

ORIGINAL

IN THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

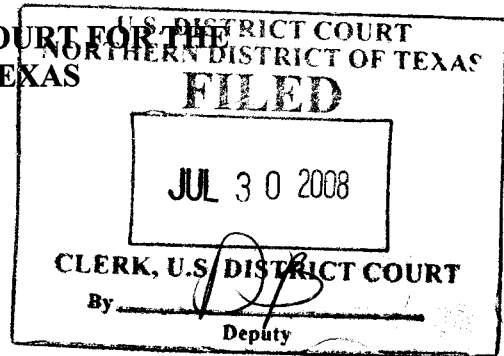
UNITED STATES OF AMERICA,  
Plaintiff,

vs.

ELEANOR MOWERY SHEETS, JOHN  
NICHOLAS SHEETS, THE MOWERY  
SHEETS ESTATE FAMILY TRUST,  
DALLAS EMS, LLC, TOWN NORTH  
BANK, NA, and FEDERAL DEPOSIT  
INSURANCE CORPORATION, AS  
CONSERVATOR FOR INDYMAC  
FEDERAL BANK, F.S.B.,

Defendants.

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CIVIL NO.

**3-08-CV-1303-B**

UNITED STATES' ORIGINAL COMPLAINT

For its original complaint, authorized and requested by a duly authorized delegate of the Secretary of the Treasury of the United States of America and directed on behalf of the United States Attorney General pursuant to 26 U.S.C. §§ 7401 and 7403, the United States alleges as follows:

JURISDICTION AND VENUE

1. This is a civil action brought by the United States to: (1) reduce to judgment and collect the federal income (1040) tax liabilities of Defendants Eleanor Mowery Sheets and John Nicholas Sheets ("the Sheetsses"); (2) reduce to judgment and collect the federal trust income (1041) tax liabilities of the Mowery Sheets Estate Family Trust, a sham trust established by the Sheetsses to avoid paying their federal tax debts; (3) to reduce to judgment and collect the federal employment (941) and unemployment (940) tax of Defendant Dallas EMS, LLC, a

defunct company and an alter ego of the Sheetses; (4) foreclose federal tax liens on the Sheetses' \$1.7 million residence located in Dallas County, Texas, more particularly described below, currently titled to the Mowery Sheets Estate Family Trust; (5) set aside the fraudulent conveyance of the Sheets residence to the Mowery Sheets Estate Family Trust, who holds title to the real property as a nominee of the Sheetses; and (6) obtain a judicial sale of the Sheets residence to apply to the federal tax debts of the Sheetses. Town North Bank, NA and the Federal Deposit Insurance Corporation, as conservator of IndyMac Federal Bank, F.S.B., are joined as parties to this lawsuit pursuant to 26 U.S.C. § 7403(b), because they have or may claim an interest in Sheets residence in the form of deeds of trust pertaining to the financing of the Sheets residence.

2. This Court has jurisdiction pursuant to 26 U.S.C. § 7402 and 28 U.S.C. §§ 1340 and 1345.
3. Venue is proper in the Northern District of Texas pursuant to 28 U.S.C. § 1391(b)(2).

### **PARTIES**

4. Plaintiff is the United States of America.
5. Defendant Eleanor Mowery Sheets ("Eleanor"), the taxpayer, is a licensed realtor, and she is liable for federal taxes that are the subject of this lawsuit. She is an individual resident of Texas and of this district. She may be served with process at her residence in Dallas, Texas.
6. Defendant John Nicholas ("Nicky") Sheets, the other taxpayer, is a licensed realtor and the husband of Eleanor Sheets. He is an individual resident of Texas and of this district, and he may be served with process at his residence in Dallas, Texas. Nicky Sheets owes some of the federal tax debts made the subject of this lawsuit.

7. Defendant Mowery Sheets Estate Family Trust (“the Trust”) is a sham trust owned by Nicky and Eleanor Sheets that holds title to the real property made the subject of this lawsuit. The Trust may be served through Martin Wesley Sheets, its trustee, at his residence in Fort Myers, Florida.
8. Defendant Dallas EMS, LLC is a Texas limited liability company with a forfeited existence. Its director and president is Eleanor Mowery Sheets, who, along with her husband, Nicky Sheets, incurred but did not pay employment and unemployment tax accrued through the operation of their real estate business. Dallas EMS is purportedly owned by the Trust; it is the alter ego of Nicky and Eleanor Sheets, and it may be served through its registered agent for service, Nicky Sheets, at 7001 Preston Road, Suite 125, Dallas, Texas 75205.
9. Defendant Town North Bank, NA (formerly known as Town North National Bank) is a federal bank doing business in Texas. Town North is the purported holder of a deed of trust lien that encumbers the real property made the subject of this suit. It may be served through its vice president at 4455 LBJ Freeway, Dallas, Texas 75244.
10. Defendant Federal Deposit Insurance Corporation (“FDIC”) is a federal agency. It is the conservator of IndyMac Federal Bank, F.S.B. (“IndyMac”), that was a federal savings bank doing business in Texas, but was shut down on July 11, 2008 by the FDIC. IndyMac was the purported holder of a deed of trust lien that encumbers the real property made the subject of this suit, that was presumably acquired by the FDIC. The FDIC as conservator for IndyMac may be served through its registered agent and regional counsel, Donald McKinley, Federal Deposit Insurance Corporation, 1601 Bryan Street, PAC-04024, Dallas, Texas 75201.

**FACTUAL BACKGROUND****A. THE TAX LIABILITIES**

11. A delegate of the Secretary of the Treasury assessed against, and gave notice and demand to Nicky Sheets, for his unpaid income (1040) taxes, penalties, statutory additions, and interest for the years 1997, 1998, 1999, 2000, 2005, and 2006. The assessment dates, unpaid assessed balances, and accrued penalties and interest to June 30, 2008, are as follows:

<u>Year</u>	<u>Assessed Date</u>	<u>Unpaid Assessed Balance</u>	<u>Penalties &amp; Interest</u>	<u>Total</u>
1997	04/05/2005	\$225,459.84	\$60,617.46	\$286,077.30
1998	04/05/2005	10,520.81	7,060.22	17,581.03
1999	04/05/2005	21,081.05	5,224.96	26,306.01
2000	09/06/2004	0.00	1,371.68	1,371.68
2005	12/04/2006	102,417.95	29,057.95	131,475.90
2006	11/19/2007	67,862.48	6,759.23	<u>74,621.71</u>

**TOTAL OWED BY NICKY SHEETS AS OF JUNE 30, 2008 ..... \$537,433.63**

12. A delegate of the Secretary of the Treasury assessed against, and gave notice and demand to Eleanor Mowery Sheets, for her unpaid income (1040) taxes, penalties, statutory additions, and interest for the years 1997, 1998, 1999, and 2003. The assessment dates, unpaid assessed balances, and accrued penalties and interest to June 30, 2008 are as follows:

<u>Year</u>	<u>Assessed Date</u>	<u>Unpaid Assessed Balance</u>	<u>Penalties &amp; Interest</u>	<u>Total</u>
1997	04/05/2005	\$312,279.42	\$122,058.26	\$434,337.68
1998	04/05/2005	333,150.74	203,479.72	536,630.46
1999	04/05/2005	38,506.28	14,228.76	52,735.04
2003	11/22/2004	59,587.05	28,614.46	<u>88,201.51</u>

**TOTAL OWED BY ELEANOR SHEETS AS OF JUNE 30, 2008 ..... \$1,111,904.69**

13. A delegate of the Secretary of the Treasury assessed against, and gave notice and demand to the Mowery Sheets Estate Family Trust, for its unpaid trust income (1041) taxes, penalties,

statutory additions, and interest for the years 2004, 2005, and 2006. The assessment dates, unpaid assessed balances, and accrued penalties and interest to June 30, 2008 are as follows:

<u>Year</u>	<u>Assessed Date</u>	<u>Unpaid Assessed Balance</u>	<u>Penalties &amp; Interest</u>	<u>Total</u>
2004	12/05/2005	\$119,792.68	\$25,292.11	\$145,084.79
2005	12/18/2006	61,875.53	12,827.65	74,703.18
2006	01/07/2008	15,465.91	1,157.69	<u>16,623.60</u>

**TOTAL OWED BY THE TRUST AS OF JUNE 30, 2008 ..... \$236,411.57**

14. A delegate of the Secretary of the Treasury assessed against, and gave notice and demand to Dallas EMS, LLC, for unpaid employment (941) and unemployment (940) taxes for the tax periods in 2004, 2005, 2006, and 2007. The employment (941) tax assessment dates, unpaid assessed balances, and accrued penalties and interest to June 30, 2008 are as follows:

<u>Period</u>	<u>Assessed Date</u>	<u>Unpaid Assessed Balance</u>	<u>Penalties &amp; Interest</u>	<u>Total</u>
2004-12	03/21/2005	\$16,383.53	\$9,429.74	\$25,813.27
2005-12	01/22/2007	31,700.33	7,309.33	39,009.66
2006-03	01/22/2007	32,509.32	9,284.51	41,793.83
2006-06	09/18/2006	28,364.65	8,531.04	36,895.69
2006-09	07/09/2007	30,883.15	2,824.67	33,707.82
2006-12	07/16/2007	12,238.47	1,135.96	13,374.43
2007-03	09/17/2007	23,055.84	2,380.86	25,436.70
2007-06	10/08/2007	3,754.84	35.88	3,790.72
2007-09	11/26/2007	2,445.92	0.00	2,445.92
2007-12	03/24/2008	8,053.23	67.97	8,121.20

In addition, Dallas EMS was assessed for unpaid unemployment (940) tax for the 2007 tax year in the amount of \$486.51. As of June 30, 2008, the total employment (941) and unemployment (940) tax owed by Dallas EMS was **\$230,875.75**.

