



## TRUST ADMINISTRATION SERVICE AGREEMENT

THIS TRUST ADMINISTRATION SERVICE AGREEMENT ("Agreement") is entered into effective this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_, by and between \_\_\_\_\_ ("Trustee") on behalf of the \_\_\_\_\_ ("Trust"), and Family Legacy Administration Services, Inc. ("Administrator"), (collectively referred to as the "Parties").

### RECITALS

WHEREAS, the Trustee wishes to engage the Administrator to perform certain administrative functions for the Trust, as specified in this Agreement and the Administrator is willing to perform those functions, subject to the terms and conditions specified in this Agreement; and

WHEREAS, the Parties wish to confirm responsibilities which the Trustee will retain and to set forth these respective functions, terms and conditions in the Agreement;

### WITNESSETH

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged and confessed, the Parties hereby agree as follows:

**I. ENGAGEMENT.** The Trustee hereby engages the Administrator to perform certain administrative functions for the Trust, and the Administrator hereby accepts that engagement, subject to the terms and conditions specified below.

**II. FUNCTIONS OF THE ADMINISTRATOR.** The Administrator shall have and perform the following functions for the Trust:

**A. Standard Functions.** The following will constitute Standard Functions of the Administrator:

- 1. Accounting.** Based on information provided by the Trustee, investment advisor and/or asset custodian, the Administrator shall perform an accounting of income received by the Trust; expenses paid by the Trust; capital gains realized by the Trust; allocation of Trust revenue and expenses to principal and income; and distributable net income of the Trust. The accounting will be performed and the Trust accounting records will be maintained in accordance with the terms of the Trust and applicable federal and state law. A report of this accounting will be provided to the Trustee on an annual basis.
- 2. Record Maintenance and Handling.** The Administrator shall maintain a record of all contributions made to the Trust based on information provided by the Trustee, shall retain copies of all records of the Trust provided by the Trustee, shall provide such records to the Trustee upon reasonable written request, and upon written request of and/or authorization by the Trustee, shall provide copies of information in its custody to any inquiring person(s) in order to comply with all federal and/or state rules and regulations related to the Trust.
- 3. Assistance in Computing Distribution Amounts; Procedure for Making Distributions.** The Administrator shall assist the Trustee in computing the amount of required distributions to each beneficiary of the Trust. The Administrator shall not act as asset custodian or make the actual distributions but will notify the Trustee and/or his/her designee of the distribution amounts at the beginning of each year or during the year, prior to the first distribution to be coordinated for the trust by the Administrator, if the Administrator is engaged during that year. For each applicable distribution of the trust, the Administrator will advise the asset custodian to make the distribution directly to the beneficiaries.



4. **Preparation of Federal Tax Returns.** The Administrator shall prepare, and provide to the Trustee for filing, the Trust *federal* tax form 5227, beneficiaries' schedule K-1 and other required federal tax forms of the Trust. (The Administrator shall not prepare federal gift tax returns (e.g. Form 709) for grantors to the Trust, or *state* tax forms.)
- B. **Special Functions.** The following shall constitute Special Functions of the Administrator, for which additional fees may be assessed:
1. **Inclusion of Information from Prior Years.** If the Trustee so requests, the Administrator shall include in its annual accountings to the Trustee information from prior year(s) in which the Trust was not administered by the Administrator. The Administrator shall prepare this information based solely on information provided by the Trustee. The Administrator has no responsibility to discover any errors or inaccuracies related to prior year(s) accountings or tax filings. The Administrator shall receive additional compensation for this service as described below.
  2. **Audit Assistance.** Upon request from the Trustee, the Administrator will provide information to a taxing authority (*e.g.*, Internal Revenue Service ("IRS")) in response to an audit of the Trust, but will be compensated by the Trust on a time and materials basis separately from the ongoing quarterly administration service fees, based upon hourly billing rates in effect at that time.
  3. **Other Services.** From time to time the Administrator may perform other services as required or requested by the Trustee in the administration of the trust. The Administrator shall be compensated separately from the ongoing quarterly administration fees based upon hourly billing rates in effect at that time.

