

STATE OF NORTH CAROLINA

REVOCABLE COMMON TRUST AGREEMENT

COUNTY OF MOORE

THIS REVOCABLE COMMON TRUST AGREEMENT is entered into this 25 day of Sept., 1997, by and between **CHARLES E. JACKSON** and **DOROTHY A. JACKSON**, of Moore County, North Carolina as "Grantors" or separately "Husband" or "Wife"; and

CHARLES E. JACKSON and **DOROTHY A. JACKSON**, as Co-Trustees, who are referred to in this trust instrument for convenience as the "Trustee."

ARTICLE I
TRUST PROPERTY

A. Original Trust Property. The Grantors have delivered to the Trustee as the original trust property the property set forth on Schedule A attached hereto and made a part hereof, receipt of which the Trustee acknowledges.

B. Additions to Trust Property. The Grantors together, or either of them, or any other person may make additions to the principal of any trust under this trust instrument by lifetime gift, will, designation of the Trustee as beneficiary or otherwise.

C. Origin of Property Unchanged. During the joint lives of the Grantors, any property transferred to this trust shall retain its original character and, in the event of revocation, the Trustee shall distribute such property to the Grantors based on the same property rights they had prior to transfer to the trust. Any and all gifts made by the Trustee of trust assets shall constitute a revocation by the Grantors as to such property, and, therefore, a gift by any Grantor having an interest in that property would constitute a revocation.

D. Characterization of Property.

1. Each of the Grantors intends to make inter vivos transfers of separately owned assets to the trust, which will be identified in a separate paper writing acknowledged by both Grantors as being the separate property of the transferor(s). All such separate property transferred to the trust shall retain its character as the separate property of the transferor.

2. Unless otherwise identified as being the separate property of the transferor as prescribed above, all property, real or personal, tangible or intangible, regardless of its original source or original ownership, that is transferred to the trust by the Grantors, individually or jointly, during the Grantors' joint lifetimes, shall be regarded as having been originally owned equally by each Grantors as tenants-in-common without right of survivorship. Upon transfer to the trust, such property shall retain its character as being owned one-half (1/2) by each of the Grantors, without right of survivorship.

3. It is the expressed intent of the Grantors, for the purpose of characterization of property, that the estate of the first Grantor to die (the "Decedent") shall include (i) all of the Decedent's separate property which has been transferred to the trust during the Decedent's lifetime and identified as separate property in accordance with the provisions of the Subparagraph 1 above; (ii) one-half (1/2) of all other property in the Trust at the time of the Decedent's death; and (iii) any and all separate property of the Decedent which becomes trust property after the Decedent's death as a result of the Decedent's Will, beneficiary designations or like contractual arrangement.

ARTICLE II
DISPOSITION OF TRUST PROPERTY DURING GRANTORS' LIFETIME

During the joint lifetimes of the Grantors, until the first death of either Grantor, the trust property shall be disposed of as follows:

A. Distribution as Grantors Direct. The Trustee shall distribute the net income and principal as the Grantors may jointly direct from time to time by instructions signed by them and delivered to the Trustee, except that during any periods as both Grantors are incapacitated, the Trustee, in its discretion, may decline to follow any such instructions. Each Grantor shall also have the right and power to direct the disposition of the net income and principal from his or her respective share of the trust property without need of joinder or consent of the other Grantor. Provided, however, that in the event at such time (and so long as) the Grantor is incapacitated, the Trustee, in its discretion, may decline to follow any instructions from that Grantor.

B. Distribution When Grantor Incapacitated. If either Grantor becomes incompetent or disabled, the Trustee shall use the income and so much of the corpus of said Grantor's respective share of the trust as may be necessary to meet all of his or her medical expenses, living expenses, and other reasonable needs and to provide for his or her general health, comfort, and well-being. If the incapacitated Grantor has established, or evidenced an intention to begin, a gift-giving program or if such a program would be in the best interest of Husband or Wife, then the Trustee should begin or continue such a program, applying its best discretion.

C. Distribution in Trustee's Discretion. In addition, the Trustee may distribute all or any portion or the net income and principal of the trust to the Husband or Wife, in such amounts and at such times as the Trustee, in its discretion, may determine.

ARTICLE III
DISPOSITION OF TRUST PROPERTY AFTER FIRST GRANTOR'S DEATH

Upon the death of the first of either of the Grantors, the trust property, including any

property payable to the Trustee as a result of such death, shall be disposed of as provided in this Article. Reference hereafter to the "Decedent" shall refer to either of the Grantors whose death shall first occur, and reference to the "Survivor" shall refer to the surviving Grantor.

Section One
Reference to Memorandum

Some of the Grantors' tangible personal property has sentimental value, and each of the Grantors has made a memorandum, written in his or her handwriting and signed by each of the Grantors which will be found with this Trust Agreement, setting forth the articles of tangible personal property that the Grantors desire to be disposed of to the persons listed therein. The Grantors direct the Trustee to distribute the same in accordance with the provisions thereof. If for any reason said memoranda are not found with this Trust Agreement and properly identified as such by the Trustee, then it shall be conclusively presumed that no such memoranda exist.

Section Two
Gift of Tangible Personal Property

Unless disposed of under the foregoing Section One, all tangible personal property which, in the opinion of the Trustee was not held by the Decedent solely for investment purposes, including, but not limited to, automobiles, household furniture and furnishings, clothing, jewelry, collectibles and personal effects shall be given to the Survivor, if he or she survives the Decedent. If the Survivor does not survive the Decedent, such property shall be given to the Decedent's children, **VICKI LYNN JONES SANDERS** and **MARCIA LEIGH JONES BROWN**, as survive the Decedent, in equal shares, as they may agree is appropriate. Any items remaining which they do not desire or cannot agree how to divide, shall be sold by the Trustee and the proceeds received shall be divided equally between them.

