

89744

10-18-94A10:26 RCVD

Vol 94 Page 32289

When recorded mail to:

Edward D. & Lena M. Morse
3506 Yavapai
Lake Havasu City, AZ 86406

This space reserved for recording information

MEMORANDUM RE: TRUST AND TRUSTEE'S POWERS

EDWARD D. MORSE and LENA M. MORSE, hereby certify and declare as follows:

1. EDWARD D. MORSE and LENA M. MORSE are the Grantors and are also the duly appointed and acting Co-Trustees of THE MORSE FAMILY TRUST, under revocable Trust Agreement dated effective the 12th day of May, 1994 (hereafter referred to as the "Trust Agreement").
2. The Trust Agreement provides that upon the resignation, death, or incapacity of either Co-Trustee, the remaining Co-Trustee continues to serve as sole Trustee. In the event of the resignation, death, or incapacity of both of the original Co-Trustees, the Successor Trustee automatically succeeds to the office of Trustee. The name of the Successor Trustee is BONNIE L. WELCH, and if such person shall at any time be unable or unwilling to act in such capacity the Alternate Successor Trustee is TERRY A. MORSE.
3. The following is a true and correct copy of the provisions of Paragraph 6.1 of Article 6 of the Trust Agreement:

ARTICLE 6 PROVISIONS RELATING TO TRUSTEE AND SUCCESSOR TRUSTEE

6.1 **Powers of Trustee.** In addition to, and not in limitation of, any powers conferred upon all trustees by any applicable statute or general rules of law, Trustee shall have all of the powers, and is expressly authorized in Trustee's sole and absolute discretion to do and perform all of the acts and things, that are more fully detailed and set forth upon the attachment to this Trust Agreement captioned "POWERS OF TRUSTEE", the provisions of which are by this reference incorporated herein and made a part hereof.

4. The following is a true and correct copy of the "POWERS OF TRUSTEE" attached to, and incorporated by reference in, the Trust Agreement pursuant to the provisions of said Paragraph 6.1 of Article 6:

* * * * *

POWERS OF TRUSTEE

1. **Retention of Existing Investments.** To retain and hold in or as a part of the trust estate any investment or other property acquired from Grantor or Grantor's estate, with full power, nevertheless, to change and vary the form of any investment from time to time as the Trustee shall deem best.
2. **Operation of Business Owned by Grantor.** To continue and operate any business owned by Grantor and to do all things deemed advisable in connection therewith, including the power to incorporate or otherwise change the form of the business and to put additional capital into it, as Trustee may deem best.
3. **Management and Operation of Real Estate.** To manage, operate, repair and improve, and to rent or lease, regardless of the length of the term, any real estate forming a part of the trust estate. Trustee shall have the power to do all things necessary or advisable in connection with the management and operation of any farm or ranch properties, and any natural resource properties.
4. **Investments.** To open and maintain accounts with stock brokerage firms, and to execute all documents necessary for the opening and maintenance thereof, and on behalf of the Trust to invest the trust estate in, and to buy, sell, and trade:
 - a. Stocks, bonds, notes, options (including puts and calls, and whether or not covered by like securities held in the brokerage account), and other securities of any nature (including short sales, and sales on margin), and for such purposes Trustee may maintain and operate margin accounts with brokers, and may borrow money from any brokerage firm and pledge any securities held or purchased by Trustee to such brokers as security for loans and advances made to the Trustee; and
 - b. Any other real or personal property, including (but not limited to) precious metals or stones, commodities and commodity interests, interests in oil, gas, and mineral wells, mines, and leases, shares or interests in investment trusts and common trust funds, leaseholds or undivided fractional interests in real estate, and interests in general or limited partnerships;
- as Trustee may deem advisable, even though such investments may not be of the character generally deemed permissible for investments by fiduciaries. Investments need not be diversified and may be made or retained with a view to possible increase in value. Trustee may at any time hold cash or readily marketable securities of low yield for such period as Trustee may deem advisable. The Trustee is authorized to appoint one or more investment managers to manage all or any part of the assets of the Trust, and to pay reasonable compensation to any such investment manager. Trustee may delegate to an investment manager the power to acquire and dispose of assets, and investment discretion.
5. **Exercise of Conversion Rights.** To exercise any rights and privileges to convert investments or other property into other investments or other property and to subscribe for additional securities, and to hold any assets so acquired as investments of the trust estate.
6. **Voting of Securities.** To vote in person or by proxy on any stocks or other securities held by Trustee.
7. **Registration of Securities or Property.** To cause to be registered in Trustee's name, individually or as Trustee, or in the name of a nominee, any securities or other property from time to time held by Trustee, or to take and keep them unregistered, and to retain them or any part thereof in such condition that they will pass by delivery.
8. **Corporate Transactions.** To join in, or to dissent from and to oppose, the reorganization, recapitalization, consolidation, sale or merger of corporations or properties in which Trustee may be interested as Trustee upon

such terms and conditions as Trustee may deem wise, and to accept any securities which may be issued upon any such reorganization, recapitalization, consolidation, sale or merger, and thereafter to hold the same.

