

Smith Family Life Insurance Trust

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Smith Family Life Insurance Trust

Trust Agreement

This agreement made and executed in duplicate at Dallas, Texas, this November _____, 2000, by and between Sally A. Smith, 100 Fifth Avenue, Dallas, Texas, the "Settlor," and Settlor's bank, First National Bank, Dallas, Texas, the "Trustee."

Article I **Spouse And Children**

The name of Settlor's spouse is Henry P. Smith, and all references herein to Settlor's "husband" or to Settlor's "spouse" are to him. Settlor's children now living are Henry P. Smith, Jr. and Susan Smith Brown. All references herein to Settlor's "child" or "children" shall include the above-named children as well as all legitimate children hereafter born to or adopted by Settlor.

Article II **Trust Estate**

Settlor declares that she has set aside and holds in trust and/or has transferred and conveyed to the Trustee certain assets called the trust estate, which are itemized on Schedule A and attached to and made a part of this Agreement. Proceeds of life insurance policies, if any, listed on Schedule A shall be payable to the Trustee and are to be administered as part of this Agreement.

Article III **Insurance Policies**

The Trustee is hereby vested with all right, title and interest in and to any policies of insurance, and is authorized and empowered to exercise and enjoy, for the purposes of the trust herein created and as absolute owner of such policies of insurance, all the options, benefits, rights and privileges under such policies, including the right to borrow upon such policies and to pledge them for a loan or loans. The insurance company which has issued such policies is hereby authorized and directed to recognize the Trustee as absolute owner of such policies of insurance and as fully entitled to all options, rights, privileges and interests under such policy, and any receipts, releases and other instruments executed by the Trustee in connection with such policy shall be binding and conclusive upon the insurance company and upon all persons interested in the trust. Settlor hereby relinquishes all rights and powers in such policies of insurance which are not assignable and will, at the request of the Trustee, execute all other instruments reasonably required to effectuate this relinquishment.

The insurance company or companies issuing any of the policies in this trust now or hereafter shall not be responsible for the application by the Trustee of the proceeds of any policy or policies paid to the Trustee or for any act or omission of the Trustee regarding the policies now or hereafter in this trust either during the lifetime of the insured or after his or her death or as to any policy maturing before his or her death.

As soon as practicable after the death of Settlor, the Trustee shall make proof of death and shall collect all monies due under the policies then within the operation of this Agreement and then payable to the Trustee. The Trustee may institute any proceeding

at law or in equity to enforce the payment of any policy and may do and perform any and all acts which may be necessary or appropriate for collecting any sums which may be due and payable under the terms of any policy; but the Trustee shall not be under a duty to maintain any litigation to enforce the payment of any policy unless the Trustee is indemnified to the Trustee's satisfaction against all liability and expense arising on account of such litigation. The Trustee is authorized to compromise and adjudge claims arising out of the insurance policies or any of them upon such terms as the Trustee deems just and the Trustee's decision shall be conclusive.

Article IV **Right Of Withdrawal**

The Trustee may receive any additional real or personal property from Settlor or from any other person or persons, by lifetime gift, under a Last Will And Testament or Trust, or from any other source. Such property will be held by the Trustee subject to the terms of this Agreement. The Trustee agrees, if it accepts such additions, to hold and manage such additions in trust for the uses and in the manner set forth herein.

Promptly upon receipt of any additional real or personal property by the Trustee from Settlor, but in no event later than thirty days prior to the end of the calendar year in which any such addition is made, the Trustee shall (except in the case where any such addition is made by Settlor within thirty days of the end of a calendar year, in which case the Trustee shall give notice as soon thereafter as possible) give written notice to each beneficiary of this trust that such addition has been made and of his or her right of withdrawal with respect thereto.

Notwithstanding any other provision of this Agreement, whenever any addition is made to the trust, the individuals designated in the previous paragraph of this Article who are alive at the time such addition is made shall have the following rights of withdrawal with respect to such addition:

A. Settlor's husband shall have the right to withdraw the first \$5,000 of such contribution or addition in any calendar year.

