

INDEPENDENT CONTRACTOR AGREEMENT

THIS AGREEMENT is a contract entered into and executed this 1 day of June , 2009 by and between Shop Trust , a Business Trust Organization, hereinafter called "**USER**," and John Doe , whose address is: 123 Main St. Anytown, Anystate 11111 , hereinafter called "**Contractor**."

WHEREAS, the User is desirous of purchasing the services of Contractor, and

WHEREAS, the Contractor is desirous of providing services to User for a fee,

THEREFORE, the parties hereto AGREE AS FOLLOWS:

1. **PURPOSE OF THIS AGREEMENT:** This agreement is a contract by and between the above parties which 1) establishes an **INDEPENDENT CONTRACTOR RELATIONSHIP**; which 2) absolutely excludes any employer-employee relationship; which 3) is expressly based upon, recognizes and relies upon, the common-law rights and freedoms preserved in the United States Constitution (Article 1, Section 10, Paragraph 1) protecting the right of persons to contract; and which 4) is subject to, and in consideration of, the following terms, conditions, mutual promises and understandings of the User and Contractor.

2. **SERVICES TO BE RENDERED:** During the term of this Agreement, the Contractor shall provide the following service(s) to the User: Manage all affairs of Shop Trust

3. **USER WILL PROVIDE:** During the term of this Agreement, the User will provide the following for contractor:

4. **COMPENSATION TO CONTRACTOR:** The User agrees to compensate the Contractor at the rate of \$000.00 per month , based on actual services rendered by the Contractor, which may be documented to the User from time to time upon request, Compensation will be tendered by check from the User within five (5) days after billing is received from the Contractor for said services.

5. **QUALITY CONTROL:** The User retains the right to establish standards of Contractor's performance, to evaluate effects of said performance, and to approve the results of said performance.

6. **METHOD OF PERFORMANCE:** The Contractor retains the right to determine which methods of performance shall be used to achieve the end results.

7. **FACILITIES:** All services by the Contractor shall be performed/provided at the following location(s): 123 Main st, Anytown, Anystate 11111

8. **EXPENSES AND EQUIPMENT:** The Contractor shall pay for all of his/her personal and related expenses, and shall supply all tools, equipment and materials necessary for the performance of his/her services.

9. **LENGTH OF CONTRACT:** This contract shall run from BEGIN DATE to END DATE otherwise, it shall run from day to day or until the work of the Contractor is completed and approved by the User.

10. **TERMINATION:** Either party may terminate this contract upon delivering thirty (30) days prior written notice of termination to the other party at the address specified above.

11. **COMPETITION:** The Contractor is not restricted in any way from supplying his/her services to other parties while under this contract, even if such activities are related to or in competition with the business of the User. The Contractor, however, is herein expressly restricted from employing the User's trade secrets, formulas, and the like for his/her own gain, and from revealing the same to competitors.

12. **INDEPENDENT FREE AGENT:** The Contractor is a free agent, and herein acknowledges that he/she offers services to other businesses or to the general public in the ordinary course of business, and maintains his/her office and principal place of business at the address given above. Nothing in this agreement shall be deemed or construed to create a partnership, joint venture, employer/employee relationship, or principal-agent relationship between the Contractor and User.

13. **LIABILITY:** Neither party shall be liable for the acts or omissions, debts or obligations of the other party except as expressly set forth herein.

14. **TAXES AND INSURANCE:** The Contractor and his/her agents or employees (if any) affected by this Agreement shall be liable and responsible for any and all local, state and federal taxes deemed owed as a result of the performance of services hereunder, including, but not by way of litigation, Social Security, Unemployment Compensation, Workmen's Compensation, or any other compulsory taxes, dues or fees which affect employers and employees. The Contractor herein agrees to carry his/her own insurance for injury, sickness, public liability, retirement, etc. as deemed necessary as a consideration for entering into this Agreement. The Contractor further acknowledges that he/she is not entitled to benefits under Workmen's Compensation and/or Unemployment Benefits during or after his/her term of service.

15. **HOLD HARMLESS:** The Contractor assumes all risks and liabilities relating to the performance of services under this Agreement, and herein agrees to indemnify and hold the User harmless from, and shall defend User from, all demands, claims, causes of action, loss, damages or liabilities of any and every kind whatsoever that result from the rendering of Contractor's services hereunder.

16. **DISPUTES:** In the event of any unresolved disagreement between the parties herein, equity shall supersede prior adjudicated cases. Any question of interpretation or claim shall first be submitted to binding arbitration under the rules of the American Arbitration Association. The prevailing party shall be entitled to satisfaction, plus legal fees and costs.

17. **GOOD FAITH:** Each party affirms that it has entered into this Agreement in good faith, and shall endeavor to execute the promises, terms and conditions herein with diligence and in the best interest of the other party.

18. **UNENFORCEABLE PROVISIONS:** If any portion or provision in this Agreement becomes void, invalid or unenforceable, the remaining portions or provisions shall remain in force and effect.

19. **ADDITIONAL TERMS/CONDITIONS:**

20. **ENTIRE AGREEMENT:** This is the entire Agreement between the parties hereto. No part of this Agreement is oral. Any amendments, additions or deletions to this Agreement, or any modifications of the provisions herein, shall be documented in writing and signed by both parties.

WITNESS our hands this _____ day of _____, 2009_____.

USER (TRUST NAME):

CONTRACTOR:

BY: _____

Title: _____

Name: _____

DECLARATION

Creating

TRUST NAME

A PURE TRUST ORGANIZATION

THIS DOCUMENT is a contract and declaration between the undersigned parties, known hereinafter as the "Creator" and the "Exchanger".

WHEREAS the Creator herein offers to create for consideration an organization under common law having a fixed number of certificates which evidence a right of distribution, commonly known as a Pure Trust Organization or Unincorporated Business Organization, and

WHEREAS the Exchanger herein desires to bargain and exchange, in trade, good and valuable consideration for certificates of the newly created organization,

THEREFORE, the parties mutually agree, promise and covenant as follows:

1. **CONSIDERATION:** The Exchanger herein agrees to bargain, exchange, assign, convey and deliver to this organization or its appointed Trustee, a promissory note payable upon demand, for twenty-one dollars denominated in United States Silver Certificates, plus other good and valuable consideration, in exchange for 005 certificate(s) evidencing a right of distribution as promised by the Creator. Immediately upon execution of this agreement, the Creator agrees to appoint a Trustee having authority to carry out the exchange and hold and administer the consideration received. This initial exchange, a description of the consideration, whether personal and/or real property, and the number of certificates issued, shall be documented in the minutes of the organization. Both parties herein contract to perform, and agree that this exchange is not a sale or a gift, but an *equal-in-value* exchange.