B. TAX COURT

15. The Sheetsses disputed their proposed income (1040) tax deficiencies in the United States Tax Court, and stipulated (agreed) decisions were entered against them, sustaining the deficiencies in favor of the Commissioner of Internal Revenue. Therefore, these tax liabilities are res judicata, and cannot be re-litigated herein.

C. PURCHASE OF THE SHEETS RESIDENCE:

16. In July 1998, the Sheetsses used the proceeds from the sale of their residence at 3437 Normandy in University Park, Texas and other community property funds from a joint checking account to purchase "the Sheets Residence", described as follows:

LOT ONE (1), BLOCK B/5515 OF THE LAKES OF PRESTON HOLLOW ADDITION, AN ADDITION TO THE CITY OF DALLAS, DALLAS COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 95022, PAGE 546, MAP RECORDS, DALLAS COUNTY, TEXAS.

The Sheets Residence is a 4,860 square foot home, and the Sheetsses purchased it for \$1,130,000. Title to the property was initially taken in the name of Eleanor Mowery Sheets; however, Nicky Sheets has an ownership interest in the property, which is community property of the Sheetsses. Nicky signed a \$120,000 check for the down payment on the Sheets Residence out of a joint checking account of the Sheetsses. Since July 1998, the Sheetsses have used community property funds to pay the mortgages, expenses, repairs, and ad valorem taxes on their residence. In or about December 2001, while Nicky's 2001 bankruptcy case (No. 01-31878, Northern District of Texas) was pending, Nicky and Eleanor Sheets gave an interview to *D Magazine*, in which they show-cased the Sheets Residence, that in the *D Magazine* article they indicated was owned by both of them.

17. In or about June of 1999, Nicky Sheets purchased a commercial office building at 614 South Harwood Street in Dallas, Texas, that he failed to disclose in his 2001 bankruptcy. In connection with this purchase, the loan application given by the Sheetsses to Bridgmore Financial, Inc. and Amresco Residential Mortgage Corporation showed that, in 1999, Nicky Sheets owned assets (including the Sheets Residence) with a value of \$1.49 million. On or about May 26, 2004, Eleanor Sheets refinanced the Sheets Residence, and gave IndyMac a loan application claiming the Sheets Residence was her property, with a value of \$1.7 million.

D. ESTABLISHMENT OF THE TRUST:

18. On August 13, 2003, the United States filed its first lawsuit against the Sheetsses in the United States District Court for the Northern District of Texas, Dallas Division, styled *United States of America, Plaintiff, vs. John Nicholas Sheets, Eleanor Mowery Sheets, Aurora Loan Services, Inc., and Town North Bank, NA, Defendants* (“the First Lawsuit”), No. 3:03-CV-1844-G. The First Lawsuit was brought to reduce to judgment federal income (1040) tax assessments against Nicky Sheets that he failed to pay through his 2001 bankruptcy settlement, to foreclose federal tax liens on his interest in the Sheets Residence, and to obtain a sale of the property.
19. While the First Lawsuit was pending, on or about October 1, 2003, Nicky and Eleanor established The Mowery Sheets Estate Family Trust, a sham trust controlled by Nicky and Eleanor, for the purpose of concealing title to their residence and to avoid a Government foreclosure sale of it in the future to satisfy their federal taxes that they were in the process of accruing. Nicky and Eleanor and their children are the named beneficiaries of the Trust,

and Nicky's brother, Martin Sheets, who resides in Florida, is the named trustee and also the named "settlor", although Martin transferred none of his own assets into the Trust. The Trust is a "self-settled" grantor trust, controlled by the Sheetses. An unsigned copy of the Trust Agreement is attached as **Government Exhibit 1**.

20. On November 26, 2003, former Chief United States District Judge A. Joe Fish entered an Agreed Final Judgment in the First Lawsuit, which was signed by attorneys for the United States, the Sheetses, Town North Bank, and Aurora Loan Services (a prior secured lender), whereby Nicky Sheets agreed to pay his \$234,024.56 income (1040) tax debt for tax years 1993, 1994, 1995, 1998, 1999, and 2000 (not the subject of this lawsuit). A true copy of this judgment is attached as **Government Exhibit 2**. Eventually, Nicky Sheets paid off the tax due under this judgment.

E. FRAUDULENT TRANSFER OF THE SHEETS RESIDENCE TO THE TRUST:

21. After the Sheetses were audited by the IRS Examination Division, after they became indebted to the Government for federal taxes, and after they litigated their income tax liabilities in the United States Bankruptcy Court, the United States District Court, and the United States Tax Court, to avoid paying their federal taxes, they transferred, without consideration, the Sheets Residence to the Trust, by warranty deed recorded on February 18, 2005. See deed attached as **Government Exhibit 3**.
22. On July 14, 2005, March 24, 2006, and August 15, 2007, the IRS filed notices of federal tax lien against the Sheetses in the real property records of Dallas County, Texas, to secure



payment of their 1997, 1998, 1999, and 2003 federal income tax liabilities.<sup>1</sup> Copies of these liens are attached as **Government Exhibit 4**. The IRS is in the process of filing a nominee tax lien against the Trust, as nominee of the Sheetses.

**COUNT I**  
**REDUCE TAX ASSESSMENTS TO JUDGMENT**

23. Eleanor Sheets owes the United States the sum of **\$1,111,904.69** for her 1997, 1998, 1999, and 2003 federal income (1040) tax, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid. The United States seeks to reduce these tax liabilities to judgment against Eleanor Sheets.
24. Nicky Sheets owes the United States the sum of **\$537,433.63**, for his 1997, 1998, 1999, 200, 2005, and 2006 federal income (1040) tax, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid. The United States seeks to reduce these tax liabilities to judgment against Nicky Sheets.
25. The Mowery Sheets Estate Family Trust owes the United States the sum of **\$236,411.57** for its 2004, 2005, and 2006 federal trust income (1041) tax, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid. The United States seeks to reduce

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<sup>1</sup>In addition, for other federal tax liabilities, on August 11, 1982, November 29, 1982, October 1, 1986, May 26, 1987, August 25, 1987, April 26, 1988, May 31, 1989, December 3, 1991, June 11, 1992, June 24, 1992, November 3, 1992, November 19, 1993, and October 13, 1994, the IRS filed notices of federal tax lien against Eleanor in Dallas County. On December 7, 1999 and January 14, 2000, the IRS filed notices of federal tax lien against Eleanor Mowery Sheets, Inc. in Dallas County. On May 6, 1991, July 31, 1991, August 31, 1991, and May 13, 1992, the IRS filed notices of federal tax lien (for other federal tax liabilities) against Nicky Sheets in Ector County, Texas. Also, for other tax liabilities, on August 12, 1999, the IRS filed a notice of federal tax lien against Nicky Sheets in Dallas County. Off and on for most of the last two decades, the Sheetses have failed to timely pay their federal tax liabilities to the IRS, and have taken evasive action to avoid paying their taxes, such as failing to file their federal income (1040) tax returns and filing four bankruptcy cases (Nicky – three cases; Eleanor – one case, in which she discharged over \$300,000 in federal income tax).

these tax liabilities to judgment against the Trust and against the Sheetses, who control the Trust, a sham.

26. EMS Dallas, LLC owes the United States **\$230,875.75** for employment (941) and unemployment (940) tax for tax periods in 2004, 2005, 2006, and 2007, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid. The United States seeks to reduce these tax liabilities to judgment against EMS, and against Nicky and Eleanor Sheets, as the alter egos of EMS, a defunct limited liability company.

**COUNT II**  
**FORECLOSE FEDERAL TAX LIENS AGAINST THE SHEETS RESIDENCE**

27. The Sheets Residence is the subject of this action, is described above, and is currently titled to the Mowery Sheets Estate Family Trust, a sham trust, controlled by the Sheetses.
28. The assessment dates and amounts of tax owed by the Sheetses are shown above and on the notices of federal tax lien filed against the Sheetses marked **Government Exhibit 4**. The interest and penalty accruals and current tax balances are reflected above.
29. Pursuant to 26 U.S.C. §§ 6321 and 6322, statutory federal tax liens arose in favor of the plaintiff, United States of America, against all property and rights to property, whether real or personal, belonging to the Sheetses, as of the dates of the assessments described above, or acquired thereafter.
30. The United States seeks a judgment against the Sheetses and the Mowery Sheets Estate Family Trust, foreclosing the tax liens against the Sheetses, and ordering the Sheets Residence described above sold in partial payment of the tax assessments against the Sheetses. The United States also seeks a judgment extinguishing the interest of the Trust in

the property, or finding that the interest of the United States in the property is superior to the interest of the defendants (except Town North Bank and IndyMac or the FDIC) in the property.

