

FILED FOR RECORD
SKAMANIA CO. WASH
BY *Stephen W. Sullivan*

AUG 10 2 10 PM '95
P. Johnson

AUDITOR
GARY H. OLSON

123010

BOOK 151 PAGE 677

WINFIELD W. SCOTT AND JUDY M. SCOTT
LIVING TRUST AGREEMENT

Trust agreement made June 27, 1995, between WINFIELD W. SCOTT and JUDY M. SCOTT of P.O. Box 51, North Woods Cabin #51, Cougar, Washington 98616, as trustors, and WINFIELD W. SCOTT and JUDY M. SCOTT, of P.O. Box 51, North Woods Cabin #51, Cougar, Washington 98616, as trustees.

Trustors and trustees recite and declare that:

1. Trustors are now the owners of the property described in Exhibit "A", attached hereto.
2. Trustors desire to make provisions for the care and management of such property, the collection of the income therefrom, and the disposition of both such income and such property in the manner herein provided.

For the reasons set forth above, and in consideration of the mutual covenants set forth herein, trustors and trustees agree:

I.
TRANSFER IN TRUST

Trustors, in consideration of acceptance by trustees of the trust herein created, conveys, transfers, assigns and delivers to trustees, their successors in trust and assigns, the property described in Exhibit "A," attached and incorporated by reference, which property, together with all other property that may from time to time be held by trustees hereunder, is referred to as "trust estate."

II.
DISPOSITION OF PRINCIPAL AND INCOME

Trustees shall care for and manage the trust estate and collect the income derived therefrom. Trustees shall, after the payment of all taxes and assessments thereon and all charges incident to the management thereof, administer, apply and dispose of the net income therefrom and the corpus thereof, as follows:

LIVING TRUST AGREEMENT 1

Registered	<input checked="" type="checkbox"/>
Indexed	<input checked="" type="checkbox"/>
Indirect	<input checked="" type="checkbox"/>
Filmed	<input type="checkbox"/>
Wailed	<input type="checkbox"/>

W

(a) Trustees shall pay to or apply for the benefit of WINFIELD W. SCOTT and JUDY M. SCOTT, during their life, in monthly or other convenient installments, all of the net income from the trust estate. In addition, trustees may at any time, in trustee's absolute discretion, pay to or apply for the benefit of WINFIELD W. SCOTT and JUDY M. SCOTT such amounts as trustees may, in trustees' absolute discretion, elect to pay from the principal of the trust estate.

(b) Upon the demise of one of the trustors, all of the trust estate then in the possession of trustee, together with any accumulated or undistributed income, shall be divided by surviving trustee into two (2) separate trusts, which are herein referred to as "Trust A" (Marital trust) and "Trust B" (Exemption Equivalent Trust).

(c) **TRUST A: Marital Trust:** The surviving trustee shall transfer all trust assets to "Trust A" EXCEPT that amount of assets equal to the largest amount, if any, that can pass free of federal estate tax by reason of the unified credit and the state death tax credit which sum (in cash or in kind) shall be transferred to "Trust B", the exemption equivalent trust, described herein, not to exceed the sum of \$600,000.00. Trust "A" shall remain revocable by the surviving trustor.

(1) Trustee shall pay to or apply for the benefit of the surviving spouse, during his or her life, in monthly or other convenient installments, all of the net income from the trust estate.

(2) In addition, trustees may at any time, in trustees' absolute discretion, pay to or apply for the benefit of the surviving spouse such amounts as trustees may, in trustees' absolute discretion, elect to pay from the principal of the trust estate.

(3) Subsequent to both trustors' death, all of the trust estate then in the possession of trustee in "Trust A", together with any accumulated or undistributed income, shall be transferred, conveyed, and distributed as follows:

(i.) For a period of 12 months following the demise of both trustors, trustee shall pay the sum of TWO THOUSAND and No/100 Dollars (\$2,000.00) per month, to RICHARD WILLIAM SCOTT, ssn: 541-92-3639.

(ii.) Upon the demise of trustors, and one year, trustee shall pay and transfer all accumulated interest and principal, to include all assets whether real, personal or mixed property, to RICHARD WILLIAM SCOTT, if he is living.