Section Three
Allocation of Trust Property

The Trustee shall divide the trust property (other than property that is payable to the Trustee as a result of such death and directed to be disposed of as a part of a specific trust under this Article) which remains after (i) making the distributions specified above and (ii) providing for payment of all expenses of administering such trust property that are chargeable to principal after such death and until allocation is completed and all amounts to be paid under Article V of this trust instrument for bequests, debts, expenses, and taxes of the Decedent's estate as follows:

A. Allocation of Property if Spouse Survives Decedent. If the Decedent's spouse survives him or her:

1. The Trustee shall set aside and hold as a separate trust referred to as the

"Decedent's Trust" to be disposed of for the benefit of the Survivor and the Decedent's issue in accordance with the provisions of Section Four of this Article the lesser of (a) one-half (1/2) of all the remaining trust property, or (b) that fraction of the remaining trust property the numerator of which shall be a sum equal to the largest amount, if any, that can pass under this Section Three free of federal estate tax in the federal estate tax proceeding relating to the Decedent's estate by reason of (i) the unified credit and (ii) the state death tax credit to the extent that use of the state death tax credit does not require an increase in state death taxes paid which are computed by reference to the state death tax credit and the denominator of which shall be the value of the remaining trust property. In determining the largest amount that can pass free of federal estate tax the Trustee shall take account of (i) the value of property passing to beneficiaries in any manner other than pursuant to this Section which is includable in the Decedent's gross estate but which does not qualify for the marital or charitable deduction in computing the Decedent's federal estate tax, and (ii) all charges to principal that are not allowed as deductions in computing such tax. The values as finally determined for federal estate tax purposes shall be used in ascertaining this fraction.

2. The balance of the trust property, if any, shall be disposed of as follows:

(a) The Trustee shall hold the balance of the trust property in a separate trust referred to as the "Survivor's Trust" to be disposed of for the benefit of the Survivor in accordance with the provisions of Section Five of this Article.

(b) Only assets which qualify for the marital deduction in the federal estate tax proceeding relating to the Decedent's estate shall be allocated to the Survivor's Trust.

(c) If the Survivor disclaims, in whole or in part, his or her interest in any property allocated to the Survivor's Trust, the Trustee shall add the disclaimed property to the property being held in the Decedent's Trust and dispose of it for the benefit of the Survivor and the other named beneficiaries as if an original part of such property.

(d) It is intended that the property allocated to the Survivor's Trust shall qualify for the marital deduction in the federal estate tax proceeding relating to the Decedent's estate. Therefore, all questions relating to the Survivor's Trust or allocation of property to it shall be resolved accordingly. No powers and discretions shall be exercised except in a manner consistent with this intent.

3. In the event that property is received by the Trustee, either by inter vivos or testamentary transfer, and directions are contained in the instrument of transfer for allocation to or between the Survivor's Trust and the Decedent's Trust, then the Trustee shall make allocation in accordance with such directions, anything to the contrary notwithstanding. In the event no specific instructions are given as to allocation, such property as is received from a source other than the Grantor (or either of them), shall be placed in the Survivor's Trust.

B. Allocation Property if Spouse Does Not Survive Grantor. If the spouse of a deceased Grantor does not survive him or her then all of the remaining trust property shall be distributed in equal shares to the Grantors' surviving children, or their surviving issue, if living, or, if not then living, to their surviving issue, per stirpes. Provided, however, that if both of Grantor's children shall predecease them and both leave issue surviving, then such issue shall share the trust property on a per capita basis and not per stirpes.

Section Four
Decedent's (Credit Shelter) Trust

The trust property directed to be held in the Decedent's Trust in accordance with the provisions of this Section shall be disposed of as follows:

A. Distribution During Survivor's Lifetime. During the lifetime of the Survivor:

1. The Trustee may distribute all or any portion of the net income and principal of the trust to any one or more of a group consisting of the Survivor and Decedent's issue and other designated beneficiaries, as specifically identified in Paragraph B, Section Three of this Article, in such amounts and at such times as the Trustee, in its discretion may determine.

2. Additionally, the Trustee in its discretion, may distribute all or a portion of the principal of the trust to the Survivor if the Trustee ascertains that such distribution is necessary for the support, health, maintenance and support in his or her accustomed style of living, after taking into consideration other financial resources available to the Survivor, including assets in the Survivor's Trust.

3. In addition, the Trustee shall distribute to the Survivor such portions of the principal of the trust as the Survivor may appoint from time to time by instructions signed by him or her and delivered to the Trustee during the month of December of each calendar year, except that the total amount under this subparagraph 3 which the Survivor may appoint during such month shall not exceed in value the greater of (i) Five Thousand (\$5,000.00) Dollars or (ii) Five (5%) percent of the aggregate market value of the principal of the trust on the last day of such month. To the extent the Survivor does not exercise such power of appointment during such month, it shall lapse at the end of such month.

4. In addition, the Trustee shall distribute all or any portion of the principal of the trust to any one or more of the group consisting of the Decedent's issue and the spouses of the Decedent's issue (including former spouses of the deceased issue), and in such manner and proportions, either outright or in trust, as the Survivor may appoint from time to time by instructions signed by him or her and delivered to the trustee.

B. Distribution Upon Survivor's Death. Upon the death of the Survivor:

1. The Trustee shall distribute all or so much of the then remaining principal

and undistributed income of the trust to Grantors' issue, in such manner and proportions, either outright or in trust, as the Survivor may have appointed by his or her last will making specific reference to this special testamentary power of appointment; provided, however, that this special power of appointment shall not extend to any property allocated to the Decedent's Trust as a result of qualified disclaimers made by the Survivor or any income from such disclaimed property which is accumulated in the Trust.

2. If any part of the then remaining principal and undistributed income has not been effectively appointed by the Survivor, in accordance with his or her special testamentary power of appointment, then the trust property not so appointed shall be distributed as directed in Paragraph B, Section Three, of this Article.

Section Five Survivor's (Marital) Trust

The trust property directed to be held in the Survivor's Trust in accordance with the provisions of this Section shall be disposed of as follows:

A. Distribution During Survivor's Lifetime. During the lifetime of the Survivor:

1. The Trustee shall distribute the net income of the trust to the Survivor in convenient installments at least quarter-annually. Trustee shall so manage this trust that there shall be produced for the survivor such annual distributable income as is consistent with the value of the trust property and with its preservation. In furtherance of this express intention, any unproductive property in the trust shall be converted to productive property by the Trustee within a reasonable time upon receipt of signed instructions from the Survivor to this effect.