**COUNT III**  
**SET ASIDE FRAUDULENT TRANSFER OF THE SHEETS RESIDENCE**

31. Before some of the tax liabilities referred to above, the Sheetsses acquired the Sheets Residence. After income tax assessments were proposed against them, the Sheetsses transferred the Sheets Residence, their primary residence, to the Mowery Sheets Estate Family Trust, for no consideration, but continued to reside on the property and pay all expenses associated with the property as if the transfer had never occurred.
32. After the transfer occurred, the Sheetsses paid the mortgage and reported mortgage interest deductions pertaining to the property on Eleanor's federal income tax returns. The transfer of the property was intended to hinder, delay, or defraud the United States of taxes due. Pursuant to § 24.005 of the Texas Uniform Fraudulent Transfer Act ("TUFTA"), Chapter 24 of the Texas Business and Commerce Code, the transfer was fraudulent, and was of no effect as to the United States, who was a creditor of the Sheetsses when the transfer was made. After the transfer to the Trust, the Sheetsses continued to reside on and control the property.
33. The transfer of the property to the Trust was made without receiving reasonably equivalent value in exchange for the transfer. Therefore, pursuant to § 24.005 of the TUFTA, the transfer was fraudulent and of no effect as to the United States, and should be set aside by the Court.

34. The United States seeks to set aside as fraudulent the transfer of the Sheets Residence to the Mowery Sheets Estate Family Trust, a sham trust, and seeks a judgment extinguishing the interest of the defendants (except the mortgage holders, Town North Bank and IndyMac or the FDIC) in that property, and ordering it sold in partial satisfaction of the federal income tax debts of the Sheetses.

WHEREFORE, the United States respectfully requests that this court order, adjudge, and decree:

1. That Eleanor Mowery Sheets is indebted to the United States in the amount of **\$1,111,904.69** for her 1997, 1998, 1999, and 2003 federal income (1040) tax, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid.
2. That Nicky Sheets is indebted to the United States in the amount of **\$537,433.63**, for his 1997, 1998, 1999, 2000, 2005, and 2006 federal income tax liabilities, plus statutory additions thereon from June 30, 2008 until paid.
3. That the Mowery Sheets Estate Family Trust is indebted to the United States in the amount of **\$236,411.57** for its 2004, 2005, and 2006 federal trust income (1041) tax, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid, and that the Court also enter a judgment against the Sheetses for the Trust tax liabilities, since it is a sham controlled by the Sheetses.
4. That EMS Dallas, LLC is indebted to the United States in the amount of **\$230,875.75** for employment (941) and unemployment (940) tax for tax periods in 2004, 2005, 2006, and 2007, plus interest, penalties, and statutory additions thereon after June 30, 2008 until paid.

The United States seeks to reduce these tax liabilities to judgment against EMS, and against Nicky and Eleanor Sheets, as the alter egos of EMS, a defunct limited liability company.

5. That the federal tax liens that encumber the Sheets Residence be foreclosed, that the property be ordered sold by the Internal Revenue Service or a receiver, that the sales proceeds be first applied to the costs of the sale, then any unpaid ad valorem taxes, then to the mortgage holders (Town North Bank and IndyMac or the FDIC) and that the proceeds then be applied in partial satisfaction of the tax liens of the United States and the federal tax debts of the Sheetsses.
6. That the Court find that the Trust took its interest in the Sheets Residence, if any, subject to the federal tax liens, because it took title as a nominee of the Sheetsses; alternatively, that the Court find that the transfer of the property was a fraudulent conveyance and of no effect as to the claims of the United States, and that the transfers be set aside as fraudulent;
7. That in the event that the United States avails itself of pre-judgment and post-judgment remedies under Sub-chapter B or C of the Federal Debt Collection Act, then the United States be awarded a surcharge of ten percent of the amount of the tax debt under 28 U.S.C. § 3011, to cover the cost of the litigation and enforcement of the claim for the debt to be paid by the Sheetsses, jointly and severally; and
8. That the United States be awarded other such relief as is just and proper.

RICHARD B. ROPER  
United States Attorney

A handwritten signature in cursive script, reading "Ramona S. Notinger", is written over a horizontal line.

RAMONA S. NOTINGER  
Texas Bar No. 19158900  
U.S. Department of Justice  
Tax Division  
717 N. Harwood, Suite 400  
Dallas, Texas 75201  
(214) 880-9766 fax: (214) 880-9742

ATTORNEYS FOR THE UNITED STATES

## THE MOWERY SHEETS ESTATE FAMILY TRUST

THIS TRUST AGREEMENT, dated as of the 1st day of October, 2003, by and between MARTIN WESLEY SHEETS, hereinafter referred to as "Settlor," joined by MARTIN WESLEY SHEETS hereinafter referred to as "Trustee" of this Trust, known as **The Mowery Sheets Estate Family Trust** entered into in consideration of the mutual covenants of the parties in order to create an irrevocable trust of that property described in Schedule "A" and of such other properties and assets, as may from time to time be added hereto;

### WITNESSETH:

#### ARTICLE I TRUST ESTATE

Settlor has conveyed, transferred and assigned and does by these presents convey, transfer and assign unto the Trustee, without consideration on his part, that property described in Schedule "A", attached hereto and made a part hereof, receipt of which evidence of such assignment is hereby acknowledged by the Trustee to exercise any such incidents of ownership.

#### ARTICLE II. PAYMENT OF PREMIUMS

If at any time after the creation of this Trust, Settlor or any other person or persons deliver to the Trustee any insurance policies on the life of Settlor which are acceptable to the Trustee, the Trustee shall be under no obligation to pay any premiums which may become due and payable under the provisions of any and all policies of life insurance which may in the future be assigned to the Trustee of this Trust or of which Trustee may be named beneficiary, or to make certain such premiums are paid by Settlor or others, or to notify any persons of the nonpayment of such premiums, and Trustee shall have no responsibility or liability of any kind in case such premiums are not paid except that upon notice from Settlor or insurer to pay such premiums the Trustee shall apply any cash dividends or refunds received by Trustee from any such policy to the payment of premiums due thereon and, if none are due, the same may be applied to premiums due on other policies in this Trust. Upon notice at any time during the continuance of this Trust that premiums due on any policy are in default, or that current or future premiums have not or will not be paid, either by Settlor or by any other person, or for any other reason satisfactory to Trustee, the Trustee, within Trustee's sole discretion, may apply any accumulated dividends or other values attributable to such policy to the purchase of paid-up or extended insurance, or may borrow upon any policy to pay the premiums due on such policy or any other policy held in this Trust, or may accept the cash value of such policy for its forfeiture. The Trust will terminate as to any policy which lapses or is forfeited for nonpayment of premiums and the Trustee shall have no further obligation, duty or liability with respect thereto. If the Trustee receives other assets and properties in this Trust which may be used to make



premium payments, then the Trustee is authorized within Trustee's sole discretion to make any premium payments therefrom except as hereinafter may be provided. In exercising Trustee's discretion pursuant to this Article, the Trustee shall incur no liability to any Settlor, any Settlor's estate or any beneficiary of the Trust.

### ARTICLE III. COLLECTION OF LIFE INSURANCE PROCEEDS

Further, if at any time after the creation of this Trust, Settlor or any other person or persons deliver to the Trustee any insurance policies on the life of the Settlor which are acceptable to the Trustee, upon the death of the insured, the Trustee shall, with respect to any and all life insurance policies of which the Trustee shall be the owner or beneficiary, collect the full proceeds thereof, less so much of the said proceeds as shall be required to pay or provide for the payment of any liabilities or obligations to the insurer with respect to said policies; provided, however, that the Trustee need not incur any expense in enforcing payments which are believed to be due the Trustee unless the Trustee holds funds hereunder to cover such expenses.

The Trustee is authorized to compromise and adjust claims arising out of the insurance policies or any of them upon such terms and conditions as the Trustee deems just and the decision of the Trustee shall be binding upon all persons interested therein.

Any insurance company or other party shall be completely protected in dealing with the Trustee, and the receipt of the Trustee for any payment made to Trustee or for any assets added to the principal of the trust estate shall be a complete acquaintance and discharge to the extent specified in such receipt of the Trustee. No insurance company or other party making any payment or delivering or transferring any assets to the Trustee shall be permitted or required to see to the use or application of any such payment or assets hereunder.

### ARTICLE IV. DISTRIBUTIONS DURING TERM OF TRUST

During the term of this Trust, the Trustee shall hold, manage, invest and reinvest the Trust principal, including any additions to the Trust, and shall hold and dispose of the Trust principal and net income therefrom as provided in this Trust Agreement:

A. Income Distributions. The Trustee may distribute to Eleanor Mowery Sheets and/or John Nicholas Sheets and/or John Christian Mowery and/or Dorrie Christiana Mowery and/or John Wesley Sheets and/or Brent Nicholas Sheets and/or Amanda Denise Sheets so much of any net income of the trust estate as the Trustee may deem necessary and appropriate to provide for any such beneficiary's health, education, maintenance and support in accordance with his or her station in life. The distributions made to any beneficiary and the amount of such distributions shall be made in the sole discretion of the Trustee; provided, if John Wesley Sheets is the Trustee of this Trust, no distributions shall be made to John Wesley Sheets during the time he is the Trustee under this Trust. In exercising Trustee's discretion with respect to distributions,



the Trustee shall consider all other sources of funds available to any beneficiary. Any income not distributed shall be accumulated and added to the principal of the Trust.