(iii.) If RICHARD WILLIAM SCOTT does not survive trustors, then trustee shall terminate the trust, and pay and transfer all accumulated interest and principal, to include all assets whether real, personal or mixed property to the natural children of RICHARD WILLIAM SCOTT, if any, share and share alike. If RICHARD WILLIAM SCOTT does not survive the demise of trustors, and has no natural children, then trustee shall terminate the trust, and transfer all assets to RUTH E. KIRK, per stirpes.

(iv.) Upon completion of the accounting of the trust, payment of administrative costs, and final distribution as provided above, "Trust A" shall terminate.

(v.) Trustee shall be the surviving trustee herein, and upon his or her demise, then successor trustee as named in paragraph XI. herein.

(vi.) All other terms and conditions set forth in this trust agreement (except as to "Trust B") shall apply to "Trust A".

(D.) **TRUST B: Exemption Equivalent Trust:** Upon the demise of one of the trustors, the surviving trustee shall transfer an amount of property from the original trust equal to the maximum amount, if any, that could pass under the federal estate tax by reason of the unified credit and state death tax credit allowable to deceased trustor's estate, and after taking into account property disposed of by preceding Articles of this agreement and property passing outside of this Trust which is included in the gross estates of the trustors, provided however, that no distribution or transfer shall be made to the Exemption equivalent trust of an aggregate amount in excess of the sum of \$600,000.00.

For purposes of establishing the sum of this trust, the values finally fixed in the federal estate tax proceeding, if any, relating to the estate of the deceased trustor shall be used. We recognize that the sum established by this paragraph may be zero to as much as \$600,000.00 in value and that it may be affected by the actions of the surviving trustee in exercising certain tax elections. This transfer of assets may be satisfied either in cash or in kind, or both, as determined by the surviving trustee. Any assets transferred in kind or toward satisfaction of this trust shall be valued for such purpose at fair market value at the time of the demise of the deceased trustor. The "Trust B" estate shall consist of the property received by the trustee for administration as provided herein and the proceeds, investments, and re-investments of said property.

(1) "Trust B", upon funding, shall be irrevocable.

(2) The trustee shall be the surviving trustor, either

WINFIELD W. SCOTT or JUDY M. SCOTT, and RICHARD WILLIAM SCOTT. No bond shall be required of trustee. Successor trustee upon the demise of both WINFIELD SCOTT and JUDY SCOTT, shall be RICHARD WILLIAM SCOTT and JOHN F. KIRK, to act jointly.

(3) BENEFICIARIES: While either trustor is living, he or she shall be the primary beneficiary of the trust estate of "Trust B". While he or she is living, the primary trust purpose shall be to provide for his or her health, support, and maintenance in their accustomed manner of living. Specifically, trustee shall distribute the entire net income from this trust to, or for the benefit of, the surviving trustor while living. If trustee believes the net income from this trust is insufficient to accomplish the trust purposes, trustee may distribute to, or for the benefit of, the surviving trustor, as much principal as Trustee deems necessary to accomplish the trust purposes. Upon the demise of the surviving trustor, the successor trustees shall:

(i.) For a period of 12 months following the demise of both trustors, trustee shall pay the sum of TWO THOUSAND and No/100 Dollars (\$2,000.00) per month, to RICHARD WILLIAM SCOTT, ssn: 541-92-3639.

(ii.) Upon the demise of trustors, and one year, trustee shall pay and transfer all accumulated interest and principal, to include all assets whether real, personal or mixed property, to RICHARD WILLIAM SCOTT, if he is living.

(iii.) If RICHARD WILLIAM SCOTT does not survive trustors, then trustee shall terminate the trust, and pay and transfer all accumulated interest and principal, to include all assets whether real, personal or mixed property to the natural children of RICHARD WILLIAM SCOTT, if any, share and share alike. If RICHARD WILLIAM SCOTT does not survive the demise of trustors, and has no natural children, then trustee shall terminate the trust, and transfer all assets to RUTH E. KIRK, per stirpes.

(iv.) Upon completion of the accounting of the trust, payment of administrative costs, and final distribution as provided above, "Trust B" shall terminate.

