resignation shall be at the end of the month following the date of such resignation. Any

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resignation of a Trustee shall be in writing acknowledged in the form required for the recordation of instruments in the State of Oregon.

D. Definitions: The definitions set opposite the following terms shall control:

1. Jesse: The term "Jesse" shall mean JESSE H. HOUSE whose full name is JESSE HUGH HOUSE.
2. Mary: The term "Mary" shall mean MARY M. HOUSE whose full name is MARY MARGARET HOUSE.
3. Ron: The term "Ron" shall mean RONALD D. HOUSE whose full name is RONALD DALVIN HOUSE.
4. Richard: The term "Richard" shall mean RICHARD S. HOUSE, issue of the marriage between Ron and Sandra House.
5. Rachael: The term "Rachel" shall mean RACHAEL T. HOUSE, issue of the marriage between Ron and Sandra House.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record

on the 20 day of Jan A.D. 19 83 at 9:49 o'clock A.M.  
duly recorded in Vol. M83 of Deeds on page 1109

Fee \$32.00

EVBLYN BIEHN, Clerk

By *[Signature]*

GIACOMINI, JONES & ASSOCIATES  
ATTORNEYS AT LAW  
A PROFESSIONAL CORPORATION  
635 MAIN STREET  
KLAMATH FALLS, OREGON 97601