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W.E. DAVIS, CH CLERK

**DELLA W. VERBECK TRUST,  
A GRANTOR IRREVOCABLE QUALIFIED INCOME TRUST**

**DELLA W. VERBECK, GRANTOR**

**E. SUZANNE RUSSELL, TRUSTEE**

*Prepared By:*  
**EDWARD T. AUTRY**  
*Williams, McDaniel, Wolfe & Womack, P.C.*  
*5521 Murray Road*  
*Memphis, TN 38119*  
*(901) 767-8200*

*ew*

**DELLA W. VERBECK TRUST**

THIS AGREEMENT is made this 1<sup>st</sup> day of July, 2007, by and between DELLA W. VERBECK, hereinafter called the "Grantor", and E. SUZANNE RUSSELL, hereinafter called the "Trustee".

**W I T N E S S E T H:**

WHEREAS, the Grantor is establishing this Irrevocable Trust for the benefit of the Grantor; and

WHEREAS, the Grantor, simultaneously with the execution of this agreement, conveys and transfers to the Trustee the Grantor's entire Social Security, Pension, if any, and any other monthly income which the Grantor may receive, which assets may be described on Schedule "A" attached hereto and incorporated herein by reference. The failure to complete Schedule "A" shall not affect the validity of the trust instrument or the transfer of any assets to the trust.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, the acceptance of this trust by the Trustee, and the promise of the Trustee to hold the trust estate and to perform the duties of the Trustee as herein set forth, the Grantor and Trustee agree as follows.

ITEM ONE  
STATEMENT OF GRANTOR

1.01 Name of Trust. This trust shall be known as the DELLA W. VERBECK TRUST. It shall be sufficient to refer to this trust by its name without disclosing the name of the Trustee or any beneficiary.

1.02 Qualified Income Trust. This is a Qualified Income Trust created pursuant to 42 U.S.C. § 1396p(d)(4)(B) and applicable Mississippi law and policies.

1.03 Purpose of Trust. The purpose of this trust is to assist the Grantor, DELLA W. VERBECK, to qualify for Medical Assistance ("Medicaid"), to receive necessary nursing facility care or Home and Community Based Services ("HCBS"). The Grantor understands that Grantor must meet the eligibility criteria under Mississippi's standards, including the standards applicable to Qualified Income Trusts. In the administration of the Trust, the Trustee shall perform all acts necessary to establish and maintain the Grantor's eligibility for Medicaid, and to comply with Mississippi's applicable standards for valid Trusts.

1.04 Beneficiary. The principal beneficiary of this Trust is the Grantor. Following the death of the Grantor, the principal beneficiaries shall be as provided in Item Three, below.

1.05 Marital Status. The Grantor is unmarried.

1.06 State Law. The trust is established under and administered under the laws of the State of Mississippi.

1.07 Irrevocability. This trust is irrevocable. The Grantor relinquishes all rights to alter, amend, revoke or terminate this trust or any of the terms.

1.08 Amendment. The Trustee is hereby granted the limited authority to amend the terms of this trust, only by written instrument signed by the Trustee, and only for the following purposes:

- a. To properly identify the Trustee;
- b. To name a Successor Trustee, if required;
- c. To conform the Trust provisions with prevailing law; or
- d. To otherwise maintain the validity of the Trust under Mississippi Medicaid standards

1.09 Conflicting Provisions. The provisions contained in this item are conditions precedent to the trust agreement and the Trustee accepts this trust with the understanding and agreement that any actual, apparent or implied authority granted herein shall not supersede or overrule the provisions of this item. In the event of any conflicts in language or interpretation, the provisions of this item and the intent of the Grantor as expressed herein shall control.

END OF ITEM

ITEM TWO  
DISPOSITION OF TRUST, INCOME AND/OR CORPUS  
DURING LIFE OF GRANTOR

2.01 Trust Management. During the life of the Grantor, the Trustee shall hold, manage and distribute Trust assets pursuant to the provisions of this Item.