(4) Trustee shall be guided by the following instructions in making any distributions of principal:

(a) Trustee may consider and give effect to other resources and support available to surviving trustor;

(b) Trustee may retain or purchase any form of interest in residential property or living quarters for trustor. This interest may be in any form whether or not it terminates at

her death or at some earlier time, such as a cooperative or condominium apartment or admission to a residence for retired persons.

(c) Trustee shall construe trust purposes liberally in favor of the surviving trustor, but at the same time shall consider the desire that the trust estate provide security for trustor throughout his or her lifetime.

(d) The interest of any beneficiary in income or principal shall not be subject to claims of creditors or others, or to legal process, and shall not be assigned, alienated or encumbered.

III.

GENERAL RULES REGARDING DISBURSEMENTS

(a) On the death of any income beneficiary, there shall be no apportionment of any accrued or undistributed income. Such income shall be held and accounted for, or distributed, in the same manner as if it had accrued and been received after such beneficiary's death.

(b) Until trustee shall receive written notice of any birth, marriage, death or other event on which the right to any payments from this trust may depend, trustee shall incur no liability to any person whose interest may have been affected by that event for disbursements made in good faith.

(c) If trustor's wife and trustor shall both die either in or as a result of a common accident or disaster or under such circumstances that it is difficult or impracticable to determine who survived the other, then for purposes of this agreement trustor's wife and trustor, or any other person on whose death the rights of such beneficiary hereunder depend, shall both die either in or as a result of a common accident or disaster or under such circumstances that it is difficult or impracticable to determine who survived the other, then for purposes of this agreement such beneficiary shall be deemed to have predeceased trustor or such other person, as the case may be.

(d) In any case in which trustee is authorized in its discretion, or is directed, or both, to pay or distribute income to any beneficiary, trustee may, in its sole discretion, at any time, apply the full or any part of such income to or for the care, comfort, maintenance, support, education, use or other benefit of such beneficiary directly, instead of paying or distributing the same to such beneficiary.

(e) In case any beneficiary shall be a minor or incompetent, trustee may, in its sole discretion, make payment

or distribution of any property to which such minor or incompetent shall be entitled hereunder to the guardian, legal or natural, the committee, or any other legal representative, wherever appointed, of such minor or incompetent or to the person with whom such minor or incompetent shall reside. The written receipt of the person or persons to whom any such payment or distribution is so made shall be a full and sufficient discharge of trustee therefor even though trustee may be such person or one of such persons.

IV.
ADDITIONS TO TRUST

Trustor, and any other person, shall have the right at any time to add property acceptable to trustee to this trust. Such property, when received and accepted by trustee, shall become part of the trust estate.

V.
POWERS OF TRUSTEE

Trustee shall have full right, power and authority, in its sole and absolute discretion and without authorization by any court, as follows:

(a) To retain indefinitely any property, real, personal or mixed, and to operate at the risk of the trust estate any property or business that shall be transferred to trustee in trust by trustor or by trustor's executor, regardless of any lack of diversification, any risk, or any non-productivity, and even though such property or business, except for this express authority, might otherwise be considered improper for a trust investment.

(b) To sell, convey, or otherwise dispose of the whole or any part of any property at any time held hereunder at such times for such prices, to such party or parties, in such manner for cash or credit, and upon such other terms and conditions, as trustee shall deem advisable.

(c) To make such purchases or exchanges at such times, for such prices, in such manner, and upon such other terms and conditions as trustee shall deem advisable, and to invest and reinvest in such securities, mortgages, insurance on the life of any person, leases, commodities or other evidences of rights, interest or obligations, secured or unsecured, or such other property, real, personal or mixed, as trustee shall deem advisable, regardless of whether any investment shall be of a wasting asset nature and without regard to any law concerning the investment of trust funds or to the amount that shall be invested in any one security or in any one kind of investment and even though all or substantially all of such investments

may be in common stocks or other equities.

(d) To pay or reserve sufficient funds to pay all expenses of management and administration of the trust estate, including compensation of trustee, all or any part of which may, in trustee's discretion, be charged either to income or principal of the trust estate.

(e) To do all acts, to institute all proceedings, and to exercise all other rights, powers and privileges that an absolute owner of the property would otherwise have the right to do, subject always to the discharge of trustee's fiduciary obligations. The enumeration of certain powers in this agreement shall not limit the general or implied powers of trustee.