B. Such other individuals shall have the right to withdraw in any calendar year an amount which is equal to the portion of such addition not subject to withdrawal by Settlor's husband multiplied by a fraction, the numerator of which is one and the denominator of which is the number of such individuals having a right of withdrawal hereunder; provided, however, that the amount subject to withdrawal by each such individual shall not exceed \$5,000 in any calendar year.

Such right of withdrawal shall be exercisable by written notice delivered to the Trustee not later than thirty days after notice of the addition was mailed to the beneficiaries. To the extent not exercised within such thirty day period, such right of withdrawal shall lapse with respect to the addition referred to in such written notice.

Article V **During Settlor's Life**

During the life of Settlor, the Trustee shall collect and manage the principal and income of the trust estate and, after paying the proper charges and expenses of the trust, the Trustee shall hold and distribute the principal of and the net income from the trust estate as follows:

A. The Trustee shall pay to Settlor's living children such sums from the income of this trust as the Trustee deems advisable for health, care, support, maintenance and education. Any income not distributed shall be added to principal.

B. The Trustee shall pay to Settlor's living children such sums from the principal of this trust as the Trustee deems advisable for health, care, support, maintenance and education.

Article VI
Inclusion In Settlor's Estate

At the death of Settlor, if any portion of the trust estate is included in Settlor's taxable estate for federal estate tax purposes, that portion shall be subject to the following:

A. If Settlor's husband survives Settlor, the Trustee shall distribute that portion of the trust estate to Settlor's husband, except that if there are one or more trusts which shall or by election could qualify for the federal estate tax marital deduction in Settlor's estate, that portion of the trust estate shall be added in equal shares to those trusts. For purposes of this Article, Settlor shall be deemed to have survived Settlor's husband if the order of their deaths cannot be proved. This distribution shall carry with it a proportionate part of the income of the trust estate from the date of death of Settlor to the date of distribution.

B. The estate and inheritance taxes assessed by reason of the death of Settlor shall be paid by the Trustee from the principal of the trust. The Trustee may make payment directly, or to the legal representative of Settlor's estate, as the Trustee deems advisable. The Trustee shall not seek reimbursement for any payments made pursuant to this subparagraph.

C. In making distribution or payment, the Trustee shall accept without inquiry the statement of the fiduciary responsible for filing the federal estate tax return or paying the estate or inheritance taxes, as the case may be, as to the amounts required to satisfy the provisions of this Article.

D. The succeeding provisions of this Article shall be subject to the Trustee's making or providing for the foregoing distribution or payment.

Article VII
Smith Family Life Insurance Trust

At the death of Settlor, the residue of this trust shall be held by Settlor's bank, First National Bank, Dallas, Texas, as Trustee, to be administered as follows:

A. At the death of Settlor:

1. The Trustee shall pay to Settlor's living children such sums from the income of this trust as the Trustee deems advisable for health, care, support, maintenance and education. Any income not distributed shall be added to principal.

2. The Trustee shall pay to Settlor's living children such sums from the principal of this trust as the Trustee deems advisable for health, care, support, maintenance and education.

B. Upon the death of the survivor of Settlor and Settlor's husband the Trustee shall divide the Smith Family Life Insurance Trust into equal shares so as to provide one share for each then-living child of Settlor and one share for the then-living descendants, collectively, of each deceased child of Settlor. The shares shall be administered as separate trusts as follows:

1. The Trustee shall pay to the child for which the share was established such sums from the income of this trust as the Trustee deems advisable for health, care, support, maintenance and education. Any income not distributed shall be added to principal.

2. The Trustee shall pay to the child for which the share was established such sums from the principal of this trust as the Trustee deems advisable for health, care, support, maintenance and education.

3. As each of Settlor's children attains the age of 25 years, the Trustee shall distribute to him or her 33% in value of the principal and accumulated income of his or her trust. As each of Settlor's children attains the age of 30 years, the Trustee shall distribute to him or her 50% in value of the principal and accumulated income of his or her trust. As each child attains the age of 35 years, the Trustee shall distribute to the child for which the share was established the balance of principal and accumulated income then being held in his or her trust and the trust shall terminate. If a child of Settlor should die before receiving full distribution of his or her trust, the remainder of that child's trust shall be distributed per stirpes to his or her descendants, if any, or if none, per stirpes to Settlor's descendants. Each portion distributable to a child or other descendant of Settlor for whom a share of this Smith Family Life Insurance Trust is being held shall be distributed to the Trustee of that share and become a part thereof. With respect to each share for the then-living descendants, collectively, of a deceased child of Settlor, the Trustee shall distribute that share per stirpes to those living descendants of said deceased child, limited only by the provisions hereinafter set forth in this Article.

