

Attachment D
Settlement Agreement
(includes Deed of Conservation Easement)

PLN130466

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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Thomas A. and Andrea M. Vardell, both as individuals and as Trustees of the Vardell Living Trust dated May 31, 2002 (collectively “Landowner”), the Santa Lucia Preserve Association (“SLPA”), and the Santa Lucia Conservancy (“Conservancy”) (collectively, “the Parties”) as of the latest date opposite the signatures of the Parties below (the “Effective Date”).

This Agreement concerns that certain parcel of land situated in the Santa Lucia Preserve, in the County of Monterey, California, herein identified as Monterey County Assessor’s Parcel Number 239-061-011-000, and more particularly described in **Exhibit “A”**, incorporated by reference herein (sometimes hereinafter referred to as the “Vardell Property” or “Lot 65”).

This Agreement is made with reference to the following facts and circumstances:

A. Thomas A. and Andrea M. Vardell, as Trustees of the Vardell Living Trust dated May 31, 2002, are the owners of the Vardell Property which is located within the Santa Lucia Preserve, County of Monterey, California (the “Preserve”). As of the Effective Date of this Agreement, the Vardell Property is comprised of two (2) former parcels, the “Original Lot 65” (former APN 239-061-003) and the “Former Golf Club Lands” (a portion of former APN 239-091-085). Within the Original Lot 65, there are two (2) land use designations as shown and described on the final subdivision map of Tract No. 1808, “the Santa Lucia Preserve Phase A”, filed for record on November 24, 1998, in Volume 20 of Maps, “Cities and Towns”, at Page 8, Official Records of Monterey County (hereinafter the “Phase A Map”): a building envelope designated “Homelands” and hereinafter referred to as a “Homeland” and the remaining lands within the parcel boundary designated and hereinafter referred to as “Openlands”.

B. The Conservancy is the grantee of: 1) a Deed of Conservation Easement, filed for record on November 24, 1998 as Document Number 9882397, in Official Records of the County of Monterey, attached hereto as **Exhibit “B”**, and incorporated by reference herein corresponding to the “Original Lot 65” Openlands as depicted on Sheet 28 of the Phase A Map; and 2) an Archaeological/Wetlands/Conservation/Scenic Easement Deed, filed for record on November 24, 1998 as Document Number 9882398, in Official Records of the County of Monterey, corresponding to portions of both the Original Lot 65 and the “Former Golf Club Lands” (collectively the “Existing Conservation Easements”). The various portions of the Vardell Property to which the Existing Conservation Easements apply are sometimes hereinafter referred to as the “Existing Conservation Easement Areas”. Landowner’s use and quiet enjoyment of the Existing Conservation Easement Areas is subject to the Existing Conservation Easements.

C. The Existing Conservation Easements were required by Monterey County’s Conditions of Approval (“Conditions of Approval”) for the Phase A Map, which conditions are found in the Combined Development Permit for the Santa Lucia Preserve, designated PC 94067 (the “Combined Development Permit”). Except as specifically

permitted or reserved, the Existing Conservation Easements prohibit development, residential uses, structures, fences, native vegetation removal and non-native plants or other vegetation, among other restrictions, within the Openlands as said Openlands are designated on the Phase A Map.

D. A Declaration of Protective Restrictions (“Declaration”) dated November 23, 1998, and filed for record on December 24, 1998, as Document Number 9885190 in Official Records of Monterey County, also burdens the Openlands and the Homeland of the Original Lot 65.

E. A comprehensive development plan (the “Comprehensive Development Plan”) was approved by the County of Monterey via Board of Supervisors Resolution 96-060, as part of the Combined Development Permit for the Phase A Map. All lot owners in the Preserve are obliged to comply with the provisions of the Comprehensive Development Plan and all subsequent County land use approvals must be consistent with the Comprehensive Development Plan pursuant to Monterey County Code, Title 21, Section 21.84.050. Under the Comprehensive Development Plan, one Homeland building envelope is allowed per residential Lot, including on Lot 65.

F. By their terms, the Existing Conservation Easements and the Declaration reference and/or relate to the County Zoning Code and the Combined Development Permit, including the Conditions of Approval and the Comprehensive Development Plan. While the SLPA and the Conservancy do not have direct enforcement or regulatory authority with respect to the Conditions of Approval, the Combined Development Permit, the Comprehensive Development Plan or the County Zoning Code, they must necessarily refer to these sources when interpreting and applying the Existing Conservation Easements and Declaration.

G. The SLPA and the Conservancy have a responsibility to maintain and enforce the terms of the Existing Conservation Easements and the Declaration on the Openlands and the Homeland of the Original Lot 65 and the Landowner has a duty to comply with these documents.

H. A disagreement has arisen between the Parties as regards the applicability of the Existing Conservation Easements to the two structures already existing on Lot 65 at the time of its acquisition by Landowners (the “Existing Structures”).

I. By agreeing to and implementing the terms and conditions contained herein, the Parties hereby intend to resolve any such disagreements in a manner that meets the following mutually held objectives of the Parties:

- 1) Landowner shall have full rights to use and improve the Existing Structures and to build a separate future home, guesthouse, other accessory structures, and landscaping within the Lot 65 Homeland (as adjusted in accordance with this Agreement), consistent with and subject to:
 - a) The rights, privileges and obligations of other Preserve residents;
 - b) The general intent of that certain Agreement For Purchase And Sale

Agreement And Joint Escrow Instructions between Landowners and the Preserve Golf Club, Inc., dated November 14, 2008, attached hereto as **Exhibit "C"**;

- c) The intent and specific provisions of: (i) the Conservation Easement; (ii) the Declaration; (iii) the Comprehensive Development Plan; (iv) the Combined Development Permit; and (v) all other existing agreements, permits, plans or restrictions applicable to the property; and
- d) Governmental permitting requirements; including approval of the Homeland Adjustment Map (defined in Section I.A.1, below) and a County determination that the SLPA may allocate a caretaker unit ("Caretaker Unit") to Lot 65.

- 2) That the final resolution is consistent with the Combined Development Permit, including the Comprehensive Development Plan, the Existing Conservation Easements, the Declaration, the County Zoning Code and the Conservancy's obligations as a public charity.

NOW, THEREFORE, in consideration of the foregoing facts, circumstances and objectives, all of which are incorporated by reference herein, the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

I. Homeland Boundary Adjustment.

A. Within the timeframes specified below, Landowner shall undertake the following actions and assume all associated expenses:

- 1) Within sixty (60) days after the Effective Date, apply for, and within one year after the Effective Date, obtain Monterey County approval for a Homeland boundary adjustment via certificate of correction or an amendment of the Phase A Map, expanding the existing Lot 65 Homeland boundary to include the areas described and depicted as "Additional Homeland – Lot 65" on **Exhibits "D-1" and "D-2"**, attached hereto and incorporated by reference herein (the agreed upon reconfiguration by either method is hereinafter referred to as the "Homeland Adjustment Map"). Landowner shall prepare and submit to County an application for approval of the Homeland Adjustment Map.
 - a) If the County will accept it, the Landowner's application for approval of the Homeland Adjustment Map shall include: a proposal to record a new Openlands conservation easement ("New Conservation Easement") on the remainder of the land formerly included in the Golf Club's Lot 264, now comprising a 7.73 acre portion of Lot 65, shown and designated "Portion of Lot 65 (Parcel 2) From Volume 30 Surveys, Page 70" on **Exhibit "E"**, attached hereto and incorporated by reference herein ("New Conservation Easement Area"); a proposal to extinguish via a quitclaim deed (the

“Quitclaim Deed”) of the Existing Conservation Easement on a 0.89 acre portion of Lot 65 designated as “Additional Homeland – Lot 65 From Volume 20 Cities and Towns, Page 8”, as said area is shown and described on **Exhibit “F”**, attached hereto and incorporated by reference herein (the “Quitclaim Area”); and a proposal to annex the New Conservation Easement Area to the Declaration (the “Annexation”).