2. The Trustee may distribute all or any portion of the principal of the trust to the Survivor in such amounts and at such times as the Trustee, in its discretion, may determine, except that such distributions shall be made first from the portion of the trust which qualified for the marital deduction in the federal estate tax proceeding relating to the Decedent's estate.

3. If the personal representative of the Decedent's estate elects to qualify only a portion of the property passing to the Survivor's Trust for the federal estate tax marital deduction as qualified terminable interest property ("QTIP"), the Trustee, in its discretion, may at any time separate all of the property that would be includable in the Survivor's gross estate for federal estate tax purposes because of the QTIP election if he or she died immediately before such separation from non-QTIP property and hold such properties in two separate Survivor's Trusts, each of which shall be disposed of in accordance with the provisions of this Section Five except as otherwise provided hereafter.

4. If any separate trust is created pursuant to subparagraph 3 over or for which the Decedent's personal representative did not make a qualified terminable interest property

QTIP election, then the Survivor, during his or her lifetime, shall have the general power to appoint the principal and any undistributed income of the non-QTIP share of the trust to himself or herself, or to any person or persons whomsoever.

B. Distribution Upon Survivor's Death. Upon the death of the Survivor, the then remaining principal and undistributed income of the trust shall be disposed of as follows:

1. If the value of any of the trust property is included in the Survivor's gross estate for federal estate tax or state death tax purposes because of the QTIP election, then unless the Survivor provides otherwise in his or her will by making specific reference to this subparagraph 1, the Trustee shall pay to the personal representative of the Survivor's estate or to the appropriate taxing authorities the amount by which the federal estate tax and/or state death tax imposed on the Survivor's estate exceeds the federal estate tax and/or state death tax that would have been payable if the value of this property had not been included in his or her gross estate. For purposes of the foregoing sentence the term "federal estate tax" or and/or "state death tax" shall include any interest and penalties on such tax. In payment of any such federal estate tax payable by the Trustee, the Trustee shall redeem or transfer to the Survivor's estate for redemption by it all bonds issued by the United States Treasury Department which may be redeemed at their par value plus accrued interest in payment of such tax.

2. The remainder of the trust property shall be distributed as directed in Paragraph B, Section Three, of this Article.

Section Six
Residence Sub-Trust

The trust property directed to be held in the Residence Sub-Trust in accordance with the provisions of either the Grantor's will, or any residence owned solely by the Decedent at his or her death, or any residence held by the Trustee hereof at the time of the Decedent's death, shall be disposed of as follows:

A. Distribution During Survivor's Lifetime. Provided that Decedent's spouse survives him or her, then during the lifetime of the Survivor:

1. The Trustee shall permit the Survivor to use and occupy the residence with all rights of legal ownership except that he or she shall have no right to convey the property to himself or herself, his or her estate, his or her creditors, or the creditors of his or her estate. If the Survivor chooses to use the residence:

(a) The Survivor shall not be liable for waste nor be required to furnish security of any kind; however he or she shall be responsible for all household operating expenses.

(b) The Survivor shall have the right to incur debts against the residence,

but only for replacements and improvements to the residence. He or she shall be responsible for making appropriate payments on such indebtedness.

2. If the Survivor chooses to have the residence sold, the Trustee shall sell the residence within a reasonable time upon receipt of signed instructions from the Survivor. If not reinvested in a new residence, the proceeds from the sale shall be held in the Residence Sub-Trust and invested for the lifetime of the Survivor. The Trustee shall distribute the net income of the trust only to the Survivor in convenient installments at least quarter-annually. The Trustee shall so manage the trust that there shall be produced for the Survivor such annual distributable income as is consistent with the value of the trust property and with its preservation.

3. If the Survivor chooses not to use the residence and also not to sell the residence, and if the residence is rented or otherwise made income producing, then, after payment of all household operating expenses plus any rental expenses, the net income shall be distributable to the Survivor in convenient installments at least quarter-annually. If the Survivor abandons the residence or becomes incapacitated for any reason and is unable to pay the household operating expenses and the residence is not income producing for any consecutive period of time consisting of any three (3) calendar months, then the Trustee or its successor shall have the exclusive right and power to:

- (a) Sell the residence or otherwise dispose of it;
- (b) Make it income producing in any manner; or
- (c) Mortgage the residence for any purpose so long as the mortgage proceeds are retained in this trust.

4. The Trustee may distribute all or any portion of the principal of the trust to the Survivor in such amounts and at such times as the Trustee in its discretion, may determine.

B. Distribution Upon Survivor's Death. Upon the death of the Survivor, the Trustee or its successor shall distribute whatever property is in the Residence Sub-Trust in the manner described in Paragraph B, Section 3, of this Article as if said property had been a part of the Decedent's Trust.

Section Seven Trust for Beneficiary Under Age Twenty-Five or Incapacitated

If in accordance with the provisions of this trust instrument any trust property becomes distributable outright to a beneficiary who is less than twenty-five (25) years of age, or incapacitated (hereafter defined), equitable title to such property shall be indefeasibly vested in such beneficiary, but the Trustee is authorized, in its discretion, to retain such property and administer it in a separate trust for the benefit of such beneficiary as follows:

A. Distribution Until Beneficiary Reaches Age Twenty-Five and Becomes Competent. Until the beneficiary reaches the age of twenty-five (25) and otherwise is competent, the Trustee may distribute all or any portion of the net income and principal of the trust to the beneficiary in such amounts and at such times as the Trustee, in its discretion, may determine.

B. Distribution When Beneficiary Reaches Age Twenty-Five (25), Becomes Competent or Dies. When the beneficiary reaches the age of twenty-five (25), and otherwise is competent, the Trustee shall distribute the then remaining principal and undistributed income to the beneficiary. If the beneficiary dies before reaching such age, or before becoming competent, then upon the death of the beneficiary, the Trustee shall distribute the then remaining principal and undistributed income to the estate of the beneficiary.

Section Eight
Special Termination of Trusts

A. Termination of Small Trusts. If the principal and undistributed income of any trust shall be less than an amount which the Trustee deems practical for continuance of the trust, the Trustee may, in its discretion, terminate the trust by distributing all of the then remaining principal and undistributed income to the Survivor, if surviving, or if not, to the person or persons to whom the income payments of the trust could be made, such persons, if there be more than one who are or other designated beneficiaries of the Grantors, to take per stirpes.