### III. **GENERAL POWERS OF ACCESS**

- A. **Access to Records.** The Administrator shall have, and the Trustee shall provide, complete and timely access to any and all trust documents, records, contracts, agreements, statements and records of any kind or character, however maintained or located, necessary to perform the Administrator's functions as described in the Agreement.
- B. **Authority to Employ Agents.** The Administrator shall also have the power to select and employ agents or counsel, as necessary, to assist and advise the Administrator in the performance of services under this Agreement as the Administrator deems necessary for the proper administration of the Trust. The Trustee's approval for the employment of agents shall not be required. Fees and expenses charged by such agents or counsel shall be paid by the Administrator but reimbursed by the Trustee from the Trust.

### IV. **RESPONSIBILITIES RETAINED BY TRUSTEE.** It is expressly understood and agreed that the Administrator hereby assumes only those duties and functions set forth above, and that the Trustee shall retain any and all responsibilities assigned to him/her by the terms of the Trust or by law, provided that the Trustee may engage such other agents to assist in the performance of those duties as the Trustee deems appropriate. Without limiting the generality of the above, the Trustee confirms that s/he will undertake the following during the term of this Agreement:

- A. **Sole Responsibility for Assets of the Trust.** As between the Administrator and the Trustee, the Trustee shall have sole responsibility for selecting and managing the assets of the Trust. The Trustee shall select and supervise the custodian for Trust assets; shall determine the investment objective(s) of the Trust; and shall select and retain qualified investment advisor(s), asset custodian(s) and other agents to manage the Trust assets according to the investment objective(s) chosen by the Trustee. As between the Trustee and the Administrator, it shall be the Trustee's sole responsibility to see that any investment advisor or other agent retained by the Trustee offers only investments which are acceptable to the Trust, the tax-exempt status of the Trust, and applicable federal or state law; to make all Trust distributions and to pay all Trust expenses; and to settle, abandon, pursue, compromise or contest any claims, demands or lawsuits brought by or against the Trust.



- B. Providing and Maintaining Information.** The Trustee acknowledges that in order to perform its functions the Administrator is absolutely dependent upon the Trustee, or the Trustee's other designees or agents, providing the Administrator with complete information in a timely manner. Accordingly, the Trustee hereby agrees that s/he shall maintain custody of and be responsible for the safekeeping of all information pertaining to the Trust, providing copies of all such information to the Administrator upon request; shall provide the Administrator with complete and accurate information related to all assets contributed to the Trust, including acquisition date and cost basis, within 15 days of any contribution; shall notify the Administrator, in writing, of all proposed trust distributions; shall provide the administrator, on a MONTHLY basis, with reports of all transactions of the Trust, income received by the Trust and expenses paid by the Trust within 15 days following month-end; shall provide the Administrator with copies of all IRS forms 8283 prepared by or on behalf of any grantor to the Trust; and shall provide the Administrator, completely and in a timely manner, with any other trust investment information, documentation, account and financial statements, receipts, closing statements, contracts or other reports and statements required by the Administrator to properly administer the Trust.
- C. Maintaining Charitable Tax Status and Related Acts.** The Administrator shall have no responsibility for reviewing the Trust initially, or at any time, or upon any circumstance or event, to verify its qualification as a charitable remainder trust under any section of the Internal Revenue Code of 1986, as amended (the "Code"), or any related regulations or rulings. The Administrator shall be entitled to presume the Trust does so qualify, absent written notification from the Trustee to the contrary. The Trustee shall be solely responsible for ensuring that any contribution of assets to the Trust or any investment of the Trust will not jeopardize the tax-exempt status of the Trust or qualification of the Trust under the Code or any related regulations or rulings, and for providing the Administrator with copies of any opinions of counsel, the IRS, any court or other legal authority with respect to the initial or ongoing qualification or disqualification of the Trust as a charitable remainder trust. In that connection, the Trustee shall report to the Administrator any acts of "*self-dealing*" as defined by the Code of which the Trustee is aware or becomes aware, within ten days after the Trustee becomes so aware; shall not encumber any Trust assets with debt or borrow any funds on behalf of the Trust on an unsecured basis; shall report any unrelated business income, as defined by the Code, of the Trust to the Administrator; and shall sign and file any trust tax returns prepared by the Administrator and provided to the Trustee.

