75485

WHEN RECORDED MAIL TO:

GIACOMINI, JONES & TREITMAN
ATTORNEYS AT LAW
635 MAIN STREET
KLAMATH FALLS, OREGON 97601

Vol. M87 Page 9506

STATE OF OREGON

County of ______ } ss:

I certify that the within instrument was received for record on the ____ day of ______ 19__, at ____ o'clock __M., and recorded in book ______ on page ______ or as filing fee number ______ Record of Deeds of said County.

Witness my hand and seal of County affixed.

______
______ Title

BY: ______ Deputy

MAIL TAX STATEMENTS TO:

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CERTIFICATION OF TRUST

The undersigned hereby certify:

1. That Thomas W. Hawkins and Elizabeth Harlowe Hawkins, on May 29, 1987, were Trustees of that certain Trust Agreement dated August 12, 1985, excerpts of which are attached hereto as Exhibit "1", wherein Thomas W. Hawkins and Elizabeth Harlowe Hawkins are Trustors and Thomas W. Hawkins and Elizabeth Harlowe Hawkins are Trustees.

2. That, on May 29, 1987, the trust created by the Trust Agreement, excerpts of which are attached as Exhibit "1", was in full force and effect and the undersigned were acting as Trustees with full powers of Trustees as provided in the Trust Agreement, excerpts of which are attached hereto as Exhibit "1".

3. That, as of May 29, 1987, the Trustors, Thomas W. Hawkins and Elizabeth Harlowe Hawkins, have not exercised any powers of revocation of the Trust Agreement as provided in the excerpts of the Trust Agreement attached hereto as Exhibit "1".

DATED this 29 day of May, 1987.

Thomas W. Hawkins
THOMAS W. HAWKINS, Trustor

Elizabeth Harlowe Hawkins
ELIZABETH HARLOWE HAWKINS, Trustor

Thomas W. Hawkins
THOMAS W. HAWKINS, Trustee

Elizabeth Harlowe Hawkins
ELIZABETH HARLOWE HAWKINS, Trustee

STATE OF Oregon, County of Klamath) ss: May 29, 1987

Before me personally appeared the above named THOMAS W. HAWKINS and ELIZABETH HARLOWE HAWKINS, 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 — OREGON

Kirstine L. Prock
NOTARY PUBLIC FOR Oregon
My Commission Expires: [illegible]

DECLARATION OF TRUST

THE THOMAS W. [illegible] AND ELIZABETH [illegible] [illegible] LIVING TRUST

THOMAS W. [illegible] and ELIZABETH [illegible] [illegible], hereinafter called "Trustee", hereby declare that THOMAS W. [illegible] and ELIZABETH [illegible] [illegible], hereinafter called "Trustors", have transferred and delivered to the Trustee, without consideration therefor, all their right, title and interest in and to the property described in Schedule "A" attached hereto.

All property now and hereafter subject to this trust shall constitute the trust estate, and be held, managed and distributed as hereinafter provided.

ARTICLE I

Any person, including without limitation the Trustors and any beneficiary hereof, may from time to time, with the consent of the Trustee, by conveyance, assignment, designation of the trust as beneficiary of life insurance policies on the life of a Trustor, transfer or will, add property of any kind to the trust estate, or any part thereof, which upon its receipt and acceptance by the Trustee shall be subject to all terms and provisions of this trust.

ARTICLE II

Subject to the provisions hereof, the trusts created hereunder shall be and are hereby expressly made revocable. During the joint lifetimes of the Trustors, this trust may be revoked or amended in whole or in part with respect to community property by either of the Trustors, and with respect to separate property by the Trustor who contributed that property to the trust. Property in the trusts shall retain its separate or community character, as the case may be; provided that the Trustors may change the character of their property at any time upon written notice to the Trustee executed by both Trustors and duly acknowledged. Upon revocation or partial revocation, assets shall be returned to the Trustors, or either of them, as community or separate property.