B. Termination Within Rule Against Perpetuities. Notwithstanding any directions given the Trustee as to the discretionary distribution of income and principal under the terms of this trust, any trust hereunder in which equitable title to the property is not indefeasibly vested in the beneficiary(ies) shall terminate (i) in the case of the Decedent's Trust, twenty-one (21) years after the date of death of the Decedent, and all of his or her issue or other designated beneficiaries who are alive on the date of the Decedent's death or, if earlier, the date when that Grantor no longer had the right to revoke such trust, and (ii) in the case of the Survivor's Trust, twenty-one (21) years after the date of death of the Survivor, and all of his or her issue who are alive on the date of the Survivor's death, or, if earlier, the date when that Grantor no longer had the right to revoke such trust. Upon such termination the Trustee shall distribute the then remaining principal and undistributed income of such trust to the person to whom the income payments could be made under such trust immediately prior to its termination.

Section Nine
Contingent Beneficiaries

When trust property is directed to be disposed of for the benefit of the Grantor's issue and other contingent beneficiaries in accordance with the provisions of this Section, the trust property shall be disposed of as follows:

A. Distribution if Issue of Grantors is Living. If issue of the Grantor's is then living,

the Trustee shall distribute such trust property to such issue, per stirpes.

B. Distribution if No Issue of Grantors is Living. If no issue of the Grantors is then living, the Trustee shall distribute such trust property to the person or persons who would have been entitled to it under the laws providing for the distribution of property in case of intestacy had the Grantors died intestate at that time the owner of such property, unmarried and domiciled in North Carolina.

ARTICLE IV OTHER PROVISIONS RELATING TO DISPOSITION OF TRUST PROPERTY

The following provisions relate to the disposition of trust property during the Grantors' lifetimes and after their deaths:

Section One Considerations in Making Discretionary Distributions

In deciding whether to make distributions of the net income or principal of any trust which are within the discretion of the Trustee and are not limited by a standard, the Trustee should consider the following matters which are not intended to limit or direct the exercise of such discretion in any way:

A. General Purposes Distributions. Both during the Grantors' lifetimes and after their deaths the Trustee's discretion should be exercised for such purposes as the Trustee shall deem reasonable and appropriate for the welfare, enjoyment, and, if applicable, education (including college and postgraduate) of the beneficiaries. However, the Survivor shall be considered the primary beneficiary and his or her needs should be first met even if all other beneficiaries receive nothing.

B. Consideration of Other Financial Resources. The Trustee may take into consideration other financial resources of the beneficiaries but is not required to do so.

C. No Obligation to Equalize Distributions. Whenever there is more than one beneficiary of a trust, distributions of income and principal may be made by the Trustee without obligation to equalize such distributions among beneficiaries.

D. Advancements to Children and Grandchildren. Whenever the Trustee has the authority to make discretionary distributions to any child, grandchild, or other designated beneficiaries of the Grantors, the Trustee may, in its discretion, treat buying a home or starting in a business or profession as advancements to be charged in any manner (with or without interest) which the Trustee deems equitable against any amount the child, grandchild, or designated beneficiary is subsequently entitled to withdraw or against the share of the child or grandchild or the issue of the child, grandchild, or designated beneficiary upon division of the

trust into separate trusts or upon partial or final distribution.

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Section Two
Discretionary Accumulation of Income

To the extent that the Trustee is not required to make distributions of the net income of a trust, the Trustee is authorized in its discretion, (i) to accumulate such net income and at any time thereafter to allocate and distribute all or any portion of such net income to the beneficiaries eligible to receive the same in such proportions as the Trustee may determine, or (ii) to accumulate income without allocation and at any time thereafter to add such income so accumulated to the principal of the trust.

Section Three
Avoidance of Taxable Powers

A. Discretionary Payments to Survivor. In order to avoid death taxes in the Survivor's estate and also in accordance with North Carolina General Statutes Section 32-34(a), whenever the Survivor as Trustee would have under other provisions of this trust the power to make discretionary payments of principal to himself or herself as beneficiary, such power may be exercised only by daughter, **VICKI LYNN JONES SANDERS**, or if she is unavailable or unwilling to serve, then by daughter, **MARCIA LEIGH JONES BROWN**, then acting as special Trustee(s) for that purpose only, and exercised only to the extent said special Trustee(s) deem necessary for the support, health, and maintenance of the Survivor in the style of life to which he or she has become accustomed as of the time of the Decedent's death. This subsection shall not apply to the exercise by the Survivor of the general power of appointment herein before given over any portion of the Survivor's Trust or any other power personal to the Survivor.

B. Discretionary Payments to Co-Trustees as Beneficiaries. Notwithstanding anything in this trust to the contrary, if at any time a Co-Trustee is authorized to make discretionary distributions of income or principal to or for the benefit of any beneficiary who is then acting as a Co-Trustee or who a then acting Co-Trustee is legally obligated to support or to make discretionary allocations of receipts and expenses as between income and principal in favor of any such beneficiary, such Co-Trustee in either instance shall take no part in making any such distributions or allocations, but such distributions and allocations shall be made solely by the other non-disqualified Co-Trustee(s). The purpose of this provision is to prevent such beneficiary from being taxed because of such power and to avoid the appointment of a special fiduciary under North Carolina law, and it should be so construed. This subsection shall not apply to any power such beneficiary may have in his or her personal capacity and not as a Co-Trustee.

ARTICLE V

PAYMENT OF BEQUESTS, DEBTS, EXPENSES AND TAXES OF GRANTOR'S ESTATE

Notwithstanding the directions previously given as to the disposition of the trust property after a Grantor's death:

A. Redemption of U. S. Bonds in Payment of Federal Estate Tax of Grantor's Estate.

The Trustee, in payment of the federal estate tax imposed by reason of my death, shall redeem or transfer to the deceased Grantor's estate for redemption by it all bonds issued by the United States Treasury Department which may be redeemed at their par value plus accrued interest in payment of such tax.

