**Form 5-2: Inter vivos Revocable Trust**

[[Text Box Start]]

Declaration of Trust Settlor is Trustee and Beneficiary for life

Upon Settlor's Incapacity Successor Trustee Designated

Upon Death of Settlor held in further trust for Settlor's children

Upon Death of Settlor: payment of estate expenses if probate insufficient

Separate shares division, mandatory distributions of income

Mandatory principal distributions of one-half (1/2) at: (*insert ages*)

[[Text Box End]]

***(insert name of Trust)***

**Revocable Trust Agreement**

**THIS REVOCABLE TRUST AGREEMENT** made this \_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_, 20\_\_\_, by*(insert name of Settlor)*, of (*insert county of domicile*), State of Maryland, hereinafter referred to as "Settlor" and/or "Trustee."

**I. Revocation and Modification**

The Trust shall be revocable, and the Settlor hereby expressly acknowledges that Settlor reserves the right or power, whether alone or in conjunction with others, in whatever capacity, to alter, amend, revoke, or terminate the Trust, or any of the terms of this Agreement, in whole or in part, or to designate the persons who shall possess or enjoy the Trust property, or the income therefrom. Settlor’s alteration, amendment, revocation or termination of the Trust shall be in writing to the then-serving Trustee.

**II. Purpose of Trust**

The primary purpose and intent of the Settlor in creating this Trust is to enable the Trustee to receive, hold, manage, and invest assets for the benefit of the Settlor during the Settlor's life, and to further manage said assets including the allocation and distribution of said real and personal property together with such real and personal property the Settlor may hereinafter hold or acquire.

**III. Trust Property**

The Settlor does hereby transfer and assign to the Trustee all that property set forth on the attached Schedule A, attached hereto and made a part hereof by this reference. The Trustee accepts these transfers, assignments, and designations in Trust for the uses and purposes set forth in this Agreement. The Trustee shall be vested with all rights, powers, options, and privileges in and to the property listed on Schedule A, which is part of the Trust estate. All property hereafter subject to this Trust shall constitute the Trust estate, and shall be held, managed, administered, and distributed by the Trustee as hereinafter provided. This Trust shall be referred to as the "(*insert name of Trust*) Revocable Trust Agreement.

**IV. Additions to Trust**

The Settlor, or any other person, may at any time add additional property to the Trust, either by gift or by designating the Trustee hereof as beneficiary under the Settlor’s or other person’s Will or otherwise, Any property so transferred shall become part of the Trust and subject to the terms and conditions of this Trust Agreement. Additional funds, securities, life insurance, or other property shall be dealt with by the Trustee pursuant to the terms hereof, provided, however, that all such additions by the Settlor during the Settlor's lifetime and by other persons, by Will or otherwise, shall be such as are acceptable to the Trustee. A description of such additional funds, securities, life insurance, or other property, in such an event, shall be added to Schedule A and numbered consecutively.

**V. Dispositive Provisions**

**A. Payments to Settlor During Settlor's Life**

During the lifetime of the Settlor, the Trustee shall pay all of the net income to or for the benefit of the Settlor, together with such amounts of the Trust principal as the Settlor may withdraw from time to time. The Settlor herein, as Trustee, shall have the authority to withdraw funds from any bank accounts which may be part of the principal of the Trust, upon Settlor's sole signature. Further, the Settlor herein, as Trustee, shall, during the Settlor's lifetime, have the sole power to direct the purchase or sale of all stocks and securities, or any partnership or other business interest which may be a part of the Trust estate.

**B. Payments Upon Incapacity of Settlor**

In the event of Settlor's incapacity, the Successor Trustee named herein shall act as Trustee. For purposes of this Trust Agreement, the Settlor's incapacity occurs when it is certified in writing by two duly licensed medical doctors that the Settlor is physically or mentally incapable and therefore unable to administer such income or to exercise the Settlor's right to withdraw principal. Upon the incapacity of the Settlor, the Trustee (other than the Settlor) shall, from time to time, distribute to or expend for the benefit of the Settlor and those dependent upon the Settlor, the income and sufficient principal, which, together with the funds available from other sources and known to the Trustee (other than the Settlor) and consistent with the value of the Trust, maintain Settlor and those dependent upon the Settlor as nearly as possible in the mode of living to which the Settlor and said dependents were accustomed prior to the Settlor's becoming incapacitated.

