

**DECLARATION OF TRUST
ARC OF INDIANA MASTER TRUST II**

THIS DECLARATION made this 9th day of January, 1995 and amended and restated on the 26th day of August, 2000, the 23rd day of April, 2002, 6th day of March, 2004, February 1, 2006, May 3, 2007, and October 1, 2007 by and between The Arc of Indiana, Inc., as Settlor, and The Arc of Indiana, Inc., as Trustee.

WHEREAS, the Settlor has deposited with the Trustee the property listed on Appendix 1 attached hereto and wishes to establish a trust ("The Arc of Indiana Master Trust II," or "Trust II") solely to further the Settlor's program to provide benefits for handicapped and disabled persons as set forth herein; whereas the Settlor wishes to be able to serve a population of handicapped and disabled persons who are not presently and/or may likely never be able to participate in The Arc of Indiana Master Trust, dated October 24, 1988, ("Trust I") due to that trust's minimum funding requirements; and whereas the Settlor desires to coordinate these two trust programs so that at certain times and under certain circumstances the sub-accounts of some original enrollees of Trust I will be transferred to Trust II, and that, at certain times and under certain circumstances, some original enrollees of Trust II will be transferred to Trust I.

NOW, THEREFORE, IT IS AGREED that the Trustee shall administer and dispose of the trust property as more specifically set forth hereinafter.

ARTICLE ONE

Declaration of Trust. The Settlor hereby establishes a master trust for the convenience of individual Beneficiaries who qualify and wish to join it. The name of Trust II shall be The Arc of Indiana Master Trust II. If a Joinder Agreement is executed incorporating this Declaration of Trust by reference, and the Joinder Agreement has been approved by The Arc, the Trustee agrees to hold, administer, and distribute the income and principal of the trust in accordance with the terms and provisions hereinafter set forth.

ARTICLE TWO

Definitions. For all purposes under this instrument:

- (a) "Trustee" shall mean The Arc of Indiana, Inc. and its successor or successors in such capacity;
- (b) "The Arc" shall mean The Arc of Indiana, Inc., an Indiana not-for-profit corporation;
- (c) "Beneficiary" or "Beneficiaries" shall mean those persons with mental retardation or other disability as determined by the Trustee in accordance with a Joinder Agreement;
- (d) "Joinder Agreement" shall mean the instrument referred to throughout this instrument;
- (e) "Distribute" shall mean to pay over, convey, deliver, transfer, and assign absolutely and in fee

simple forever, free of all trusts created hereunder.

ARTICLE THREE

Purpose and Objective of the Trust. It is the purpose and objective of the Trust to promote the Beneficiaries' comfort and happiness, by using the trust property to provide and serve the interests of the Beneficiaries over and above their basic maintenance, support, medical, dental and therapeutic care, or any other appropriate care or service that may be paid for or provided by other sources. It is not the Trust's purpose to provide any such basic services to any Beneficiary.

The Trustee shall use the trust property to promote the happiness, welfare, and development of the Beneficiaries by supplementing any actual or potential services or financial assistance in basic maintenance, support, medical, dental and therapeutic care, or any other appropriate care or service the Beneficiaries receive, or may receive, from any local, state, or federal government or agency or department thereof, and without using any portion of the trust or its income or principal, to reimburse any local, state, or federal government or agency or department thereof for such maintenance ("Government Assistance"). The Trustee is prohibited from using or applying the trust property in any way that would reduce the Government Assistance otherwise available to the Beneficiaries, except that the Trustee may, in the Trustee's sole and unqualified discretion, make disbursements or distributions that result in a reduction of the Beneficiaries' Government Assistance if such reduction is less than the amount of disbursement or distribution.

Within the expressed purposes and objectives of this trust, the Trustee shall have sole and unqualified discretion in making disbursements for the benefit of the Beneficiaries or in declining to make such disbursements. Funds available for disbursement in one year may be accumulated for disbursement in subsequent years.

ARTICLE FOUR

Effective Date and Contributions.

