Article 5.
Allocation of Disbursements During Administration of Trust.

A trustee shall make the following disbursements from income to the extent that they are not disbursements to which G.S. 37A-2-201(2)b. or G.S. 37A-2-201(2)c. applies:

1. One-half of the regular compensation of the trustee and of any person providing investment advisory or custodial services to the trustee;
2. One-half of all expenses for accountings, judicial proceedings, or other matters that involve both the income and remainder interests;
3. All of the other ordinary expenses incurred in connection with the administration, management, or preservation of trust property and the distribution of income, including interest, ordinary repairs, regularly recurring taxes assessed against principal, and expenses of a proceeding or other matter that concerns primarily the income interest; and
4. Recurring premiums on insurance covering the loss of a principal asset or the loss of income from or use of the asset. (2003-232, s. 2.)