**VI. Payments Upon Death of Settlor**

Upon the death of the Settlor, the Trustee shall:

A. In the event that any probate estate of the Settlor is insufficient to pay any funeral, last illness, administration expenses, debts, taxes, and other charges, the Trustee, in Trustee’s sole and exclusive judgment, may pay all such expenses that the Trustee determines are duly chargeable against the Settlor's probate or Trust estate.

B. Any remaining Trust balance shall be held IN FURTHER TRUST for the benefit of the Settlor's children. The Trustee shall divide the then-remainder of this Trust into equal shares so as to provide one (1) share for each then living child of Settlor and one (1) share for each deceased child of Settlor who shall leave issue then surviving. Each such share shall be distributed or retained in trust as hereinafter provided:

1.The share so set apart for each then-living child of Settlor shall be held by the Trustee as a separate Trust and said beneficiary shall be entitled to receive the entire net income from said beneficiary’s respective Trust until said beneficiary’s death or until the entire balance of his or her share has been distributed to said beneficiary as hereinafter provided.

2. Each child of Settlor shall have the absolute right to withdraw from the principal of said child’s share by written demand as follows: at any time after said child attains the age of *(insert age)*,*(insert #)* years, cash or assets valued as of the date of demand which, when added to the value of all previous withdrawals at said child’s respective demand dates will not exceed in the aggregate one-half (1/2) of the total of (1) the principal valued as of the date of the demand, and (2) all previous withdrawals valued at said child’s respective demand dates at any time or times after said child attains the age of (*insert age*), (*insert #*) years, any portion or all of the principal of such share.

B. As to each separate share so set apart for each child of Settlor, the Trustee shall have authority in Trustee’s sole and absolute discretion to make payments out of principal, to the extent that Trustee may deem reasonable and proper for the general welfare and comfort of each said child in accordance with said child’s station in life; for the purpose of providing for said child, in the event of accident, illness or other financial emergency; and for the purpose of providing for the education and/or professional training of each said child; and for any purpose the Trustee deems reasonable. In exercising the discretionary powers provided for herein, the Trustee shall take into account the other financial resources of the beneficiary and shall make only such discretionary payments as may be necessary to supplement such other financial resources; provided, however, that as a prerequisite to the making of such discretionary payments, the Trustee shall not require the liquidation of any such other financial resources as in Trustee’s sole discretion Trustee may deem inadvisable to liquidate under then-existing circumstances. Further in considering such other financial resources, the Trustee shall accept as conclusive evidence thereof the written statement of any beneficiary who is *sui juris* as to the nature and amount of said beneficiary’s financial resources.

C. Each child of the Settlor for whom a separate Trust share has been set aside shall have the right to appoint by Last Will and Testament who, following said child’s death, shall be entitled to the remainder thereof, and the portions to which and the manner in which such appointees shall be entitled, in Trust or otherwise; provided, however, that such child shall not appoint any part thereof to said child’s estate, said child’s creditors or the creditors of said child’s estate. Such appointment shall be exercised only by specific reference to the power herein granted. To the extent that a valid appointment is not exercised in accordance with the terms thereof, then the remaining share of such deceased child who is survived by one or more descendants shall be held under the terms of Paragraph A of this Article VII; and if there be no surviving descendant, then the Trustee shall divide the remaining share of such deceased child into equal shares so that there shall be one share for each then living child of mine which shall be held under the terms of Paragraph E of this Article VI and one share for each then deceased child of Settlor who is survived by one or more then-living descendants which shall be held under the terms of Paragraph A of this Article VI. For the purposes of determining whether or not and the extent to which a child has exercised his or her right to appointment as granted herein, the Trustee may, but need not, rely conclusively upon any instrument first admitted to probate as said child’s Last Will and Testament by a court of competent jurisdiction, or upon the issuance by any such court of letters of administration upon said child’s intestate estate, or the Trustee may, but need not, assume conclusively that such child died intestate if neither letters of administration nor letters testamentary are issued by any such court within ninety (90) days following the date of said child’s death. Distribution in good faith by the Trustee under any of such circumstances shall fully exonerate the Trustee from all further liability for the assets so distributed.