**V. TERM, TERMINATION AND DISSOLUTION.**

- A. Term.** The initial term of this Agreement shall be one year from its execution. It shall renew automatically for successive one year periods unless either Party gives notice as provided below.
- B. Termination of Agreement.** *Either Party may terminate this Agreement with or without cause (provided that the Trust has not entered the "Dissolution Phase" as described in Paragraph C below) by giving written notice to the address of record of the administrator. The Administrator may terminate this Agreement immediately upon notice if, in its sole discretion, it considers that actions or inactions of the Trustee has put at risk or threaten to put at risk the charitable tax status of the Trust, or are otherwise inconsistent with sound practice.*
- C. Events Upon Termination.** **Upon termination, the rights and obligations of the Parties to one another shall cease in their entirety. No fees collected by the Administrator prior to the notice of termination shall be refundable by the Administrator and no further administration services including annual tax filings shall be performed by the Administrator subsequent to the date of termination. There is no "accrual of services" implied under this agreement.**
- D. Dissolution of the Trust.** In the event that the Trustee and/or his/her designee or agent gives notice to the Administrator of its intent to ultimately and completely dissolve the Trust, or in the event that the last income beneficiary of the trust has died, or the stated "term of years" of the trust has been completed, the Trust will then will enter the "Dissolution Phase" under the terms of the Agreement and a Dissolution Fee will then be assessed to compensate the Administrator for final



dissolution services provided to the Trust. Once the Trust has entered the "Dissolution Phase", this Agreement will remain in effect and cannot be terminated by the Trustee.

**VI. LIMITATION OF LIABILITY.**

- A. No Consequential Damages.** THE ADMINISTRATOR SHALL NOT BE LIABLE TO THE TRUSTEE OR THE TRUST FOR INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOST PROFITS) RELATED TO THIS AGREEMENT, ARISING FROM ANY CAUSE OF ACTION WHATSOEVER, EVEN IF THE ADMINISTRATOR HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.
- B. Limitation on Recovery.** Under no circumstances shall the liability of the Administrator to the Trustee or the Trust exceed the fees paid by the Trustee or the Trust to the Administrator.
- C. Indemnification.** The Administrator shall have no responsibility for, and the Trustee and Trust will hold harmless, indemnify and defend the Administrator together with its officers, directors, employees and agents, from and against, any claims, demands, losses, expenses, judgments, causes of action or other claims of any kind or character whatever which arise from or relate directly or indirectly to any of the following: any review, whether initial, ongoing or periodic, of the assets or operations of the Trust to ensure its current or future tax-exempt or qualified status; any act or failure to act of the Trustee, the Trustee's investment advisor, asset custodian, legal and/or other counsel or any other advisors selected by the Trustee; loss or failure to appreciate of any assets of the Trust; loss for any reason of the tax-exempt or qualified status of the Trust; any act of self-dealing by any disqualified person; any act or failure to act by or on behalf of any person that occurred or accrued prior to the date of this Agreement; and any breach by the Trustee of any of the Trustee's responsibilities under this Agreement, the terms of the Trust, or common or statutory law, including but not limited to any failure to provide the Administrator with timely and complete information.

**VII. FEES AND EXPENSES.** The services of the Administrator are offered and priced based on one of three types of fees: *required, discretionary, and conditional* as outlined below. The fees and expenses to administer the Trust are an obligation of the Trust and are non-refundable once paid.

<b>REQUIRED FEES</b>	
<b>INITIAL TRUST ADMINISTRATION ESTABLISHMENT FEE</b>	
One-time fee billed directly to the trust account within 60 days of this signed agreement.	<b>\$600.00</b>
<b>QUARTERLY TRUST ADMINISTRATION FEE</b>	
A quarterly fee billed each January 1 <sup>st</sup> , April 1 <sup>st</sup> , July 1 <sup>st</sup> , and October 1 <sup>st</sup> . The pro-rata fee for the first "fractional quarter" that a trust is under administration shall be one-time billed separately to the trust or deducted from the trust account as the trustee wishes.	See Exhibit A for a complete description of this fee
<b>DISCRETIONARY and CONDITIONAL FEES</b>	
<b>SPECIAL FUNCTIONS FEE</b>	
As described in Section II (B) (2) and (3)	\$200 per hour plus reimbursement for disbursements
<b>FINAL TRUST DISSOLUTION FEE</b>	
This is a one-time fee paid only if the Trust has voluntarily or involuntarily entered the "Dissolution Phase" as described in Section V, Paragraph D above. This fee does not negate the annual administration services fee otherwise due and payable until the Trust is fully dissolved.	.60% of the Trust asset balance due upon any event triggering the Trust "Dissolution Phase."