2. **ADMINISTERED AS TRUST ESTATE:** The assets of this organization shall be deemed, for administrative purposes, a trust estate and the consideration received from the Exchanger shall be deemed the initial corpus. Any additional property received from any future exchanger or any party shall be deemed an addition to corpus. Any persons may add property of any character to the trust estate at any time by gift, grant, conveyance, exchange, insurance proceeds, assignment, will or any other method so long as the property and method of transfer is approved by the Trustee(s). All assets belonging to the trust estate shall be listed on Schedule "A", or an addendum to Schedule "A", and administered as provided herein.

3. **IRREVOCABLE AGREEMENT:** The parties herein agree that this contract and declaration, including all trust provisions contained herein, shall be irrevocable. The Exchanger irrevocably relinquishes all rights to the property exchanged into this organization. Neither the Creator nor the Exchanger nor any certificate holder shall have any right to revoke or amend this contract and declaration. Amendment may only be made by unanimous approval of the Board of Trustees as provided herein. Further, the board of Trustees shall have exclusive power to construe and determine the meaning and intent of this contract and declaration.

4. APPOINTMENT OF TRUSTEE: Upon execution of this contract and declaration, the Creator shall appoint a Trustee, known hereinafter as the "first" Trustee, to administer this organization as provided herein. The first Trustee shall provide the Creator a written acceptance of the appointment (pg 17), which shall be made a part of the permanent records.

5. BOARD OF TRUSTEES: The first Trustee, upon acceptance of the appointment, may thereafter appoint a second Trustee. They in turn may jointly appoint one or more additional Trustees and may designate successors. The Trustees shall collectively act by authority of this contract and the trust provisions contained herein as a Board of Trustees for the purpose of holding and administering company assets for the benefit of certificate holders. At no time shall more than half of all Trustees be related to or subordinate to any person holding more than fifty percent of the outstanding certificates. All members of the Board of Trustees shall serve without bonds.

6. DISCRETIONARY POWERS: The parties herein agree that the Board of Trustees shall have absolute and sole discretionary power over this organization, its assets and earnings therefrom. The Board shall have authority to determine what shall constitute principal and earnings, how such assets shall be allocated, and shall have absolute authority to determine if and when distributions of principal or earnings will be made to certificate holders.

7. ACCEPTANCE BY TRUSTEES: The first Trustee, for himself and all subsequent Trustees and successor Trustees, by accepting the appointment as Trustee of this organization causes all present and future Trustees to agree to the following:

- A. They accept the initial gift or conveyance of property on behalf of the organization and acknowledge the delivery of all property specified on Schedule "A".
- B. They agree to conduct the organization's affairs in good faith, in conformity with the terms and conditions set forth in this contract and its inherent trust provisions.
- C. They agree to exercise their best judgment and discretion to conserve and improve the property of the trust estate in accordance with decisions of the Board of Trustees as set forth in the organization's minutes.
- D. They agree, upon final liquidation of the trust estate, to distribute the assets to the existing certificate holders as their contingent rights may appear.

8. ADMINISTRATIVE PROVISIONS: The Trustees, and their successors, may hold administrative offices within the organization, and may singularly or collectively exercise authority granted by the Board of Trustees in the management of company affairs. They are herein authorized to exclusively manage, administer and control the trust estate without the consent of certificate holders. The following specific terms and conditions apply:

- A. The Board of Trustees shall be at least one (1) in number, and may be increased as deemed necessary in the manner set forth above.
- B. A Trustee may resign or be removed from the Board, with or without cause, by a resolution of the Board of Trustees determined by a majority vote or by a mandate of a court of competent jurisdiction.

- C. In the event of death, removal from the Board, or resignation of a Trustee, the vacant position shall be filled by a successor Trustee, if preappointed, or the remaining Board of Trustees may appoint a successor by unanimous vote. Should the entire Board of Trustees become vacant, upon proper application by a qualified party, a court shall appoint one Trustee who, after accepting the appointment, shall in turn appoint a second Trustee, and they may jointly appoint others as provided in the manner set forth above.
- D. The signing and acknowledging of this contract by any Trustee or Trustees shall constitute the Trustees' collective acceptance of this contract and its trust provisions and the Trustees' acknowledgment that this organization's property and assets are vested in fee simple in the trust estate without any further act or conveyance by the Board of Trustees. The Trustees as discretionary fiduciaries shall hold legal and equitable title to all assets.
- E. The Board of Trustees may provide for meetings at stated intervals without notice, and special meetings may be called at any time by one or more Trustees upon three day's written notice. At any regular or special meeting, a majority of the Trustees shall constitute a quorum for conducting business, provided affirmative action may only be had upon a majority vote of the Trustees, whether present or absent, except that in a special meeting called for a special purpose the majority present may affirmatively act in emergency matters. A telephone or fax vote shall be a valid vote.
- F. Any resolution of the Board of Trustees shall be deemed within the Board's power so long as the resolution is not inconsistent with this organizational document and any amendments thereto.
- G. The Trustees shall be controlled by this document as amended and future resolutions of the Board of Trustees. All meetings and resolutions shall be recorded in a company minute book.
- H. The Trustees shall keep proper records and accounts as the Board of Trustees deems necessary for the proper management of the trust estate.
- I. The Trustees shall not be required to individually assume liability for loss of company assets while acting in good faith on behalf of the organization, or for any act or omission of any other Trustees, agents or employees. They shall, however, be liable for their own breach of good faith if such breach is established in a court of competent jurisdiction. If a Trustee shall for any reason suffer a personal loss while providing good faith service to the trust, the Trustee shall be reimbursed for such loss from the trust estate.
- J. The Board of Trustees, at the expiration of the term as set forth herein, shall wind up company affairs and terminate the company operations, making final distribution as provided. If the organization was recorded publicly, the Trustees shall file with the Recorder a notice of termination; and the Trustees, thereupon, shall automatically be discharged, provided final administration and distribution was made in accordance with the terms and conditions of this agreement. Otherwise, a court of equity may be invoked to review and correct any tort or error.
- K. When there are no longer trustees and beneficiaries the Manager will have the right to dissolve the trust by following the procedures in "J".
9. **TRUSTEE POWERS:** The Trustees shall have general common law powers over the

company and the trust estate herein, and may do anything any citizen may lawfully do in any state or country. Specifically, but not by way of limitation, they shall have all rights, authority and power as follows:

