

KENNETH B. RODMAN
ATTORNEY AT LAW
223 E. THOUSAND OAKS BOULEVARD
SUITE 405
THOUSAND OAKS, CALIFORNIA 91360
805.371.0555 OFFICE
805.371.0558 FAX
KEN@RODMANLAW.COM

October 30, 2007

Daniel and Karen Hawkins
704 Calle Mandarin
Thousand Oaks, California 91360

Re: Funding of Trust

Dear Daniel and Karen:

Two of the benefits of a revocable living trust are continuity of management and avoidance of probate. These benefits are available only as to assets that are held in the name of your Trust (i.e., in your names as the Trustees of the Trust). Except as otherwise specifically instructed below, you should transfer title to your assets from your individual names to:

"Daniel T. Hawkins and Karen R. Hawkins, Trustees, Daniel and Karen Hawkins Family Trust dated October 30, 2007"

The following paragraphs discuss how (and if) title to your assets should be transferred and any differences in the way title should be taken for specific types of assets.

1. Automobiles

Because title to automobiles may be easily transferred after the death of the owner without the need for probate administration, it is not necessary to transfer ownership into your names as Trustees.

2. Bank, Savings, and Other Cash Accounts

Up to a total of \$100,000 of real or personal property can be held outside the Trust in each of your individual names (a total of \$200,000 for both of you) and avoid probate. This amount of property may be collected by affidavit 40 days after your death without the need for probate administration. Thus, not all of your savings accounts, certificates of deposit, and like accounts need be transferred to the Trust so long as the \$100,000 limit is respected. However, property left out of the Trust may require a court order to reach in the event either of you becomes ill or disabled (although the Durable Powers for Assets should solve this problem). Therefore, I strongly recommend that all savings and money market accounts, certificates of deposit, and like accounts be transferred into the Trust.

Each bank or savings and loan association will require a copy of the Trust or other evidence that a trust exists. I recommend that you offer to furnish the "Certification of Trust" form and perhaps also the first and signature pages. If that is not acceptable, an abstracted copy of the Trust can be used for this purpose.

Although normal personal expenses may be paid directly from any Trust account, you may continue to maintain your personal checking account for this purpose; however, if you do, you should be mindful of the \$100,000 limitation described above.

3. Bonds, T-Bills, Commodities

Any bearer paper (unregistered municipal bonds, treasury bills, etc.) or tangible commodities (such as gold bullion or coins) held outside a brokerage account should be identified as an asset of the Trust by a written assignment ("We hereby assign this (name of asset) to Daniel T. Hawkins and Karen R. Hawkins, Trustees, Daniel and Karen Hawkins Family Trust dated October 30, 2007") signed by both of you and kept with the bonds, etc. If the bearer paper is sold or transformed into any type of registered security, it should be registered in the same manner as stock (see "Stock" section below).

4. Club Memberships

Each country, golf, tennis or social club has its own rules regarding the transfer of memberships to Trustees; many even have their own transfer forms or, if transfer is not permitted (for fear of running afoul of tax exempt status), they may have agreements that will require the club to deliver any proceeds of sale of a deceased member's interest to the Trustees of the your living trust. You should contact the club to determine the required procedures. If the club does not have transfer or agreement forms, I will be pleased to prepare them.

5. Life Insurance; Pension, Profit Sharing, Retirement Plans

a. Life Insurance.

(i) **General Instructions.** Life insurance policies owned by you as your community property should name the Trust as beneficiary as follows:

"Daniel T. Hawkins and Karen R. Hawkins, or their successor or successors in trust, as Trustees of the Daniel and Karen Hawkins Family Trust dated October 30, 2007"

Each of you may be named as secondary beneficiary of life insurance policies on the other's life, so that if the Trust is not in existence at the first of your deaths, the proceeds will be payable to the survivor of you. Alternatively, you may name each other as the primary beneficiary and the trust as a secondary beneficiary, which will preserve the marital deduction but may not lead to complete integration with the rest of the estate plan. I will be available to answer any questions that you or your insurance advisor may have regarding this procedure.