B. Distributions of Principal. If at any time the net income which is distributed under the terms hereof shall not be adequate in the opinion of the Trustee for the necessary and appropriate health, education, maintenance and support in accordance with the station in life of any beneficiary of the Trust to whom income is distributable at the time of the particular supplemental distribution, considering all other sources of funds available to such beneficiary, the Trustee, in Trustee's absolute and sole discretion, may supplement the same out of the principal of the Trust to such extent and in such manner as the Trustee may deem necessary or appropriate for said purposes, and the amount of such supplemental distribution shall not be charged against the presumptive share, if any, of the particular beneficiary of the Trust receiving the same. Distribution of the entire principal of the Trust is authorized if the Trustee shall determine such distribution shall be to the best interest of the beneficiaries in accordance with the foregoing standard.

C. Right of Withdrawal. Notwithstanding the above provisions of Paragraphs A. and B., with respect to any contribution made to the Trust during any calendar year, any beneficiary (or the legal guardian of any child under disability) may, during the calendar year of the creation of the Trust or during any calendar year thereafter in which a contribution is made to the Trust, by written and signed request delivered to the Trustee at any time from the date of the contribution until the expiration of thirty (30) days after receipt of notice of such right of withdrawal, withdraw from the Trust an amount not exceeding the lesser of (i) the amount then described in Section 2503(b) of the Internal Revenue Code (or any successor federal tax law), or (ii) his or her proportionate part only (determined according to the number of beneficiaries then living) of the fair market value of the contribution on the date of the contribution. Notwithstanding the foregoing, the maximum amount which may be withdrawn by any such beneficiary in any calendar year pursuant to this Paragraph C. shall not exceed the lesser of (i) the amount per donor then described in Section 2503(b) of the Internal Revenue Code (or any successor federal tax law), or (ii) his or her proportionate part only (determined according to the number of such beneficiaries then living) of the fair market value of the contribution on the date of the contribution. This right in any beneficiary shall not be cumulative and any amounts not withdrawn in any year may not be withdrawn in any subsequent year. The provisions of this Paragraph C shall not apply with respect to any contribution made to the Trust which the donor specifies is not subject to withdrawal by any beneficiary.

D. Notice to Beneficiaries. Within seven (7) days of receipt by Trustee of a contribution to the trust estate, the Trustee shall notify each person with a right of withdrawal described in Paragraph C. above of the fact that a contribution to the trust has been made and describe the method by which such person may withdraw the portion of the contribution to which such person is entitled. The Trustee shall retain sufficient transferable assets in the trust to satisfy all such withdrawal rights as are then outstanding.

E. Restriction on Distributions. Notwithstanding the above provisions of Paragraphs A., B., and C., no distribution of any or all of Trust income or principal shall be made in a manner that discharges a legal obligation (including a legal obligation of support) of any person other than a beneficiary, and no distribution shall be made to the Settlor or to the Settlor's estate.

## ARTICLE V. TERM OF TRUST

A. Termination of Trust. This Trust shall terminate upon the last to happen of (i) ninety-nine (99) years after the date hereof or (ii) twenty-one (21) years after the death of the last to survive of the beneficiaries named in Article IV.

B. Distribution Upon Termination. Upon termination of this Trust, the Trust principal shall be distributed in fee simple and free of trust and in equal shares to Eleanor Mowery Sheets, John Nicholas Sheets, John Christian Mowery, Dorrie Christiana Mowery, John Wesley Sheets, Brent Nicholas Sheets, Amanda Denise Sheets. If at the time of such termination any of the herein named beneficiaries is not then alive, the Trust principal shall be distributed in equal shares to the surviving beneficiaries. If at the same time of such termination of this Trust, none of the beneficiaries are surviving, the Trust principal shall be distributed in fee simple and free of Trust in equal shares the heirs of such herein named beneficiaries.

C. Maximum Duration of Trust. Anything in this instrument to the contrary notwithstanding, Settlor directs that this Trust created hereunder shall in all events terminate not later than twenty-one (21) years from and after the death of the survivor of the following persons, to wit: Settlor, all of Settlor's children and more remote descendants living at the time of Settlor's death; provided, however, that if any trust created in this instrument is merged with any trust created under any other instrument, such merged trust shall not continue beyond the date on which the earliest maximum term of the trusts so merged would, without regard to such merger, have been required to expire. Settlor further directs that, as to any property at any time a part of any trust estate (including a merged trust) as to which under the laws of any state applicable to said property that trust is required to be terminated at any time prior to its normal termination date, the trust as to that particular property shall terminate at the time required by the laws of said state. Upon such termination of that trust in whole or in part, as the case may be, the assets and property then comprising the principal of that trust, or the assets and property as to which that trust is terminated, shall be delivered and distributed in fee simple and free of trust unto those persons who at the time of such termination constitute the beneficiaries of that trust estate in proportion to their respective presumptive interests in that trust estate at the time of such termination.

D. Merger of Trusts. If at any time the Trustee of the trust created pursuant to this Trust Agreement shall also be acting as Trustee of any other trust created by trust instrument or by will for the benefit of the same beneficiary or beneficiaries and upon substantially the same terms and conditions, the Trustee is authorized and empowered, if in the Trustee's discretion such action is in the best interest of the beneficiary or beneficiaries of the trust created hereunder,

to transfer and merge all of the assets then held under such trust(s) created pursuant to this instrument to and with such other trust(s) and thereupon and thereby to terminate such other trust(s). The Trustee is further authorized to accept the assets of the other trust(s) which may be transferred to the Trustee of the trust created hereunder and to administer and distribute such assets and properties so transferred in accordance with the provisions of this instrument.

E. Termination of Small Trust. Irrespective of other provisions of this instrument, the Trustee may at any time terminate the Trust or any share thereof, if, in the Trustee's sole judgment, the continued management of the Trust or any share thereof is no longer economical because of the small size of the Trust or share and such action shall be deemed to be for the best interests of the beneficiary or beneficiaries. In case of such termination, the Trustee shall distribute forthwith the share of the trust estate so terminated to the beneficiaries thereof, or to a custodian named for a beneficiary under a Uniform Gifts to Minors Act, or to their legal representatives in proportion to their respective presumptive interests in the Trust or share at the time of such termination. Upon such distribution and delivery, the said Trust or share shall terminate and the Trustee shall not be liable or responsible to any person or persons whomsoever for such action. The Trustee shall not be liable for failing or refusing at any time to terminate the Trust or a share thereof as authorized by this Paragraph.

#### ARTICLE VI. TRUSTEE'S POWERS

Except as otherwise provided in this instrument, the Trustee and Trustee's successors shall have and exercise the following rights, powers and privileges and shall be subject to the following duties, provisions, conditions and limitations with respect to each Trust hereinabove created:

A. Partitions. The Trustee shall have the power to make all partitions and divisions contemplated by this instrument. The actual partitions and divisions made by the Trustee shall be binding and conclusive upon all interested parties. Any partitions, divisions or distributions may be made by allocating assets and property proportionately in kind or by allocating undivided interests therein in kind.

B. General Investment and Management Powers. The Trustee shall have full power and authority to manage, handle, invest, reinvest, convert, reconvert, sell for cash or credit, or for part cash and part credit, exchange, hold, dispose of, lease for any period, whether or not longer than the life of the Trust, improve, repair, maintain, work, develop, operate, use, mortgage, or pledge all or any part of the funds, assets and property constituting from time to time any part of the Trust; receive property from any source as an addition to the trust estate; engage in and carry on any business or undertaking and enter into any partnership as a general or limited partner with any person, firm, corporation or any Trustee under any other Trust; borrow money; lend money upon such security as the Trustee deems appropriate, including but not limited to, securities margin accounts; enter into contracts; execute obligations, negotiable and non-negotiable; vote shares of stock in person and by proxy, with or without power of substitution; alone or with

others form, reorganize or extend the life of any corporation, and exercise and perform any and all rights, privileges and powers inuring to the holder of any shares or securities comprising at any time a part of the Trust; exercise any share options and borrow money (including but not limited to securities margin accounts, the purchase and sale of options, puts and calls) for such purpose; sue and be sued; abandon, settle, compromise or adjust by arbitration or otherwise any dispute or controversies in favor of or against the Trust; waive or release rights of any kind; abandon any property or interest in property belonging to the Trust when deemed to be in the best interest of the Trust and its beneficiaries; appoint, remove and act through agents, managers and employees, and confer upon them such power and authority as may be deemed necessary or advisable; operate or participate in the operation of any farm or ranch property; sell, convey, lease or otherwise deal with any oil, gas and other minerals and mineral rights and royalties, and operate and develop oil, gas and other mineral properties and interests; pay all reasonable expenses; execute and deliver any deeds, conveyances, leases, contracts or written instruments of any character appropriate to any of the powers or duties of the Trustee; purchase and carry insurance of any kind and in such amounts as the Trustee deems advisable, including a life insurance policy or policies on the life of any beneficiary or on the life of any person in whom a beneficiary has an insurable interest from any company or companies and pay all premiums from either income or principal, or both, and designate as beneficiary the Trustee of this Trust, except (i) the Trustee, during the lifetime of any Settlor, shall only be obligated for premium payments as provided under Article II., and (ii) the Trustee shall have no power to expend Trust income to purchase a life insurance policy on the life of the person who joined with any Settlor in signing this Trust agreement or on the life of any spouse of that person, other than said Settlor.