- b) If the County will not accept the Landowner’s request for approval of the New Conservation Easement and the Quitclaim Deed as part of Landowner’s application for the Homeland Adjustment Map, Landowner shall nevertheless be responsible to record the New Conservation Easement and the Quitclaim Deed as a condition of recording the Homeland Adjustment Map, as specified in Section III of this Agreement. The Quitclaim Deed will modify the Existing Conservation Easement, which by its terms requires approval of the County Board of Supervisors. Consequently, the Landowner shall obtain the approval of the County Board of Supervisors for the recording of the Quitclaim Deed regardless of the method used to implement the Homeland Adjustment Map, unless there is a final and official County action determining that no Board of Supervisors approval is required for the Conservancy to deliver the Quitclaim Deed.
 - c) The Landowner’s application for approval of the Homeland Adjustment Map (and for approval of the New Conservation Easement and the Quitclaim Deed if accepted by County as a part of the application) is sometimes hereinafter collectively referred to as the “Application”). Provided that Landowner has timely submitted the Application within sixty (60) days of the Effective date of this Agreement, County has accepted said Application as complete, and Landowner has diligently processed said Application using good faith best efforts, but has been unable to secure a final decision on the Application for reasons beyond Landowner’s control, SLPA and Conservancy shall not unreasonably withhold an extension of time for Landowner to obtain a final decision from County on Landowner’s Application.
- 2) A pro-forma version of Openlands Conservation Easement to be granted by Landowner is in the form attached as **Exhibit “G”** hereto, and incorporated by reference herein. The bracketed language in the exhibit is intended as a placeholder that may be modified by the parties to accurately reflect the procedural mechanism that the County of Monterey specifies for processing of

the Homeland Adjustment and modification of the Existing Conservation Easement.

- 3) At least six (6) weeks prior to the recording of the Homeland Adjustment Map, prepare and deliver to the Conservancy for its approval a draft of the Quitclaim Deed.
- 4) Within three (3) business days of the Effective Date of this Agreement, reimburse through direct deposit to an account to be specified by Conservancy, Sixty Five Thousand Dollars (\$65,000.00), without offset or deduction of any kind (the "Reimbursement"). The Reimbursement offsets the Conservancy's costs and fees incurred in connection with the Homeland/Openland adjustment, and such reimbursement is required by Conservancy's policies and procedures for all Homeland/Openland adjustments, irrespective of whether an adjustment is associated with a compliance issue or other dispute.
- 5) Retire the existing driveway access at the location of Existing Structures and replace the existing gate with fencing to match the adjacent split rail fence design within thirty (30) days of recording the Homeland Adjustment Map.
- 6) Permanently monument the revised Homeland boundary as shown on the Homeland Adjustment Map within thirty (30) days of recording the Homeland Adjustment Map.
- 7) Solely at the Landowner's election, pursue relocation of the existing mailboxes located on Robinson Canyon Road ("Mailboxes") with the appropriate parties.
- 8) Simultaneously provide copies to both the Conservancy and the SLPA of all written communications of Landowner, its agents and representatives with the County and any other governmental or quasi-governmental entities with jurisdiction over Lot 65, concerning implementation of this Agreement, including any documents attached to or accompanying such communications, until the recording of the Homeland Adjustment Map and full implementation of this Agreement.
- 9) To the degree consistent with the applicable law, policies, ordinances, regulations and permits, at all times cooperate fully with:
 - a. Conservancy, SLPA, Design Review Board and County in the processes associated with approval and implementation of the Homeland Adjustment Map, including without limitation, extinguishing the "Restrictive Covenant" (defined in Section I.C.4),

below) and timely execution and delivery to escrow of the Annexation and the Conservation Easement in accordance with Section III, below; and/or

b. Approvals or correspondence required by the County.

B. Within the time frames specified herein, and provided that Landowner is not in default hereunder, the Santa Lucia Conservancy shall undertake the following actions and assume all related direct expenses .

1) To the degree consistent with the governing documents, policies, purposes and practices of the Conservancy and the Preserve, at all times cooperate fully with:

a. Landowner's Application and the County permit process required for the Homeland Adjustment Map, including timely execution and delivery to escrow of the Quitclaim Deed in accordance with Section III, below; and/or

b. Approvals or correspondence required by the County.

2) Draft and timely deliver to Landowner the New Conservation Easement in accordance with Section III, below, including a completed **Exhibit "D"** to said easement reflecting updated "Baseline Conditions", which **Exhibit "D"** has not yet been prepared. Landowner and Conservancy shall jointly agree to the content of **Exhibit "D"** as a condition precedent to Landowner's duty to deliver the New Conservation Easement to Escrow fully executed.

3) Limit the Conservancy's activities pursuant to the New Conservation Easement on the adjusted Openlands of Lot 65 to the same rights provided under the Declaration, the Existing Conservation Easements or other instruments affecting all Phase A Map residential lots, including Lot 65 (collectively the "Restrictions"), which rights include, without limitation, periodic easement monitoring. Consistent with the provisions of the Existing Conservation Easements and the Conservancy's policies, the Conservancy will provide notice and will coordinate with Landowner on timing to ensure the Conservancy's activities are not unreasonably disruptive to Landowner's use, management and comfortable enjoyment of the Vardell Property permitted under the New Conservation Easement and Declaration. No wildlife management program, research, grazing or other activities requiring landowner approval under the terms of the Existing Conservation Easements or the New Conservation Easement is requested or conveyed through this Agreement.

4) Subject to the limits of its authority, approve a Landowner application for relocation of the mailboxes to another location within the County right-of-way,

subject to reasonable conditions to avoid impacts to trees and other landowners, and ensure consistency with the Declaration.

C. Within the timeframes specified herein, and provided that Landowner is not in default hereunder, SLPA shall undertake the following actions and assume all direct expenses:

- 1) The Design Review Board will work cooperatively with Landowner's representatives to determine if a Caretaker Unit credit remains available for allocation to Lot 65 (which presently has a guesthouse allocation). If the County agrees that the Preserve has a Caretaker Unit to allocate to Lot 65, then SLPA shall allocate it to Lot 65 upon Landowner's successful completion of the Homeland adjustment process contemplated under this Agreement, including recordation of the Homeland Adjustment Map, the New Conservation Easement and the Quitclaim Deed.

So long as Landowner is in compliance with this Agreement, the Declaration and the Easements, SLPA will "bank" or "reserve" the Caretaker Unit allocation until such time as it is required to be attached as a condition to development of the "main residence" (as determined by SLPA). Landowner shall proceed on the following schedule (subject to circumstances beyond Landowner's control):

- Commence and complete application to the DRB for the "main residence" within 12 months after the date of this Agreement
- Commence and complete application to Monterey County for a building permit(s) for the "main residence" within 18 months after the date of this Agreement
- Commence construction of the "main residence" within 24 months after the date of this Agreement, and diligently pursue to completion.

Should these conditions not be met, a Notice of Violation may be issued and fines and penalties assessed pursuant to the Declaration and the Caretaker Unit allocation released to another property.

"Main residence" for the purposes of this Agreement shall mean either (1) expansion of the existing structure to a minimum required square footage or (2) a new separate main residence.

- 2) Timely process by the Design Review Board in accordance with its written procedures of any correspondence or requests from the County, provided that

Landowner and County are acting in compliance with all applicable Design Review Board or other applicable requirements and the terms of this Agreement.

- 3) To the extent of its authority, approve the relocation of the Mailboxes to another location within the County right-of-way, subject to reasonable conditions to ensure consistency with the Declaration and avoid impacts to other landowners.