[illegible]

EXHIBIT "[illegible]"

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deemed to refer to each of the separate trusts hereinabove provided for, respectively, and the trust estate of each such trust.

(b) Upon the death of Deceased Spouse, the Trustee may pay Deceased Spouse's expenses of last illness and funeral, debts, attorneys' fees, and other costs of administering Deceased Spouse's estate from TRUST III in the discretion of the Trustee; provided that debts and expenses of administration allocable against community property shall be charged against TRUST I and TRUST III in accordance with California law then in effect, to the extent TRUST I includes any interest in community property. Upon the death of Surviving Spouse, the Trustee may pay Surviving Spouse's expenses of last illness and funeral, debts, attorneys' fees, and other costs of administering Surviving Spouse's estate from TRUST I (or if it has been exhausted, out of TRUST III) in the discretion of the Trustee. Without limiting the authority of the Trustee, the Trustee shall not be required to make payment of debts and expenses authorized herein unless a written claim is filed within 120 days of the death of the deceased Trustor.

(c) The interests of beneficiaries in principal or income shall not be subject to claims of their creditors or others nor to legal process and may not be voluntarily or involuntarily alienated or encumbered.

(d) Unless terminated at an earlier date under the foregoing provisions, each trust created hereunder shall cease on the date which is 21 years after the death of the last survivor of the beneficiaries in being at the time of the death of the Deceased Spouse, and the trust estate, upon such termination, shall be distributed to the persons who were at that time entitled to receive income in the same proportions as their right to receive income or, if the rights to income at such time are not fixed hereunder, then in equal shares to such of the Trustors' issue as are then entitled in the Trustee's discretion to receive income payments.

(e) The Surviving Spouse shall have the right to continue to occupy rent-free all property of any trust estate that Trustors were using at the time of Deceased Spouse's death for residential purposes (whether on a full-time or part-time basis, including vacation property); provided, however, that upon the request of Surviving Spouse, the Trustee shall sell any such property and replace it or rent or lease another residence suitable for Surviving Spouse of comparable or lower value as the Trustee and Surviving Spouse deem appropriate.

ARTICLE IV

To carry out the purposes of these trusts and subject to any limitations stated elsewhere in this instrument, the Trustee is vested with the following powers in addition to those now or hereafter conferred by law affecting the trusts and the trust estates:

(a) To continue to hold and operate at the risk of the trust estates any property or business received in these trusts as long as the Trustee deems advisable and to receive additional assets, acceptable to the Trustee, contributed by any person to these trusts; provided, however, that the aggregate return of all investments of the trusts from time to time shall be reasonable in light of then existing circumstances. Notwithstanding anything herein contained to the contrary, the Spouse who owns as his or her separate property insurance on the

[illegible]

EXHIBIT "1"

life of the other spouse shall retain all incidents of ownership individually and as Trustee with respect to such life insurance policies during the joint lifetimes of the spouses, and the insured spouse shall have no incident of ownership with respect to such policies. After the death of the owner-noninsured spouse, during any period that the insured spouse is acting as a sole Trustee or Co-Trustee, he or she shall not have the power (unless directed by the court having jurisdiction over the proceedings for the administration of the trusts) to exercise the trust's interest in any life insurance on the life of surviving Spouse or revoke an assignment, to designate any person or entity other than the Deceased Spouse's trust as beneficiary of such insurance, to sell or convert any such policy for its cash surrender value, to surrender or cancel any such policy, to pledge any such policy for a loan, or to obtain from the insurer a loan against the surrender value of any such policy, to elect among settlement options, to use any source of funds other than principal to pay premiums on such policies, to receive the benefits of any cash received on surrender of any such policy or any dividend or interest derived from the policies or any income received in lieu thereof, or to otherwise exercise any incident of ownership over such policies within the meaning of Internal Revenue Code Section 2042. Such powers shall be vested in the other Co-Trustee, if any, and if none, in the court having jurisdiction over the proceedings for the administration of the trusts.