**VIII. REMAINDER BENEFICIARY NOTIFICATION.**

The Administrator shall not notify the charitable remaindermen designated in the Trust document of the existence of the Trust.

**IX. GENERAL**

A. **Authority; No Breach.** The Parties hereby represent and warrant to one another that they have full power and authority to enter into this Agreement and to perform all other actions contemplated or required in connection with it, and that entry into this Agreement and performance of the Parties' respective duties hereunder will not cause or result in a breach, default or infringement of any contract, commitment or intellectual or other property right of any other person or entity. The undersigned individuals further represent and warrant that they have full power and authority to execute this Agreement on behalf of the respective Parties. These representations and warranties shall survive the termination or expiration of this Agreement.

B. **Notices.** Any notice required or permitted under this Agreement shall be deemed to have been duly given if given in writing and personally delivered or sent by overnight courier or certified mail, return receipt requested, postage prepaid, addressed as follows; or facsimile transmission to the facsimile number set forth below (or to such other address or facsimile number of which the respective Party shall have notified the other Party):

If to Administrator, to: Family Legacy Administration Services, Inc.  
5005 West Royal Lane, Suite 252  
Irving, TX 75063  
Facsimile: (972) 241-7810  
Attn: President

If to Trustee, to: \_\_\_\_\_  
(please complete) \_\_\_\_\_  
\_\_\_\_\_

Facsimile: \_\_\_\_\_

Attn: \_\_\_\_\_

Hand-delivered notices shall be deemed communicated upon receipt; mailed notices shall be deemed communicated three (3) days after mailing (unless otherwise specified herein). Either Party may change the address to which notices should be sent as provided in this Section.

B. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the law of the State of Texas, without giving effect to any choice or conflict of law provision or rule that would cause the application of the law of any other jurisdiction; provided, however, that any dispute of a type contemplated by the provisions of Section D below shall be governed by the United States Arbitration Act as then in force. Any dispute arising under this Agreement, or related to it directly or indirectly, shall be heard solely in Dallas County, Texas and in no other location.



**D. Arbitration.**

1. **Generally.** Except as otherwise set forth herein, each dispute, difference, controversy or claim arising in connection with or related or incidental to, or question occurring under, this Agreement or the subject matter hereof or the transactions contemplated hereby brought by any Party hereto shall be finally settled under the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") in effect at the time of the arbitration, including the expedited procedures set forth therein, by an arbitrator who shall be an attorney experienced in trust administration matters, appointed by agreement of the Parties in accordance with said Rules. In the event the Parties fail to agree upon an arbitrator from the first list of potential arbitrators proposed by the AAA, the AAA will submit a second list in accordance with said Rules. In the event the Parties shall have failed to agree upon an arbitrator from said second list, any arbitrator to be selected shall be appointed by the AAA in accordance with said Rules. If, at the time of the arbitration, the Parties agree in writing to submit the dispute to a single arbitrator, said single arbitrator shall be appointed by agreement of the Parties in accordance with the foregoing procedure, or, failing such agreement, by the AAA in accordance with said Rules. The foregoing arbitration proceedings may be commenced by any Party by notice to the other Parties. The decision of the arbitrator shall be final and binding.
  2. **Certain Costs.** As part of an award in any proceeding hereunder, the arbitrator(s) shall have the power to award to any Party to such proceeding all or a portion of the reasonable costs of such Party in connection with the defense or prosecution of a claim hereunder (including, without limitation, reasonable attorney's fees). In construing this Agreement or any document entered into in connection with the transactions contemplated hereby, none of the Parties hereto shall have any term or provision construed against such Party solely by reason of such Party having drafted the same.
  3. **Place of Arbitration.** The place of arbitration shall be Dallas, Texas.
  4. **Recourse to Courts.** The Parties hereby exclude any right of appeal to any court on the merits of the dispute. The provisions of this Section may be enforced in any court having jurisdiction over the award or any of the Parties or any of their respective assets and judgment on the award (including, without limitation, equitable remedies) granted in any arbitration hereunder may be entered in any such court. Nothing contained in this Section shall prevent any Party from seeking interim measures of protection in the form of pre-award attachment of assets or preliminary or temporary equitable relief.
- E. "Trustee" to Refer to All Trustees.** As used in this Agreement and in other communications between the Parties, the term "Trustee" shall refer to and include all trustees of the Trust, jointly and severally.
- F. No Third Party Beneficiaries.** Nothing in this Agreement is intended or shall be construed to give any person or entity, other than the parties hereto, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein or in any schedule or exhibit attached hereto.
- G. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original for all purposes and all of which together shall constitute one and the same instrument.