(a) The Trust is established as of the day and year first above written. It shall be effective as to any Beneficiary upon execution of a Joinder Agreement, after proper certification by the Trustee. A sample of the Joinder Agreement is attached hereto as Appendix 2. Upon delivery to and acceptance by the Trustee of cash, its equivalent, or then marketable securities, the trust, as to the Beneficiary, shall be irrevocable and said property shall be nonrefundable.

(b) Contributions to be administered in accordance with the Joinder Agreement and the trust may be made by any person or entity at any time, subject to proper certification by the Trustee.

ARTICLE FIVE

Expenditures.

(a) The Trustee may, at its discretion, disburse trust income or principal to purchase property or services for each Beneficiary, consistent with the purpose and objective of Trust II.

Disbursements shall be made according to the interests and location of each Beneficiary, taking into account the services and financial resources available to him or her from any sources.

(b) If a Beneficiary's trust sub-account (net after income taxes) reaches the maximum dollar amount specified in Section E of his or her executed Joinder Agreement, the sub-account may be transferred from Trust II to Trust I.

ARTICLE SIX

Trustee's Fees.

As Trustee, The Arc shall be entitled to an annual fee from each trust sub-account. This fee shall be determined according to a schedule developed by the Trustee and provided to the Beneficiaries, their legal representatives, or designees.

ARTICLE SEVEN

Administrative Provisions.

(a) For accounting purposes, the trust shall be operated on a calendar year basis. The Trustee, or its authorized agent, shall maintain records for each trust sub-account in the name of, and showing the property contributed for, each Beneficiary. Periodic accounts not less often than annually shall be sent to each Beneficiary and/or the appropriate representatives or designees of each Beneficiary, showing additions to and disbursements from the funds held on account in trust for that Beneficiary during the preceding calendar year.

(b) The Trustee shall have full power and authority in its absolute discretion, without recourse to any court or any notice whatsoever, to do all acts and things necessary to accomplish the purposes of this trust, and to perform the Trustee's duties as such and to receive, hold, manage, and control all the income arising from such trust and the corpus thereof and do such other acts or things concerning the trust as may be advisable, including, but not limited to, all powers conferred upon fiduciaries by the Indiana Trust Code of 1971, as that code was amended on the date of execution of this Declaration of Trust, and the powers conferred upon the Trustee by said code are hereby incorporated into this trust by reference. It is anticipated that the sole investments to be made in this trust will be U.S. Savings Bond Series EE and a checking account or its equivalent. This lack of diversification and lack of equity holdings are hereby specifically approved and the Trustee shall be indemnified and held harmless for so investing the trust property, notwithstanding the provisions of IC 30-4-3-3(c) or other applicable investment rules.

(c) No money or property (either principal or income) of the trust shall be pledged, assigned, transferred, sold in any manner anticipated, charged, or encumbered by any Beneficiary, remainderman or other beneficiary hereunder, except by operation of law, or be in any manner liable while in the possession of the Trustee for his, her, or their debts, contracts, obligations, or engagements, voluntary or involuntary, or for any claims, legal or equitable, against such

remainderman, beneficiary, or beneficiaries. No trust property shall be available to any Beneficiary, remainderman, or any other beneficiary until actually delivered to or for the benefit of him or her.

ARTICLE EIGHT

Indemnification. The Trustee and each of its agents and employees, as well as its agents' and employees' heirs and legal and personal representatives, shall be and are hereby indemnified by the trust and the trust property against all claims, liabilities, fines, or penalties and against all costs and expenses (including attorneys' fees and disbursements and the cost of reasonable settlements) imposed upon, asserted against, or reasonably incurred thereby in connection with or arising out of any claim, action, suit, or proceeding in which he, she, or it may be involved by reason of being or having been a Trustee, whether or not he, she, or it shall have continued to serve as such at the time of incurring such claims, liabilities, fines, penalties, costs, or expenses or at the time of being subjected to the same. However, said persons and entities (or their heirs or legal representatives) shall not be so indemnified with respect to matters as to which he, she, or it shall be finally determined to have been guilty of wilful misconduct in the performance of any duty as such, by a court of competent jurisdiction. This right of indemnification shall not be exclusive of, or prejudicial to, other rights to which any such person or entity may be entitled as a matter of law or otherwise.