Additionally, in its discretion, and without any duty to do so, SLPA may seek to obtain a quitclaim or release of the restrictive use covenant number 2 (golf course use only) set forth on page 3 of the grant deed recorded March 30, 2009 in the County of Monterey, Office of the Recorder, as Document series number 2000020151 (the “Restrictive Covenant”).

D. Any future development activities on Lot 65, including without limitation a replacement fence and driveway extension, shall be subject to the same Design Review Board and Conservancy approval processes required of all Preserve landowners, and will not be subject to any different, lesser or additional requirements. Subject to the matters described in Recital I.1 a) through d), above, SLPA and Conservancy acknowledge that they know of no reason why Landowner should not have the right to develop and occupy a main house, a caretaker unit, a guesthouse and otherwise permitted accessory structures on Lot 65.

II. The Parties’ Releases of Claims and Promises Not to Sue.

A. The Landowner agrees that execution and full performance of this Agreement by the Conservancy and SLPA represents settlement in full of all claims by Landowner against Conservancy and SLPA. In consideration of this Agreement, Landowner hereby waives, discharges, fully releases (sometimes hereinafter collectively the “Release”), and promises not to sue the Conservancy or SLPA, or persons to the extent that they are acting in their respective capacities as officers, directors, employees, investors, shareholders, subsidiaries, attorneys, and agents of the Conservancy or SLPA (sometimes together herein the “Released Parties”), for any and all claims, duties, obligations, causes of action, suits, agreements, demands, grievances, liabilities, damages and remedies relating to matters of any kind, whether known or unknown, suspected or unsuspected (all hereinafter “Claims”), which Landowner, its legal representatives, heirs, successors, agents, or assigns ever had, now has, or in the future may have, arising prior to the Effective Date hereof, arising out of or related to the subject matter of this Agreement. No persons or entities other than the Released Parties named herein are released hereby. Landowner’s Release of Claims and promise not to sue applies to any and all claims of any nature whatsoever that Landowner may have against the Released Parties, including attorney’s fees, in connection with the subject matter of this Agreement prior to the Effective Date hereof.

- B. The Conservancy and SLPA agree that execution and full performance of this Agreement by the Landowner represents settlement in full of all claims by Conservancy and SLPA against Landowner. In consideration of this Agreement, Conservancy and SLPA hereby agree, upon full performance of this Agreement by the Landowner, to waive, discharge, fully release (sometimes hereinafter collectively the "Release"), and promise not to sue Landowner, their attorneys, heirs, successors, assigns or agents (sometimes together herein the "Vardell Released Parties"), for any and all claims, duties, obligations, causes of action, suits, agreements, demands, grievances, liabilities, damages and remedies relating to matters of any kind, whether known or unknown, suspected or unsuspected (all hereinafter "Claims"), which Conservancy or SLPA, their officers, directors, employees, investors, shareholders, affiliates, subsidiaries, attorneys, and agents ever had, now has, or in the future may have, arising prior to the Effective Date hereof, out of or related to the subject matter of this Agreement, excepting that certain side letter agreement between Conservancy and Landowner of even date herewith. Conservancy's and SLPA's Release of Claims and promise not to sue applies to any and all claims of any nature whatsoever that Conservancy or SLPA may have, including attorney's fees, in connection with the subject matter of this Agreement prior to the Effective Date hereof.
- C. The Parties agree that the Releases set forth in this Agreement shall remain in effect in all respects as complete general Releases as to the matters released. All such Claims are forever barred by this Agreement in accordance with its terms, and the Parties agree as set forth herein not to sue other Parties, their officers, directors, employees, investors, shareholders, subsidiaries, attorneys, and agents for any Claims.
- D. The Parties agree as set forth herein that they will not initiate or commence, nor to the extent permitted by applicable law, cooperate in any claim, action or proceeding against a Released Party or a Vardell Released Party, in any judicial, administrative or other forum, with respect to any Claims that are waived, released, or discharged under this Agreement, or upon such waiver, release, or discharge occurring, in relation to any Claims or other matter which is related to the subject matter of this Agreement. The Parties represent that, to the best of their respective knowledge and belief, no claim, action, or proceeding described in this section exists or has previously been authorized or commenced by or on its behalf. The foregoing Releases shall not prevent any of the Parties from suing a Released Party or a Vardell Released Party or to determine the validity of this Agreement or to enforce the obligations incurred under this Agreement.

Civil Code Section 1542. The Parties acknowledge that they have been advised of and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER

MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties, being aware of Civil Code section 1542, agree to expressly waive any and all present or future rights they may have thereunder against a Released Party or Vardell Released Party, as well as under any other statute or common law that contains similar language.

III. Escrow, Title Insurance, Contingencies and Closing.

Escrow shall be held at the Monterey County office of a Title Company (“Escrow Holder”) mutually selected by the parties hereto. The Landowner shall be responsible for escrow and title insurance costs and recording fees. Subject to the parties’ mutual agreement of the content of the updated Baseline Conditions to be included in **Exhibit “D” to the New Conservation Easement**, the Landowner shall deposit with Escrow Holder the fully executed New Conservation Easement, the Annexation and a copy of the Homeland Adjustment Map to be recorded at close of escrow. Subject to its approval in its sole discretion of an appraisal of the relative values of the “Additional Homeland – Lot 65” as depicted on **Exhibits “D-1” and “D-2”**, and the New Conservation Easement, Conservancy shall deposit with Escrow Holder the fully executed Quitclaim Deed in the form pre-approved by Conservancy and the County (unless there is a final and official County action determining that no County Counsel or Board of Supervisors approval as to form or substance is required for the Conservancy to deliver the Quitclaim Deed), and a Notice of receipt of the Reimbursement. Closing (“Close of Escrow”) shall occur when the Escrow Holder is in receipt of the above items and is prepared to issue to Conservancy a standard CLTA Owner’s title insurance policy (“Policy”) with an insured value of not less than Three Million Dollars (\$3,000,000) together with CLTA form Endorsement No. 110.6 to said CLTA policy (“Endorsement”), which Policy and Endorsement shall together insure that there are no liens, encumbrances or other matters which affect the area burdened by the New Conservation Easement Area other than: (a) the standard printed exceptions and exclusions contained in said title insurance policy; and (b) those matters to be considered and exceptions from coverage in addition to the standard printed exceptions and exclusions contained in said title insurance policy, which are set forth as items 1-14 and 16-35 (“Items”) on that certain “3rd Update May 8, 2012 Preliminary Report” Order Number 2710-4046901, attached hereto as **Exhibit “H”**, and incorporated by reference herein (the “May 8, 2012 Preliminary Report”); and (c) such exceptions and exclusions that do not appear as Items in the May 8, 2012 Preliminary Report, but are exclusions on Schedule B, Part Two of the Policy, that have been approved by Conservancy. Any updated preliminary report, and any subordinations or partial reconveyances that may be necessary for the issuance of the CLTA Owner’s title insurance policy to Conservancy with CLTA form Endorsement No. 110.6, shall be the responsibility of Landowner. The Parties shall instruct the Escrow Holder to, upon Close of Escrow, record the New Conservation Easement, the Annexation, the Quitclaim Deed and the Homeland Adjustment Map in that order, and issue the Policy and Endorsement to the Conservancy.

IV. Title Warranty

Landowner warrants and represents that, at Close of Escrow, Lot 65 shall be free of any

liens, encumbrances or other matters other than (a) the standard printed exceptions and exclusions contained in the Policy described in Section III, above, and (b) those matters to be considered and exceptions from coverage in addition to the standard printed exceptions and exclusions contained in said title insurance policy, which are set forth as items 1-14 and 16-35 (“Items”) in **Exhibit “H”**; and (c) such exceptions or exclusions that do not appear as Items in **Exhibit “H”**, but are exceptions or exclusions on Schedule B, Part Two of the Policy that have been approved by Conservancy.