D. As to the share set aside under any of the provisions of this Trust for a deceased child of Settlor, the Trustee shall divide such share among the then-living descendants of such deceased child, *per stirpes*, and not per capita and shall distribute absolutely to each descendant such descendant’s portion thereof, provided, however, that any portion which shall become payable to a descendant who has not attained the age of twenty-one~~,~~ (21) years shall vest in such descendant but the Trustee shall retain such portion in further Trust and shall use and apply so much of the income and principal thereof as in the Trustee’s discretion may be necessary for the general welfare, support and education of such descendant until said descendant attains the age of twenty-one~~,~~ (21) years at which time the Trustee shall distribute to said descendant absolutely the remaining principal and income of said descendant’s portion. If such descendant shall die before attaining the age of twenty-one (21) years, said descendant’s portion thereupon shall be distributed to said descendant’s estate.

E. It is the Settlor's desire to make it clear that the immediate and continuing welfare and comfort of Settlor's descendants are matters of primary concern to Settlor rather than the retention and appreciation of the principal of the Trust estate, and Settlor therefore directs that each of the provisions of this Trust shall be construed liberally to accomplish this purpose even though the Trustee shall thereby exhaust the entire Trust estate.

**VII. Spendthrift Provision**

Except as otherwise specifically provided in this Trust, the Trustee shall make payments only into the hands of the beneficiaries entitled thereto so that neither the income nor principal shall be subject to assignment, nor be anticipated, nor be liable for the debts or contracts of a beneficiary, nor be taken in execution by attachment, garnishment or other proceeding while in the hands of the Trustee; provided, however, that deposit to the credit of a beneficiary in any banking institution in an account established by such beneficiary shall be deemed payment to said beneficiary; and provided further, that if a beneficiary be a minor or, in the judgment of the Trustee based on professional medical advice, shall be of unsound mind whether adjudicated an incompetent or not, or be suffering from physical or mental disorder which renders said beneficiary incapable of the management of the payments to which said beneficiary may be entitled hereunder, then the Trustee may, in the Trustee’s discretion, expend for the benefit of such beneficiary the amounts otherwise payable to said beneficiary; may make such payments to said beneficiary’s duly appointed committee or guardian; or to the person who in the Trustee’s judgment, has assumed responsibility for disbursing funds available for said beneficiary’s care and support, and the receipt of any such person or corporation shall be an absolute discharge to the Trustee for the sums so paid over.

**VIII. Appointment of Co-Successor Trustees and Resignation**

The original named Trustee shall have the right to appoint a co-Trustee, either individual or corporate, to serve jointly with the Trustee as long as the Trustee shall last as Trustee, and the Trustee shall have the right to remove that Co-Trustee at will. The original Trustee shall also have the right to name a Successor Trustee, to act in the Trustee’s stead in the event the Trustee ceases to act for any reason, by an instrument in writing executed and delivered to the income beneficiaries during the Trustee’s lifetime, or by specific reference to such appointment in the Trustee’s Last Will and Testament. In the event of death, resignation, or inability to serve of the Trustee originally named herein, without appointing a Successor Trustee, then Settlor's *(insert relationship)*,*(insert name of Co-Successor Trustee )*, and Settlor's *(insert relationship)*,*(insert name of Co-Successor Trustee)*, or the survivor thereof shall serve as Co-Successor Trustees.

A. The Trustee of any Trust created hereunder may resign at any time with or without cause, and shall signify such resignation by executing and delivering to each income beneficiary thereof who is competent and to the parent or guardian, if any, of each minor or otherwise incompetent income beneficiary, a written instrument stating the Trustee’s intention to resign and the effective date thereof.

**IX. Trustee Powers**

In the administration of the Trust, the Trustee shall have the following powers, all of which shall be exercised in a fiduciary capacity, primarily in the interest of the beneficiaries.

A. To hold any or all of the Trust estate in the form of investment in which received.

B. To sell at public or private sale, to mortgage, create a security interest in, pledge, or hypothecate, or to exchange or lease (including lease for a period extending beyond the term of this Trust), any stocks, notes, securities, real estate, minerals, and other Trust property, upon such terms, cash or credit, or both, as he may deem advisable.