VI.

DURATION OF TRUSTEE'S POWERS

All of the rights, powers, authorities, privileges and immunities given to trustee by this agreement shall continue after termination of the trust created hereby until trustee shall have made actual distribution of all property held by it hereunder.

VII.

DIRECTIONS TO TRUSTEE

If and so long as any person, including trustor, is authorized by this agreement to direct trustee with respect to sales or retention of trust property, and investments and re-investments of trust funds, trustee shall not be accountable for any loss sustained by reason of any action taken or omitted pursuant to the written direction of such person. No person dealing with trustee need inquire whether such directions have been complied with by trustee.

VIII.

TRANSACTIONS WITH THIRD PARTIES

No person dealing with trustee shall be bound to administer the application or disposition of cash or other property transferred to trustee, or to inquire into the authority for, or propriety of, any action by trustee.

IX.

TRUSTEE'S BOND, COURT APPROVAL AND PERSONAL LIABILITY

No bond, surety or other security shall be required of trustee for the faithful performance of its duties hereunder, any law of any state or other jurisdiction to the contrary notwithstanding. Nor shall trustee be required to qualify

before, be appointed by, or, in the absence of breach of trust, account to any court, or to obtain the order or approval of any court in the exercise of any power or discretion hereunder. Trustee shall not be personally liable on any contract, note or other instrument executed by it as trustee hereunder or for any indebtedness of the trust estate.

X.
COMPENSATION OF TRUSTEE

The original trustee hereunder, and all successor trustees, shall be entitled to reasonable compensation for their services as trustee.

XI.
RESIGNATION AND SUCCESSION OF TRUSTEES

(a) Trustee, or any successor, may resign at any time upon giving written notice 60 days before such resignation shall take effect, to trustor or, after the death of trustor, to all adult beneficiaries and to a parent, or a guardian, if any, of each minor or incompetent beneficiary who may then be receiving or entitled to receive income under this agreement.

(b) Those to whom such notice of resignation may be given shall unanimously designate a successor trustee by written notice to the resigning trustee within 30 days after receipt of notice of resignation. In the event that a successor trustee shall not be so designated, the resigning trustee shall have the right to secure the appointment of a successor trustee by a court of competent jurisdiction, at the expense of the trust estate.

(c) The resigning trustee shall transfer and deliver to its successor the then entire trust estate. The resigning trustee shall thereupon be discharged as trustee of this trust and shall have no further powers, discretion, rights, obligations or duties in reference to the trust estate. On the day the resignation becomes final, all powers, discretion, rights, obligations and duties of the resigning trustee shall inure to, and be binding upon, such successor trustee.

(d) Upon the demise of the original trustees named herein, the successor trustees shall be RICHARD WILLIAM SCOTT and JOHN F. KIRK, to act jointly.

XII.
ALLOCATION OF INCOME AND PRINCIPAL

Trustee shall determine what is income and what is principal of the trust created under this agreement. Trustee shall determine what expenses, costs, taxes and charges of any

kind whatsoever shall be charged against income and what shall be charged against principal in accordance with the applicable statutes of the State of Washington as they now exist and may from time to time be enacted, amended or repealed.

XIII. ACCOUNTING

Trustee shall not be required to file annual or other accounts in any court. However, trustee shall render annual statements of account to trustors and after their death to all adult beneficiaries, and shall, whenever called on to do so, exhibit to any of the beneficiaries of the trust created hereby all documents, securities and papers forming part of, or relating to, the trust. The approval of any account of trustee, in an instrument signed by or on behalf of the beneficiary or beneficiaries at the time of approval of the current trust income shall be a complete release and discharge of trustee with respect to the administration of the trust property, insofar as such administration is reflected in such account, for the period covered by the account. Any item of an account to which no objection is made in writing to trustee within 30 days after delivery of the account to trustor, or after his death to any adult beneficiary, shall be conclusively presumed to be approved by all parties to whom such account was delivered.