(2) To manage, control, grant options on, sell for cash or on deferred payments within or beyond the term of the trusts, convey, exchange, partition, divide, subdivide, improve and repair trust property; to lease trust property for terms within or beyond the terms of the trusts and for any purpose, including exploration for and removal of gas, oil and other minerals, and to enter into community oil leases, pooling and unitization agreements; to create restrictions, easements and other servitudes; to carry such insurance, including life insurance, as the Trustee may deem advisable; to borrow money and to encumber or hypothecate trust property by mortgage, deed of trust, pledge or otherwise for the debts of the trust or the joint debts of the trust and a co-owner of the trust property; to enforce any mortgage or deed of trust or pledge held hereunder and to purchase at any sale thereunder any property subject thereto.

(3) To commence or defend such litigation with respect to the trusts or any property of the trust estates as the Trustee may deem advisable at the expense of the trust, and to compromise or otherwise adjust any claims or litigation involving the trusts.

(4) To invest and reinvest the trust estates in every kind of property - real, personal or mixed - and every kind of investment, specifically including, but not limited to, corporate obligations of every kind, stocks, preferred or common, shares of investment trusts, investment companies, mutual funds and mortgage participations, which persons of prudence, discretion and intelligence acquire for their own account, including any common trust fund administered by any Trustee under this instrument. The Trustee is authorized to purchase assets from and/or loan funds to the estate of a deceased Trustor, upon such terms as would be deemed reasonable and proper by a reasonably prudent person dealing with his or her own property.

(5) To have respecting securities all the rights, powers and privileges of an owner, including without limitation the power to vote, give proxies, pay assessments, to participate

in common trust funds, pooling agreements, foreclosures, reorganizations, consolidations, mergers, liquidations, sales and leases, and incident to such participation to deposit securities with and transfer title to any protective or other committee on such terms as the Trustee may deem advisable; and to exercise or sell stock subscription or conversion rights; and to buy, sell and trade in securities of any nature, including short sales on margin, and for such purposes the Trustee may maintain and operate margin accounts with brokers, and may pledge any securities held or purchased by the trust with such brokers as security for loans and advances made to the trusts.

(6) Upon any division or partial or final distribution of the trust estates, to partition, allot and distribute the trust estates in undivided interests or in kind (pro rata or otherwise), or partly in money and partly in kind at valuations determined by the Trustee, taking into account the income tax bases of such assets as the Trustee shall deem to be for the best interest of the beneficiaries, and to sell such property as the Trustee may deem necessary to make division or distribution.

(7) The Trustee, in the Trustee's discretion, may make payments to a minor or other beneficiary under disability (regardless of whether legally adjudicated incompetent) by making payments to the guardian or conservator of his person, to any suitable person with whom he resides who has the care of him, or to a relative of the minor or of the other beneficiary under disability. The Trustee may apply payments directly for the beneficiary's benefit or may make payments directly to a minor if in the Trustee's judgment he is of sufficient age and maturity to spend the money properly. Until the Trustee shall receive written notice of any birth, marriage, death or other event upon which the right to payments from these trusts may depend, the Trustee shall incur no liability to persons whose interests may have been affected by that event for disbursements made in good faith.

(8) Unless otherwise provided herein, income accrued or held undistributed by the Trustee at the termination of any interest or estate under these trusts shall go to the beneficiaries entitled to the next succeeding interest in the proportions in which they take such interest. Periodical payments out of principal not due upon the termination of any interest or estate shall not be apportioned to that date. The Trustee shall not be required to prorate taxes and other current expenses to the date of termination.

(9) The expenses of last illness and funeral of any beneficiary (except a Trustor), which is not provided for above, may in the discretion of the Trustee be paid out of the principal of the trust estate or the portion thereof in which such deceased beneficiary had any present or future income interest.