- A.** To compromise or abandon any claims arising out of, in favor of, or against the company and its trust estate, and the Trustees' good faith decision in that regard shall be binding and conclusive on all parties.
- B.** To manage, invest and reinvest the trust estate, or any part thereof, in any kind of property or venture which men of prudence, discretion and intelligence consider for their own account, without being restricted to investments which are ordinarily permitted by law or customarily used for trust funds, and without restrictions as to the duration of this organization. Specifically included, but not by way of limitation, are real estate, collectables, gems, art works, precious metals, corporate obligations of every kind, preferred and common stock, commodities, mutual funds and trust funds.
- C.** To open, maintain and close bank and thrift accounts of every kind, and conduct all monetary affairs of this trust (see page 26).
- D.** To sell at public or private sale for cash, credit, or cash and credit, and upon such terms and conditions as the Trustees may deem proper.
- E.** To sell, grant, convey, mortgage, option, rent, lease or pledge all trust estate assets, real, personal or mixed, in such manner as deemed appropriate.
- F.** To borrow on or encumber the trust estate without restriction, and to make loans with or without security. All borrowed funds shall immediately become a part of the trust estate.
- G.** To allocate capital gains and/or dividends to trust principal as may be deemed appropriate or advantageous to the trust estate.
- H.** To register company property in the name of the company, a fictitious trade name of the company, a Trustee or nominee so long as company ownership of such property can be clearly demonstrated.
- I.** To make distributions in cash or in kind and to assign values to such property according to the Trustees' best judgment.
- J.** To accept additions to the trust estate by deed, will, assignment, exchange, gift, grant, insurance proceeds or any other methods deemed acceptable to the Trustees. The Trustees are further authorized to honor any buy-sell agreements extant as to any property or interest held in trust.
- K.** To elect and remunerate officers from the Board or elsewhere as deemed appropriate or expedient. To hire and remunerate employees, agents or contractors. To incur and pay the ordinary and necessary expenses of administration, including, but not limited to, legal fees, accountant's fees, Trustee fees, brokerage fees, consulting fees and the like, and to allocate all the expenses and receipts between principal and income as the Trustees shall deem proper.
- L.** To give proxies, to deposit securities with and transfer title to committees representing securities holders and to participate in voting trusts, reorganizations and other transactions involving the common interest of security holders.

- M. To open margin accounts with securities firms and commodities traders and to buy, write or trade in options, commodities, and to make short sales. The Trustees shall be empowered to hold securities in their own names, the name of a nominee, in street name, or unregistered in such condition that ownership will pass. The Trustees shall incur no liability to the company for any loss. Further, any securities firm or commodities traders may rely on this document and the trust provisions herein in respect of a Trustee's authority without making further inquiry.
- N. The Trustees are expressly authorized to hold, manage and operate any company property, or business or enterprise. The profits and losses, if any therefrom, shall be chargeable respectively to the trust estate.
- O. The Trustees are authorized to pay all taxes out of the trust estate, and have complete discretion, power and authority to make any decisions or elections that would effectively minimize such taxes.
- P. The Trustees may expressly delegate one or more of their powers to any other person or persons as may be deemed expedient for the management of company affairs, and may revoke such delegation at any time by written notice delivered to such persons.
- Q. The Trustees, by a majority vote, may change the domicile of the company with or without cause if they deem such change will protect or benefit the trust estate.
- R. The Trustees, by unanimous vote, may make amendments to this contract and declaration and take such other consequential actions as they deem necessary or appropriate to protect the integrity of the organization and to insure the organization will continue to function and be administered in the best interest of certificate holders and in the manner intended.
- S. The Trustees, by majority vote, may at any time and at their sole discretion wind up company affairs, terminate this organization and make distributions of the trust estate to certificate holders as provided herein.
- 10. RIGHT TO DISTRIBUTION:** The Trustees have discretionary powers to make distributions from this organization without regard to equality of certificate holders except for final liquidation. Notwithstanding, a right to any distribution from this organization shall be evidenced by the holding of one or more certificates, and the following provisions respecting such certificates shall remain in full force and be carefully observed by the Trustees, certificate holders, and interested third parties at all times:
- A. The Trustees shall be authorized to issue one hundred (100) certificate units (hereinafter called TCUs or certificates), representing 100% of the rights to distribution from the organization's trust estate. The Trustees shall not issue TCUs in excess of that number. The TCUs shall have no par value, and the Trustees shall not place any nominal value on TCUs at any time. TCUs are non-assessable, nontaxable, nonnegotiable and limited in transferability. The lawful possessor shall be construed the true and lawful owner thereof. The Creator herein may own TCUs. No person having or controlling a majority vote on the Board of Trustees, however, shall have or possess any rights to distribution from the trust estate.

- B.** The Trustees are authorized to receive property into the trust estate in exchange for a negotiated number of TCUs. The party exchanging the property shall be deemed to be an Exchanger. All owners of TCUs shall be identified on a Registry of Trust Certificate Units (page 36), kept in the company minute book. Ownership of TCUs shall not entitle the holder to any legal or equitable title in the company or the trust estate, nor to any undivided interest therein, nor management thereof.
- C.** TCUs shall be immune from seizure by any creditor of the lawful owner.
- D.** Death, insolvency or bankruptcy of any TCU holder, or the transfer of his TCUs by gift, exchange or sale, shall not operate as a dissolution of this organization or its operation or business; nor shall such events entitle his creditors, heirs or legal representatives to demand any partition or division of the trust estate or any special accounting. Death of a TCU holder shall terminate his or her rights under the TCU and said rights may not thereafter pass by probate or operation of law to any heir or legatee, but shall revert to the Board of Trustees to be reissued as determined by an action of the Board.
- E.** TCUs may be surrendered to or transferred back to the organization subject to the approval of the Board of Trustees, but may not otherwise be pledged, assigned, hypothecated or transferred by a TCU holder without the consent of a majority in interest of all other current TCU holders. Should a TCU holder transfer or surrender his TCUs to the organization, the Board of Trustees may, at its sole discretion assign, convey or exchange said TCUs to any other person(s) or entities upon approval of the Board. If any TCU holder contests, in any court of law, the validity of this organization or any provision herein, or the authority of the Trustees, that TCU holder's certificates shall revert back to the Board of Trustees and may be reissued to other parties at the discretion of the Board.

11. NEGOTIATION AND EXCHANGE: The Trustee is herein authorized to bargain, exchange, trade or sell certificates to a willing Exchanger upon board approval at the initial Board of Trustees' meeting or any time thereafter.

12. NOTICE TO THIRD PARTIES: Notice is hereby given to all persons, companies or corporations extending credit to, contracting with or having claims against this organization or its Trustees, that they must look only to the funds and property of the organization for payment or for settlement of their damages, accounts receivable or claims. The Trustees, officers or agents of this organization are not personally liable for the organization's obligations.

13. COPIES AS ORIGINALS: A copy of this organizational document bearing the seal or signature of a Trustee, or a copy certified by a Notary Public as a correct copy, shall be relied upon as an original document and shall have the full force and effect of the original document in every respect.