(ii) **Separate Property.** If either of you owns life insurance as your separate property on the life of the other, an automatic policy transfer arrangement should be made with

the insurance company so that the Trust will automatically become the successor owner should the owning settlor die. If this is not done, probate administration will be required in order to transfer ownership of the policy to the Trust.

b. Retirement [I.R.A.] Accounts. Your Individual Retirement Accounts should name each other as beneficiary in order to preserve maximum tax flexibility. The Trust should be named as the secondary beneficiary.

c. Keogh, Pension, Profit Sharing Benefits. Your Keogh, pension and profit sharing plans (if any) should name each other as beneficiary in order to preserve maximum tax flexibility. The Trust should be named as the secondary beneficiary.

6. Notes

a. Secured by Real Property. Any notes payable to you that are secured by real property should be assigned to the Trust. To do so, an Assignment of Deed of Trust must be prepared for each note. To assign each note to the Trust, the following should be typed or written on the back of each original note:

"We hereby assign all of our right, title and interest in this note to Daniel T. Hawkins and Karen R. Hawkins, Trustees of the Daniel and Karen Hawkins Family Trust dated October 30, 2007."

Both of you should then sign this assignment as "Assignors" and the obligor on each Note should be told to make future payments to "Daniel T. Hawkins and Karen R. Hawkins, Trustees."

I will prepare the necessary Assignments of your Deeds of Trust if you send me copies of each Deed of Trust. I will record each Assignment of Deed of Trust. When the recorded Assignment is returned to you, it should be placed in safekeeping with the original Deed of Trust until the note is paid off.

b. Secured by Personal Property. Notes payable to you that are secured by personal property should be assigned to the Trust by an Assignment of Note and by execution of a new security agreement to be filed with the Secretary of State. To assign each note to the Trust, the following should be typed or written on the back of each original note:

"We hereby assign all of our right, title and interest in this note to Daniel T. Hawkins and Karen R. Hawkins, Trustees of the Daniel and Karen Hawkins Family Trust dated October 30, 2007."

Both of you should then sign this assignment as "Assignors." The payor on the note should then be notified that future payments should be made to "Daniel T. Hawkins and Karen R. Hawkins, Trustees."

With regard to the security for the note, I will prepare the necessary forms if I am provided with a copy of each note and any chattel mortgage or security agreement securing it.

c. Unsecured. Any unsecured Promissory Notes should also be assigned to the Trust by an Assignment of Note. To assign each note to the Trust, the following should be typed or written on the back of each original note:

"We hereby assign all of our right, title and interest in this note to Daniel T. Hawkins and Karen R. Hawkins, Trustees of the Daniel and Karen Hawkins Family Trust dated October 30, 2007."

Both of you should then sign this assignment as "Assignors" and the obligor should be notified that future payments are to be made to "Daniel T. Hawkins and Karen R. Hawkins, Trustees."

7. Partnerships

a. Limited. Limited partnership interests are transferred to the Trust in two steps: first, by assigning the interest to the Trustees and, second, by obtaining the approval of the general partners. I will prepare such Assignments upon receipt of a copy of each Partnership Agreement and any amendments, and of each Certificate of Limited Partnership.

b. General. General partnership interests that are held in either of your individual names are transferred in essentially the same manner as limited partnership interests, except that only the financial benefits in the partnership are usually transferred. If you will send me a copy of each general partnership agreement, I will prepare a simple assignment form for each such interest.

8. Real Property

Your residence and other real property are transferred to your Trust by the execution and recording of a grant deed. I will prepare the new deeds, but to do so, I will need a copy of each existing deed. Both of you should date and sign the deeds that I prepare, have them notarized, and return them to me for recording.

When property is held in joint tenancy but sourced in community property, two deeds are used, one to convey it from joint tenancy to community property (to establish it as community property in the County Recorder's records) and one to convey it to the Trust.

a. Property Tax Forms. Although transfers of real property to a revocable living trust do not cause reassessment, current law requires that a "Preliminary Change in Ownership Report" be completed and sent to the County Recorder with each deed evidencing a change in ownership. To avoid the penalties provided by law, it is extremely important that all required forms be prepared and filed. I will prepare these forms when I prepare the transfer deeds.

b. Loan Acceleration. The Garn-St. Germain Act provides that a lender may not accelerate a loan secured by real property that contains less than five dwelling units on transfer of the property to a revocable trust. Thus, the law effectively exempts the transfer in trust of most residences from causing loan acceleration. Nevertheless, you should inform your

lender that the property has been transferred to your Trust so that the lender may change its records.