C. No beneficiary shall have power to sell, assign, transfer, encumber, or in any manner to anticipate or dispose of any interest created by this Article. The right to principal and income created by this Article shall not be liable to be reached in any manner by the creditors of, or judgment holders against, any beneficiary. Nothing contained herein shall be construed to preclude any beneficiary's right to disclaim any interest.

D. The Trustee may, in its sole discretion, use income and principal of the share from which the beneficiary was receiving benefits to provide for the last illness, funeral, or other obligations of such beneficiary.

E. If any share becomes distributable to a beneficiary who has not attained the age of 25 years, the Trustee shall retain possession of such share for the period that beneficiary is under the age of 25 years. The Trustee shall pay to the beneficiary such sums from the income and principal of that share as the Trustee deems advisable for his or her health, care, support, maintenance and education. Any income not distributed shall be added to principal. When the beneficiary attains the age of 25 years, the Trustee shall distribute the balance held to him or her. If a beneficiary should die before attaining the age of 25 years, the balance of his or her share shall be distributed upon

his or her death per stirpes to his or her descendants, if any, or if none, per stirpes to Settlor's descendants.

Article VIII **Trustee Powers**

Settlor grants to the Trustee all powers necessary for the proper administration of each trust created by this Agreement, which shall be in addition to those powers provided by the Texas Probate Code. No power granted in this Article shall be exercised if the effect of its exercise is to disqualify any portion of the federal estate tax marital deduction. In extension but not in limitation of any power otherwise possessed by the Trustee, Settlor grants to the Trustee, without the necessity of notice to or approval of any court or person, the following powers:

A. To sell, exchange, borrow, mortgage, lease, or otherwise dispose of any asset for terms within or extending beyond the term of the trust.

B. To borrow money from time to time for any purpose for the use and benefit of the trust estate, from any commercial banking institution, including a Trustee's own commercial banking department, or from any other lending institution or agency, and to secure the loan or loans by a pledge or mortgage of the assets of the trust, and from time to time to renew such loans and give additional security.

C. To develop and subdivide any real property; to dedicate; to vacate; to sell on any terms; to grant options to purchase or lease; to donate, mortgage or pledge; to lease for any period of time, even extending beyond the term of the trust; to partition or to exchange property; to grant or release easements and interests; generally, to deal with any real property the same as Settlor could have during her lifetime.

D. To purchase and pay premiums on life insurance policies on the lives of Settlor and any beneficiaries of the trusts, and to retain and pay premiums on any insurance policies on the lives of them and others; to deal with such policies, including, but not limited to, changing them in regard to form, surrendering for cash, taking paid-up policies, and exercising every other right and privilege of a policy owner.

E. To pay the premiums or other charges on unmatured policies of insurance constituting part of the trust estate as follows:

1. Unless the Trustee(s) receive(s) written notice from Settlor prior to the premium due date of any policy that the premium of such policy has been paid, the Trustee(s) shall pay all premiums as they become due from trust principal or income.

2. If at any time the trust principal and income shall be insufficient to pay such premiums and other charges, the Trustee may, in its discretion, notify either Settlor or the person insured by any such policy, or the beneficiary hereunder if he or she has reached majority, of the amount necessary to pay such premiums or other charges. Any funds furnished to the Trustee as a result of such notice shall be applied to such premiums and other charges, and any excess amounts shall be regarded as voluntary additions to the principal of the trust estate. Nothing herein shall be construed as a covenant by Settlor to pay the premiums or other charges on any policy at any time constituting part of the trust estate.