14. PURPOSE AND INTENT OF THIS AGREEMENT: This contract with trust provisions is intended to create a common law contractual company, (also known as an Unincorporated Business Organization) for receiving, conveying or holding property in fee simple, and for providing prudent management of such property, and for conducting any legitimate business through appointed Trustees for the benefit of certificate holders. The Trustees shall hold both legal and equitable title to the trust estate, and shall act solely within their powers as provided herein and within their common law rights and immunities. The administration of this organization shall be amenable to judicial regulation and under the protection of the court. If any provision herein is unenforceable, the remaining provisions shall nevertheless be carried into effect. Nothing herein contained shall be construed as an intent to evade or contravene any law,

nor to delegate to the Trustees any special power belonging exclusively to a statutory company, franchise or incorporation.

15. COMMON LAW ORGANIZATION: The Creator expressly declares this to be an organization founded upon the freedoms and rights inherent in the common law of the Republic of the United States of America, and all references herein to the United States shall be construed to refer to the Continental United States of America in its original context as set forth in the Constitution of the United States, the original Bill of Rights and the state constitutions of the several sovereign states comprising the union of the United States of America. This organization, then, is created under the common law of contracts, protected by Article I, Sec. 10, Para. 1 of the Constitution of the United States. It is, therefore, not created under the statutes of any U.S. state, and does not depend upon any statute for its existence. It is not a partnership or corporation or statutory trust, but a separate legal entity having its own common law identity.

16. LEGAL DOMICILE: This organization shall be domiciled in the state where it conducts its principal business. Notwithstanding, the Creator herein provides that upon a majority vote of the Board of Trustees this organization may be moved to, and administered in, any state or territory of the United States of America, or in any English common law foreign jurisdiction.

17. PRIVACY: This organizational document and all company business shall be kept private, protected by the Privacy Act of 1974, 5 USC 552(a), the Fourth and Fifth Amendments to the Constitution of the United States, and the common law privacy rights available in the United States of America and every other applicable jurisdiction.

18. TERM OF YEARS: This organization, unless terminated earlier as provided herein, shall continue for a term of 25 (twenty-five) years. The life of the company may, however, be extended for additional 25-year terms, subject to a unanimous affirmative vote of the Board of Trustees at least ninety days prior to each termination date. At dissolution, the trust estate shall be distributed on a pro-rata basis to the then existing certificate holders.

19. COMPANY NAME: This organization shall be named as shown on page one of this contract and declaration. This shall be deemed the company name. Company business shall be conducted under this name, or under one or more fictitious trade names, or in the name of a Trustee or nominee determined at the sole discretion of the Board of Trustees.

20. IN WITNESS WHEREOF: the Creator and the Exchanger execute this contract and declaration in recognition of the delivery and acceptance of the property named herein, and in recognition of the powers and duties imparted to the Trustees of this organization. They assent to all the terms and conditions set forth herein, and declare that the effective date of this organizational document is CREATION DATE.

Witness our Signatures:

Creator:

TRUST CREATOR NAME

Witness

Exchanger:

EXCHANGER NAME

Witness

EXECUTED AND ACCEPTED BY TRUSTEE:

TRUSTEE NAME, duly appointed by the Creator of this organization, as first Trustee, herein accepts the responsibilities of Trustee of TRUST NAME, and herein declares that this contract with trust provisions is in full force and effect as of the above date. This Trustee further pledges to manage, protect and preserve the trust estate through prudent exercise of the powers and authorities provided herein. Further, the first Trustee herein affirms that if additional Trustees are appointed to the Board, all actions by said Trustees shall have a consensus of the majority of the Board of Trustees.

WITNESS our hand and seal this _____ day of _____, 20_____.

SAMPLE

TRUST NAME

Witness

Notary Jurat may be affixed, but is not required.

PAGE

SCHEDULE "A"

List of Assets Belonging to TRUST NAME

(Include Legal Description, Registration No., Make/Model, etc. as Applicable)

house & shop at 123 Main St. Anytown, Anystate _____
machine tools _____
inventory _____
automobile, RN#109876543 Ford, 1989 sedan _____

SAMPLE

PAGE

RESIGNATION LETTER

TO WHOM IT MAY CONCERN:

Re: RESIGNATION OF TRUSTEE NAME from the Board of Trustees of TRUST
NAME that Unincorporated Organization created CREATION DATE

The undersigned, TRUSTEE NAME, an Independent Trustee, has resigned from the Board of Trustees of said organization effective on the date shown below.

The remaining Trustee(s) are herein notified of this resignation. The undersigned resigning Trustee acknowledges that any appointed Successor Trustee(s), as may be named in the organization minute book shall immediately upon acceptance of their appointment(s) become full members of the Board of Trustees of said organization and be fully empowered to exercise all the powers and authorities granted to the Trustees under the organizational document.

Witness my hand this _____ day of _____ 20_____.

TRUSTEE NAME, Trustee

Witness

Acknowledged as received by Secretary:

Date: _____.

TRUST NAME

FEE AGREEMENT
(For Independent Trustee)

DATE: CREATION DATE

FROM (CREATOR): TRUST CREATOR NAME

TO (INDEPENDENT TRUSTEE): TRUSTEE NAME

Gentlemen:

SAMPLE

You have been appointed Trustee of TRUST NAME. Upon your acceptance, you shall be entitled to an annual Trustee's fee of \$ _____ USD for serving on the Board of Trustees. Such fee shall be due in advance at the beginning of each calendar year, payable on January 1, of each year for so long as you are a member of the Board.

It is understood that you may appoint Managers for running the day to day affairs of the organization. It is also understood that whenever any Manager calls upon you for management assistance, for the drawing or execution of documents, for approval of managerial decisions, and other services as may be needed, that these services shall be deemed to be in addition to your service as a Board member, and you shall directly invoice the organization for these additional services as rendered and any out-of-pocket expenses incurred.

This letter will suffice in lieu of a separate independent contractor agreement.

Kind Regards,

PAGE

TRUST CREATOR NAME
Creator

Received and agreed to this date:

TRUSTEE NAME, Trustee Date

TRUST NAME

NOTIFICATION RESPECTING
THE TRUST PROTECTOR

TO: THE BOARD OF TRUSTEES

of TRUST NAME
that trust created CREATION DATE.

This document is official notice to all Trustees that the undersigned Grantor of the above named trust organization has exercised his/her power of appointment as set forth in the Declaration of Trust.

To wit:

Effective immediately, the following person has been named Trust Protector of the above trust, and shall have all powers granted therein to the Trust Protector under this appointment:

Name: _____

Address: _____ ZIP _____

Sincerely,

TRUST CREATOR NAME, Creator Date _____

TRUST PROTECTORS ACCEPTANCE: I, _____, do understand the duties, powers and limitations of the Protector, and do hereby accept this appointment as Protector of the above named trust as to this _____ day of _____, 20____.

Protector's Signature: _____

A Word About...