B. Payment of Bequests, Debts, Expenses and Taxes Certified by Personal Representative of Grantor's Estate.

The Trustee shall pay those amounts to either Decedent's or Survivor's estate or to the persons or authorities eligible to receive the same which are certified by the personal representative of either Decedent's or Survivor's estate as being required to pay (i) any bequest in either Decedent's or Survivor's will, (ii) any of Decedent's or Survivor's debts, health care expenses, funeral expenses and administration expenses of Decedent's and Survivor's estate, except that the Trustee, in its discretion, may decline to pay any of such debts or expenses from life insurance proceeds which are exempt from creditors' claims, and (iii) any death taxes imposed by reason of Decedent's or Survivor's death, including any inheritance, estate, supplemental estate, generation-skipping, transfer or succession taxes and any interest and penalties payable in connection with such taxes. Such amounts shall be paid first from the trust property which is subject to allocation under Section Four of Article III. So long as other property is available, such amounts shall not be paid from any property which would otherwise be exempt from death taxes imposed by reason of Decedent's or Survivor's death.

ARTICLE VI

ADMINISTRATIVE PROVISIONS

The following administrative provisions shall apply to any separate trust under this trust instrument unless provided otherwise:

Section One

Administrative Powers of Trustee

In addition to the powers conferred by law or elsewhere in this trust instrument, the Grantors grant to the Trustee with respect to the trust property the discretionary powers set forth below to be exercised without court order for any purpose that the Trustee may deem advisable:

A. Investments. The power to acquire and retain for any period of time as investments, without diversification as to kind or amount, any real or personal property or

interest in such property (including an undivided, temporary or remainder interest), whether or not originally received by the trust or subsequently acquired, income or non-income producing, or located within or outside the United States, and including, but not limited to, notes, bonds, debentures, mortgages and other obligations, secured or unsecured, common and preferred stocks, mutual funds, common trust funds, general and limited partnership interests and leases;

B. Sale or Other Disposition of Property. The power to sell, exchange, convert, partition or abandon or otherwise dispose of, or grant options with respect to, any real or personal property at public or private sale or otherwise, upon any terms and conditions, including credit, with or without security;

C. Management of Property. The power to take possession, custody and control and otherwise manage any real or personal property, including, but not limited to, the power (i) to protect, develop, subdivide and consolidate such property, (ii) to lease such property upon any terms and conditions, including options to renew or purchase, and for any period or periods of time although such period or periods may extend beyond the duration of the trust, and to modify, renew or extend any existing leases, (iii) to erect, repair, or make improvements to any building or other property and to remove existing structures, (iv) to establish and maintain reserves for the maintenance, protection, and improvement of such property and for other purposes, (v) to initiate or continue farming, mining or timber operations on such property, (vi) to purchase and carry casualty and liability insurance, (vii) to grant or release easements with respect to such property, (viii) to dedicate or withdraw from dedication such property from public use, and (ix) to join with co-owners in exercising any such powers;

D. Business Interests. The power to continue to own, or to form initially, and operate any business interest, whether in the form of a proprietorship, corporation, general or limited partnership, joint venture or other organization, including, but not limited to, the power (i) to effect incorporation, dissolution or other change in the form of the organization of such business interest, (ii) to dispose of any part of such business interest or acquire the interest of others, (iii) to continue, enter into, modify or terminate any agreements relating to any such business interest, (iv) to invest capital or additional capital in or lend money to such business interest, and (v) to exercise powers concerning such business interest notwithstanding the fact that a conflict of interest as a fiduciary and as an individual may exist;

E. Borrowing Money. The power (i) to borrow money for the benefit of the trust from the Trustee individually or from others, upon any terms and conditions, (ii) to secure the payment of any amount so borrowed by mortgaging, pledging or otherwise encumbering any real or personal property, and (iii) to modify, renew or extend the time for payment of any obligation, secured or unsecured, payable by the trust, for any period or periods of time and upon any terms and conditions;

F. Lending Money. The power (i) to lend money to any person upon any terms and

conditions, (ii) to modify, renew or extend the time for payment of any obligation, secured or unsecured, payable to the trust for any period or periods of time and upon any terms and conditions, (iii) to foreclose as an incident to the collection of any obligation, any deed of trust or other lien securing such obligation, and (iv) to bid on the property at such foreclosure sale or otherwise acquire the property without foreclosure and to retain the property so obtained;

G. Holding Property in Nominee Form. The power to register and hold any securities or other property in the name of a nominee or in any other form without disclosure of the fiduciary relationship, or to hold the same unregistered in such form that they will pass by delivery, but no such registration or holding shall relieve the Trustee from responsibility for the acts of the nominees;

H. Exercise of Security Rights. With regard to securities, including stocks, bonds and any evidence of indebtedness, the power (i) to vote any such securities in person or by special, limited or general proxy at any shareholders' meeting, with or without the power of substitution, (ii) to consent to or participate in any contract, lease, mortgage, foreclosure, voting trust, purchase, sale or other action by any corporation, company or association, (iii) to consent to, participate in, facilitate or implement any plan of incorporation, reincorporation, reorganization, consolidation, merger, liquidation, readjustment or other similar plan with respect to any such corporation, company or association, and (iv) to exercise all options, rights and privileges, including the exercise or sale of conversion, subscription or other rights of whatever nature pertaining to any such securities and to subscribe for additional securities or other property;

I. Banking Transactions. The power (i) to open, deposit cash or other assets to the credit of and maintain one or more checking, savings, cash, margin or other account in any banking, trust, brokerage or investment institution, including any corporate Trustee, (ii) to exercise any right, option, or privilege pertaining to any such account, and (iii) to lease one or more safe deposit boxes for safekeeping of trust assets;

J. Collection of Death Benefits. The power (i) to collect the proceeds of any life insurance policy or other contract providing for death benefits, including individual retirement accounts and qualified plans, and (ii) to elect any mode of payment available under any such policy or contract;

K. Action on Claims. The power to compromise, settle, adjust or arbitrate, sue on, recover damages for, defend, abandon or otherwise deal with any claim or demand in favor of or against the trust upon any terms and conditions;

L. Employment of Advisors. The power to employ persons, firms and corporations as the Trustee shall deem necessary or desirable, including, but not limited to, attorneys-at-law, attorney-in-fact, accountants, investment managers, investment counsel, specialist, agents, auditors, brokers, custodians, rental agents, realtors, appraisers, and tax specialists, to advise or assist in the proper administration of the trust, and empower such persons with the authority

to undertake such actions as, but not limited to, the power to manage all or any part of the assets of the trust and to acquire and dispose of assets of the trust, and the Trustee shall charge the expense of any such employment and any other related expenses to the trust;

