

Declaration of Trust

Part 1. Trust Name

This revocable living trust shall be known as the Sheila Jenkins Revocable Living Trust.

Part 2. Declaration of Trust

Sheila Jenkins, called the grantor, declares that she has transferred and delivered to the trustee all her interest in the property described in Schedule A attached to this Declaration of Trust. All of that property is called the "trust property." The trustee hereby acknowledges receipt of the trust property and agrees to hold the trust property in trust, according to this Declaration of Trust.

The grantor may add property to the trust.

Part 3. Terminology

The term "this Declaration of Trust" includes any provisions added by valid amendment.

Part 4. Amendment and Revocation

A. Amendment or Revocation by Grantor

The grantor may amend or revoke this trust at any time, without notifying any beneficiary. An amendment must be made in writing and signed by the grantor. Revocation may be in writing or any manner allowed by law.

B. Amendment or Revocation by Other Person

The power to revoke or amend this trust is personal to the grantor. A conservator, guardian or other person shall not exercise it on behalf of the grantor, unless the grantor specifically grants a power to revoke or amend this trust in a Durable Power of Attorney.

Part 5. Payments From Trust During Grantor's Lifetime

The trustee shall pay to or use for the benefit of the grantor as much of the net income and principal of the trust property as the grantor requests. Income shall be paid to the grantor at least annually. Income accruing in or paid to trust accounts shall be deemed to have been paid to the grantor.

Part 6. Trustees

A. Trustee

Sheila Jenkins shall be the trustee of this trust.

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B. Trustee's Responsibilities

The trustee in office shall serve as trustee of all trusts created under this Declaration of Trust, including children's subtrusts.

C. Terminology

In this Declaration of Trust, the term "trustee" includes successor trustees or alternate successor trustees serving as trustee of this trust. The singular "trustee" also includes the plural.

D. Successor Trustee

Upon the death or incapacity of Sheila Jenkins, the trustee of this trust and of any children's subtrusts created by it shall be Richard Jenkins. If Richard Jenkins is unable or unwilling to serve as successor trustee, Ann Heron shall serve as trustee.

E. Resignation of Trustee

Any trustee in office may resign at any time by signing a notice of resignation. The resignation shall be delivered to the person or institution who is either named in this Declaration of Trust, or appointed by the trustee under Section F of this Part, to next serve as the trustee.

F. Power to Appoint Successor Trustee

If no one named in this Declaration of Trust as a successor trustee or alternate successor trustee is willing or able to serve as trustee, the last acting trustee may appoint a successor trustee and may require the posting of a reasonable bond, to be paid for from the trust property. The appointment must be made in writing, signed by the trustee and notarized.

G. Bond

No bond shall be required for any trustee named in this Declaration of Trust.

H. Compensation

No trustee shall receive any compensation for serving as trustee, unless the trustee serves as a trustee of a child's subtrust created by this Declaration of Trust.

I. Liability of Trustee

With respect to the exercise or non-exercise of discretionary powers granted by this Declaration of Trust, the trustee shall not be liable for actions taken in good faith. Such actions shall be binding on all persons interested in the trust property.

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Part 7. Trustee's Management Powers and Duties

A. Powers Under State Law

The trustee shall have all authority and powers allowed or conferred on a trustee under Arizona law, subject to the trustee's fiduciary duty to the grantors and the beneficiaries.

B. Specified Powers

The trustee's powers include, but are not limited to:

1. The power to sell trust property, and to borrow money and to encumber trust property, including trust real estate, by mortgage, deed of trust or other method.
2. The power to manage trust real estate as if the trustee were the absolute owner of it, including the power to lease (even if the lease term may extend beyond the period of any trust) or grant options to lease the property, to make repairs or alterations and to insure against loss.
3. The power to sell or grant options for the sale or exchange of any trust property, including stocks, bonds, debentures and any other form of security or security account, at public or private sale for cash or on credit.
4. The power to invest trust property in every kind of property and every kind of investment, including but not limited to bonds, debentures, notes, mortgages, stock options, futures and stocks, and including buying on margin.
5. The power to receive additional property from any source and add it to any trust created by this Declaration of Trust.
6. The power to employ and pay reasonable fees to accountants, lawyers or investment experts for information or advice relating to the trust.
7. The power to deposit and hold trust funds in both interest-bearing and non-interest bearing accounts.
8. The power to deposit funds in bank or other accounts, whether or not they are insured by the FDIC.
9. The power to enter into electronic fund transfers or safe deposit arrangements with financial institutions.
10. The power to continue any business of the grantor.