3. If at any time the trust principal and income and the funds furnished to the Trustee are insufficient to pay such premiums and other charges, the Trustee shall be under no obligation to make such payment and shall not be liable to any extent whatsoever for such nonpayments. The Trustee is authorized, but shall be under no obligation to do so, to borrow upon any policy in the trust estate an amount sufficient to pay such premiums and other charges and is authorized, but shall be under no obligation to do so, to sell at public or private sale, without notice to Settlor or any other person, such part of the property of the trust estate, other than policies of insurance, as may be necessary to furnish the amount required to pay such premiums and other charges and to apply the same to such payment. The Trustee is authorized also, but shall not be obligated, to borrow against the cash value of any policy of insurance, to surrender any policy of insurance for its cash surrender value, or to convert any policy into a paid-up policy or elect extended term insurance whenever it is unable by reason of insufficient funds to pay the premium or other charges.

4. The Trustee accepts this trust without any responsibility for the validity or enforceability of any insurance now or hereafter in this trust or for the legality or effectiveness of any assignment, designation or change of beneficiary of any policy in this trust.

F. To hold the assets of the several trusts, shares or portions of trusts created by this Agreement as a single fund for joint investment and management without the need for physical segregation, dividing the income proportionately among them. Segregation of the various trusts, shares, or portions need only be made on the books of the Trustee for accounting purposes.

G. To determine what is principal and what is income of any trust, and, in the Trustee's discretion, to allocate or apportion receipts and expenses between principal and income, except that all dividends paid in stock shall be considered principal; provided, however, that if Settlor's husband is acting as a co-Trustee of any Family Trust established hereunder, he shall not participate in any decision relating to allocations between principal and income made by the Trustee of that trust.

H. To delegate any of the powers granted in this Agreement, except those relating to discretionary distribution of income and principal, without liability for such delegation, and to employ agents.

I. To make payments to or for the benefit of a beneficiary (specifically including any beneficiary under any legal disability) in any of the following ways: (1) directly to the beneficiary; (2) directly for the maintenance, welfare, and education of the beneficiary; (3) to the legal or natural guardian of the beneficiary; (4) to anyone who at the time shall have custody and care of the person of the beneficiary. The Trustee shall not be obliged to see to the application of the funds so paid, but the receipt of the person to whom the funds were paid shall be full acquittance of the Trustee.

J. To retain any asset, expressly including stock in closely-held corporations which Settlor may own at Settlor's death, regardless of whether it leaves a disproportionately large part of Settlor's trust estate invested in one type of property, and to receive from any source additional properties acceptable to the Trustee.

K. To make distributions (including the satisfaction of any pecuniary bequest)

in cash or in specific property, real or personal, or an undivided interest therein, or partly in cash and partly in such property, without the consent of any beneficiary, and to do so without regard to the income tax basis of specific property allocated to any beneficiary (including any trust) and without making pro rata distributions of specific assets.

L. If a trust becomes reduced in size where the continued administration of it becomes unduly expensive and not in the best interests of the beneficiaries, to distribute the balance of principal and accumulated income to the beneficiary or beneficiaries who are then entitled to receive income or principal, or, if any such beneficiary has not reached the age of twenty-one (21) years, to a custodian for such beneficiary under the Texas Probate Code, and the trust as to that amount shall then terminate.

M. To pay all reasonable expenses and charges of the trust or trusts.

N. To continue, either as a going concern or for purposes of liquidation, without liability for errors in judgment, any business; to delegate duties, with requisite powers, to any employee, manager, or partner as the Trustee may deem proper without liability for such delegation except for the Trustee's own negligence; to elect a Trustee, including the officers or employees of a corporate Trustee, as an officer or director of the business; to be compensated for its services directly by the business or trust; to use in the conduct of the business not only Settlor's capital investment therein but also additional capital out of this trust as the Trustee may deem proper; to borrow money and secure the loan not only with Settlor's interest in the business but also with any part of this trust; to organize, either by itself or with others, a sole proprietorship, a corporation, or a partnership, either general or limited; to deposit securities with voting trustees; to vote stock for or against any proposition submitted at any stockholders' meeting, including charter renewals for any period of time; to sell or liquidate any business interest on such terms as shall be for the best interests of this trust; generally, to exercise with respect to the continuation, management, sale, or liquidation of any business interest all of the powers which Settlor could have exercised during Settlor's lifetime.