9. **Purchase, Sale and Disposition of Property.** To purchase, sell, exchange, convey or dispose of, or to acquire or grant options with respect to, any property, real or personal, and any purchase or sale may be made by private contract or by public auction, and for cash or upon credit, or partly for cash and partly upon credit, as Trustee may deem best, and no person dealing with Trustee shall be bound to see to the application of any monies paid.
10. **Right to Borrow and Provide Security.** To borrow money from any financial institution or source of financing deemed appropriate by Trustee, for any purpose connected with the protection, preservation or improvement of the trust estate, whenever in Trustee's judgment advisable, and as security therefor to encumber or pledge any property forming a part of the trust estate upon such terms and conditions as Trustee may deem advisable. Trustee shall have the power to expend funds of the trust estate for the purpose of repayment of indebtedness secured by encumbrance or pledge of property forming a part of the trust estate. Trustee may pledge or encumber assets of the trust estate to collateralize the loans or other obligations of any Grantor or other beneficiary hereunder and may act as a co-borrower or guarantor with respect to loans and obligations of any Grantor or other beneficiary hereunder.
11. **Right to Make Conveyances and Encumbrances.** To make, execute, acknowledge and deliver any and all deeds, leases, and assignments and other legal instruments necessary or proper to carry out the provisions of this Agreement; and to pledge, mortgage and encumber any and all assets of the trust estate for any purpose, at any time, from time to time, on any terms and in any manner as the Trustee may, in Trustee's sole discretion, deem advisable and appropriate.
12. **Loans to Grantor's Estate.** To lend funds of the trust estate to Grantor's estate, upon such terms and conditions as Trustee shall approve.
13. **Life Insurance Policies.** To acquire as an asset of the trust estate one or more life insurance policies on the lives of any persons to whom the income of the trust is then payable, or on the life of any person in whom such income beneficiary has an insurable interest, from such companies and in such amounts as Trustee may deem advisable; to pay premiums on all policies, from income or principal or both (other than income or principal of the Survivor's Trust, if any such Trust be established hereunder), as Trustee may determine and any such insurance shall be payable to, and all incidents of ownership shall be vested in, Trustee.
14. **Insurance Proceeds; Options.** To permit the proceeds of any insurance policy payable to Trustee, or any part of such proceeds, to remain with the company under any option available under the terms of such policy, and Trustee shall not be liable for any loss resulting to the trust estate by reason of having permitted such retention.
15. **Establishment of Reserves.** To establish, from rents, profits and other income, such reserves for taxes, assessments, insurance, repairs, improvements, depreciation and maintenance of buildings and other property, as Trustee shall deem advisable and consistent with the purposes of Grantor.
16. **Distribution in Cash or Property.** Except as otherwise expressly provided elsewhere herein, to make any division or distribution in cash or in kind, or partly in cash and partly in kind, on the basis of market values at the time of such division or distribution, or if there be no recognized market value, at the fair value thereof. Any determination of recognized market value or fair value of any security or property made by Trustee for the purposes hereof shall be deemed presumptively correct.
17. **Payment of Expenses.** To pay any and all expenses, costs, fees (including Trustee's own fees), taxes, penalties or other charges and except as otherwise expressly provided herein to charge the same against principal or income or partly against the principal and partly against the income of the whole or any part of any trust.
18. **Allocations Between Principal and Income.** To determine, in case of doubt, how any money or other property received, or any gain or loss realized or incurred, shall be allocated as between income and principal, and to apportion between income and principal any loss or expenditure in connection with the trust estate, as Trustee may deem just, except that: (1) in the case of securities purchased at a discount the entire subsequent sale price or maturity value shall be

credited to principal; (2) in the case of securities purchased at a premium, the premium shall be charged against principal without amortizing the same. Only the interest component of installment payments received on notes or contracts receivable shall be deemed to be income.

19. **Reliance on Furnished Information.** To rely upon any information, affidavit, certificate, letter, notice, telegram, or other document, or upon any telephone conversation believed by Trustee to be genuine and sufficient.