(10) Except as otherwise specifically provided in this instrument, the determination of all matters with respect to what is principal and income of the trust estates, and the apportionment and allocation of receipts and expenses between these accounts shall be governed by the California Revised Uniform Principal and Income Act from time to time existing; provided, however, that the Trustee shall establish such reserves for depreciation and/or depletion as may be required by good accounting practices, and shall amortize the premiums on securities acquired above par and accumulate the discount on securities acquired below par. Any such matter not provided for herein or

EXHIBIT "A"

in such principal and income as shall be determined by the Trustee in the Trustee's discretion.

(11) If the payment of income from TRUST III or any other trust which any beneficiary is eligible to receive is insufficient in the Trustee's discretion to provide for the reasonable support, maintenance, health and/or education of such beneficiary, the Trustee may pay to or apply for the benefit of such beneficiary so much of the principal of such trust estate as the Trustee may deem necessary or proper for such purposes. In making such determinations the Trustee shall have the right to take into consideration any income or other resources of the beneficiary. The primary concern in establishing this trust is the welfare of the Spouses and their children, and the interests of others in the trust are to be subordinate to theirs. The term "education" as used in this trust includes all schooling through and including postgraduate study, all expenses related thereto, including without limitation proper establishment in business or profession. In the case of any beneficiary other than the Surviving Spouse, such payments shall not exceed the principal set aside or to be set aside for the benefit of such beneficiary and shall be deducted from it. It is Trustors' desire that in the case of the Trustors no invasion shall be made from TRUST III unless and until the principal of TRUST I and TRUST II is exhausted, except that the Trustee may invade TRUST III before TRUST I and TRUST II are exhausted if the Trustee deems it advisable. Notwithstanding anything herein contained to the contrary, during any time that a beneficiary is acting as sole Trustee, any discretionary payment out of this trust shall be determined by the Superior Court; and during any time that a beneficiary is acting as Co-Trustee, any discretionary payment out of this trust shall be determined solely by the remaining Co-Trustee, and such beneficiary-trustee shall not participate in any manner in the exercise of such discretionary power. In addition, during any time that [illegible] is acting as Trustee while he has a living child under the age of majority, any payment out of this trust for the benefit of such child shall be determined by the court having jurisdiction over the proceedings for the administration of the trust.

(12) To purchase in Trustee's discretion at less than par obligations of the United States of America that are redeemable at par in payment of any federal estate tax liability of either Trustor in such amounts as the Trustee deems advisable, and for that purpose the Trustee may partition a portion of the community property of the trust estate and make such purchases from either or both portions. The Trustee shall exercise the Trustee's discretion and purchase such obligations if the Trustee has reason to believe that either Trustor is in substantial danger of death, and may borrow funds and give security for that purpose. The Trustee shall resolve any doubt concerning the desirability of making the purchase and its amount in favor of making the purchase and in purchasing a larger, even though somewhat excessive, amount. The Trustee shall not be liable to either Trustor, the heirs of either Trustor, or any beneficiary of this trust for losses resulting from purchases made in good faith. Notwithstanding anything in this instrument to the contrary, the Trustee is directed to pay the federal estate tax due on either Trustor's death in an amount not less than the par value plus accrued interest of such obligations that are eligible for redemption in payment of the deceased Trustor's taxes, without apportionment or charge against any beneficiary of the trust estate or transferee of property passing outside the trust estate. The legal representative of the deceased Trustor's estate, or if none was appointed, the Trustee acting under this instrument, shall select the redemption date of such obligations.

EXHIBIT "1"

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estate, the Trustee named herein shall have the power to make the election described in I.R.C. § 2056(b)(7) [illegible]. It is Trustors' [illegible] provided, however, that if the Trustee is to make such election [illegible] Spouse's and Surviving Spouse's [illegible] the benefits for both [illegible] election were made or a partial election [illegible] may fail to make such election or may make a partial election. The Trustee shall not incur personal liability for exercising or not exercising this election and the trust shall hold the Trustee harmless against all claims with respect to having made or not having made the election.