O. To continue any farming operation which may be acquired by the trust, to operate any farm with hired labor, tenants, or sharecroppers, and to employ agents; to lease any farm for cash or a share of the crops; to acquire farm machinery, equipment, and livestock; to construct and improve buildings; to make or obtain loans at the prevailing rate of interest; to employ conservation practices; to manage any timber; in general, to perform such acts as the Trustee deems appropriate using such methods as are commonly employed by other farm owners in the community in which the farm property is located.

P. To invest and reinvest in such securities or other properties as persons of prudence, discretion and intelligence might purchase for themselves, whether or not authorized by law for the investment of trust funds, including, but not by way of limitation, real property or interests therein, corporate bonds and debentures, common and preferred stocks, investment company shares, participation in common trust funds, notes and mortgages.

Q. To merge, without court action, any trust or trust share created under this or any other document, wherein the beneficiaries, distribution of income and principal, ultimate method of distribution, and all other administrative terms and provisions are substantially similar. The Trustee may select the trust instrument under which the single resulting trust shall be administered; provided, however, that the trust instrument having the earliest termination date shall be the one so selected. The decision of the Trustee in

this regard shall be conclusive on all parties in interest.

R. To determine whether receipts shall constitute principal or income and whether expenses are properly chargeable to principal or income; provided, however, that all dividends paid in stock shall be considered principal and any capital gain dividends from investments in mutual funds, common trust funds or real estate investment trusts shall be deemed principal. Except as otherwise provided herein, the Trustee shall be governed in such determination by the provisions of the Principal and Income Act from time to time in force in the jurisdiction whose laws shall control the administration of the trust, or if there be no such act in force, by the Revised Uniform Principal and Income Act promulgated by the National Conference of Commissioners on Uniform State Laws, as then amended. In any instance not governed by any such Act, the Trustee is hereby authorized to determine what shall be charged or credited to income and what to principal, and the determination of the Trustee shall be conclusive upon all persons; provided, however, that any beneficiary who is acting as a Trustee of a trust created hereunder shall not participate in any decision relating to allocations between principal and income made by the Trustees of that trust.

S. Regardless of any other provisions in this instrument, to participate in such action as may be required: (i) to convert the stock of any corporation, by consolidation, merger, purchase of assets or otherwise, into a Small Business Corporation as defined in the Internal Revenue Code; and (ii) upon the conversion of any such corporation into a Small Business Corporation or upon receipt by the Trustee of stock in any such corporation whose stock has already been converted into a Small Business Corporation, to preserve the election to be recognized as a Small Business Corporation as defined in the Internal Revenue Code, of any such corporation. Regardless of any other provisions in this Agreement, in the event stock of a Subchapter S corporation is to pass to or be held by a trust created hereunder which does not qualify as a Qualified Subchapter S Trust under the terms of the Internal Revenue Code then in effect, such stock shall pass to an alternative Sub-S trust which trust shall have the same terms with the exception that any terms which then fail to comply with the requirements for a Qualified Subchapter S Trust shall be superseded by terms set forth in the Internal Revenue Code for such trusts. As an example, if more than one income beneficiary exists with respect to a particular trust or share, a separate and equal share shall be created for each eligible beneficiary. As a further example, if all of the income is not required to be distributed to the income beneficiary of such trust, such income will be required to be distributed to such beneficiary. Such alternative Sub-S trust will continue to exist even if, thereafter, it no longer owns stock of a Subchapter S corporation.

T. To hold any asset of the trust as a tenant in common and to place any asset of the trust in a tenancy in common account.

U. To exercise, or refrain from exercising, any election available under any tax law.

Article IX **Irrevocable**

This Agreement is irrevocable, and Settlor shall have no power to amend or modify the provisions of this Agreement. Settlor reserves the right to add property to the trust which is acceptable to the Trustee by assigning or conveying it to the Trustee. Any such property shall be administered in accordance with the terms of this Agreement.

Article X
Trustee

The original Trustee of this Trust shall be Settlor's bank, First National Bank, Dallas, Texas.