XIV. PURPOSE AND GENERAL CONSTRUCTION OF TRUST

The primary purpose and intent of trustors in creating the trust under this agreement is to benefit those who shall from time to time be income beneficiaries thereof. The rights and interest of remaindermen and of successor income beneficiaries are subordinate to that purpose. The provisions of this agreement shall be liberally construed in the interest and for the benefit of the current income beneficiaries of the trust estate. The foregoing shall not, however, be deemed to limit the discretion hereby conferred upon trustee.

XV. DEFINITIONS

(a) The words "child," "children" and "issue," wherever used in this agreement, shall include persons who shall have been legally adopted, and any children or issue, whether natural or legally adopted, of any such legally adopted persons.

(b) The words "child" and "children," wherever used in this agreement, shall not include grandchildren or more remote descendants.

(c) The word "issue," wherever used in this agreement, shall include descendants of whatever degree.

XVI
SPENDTHRIFT PROVISION

No title or interest in the money or other property constituting the principal of the trust estate, or in any income accruing therefrom or thereon, shall vest in any beneficiary during the continuance of the trust created hereby. No such beneficiary shall have the power or authority to anticipate in any way any of the rents, issues, profits, income, monies, or payments hereby provided or authorized to be paid to such beneficiary, or any part thereof, nor to alienate, convey, transfer or dispose of the same or any interest therein or any part thereof in advance of payment. None of the same shall be involuntarily alienated by any beneficiary or be subject to attachment, execution, or be levied upon or taken upon any process for any debts that any beneficiary of the trust shall have contracted or shall contract, or in satisfaction of any demands or obligations that any beneficiary shall incur. All payments authorized and provided to be made by trustee shall be made and shall be valid and effectual only when paid to the beneficiary to whom the same shall belong, or otherwise, as herein provided.

XVII.
PERPETUITIES SAVING CLAUSE

Any other term or provision of this agreement to the contrary notwithstanding, the trust created hereby shall not continue beyond, but shall terminate, 21 years after the death of the last survivor of trustor, trustor's present spouse, and any beneficiary named herein and living on the date of this agreement.

XVIII.
REVOCATION AND AMENDMENT

This trust shall be revocable until one of the Grantors death, at which time and thereafter, the trust shall become irrevocable and shall not be altered, amended, revoked or terminated by surviving trustor or any other person.

XIX.
GOVERNING LAW

This agreement and the dispositions hereunder shall be construed and regulated, and their validity and effect shall be determined, by the laws of the State of Washington as such laws may from time to time exist.

BOOK 157 PAGE 687

In witness whereof, trustor and trustee have executed this agreement at Vancouver, Washington the day and year first above written.

Winfield W. Scott
WINFIELD W. SCOTT, Trustor

Winfield W. Scott
WINFIELD W. SCOTT, Trustee

Judy M. Scott
JUDY M. SCOTT, Trustor

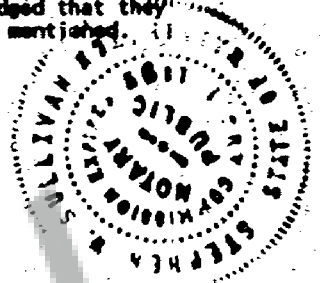
Judy M. Scott
JUDY M. SCOTT, Trustee

STATE OF WASHINGTON)
COUNTY OF CLARK) ss.

On this day personally appeared before me WINFIELD W. SCOTT and JUDY M. SCOTT, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned. 11

Given under my hand and official seal this 24 day of June, 1995.

Stephen W. Sullivan
Notary Public
Residing at Vancouver
My commission expires 8/1/95



BOOK 151 PAGE 688

EXHIBIT "A"

CORPUS OF THE TRUST

1. Real Property and improvements, legally described as follows:

Any and all interest and leasehold rights with Water Front Recreation, Inc., a Washington corporation, and in that certain cabin and cabin site number 51, of the North Woods, being part of Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington.

2. Real Property and improvements, legally described as follows:

Lot 28 of VISTA GRANDE TOWNHOUSES, PIMA County, Arizona, according to the plat of record in the office of the Pima County Recorder in Book 32 of Maps, page 13.
EXCEPT all coal and other minerals as reserved in the Patent from the United States of America.

3. The following stock and bond funds (By name, Broker, and initial number of stock: See attached at Exhibit "B", incorporated herein as though fully set forth.

7-28-95 96 000051
9/19/95
LAWYER