M. Dealing with Estates and Trusts. The power to lend money to, borrow money from, purchase real or personal property from, sell such property to, or exchange such property with the fiduciary of any estate or trust, including the estate of the Decedent, the estate of the Survivor or any trust established by the Grantors, or the Grantors' issue, upon any terms and conditions, regardless of whether or not such fiduciary may be the Trustee under this trust instrument;

N. Division or Distribution of Assets. Whenever authorized or directed to divide or distribute trust property, the power to make division or distribution (including the satisfaction of any pecuniary sum) in cash or in specific property, real or personal, or an undivided interest in such property, or partly in cash and partly in specific property, without obligation to make pro rata distributions of specific assets and without liability for, or obligation to make pro rata distributions of specific assets and without liability for, or obligation to make compensating adjustments by reason of, disproportionate distributions of unrealized gain for income tax purposes, except that any assets so distributed in kind shall be valued at their date or dates of distribution values;

O. Credits or Charges to Income and Principal. The power (i) to determine the manner in which items should be credited or charged to or between income and principal, regardless of whether any item is credited or charged contrary to the provisions of any statute, and (ii) to charge or not charge against income a reasonable allowance for depreciation of property whether or not contrary to the provisions of any statute;

P. Distributions to or for the Benefit of Beneficiaries. Whenever authorized or directed to distribute property to a beneficiary, whether or not under a legal disability, the power to distribute such property, unless otherwise directed, (i) directly to such beneficiary, including the transfer of property into such beneficiary's name as by depositing cash or registering securities in his or her name, (ii) to the custodian of such beneficiary under a uniform gifts or transfers to minors act, (iii) to the legal or natural guardian of the person or property of such beneficiary, or (iv) to any other person, firm or institution for the benefit of such beneficiary, and the receipt of any of the foregoing shall constitute a full acquittance of the Trustee to the extent of the distribution so made;

Q. Retention and Acquisition of Bank Securities. The power (i) to retain for any period or periods of time securities forming part of the trust which are securities of any corporate Trustee acting under this trust instrument or of any corporation owning stock of the corporate Trustee or of any subsidiary or affiliate of or successor to such corporation, and (ii) to acquire such securities by purchase, exchange or otherwise;

R. Holding Assets of Separate Trusts Undivided. The power to acquire, receive, hold and administer property of two or more separate shares or trusts undivided so long as separate accounts are maintained at all times for each of the separate shares or trusts;

S. Consolidation of Similar Trusts. The power to add the assets of any trust established under this trust instrument (except a trust which is eligible to qualify for the marital deduction in the federal estate tax proceeding relating to my estate) to the assets of any other trust established under this trust instrument or any trust established outside of this instrument and administer them as one trust when such trusts have substantially similar terms and identical beneficiaries and Trustees;

T. Division of Single Trust. The power to divide the assets of any trust established under this trust instrument and hold them in two separate trusts which have inclusion ratios for federal generation-skipping tax purposes of one and zero respectively; and

U. Actions Regarding Environmental Law. The power (i) to inspect any trust property forming a part of the Grantor's estate, including interests in sole proprietorships, partnerships, or corporations, and any assets owned by any such business enterprise, to determine compliance with any environmental law affecting such property or to respond to any environmental law affecting property held by the Trustees, (ii) to take any action necessary to prevent, abate or otherwise remedy, any actual or threatened violation of any environmental law affecting trust property prior to or after the initiation of enforcement action by any governmental body, (iii) to refuse to accept property as a trust asset if the Trustee determines that there is a substantial risk that such property is contaminated by any hazardous substance or is being used or has been used for any activities directly or indirectly involving hazardous substances which could result in liability to the trust or otherwise impair the value of trust assets, (iv) to disclaim or release any power granted or implied by any document, statute, or rule of law which the Trustee determines may cause the Trustee to incur personal liability under any environmental law, and (v) to charge the cost of any inspection, review, prevention, abatement, response, cleanup, or remedial action against trust property. The Trustee shall not be personally liable to any beneficiary or other party for any decrease in value of trust property by reason of the Trustee's compliance with any environmental law, specifically including any reporting requirement under such law. Neither the acceptance by the Trustee of property or a failure by the Trustee to inspect property shall be deemed to create any inference as to whether or not there is or may be any liability under any environmental law with respect to such property. For purposes of this Paragraph "environmental law" means any federal, state or local law, rule, regulation or ordinance relating to protection of the environment or human health, and "hazardous substance" means any substance defined as hazardous or toxic or otherwise regulated by any environmental law; and

V. Execution and Delivery of Documents. The power to execute and deliver, modify or rescind any and all instruments, under seal or otherwise, including, but not limited to, contracts, deeds, leases and notes, to carry out the administration of the trust.

X. Power to Disclaim. The Trustee shall have the power to disclaim any death benefits payable to the Trustee. Additionally, the Trustee shall have the power to disclaim any power which, in the opinion of counsel for this trust, will or may increase any taxes with respect hereto or the interest of any beneficiary herein or which will or may have any adverse effect on the administration of the trusts created hereunder. The power to disclaim as contained herein shall apply to any power whether actually set forth herein, incorporated herein by reference, or granted or implied by any other statute or rule of law; and

Y. Special Provisions Regarding Retirement Benefits. With respect to qualified retirement benefits that become distributable to the Trustee under this Agreement (whether directly or through my estate) by reason of my death ("Qualified retirement benefits" means amounts held in or payable pursuant to a plan (of whatever type) qualified under Section 401 of the Internal Revenue Code or an individual retirement arrangement under Section 408 of the Code or a tax-sheltered annuity under Section 403 of the Code or any other benefit subject to the distribution rules of Section 401(a)(9) of the Code), the power to do the following:

1. To disclaim all or any part of any retirement benefit payable to the Trustee;
2. To identify and designate the person who, pursuant to the Regulations under Sec. 401(a)(9), is the "designated beneficiary" whose life expectancy may be used to measure payments to any trust; and,
3. To determine the manner and timing of payment of retirement benefits that is available to the recipient of the benefits.