2.02 Maintenance of Separate Account. During the Grantor's lifetime, the income assets assigned to the Trust shall be maintained by the Trustee in a single separate account so that all of the income placed in the Trust each month is disbursed by the Trustee in accordance with Federal Law and the guidelines of the Mississippi Division of Medicaid as provided herein.

2.03 Distribution of Income and Corpus During Lifetime of Grantor. The Trustee shall pay the net monthly income of this Trust estate as follows:

- (1) A sum equal to the Personal Needs Allowance for the benefit of the Grantor as determined by the State of Mississippi (in 2005 that amount was Forty (\$40) Dollars);
- (2) Necessary medical and remedial expenses not subject to third-party payment (Item D);
- (3) A sum for payment of health insurance premiums, including any applicable Medicare premiums;

- (4) A sum up to Twenty (\$20) Dollars, or whatever maximum amount may be allowed by the standards of the Mississippi Division of Medicaid, to pay for expenses necessary for managing the Trust (i. e., bank charges, etc); and
- (5) Payments for the Grantor's contribution to the cost of care ("Patient Liability Amount").

2.04 Accumulation of Income. It is not generally contemplated that the Trust shall accumulate income.

2.05 Disposition of Trust Estate Following Death of Grantor. Following the death of the Grantor, or termination of the Trust, the Trustee shall distribute the Trust estate pursuant to the terms set forth herein below.

END OF ITEM

ITEM THREE  
TERMINATION OF TRUST FOLLOWING DEATH OF GRANTOR

This Trust shall cease and terminate upon the death of the Grantor, or earlier if the Trustee determines that the existence of the Trust is no longer necessary to establish Medicaid eligibility for the Grantor, or if nursing facility care of HCBS is no longer medically necessary or no longer being received by the Grantor. Upon termination of the Trust, the Trust property shall be distributed as follows:

A. To the State of Mississippi, Division of Medicaid, in an amount equal to the total Medical Assistance paid on behalf of the Grantor by the State Plan for Medical Assistance or other approved waiver programs.

B. Any remainder after the State of Mississippi's claim has been paid, shall be distributed to the Grantor, if surviving, and if not to the issue of the Grantor, per stirpes. If the Grantor is not survived by issues, same shall pass to the Grantor's heirs at law.

END OF ITEM

ITEM FOUR  
GENERAL POWERS, DUTIES AND OBLIGATIONS  
OF TRUSTEE

4.01 General Powers. Except as specifically provided herein, the Grantor authorizes the Trustee (including any substitute or Successor Trustee), in the exercise of a reasonable discretion with respect to all property, real or personal, at any time forming part of this trust, to exercise any or all the powers set forth in Section 91-9-101 through 91-9-119 of the Mississippi Code of 1972 (including any amendments thereto) to the extent applicable, all of which provisions and powers are incorporated herein by reference as fully as if copied herein verbatim. These powers (as set out in said statute on the date of the execution of this trust) are granted notwithstanding that said statute may be amended at the time of the Grantor's death.

In addition to the above powers, the Trustee shall have the following additional powers and duties, and in the event there is any conflict between the two, the additional powers and duties shall control.

4.02 Annual Accountings. The Trustee shall be required to submit an annual accounting to the Mississippi Division of Medicaid, or its designee, in a form agreeable to the Division of Medicaid, detailing all of the income placed into the Trust, all funds distributed, the purpose for each distribution, and the total amount of funds remaining. The Trustee shall keep accurate books and accounts of all transactions pertaining to the trust, showing all disbursements, receipts and disbursements of corpus and income and all trust

and income and all trust holdings. The Trustee, not less frequently than annually, shall render to the Grantor, if surviving, otherwise, to the Beneficiaries who are entitled to receive income or corpus, statements reflecting the actual condition of the trust estate, showing all receipts and disbursements since the last report.

4.03 Extent of Powers. All fiduciary powers shall be broadly construed and may be exercised by the Trustee without court approval.