Settlor's husband shall have the right, by notice in writing to the then-serving corporate Trustee, to designate a different corporate Trustee to serve hereunder. If Settlor's husband does not survive Settlor, or upon his death, the beneficiaries of the trust who have attained the age of 25 years shall have the right to designate a different corporate Trustee by notice in writing to the then-serving corporate Trustee. The Trustee so named must be either a bank or trust company having appropriate trust powers. Any corporate Trustee serving hereunder undertakes its function as Trustee with the understanding and agreement that it will, if so notified in writing, resign as Trustee and transfer the assets of the trust to the successor Trustee.

No bond shall be required of any Trustee named in this Agreement. Any Trustee serving hereunder shall be entitled to reasonable compensation. A corporate co-Trustee shall be entitled to compensation the same as if it served alone.

If the trust operations of the corporate Trustee are transferred to another corporation, the new corporation shall become successor Trustee without any action by any court or person.

In order to relieve the individual Trustee, if any, of detail in the administration of the trust estate, the corporate Trustee shall have custody and possession of the assets, shall handle all receipts and disbursements, and shall attend to all accounting to the beneficiaries and the court of the trust estate.

No Trustee shall be liable or responsible for the acts or omissions of any other Trustee in which the Trustee sought to be held did not participate or concur.

Article XI
Definitions

The provisions of this instrument shall be supplemented by, and when necessary shall be subject to, the following:

A. The plural expressions shall include the singular and the singular expressions shall include the plural and the context of this instrument shall be read accordingly when the facts require it.

B. Personal pronouns shall be taken to refer to the person or persons intended, regardless of number or gender, and the singular pronoun may be taken to express a plural pronoun when the facts require it.

Article XII
Rule Against Perpetuities

Unless otherwise terminated by the provisions of the trust, each trust created under this Agreement shall terminate twenty-one (21) years after the death of the last surviving beneficiary of said trust who shall be living at the time of Settlor's death. On such termination, the property held in that trust shall be distributed in the proportions and

to the persons then entitled to the income or then entitled to have the income accumulated for their benefit.

Article XIII
Allocation Of Generation Skipping Exemption

The Trustee is authorized, in its sole discretion, to allocate any exemption for generation skipping transfers available to the trust estate under Chapter 13 of the Internal Revenue Code, as amended, in such manner as it deems appropriate. The Trustee specifically may allocate such exemptions to inter vivos trusts as well as to testamentary trusts. Without limiting its discretion, it is Settlor's preference that such allocation be made: first, pro rata to any transfers taxable under the federal generation skipping transfer tax at the time of Settlor's death; second, pro rata to any transfers made at the time of Settlor's death which will be taxable under the federal generation skipping transfer tax in the future; and third, pro rata to any transfers made at the time of Settlor's death which may be taxable under the federal generation skipping transfer tax in the future.

In the event that the aggregate value of the assets passing to a trust or trusts (other than a marital trust with respect to which no section 2652(a)(3) election has been made), the termination of which could be a taxable termination under the federal generation skipping transfer tax or distributions from which could be taxable distributions under the federal generation skipping transfer tax, exceeds the generation skipping transfer tax exemption available to Settlor's estate, notwithstanding any other provision of this Agreement to the contrary, the assets of each such trust shall be held in separate shares as follows: An amount equal to the generation skipping transfer tax exemption allocated to the trust shall be placed in a separate share (hereinafter referred to as the "Exempt Share") and shall be held and distributed in accordance with the provisions of this Agreement which would otherwise be applicable to such trust. The balance of the trust shall be divided into additional separate shares (hereinafter referred to as the "Taxable Shares"), with one share provided for each child of Settlor and his or her lineal descendants. Each such Taxable Share shall provide for distributions during the life of each such child in accordance with the provisions of this Agreement which would otherwise be applicable to such trust and shall provide that the assets of each such share shall pass to the child for whom the trust is established if such child survives until the date of final distribution of the trust, but shall provide that upon the death of the child for whom the separate share is established the assets of such separate share shall pass to such child's estate.

In administering such separate shares, the Trustee may continue to hold the assets of the trust in one account and is not required to segregate such separate shares. The Trustee is further directed, to the extent practicable, to make distributions to any of Settlor's children pro rata from each Taxable Share and to make distributions to the lineal descendants of Settlor's children from the Exempt Share.

