

or disproportionate shares of property or undivided interests in property among the beneficiaries of the trust, and to determine the value of such property in a reasonable manner. A non-pro rata distribution is to be used only where the beneficiaries, or their legal representative, to the property in question agree to such a distribution.

8.04 USE OF TRUST FUNDS TO PAY ESTATE DEBTS. Upon the death of the Grantor, out of the trust estate, excluding always (1) the amount of proceeds from life insurance on the Grantor's life necessary to qualify for the North Carolina Inheritance tax insurance exemption in effect at the Grantor's death and (2) all benefits received from a pension, money purchase pension, profit sharing or stock bonus plan (as qualified under Section 401 (a) of the Internal Revenue Code), the Trustee may, in its sole discretion, pay to the legal representative of the Grantor's estate such sum or sums from the trust estate for the payment of all or any part of the cost of administration of the Grantor's estate, inheritance and estate taxes, funeral expenses, the cost of the Grantor's last illness and just debts of the Grantor, to the extent which the Trustee deems such payment to be in the best interest of all of the beneficiaries of the trusts hereunder. In determining the amounts that are due under the foregoing sentence, the Trustee may rely, and shall be fully protected in relying, upon the certificate of the Grantor's personal representative as to the amount payable by the Grantor's estate.

ARTICLE NINE

ADMINISTRATIVE PROVISIONS

9.01 ENROACHMENT UPON PRINCIPAL FOR BENEFICIARIES. It is the Grantor's intention that the support, maintenance and education of the income beneficiaries shall be given priority over conservation of the trust estate for the benefit of remaindermen. Accordingly, if the income payable to a beneficiary shall be insufficient to provide for the reasonable support, maintenance and education of such beneficiary and minor children whom he or she is legally obligated to support, the Trustee may pay such sum or sums as the Trustee determines to be required for such purpose from the principal of such trust. It is not the Grantor's intention to encourage extravagance or indolence on the part of any beneficiary. Therefore, before encroaching upon principal, the Trustee may take into consideration the income and resources of the beneficiary, together with any other factors which the Trustee may deem pertinent; but the Trustee need not require the exhaustion of personal resources as a condition to granting relief hereunder.

9.02 LEGALLY ADOPTED PERSONS. For purposes of this Indenture, a person legally adopted shall be considered in all respects as a natural child of the adopting parent. Throughout this indenture, the masculine gender shall be deemed to include the feminine, the singular the plural and the plural the singular.

9.03 RULE AGAINST PERPETUITY. Irrespective of any other provision of this Indenture, if any trust is still held at the expiration of a period of twenty-one (21) years after the death of the last survivor of the designated beneficiaries hereunder in being at the date of the Grantor's death, such trust shall thereupon immediately vest in and be distributed to the income beneficiaries in proportion to their interests in income at such time.

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