C. To invest and reinvest the Trust estate, without limitation to Trust or chancery investments, in investments of any kind, real or personal, including, without limitation, stocks, bonds, notes, mortgages, lands, minerals, royalties, leaseholds, participation in partnerships, joint ventures, and other business enterprises.

D. To construct, add to, repair, or demolish (in whole or in part) any improvements upon any Trust property.

E. To participate in any reorganization, consolidation, merger or dissolution of any corporation, the stocks, bonds, or other securities which may be held at any time as part of the Trust estate, and to receive and continue to hold any property which may be allocated or distributed to him by reason of participation in any such reorganization, consolidation, merger or dissolution.

F. To make or hold investments or any part of the Trust estate in common or undivided interests with other persons, corporations or Trusts.

G. To demand, receive receipt for, sue for, and collect any and all rights, money, properties, or claims to which this Trust may be entitled, and to compromise, settle, arbitrate, or abandon any claim or demand in favor of or against this Trust.

H. To employ agents, legal counsel, brokers, and assistants, and to pay their fees and expenses, as the Trustee may deem necessary or advisable to carry out the provisions of this Trust.

I. To vote in person or by proxy for any shares of stock which may form part of this Trust.

J. To elect, appoint, and remove directors of any corporation, the stock of which shall constitute Trust property, and to act as a director and officer of any such corporation.

K. Generally, and without limitation by any specific enumeration herein, to manage, control, operate, convert, reconvert, invest, reinvest, sell, exchange, lease, create a security interest in, pledge, pool, or otherwise encumber and deal with the property of this Trust, for and in behalf of this Trust and the beneficiaries thereof, to the same extent and with the same powers that any individual would have in respect to said individual’s own property and funds.

L. The Trustee may freely act under all or any of the powers by this Agreement given to the Trustee, in all matters concerning this Trust, after forming the Trustee’s judgments based upon all the circumstances of any particular situation as to the wisest and best course to pursue in the interest of this Trust and the beneficiaries hereunder, without the necessity of obtaining the consent or permission of any person interested therein, or the consent or approval of any court, and notwithstanding that the Trustee may also be acting individually, or as Trustee of other Trusts, or as agent for other persons or corporations interested in the same matters, or may be interested in connection with the same matters as shareholder, director, or otherwise, provided, however, that the Trustee shall exercise such powers at all times in a fiduciary capacity primarily in the interest of the beneficiaries hereunder.

M. Notwithstanding anything herein contained to the contrary, no powers enumerated herein or accorded to the Trustee generally pursuant to law shall be construed to enable the Trustee, or any other person to purchase, exchange, or otherwise deal with or dispose of the principal or income of the Trust for less than an adequate or full consideration in money or money's worth, or to enable the Trustee to borrow the principal or income of the Trust, directly or indirectly, without adequate interest or security. No person, other than the Trustee, shall have or exercise the power to vote or direct the voting of any stock or other securities of the Trust, to control the investment of the Trust either by directing investments or reinvestment or by vetoing proposed investments or reinvestment or to reacquire or exchange any property of the Trust by substituting other property of an equivalent value.

N. The Trustee shall have the power to purchase property of any kind from the estate of the Settlor at the prices and upon the terms as the Trustee in his sole discretion determine, and the power to lend money to such estate upon the terms and security as may seem to the Trustee advisable in the Trustee’s discretion, without liability for any loss resulting from any such purchase or loan.

O. The Trustee shall not be required to render the Settlor during his lifetime or after the Settlor’s death to the Settlor’s living descendants, statements of account of receipts and disbursements. The Trustee shall not be required to make any reports to any court at any time for any purpose. The powers herein granted to the Trustee shall be deemed to be supplementary to and not exclusive of the general powers of Trustee pursuant to law~~,~~ and shall include all powers necessary to carry the same into effect.

**X. Trustee Compensation**

Any Trustee hereunder shall be entitled to receive reasonable compensation for the Trustee’s services under this Trust Agreement and be reimbursed for reasonable expenses incurred in the administration of this Trust. All compensation shall be charged to principal. Such compensation may be paid without prior or subsequent approval of any Court.