SAMPLE MINUTES

NOTE: THE "SAMPLE MINUTES" AND MATERIAL CONTAINED ON THE FOLLOWING PAGES ARE JUST THAT -- SAMPLES! They are simply to illustrate how business *might* be conducted and how minutes are to be kept. Most of the samples are created with the hope you can simply fill in the blanks and use them as presented. But since we can't possibly prepare sample minutes to fit every particular situation, you should modify the samples for your own particular needs -- or have your Secretary create his/her own workable system. The main thing is that you develop a convenient system of recording minutes to document your meetings.

You should keep minutes of all meetings called to discuss company business. This will provide you with a kind of Company diary that documents the actions of the Trustees and Managers. The following information, for example, should be easily found in the company Minute Book:

1. Date of meeting; and place if other than normal place of business.
2. Appointment of Co-Trustees, Successor Trustees, Managers, officers, secretaries, etc., giving names and dates of appointments.
3. Authorities and responsibilities of the above persons.
4. Review of employment contracts.
5. Review of any proposal to transfer property into the Company in exchange for Trust Certificate Units, and action taken.
6. Decisions resulting in the purchase, sale, lease, gift, etc. of real or personal property.
7. Review and purchase of insurance policies.
8. Creating Company management systems borrowing or lending money.
10. Making Company investments.
11. etc., etc.

If you are a TRUSTEE, whether a sole trustee or serving with other trustees as a collective Board, you may make RESOLUTIONS (major decisions) by majority vote. Each resolution should be briefly described in a minute report of the meeting, and kept in the Minute Book.

If you are a MANAGER, you can hold meetings under the authority of the Board of Trustees and run the day to day affairs of the company. Remember, however, that you are not a member of the Board of Trustees and do not have authority to make RESOLUTIONS. Therefore, you should keep minutes of your meetings -- especially when discussing important subjects -- and record your recommendations. The Board can then approve your recommendations by signing an "Approved by the Board" signature at the bottom of your management meeting minutes.

**ADDENDUM
TO MINUTES OF INITIAL MEETING OF**

TRUST NAME

Date: _____

The Exchanger(s), as identified below, have agreed to exchange the following personal and real property into this organization:

Personal Property: (attach additional page if necessary)

Promissory note for twenty-one dollars denominated in United States Silver Certificates and other considerations.

Real Property: (attach additional page if necessary)

PAGE

In Exchange for the above property, the Board of Trustees herein authorizes the issuance of certificates to the Exchanger(s) as follows:

Number of Certificates:

Certificate Holder's Name:

No. CERTS for 1st

1st CERTIFICATE HOLDER

No. CERTS for 2nd

2nd CERTIFICATE HOLDER

Trustees' Authorization

PROMISSORY NOTE

issued to

TRUST NAME

Amount: **\$21.00 U.S. SILVER DOLLARS**

Date: CREATION DATE

Issued at: _____

FOR VALUE RECEIVED, the undersigned promises to pay to the order of TRUST NAME, at the place designated by the Trustee of said organization, the principal sum of TWENTY-ONE U.S. DOLLARS IN SILVER DOLLAR PIECES or in U.S. SILVER CERTIFICATES, being lawful money of the United States of America. The principal sum shall be payable upon demand of the Trustee, and payment shall be made within sixty (60) days after the demand. If payment is not received within sixty days the principal sum shall bear interest at eight percent per annum until paid.

If this note is delinquent, the holder hereof may take enforcement action at the discretion of the Trustee. If legal fees are incurred in the enforcement and collection of this note, such costs shall be paid by the maker.

Maker: 1st CERTIFICATE HOLDER

Maker: 2nd CERTIFICATE HOLDER

SEAL

**MINUTES OF THE
TRUSTEE MEETING OF**

TRUST NAME

BANKING RESOLUTION

The undersigned Trustee(s) for the above named organization created CREATION DATE, in its initial meeting of the same date,

RESOLVED that MANAGER NAME, being the Managing Director(s) of this organization, is/are herein fully authorized by the Board of Trustees to select and make application to any bank or financial institution for the purpose of establishing one or more checking and/or savings accounts in the name of this organization. Further, the Managing Director(s) and/or his/her designee, or other officers or agents of this organization as identified below, is/are authorized to make deposits and withdrawals, write checks, and maintain such accounts without further action of the Board of Trustees.

Further, the bank or financial institution is hereby authorized to pay out the funds of this organization as directed by the authorized signatories without further authorization from the Board of Trustees, whether such directives call for disbursements in cash, to bearer or to the order of any third party.

Further, the suggested title for the account is: TRUST NAME
MANAGER NAME, Managing Director

The tax EIN is _____

The following persons are authorized to sign checks or withdrawals from any accounts created with the selected bank(s) or institution(s) with _____ being required:

- 1) Name: _____ Authorized Signature _____
- 2) Name: _____ Authorized Signature _____
- 3) Name: _____ Authorized Signature _____

This BANKING RESOLUTION shall remain in full force and effect unless or until canceled or modified by the Board of Trustees.

BOARD OF TRUSTEES:

Date: _____

TRUST NAME, Trustee

Witness

Accepted by:

Date: _____

MINUTES OF THE TRUSTEE MEETING OF

TRUST NAME

RE: CUSTODIAL ACCOUNT REQUEST

The undersigned Trustee for the above named Business Organization waived notice of this meeting and called this meeting of the Board to order on the date written below.

The Board of Trustees acknowledged a verbal request from the Managing Director to open a CUSTODIAL ACCOUNT. Such verbal request was restated by the Trustee as follows:

The Managing Director of this Trust Organization has requested permission of the Board of Trustees to open a Custodial Bank Account under the Tax Number of the Trust Organization and maintain such account as a convenience for the Managing Director's personal use. It was made clear that there would be no mingling of such personal funds with those of the company.

After discussion by the Board, it was

RESOLVED that the Board of Trustees would approve a Custodial Bank Account to be opened using the Tax ID number of the company as a convenience to the Managing Director(s). However, the ownership of the account would belong to the company, and funds in the account would belong to the Managing Director(s) personally. As compensation to the company for granting this convenience, any and all interest that might accrue to the account would become the property of the company. Further, any funds transferred from the working account of the company to the Custodial Account as compensation to the Managing Director(s) would be treated as an expense item in the company accounts, and would be income to the Managing Director(s).

The secretary was instructed to inform the Managing Director(s) of the Board's decision, and to severely caution the Managing Director(s) to use this privilege wisely, and to strictly avoid any commingling of funds between the Custodial Account and any other company accounts. Any transgression of this privilege could cause the Board to immediately terminate the Custodial Account.

There being no more business to come before the Board, the Secretary was instructed to enter these proceedings in the company Minute Book and the meeting was adjourned.