Section Two
Successor Trustee

The procedure for the removal and resignation of the then acting Trustee of any separate trust without court order and for the appointment of a successor Trustee without court order shall be as follows:

A. Removal of Trustee. The Grantors, jointly, shall have the right at any time and from time to time to remove any non-Grantor-Trustee by giving written notice of such removal to the Trustee. Such removal shall become effective upon the acceptance of the trusteeship by a successor Trustee. After the first Grantor's death, the Surviving Grantor, if he or she is then living and competent, and, if not, a majority of the then living income beneficiaries of the trust who have reached majority age (or their guardian(s) if they are minors), may by thirty (30) days' written notice to the Trustee remove such Trustee, provided such removal shall be effective only upon the written acceptance of the successor Trustee appointed as provided herein.

B. Resignation of Trustee. The Trustee (or any one of them if more than one) shall have the right to resign at any time by giving written notice to the other Trustee or, if none,

to the person or persons designated below who are authorized to appoint a successor Trustee. Such resignation shall become effective upon acceptance of the trusteeship by a successor Trustee.

C. Appointment of Successor Trustee. In the event of the death, resignation of, or incapacity, of either of the original Co-Trustees, the other original Co-Trustee, shall automatically be deemed from and after such time to serve as Trustee hereunder. If the second original Co-Trustee gives notice of resignation, becomes incapacitated, dies, or otherwise ceases to act as Trustee, the Co-Trustees' children **VICKI LYNN JONES SANDERS** and **MARCIA LEIGH JONES BROWN**, shall serve as Co-Trustee. If either of the two gives notice of resignation, becomes incapacitated, dies, or otherwise ceases to act as Trustee, the survivor shall serve as sole Trustee. If the surviving child gives notice of resignation, becomes incapacitated, dies, or otherwise ceases to act as Trustee, a successor Trustee may be appointed as follows:

1. The following persons in the order named shall have the right to appoint a successor Trustee:

a. The Grantors, or the survivor of them if living and competent and, if not,

b. A majority of the beneficiaries to whom the income of the trust could then be paid. If a beneficiary is a minor or not competent, the appointment on his or her behalf may be made by a person who is (i) the guardian of the beneficiary's estate or, if none, (ii) a parent of the beneficiary, or, if no such parent is living and competent, (iii) the guardian of the person of the beneficiary.

2. Any successor Trustee appointed pursuant to the foregoing provisions (other than one appointed by the Grantors, or the Survivor of them) must be an association or corporation qualified to exercise trust powers or a qualified individual.

3. The appointment of any successor Trustee shall be effected by an instrument which has been signed by the person or persons having the right of such appointment and by the successor Trustee in acceptance of the appointment and which has been delivered to the then acting Trustee, if any.

D. Transfer of Trust Property to a Nonresident Trustee. If a nonresident successor Trustee is appointed, the trust property may be transferred without court order to the nonresident successor Trustee or such other entity as the nonresident successor Trustee may direct.

E. Powers of Successor Trustee. Any successor Trustee may exercise all the powers and authority conferred upon the original Trustee, including the right to resign, and shall not be liable for any acts or omissions of any predecessor Trustee.

Section Three
Other Provisions Regarding Trustee

In addition to the foregoing provisions regarding the Trustee, the following shall apply:

A. Trustee Compensation. A corporate Trustee may receive compensation for its services in accordance with its published schedule of fees in effect at the time the services under this trust instrument are rendered. An individual Trustee (other than a Grantor-Trustee) may receive that compensation for such Trustee's services which is allowed by law at the time the services under this trust instrument are rendered.

B. Waiver of Bond and Court Supervision. No bond or other security shall be required from any Trustee. Any Trustee may act without qualifying before any court or filing with any court any inventory, accounting or other report relating to the administration of the trust unless otherwise required by law to do so.

C. No Requirement of Third Parties to Inquire into Trustee's Actions. No person or institution dealing with the Trustee shall be required to see to the application of any money or other property delivered to the Trustee or to inquire into the necessity or propriety of any action taken or not taken by the Trustee.

D. Accountings to Beneficiaries. The Trustee (if not the Grantors jointly) shall furnish upon request, at least annually, accounts of receipts and disbursements of trust property to any non-Trustee-Grantor if he or she is living and, if not, to each beneficiary to whom income of the trust could then be paid who is not under any legal disability and to each person (other than a governmental authority) having custody of any such beneficiary who is under a legal disability.

E. Power of Co-Trustees to Act Independently. Notwithstanding any other provision to the contrary, the Grantors specifically authorize either of the original Co-Trustees, namely, **CHARLES E. JACKSON** and **DOROTHY A. JACKSON**, and during their joint lives and while serving as Co-Trustees, to act independently of the other and have the authority to perform all powers and acts as granted under this instrument, except as affects an interest in real property, by example, but not limited thereto, to sell, transfer, assign, mortgage, hypothecate or otherwise encumber the real property of the trust estate, which will necessitate the concurrence of both original Co-Trustees as long as both are alive and competent.

ARTICLE VII
MISCELLANEOUS PROVISIONS

The following miscellaneous provisions shall apply:

Section One
Presumption of Survivorship

If any beneficiary under this trust instrument (including a Grantor) and either or both Grantors should die under such circumstances that there is uncertainty as to which person predeceased the other, it shall be conclusively presumed for the purposes of this trust instrument that such beneficiary predeceased either or both Grantors, except that Wife, shall be presumed to have survived Husband.

Section Two
Definitions

For purposes of this trust instrument:

A. "Trustee." The term "Trustee" shall include as and where appropriate one or more Trustees or Co-Trustees, and the neuter pronoun "it" shall include as and where appropriate his or her, he or she, and them or their.

B. "Per Stirpes." Whenever a distribution is to be made to a designated ancestor's issue who are living at a designated time and such distribution is to be made "per stirpes," such distribution shall be made by first determining the generation nearest to such ancestor which has a person who represents that generation and who is living at the designated time. The property to be distributed shall be divided into as many equal shares as may be necessary to allocate one share to each then living person of that generation and one share to each deceased person of that generation who left issue who are then living. Each living person of that generation shall receive one share, and the share of each deceased person of that generation shall be divided among his or her then living issue in the same manner.