C. Selection and Retention of Investments. Any property transferred to the Trust by Settlor or by any other person as herein provided or acquired by the Trustee as herein provided and from time to time constituting any part of the principal of the Trust shall be deemed a proper investment and the Trustee shall be under no obligation to dispose of or convert any such property. The Trustee is specifically authorized to acquire or retain any stock or other security received from any source issued by the Trustee, a bank holding company which owns stock of the Trustee or any corporation controlled by such bank holding company, including stock dividends thereon and any securities issued in lieu thereof as a result of any recapitalization, consolidation or merger, and shall have with respect to that stock or security the same powers which apply to other trust property. Investments need not be diversified, may be of a wasting nature, and may be made or retained with a view to possible increase in value. The Trustee may invest and reinvest all funds available for investment or reinvestment from time to time or at such times as may be deemed advisable in such investments as Trustee is permitted to make pursuant to the terms of this instrument. Trustee is expressly authorized to invest in non income-earning or producing property if in Trustee's judgment the best interest of the particular Trust will be served thereby. The Trustee, except as herein otherwise specifically provided, shall have as wide latitude in the selection, retention or making of investments as an individual would have in retaining or investing his own funds, and shall not be limited to or be bound or governed by the provisions of the Texas Trust Code (or its successor statute) or by any other statutes or regulations respecting investments by Trustees except to the extent that such statutes or regulations may not be waived.



D. Power to Determine Income and Principal. Dividends payable in stock of the issuing corporation, stock splits and capital gains shall be treated as principal. Except as herein otherwise specifically provided, the Trustee shall have full power and authority to determine the manner in which expenses are to be borne and in which receipts are to be credited as between principal and income, and also to determine what shall constitute principal or income, and may withhold from income such reserves or depreciation or depletion as Trustee may deem fair and equitable. In determining such matters the Trustee may give consideration to the provisions of the Texas Trust Code (or its successor statute) relating to such matters, but shall not be bound by such provisions.

E. Transactions with Beneficiaries and Fiduciaries. The Trustee is authorized to enter into any transaction permitted by this instrument, even though the other party to that transaction is a beneficiary; the estate of a beneficiary; a Trust created by or for the benefit of a beneficiary, whether living or deceased; the estate of either Settlor; an executor or administrator of any estate, including that of either Settlor; or a Trustee of any trust, including the Trustee under this instrument acting individually; except to the extent that the Texas Trust Act, as amended, or any successor statute may expressly prohibit Settlor from authorizing any individual or corporate Trustee serving hereunder from engaging in any such transaction.

F. Methods of Payment to Beneficiaries. All distributions and all uses and applications of trust funds, either income or principal, may be made directly to or expended for the benefit of the persons entitled thereto without the intervention of any legal guardian or other legal representative and the Trustee shall not be responsible for the application of any payment after the same has been made to any person in accordance with the provisions hereof. The Trustee may pay any income or principal distribution (either during the term of a Trust or upon final distribution of a Trust) to or for the benefit of any beneficiary, including but not limited to the following methods:

1. Directly to such beneficiary;
2. To the legal or natural guardian or person having custody of such beneficiary;
3. Directly for the maintenance or support of such beneficiary;
4. To a custodian for a beneficiary under an applicable state Uniform Gifts to Minors Act; or
5. To a relative of such beneficiary to be expended by such relative for the benefit of such beneficiary, including payment to such relative.

G. Liability of Third Party. No purchaser at any sale made by the Trustee or persons dealing with the Trustee hereunder shall be obliged to see to the application of any money or

property paid or delivered to the Trustee. No person dealing with the Trustee shall be obliged to inquire into the expediency or propriety of any transaction or the authority of the Trustee to enter into and consummate the same upon such terms as the Trustee may deem advisable.

H. Out-of-State Properties. If at any time any Trust estate shall consist in whole or in part of assets located in a jurisdiction in which the Trustee then acting hereunder is not authorized or is unwilling to act, the Trustee then acting hereunder may appoint an ancillary Trustee in the jurisdiction in which Trustee is not authorized or is unwilling to act and may confer upon such ancillary Trustee power to act solely with reference to such assets as the Trustee may deem necessary or expedient and such ancillary Trustee shall remit to the Trustee then acting hereunder that part of all income from and proceeds of sale of such assets which is not required for the payment of any and all obligations of the Trust in such jurisdiction for which such ancillary Trustee is personally liable. The Trustee then acting hereunder may pay unto such ancillary Trustee reasonable compensation for its services and may absolve it from any requirement that it furnish bond or other security.

I. No Bond. No Trustee need post any bond for so acting.

J. No Court Supervision. Except as required in the next to the last sentence in the preceding paragraph, no Trustee shall be required to qualify before, be appointed by, or in the absence of breach of trust, account to any court or obtain the order or approval of any court in the exercise of any power or discretion granted in this instrument.

K. Commingling Multiple Trusts or Shares. If there are two or more trusts or shares of any trust created hereunder, then the principal of the several trusts or shares may be commingled and held as one fund with the separate trusts or shares having undivided interests therein appropriately identified on the books of the Trustee.

L. Powers Cumulative. The Trustee, except to the extent that the same are inconsistent with the provisions of this instrument, in which event the provisions of this instrument shall govern, shall have all of the rights, powers and privileges, and be subject to all of the duties, responsibilities and conditions set forth in the Texas Trust Code (or its successor statute governing the powers and responsibilities of Trustees), except as otherwise provided herein, the powers conferred upon the Trustee herein shall not be construed as in limitation of any authority conferred by law, but shall be construed as in addition thereto.

M. Trustee's Fee. For Trustee's services as Trustee hereunder, Trustee shall be entitled to reasonable fees commensurate with Trustee's duties and responsibilities, taking into account the value and nature of the trust fund and the time and work involved.

N. Resignation of Trustee and Appointment of Successor. In the event Martin Wesley Sheets shall resign or cease to serve as the Trustee, John Wesley Sheets shall serve as the Trustee of this Trust. The Trustee hereinabove named or any substitute or successor Trustee may at any time resign upon giving to Settlor, or if Settlor be deceased, to the adult trust beneficiaries then receiving or entitled to receive income from the Trust, or if there be none, to the parents or

legal guardians of each minor beneficiary then receiving or entitled to receive income from the Trust, thirty (30) days written notice of such resignation. In the event, any Trustee serving hereunder shall resign, be removed, cease or fail for any reason to serve as Trustee, then such Trustee may be succeeded by such third party (and not the Settlor) as shall be designated by a majority of the adult trust beneficiaries then receiving or entitled to receive income from the Trust, or if there be none, by a majority of the parents or legal guardians of the minor beneficiaries then receiving or entitled to receive income from the Trust. If a substitute or successor Trustee is not appointed as hereinabove provided then, upon application by the Trustee to a court of competent jurisdiction, a substitute or successor Trustee which meets the qualifications described above shall, at the expense of the trust estate, be named by such court.

A majority of the adult trust beneficiaries then receiving or entitled to receive income from the Trust may at any time and for any reason whatsoever, may remove a Trustee and designate a successor Trustee.

O. Reorganization of Corporate Trustee. If any corporate Trustee should, before or after qualification, change its name, be reorganized, merged or consolidated with another corporation, or assign its trust functions to another corporation, the resulting corporation which succeeds to its fiduciary business shall become a Trustee hereunder, or be eligible for appointment as Trustee, as the case may be.

P. Liability of Trustee. No individual Trustee shall be liable for negligence or error of judgment, but shall be liable only for such Trustee's acts or omissions in bad faith.

Q. Defense of Trustee. In the event any litigation is brought or threatened involving this Trust, the Trust shall indemnify and hold the Trustee harmless from and against all claims, demands, causes of action and expenses (including legal expenses and costs) arising out of or in connection with any such litigation.

## ARTICLE VII.

### LIABILITY FOR PREDECESSOR FIDUCIARY

No Trustee hereunder, whether original or successor, shall be liable for the default of any existing or prior executor, administrator, Trustee, Co-Trustee or legal representative thereof or for failure to contest the accounting rendered by such predecessor fiduciary, unless a majority of the adult beneficiaries or, if there be none, the legal or natural guardians of a majority of the minor beneficiaries shall have, in writing, requested the Trustee to contest such accounting or rectify such default prior to acceptance. Similarly, any Trustee hereunder whether original or successor may accept the trust assets as delivered to Trustee by such executor, administrator, Co-Trustee, prior Trustee or the legal representative of such prior fiduciary and shall be responsible only for such assets. It is Settlor's desire that said Trustee be relieved of any duty, liability or responsibility which Trustee may have as a successor fiduciary because of receiving assets or being entitled to receive assets from a prior fiduciary. It is Settlor's wish and desire that these provisions expedite the funding of any Trusts created pursuant to this instrument and expedite the succession of trusteeship hereunder. Nothing in this Paragraph shall limit the power of any

Trustee hereunder from conditioning Trustee's acceptance of the Trust or any assets upon a proper accounting or from requiring such an accounting or rectifying of a prior default from a predecessor fiduciary.