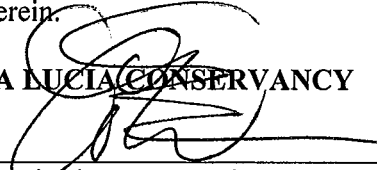
V. Miscellaneous

- A. Cooperation. The parties hereto agree to cooperate in good faith to implement this Agreement.
- B. Severability. Invalidation of any provision of this Agreement including, without limitation, any one of the covenants or restrictions set forth herein, by judgment or a court order shall not affect any of the other provisions, covenants, or restrictions, which shall all remain in full force and effect.
- C. Warranty. The parties hereto respectively represent and warrant that the below signatories are duly authorized to execute this Agreement and implement the terms and conditions described herein.
- D. Attorneys’ Fees. If any legal proceeding or other legal action arising out of or relating directly or indirectly to this Agreement is brought, the prevailing party shall be entitled to recover reasonable attorneys’ fees, costs, disbursements, and other relief to which the prevailing party may be entitled. If the prevailing party recovers judgment in any such action or proceeding, such costs, expenses, and attorneys’ fees shall be included in and as part of the judgment.
- E. Interpretation. It is agreed and understood by the parties hereto that this Agreement has been arrived at through negotiation and that neither party is to be deemed the party which prepared this Agreement with the meaning of Civil Code section 1654.
- F. Counterparts. This Agreement may be executed in one or more counterparts or duplicate or facsimile copies, each of which shall be deemed an original for all purposes and all of which taken together shall constitute one and the same instrument.
- G. Specific Performance; Other Remedies. The rights and obligations in this Agreement are inherently difficult or impossible to value monetarily, and an action for damages (or other remedies at law) would be inadequate to protect the unique rights and interests of the parties. Accordingly, with respect to any controversy relating to the subject matter of this Agreement, the provisions of this Agreement shall be enforceable in a court of equity by a decree of specific performance. This remedy is nonexclusive and is in addition to any other remedy available at law or in equity.
- H. Priority/Memorandum of Agreement. This Agreement shall have priority against any existing mortgagee, trustee, or beneficiary of a mortgage or deed of trust upon Lot 65, and a short form memorandum of such agreement (“Memorandum of Agreement”) shall be recorded in the chain of title to run with the land of Lot 65.

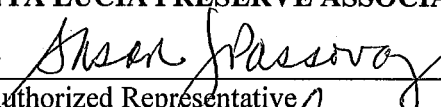
- I. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.
- J. No Modification of Existing Easements. Nothing herein shall abrogate, revoke or modify the Existing Conservation Easements or Declaration described herein other than the anticipated recording of a Quitclaim Deed as specified herein.
- K. Integration. There are no oral or parol agreements which are not expressly set forth in this Agreement and the related documents being executed in connection with this Agreement. All attached exhibits are incorporated into this Agreement. This Agreement may not be modified, amended, or otherwise changed except by a writing executed by the Party to be charged.

By their signatures hereunder, the parties hereby express their authority and intent to enter into this binding written agreement embodying the substantive terms and conditions set forth herein.

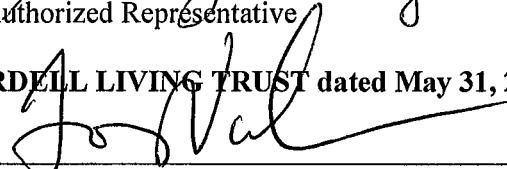
SANTA LUCIA CONSERVANCY

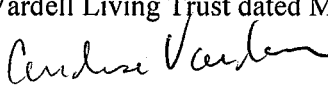
By:  Date 6-7-13
Its Authorized Representative

SANTA LUCIA PRESERVE ASSOCIATION

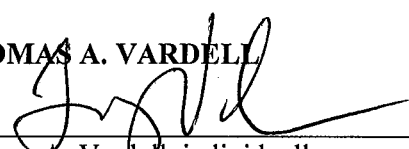
By:  Date 6-7-13
Its Authorized Representative

VARDELL LIVING TRUST dated May 31, 2002


By:  Date 6 7 13
Thomas A. Vardell, Co-Trustee
of the Vardell Living Trust dated May 31, 2002

By:  Date 6 7 13
Andrea M. Vardell, Co-Trustee
of the Vardell Living Trust dated May 31, 2002

THOMAS A. VARDELL

By:  Date 6 7 13
Thomas A. Vardell, individually

ANDREA M. VARDELL

By:  Date 6 7 13
Andrea M. Vardell, individually

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Monterey, State of California, described as follows:

PARCEL I:

LOT 65 AS SHOWN ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A", FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS AND BY CERTIFICATE OF CORRECTION RECORDED AUGUST 26, 2002 AS RECORDER'S SERIES NO. 2002078268 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION CONVEYED TO THE PRESERVE GOLF CLUB, INC. BY DEED RECORDED OCTOBER 16, 2003, INSTRUMENT NO. 2003-126274 AND RE-RECORDED OCTOBER 28, 2003, INSTRUMENT NO. 2003-131365, MONTEREY COUNTY RECORDS PURSUANT TO LOT LINE ADJUSTMENT RECORDED JULY 8, 2003, INSTRUMENT NO. 2003-079618, MONTEREY COUNTY RECORDS.

PARCEL IA:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS RANCHO SAN CARLOS ROAD, CHAMISAL PASS, VUELO DE LAS PALOMAS, VISTA CIELO, WILD TURKEY RUN, RUMSEN TRACE, ARROWMAKER TRACE, GARZAS TRAIL, VASQUEZ TRAIL, PRONGHORN RUN AND VIA VAQUERA AS SHOWN AND DESIGNATED ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A" FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF MAP, "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS.

PARCEL IB:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY BOUNDARY OF SANTA LUCIA PRESERVE PHASE A, AS SAID ROAD IS SHOWN AND DESIGNATED ON THE MAP FILED NOVEMBER 18, 1998 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114.

PARCEL IC:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY TERMINUS OF RANCHO SAN CARLOS ROAD AS SHOWN ON MAP FILED NOVEMBER 18, 1998 IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114, TO THE INTERSECTION WITH CARMEL VALLEY ROAD, A COUNTY ROAD.

PARCEL II:

PARCEL 2 AS SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY"; LOT LINE ADJUSTMENT OF PARCELS 'A' AND 'B' AS SHOWN ON THE MAP FILED IN VOLUME 26 OF

SURVEYS AT PAGE 86; WHICH MAP WAS FILED IN THE OFFICE OF THE MONTEREY COUNTY RECORDER ON APRIL 29, 2009 IN BOOK 30 OF SURVEYS AT PAGE 70, MONTEREY COUNTY RECORDS.

APN: 239-061-011

DOCUMENT: **9882397**

Titles: 1 / Pages: 28



0009882397

Fees... 89.00
Taxes...
Other...
AMT PAID 89.00

RECORDED AT REQUEST OF:

BRIAN FINEGAN

WHEN RECORDED, RETURN TO:

Brian Finegan, Esquire
Brian Finegan and Michael D.
Cling, A Professional Corporation
60 West Alisal Street, Suite 1
Post Office Box 2058
Salinas, California 93902

DEED OF CONSERVATION EASEMENT

*(Openlands of The Santa Lucia Preserve, Phase A)
(Combined Development Permit PC94-067)
(Condition No. 109)*

THIS DEED OF CONSERVATION EASEMENT ("Deed") is made by RANCHO SAN CARLOS PARTNERSHIP, L. P., a California limited partnership ("Grantor"), to SANTA LUCIA CONSERVANCY, a California Nonprofit Public Benefit Corporation, and THE TRUST FOR PUBLIC LAND, a California nonprofit public benefit corporation, as tenants in common (collectively referred to herein as "Grantee").