No comparable exemption is available for most commercial real property. Therefore, I suggest that you obtain permission of the lenders prior to transferring any commercial real property to your Trust. I expect no problem in this regard as permission for this type of transfer is regularly given. A lender may impose a small service charge to cover the costs of changing its records. After permission has been granted, the deeds transferring the property to the Trust may be recorded.

c. Title Insurance. Your title insurance policies should be reviewed to determine if it is necessary to add an endorsement in order to name the Trust as an additional insured party on your title policies. If it is necessary, you may obtain a CLTA Endorsement 107.9 from your original title insurer for each policy. I understand that the cost involved is nominal for this added protection (approximately \$50-75).

The 107.9 Endorsement will not protect the Trustee if there are defects in the grant deed transferring the property to the Trust or if any defect, lien or encumbrance attaches to the property by reason of the transfer. Although these contingencies are unlikely to occur, I have been informed that a new title insurance policy may be obtained at 25% of the cost of the original policy from the original insurer. I will be pleased to assist you with either procedure.

d. Homeowner's Exemption. After the deed transferring your home into the Trust has been recorded, you will receive a new application for homeowner's exemption. You should complete this form and return it to the assessor to preserve your exemption.

e. Homeowner's Insurance. I recommend that you have the Trust named as an additional insured on your homeowner's insurance policy covering your residence and its contents. This coverage should be obtainable through your insurance broker either at no cost or for a nominal fee.

f. Purchases of Real Property. Any real property acquired by you in the future should be placed in the Trust. The easiest way to accomplish this is to have the original deed made out in "Trustee name", i.e.:

"Daniel T. Hawkins and Karen R. Hawkins, Trustees of the Daniel and Karen Hawkins Family Trust dated October 30, 2007."

If questions arise regarding the advisability of taking title in Trustee name, I should be contacted.

g. Sales of Real Property. In the future, if you should sell any real property, taking back a note and deed of trust, the note should be payable to the Trustees and the beneficiary on the deed of trust should also be the Trustees, as follows:

"Daniel T. Hawkins and Karen R. Hawkins, Trustees of the Daniel and Karen Hawkins Family Trust dated October 30, 2007."

I should be contacted for specific instructions as the occasion arises.

9. Stock

a. Marketable Securities. Marketable securities should be transferred into the Trust through the usual brokerage firm used by you. The firm may require a copy of the Trust Agreement or other evidence of the existence of the Trust (an abstracted copy should be sufficient). The name into which securities listed on the New York Stock Exchange should be registered is:

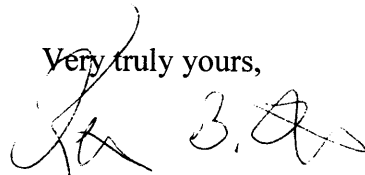
"Daniel T. Hawkins and Karen R. Hawkins, TR UA 10/30/2007"

The last abbreviated part of this description stands for "Trustees under an Agreement of Trust dated October 30, 2007" and is the short form of writing the designation. To transfer the securities it will be necessary to furnish an endorsement, which I suggest be done on a separate "stock power" (sometimes known as "Stock Assignment Separate From Certificate"). If the broker has any questions regarding the transfer of the securities, I will be pleased to discuss them with him or her.

b. Mutual Funds; Margin and Ready Asset Accounts. Any stock held in a mutual fund, any margin account or any ready asset account may be transferred to Trustee name by retitling the account. The Trust Agreement specifically allows the original Trustees (or the survivor of you) to maintain and operate margin accounts. A form of letter for your use in requesting that your accounts be retitled is enclosed.

If you have questions about how to transfer other assets, please call.

Very truly yours,



Kenneth B. Rodman