ARTICLE X

1. Should either Co-Trustee die, resign, or become unable to act as Trustee by reason of physical or mental incapacity, [illegible] is named successor Co-Trustee, and in the event two Co-Trustees die, resign, or become unable to act as Trustee by reason of physical or mental incapacity, the remaining Co-Trustee shall act as sole successor Trustee. If all of the above-named persons die, resign, or become unable to act as Trustee by reason of physical or mental incapacity, [illegible] and PATRICK [illegible], in that order, are appointed as sole successor Trustee. [illegible] are appointed as Trustee of the trust for [illegible]. [illegible] resigns, or becomes unable to act as Trustee by reason of physical or mental incapacity, [illegible] and [illegible], in that order, are named sole successor Trustee of said trust. No bond shall be required of any person named herein as Trustee. No successor Trustee shall be liable for the acts or omissions of a predecessor Trustee, and each successor is hereby relieved from any duty to examine into such acts and omissions. Physical or mental incapacity shall be conclusively established by two doctors, authorized to practice medicine in the State of [illegible], written certificates to that effect. The term "Trustee" as used in this instrument shall include any Co-Trustee named herein. A Trustee may resign as Trustee at any time, and if a successor has not been appointed hereunder or cannot or will not serve as Trustee, the resigning Trustee may appoint a successor Trustee. This power may be exercised or relinquished by a written instrument delivered to each adult beneficiary or the parent of each minor beneficiary who is then entitled to trust income or to whom payments of trust income may then be made in the discretion of the Trustee.

2. The Trustee shall be entitled to reasonable compensation [illegible] for ordinary services performed hereunder; [illegible] for any extraordinary services performed by the Trustee; [illegible] for counsel engaged by the Trustee and [illegible] for all services in connection with the termination or revocation of the Trust, in whole or in part.

3. During the lifetime of either Trustor, the Trustee shall account only to the Trustors or the Surviving Spouse, as the case may be, and their written approval shall be final and conclusive in respect to transactions disclosed in the account as to all beneficiaries of the trust, including unborn and contingent beneficiaries. After the death of both Trustors, the Trustee shall render an accounting, from time to time but not less frequently than one year after any prior accounting, regarding the administration of any trust created in this instrument. Accountings shall be made by delivering a written accounting to each beneficiary entitled to current income distribution or, if

[illegible]

EXHIBIT "1"

there are no current income beneficiaries, to each beneficiary entitled to current distribution out of income or principal in the Trustee's discretion, and to each remainderman in being. If any person entitled to receive an accounting is a minor or is under a disability, the accounting shall be delivered to the parents or the guardian of his person if he is a minor, or to the guardian or conservator of his person if he is under any other disability. Unless any beneficiary, including parents, guardians, or conservators of beneficiaries, shall deliver a written objection to the Trustee within 90 days after receipt of the Trustee's account, the account shall be final and conclusive in respect to transactions disclosed in the account as to all beneficiaries of the trust, including unborn and unascertained beneficiaries. After settlement of the account by agreement of the parties objecting to it, or by expiration of the 90-day period, the Trustee shall no longer be liable to any beneficiary of the trust, including unborn and unascertained beneficiaries, in respect to transactions disclosed in the account, except for the Trustee's intentional wrongdoing or fraud.

4. In the interpretation of the provisions of this Declaration of Trust, the term "Trustee" shall, where the context permits, mean and include the Trustee or Trustees for the time being hereof, whether original, alternate, successor or substituted.