RECITALS

- A. Grantor is the owner in fee simple of certain real property in Monterey County, California, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Subject Property").
- B. The Subject Property is a part of a phased project known generally as The Santa Lucia Preserve, consisting of approximately 18,000 acres of Preserve Lands and approximately 2,000 acres of Settled Lands as those terms are used and described in the Comprehensive Development Plan (April 1994, "the Plan"), the Combined Development Permit Application (Revised November 14, 1994, "the Application") and the Resource Management Plan ("the RMP") for The Santa Lucia Preserve (Rancho San Carlos Partnership, April, 1994, rev.

November, 1994) all of which are on file as File Number PC94067 in the office of the Monterey County Planning and Building Inspection Department. Grantor has received entitlements from the County of Monterey (Resolution No. 96-060, Resolution No. 96-061 and Resolution No. 97-360) for the creation on the Subject Property of a project consisting of residential, recreational, open space and agricultural uses ("the Approved Project"), subject to conditions of approval imposed by the Monterey County Board of Supervisors pursuant to Resolution No. 96-060, Resolution No. 96-061 and Resolution No. 97-360 ("the Conditions of Approval").

- C. The Approved Project consists of "Settled Lands" (lands to be developed with residential and recreational uses) and "Preserve Lands" (lands to be preserved and used for agricultural, recreational, open space and conservation activities). The Preserve Lands of the Santa Lucia Preserve are comprised of Wildlands conveyed incrementally to Grantee in fee, or Openlands consisting of portions of the residential lots in the Approved Project (the "Lot or "Lots") conveyed in fee to the individual purchasers of such lots (hereinafter referred to as "Owner" or "Owners"), but subject to conservation easements in favor of Grantee. The Preserve Lands are restricted in perpetuity to a conservation program of scientific research and education, recreational activities and managed agricultural programs ensuring in perpetuity for the public benefit the protection and preservation of natural resources. The Settled Lands of the Santa Lucia Preserve are comprised of either Homelands, which will be used for residences, or Rancholands, which will be used for visitor accommodation, resident-serving commercial, and recreational uses.
- D. The Property possesses natural, scenic, ecological, cultural, open space, agricultural, scientific and aesthetic values ("the Protected Values") of great importance to Grantor, Grantee, the people of Monterey County and the people of the State of California.
- E. Condition No. 109 of the Conditions of Approval requires that conservation easements over the Openlands areas of each phase of the Approved Project be granted to the Santa Lucia Conservancy or other appropriate non-profit land trust organization concurrently with the filing of final maps for each phase of the Approved Project, and that such conservation easements restrict the permitted uses of the Openlands in perpetuity and grant to the County of Monterey the non-exclusive right to enforce said restrictive use covenants.
- F. Grantee Santa Lucia Conservancy is a nonprofit public benefit corporation whose primary purpose is the preservation of areas

of significant biological diversity through acquisitions of natural areas, acceptance or creation of conservation easements, creation of managed and interpretive public access to areas of special ecological, aesthetic and educational value and the establishment of demonstration conservation projects. Grantee Santa Lucia Conservancy is described in Internal Revenue Code Section 509(a)(3) as an organization organized and operated exclusively for the benefit of or to carry out the purposes of The Trust for Public Land. Grantee Santa Lucia Conservancy has applied for, but not yet obtained, qualification as a tax-exempt non-profit organization under Internal Revenue Code Section 501(c)(3).

- G. Grantee The Trust for Public Land is a publicly supported, tax-exempt nonprofit organization qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code, whose primary purpose is to acquire on behalf of the general public open lands devoted to the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific interest, or recreation and scenic beauty; and secondarily to seek, develop, and demonstrate practical ways to insure an ecologically balanced use of the nation's land resources which promotes optimum human living conditions in a biologically healthy environment.
- H. Grantor intends, as owner of the Subject Property, to convey easement rights to Grantee providing for the exclusive right to actively manage in perpetuity the ranching, recreational, research, educational and resource management activities on the Openlands of the Subject Property in order that the Protected Values of the Openlands of the Subject Property be managed and protected in perpetuity for public benefit, subject to the rights and interests reserved to Grantor as herein provided; and that the requirements of said Condition No. 109 be satisfied.
- I. Grantee intends, by acceptance of the grant made hereby, forever to honor the intentions of Grantor to protect the public interest in the Protected Values of the Openlands of the Subject Property by actively monitoring the ranching, recreational, research, educational and resource management activities as well as other permitted uses on the Openlands of the Subject Property in a manner consistent with the protection and preservation of the Protected Values, and by enforcing the covenants, conditions and restrictions contained in this deed.

NOW, THEREFORE, and in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of California including, *inter alia*, Sections 815-816 of the California Civil Code, Grantor does hereby

voluntarily grant to Grantee an exclusive Conservation Easement in gross in perpetuity over the Openlands of the Subject Property as more particularly described in Exhibit "B" attached hereto, of the nature and character and to the extent hereinafter set forth (the "Easement").

SUBJECT TO the following **CONDITION SUBSEQUENT**, to wit, that if Grantee **SANTA LUCIA CONSERVANCY**, a California nonprofit public benefit corporation, ceases to exist, fails to qualify as a tax-exempt non-profit organization under Section 501(c)(3) of the Internal Revenue Code within two (2) years from the date of recordation of this deed, or ceases, prior to its qualification as a tax-exempt non-profit organization under Internal Revenue Code Section 501(c)(3), to be operated exclusively for the support of **THE TRUST FOR PUBLIC LAND**, a California nonprofit public benefit corporation, or such successor organization as shall have been substituted for **THE TRUST FOR PUBLIC LAND**, or ceases to manage and protect the Protected Values of the Subject Property, or attempts to transfer, dedicate to the public or to any public entity, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Openlands of the Subject Property in violation of the restriction upon transfer set forth below, all right title and interest of Grantee **SANTA LUCIA CONSERVANCY**, a California nonprofit public benefit corporation, shall terminate automatically and without reentry by Grantor, and shall thereupon vest immediately and automatically in **THE TRUST FOR PUBLIC LAND**, a California nonprofit public benefit corporation, or in such successor organization as shall have been substituted for **THE TRUST FOR PUBLIC LAND**, whereupon **THE TRUST FOR PUBLIC LAND** or such successor organization shall be treated as "Grantee" for all purposes of this deed; provided, however, that Grantee's interest shall not terminate automatically on the ground of Grantee's ceasing to manage and protect the Protected Values of the Subject Property in accordance with the applicable covenants, conditions and restrictions unless Grantor or **THE TRUST FOR PUBLIC LAND** has first recorded in the office of the County Recorder of Monterey County, California, and served upon Grantee by certified mail at the address shown on the latest equalized county assessment roll, a Notice of Default as hereinafter provided, and Grantee fails to cure all of the defaults specified in the Notice of Default within ninety (90) days after the date of mailing the Notice of Default to Grantee, or, in the case of defaults which cannot be fully cured within ninety (90) days, to promptly commence and diligently and in good faith pursue the cure of such defaults within ninety (90) days after the date of mailing the Notice of Default to Grantee. The condition subsequent set forth herein is intended to create a power of termination as defined in California Civil Code Section 885.010(a), and the remainder in favor of **THE TRUST FOR PUBLIC LAND** is intended to create a conditional limitation as defined in California Civil Code Section 778. In the event that **THE TRUST FOR PUBLIC LAND** succeeds to the interest of **SANTA LUCIA CONSERVANCY**

pursuant to the provisions of this CONDITION SUBSEQUENT, THE TRUST FOR PUBLIC LAND shall have the right, but not the obligation, to assign its interest to another nonprofit organization qualified under California Civil Code Section 815.3 to accept conservation easements and otherwise fulfilling the qualifications provided in Section 11(d) (i) and (ii) of this deed.