C. "Per Capita." Whenever a distribution is to persons of a certain generation, and the distribution is to be divided into as many shares as there are persons that are members of that generation regardless of whether they are alive at the time of the distribution, and such distribution is to be made "per capita," such distribution shall be made by determining the number of persons, alive or deceased, that are or were members of that generation and divide the distribution into that number of shares. If a member of the generation is alive, his or her share shall be distributed to that member. If a member is deceased, the deceased member's share is divided into as many equal shares as there are surviving issue of that member and then distributed to those surviving issue. If there are predeceased issue of a deceased member, the distribution is divided in the same manner as above. The purpose of this classification is to treat all members of a generation of issue equally if and only if there are members of the generation who have different lineal descendants of ours who are deceased at the death of the Survivor.

D. "Child," "Children" and "Issue." The terms "child" and "children" mean lawful lineal blood descendants in the first degree of the parent designated, and the term "issue"

means lawful lineal blood descendants in any degree of the ancestor designated, but such terms shall include any person legally adopted prior to the time that person reaches the age of eighteen (18) and the lawful lineal descendants of any such person, whether of the blood or by adoption prior to such age.

E. "Incapacitated" or "Not Competent." An individual shall be deemed "incapacitate or "not competent" under any one or more of the following circumstances: (i) during any period that the individual is legally incompetent as determined by a court of competent jurisdiction; (ii) during any period beginning when two physicians licensed to practice medicine certify in writing that, in their opinion, the individual, as a result of illness, age or other cause, no longer has the capacity to act prudently or effectively in financial affairs and continuing until two such physicians (whether or not those making the initial determination) certify in writing that, in their opinion, the individual's capacity is restored; or (iii) during any period that a person (other than such individual) or an institution who is a Trustee, or, if none, who is designated as a successor Trustee, or, if none, who can appoint a successor Trustee, has evidence that the individual is absent without explanation or is being detained against his will under circumstances in which he does not have the capacity to act prudently or effectively in financial affairs. Any such determination, if made in good faith, shall be binding and conclusive upon all interested persons, including me and the personal representative of my estate, and shall relieve my Trustee of any and all liabilities resulting from its reliance on such determination.

F. "Spouse." The term "spouse" means the parties are legally married and are not living apart pursuant to a written agreement or a judicial decree.

Section Three Applicable Law

This trust has been accepted by the Trustee in North Carolina, and all questions pertaining to the validity and construction of this instrument and to the administration of the trust shall be determined in accordance with the laws of North Carolina.

Section Four Spendthrift Clause

The interests of the beneficiaries in the principal and/or income of the trust shall not be subject to the claim or claims of their creditors or others, nor to legal process, and may not be voluntarily or involuntarily alienated or encumbered.

Section Five Expenses of Delivery and Property Insurance Policies

The costs of safeguarding, insuring, packing, storing, and delivering tangible personal property to any beneficiary under Sections One and Two of Article III shall be paid from this trust as expenses of administration. All insurance policies which provide indemnity for the loss of any personal or real property by fire, windstorm, or other casualty (including any claim for such loss of any such property which the Decedent or Survivor might have at the time of his or her death against any insurance company) shall be given

respectively to those persons or corporations, as the case may be, who shall become or would become owners of such properties by reason of the Decedent's or Survivor's death; whether such ownership be acquired under the provisions of this trust agreement, by survivorship or by other means.

ARTICLE VIII
AMENDMENT AND REVOCATION

Either of the Grantors, during their joint lives, may at any time and upon successive occasions, revoke this trust in whole or in part. The Grantors may jointly alter or amend any of its provisions. Any amendment may be similarly canceled or amended. If a Grantor is incompetent, such power to revoke, alter or amend the trust may be exercised by the guardian or conservator at the direction of a court of competent jurisdiction where such court approval is required or, if available, an attorney-in-fact empowered by a durable Power of Attorney.

From and after the death of either of the original Grantors, this agreement, insofar as it relates to the SURVIVOR'S TRUST, may be revoked or amended at any time and from time to time by the Survivor delivering written notice of revocation or amendment to the Trustee; provided, however, that the duties and liabilities of the Trustee cannot be increased without its consent. In the event of any revocation, the revoking party or parties shall indemnify the Trustee in a manner satisfactory to it against liabilities lawfully incurred by the Trustee in the conduct of its office. If a Survivor is incompetent, such power to revoke, alter or amend the trust may be exercised by the guardian or conservator at the direction of a court of competent jurisdiction, or if available, an attorney-in-fact empowered by a durable Power of Attorney.

Except as hereinabove provided, this agreement, and the trusts evidenced hereby, are irrevocable and shall not be subject to amendment.

The Co-Trustees and the Grantors have signed and sealed this instrument on the 25 day of SEPT., 1997, at 11:30 o'clock a.m.

GRANTORS:

Charles E. Jackson (Seal)
CHARLES E. JACKSON

Dorothy A. Jackson (Seal)
DOROTHY A. JACKSON

TRUSTEES:

Charles E. Jackson (Seal)
CHARLES E. JACKSON

Dorothy A. Jackson (Seal)
DOROTHY A. JACKSON

STATE OF NORTH CAROLINA
COUNTY OF MOORE

I, Rhoda Myers, a Notary Public for said County and State, do hereby certify that **CHARLES E. JACKSON** and **DOROTHY A. JACKSON** personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and seal this the 25 day of September, 1997.

My commission expires:

7/8/2002

Rhoda Myers
Notary Public



The following is a description of the original assets of the JACKSON REVOCABLE COMMON TRUST.

- 1. Cash: \$10.00
- 2. All of the Grantors' jewelry, wearing apparel and personal effects, furniture, furnishings, rugs, books, papers, pictures, prints, paintings and objects of art, silverware, china, glass, linens and other household effects and supplies, and all other similar tangible personal property of whatsoever description and wheresoever situate.
- 3. Other Property: See attached.

Dated at Aberdeen, North Carolina, this 25 day of Sept., 1997.

Charles E. Jackson GRANTOR
CHARLES E. JACKSON

Dorothy A. Jackson GRANTOR
DOROTHY A. JACKSON

jackson.tru\ricwork