ARTICLE V

(1) Notwithstanding anything herein contained to the contrary, and unless the Trustors are acting as Trustee during their joint lifetimes, the Trustee shall have no right to borrow funds from, nor lend sums to the trust estates at other than current interest rates and for adequate security, and any such borrowing by the Trustee shall be repaid in full prior to the end of the tax year in which such borrowing occurred, nor shall the Trustee sell property to, or purchase property from the trust estates for other than a full, adequate and reasonable consideration, nor shall the trust engage in any other dealings with the Trustee except upon such terms as would be deemed reasonable and proper by a reasonably prudent man dealing with his own property. It is intended that the trust shall be entitled to make joint investments with the Trustee and/or other trusts so long as said investments are such that a reasonably prudent investor would make.

(2) Except as otherwise provided in any amendment hereto, or in the Last Will and Testament of a Trustor, all federal estate taxes and state inheritance taxes imposed by reason of the death of Trustors (except any additional tax imposed under I.R.C. § 2032A(c) or any generation-skipping transfer tax) shall be paid by the Trustee out of the corpus of TRUST III upon the death of Deceased Spouse, and from TRUST I upon the death of Surviving Spouse, and shall not be charged against or collected from any beneficiary under this trust or any beneficiary or transferee of any property outside of the trust estate; provided, however, that if a Trustor's estate includes the value of property to which I.R.C. § 2044 applies, the Trustee shall recover from the person or persons receiving that property an amount equal to the total estate tax due from that Trustor's estate multiplied by a fraction, the numerator of which is the value of the property to which I.R.C. § 2044 applies, and the denominator of which is the total value of the Trustor's gross estate.

(3) In the event any beneficiary under this trust shall, singly or in conjunction with any other person or persons,

EXHIBIT "1"

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contest in any court the validity of this trust or of a deceased Trustor's last will or shall seek to obtain an adjudication in any proceeding in any court that this trust or any of its provisions or that such will or any of its provisions is void, or seek otherwise to void, nullify, or set aside this trust or any of its provisions, then the right of that person to take any interest given to him by this trust shall be determined as it would have been determined had the person predeceased the execution of this Declaration of Trust without surviving issue. The Trustee is hereby authorized to defend, at the expense of the trust estate, any contest or other attack of any nature on this trust or any of its provisions.

(4) If any provisions of this instrument are unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

(5) This trust has been accepted by the Trustee in the State of California, and unless otherwise provided in this instrument, its validity, construction and all rights under it shall be governed by the laws of that State.

(6) This trust shall be known and referred to as the THOMAS W. HAWKINS AND ELIZABETH HARLOWE HAWKINS LIVING TRUST.

Executed at [illegible] (City), Oregon (State), on August 12, 1986.

Thomas W. Hawkins
THOMAS W. HAWKINS, Trustor

Elizabeth Harlowe Hawkins
ELIZABETH HARLOWE HAWKINS, Trustor

We certify that we have read the foregoing Declaration of Trust and it correctly states the terms and conditions under which the trust estate are to be held, managed and disposed of by the Trustee. We approve the Declaration of Trust in all particulars and request the Trustee to execute it.

Dated: August 12, 1986.

Thomas W. Hawkins
THOMAS W. HAWKINS, Trustee

Elizabeth Harlowe Hawkins
ELIZABETH HARLOWE HAWKINS, Trustee

STATE OF Oregon)
County of Klamath) ss
)

On August 12, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS W. HAWKINS and ELIZABETH HARLOWE HAWKINS, known to me (or proved to me on the basis of satisfactory evidence) to be the Trustors

[illegible]

EXHIBIT "A"

described in and whose names are subscribed to the within instrument, and they acknowledged to me that they executed it.

WITNESS my hand and Official Seal.

Notary Public in and for said State
My commission expires [illegible]

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Giacomini, Jones & Trotman, Attorneys the [illegible] day of June A.D., 19 87 at [illegible] o'clock A M., and duly recorded in Vol. M87 of Deeds on Page 9914.

FEE $41.00

Evelyn Biehn, County Clerk
By

EXHIBIT "1"