SUBJECT ALSO TO the following restriction upon transfer, to wit, that except as expressly provided herein, Grantee SANTA LUCIA CONSERVANCY shall not transfer, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Subject Property except to THE TRUST FOR PUBLIC LAND, a California nonprofit public benefit corporation, or to such successor organization as shall have been substituted for THE TRUST FOR PUBLIC LAND. It is the express intention and understanding of the Grantor in making this grant to Grantee SANTA LUCIA CONSERVANCY, and of the Grantee SANTA LUCIA CONSERVANCY in accepting title to the Subject Property pursuant to this deed, that the foregoing restriction on transfer is a lawful and reasonable restraint on alienation, directly related to the primary purposes for which this grant is made and the public benefit purposes for which Grantee SANTA LUCIA CONSERVANCY is formed, and consistent with and supportive of the resource protection and conservation policies of the parties, the County of Monterey and the State of California, and therefore is not repugnant to the interest created or violative of the provisions of California Civil Code Section 711.

PROVIDED, HOWEVER, that notwithstanding the foregoing, and without prejudice to or denigration of its interests under the foregoing CONDITION SUBSEQUENT, THE TRUST FOR PUBLIC LAND shall quitclaim to SANTA LUCIA CONSERVANCY all of its right title and interest as an initial Grantee under this deed upon determination by the Internal Revenue Service that the SANTA LUCIA CONSERVANCY is described under Internal Revenue Code Section 501(c)(3).

1. Purpose. It is the purpose of the Easement in perpetuity a) to assure the preservation, management and protection of the Protected Values of the Subject Property, as described in the Plan and the RMP, in accordance with the terms and conditions of this Easement; b) to prevent any use of the Subject Property that would materially impair or interfere with the Protected Values; c) to promote the public interest in accordance with Article 13, Section 8 of the California Constitution, the Open-Space Easement Act of 1974 (Government Code Section 51070 et seq.), and the provisions of Title II, Chapter 4 of the California Civil Code (Section 815 et seq.) by retaining the land as open space as defined in Section 65560 of the California Government Code or predominantly in its natural, scenic, historic, agricultural, forested or open-space condition, thereby adding to the amenities of living in neighboring urbanized areas and preserving the rural character of the area in which the land is located; and d) to assure that any accessory or

ancillary uses of the Subject Property in connection with the private use and development of the Settled Lands of the Santa Lucia Preserve are subordinate and incidental to the primary public interest in the preservation, management and protection of the Protected Values of the Subject Property. To the extent that Grantor's activities on and uses of the Subject Property are consistent with prudent management of the Protected Values of the Subject Property, and with the terms and conditions of the Conditions of Approval and this Easement, it is within the purpose of this Easement to permit the continuance of such activities and uses.

2. Affirmative Rights and Interests Conveyed. To accomplish the purpose of this Easement, the following rights and interests are conveyed to the Grantee:

(a) To preserve, protect and manage in perpetuity the Protected Values of the Subject Property.

(b) To enter upon, inspect, and observe the Subject Property for the purpose of monitoring the uses of and activities and practices upon the Subject Property to determine whether they are consistent with this Easement, to mitigate impacts upon the Protected Values of the Subject Property, and to enforce the covenants, conditions and restrictions contained herein. Such entry shall be permitted upon reasonable prior notice to Grantor, the Owner or the successors in interest of either, and shall be made in a manner that will not unreasonably interfere with Grantor's or the Owner's use, management, and comfortable enjoyment of the Subject Property.

(c) To prevent any activity on or use of the Subject Property that is inconsistent with the purpose of this Easement and to require the restoration or rehabilitation of such areas or features of the Subject Property that may be damaged by any inconsistent activity or use.

(d) Subject to the prior written approval of Grantor and the Owner of the Lot, to carry on, and to license others to carry on, and to regulate, public education and interpretation programs, wildlife management programs and activities and scientific research and experimentation, and livestock activities, including grazing, fencing, loading, boarding and feed storage facilities, consistent with the terms and conditions of the Conditions of Approval.

3. Uses and Practices. Subject to the reserved rights set forth in Paragraph 4 of this deed, this Easement shall confine the uses of the Property to the following:

a) Uses consistent with and supportive of the preservation, protection and management in perpetuity of the Protected Values;

b) Research, educational and resource management and facilities;

c) Ranching activities and facilities as described in the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan referred to in Condition #25 of the Conditions of Approval;

d) Outdoor recreation and facilities; and

e) Project infrastructure and uses described in the Application.

3.1 Prohibited Uses. Specifically, and without limiting the generality of the foregoing, the following itemized uses and activities are deemed inconsistent with the purpose of this Easement, and are hereby expressly prohibited by this deed:

a) Inconsistent Uses and Activities. Any use of or activity on the Subject Property not expressly permitted and which is inconsistent with the purpose of this Easement, or which threatens or compromises the Protected Values, is prohibited.

b) Subdivision & Development: The legal or *de facto* further subdivision of the Subject Property.

c) Residences & Commercial & Industrial Uses: Residential, commercial and industrial uses, including viticulture and wineries, golf, and commercial harvesting of timber.

d) Mineral Exploration & Development: Exploration, excavation, or surface extraction of any mineral resources.

e) Dumping & Disposal: The dumping or disposal of all non-biodegradable refuse or vegetative materials composed of non-native plant species, with the exception of composting sites for biodegradable materials supervised and managed by the Conservancy in accordance with the Monterey County Solid Waste Management Plan.

f) Motorized Vehicles: The use of motorized vehicles on all unimproved roads, trails, and off-road areas, except by Grantor and Grantee, or others under authorization of the Conservancy, for construction, repair or maintenance of the Approved Project infrastructure or accessory facilities and for permitted uses and emergency purposes. No trailer, camper, motor home, recreational vehicle, truck, boat, inoperable automobile, or similar vehicle or equipment shall be permitted upon any area within the Openlands of any Lot, except as necessary in connection with construction, repair or maintenance permitted by this sub-paragraph. No person shall construct, repair, service or maintain any motor vehicle within the Openlands of any Lot except for emergency repairs.

g) Water Development: The impoundment, pumping or removal of water beyond that necessary or appropriate for the development and maintenance of the Approved Project and the conduct of Permitted Uses as provided in Section 3.2 below, to the extent that such impoundment, pumping or removal would have or be likely to have a potentially significant adverse impact on aquatic life or creek, stream, spring, seep or other natural resources.

h) Agricultural: The tilling, terracing or other use of the Subject Property for agricultural purposes, including viticulture, other than livestock grazing and native plant cultivation and use as specifically provided herein.

i) Structures, Billboards & Signs: The construction, erection or placement of any billboards or of markers or signs, other than accessory to the Approved Project, such as street, directional, warning, safety, informational and hiking signs, structures accessory to permitted recreational uses, such as lean-tos, campgrounds and picnic facilities, and fencing, loading, boarding and feed storage facilities accessory to permitted livestock maintenance.

j) Native Vegetation Removal. Direct disturbance or removal of non-toxic and non-invasive native vegetation within the Openlands of any Lot except to the extent necessary for the installation, maintenance, repair and replacement of Approved Project Infrastructure, construction and maintenance of fuel breaks and fire-safe areas, and maintenance of view corridors. Any non-toxic or non-invasive native vegetation disturbed or removed as a result of necessary installation of Approved Project infrastructure shall be revegetated with non-toxic and non-invasive native vegetation.

k) Non-Native Plants and Vegetation. The planting, growing or maintenance of non-native plants or vegetation on the Openlands of any Lot.