Date: _____

For The Board of Trustees

Secretary

MINUTES OF THE TRUSTEE MEETING OF

TRUST NAME

RE: APPROVAL TO REISSUE TCUs

The undersigned Trustee for the above named Business Organization waived notice of this meeting and called the meeting of the Board to order on the date written below. The meeting was to discuss the reissuing of Trust Certificate Units, should this become necessary due to the death or incapacitation of the current TCU holders.

The Board of Trustees affirmed that, under the terms of the Declaration of Trust, the rights of a TCU Holder terminate upon death and revert back to the Board of Trustees.

After discussion by the Board, and after consultation with the TCU Holder(s) identified below, it was

RESOLVED that if the TCUs currently held by _____

should ever revert back to the Board of Trustees, such TCUs will be reissued as follows:

To: _____	No. of TCUs _____
To: _____	No. of TCUs _____
To: _____	No. of TCUs _____
To: _____	No. of TCUs _____

If any of the above are children under age 18, then _____ shall receive the TCUs on behalf of each of those children under age 18, and shall hold the TCUs as Guardian(s) of the benefits until each such respective child reaches age 18. In such case, any and all distributions shall be made to the Guardian(s) for the benefit of the children.

The secretary was instructed to inform the above mentioned TCU Holder(s) of the Board's decision.

There being no more business to come before the Board, the Secretary was instructed to enter these proceedings in the company Minute Book, and the meeting was adjourned.

Date: _____

For The Board of Trustees

Secretary

**MINUTES OF THE
TRUSTEE MEETING OF**

TRUST NAME

RE: APPOINTMENT OF SUCCESSOR TRUSTEE(S)

On the date written below, the Board of Trustees acting within the powers and authorities granted by the Contract and Declaration of Trust, adopted the following resolutions:

RESOLVED that the Board of Trustees herein name the following persons to succeed each of the Trustees of this Company, as identified below, in the event that the respective Trustees resign, become incapacitated or die:

Current Trustee: _____
Appointed Successor(s): _____

Current Trustee: _____
Appointed Successor(s): _____

Current Trustee: _____
Appointed Successor(s): _____

The secretary was instructed to inform the above mentioned Successor(s) of the Board's decision.

There being no more business to come before the board, the Secretary was instructed to enter these proceedings in the company Minute Book, and the meeting was adjourned.

Date: _____

For the Board of Trustees

Secretary

MINUTES OF THE TRUSTEE MEETING OF

TRUST NAME

RE: CONTINUITY OF MANAGEMENT

The undersigned Trustee for the above named Business Organization waived notice of this meeting and called the meeting of the Board to order on the date written below. The meeting was to discuss the naming of a Successor Managing Director for the company, should this become necessary due to resignation or incapacitation of the current Management.

The Board of Trustees affirmed that the Managing Director was selected as being especially fitted and capable of managing the company's day to day affairs, and had discussed with the Director the question of continuity of management. When asked to recommend a potential successor, the Managing Director suggested the following person(s):

Recommended Successor: _____

and/or: _____

After discussion by the Board, it was

RESOLVED that the Board of Trustees would contact the above person(s) and offer them the position of Managing Director(s) of this trust organization and its operations should an occasion arise wherein the current Managing Director(s) was/were unable or unwilling to continue in that office.

The secretary was instructed to inform the Managing Director(s) of the Board's decision.

There being no more business to come before the Board, the Secretary was instructed to enter these proceedings in the company Minute Book and the meeting was adjourned.

Date: _____

For The Board of Trustees

Secretary

**MANAGING DIRECTOR'S
MEETING NO. _____**

for

TRUST NAME

Date: _____

The undersigned Managing Director, acting within the powers and authorities granted by the Board of Trustees, called this meeting and took the following actions:

The Director, having determined there was need for additional staff to help with company record keeping and day to day business, appointed SECRETARY NAME to serve as company SECRETARY.

The Director, having reviewed the qualifications of _____ agreed to hire said individual or firm to handle the bookkeeping and accounting and tax preparation for the Company.

FURTHER, it was determined that the above named individuals or firms shall be paid from Company funds according to the terms of a contract to be negotiated and executed between the Director and said individuals or firms.

There being no more business to come before the meeting, the Secretary was instructed to enter these proceedings in the company Minute Book and the meeting was concluded.

Date: _____

Managing Director

Secretary

**MINUTES OF THE
TRUSTEE MEETING OF**

TRUST NAME

The undersigned Trustee for the above named Business Trust, duly appointed as the first Trustee in the Contract and Declaration of Trust, called this meeting of the Board to order on the date written below.

Acting within the powers and authorities granted by the Contract and Declaration of Trust, the Board adopted the following resolutions:

RESOLVED that the Board of Trustees, having reviewed the qualifications of _____ have agreed to hire said individual or firm to handle the bookkeeping and accounting and tax preparation for the Company until replaced by resolution of the Board of Trustees.

FURTHER RESOLVED, that the above named individual or firm shall be paid from Company funds according to the terms of a contract to be negotiated and executed between the first Trustee and said individual or firm.

There being no more business to come before the Board, the Secretary was instructed to enter these proceedings in the company Minute Book, and the meeting was adjourned.

Date: _____

For Board of Trustees

Secretary

PROPOSAL

To Exchange Property For Trust Certificates

To: Board of Trustees of TRUST NAME

From: _____ Telephone: _____

Address: _____ ZIP: _____

RE: _____

Dear Board of Trustees:

After considering the benefits of transferring property into your company, I/we have concluded that an exchange of certain property for trust certificates holds a promise of attractive future benefits. This offer is, therefore, submitted for your consideration.

I/we herein propose to exchange the following property for a minimum of _____ trust certificate units. Further, it is understood that such an exchange would be neither a gift nor a sale, but a tax deferred exchange. If this meets with Board approval and if, indeed, the Board feels that such an exchange would create future profits for the organization, please reply with directions on how to proceed.

Description of property:

Existing liens against the property (if any):

The "basis" in the property for tax considerations is approximately \$ _____.
If you need further clarification respecting the above, additional information will be made available at your request.

Your immediate response will be appreciated.

Thank you.

Sincerely,

_____ Date _____

_____ Date _____

PROPOSAL

To Invest Funds For Trust Certificates

To: Board of Trustees of TRUST NAME

From: _____ Telephone: _____

Address: _____ ZIP: _____

RE: _____

Dear Board of Trustees:

After considering the benefits of investing in your company, I/we have concluded that an investment of cash to be evidenced by trust certificates holds a promise of attractive future benefits. This offer is, therefore, submitted for your consideration.

I/we herein propose to invest \$ _____ for a minimum of _____ trust certificate units. If this meets with Board approval and if, indeed, the Board feels that such an exchange would create future profits for the organization, please sign your acceptance of this proposal below.

