

VACEK & FREED, PLLC

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December 8, 2011

Ms. Anita Kay Brunsting, Co-Trustee
203 Bloomingdale Circle
Victoria, Texas 77904

Ms. Amy Ruth Brunsting, Co-Trustee
2582 Ledge
New Braunfels, TX 78132

Re: The Estate of Nelva E. Brunsting and the Brunsting Family Living Trust dtd
October 10, 1996

Dear Brunsting Co-Trustees:

I enjoyed meeting with you both when you were in my office last. We are glad that we may be of assistance to you during this special time of need, and we look forward to working with you closely to complete the trust distribution according to the terms of the Brunsting Family Living Trust.

For your benefit, we have outlined in this letter the terms of our engagement, the services we will be providing to you, and our firm's billing practice.

Terms of Engagement

If the trusts have been properly funded, there should be *no need to establish a formal probate* for your mother's assets. We will determine whether or not a formal probate is necessary after reviewing the title to all estate assets.

As you know, our firm specializes in assisting families in these areas. Although each case is different, in your situation we anticipate assisting you and your other advisors in connection with the following major areas:

1. Valuation of all assets and recommendations regarding distribution to the beneficiaries by means of the Personal Asset Trusts;

2. Working with your CPA and investment advisors, if requested by you, to make sure the Trust assets are maintained and accounted for in a manner consistent with your parents' Living Trust; and
3. Coordinating the distribution of trust assets to the beneficiaries through the Personal Asset Trusts created under the terms of the Trust.

For your benefit each of these tasks is discussed in greater detail below.

1. **Asset Valuation Issues.** The IRS requires the securities to be valued at the "mean" of the high and low trading values on November 11, 2011. The cash balance of all bank accounts needs to be valued as of the date of death. The insurance should be valued based on the death benefits received, as documented by an IRS Form 712 issued by each insurance company; the annuity companies should also furnish a value for each annuity. *We will be working with you on obtaining these IRS valuations for the various assets.* Please keep in mind that the more information you gather and provide to our office, the less time for which we will have to bill you.

New Cost Basis. The asset values also establish a new income tax basis, which will be used for purposes of computing capital gains tax in the event of a future sale. This can be extremely important to you, since it could minimize any capital gains tax that you would otherwise pay as a result of a sale of the assets in the estate.

Please note new basis will apply only to Survivor's Trust assets. All Decedent's Trust assets will keep basis it went in or thereafter acquired. One major exception to this change in basis is for annuities and retirement (IRA) accounts, which have a "carry-over" tax basis at death.

2. **Coordinating With Your CPA and Brokers.** We will work with your designated investment advisors, at your request, in restyling the individual securities and investments into the new Personal Asset Trust accounts, ensuring that the proper tax identification numbers are assigned to each account and asset.

In addition to working with your brokers, we will be in close contact with your CPA, if necessary, to ensure the individual and Trust income tax returns will be prepared consistent with the trusts created under the estate planning documents.

3. **Distribution of Assets to Beneficiaries.** The final step in the administration of your mother's estate is the distribution of assets to the beneficiaries. Such distribution under the terms of the Trust with respect to the creation of Personal Asset Trusts for each beneficiary. There are pitfalls to be avoided with regard to capital gains tax and income tax on income to the estate, as well as income with respect to your mother. We will guide you through some of these potential fiduciary problems as you fulfill your duty to the Trust, as well as to the beneficiaries.

It is recommended, a Family Settlement Agreement be prepared so that all beneficiaries acknowledge by signature their agreement to a non-prorata land distribution. Any Family Settlement Agreement is specific to the estate or trust and requires extensive drafting. Therefore, it is billed according to the hourly fees discussed below.