**XI. Trustee's Bond**

No bond or other security shall be required of the Trustee or any Successor Trustee.

**XII. Premature Termination**

If the current value of the principal of any trust at any time becomes less than One Hundred thousand, ($ 100,000.00) Dollars (after allowances for expenses and commissions), the Trustees may, in the Trustee’s sole discretion, terminate such trust and pay over the remainder thereof to the person or persons then entitled to the income therefrom, in the proportions to which the Trustees are then entitled to such income; provided, however, that any payment which would be made to a beneficiary who has not attained the age of majority, shall be distributed to a Custodian under the Maryland Uniform Transfers to Minors Act, such Custodian to hold such payment for the benefit of such minor under the terms of said Act. The Trustees shall have the power to select any qualified person as Custodian.

**XIII. Acceptance by Trustee**

The Trustee hereby accepts the Trust created by this Agreement and agrees to carry out the provisions hereof on its part according to the best of his ability, but no Trustee shall be responsible for any mistake in judgment or for any decrease in value of or loss to the Trust estate or for any cause whatever, except its own bad faith or gross negligence.

**XIV. Validity of Trust**

All questions pertaining to the validity of any Trust hereunder and its construction and administration shall be determined in accordance with the laws of Maryland, unless otherwise herein expressly provided.

**XV. Definitions**

A. Wherever in this Trust reference is made to the masculine gender, it shall be construed to include the feminine gender and vice versa and the neuter unless the context clearly indicates otherwise.

B. Wherever in this Trust reference is made to the Trustee either in the singular or plural as "it or "its", "they" or "them", it shall be construed to include any person or persons who shall be acting in said capacity from time to time.

C. Whenever in this Trust references is made to disability or illness, it shall be construed to mean that the beneficiary's disability or illness shall be presumed upon notarized statement from beneficiary's treating physician to that effect.

D. Any reference to a distribution "*per stirpes*" shall mean that the property shall be divided into as many equal shares as there are children of the Settlor who survive the Settlor and children of the Settlor who did not survive the Settlor, but of whom issue did survive the Settlor. Each child of the Settlor who did survive the Settlor shall receive one share and the issue of each child of the Settlor who did not survive the Settlor but of whom issue did survive the Settlor shall receive one share apportioned by applying to the children and other issue of each nonsurviving child of the Settlor the pattern of representation provided for the children and other issue of the Settlor and repeating the pattern with respect to succeeding generations until all shares are determined.

E. The captions in this Trust are intended solely for convenience of reference and shall not be construed to restrict or modify the meaning of the text hereof.

**XVI. Transfers to Minors**

Any payment which would be made to a beneficiary, pursuant to the terms of this Trust Agreement, who has not attained the age of majority may, in discretion of my Trustee, be distributed to a Custodian under the Maryland Uniform Gifts to Minors Act, selected by the Trustee, such Custodian to hold such payments for the benefit of such minor under the terms of said Act. The Trustee shall have the power to select a qualified person as Custodian.

IN WITNESS WHEREOF, the Settlor and the Trustee have executed this instrument as of the day first above written.

Witness: Settlor:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (SEAL)

(*insert name of Settlor*)

Witness: Trustee:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (SEAL)

(*insert name of Trustee*)

STATE OF MARYLAND, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, to wit:

I HEREBY CERTIFY, that on this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_, 20\_\_\_, before me, the subscriber, a Notary Public in and for the state aforesaid, personally appeared *(insert Settlor/Trustee name)*, known to me to be the person whose name is subscribed to the foregoing instrument as Settlor and Trustee, and made oath in due form of law that Settlor and Trustee executed the same voluntarily for the purposes therein contained.

IN WITNESS my hand and Notarial Seal.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary Public

My Commission Expires: \_\_\_\_\_\_\_\_\_\_\_\_

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Description of Asset and Fair Market Value

valuation basis on date of transfer

Textbox End

**(*insert name of Trust* )**

**Revocable Trust Agreement**

**Schedule A**

**Asset Value**

1. (*insert initial description of asset*) $(*insert* *initial value*)