Your immediate response will be appreciated.

Thank you.

Sincerely,

_____ Date _____

_____ Date _____

After discussion and consideration of the proposal by the Board, it was

RESOLVED that the trust accept the offer to invest capital, and to issue _____ trust certificates to the above investor. The Secretary is herein instructed to issue the Trust Certificate Units upon confirmation of the receipt of capital.

Approved this _____ day of _____ 20____.

For the Board of Trustees

Secretary

MINUTES OF THE TRUSTEE MEETING OF

TRUST NAME

The undersigned Trustee for the above named Business Organization called this meeting of the Board to order on the date written below.

Acting within the powers and authorities granted by the Contract and Declaration of Trust, the Board reviewed and adopted the following proposal:

The Board of Trustees acknowledged receipt of a written proposal from _____, which is an offer to exchange certain property into this Company in exchange for _____ Trust Certificate Units held in reserve by the Trustees. The secretary was instructed to place a copy of the proposal in the Minute Book, and identify the property in this minute record as follows:

After discussion and consideration of the proposal by the Board, it was RESOLVED that the exchange be made conditioned upon verification of estimated value of the property by qualified appraisers or professionals, and after a satisfactory physical inspection of said property by the Board.

It was agreed by the exchanging parties that the proposed exchange would not be a sale or a gift, but an equal value tax-deferred exchange. The Secretary was instructed to issue the Trust Certificate Units upon confirmation of the exchange and approval by the Board of Trustees, and to set forth the property received on Schedule "A" (page 18), which is incorporated in the Contract and Declaration of Trust.

There being no more business to come before the Board, the Secretary was instructed to enter these proceedings in the company Minute Book, and the meeting was adjourned.

Date: _____

For The Board of Trustees

Secretary

REGISTRY OF TRUST CERTIFICATE UNITS

Of

TRUST NAME

<u>ISSUE DATE</u>	<u>HOLDER'S NAME</u>	<u>QUANTITY</u>	<u>TCU NO.</u>	<u>TRUSTEE'S AUTHORIZATION</u>
_____	_____	_____	001	_____
_____	_____	_____	002	_____
_____	_____	_____	003	_____
_____	_____	_____	004	_____
_____	_____	_____	005	_____
_____	_____	_____	006	_____
_____	_____	_____	007	_____
_____	_____	_____	008	_____

SAMPLE

PAGE

TRUST NAME

A Common Law Trust Organization

Certificate No. _____

Units Issued: _____

Pursuant to that Contract dated the CREATION DATE, creating the above said Pure Trust Organization and in compliance with all the terms and conditions contained thereof,

holds these certificate units subject to the following provisions, terms and conditions:

1. The holder shall be entitled to a proportionate share of all distributions declared and made by the Trustee(s) in the ordinary course of business or upon liquidation of the trust Organization.
2. All units are fully paid and non assessable when issued and no liability for the actions of the trust or Trustees shall inure to the holder.
3. The holder shall have no rights, powers, privileges or interest in or control over the assets or management of this Trust Organization;
4. The holder can only transfer these units in compliance with the restrictions, terms and conditions set forth in the Declaration of Trust. A transfer must be expressly endorsed as provided below;
5. This certificate becomes null and void, and of no force or effect, at the death of the lawful Holder of record.

This certificate is signed and dated this _____ day of _____ 20 _____.

BY:

Signatory Name, Title

DEED OF TRANSFER

For Value Received, _____
hereby

sells, conveys, exchanges, assigns and transfers to
_____ *whose address is*

_____ *the Trust*
Certificate Units evidenced by this certificate, in the amount of _____ units, and does hereby irrevocably appoint the Board of Trustees to transfer said units on the books of this Trust Organization with full power of substitution, and to issue new certificates to the lawful unit holders hereof.

Dated: _____

Witness

Transferor

sign name exactly as shown on face of

IRS CODE RESPECTING IRREVOCABLE TRUSTS

TRUSTS HAVE TRADITIONALLY been an effective tax planning tool. As a result, the IRS has made a practice of trying to chip away at the benefits -- especially the benefits of irrevocable trusts. The Internal Revenue Code has become increasingly laced with pitfalls for the unwary, including an ill defined, complicated set of rules of how the IRS can "treat" trusts under various conditions for tax purposes. The "treatment" has nothing to do with whether the trust is a legal entity under common or statutory law, but whether the benefits and/or power to control the trust are -- in the opinion of the IRS -- still accruing to the individual who enjoyed the benefits and legal control originally. In other words, "Did the grantor actually give up benefits and/or control when he put the asset into trust?" -- is there now really an "Adverse Party" (someone he doesn't control) who has a valid claim to benefits or a degree of control? Or can the IRS challenge the transaction as a "Sham" and tax the previous owner (Grantor) as though the trust didn't exist?

The following comments and Code references are not meant to discourage you from using trusts. To the contrary. They should serve as a reminder that it is wise to have experienced advisors when navigating those sections of the Code dealing with trusts (IRC Sec. 641 through 691 treats with Trusts, Estates and Annuities).

GENERALLY

Trusts are legal entities and treated as individuals under the Code. They can hold assets, conduct a business, make investments, etc. -- take the normal tax deductions -- just as any individual can. Their tax year is the calendar year. If there is \$600 or more of gross income for the year, they file IRC form 1041. If there is "O" DNI (Distributable Net Income), no tax is due. If there is DNI, the trust (depending upon its design) may either distribute the DNI to the beneficiaries (accompanied by a Schedule K-1) and declare "O" tax liability, or it may retain the DNI and pay taxes on it (usually at the same tax rate as a single person). If distributed, the tax liability follows the income to the beneficiary, and the beneficiary pays the tax according to his own tax bracket.

SOME POTENTIAL PITFALLS IN THE INTERNAL REVENUE CODE:

MULTIPLE TRUSTS: "... under regulations prescribed by the Secretary, 2 or more trusts shall be treated as 1 trust if 1) such trusts have substantially the same grantor or grantors and substantially the same primary beneficiary or beneficiaries, and 2) a principal purpose of such trusts is the avoidance of the tax imposed by this chapter" [Sec. 643(f)]

LESS THAN FAIR MARKET VALUE TRANSFERS: "If (A) a trust (or another trust to which the property is distributed) sells or exchanges property at a gain not more than 2 years after the date of the initial transfer of the property in trust by the transferor, and (B) the fair market value of such property at the time of the initial transfer in trust by the transferor exceeds the adjusted basis of such property immediately after such transfer, there is hereby imposed a tax..." [Sec. 644(a)(1)(A)].

TRUSTS REQUIRING DISTRIBUTION OF CURRENT INCOME ("SIMPLE TRUSTS")

CHARITABLE GIFTS: Trusts that must distribute all current income to beneficiaries (without retaining any income in the trust) cannot take charitable deductions as mentioned in Sec. 642(c), [Sec. 651(a)].