Legal Fees

It is our firm's practice to document our representation of clients and to confirm our fee arrangement with them. In this regard, please be advised of the following:

1. **Criteria.** Our firm's fees are based on the criteria considered as a guide in determining the reasonableness of the fee as specified in the Attorney Code of Professional Responsibility, as adopted by the Texas Supreme Court. These criteria include the time and labor required for tasks performed; the difficulty, novelty or complexity of the problem presented; the skill required to perform the tasks in a professional manner; the time constraints imposed by the client or the nature of the matter; the fee customarily charged in the community for similar services; the amount involved and the results obtained for the client; and the experience, reputation and ability of the lawyer or lawyers performing the services.
2. **Fee.** Administration and dsitribution for the Trust, including phone calls, written communications, and meetings, will be performed at the hourly rates as listed below:

Susan S. Vacek	\$300.00
Candace L. Kunz-Freed	\$250.00
Bernard L. Mathews, III	\$200.00
Legal Assistant	\$90.00

As previously stated, the more information provided by you, the less time we will have to acquire on your behalf and bill you.

Copies made and faxes received will be billed at \$0.20 per a page.

If a formal probate procedure is required for the Pour-Over Will, an additional legal probate fee plus filing fees and expenses will be added to our standard fee. The probate matter will be further discussed in a separate engagement contract, if it becomes necessary.

If at any time and for any reason during this engagement, you as the client and Trustee, or we as VACEK & FREED, PLLC, choose to terminate legal services, under the absolute discretion of the attorney handling the administration of this Trust, you will be billed at the hourly rate of the attorney and/or staff, as the case may be, for work produced to the date of termination of services. "Work produced" will include but not be limited to, all documents produced by the legal assistant(s) and/or reviewed by the attorney(s); compilation and/or review of asset information for asset valuation purposes, including copies at \$0.25 per a copy; and communications via telephone, e-mail and/or written correspondence to you. A final statement that includes the hourly fees for the above will be provided to you along with any original documents we have in our files.

3. **Billing Procedure.** We request a retainer in the amount of \$4,500.00 to be held in our retainer account as a guarantee of payment. You will receive monthly or periodic statements during the administration period, and billing and expenses will be applied against such retainer. If at anytime the retainer is as low as \$750.00, or less, we may require the said retainer to be replenished. When we complete our representation, we will apply the balance of your retainer against our final statement and refund any excess funds.

Note that in order for us to proceed working on this matter, you must submit the retainer to our office. Until such time that we have received the retainer, we are holding this matter and have ceased work on it.

In the event additional services are required that are not covered by this engagement letter, we will take no further action until you have been notified and additional fees to cover such additional services are mutually agreed upon.

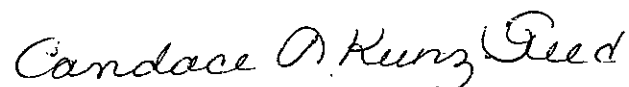
As the acting Co-Trustees, you both have a fiduciary duty to the beneficiaries of the Trust, including the remainder beneficiaries of the Trust, to maintain trust assets as a prudent investor by considering the purposes, terms, distribution requirements, and other circumstances of the Trust. As Co-Trustees, you both should exercise reasonable care, skill,

and caution in fulfilling these responsibilities and always act in the best interest of the beneficiaries.

The terms of this engagement as outlined above are guaranteed for **thirty (30) days from the date of this letter** (herein referred to as the "engagement guarantee period"). To ensure the terms and rates discussed herein, the signed "law firm copy" of this engagement letter contract must be received in our office before the end of the engagement guarantee period. You are hereby given notice that after the end of the engagement guarantee period, the terms and rates of engagement are subject to change according to the discretion of VACEK & FREED, PLLC. Should you wish to engage our firm after the expiration of the engagement guarantee period, you must contact our firm to speak with me directly. A new engagement letter contract or addendum may be required. Such determination will be made at that time.

We will begin working on your engagement only upon receipt of complete asset information, the above-requested retainer, and the executed copy of this engagement contract. We hope to have the engagement substantially completed within *six to nine months* thereafter.

Very truly yours,

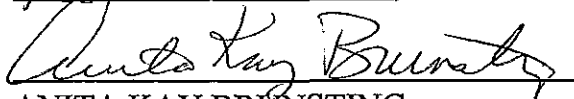


Candace L. Kunz-Freed

This engagement letter may be signed in counterparts, each of which is deemed an original and true copy.