20. **Employment of Others.** To employ agents, attorneys, investment advisors, and other persons whose services may be required or advisable in the administration of the trust estate and to pay them reasonable compensation.

21. **Arbitration of Differences.** To submit to final arbitration any matter of difference with others.

22. **Settlement and Enforcement of Claims.** To compromise, compound and settle any obligation due to or from the trust estate (including Grantor's estate where appropriate); to reduce the rate of interest on, and to extend or otherwise modify, or to foreclose upon default or otherwise enforce, any such obligation; to enforce or to abstain from the enforcement of any right, obligation or claim; and to abandon, if in Trustee's absolute discretion Trustee shall deem it advisable, any property, real or personal, which may at any time form a part of the trust estate and of the beneficiaries thereof, either before or after default.

23. **Depositories and Investment of Cash.** To create and maintain and invest in savings accounts, checking accounts, certificates of deposit, money market funds, and all other forms of cash reserves and deposits, including safety deposit boxes, whether or not interest bearing, and to maintain said cash accounts and reserves with any institution or depository deemed appropriate by the Trustee. If the office of Trustee is held by Co-Trustees, and all Co-Trustees shall so instruct the depository, checks and withdrawals may be signed and made by any one Co-Trustee without the co-signature of any other Co-Trustee. Such accounts and deposits shall be titled in the name or names designated by the Trustee.

24. **Deputy Trustees.** To appoint a Deputy Trustee or Deputy Trustees, to function as would the Trustee in connection with any cash accounts or reserves including the authority to make deposits to and withdrawals from such cash accounts and reserves. All Deputy Trustees shall serve at the pleasure of the Trustee, and may be removed from office by the Trustee at any time, for any reason deemed sufficient by the Trustee.

25. **Estimates of Value of Trust Estate Assets.** Whenever Trustee is required to determine the value of the trust estate, or any portion thereof, for the purpose of dividing the same into shares for any purpose, or for the purpose of determining the amount of cash or property to be distributed to a beneficiary who is entitled to receive a certain fractional portion of the trust estate, Trustee may estimate the value of trust estate assets based upon such information as shall be available to, and deemed reliable by, the Trustee, unless the Trust Agreement expressly requires that valuations for Federal Estate Tax purposes be utilized by Trustee. Unless Trustee deems such to be advisable, it shall not be necessary for Trustee to obtain independent appraisals of value. Trustee's estimate of value, so long as made in good faith, shall be conclusive and shall be binding upon all beneficiaries hereunder.

26. **Delegation of Powers to Certain Co-Trustees; Actions by a Majority of Co-Trustees.** Whenever the office of Trustee shall be held by Co-Trustees, the Co-Trustees may by unanimous written agreement delegate the authority and responsibility for exercise of certain of these powers, and the authority to perform certain duties and responsibilities of the Trustee (including but not limited to the signing of checks; providing orders to securities brokers or investment advisors, and the execution of any documents) to one or more designated Co-Trustees. If at any time the office of Trustee shall be held by more than two Co-Trustees, and such Co-Trustees shall be unable to agree with respect to any matter relating to the administration of this Trust, the decision and actions of a majority of the Co-Trustees shall be controlling. Any document executed by fewer than all of the Co-Trustees in conformity with the provisions of this Paragraph shall be binding upon this Trust, its Trustee, its trust estate, and all beneficiaries hereunder.

* * * * *

32293

5. No other provisions of said Trust Agreement vary, modify, or limit the provisions set forth herein.

DATED this 2nd day of June, 1994.

Edward D. Morse
EDWARD D. MORSE

Lena M. Morse
LENA M. MORSE

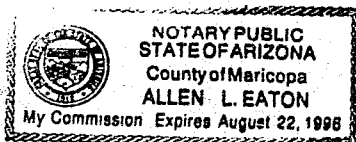
STATE OF ARIZONA)

COUNTY OF Maricopa) ss.

On this 2nd day of June, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared EDWARD D. MORSE and LENA M. MORSE, known or identified to me to be the persons whose names are subscribed to the foregoing instrument individually and as Co-Trustees of THE MORSE FAMILY TRUST, and acknowledged to me that they executed the same individually and as such Co-Trustees.

Allen L. Eaton
Notary Public

Comm. Expires: Aug 22, 1996



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Edward D. Morse the 18th day
of Oct A.D., 1994 at 10:26 o'clock A M., and duly recorded in Vol. M94
of deeds on Page 32289

FEE \$50.00

Evelyn Biehn
By Pauline Mullen County Clerk

MEMORANDUM RE: TRUST AND TRUSTEE'S POWERS - Page 5