- H. Headings.** The headings contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Agreement.
- I. Relationship of Parties.** The Parties' relationship is purely contractual. The Trustee agrees and represents to the Administrator that the Administrator is not a fiduciary of the Trust or the Trustee and owes no fiduciary duties to either, whether arising under or related to this Agreement or otherwise, and the Trustee acknowledges that the Administrator is relying on that representation as an inducement to enter into this Agreement.
- J. Severability.** If any provision of this Agreement should be held to be inoperative, then, so far as is reasonable and possible, the remainder of this Agreement shall be considered valid and operative, and no effect shall be given to the intent manifested by the portion held invalid or inoperative.
- K. Entire Agreement; Amendments.** This Agreement sets forth the entire agreement and understanding between the parties and supersedes any prior written agreement or understanding and any prior or contemporaneous oral agreement or understating relating to the subject matter of this Agreement. Either Party may propose amendments to this Agreement at any time, by giving written notice describing the proposed amendment and specifying an effective date, which date shall ordinarily not be less than sixty (60) days after such notice unless the Administrator specifically approves a shorter period. A proposed amendment will take effect only if the Parties so agree in writing.

**THIS AGREEMENT IS EFFECTIVE ON THE DATE FIRST WRITTEN ABOVE.**

**ADMINISTRATOR:**

**FAMILY LEGACY ADMINISTRATION SERVICES, INC.**

By: \_\_\_\_\_  
 Signature DATE  
**Greer A. Kendall, President and CEO**

**CHARITABLE TRUST:**

\_\_\_\_\_  
 PRINTED NAME OF THE TRUST

\_\_\_\_\_  
 PRINTED NAME OF THE TRUSTEE

*X* \_\_\_\_\_  
 SIGNATURE OF THE TRUSTEE

\_\_\_\_\_  
 DATE

\_\_\_\_\_  
 PRINTED NAME OF THE TRUSTEE

*X* \_\_\_\_\_  
 SIGNATURE OF THE TRUSTEE

\_\_\_\_\_  
 DATE



### EXHIBIT A – FEE SCHEDULE

Check here to Select Trust Asset Range	Range in Value	of Trust Assets	Quarterly Administration Services Fee
	\$ -0-	\$ 250,000	\$ 250
	\$ 250,001	\$ 500,000	\$ 375
	\$ 500,001	\$ 750,000	\$ 500
	\$ 750,001	\$ 1,000,000	\$ 625
	\$ 1,000,001	\$ 1,500,000	\$ 750
	\$ 1,500,001	\$ 2,000,000	\$ 875
	\$ 2,000,001	\$ 3,000,000	\$ 1,000
	\$ 3,000,001	\$ 5,000,000	\$ 1,500
	\$ 5,000,001	\$ 7,500,000	\$ 2,000
	\$ 7,500,001	\$ 10,000,000	\$ 2,500
	\$ 10,000,001	and over	\$ 3,000

The trust administration fee (which covers **all** regular accounting, administration, annual reporting and tax filing fees) is initially determined based on the estimated or actual value of contributed assets to the trust. Any changes that might occur in the standard fee schedule will be communicated to the trustee with a minimum of 90 days written notice. In no event will the fee ever be lowered from its initial level.

The above quarterly fees are charged to the Trust and due and payable once per quarter on **January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>**. The one-time initial set-up fee and the first quarter's "pro-rata" fee will be directly billed to the trust within 60 days upon execution of this agreement.

This fee is non-refundable in part or in whole. However, as a part of our **Unconditional Service Guarantee**, **the Administrator shall hereby waive the next quarterly administration services fee billed to the Trust in the event that the Trustee is dissatisfied with the services of the Administrator for any reason and so provides a written request to the Administrator for a Partial Fee Waiver.**

This Fee Schedule is valid and effective January 2005. Before this Agreement is signed and executed by both parties, this fee schedule can be changed without prior notice. However, **once this Agreement has been fully executed by both parties, the fee will remain fully fixed as outlined above.**

X \_\_\_\_\_ Date Signature of the Trustee

X \_\_\_\_\_ Date Signature of the Trustee