AGREED AND ACCEPTED on

Dec. 11, 2011



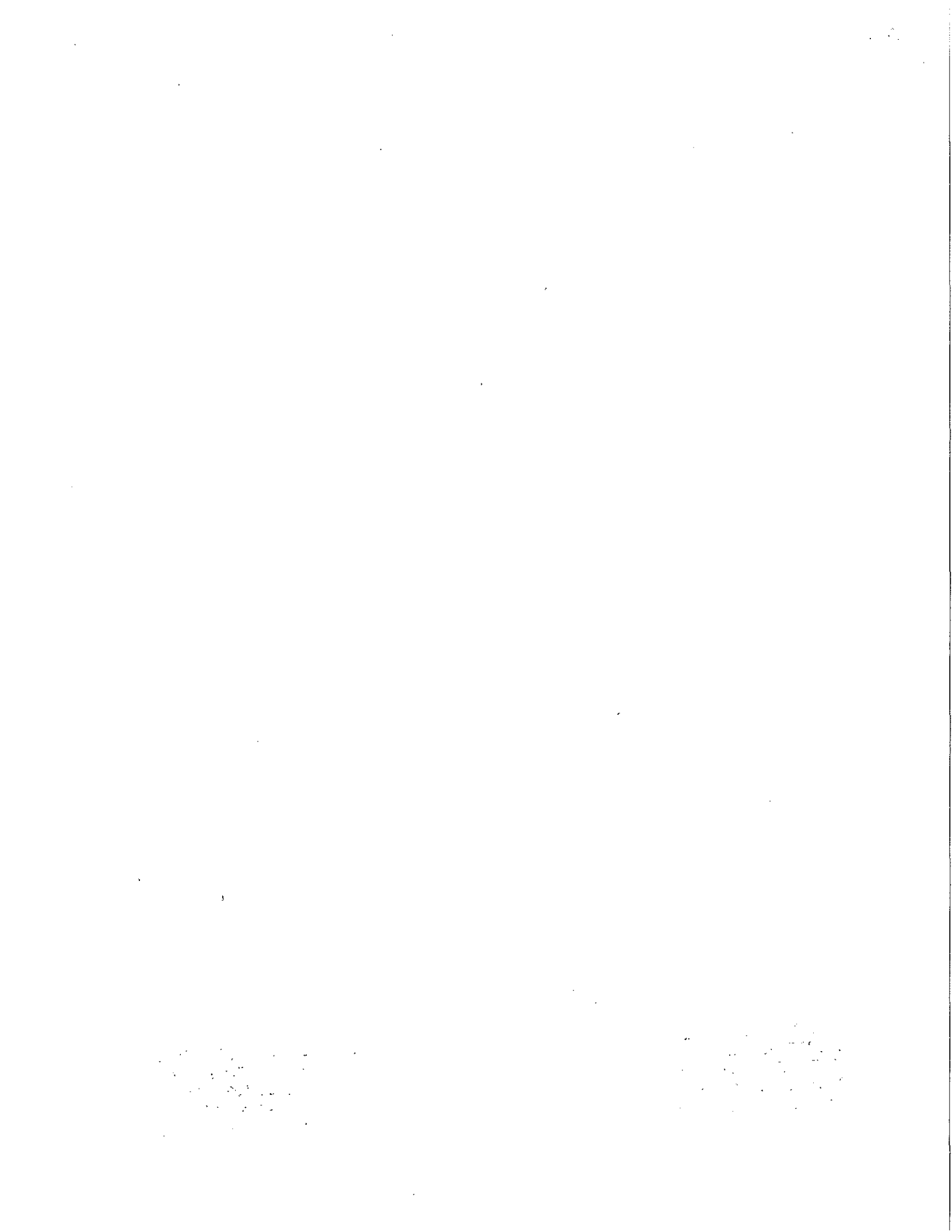
ANITA KAY BRUNSTING

AGREED AND ACCEPTED on

_____, 2011

AMY RUTH BRUNSTING

CLF/sp



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Very truly yours,



Candace L. Kunz-Freed

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AGREED AND ACCEPTED on _____, 2011

ANITA KAY BRUNSTING

AGREED AND ACCEPTED on December 13, 2011



AMY RUTH BRUNSTING

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