A. Generation-Skipping Taxes and Payment. If the Trustee considers any distribution or termination of an interest or power hereunder as a distribution or termination subject to a generation-skipping tax, the Trustee is authorized:

1. To augment any taxable distribution by an amount which the Trustee estimates to be sufficient to pay such tax and charge the same to the particular Trust or share to which the tax relates without adjustment of the relative interests of the beneficiaries;

2. To pay such tax, in the case of a taxable termination, from the particular Trust or share to which the tax relates without adjustment of the relative interests of the beneficiaries. If said tax is imposed in part by reason of the trust property hereunder and in part by reason of other property, the Trustee shall pay only the portion of such tax attributable to the taxable termination hereunder taking into consideration deductions, exemptions, credits and other factors which the Trustee deems advisable; and

3. To postpone final termination of any particular trust and to withhold all or any portion of the trust property until the Trustee is satisfied Trustee no longer has any liability to pay any generation-skipping tax with reference to such trust or its termination.

B. Dealing with Estates. The Trustee is authorized to lend any part of the trust funds to the executor or administrator of any beneficiaries' estate upon such security and for such time and at such rates of interest and upon such terms as the Trustee in Trustee's absolute discretion may deem proper, and to purchase from the executors or administrators of the said estates any item of property, real or personal, for such sums and on such terms as the Trustee may deem wise and proper. The Trustee acting under this Paragraph shall be acting in a fiduciary capacity and shall deal with such estates in an arm's length manner.

C. Release of Power. If the Trustee deems it to be in the best interest of the Trust and its beneficiaries, the Trustee, by written instrument signed by such Trustee, shall have the power and authority to release, disclaim or restrict the scope of any power or discretion granted in this instrument or implied by law.

D. Spendthrift Clause. No beneficiary of the Trust created hereunder shall have the right or power to anticipate, by assignment or otherwise, any income or principal given to such beneficiary by this instrument, nor in advance of actually receiving the same have the right or power to sell, transfer, encumber or in anywise charge same; nor shall such income or principal, or any portion of the same, be subject to any execution, garnishment, attachment, insolvency, bankruptcy, or other legal proceeding of any character, or legal sequestration, levy or sale, or in



any event, or manner be applicable or subject, voluntarily or involuntarily, to the payment of such beneficiary's debts, including claims for alimony or support. Nothing in this Paragraph shall limit a beneficiary's right of withdrawal pursuant to Paragraph C. of Article IV of this instrument.

ARTICLE VIII  
TRUST IRREVOCABLE

This Trust is and shall be irrevocable and shall not be altered, amended, revoked, or terminated by any Settlor or any other person, except that the then acting Trustee may amend the Trust on his own action, provided, however, that no amendment may be made which would result in a violation of the Rule Against Perpetuities, or which would increase or decrease the rights or obligations of any beneficiaries of the Trust or which would violate any applicable laws.

ARTICLE IX.  
DEFINITIONS

A. All references in this Trust to "beneficiary" or "beneficiaries" shall mean Eleanor Mowery sheets, John Nicholas Sheets, John Christian Mowery, Dorrie Christiana Mowery, John Wesley Sheets, Brent Nicholas Sheets, Amanda Denise Sheets. References in this Trust to "child" or "children" mean lawful blood descendants in the first degree of the parent designated and references to "issue" mean lawful blood descendants in the first, second or any other degree of the ancestor designated, provided always, however, that an adopted child and such adopted child's lawful blood descendants shall be considered in this Trust as lawful blood descendants of the adopting parent or parents and of anyone who is by blood or adoption an ancestor of the adopting parent or of either of the adopting parents and shall not be considered descendants of the adopted child's natural parents, except that, where a child is adopted by a spouse of one of his or her natural parents, such child shall be considered a descendant of such natural parent as well as a descendant of the adopting parent.

B. All references to "Internal Revenue Code" or "Code" shall be to the Internal Revenue Code of 1986, as it exists at the time of execution of this Trust or as amended from time to time thereafter, unless otherwise designated, or to its successor statute.

C. As used in this Trust, the word "Trustee" shall mean any and all Trustees from time to time serving hereunder and shall refer both to the Trustee and to any successor or substitute Trustee or Trustees and shall include both the singular and the plural and shall mean the Trustee or Trustees acting hereunder at any time, whether one or more.

D. As used in this Trust, the masculine, feminine and neuter genders shall each be deemed to include the others unless the context requires otherwise. The singular shall include the plural and the plural shall include the singular wherever the context of this Trust permits.

ARTICLE X.  
AGREEMENT BINDING

The Trustee, by executing this Agreement, accepts this Trust and agrees to hold any property acceptable to the Trustee added hereto in accordance with the terms and conditions hereof. This Agreement shall extend to and be binding upon the heirs, executors, administrators, legal representatives and successors, respectively, of the parties hereto.

EXECUTED effective the day and year first above written.

SETTLOR:

\_\_\_\_\_  
Martin Wesley Sheets

TRUSTEE:

\_\_\_\_\_  
Martin Wesley Sheets

SCHEDULE A  
TO TRUST AGREEMENT  
EFFECTIVE OCTOBER 1, 2003

TEN Dollars (\$10.00) Cash

U.S. DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS

**FILED**

NOV 26 2003

CLERK, U.S. DISTRICT COURT

By \_\_\_\_\_  
Deputy

**IN THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

**UNITED STATES OF AMERICA,  
Plaintiff,  
vs.  
JOHN NICHOLAS SHEETS, et al,  
Defendants.**

\*  
\*  
\*  
\*  
\*

**CIVIL NO. 3:03-CV-1844-G**

**AGREED FINAL JUDGMENT**

Plaintiff United States of America filed this lawsuit against Defendant John Nicholas Sheets ("Sheets") and others to reduce to judgment Sheets' 1993, 1994, 1995, 1998, 1999, and 2000 federal income tax liability, to foreclose federal tax liens on real property in which Sheets has an interest that is described below, for a judicial sale of the property, and to receive a deficiency judgment for any unpaid tax liability not satisfied by the sale of the property. Through this agreed judgment, the parties have announced to the Court that as a compromise and resolution of this case, the parties have agreed to the terms described below. Therefore,

IT IS ORDERED, ADJUDGED AND DECREED that the Court finds that Defendant John Nicholas Sheets is indebted to the United States in the amount of \$234,024.56 as of November 4, 2003, plus interest and penalties thereafter until paid, for his unpaid federal income (1040) taxes for tax years 1993, 1994, 1995, 1998, 1999, and 2000.<sup>1</sup>

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that unless Defendant John Nicholas Sheets or Eleanor Mowery Sheets pays the United States \$100,000.00 of the tax liability

<sup>1</sup>Because Sheets made a \$200,000.00 payment on these taxes on October 14, 2003, the tax years 1993, 1994, 1995, 1998, and 1999 have zero balances, and the \$234,024.56 balance is solely for the 2000 tax year. Nothing in this judgment affects the right of the United States to audit any of these tax years and propose any additional deficiencies, nor does it affect the Sheetses' right to contest any such deficiencies.



referred to herein by November 30, 2003 and fully pays the remaining tax liability referred to herein by June 30, 2004, then the real property located at 5244 Lakehurst Avenue in Dallas, Texas (more particularly described on the attached **Exhibit 1**) shall be sold, and 50% of the net sales proceeds from the sale of the property may be applied by the United States in partial payment of John Nicholas Sheets' tax liability, after payment of the costs of sale, any outstanding ad valorem taxes, and the claims of the lien creditor defendants (Town North Bank, NA and Aurora Loan Services, Inc.) who are parties hereto. If there is a default in payment of these taxes, the United States agrees that the Sheetses shall list the property for sale and have six months to sell the property. This period may be extended at the discretion of the United States and any sale is subject to the approval of the United States. The United States shall give the Sheets Defendants the right to list and sell the property on terms acceptable to the United States within six months of the date of default.

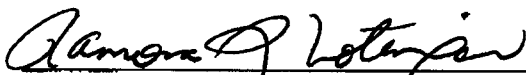
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the United States of America has valid liens on the real property described herein as agreed by the Sheets Defendants for the purposes of this settlement; the Court orders the foreclosure of such liens, and such property shall be sold unless Sheets pays \$100,000.00 of the tax liability by November 30, 2003 and fully pays the remainder of the tax liability referred to herein is full paid by June 30, 2004, subject only to the private sale provisions referred to above.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, to the extent that 50% of the net sales proceeds of the real property described herein are insufficient to satisfy John Nicholas Sheets' federal income tax liability that is reduced to judgment herein, the United States shall have a deficiency judgment against Sheets for the unpaid balance of the tax liability owed by Sheets to the United States.

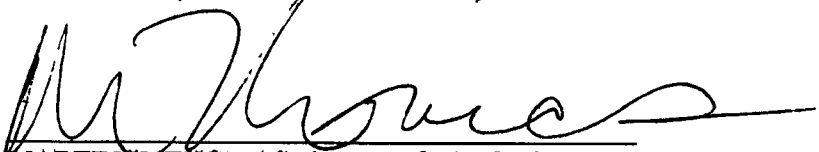
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court will enter further orders as necessary to implement this judgment.

SIGNED THIS 26 day of November, 2003.

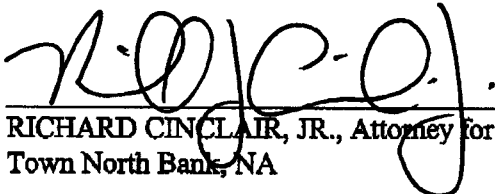
  
UNITED STATES DISTRICT JUDGE

**AGREED AS TO FORM:**

RAMONA S. NOTINGER, Attorney for  
United States (Internal Revenue Service)



MARTIN K. THOMAS, Attorney for Defendants  
John Nicholas Sheets and Eleanor Mowery Sheets



RICHARD CINCLAIR, JR., Attorney for Defendant  
Town North Bank, NA



MARY M. SPEIDEL, Attorney for Defendant  
Aurora Loan Services, Inc.