CURRENT DISTRIBUTION REQUIREMENT: "...the amount of income for the taxable year required to be distributed currently by a trust described in section 651 shall be included in the gross income of the beneficiaries to whom the income is required to be distributed, whether distributed or not..." [Sec 652(a)].

CHARACTER OF DISTRIBUTIONS: "The amount specified in subsection (a) shall have the same character in the hands of the beneficiary as in the hands of the trust..." [Sec. 652(b)].

DIFFERENT TAXABLE YEARS: "If the taxable year of a beneficiary is different from that of the trust, the amount which the beneficiary is required to include in gross income in accordance with the provisions of this section shall be based upon the amount of income of the trust for any taxable year or years of the trust ending with or within his taxable year" [Sec. 652(c)].

DISTRIBUTIONS IN FIRST 65 DAYS: "GENERAL RULE.-- If within the first 65 days of any taxable year of a trust, an amount is properly paid or credited, such amount shall be considered paid or credited on the last day of the preceding taxable year" [Sec. 663(b)(1)]. (The beneficiary must declare the distribution as received on that same day Ed.)

"GRANTOR TRUST" RULES

Under this section of the Code the IRS imputes ownership of the trust to any Grantor who has retained beneficial enjoyment of the trust assets and/or considerable incidents of power over the trust corpus.

ADVERSE PARTY: "... the term 'adverse party' means any person having a substantial beneficial interest in the trust which would be adversely affected by the exercise or the non exercise of the power which he possesses respecting the trust. A person having a general power of appointment over the trust property shall be deemed to have a beneficial interest in the Trust" [Sec. 672(a)].

RELATED OR SUBORDINATE PARTY: Such a party is "...any non adverse party who is 1) the grantor's spouse if living with the grantor; 2) any one of the following: The grantor's father, mother, issue, brother or sister, an employee of the grantor, a corporation or any employee of a corporation in which the stock holdings of the grantor and the trust are significant from the viewpoint of voting control; a subordinate employee of a corporation in which the grantor is an executive. [Such a party shall be presumed to be subservient to the grantor ... unless such party is shown not to be subservient by a preponderance of the evidence]" [Sec. 672(c)(1)(2)].

GRANTOR HAVING POWER OF SPOUSE: A grantor is "... treated as holding any power or interest of grantor's spouse" [Sec. 672(e)].

POWER TO CONTROL BENEFICIAL ENJOYMENT: "The grantor shall be treated as the owner of any portion of a trust in respect of which the beneficial enjoyment of the corpus or the income therefrom is subject to a power of disposition, exercisable by the grantor or a non adverse party, or both, without the approval or consent of any adverse party" [Sec. 674(a)] with some exceptions in [Sec. 674(b) and (c)].

ADMINISTRATIVE POWERS: "The grantor shall be treated as the owner of any portion of a trust in respect of which" the grantor has administrative powers to 1) "deal for less than adequate and full consideration ... 2) " to borrow without adequate interest or security... 3) to engage in " borrowing of the trust funds... or 4) has "general powers of administration " [Sec. 675].

POWER TO REVOKE: "The grantor shall be treated as the owner of any portion of a trust, whether or not he is treated as such owner under any other provision of this part, where at any time the power to revert in the grantor title to such portion is exercisable by the grantor or a non adverse party, or both" [Sec. 676(a)].

INCOME FOR BENEFIT OF GRANTOR: "The grantor shall be treated as the owner of any portion of a trust, whether or not he is treated as such owner under section 674, whose income without the approval or consent of any adverse party is, or, in the discretion of the grantor or a non adverse party, or both, may be 1) distributed to the grantor or the grantor's spouse, 2) held or accumulated for future distribution to the grantor or the grantor's spouse, or 3) applied to the payment of [certain types of insurance premiums] on the life of the grantor or grantor's spouse (Sec. 677(a)).

FOREIGN TRUSTS WITH U.S. BENEFICIARIES [Sec. 6791]

GENERALLY: A U.S. person who directly or indirectly transfers property to a foreign trust shall be treated as the owner of that portion of the trust for his taxable year if such trust has a U.S. beneficiary in that year [Sec. 679(A)].

TRUSTS TREATED AS HAVING A U.S. BENEFICIARY: "For purposes of this section, a trust shall be treated as having a United States beneficiary for the taxable year unless (A) under the terms of the trust, no part of the income or corpus of the trust may be paid or accumulated during the taxable year to or for the benefit of a United States person, and (B) if the trust were terminated at any time during the taxable year, no part of the income or corpus of such trust could be paid to or for the benefit of a United States person" [Sec. 679(c)(1)(A)(B)] also see (2) for determination if a foreign corporation, foreign partnership or other foreign trust can be deemed a U.S. person.

U.S TRUSTS WITH FOREIGN BENEFICIARIES [Sec. 8751]

GENERALLY: -A nonresident alien individual or foreign corporation which is a beneficiary of an estate or trust which is engaged in any trade or business within the United States shall be treated as being engaged in such trade or business within the United States" [Sec. 875(2)].

PROMISSORY NOTE

Amount: \$ _____ Date: _____

Issued at City of _____ State of _____

FOR VALUE RECEIVED, the undersigned promises to pay to the order of

(name) _____ at (place) _____
_____ the principle sum of
_____ Dollars (\$ _____,_____)
at the rate of _____ percent (_____ %) per annum until paid. Principal payments of
_____ Dollars (\$ _____) shall begin on
(date) _____, and continue on the _____ day of each month

thereafter, plus simple interest on the unpaid balance. If the payment in any month is insufficient to cover both principal and interest, each payment shall first be credited to interest and then to principal. If agreed upon payments are not made when due and/or if enforced collection is necessary, the accrued interest shall be added to principal and become a part thereof and shall bear interest at the same rate until paid.

If the holder hereof incurs legal fees in the enforcement and collection of this note, such costs shall be paid by the maker.

Maker

Maker

SEAL

certificate

BILL OF SALE

To: Board of Trustees of TRUST NAME

From: _____

IN EXCHANGE FOR _____ TRUST CERTIFICATE UNITS, receipt of which is hereby acknowledged, the undersigned Exchangers trade, exchange, convey and deliver the following described personal property to the above named Board of Trustees.

To wit:

1. A sole proprietorship business engaged in the business of:

2. The following tangible assets (attach additional pages if necessary):

3. The Good Will of the sole proprietorship:
4. Liquid assets in the amount of \$ _____.
5. Other:

Witness our hands this _____ day of _____, 20 _____.

Exchanger

Exchanger

Acknowledged as received by the Board of Trustees: _____

PUT TRUST NAME ON COVER SHEET

TRUST NAME

PAGE

A Common Law Trust Organization