Article XIV
Final Taker

If at any time before final distribution there shall not be in existence anyone who is, or who might become, entitled to receive benefits under the foregoing provisions of this Agreement, any portion remaining should be distributed as though Settlor had then died intestate domiciled in the State of Texas.

Article XV
No Guardian Ad Litem

To save expense and simplify procedure, no guardian ad litem or similar proceedings shall be required. Any Trustee shall be released and relieved from any further responsibility or liability for its acts occurring during a period for which it has received the written approval of the adult beneficiaries. The parent, legal guardian, or conservator of a beneficiary may represent such beneficiary. Any notice to or action by such parent, legal guardian, or conservator shall be binding on such beneficiary, and have the same effect as if delivered to or executed by an adult or competent beneficiary.

Article XVI
Insurance Company Responsibility

The insurance company or companies issuing any of the policies in this trust now or hereafter shall not be responsible for the application by the Trustee of the proceeds of any policy or policies paid to the Trustee or for any act or omission of the Trustee regarding the policies now or hereafter in this trust either during the lifetime of the insured or after the insured's death or as to any policy maturing before the insured's death.

Article XVII
Authority To Collect Proceeds

As soon as practicable after the death of Settlor, the Trustee shall make proof of death and shall collect all monies due under the policies then within the operation of this Agreement and then payable to the Trustee. The Trustee may institute any proceeding at law or in equity to enforce the payment of any policy and may do and perform any and all acts which may be necessary or appropriate for collecting any sums which may be due and payable under the terms of any policy; but the Trustee shall not be under a duty to maintain any litigation to enforce the payment of any policy unless it is indemnified to its satisfaction against all liability and expense arising on account of such litigation. The Trustee is authorized to compromise and adjudge claims arising out of the insurance policies or any of them upon such terms as it deems just and its decision shall be conclusive.

Article XVIII
Beneficiary Disclaimer

If any beneficiary should disclaim part or all of a distribution hereunder, the disclaimed property shall pass under the applicable provisions of this Agreement as though the disclaimant had died before distribution of such property.

Article XIX
Trustee Reports

It is Settlor's desire that the Trustee hereunder be able to act efficiently and economically and with reasonable confidence and certainty in the administration of any trust created by this Agreement. In order to save time, unnecessary costs and expenses, and to avoid the publicity which a judicial settlement might entail, the Trustee of any trust hereunder is expressly exonerated from qualifying with and making reports or accountings, either interim or final, to any court, except as the Trustee may desire to do so, or as it may be required to do so by a court upon the application of an interested

party for good cause shown.

However, the Trustee shall: (1) maintain records of the trust assets and its receipts and disbursements, which records shall be subject to inspection by any beneficiary hereunder at reasonable intervals and on reasonable notice and (2) render an account of each trust created hereunder to the persons who may at that time be entitled to receive the income therefrom, and to such persons who at that time would be entitled to the principal thereof should the trust then terminate.

The account of the Trustee shall be rendered directly to such persons who are competent. As to a person who is under a legal disability, the Trustee shall render its account to his or her conservator, if any, or if none, to the person having custody of such person.

In furtherance of Settlor's previously expressed desire that the Trustee be able to act with certainty in the administration of the trusts imposed on it by the provisions of this Agreement, such account shall be final and binding as to all transactions shown therein, upon all persons (whether in being or not) who are then or may thereafter become interested in or entitled to share in either the income or principal of the trust, excepting only those persons who notify the Trustee in writing of their disapproval of such account within ninety days of the date of the Trustee's rendering such account to such persons.

Article XX
Disclaimer By Beneficiary

Nothing contained herein shall be construed to preclude any beneficiary's right to disclaim any interest.

Article XXI
Governing Law

This Agreement has been executed and delivered in the State of Texas and all questions of law arising under this Agreement shall be determined under and according to the laws of the State of Texas.

IN WITNESS WHEREOF, Sally A. Smith has signed this Agreement as Settlor and Settlor's bank, First National Bank, Dallas, Texas, as Trustee, has caused this instrument to be executed in acceptance of the provisions of this trust.

Sally A. Smith, Settlor

First National Bank, Trustee

Smith Family Life Insurance Trust
Trust Agreement

Schedule "A"

Cash	\$10.00
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