JOHN NICHOLAS SHEETS



ELEANOR MOWERY SHEETS

**EXHIBIT 1**

**LOT ONE (1), BLOCK B/5515 OF THE LAKES OF PRESTON HOLLOW ADDITION, AN ADDITION TO THE CITY OF DALLAS, DALLAS COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 95022, PAGE 546, MAP RECORDS, DALLAS COUNTY, TEXAS; ALSO KNOWN AS 5844 LAKEHURST AVENUE, DALLAS, DALLAS COUNTY, TEXAS 75230.**

5083423  
02/18/05

\*13.00 Deed

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**WARRANTY DEED  
(Subject To Debt)**

THE STATE OF TEXAS

§

COUNTY OF DALLAS

§

KNOW ALL MEN BY THESE PRESENTS:

§

THAT THE UNDERSIGNED, ELEANOR MOWERY SHEETS, hereinafter called "Grantor," whether one or more, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other valuable consideration to the undersigned in hand paid by the Grantee herein named, the receipt of which is hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY unto THE MOWERY SHEETS ESTATE FAMILY TRUST, herein referred to as "Grantee," whether one or more, the real property described as follows, to-wit:

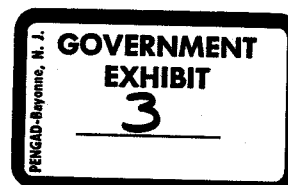
Being Lot 1, Block B/5515 of LAKES OF PRESTON HOLLOW, an Addition to the City of Dallas, Dallas County, Texas, according to the Plat thereof recorded in Volume 95022, Page 546, Map Records, Dallas County, Texas.

This conveyance, however, is made and accepted subject to:

(1) that certain indebtedness described in and secured by that certain Homestead Lien Contract and Deed of Trust dated May 18, 2001, filed May 25, 2001, recorded in Volume 2001103, Page 6054, Deed of Trust Records, Dallas County; and

(2) that certain indebtedness described in and secured by that certain Deed of Trust filed June 15, 2004, recorded in Volume 2004114, Page 1858, Deed of Trust Records of Dallas County, Texas, neither of which Grantee assumes payment of; and

(3) any and all other restrictions, encumbrances, easements, covenants and conditions, if any, relating to the hereinabove described property as the same are filed for record in the County Clerk's Office of Dallas County, Texas, including but not limited to those listed on Exhibit "A" attached hereto and made a part hereof for all purposes.



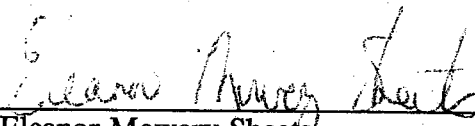
2005034 06518



TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Grantee, Grantee's heirs, executors, administrators, successors and assigns forever; and Grantor does hereby bind Grantor, Grantor's heirs, executors, administrators, successors and/or assigns to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, Grantee's heirs, executors, administrators, successors and/or assigns against every person whomsoever claiming or to claim the same or any part thereof.

But it is expressly agreed that the Vendor's Lien, as well as Superior Title in and to the above described premises, is retained against the above described property, premises and improvements until the above described note and all interest thereon are fully paid according to the face, tenor, effect and reading thereof, when this Deed shall become absolute.

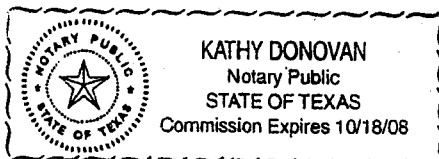
EXECUTED this 15<sup>th</sup> day of February, 2005.

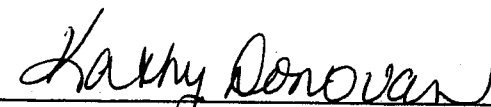
  
Eleanor Mowery Sheets

Grantee's Address:  
The Mowery Sheets Estate Family Trust  
5844 Lakehurst  
Dallas, X 75230

THE STATE OF TEXAS       §  
  §  
COUNTY OF DALLAS       §

The foregoing instrument was acknowledged before me on the 18 day of February, 2005, by Eleanor Mowery Sheets.



  
Notary Public, State of Texas

**AFTER RECORDING RETURN TO:**  
The Mowery Sheets Estate Family Trust  
5844 Lakehurst  
Dallas, TX 75230

**PREPARED BY:**  
William M. Woodall, P.C.  
8201 Preston Road, Suite 280  
Dallas, Texas 75225

2005 034 06519

**EXHIBIT "A"**

30 foot building line along the Southwest property line, as shown on the plat recorded in Volume 95022, Page 546, Map Records, Dallas County, Texas.

30 foot building line along the North property line, as shown on the plat recorded in Volume 95022, Page 546, Map Records, Dallas County, Texas

6 foot easement along the West property line, as shown on the plat recorded in Volume 95022, page 546, Map Records, Dallas County, Texas

Covenants, conditions, obligations, restrictions, easements, charges and liens as set forth in that certain Declaration, filed August 7, 1997, recorded in Volume 97153, Page 1367, Deed Records, Dallas County, Texas

Restrictive Covenants of record in Volume 95040, Page 4270, Volume 96049, Page 3419, Volume 96049, Page 3425, Volume 97153, Page 1367, Deed Records, Dallas County, Texas

**PROMISSORY NOTE**

\$482,000

February 18, 2005

FOR VALUE RECEIVED, the undersigned The Mowery Sheets Estate Family Trust, jointly and severally, ("Maker"), whose address is \_\_\_\_\_, promises to pay to the order of Eleanor Mowery Sheets ("Payee") whose address is 5844 Lakehurst Dallas, TX 75230, the principal sum of Four Hundred Eighty Two Thousand Dollars (\$482,000.00), in lawful money of the United States of America, together with interest from the date advanced until maturity at a rate per annum of Six percent (6.00%).

Principal and interest is due and payable on or before February 18, 2015.

The Maker hereby reserves the right to prepay this Note in any amount prior to maturity without penalty.

All past due installments or principal and, to the extent permitted by law, interest hereunder shall bear interest at the highest rate permitted by applicable law or if no such maximum rate is established by applicable law, then at a rate which is 2 percent (2 %) per annum in excess of the interest rate charged under this Note.

The undersigned, and each surety, endorser and guarantor hereof, jointly and severally waive diligence, presentment, protest and demand and also notice of protest, default, demand, dishonor, acceleration, intent to accelerate, and nonpayment of this Note, and expressly agree that this Note, or any payment hereunder, may be extended from time to time without notice, and consent to the acceptance of further security or the release of any security for Note, all without in any affecting the liability of the undersigned and any endorsers or guarantors hereof. No extension of time for the payment of this Note, or any installment hereof, made by agreement by the holder hereof with any person now or hereafter liable for the payment of this Note shall affect the original liability under this Note of the undersigned, even if the undersigned is not a party to such agreement.

This Note is secured, in part, by a Security Agreement of even date herewith, executed by Maker, as Debtor, for the benefit of Payee, as Secured Party, covering personal property (the "Property"). This

D Note is executed and delivered pursuant to the Security Agreement which contains provisions for the acceleration of the maturity hereof upon the happening of certain events.

R Upon the happening of an occurrence of a default in the payment of any installment of principal or interest under this Note when due, or the failure of Maker to observe or perform any other covenant contained herein or in any document or instrument evidencing or securing the indebtedness evidenced hereby, the holder may, at its option, declare immediately due and payable the entire principal sum together with all interest accrued and owing thereon, plus any other sums payable at the time of such declaration pursuant to this Note Security Agreement and any other instrument security this Note.

A The failure to exercise any of the foregoing options in the preceding paragraph upon the happening of one or more the foregoing events shall not constitute a waiver of the right to exercise the same or any option at any subsequent time in respect of payment hereunder which is less than payment in full of all amount due and payable at the time of such payment and shall not constitute a waiver of the right to exercise any of the foregoing options at the time or at any subsequent tie of nullify any prior exercise of any such option with the express written consent of the holder hereof except as and to the extent otherwise provided by law.

F It is the intent of the Payee of this Note and the undersigned in the execution of this Note and all other instruments now or hereafter securing this Note, to contract I strict compliance with any applicable usury laws. In furtherance thereof, the said Payee and the undersigned stipulate and agree that none of the terms and provisions contained in this Note or any other instrument executed in connection therewith shall ever be construed to create a contract to pay for the use, forbearance or detention of money at a rate in excess of the maximum interest rate permitted to be charged by applicable law. Neither the undersigned nor any Guarantors, endorsers or other parties hereafter becoming liable for the payment of this Note shall ever be required to pay interest on this Note at a rate in excess of the maximum interest that may be lawfully charged under applicable law and the provisions of this paragraph shall control over all other provisions of this Note and other instruments now or hereafter executed in connection herewith which may be in apparent conflict herewith. If the maturity of this Note shall be accelerated for any reason or if the principal of the Note is paid prior to the end of the term of this Note, and as a result thereof the interest received for the actual period of existence of the loan evidenced by this Note exceeds

D the applicable maximum lawful rate, the Holder of this Note shall refund to the undersigned the amount of such excess, or shall credit the amount of such excess against the principal balance of this Note then outstanding. In the event that aid Payee or any other holder of this Note shall collect monies which are deemed to constitute interest which would increase the effective interest rate of this Note to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the lawful rate shall, upon such determination, at the option of the Holder of this Note, be immediately return to the undersigned or credited against the principal balance of this Note then outstanding. The term "applicable law" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater rate of interest as such laws now exist or may be changed or amended or come into effect in the future.