11. The power to institute or defend legal actions concerning this trust or the grantor's affairs.
12. The power to execute any documents necessary to administer any trust created by this Declaration of Trust.
13. The power to diversify investments, including authority to decide that some or all of the trust property need not produce income.

Part 8. Incapacity of Grantor

If the grantor becomes physically or mentally incapacitated, whether or not a court has declared the grantor incompetent or in need of a conservator or guardian, the successor trustee named in Part 6 shall be trustee.

The determination of the grantor's capacity to manage this trust shall be made by Patricia Jenkins. The successor trustee shall, if necessary, ask Patricia Jenkins to state, in writing, an opinion as to whether or not the grantor is able to continue serving as trustee. The successor trustee may rely on that written opinion when determining whether or not to begin serving as trustee.

If the successor trustee is unable, after making reasonable efforts, to obtain a written opinion from Patricia Jenkins, the successor trustee may request an opinion from Eric Workman and may rely on that opinion.

If the successor trustee is also unable, after making reasonable efforts, to obtain a written opinion from Eric Workman, the successor trustee may request an opinion from Delia Holt and may rely on that opinion.

If the successor trustee is unable, after making reasonable efforts, to obtain a written opinion from Patricia Jenkins, Eric Workman or Delia Holt, the successor trustee may request an opinion from a physician who examines the grantor, and may rely on that opinion.

The trustee shall use any amount of trust income or trust property necessary for the grantor's proper health care, support, maintenance, comfort and welfare, in accordance with the grantor's accustomed manner of living. Any income not spent for the benefit of the grantor shall be accumulated and added to the trust property. Income shall be paid to the grantor at least annually. Income accruing in or paid to trust accounts shall be deemed to have been paid to the grantor.

The successor trustee shall manage the trust until the grantor is again able to manage her

affairs. The determination of the grantor's capacity to again manage this trust shall be made in the manner specified just above.

Part 9. Death of a Grantor

When the grantor dies, this trust shall become irrevocable. It may not be amended or altered except as provided for by this Declaration of Trust. It may be terminated only by the distributions authorized by this Declaration of Trust.

The trustee may pay out of trust property such amounts as necessary for payment of the grantor's debts, estate taxes and expenses of the grantor's last illness and funeral.

Part 10. Beneficiaries

At the death of the grantor, the trustee shall distribute the trust property as follows:

Richard Jenkins shall be given Sheila Jenkins's interest in 100 shares of Applied Dynamics stock. If Richard Jenkins does not survive Sheila Jenkins, that property shall be given to Patricia Jenkins.

David Jenkins shall be given Sheila Jenkins's interest in the trust property not otherwise specifically and validly disposed of by this Part. If David Jenkins does not survive Sheila Jenkins, that property shall be given to Richard Jenkins.

Part 11. Terms of Property Distribution

All distributions are subject to any provision in this Declaration of Trust that creates a child's subtrust or a custodianship under the Uniform Transfers to Minors Act.

A beneficiary must survive the grantor for 120 hours to receive property under this Declaration of Trust. As used in this Declaration of Trust, to survive means to be alive or in existence as an organization.

All personal and real property left through this trust shall pass subject to any encumbrances or liens placed on the property as security for the repayment of a loan or debt.

If property is left to two or more beneficiaries to share, they shall share it equally unless this Declaration of Trust provides otherwise. If any of them does not survive the grantor, the others shall take that beneficiary's share, to share equally, unless this Declaration of Trust provides otherwise.

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SCHEDULE A

Property Placed in Trust

1. 100 shares of Applied Dynamics stock.
2. House at 2100 Fortuna Street, Phoenix, Arizona.
3. Condominium at 57-A Alpine Way, Tahoe City, California.