4.04 Compensation of Trustee. The Trustee shall not receive any compensation from the Trust beyond that allowed by Mississippi law and as approved by the Mississippi Division of Medicaid.

4.05 Limitation of Trustee Powers. Except for the termination of the trust, no Trustee may participate in any decision or take any actions which would cause the trust to cease to be a Qualified Income Trust pursuant to 42 U.S.C. § 1396p(d)(4)(B) and applicable Mississippi law and policies.

4.06 Disclaimer by Trustee. The Trustee is authorized to disclaim or renounce any right, power or authority granted to the Trustee. Any such disclaimer filed by the Trustee shall cause the disclaimed right, power or authority to be void ab initio and any such disclaimer shall be binding upon the trust and all successor trustees.

4.07 Dealing with Trustee. No person dealing with the Trustee, or any Successor Trustee, in the capacity of seller, contractant or otherwise shall be bound to inquire into the capacity to act on the part of the Trustee, or into the authority for, or the propriety of,

any act thereof, or to see to the application or disposition of any money, or other property, paid, delivered or loaned to the Trustee.

4.08 Bond Waived. The Grantor waives the necessity of any Trustee, including Successor Trustee, posting bond.

4.09 Administration of Trust - Administrative Actions. If this trust is being administered by more than one Trustee, with respect to any administrative action (e.g., signing checks, transferring funds, dealing with any insurance company issuing a policy of insurance owned by the trust), the signature of only one Trustee shall be required. Any one Trustee can act and bind the trust. Accordingly, any person dealing with one of the Co-Trustees shall not be required to secure the signature or approval of the other Co-Trustees. Co-Trustees may appoint a Managing Trustee and delegate administrative duties.

END OF ITEM

ITEM FIVE  
PROVISIONS FOR SUCCESSOR TRUSTEE

5.01 Death or Resignation of Trustee. If E. SUZANNE RUSSELL is unable or unwilling to serve, or upon E. SUZANNE RUSSELL's later death, said Trustee shall be succeeded by AIMEE ABSTON, who shall serve as Successor Trustee.

5.02 Successor Trustee. If at any time during the administration of any trust it is necessary that a Successor Trustee be appointed, and no other provisions allow for the appointment of a successor, the then adult sui juris beneficiaries with a present interest in the trust (those who may receive current distributions of income or corpus) and if none, the natural or legal guardian of any non-sui juris beneficiaries with a present interest in the trust shall have the power and authority to designate and appoint a Successor Independent Trustee.

5.03 Determination of Disability. For purposes of this trust, a Trustee shall be deemed disabled, terminating a Trustee's authority to serve as a Trustee, upon receipt by the Co-Trustee or Successor Trustee of a letter or affidavit signed by one (1) physician or licensed psychologist stating that he/she has examined the Trustee within the immediate preceding thirty (30) days and that he/she is of the opinion that the Trustee, because of illness, accident, age or other infirmities is unable to handle financial affairs. The same procedure may be used to declare any beneficiary disabled or incapacitated. Receipt of said

letter or affidavit shall be conclusive evidence of the Trustee or Successor Trustee's authority to act as provided herein.

5.04 Resignation of Trustee. The Trustee may resign at any time by delivering a resignation, in writing, to the Grantor, if surviving. If the Grantor is not surviving, then same shall be delivered to the then adult sui juris beneficiaries, and if none, then to the natural or legal guardians or conservators of the non-adult or non sui juris beneficiaries. The resignation shall be effective as of the date indicated in the instrument of resignation. Such date shall be no earlier than thirty (30) days after the date of delivery of the resignation. The resigning Trustee shall deliver to the Co-Trustee or Successor Trustee all trust assets and the resigning trustee shall be relieved from any further duties and responsibilities and shall not be liable for any acts of any Successor Trustee. If no Successor Trustee is appointed or able or willing to serve, the resigning Trustee may deliver trust assets to any Court having jurisdiction over the parties or this trust.