3.2. Permitted Uses. Specifically, and without limiting the generality of the foregoing, the following itemized uses and activities of the Openlands of the Subject Property are deemed consistent with the purpose of this Easement, and are hereby expressly permitted by this deed; provided, however, that such uses shall be conducted in such a manner as to not materially impair or interfere with the Protected Values, or materially impair or interfere with the safety, security and comfortable enjoyment of the Owners of the Lots:

a) Fuel & Fire Management: The conduct of reasonable and prudent management of fuel and fire conditions on the Subject Property, including vegetation management, maintenance of fuel breaks, fire-safe areas, fire suppression and, with the prior

written consent of the Owner of the Lot, prescribed burns.

b) Native Plant Cultivation & Use: The propagation, cultivation and transplantation of native plants and seeds for nursery development, habitat restoration and enhancement purposes exclusive to the Approved Project.

c) Wildlife & Habitat Management: The conduct of reasonable and prudent wildlife and habitat management activities on the Openlands of the Subject Property, including, but not limited to, the restoration, enhancement, reintroduction, exotics-control, and other forms of management useful to support, sustain and enjoy the native biodiversity of the Preserve, provided, however, that hunting or fishing shall not be permitted on the Openlands without the prior written consent of the Owner of the Lot.

d) Education, Recreation & Research: Subject to the prior written consent of the Owner of the Lot, resource-oriented education, interpretation, and other managed and passive uses, such as camping, picnicking, hiking, horseback riding; and scientific and academic training and research programs.

e) Trails and Trail Access. With the prior written consent of the Owner of the Lot, the construction, maintenance, repair and replacement of trails and trail access in connection with permitted recreational uses of the Subject Property.

f) Tree & Wood Removal: The selective and limited removal of live trees in accordance with the Rancho San Carlos Forest Management Plan (Ralph Osterling Consultants, Inc., February 18, 1994, hereinafter referred to as "the FMP") and the Conditions of Approval, and selective and limited removal of downed trees and wood, provided that in all cases such removal does not increase erosion, sedimentation or adversely impact the Protected Values in any potentially significant way.

g) Livestock Maintenance: On the Openlands of Lots 1, 3, 4, 5, 6 and 26, the keeping of horses by the Owner of the Lot; and, subject to the prior written consent of the Owner of the Lot, the raising, breeding and grazing of cattle; together with fences and structures appurtenant and accessory thereto, in accordance with the regulations and standards contained in the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan referred to in Condition #25 of the Conditions of Approval.

h) Approved Infrastructure and Accessory Uses: The use and maintenance of existing dirt ranch roads located within the Subject Property for public safety and emergency ingress and egress purposes; construction, operation and maintenance of approved Project infrastructure, including roads, utilities (including, but

not limited to, water wells, storage tanks, treatment facilities and pipelines), driveways, bridges, trails, camp sites, culverts, drainage and erosion control structures and facilities, which is exclusively accessory to and in accordance with the Approved Project and the uses permitted hereby.

i) Utilities. The right to construct, maintain, repair and replace facilities for the conveyance of utility services, including but not limited to, water (including, but not limited to, water wells, storage tanks, treatment facilities and pipelines), sewer, natural gas, electricity and communications and appurtenances thereto approved or required by the County of Monterey for the approved use and development of the Approved Project; and non-exclusive easements as necessary or appropriate over, under and across the Subject Property for such facilities.

3.3. Subordinate Interests.

a) The covenants, conditions and restrictions contained in that certain Declaration of Protective Restrictions for the Homelands and Openlands of the Santa Lucia Preserve, recorded on NOVEMBER 24, 1998, as Document No. 9882399, Official Records of Monterey County, California ("the CC&Rs") shall be and are hereby declared to be subject and subordinate to the easements granted hereby.

b) The easements, covenants and restrictions contained in that certain Archaeological/Wetlands/Conservation/Scenic Easement Deed, recorded on NOVEMBER 24, 1998, as Document No. 9882398, Official Records of Monterey County, California ("the County Easement") shall be and are hereby declared to be subject and subordinate to the easements granted hereby.

3.4. Interpretation. The uses and practices set forth above are not intended to be, and shall not be construed to be, exhaustive recitals of consistent and inconsistent uses and practices, respectively, but are intended to establish specific permitted and prohibited activities and uses, and to provide guidance in determining the consistency of other uses and practices with the purpose of the Easement.

4. Interests and Rights Reserved. Grantor reserves to itself, and to its successors and assigns, all rights accruing from its ownership of the Property that are not inconsistent with the rights granted by this Easement, including the right to engage in or permit or invite others to engage in all uses of the Subject Property that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement, which rights shall be exercised by Grantor and Grantor's successors in interest in such a manner as reasonably to minimize damage to the Protected Values caused by such exercise, and in such a manner as to best

preserve and protect the Protected Values. Without limiting the generality of the foregoing, the following rights are expressly reserved to Grantor:

a) Approved Infrastructure and Accessory Uses. The right to use and maintain existing dirt ranch roads located within the Easement for public safety and emergency ingress and egress purposes; to develop, construct, install, improve, maintain, repair, relocate and replace approved public or private roads, driveways and bridges approved or required by the County of Monterey for ingress to and egress from the Homelands of the Santa Lucia Preserve, minor encroachments for landscaping and improvements (other than buildings) appurtenant and accessory to the Homelands of a Lot, drainage and flood control facilities, utilities (including, but not limited to, water wells, storage tanks, treatment facilities and pipelines), approved septic tank drainfields, pedestrian, hiking, bicycle and equestrian trails, fences, recreation and camping facilities, fuel management zones, firebreaks, and firesafe zones (hereinafter referred to as "Project Improvements") necessary or appropriate for the full development of the Settled Lands of the Santa Lucia Preserve in accordance with the Conditions of Approval.

b) Utilities. The right to construct, maintain, repair and replace facilities for the conveyance of utility services, including but not limited to, water (including, but not limited to, water wells, storage tanks, treatment facilities and pipelines), sewer, natural gas, electricity and communications and appurtenances thereto approved or required by the County of Monterey for the approved use and development of the Approved Project; and non-exclusive easements as necessary or appropriate over, under and across the Subject Property for such facilities.

c) Recreation. The use and maintenance (but not to the exclusion of Grantee's other rights as provided herein) of the Subject Property for camping, picnicking, hiking, horseback riding and other managed and passive recreational uses, specifically including the construction, maintenance, repair and replacement of signs, fences, camp sites, picnic sites, shelters and similar facilities accessory to such uses, and the licensing of such uses and activities to other individuals and organizations subject to the supervision of Grantor.

d) Tree & Wood Removal: The selective and limited removal of standing live trees due to the construction of infrastructure (roads, driveways, utilities, etc.) for the Approved Project in accordance with the FMP and the Conditions of Approval, and selective and limited removal of downed trees and wood exclusive to use on the Approved Project, provided that in all cases such removal does not increase erosion, sedimentation or adversely impact the Protected Values in any potentially significant way and

shall otherwise be in accordance with the RMP.

e) Water Rights. All right, title, and interest without limitation or restriction in and to tributary and non-tributary water, water rights (including, but not limited to riparian rights), and related interests in, on, under, or appurtenant to the Subject Property, provided that such water rights are exercised within the Approved Project, are used in a manner consistent with the purpose of this Easement and in compliance with the Conditions of Approval, and the exercise of such water rights and the use of the water does not preclude or adversely affect the Protected Values.

f) Equestrian Uses. Maintenance, raising, breeding, boarding and keeping of horses, and the construction, maintenance and use of fencing, barns, paddocks, stalls, storage and other facilities appurtenant thereto, on the Openlands of Lots 1, 3, 4, 5, 6 and 26, in accordance with the regulations and standards contained in the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan referred to in Condition #25 of the Conditions of Approval.

g) Notice of Intention to Undertake Actions and Approval. Should Grantor or Grantor's successors in interest propose to undertake any activity on the Subject Property which i) is not listed as a permitted use in Section 3.2 above, or ii) is not permitted by reason of the reserved rights listed in this Section 4; or iii) would exercise any of the reserved rights listed in this Section 4 in a manner materially different from that described in the Baseline Data described in Section 5 below, Grantor or Grantor's successor in interest shall notify Grantee in writing of its intention to undertake such activity ("Notice of Intention") not less than fifteen (15) days prior to the date such activity is proposed to commence. The Notice of Intention shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit Grantee to make an informed judgment as to its consistency with the purpose of this Easement. Grantee shall grant or withhold its approval in writing within fifteen (15) days after receipt of the Notice of Intention. Grantee's approval may be withheld only upon a reasonable determination by Grantee that the action as proposed would be inconsistent with the purpose of this Easement.