ARTICLE NINE

Amendment and Termination of Trust.

SECTION I

The governing board of The Arc shall have the right and power to amend the provisions of this trust and the Joinder Agreement provided, however, that such power of amendment shall not extend to any amendment thereof which shall: (a) alter the purpose or objective of the trust, or (b) make gifts revocable that are otherwise irrevocable under this trust or the Joinder Agreement.

SECTION II

Article Nine, Section II of the original (1995) and all previous revisions of this "Declaration of Trust Arc of Indiana Master Trust II" (8/26/00; 4/23/02; 3/6/04; 2/1/06) is hereby repealed, nullified, and declared void *ab initio*.

As to any Joinder Agreements executed prior to this current revision of the "Declaration of Trust Arc of Indiana Master Trust II," the language appearing in Article Nine, Section II of the then existing Declaration of Trust shall be void *ab initio*, as if it were never drafted or incorporated in the original "Declaration of Trust Arc of Indiana Master Trust II" or any revision thereafter.

SECTION III

Upon the death of the Beneficiary in whose name such contribution or contributions were made and held in trust, the trust property standing in his or her name shall be distributed upon proof of death and in accordance with the Joinder Agreement as modified on August 21, 2007. As to any Joinder Agreements executed prior to the August 21, 2007 revision of the "Joinder Agreement for The Arc of Indiana Master Trust II," all such trust property standing in such beneficiary's name upon the death of the Beneficiary shall be distributed to the appropriate Medicaid agency of each state that has provided benefits to the Beneficiary during the Beneficiary's lifetime, pro-rata, with each state receiving a percentage of the Remainder that is commensurate with the proportionate share that it has expended on the Beneficiary during the Beneficiary's lifetime respective to all other state Medicaid agencies that also have expended money on behalf of the beneficiary during the Beneficiary's lifetime.

SECTION IV

Trust II shall terminate on July 1, 2078. At its termination, the Trustee shall distribute all trust property to The Arc. The Arc shall create a new Declaration of Trust ("New Trust II") immediately following the termination of this trust, contributing to the New Trust II all property distributed to The Arc from the terminating trust. The New Trust II shall have a new termination date *not more than ninety (90) years from the previous termination date* and, with that one exception (the new termination date), shall have identical terms as the Trust II, *as amended*, terminating on July 1, 2078, with the same beneficiaries having benefits from the same sub-trust accounts as the terminating trust.

ARTICLE TEN

Successor Trustee.

The Trustee of Trust II may resign at any time. Its successor to Trust II must be a bank or trust company doing business in the state of Indiana, or a not-for-profit organization similar to The Arc that can act as Trustee. The successor shall be selected and appointed by The Arc. If The Arc does not appoint a successor within thirty (30) days of The Arc's resignation, its successor shall be selected and appointed by the then acting Judge of the Marion Superior Court, Probate Division, Indianapolis, Indiana. Any Successor Trustee shall act as such without any liability for the acts or omission of any predecessor Trustee.

The foregoing refers solely to the Trustee of Trust II. It does not apply to any other master trust to which responsibility might transfer if a beneficiary moves out-of-state. If a beneficiary moves out-of-state, the fiduciary of the out-of-state master trust is not subject to the provisions of this Article. The fiduciary may be any institution deemed appropriate by the administrator of that master trust. It need not be a bank or trust company doing business in the state of Indiana.

IN WITNESS WHEREOF, the undersigned hereby subscribe to this Declaration of Trust, consisting of six (6) pages, including this page, on the date first above written.

THE ARC OF INDIANA, INC., AS SETTLOR

BY: _____

THE ARC OF INDIANA, INC., AS TRUSTEE

BY: _____

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Revised 8/26/00
Revised 4/23/02
Revised 3/6/04
Revised 2/1/06
Revised 5/3/07
Revised 10/01/07