5.05 No Court Approval. No court shall be required to approve or ratify the withdrawal, removal and/or appointment of a Trustee as allowed herein. The withdrawal, removal and/or appointment of a Trustee shall be reflected in the trust records maintained by the Trustee. Notice may be given by the filing of a Memorandum of Trust in the Office of the Register of Deeds in the county where the principal office of the trust is located, or in the county where any real property is located, or where any beneficiary resides. Nothing in this paragraph restricts the unlimited authority of a court having jurisdiction over the

trust assets to remove a Trustee or appoint a Successor Trustee upon application by any interested party.

5.06 Limitation of Parties Who May Serve as Trustee. In no event may the Grantor serve as the Trustee of this trust.

END OF ITEM

ITEM SIX  
MISCELLANEOUS PROVISIONS

6.01 Creation of Grantor Trust. The Grantor and the Trustee understand that certain provisions found in this trust agreement create a "Grantor Trust" as defined under Subchapter J of the Internal Revenue Code, as amended. The Grantor is an owner of the trust for income tax purposes.

6.02 Definitions.

(a) The term "Trustee" shall refer to any Successor or Co-Trustee named or appointed as provided herein.

(b) The term "Independent Trustee" shall be as used in the Grantor Trust provisions (Subpart E) of Subchapter J of the Internal Revenue Code. Specifically, an Independent Trustee is a Trustee who is not, with respect to the person or persons with the right to appoint the Trustee, a Related or Subordinate Party as those terms are defined in Internal Revenue Code Section 672(c), as amended.

(c) The term "Corporate Trustee" shall be defined as a banking institution with trust powers or a corporate trust company. Any Corporate Trustee shall also qualify as an Independent Trustee.

(d) The term "Fiduciary" shall refer to the Trustee or any Guardian named herein.

(e) The term "issue" means all descendants of the Grantor of any degree, including adopted children of the Grantor or any beneficiary designated or described in this trust. Every descendent (by blood or adoption) of such adopted child or beneficiary shall have the same status under this trust as one of the Grantor's blood descendants.

END OF ITEM

IN WITNESS WHEREOF, the Grantor and the Trustee have executed this Agreement.

Della W. Verbeck  
DELLA W. VERBECK, Grantor

E. Suzanne Russell  
E. SUZANNE RUSSELL, Trustee

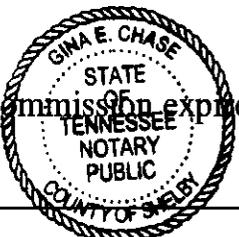
STATE OF MISSISSIPPI

COUNTY OF DESOTO

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared DELLA W. VERBECK, to me known to be the person described in and who executed the foregoing instrument and acknowledged that she executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal at office this 16<sup>th</sup> day of August, 2007.

Gina E. Chase  
NOTARY PUBLIC

My commission expires:  
  
My Comm. Exp. 2-23-2009

STATE OF TENNESSEE

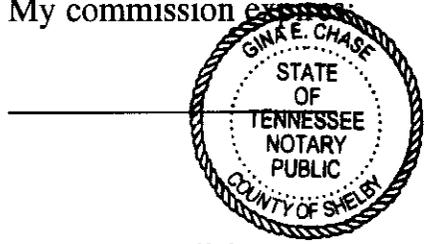
COUNTY OF SHELBY

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared E. SUZANNE RUSSELL, to me known to be the person described in and who executed the foregoing instrument and acknowledged that she executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal at office this 16<sup>th</sup> day of August, 2007.

*Gina E. Chase*  
NOTARY PUBLIC

My commission expires:



**SCHEDULE "A"**  
**INCOME OF THE GRANTOR TRANSFERRED INTO THE QIT**

Source:

Social Security	\$ 698.00 per month
Deceased Husband's Air Force Pension	\$1,218.00 per month
<b>Total Amount:</b>	<b>\$1,916.00 per month</b>