R  
A If this Note is not paid when due, whether at maturity or by acceleration, or if it is collected through bankruptcy, probate, or other legal proceedings, whether before or after maturity, Maker agrees to pay all costs of collection including, but not limited to, reasonable attorney's fees, incurred by the holder hereof.

This Note shall be governed by and construed in accordance with the Laws of the State of Texas and the laws of the United States applicable to transactions in the State of Texas.

F  
T  
**THIS WRITTEN PROMISSORY NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AD MAY NOT CONTRADICTED BY EVIDENCE OF PRIOR CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN TE PARTIES.**

**GREATER DALLAS ASSOCIATION OF REALTORS®, INC.**

**LEASE AGREEMENT**

**ARTICLE ONE: BASIC TERMS**

- 1.01. **Date of Lease:** February 18, 2005
- 1.02. **Landlord:** The Mowery Sheets Estate Family Trust  
Address of Landlord:
- 1.03. **Tenant:** Eleanor Mowery Sheets  
Address of Tenant: 5844 Lakehurst Dallas, TX 75230
- 1.04. **Property** (Include street address, as well as legal description and approximate square footage):  
5844 Lakehurst  
Dallas, TX 75230  
  
Blk B/5515 Lot 1 Lakes of Preston Hollow  
  
4860 Sq. Ft.
- 1.05. **Lease Term:** Ten Years beginning on February 18, 2005 and ending on February 17, 2015.
- 1.06. **Rent:** Seven Thousand Five Hundred Dollars (\$ 7,500.00 ) per month.
- 1.07. **Security Deposit:** \$7,500.00
- 1.08. **Permitted Use** (see Section 6.01): Single Family Residence
- 1.09. **Principal REALTOR®** (if none, so state): None  
Address:
- 1.10. **Cooperating REALTOR®** (if none, so state): None  
Address:
- 1.11. **REALTOR'S® Commissions** (See Article Fourteen):

**NOTICES OF FEDERAL TAX LIEN FILED AGAINST  
JOHN "NICKY" SHEETS and  
ELEANOR MOWERY SHEETS  
IN DALLAS COUNTY, TEXAS**





1872  
 Form 668 (Y)(c)  
 (Rev. February 2004)

Department of the Treasury - Internal Revenue Service  
**Notice of Federal Tax Lien**

Area: SMALL BUSINESS/SELF EMPLOYED AREA #30  
 Lien Unit Phone: (800) 913-6050  
 Serial Number: 235521805  
 For Optional Use by Recording Office

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer ELEANOR MOWERY

Residence 5844 LAKEHURST  
 DALLAS, TX 75230-5032

**IMPORTANT RELEASE INFORMATION:** For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1040	12/31/1997	098-44-6984	11/23/1998	12/23/2008	
1040	12/31/1997	098-44-6984	04/05/2005	05/05/2015	333409.42
1040	12/31/1998	098-44-6984	05/24/1999	06/23/2009	
1040	12/31/1998	098-44-6984	04/05/2005	05/05/2015	333150.74
1040	12/31/1999	098-44-6984	12/03/2001	01/02/2012	
1040	12/31/1999	098-44-6984	04/05/2005	05/05/2015	38506.28
1040	12/31/2003	098-44-6984	11/22/2004	12/22/2014	59444.05

Place of Filing

REAL PROPERTY  
 DALLAS COUNTY  
 DALLAS, TX, TX 75202

Total \$ 764510.49

This notice was prepared and signed at

DALLAS, TX

on this

the 29th day of June, 2005

Signature *Sherwood*  
 for SUSAN DAY

Title  
 REVENUE OFFICER  
 (972) 308-7920  
 30-06-5819

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien  
 Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)  
 CAT. NO 60025X

2005 JUN 26 08:26



FILED AND RECORDED  
OFFICIAL PUBLIC RECORDS

2005 JUL 13 PM 3:08



2005 JUL 13 PM 3:08

7804

Department of the Treasury - Internal Revenue Service

Form 668 (Y)(c)

(Rev. February 2004)

## Notice of Federal Tax Lien

Area:

SMALL BUSINESS/SELF EMPLOYED AREA #5

Serial Number

278053206

For Optional Use by Recording Office

Lien Unit Phone: (800) 913-6050

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer JOHN N SHEETS

Residence

5844 LAKEHURST AVE  
DALLAS, TX 75230

**IMPORTANT RELEASE INFORMATION:** For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1040	12/31/1997	XXX-XX-0197	04/05/2005	05/05/2015	223650.42

Place of Filing

REAL PROPERTY  
DALLAS COUNTY  
DALLAS, TX, TX 75202

Total \$ 223650.42

This notice was prepared and signed at DALLAS, TX, on this,

the 07th day of March, 2006.

Signature

R. A. Mitchell

for R. RAY JOHNSON

Title  
ACS

(800) 829-7650

14-00-0000

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien  
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)  
CAT. NO 60025XFTL  
2 PGS  
200600107812

**FILED AND RECORDED**



OFFICIAL PUBLIC RECORDS

*Cynthia Figueroa Calhoun*

Cynthia Figueroa Calhoun, County Clerk

Dallas County TEXAS

March 24, 2006 01:09:56 PM

FEE: \$23.00

200600107812

4667

Department of the Treasury - Internal Revenue Service

Form 668 (Y)(c)

(Rev. February 2004)

## Notice of Federal Tax Lien

Area:

SMALL BUSINESS/SELF EMPLOYED AREA #5  
Lien Unit Phone: (800) 913-6050

Serial Number

376339907

For Optional Use by Recording Office

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer ELEANOR MOWERY



FTL 20070293425

2 PGS

Residence

5844 LAKEHURST AVE  
DALLAS, TX 75230-5032

## IMPORTANT RELEASE INFORMATION:

For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1040	12/31/2005	XXX-XX-6984	02/05/2007	03/07/2017	114749.32

Place of Filing

REAL PROPERTY  
DALLAS COUNTY  
DALLAS, TX, TX 75202

Total \$ 114749.32

This notice was prepared and signed at DALLAS, TX, on this,

the 06th day of July, 2007.

Signature

R. A. Mitchell

for ALAN J BARKER

Title  
REVENUE OFFICER  
(817) 232-6437

25-01-5809

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien  
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)  
CAT. NO 80025X

**FILED AND RECORDED**



OFFICIAL PUBLIC RECORDS

A handwritten signature in black ink, appearing to read "JFW", is written over the official text.

John F. Warren, County Clerk  
Dallas County TEXAS

August 15, 2007 11:42:48 AM

FEE: \$23.00

20070293425

JB44 (Rev. 12/07)

## CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

## I. (a) PLAINTIFFS

UNITED STATES OF AMERICA

(b) County of Residence of First Listed Plaintiff  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Ramona S. Notinger, U.S. Department of Justice, Tax Division  
717 N. Harwood, Suite 400, Dallas, Texas; 214-880-9766

## DEFENDANTS

ELEANOR MOWERY SHEETS, JOHN NICHOLAS SHEETS, et al (see attached continuation sheet).

County of Residence of First Listed Defendant Dallas  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

2-08 CV 1303-B

## II. BASIS OF JURISDICTION

(Place an "X" in One Box Only)

- ☒ 1 U.S. Government Plaintiff  
☐ 2 U.S. Government Defendant  
☐ 3 Federal Question (U.S. Government Not a Party)  
☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS

## III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- Citizen of This State ☐ 1 PTF ☐ 1 DEF  
Citizen of Another State ☐ 2 PTF ☐ 2 DEF  
Citizen or Subject of a Foreign Country ☐ 3 PTF ☐ 3 DEF  
Incorporated or Principal Place of Business In This State ☐ 4 PTF ☐ 4 DEF  
Incorporated and Principal Place of Business In Another State ☐ 5 PTF ☐ 5 DEF  
Foreign Nation ☐ 6 PTF ☐ 6 DEF

## IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395f) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input checked="" type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence <b>Habeas Corpus:</b> <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition			

## V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding  
☐ 2 Removed from State Court  
☐ 3 Remanded from Appellate Court  
☐ 4 Reinstated or Reopened  
☐ 5 Transferred from another district (specify)  
☐ 6 Multidistrict Litigation  
☐ 7 Appeal to District Judge from Magistrate Judgment

## VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
28 U.S.C. Section 7401 and 7403

Brief description of cause:

suit to reduce federal taxes to judgment and foreclose on real property

## VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$  
\$2.1 Million

CHECK YES only if demanded in complaint:  
JURY DEMAND: ☐ Yes ☒ No

## VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

7/30/08

Ramona S. Notinger

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

**CONTINUATION SHEET TO CIVIL COVER SHEET**  
**IN UNITED STATES V. ELEANOR MOWERY SHEETS, ET AL**

Additional Defendants:

The Mowery Sheets Estate Family Trust  
Dallas EMS, LLC  
Town North Bank, NA  
Federal Deposit Insurance Corporation,  
as Conservator for IndyMac Federal Bank, F.S.B.