5. Baseline Documentation; Current Practices and Conditions.

a) Grantee's Inspection. Grantee acknowledges by acceptance of this Easement that Grantee has inspected the natural resources of the Openlands of the Subject Property and is familiar with the condition of the Openlands of the Subject Property as of the date of this conveyance.

b) Resource Reports. Grantee further acknowledges by

acceptance of this Easement that Grantee has received from Grantor copies of the resource reports, studies and other documentation of the resource values of the Openlands of the Subject Property as listed in Exhibit "C" attached hereto.

c) Updated Report. Grantee further acknowledges by acceptance of this Easement that Grantee has had access to the Geographic Information System data base known as The Rancho San Carlos Natural Resources Inventory accessible at the offices of Robert Lamb Hart, 30 Hotaling Place, San Francisco, California, which contains an updated report on the condition of the Openlands of the Subject Property and its resources as of the date of this conveyance.

d) Accuracy of Reports. Grantee further acknowledges by acceptance of this Easement that the information contained in the materials supplied by Grantor as set forth in sub-paragraphs b) and c) of this paragraph 5 (the "Baseline Documentation") provide collectively an accurate representation of the condition of the resources of the Openlands of the Subject Property as of the time of this conveyance and which are intended to serve as an objective, though non-exclusive, information baseline for monitoring compliance with the terms of this grant. The execution of this deed by Grantor and Grantee shall constitute the acknowledgement by both parties that the Baseline Documentation accurately represents the condition of the Openlands of the Subject Property at the time of the transfer as required by Treasury Regulation §1.170A-14(g)(5)(i).

e) Change in Conditions. Grantor and Grantee recognize and acknowledge that the condition of the Openlands of the Subject Property will change over time as a result of ecologic and climatic conditions, ranch management practices, recreation practices, and the development of the Approved Project, and that such changes are consistent with the purpose of this Easement and do not threaten or impair the Protected Values so long as the Openlands of the Subject Property are managed and used in a manner consistent with the terms of this Easement and with the Conditions of Approval.

6. REMEDIES AND ENFORCEMENT.

6.1. Enforcement by Grantee.

a) Grantee shall have and exercise powers of enforcement of the covenants, conditions and restrictions contained in this deed, including the power to commence and maintain in its own name on behalf of itself, actions and suits to restrain and enjoin the breach or threatened breach of the covenants, conditions and restrictions contained in this deed, and to recover from the defaulting party the reasonable costs of such enforcement. The Grantee may bring an action against the person or entity violating

the terms of this deed at law or in equity in a court of competent jurisdiction to enforce the terms of this deed, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this deed, including damages for the loss of scenic, ecological or scientific values, and to require the restoration of the Openlands to the condition existing prior to any such violation.

b) Grantee shall have the power and authority to impose reasonable monetary penalties as appropriate discipline for violation of or failure to comply with any of the covenants, conditions and restrictions contained in this deed or in any rules, regulations, guidelines or procedures duly adopted and promulgated by Grantee pertaining to the use and occupancy of the Openlands of the Subject Property pursuant to this deed.

c) The powers of enforcement created in Grantee shall also vest in THE TRUST FOR PUBLIC LAND or such successor organization as shall have been substituted for THE TRUST FOR PUBLIC LAND as provided herein upon succession to the interest of SANTA LUCIA CONSERVANCY pursuant to the provisions of the Condition Subsequent contained herein.

6.2. Enforcement by County.

a) Subject to the provisions of sub-section b) of this Section 6.2, the County of Monterey shall have the non-exclusive right to enforce the covenants, conditions and restrictions contained in this deed relative to the use and occupancy of the Openlands as provided in Section 3 of this deed, including the power to commence and maintain in its own name on behalf of itself, or on behalf of the public, actions and suits to restrain and enjoin the breach or threatened breach of such covenants, conditions and restrictions, and to recover from the defaulting party the reasonable costs of such enforcement.

b) If the County determines that the Grantee has failed to enforce the provisions of this deed, the County shall give the Grantee written notice of such failure and demand corrective action sufficient to prevent any use of or activity on the Subject Property inconsistent with the provisions of this deed. If the Grantee fails to enforce the provisions of this deed as specified in such written notice within thirty (30) days after receipt of such written notice, the County may bring an action against the person or entity violating the terms of this deed, including the Grantee or its successor entity or entities, at law or in equity in a court of competent jurisdiction to enforce the terms of this deed, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this deed, including damages for the loss of scenic, ecological or scientific values, and to require the

restoration of the Openlands of the Subject Property to the condition existing prior to any such violation.

6.3. Enforcement by Grantor.

a) Subject to the provisions of sub-section b) of this Section 6.3, Grantor, or its successor or successors in interest, including without limitation any Owner of any Lot or parcel of the Approved Project (hereinafter referred to as an "Owner"), shall be entitled to enforce any and all conditions, covenants and restrictions contained in this deed relative to the use and occupancy of the Openlands as provided in Section 3 of this deed, in the manner provided by law for enforcing equitable servitudes.

b) If any Owner determines that the Grantee and the County have failed to enforce the provisions of this deed, such Owner shall give the Grantee and the County written notice of such failure and demand corrective action sufficient to prevent any use of or activity on the Subject Property inconsistent with the provisions of this deed. If the Grantee and the County fail to enforce the provisions of this deed as specified in such written notice within thirty (30) days after receipt of such written notice, such Owner may bring an action against the person or entity violating the terms of this deed, including the Grantee or its successor entity or entities, at law or in equity in a court of competent jurisdiction to enforce the terms of this deed, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this deed, including damages for the loss of scenic, ecological or scientific values, and to require the restoration of the Subject Property to the condition existing prior to any such violation.

6.4. Violation as Nuisance. Every act or omission whereby any restriction, condition or covenant in this deed set forth or to which the Subject Property or any portion is subject, is violated in whole or in part is declared to be and shall constitute a nuisance and may be enjoined or abated, subject to the provisions of sub-Sections 6.1, 6.2 and 6.3 of this Section 6, by the Grantee, the County or any Owner. The rights of enforcement granted by this Section 6 apply equally in the event of either actual or threatened violations of the terms of this deed. In any action or proceeding to enforce the provisions of this deed it shall be conclusively presumed that remedies at law for any violation of the terms of this deed are inadequate and that the enforcing party shall be entitled to the injunctive relief described in this Section, both prohibitory and mandatory, in addition to such other relief to which such party may be entitled, including specific performance of the terms of this deed, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. The remedies described in this Section shall be cumulative and shall be in addition to all remedies now or

hereafter existing at law or in equity.

6.5 Costs of Enforcement. Any costs incurred by any party in enforcing the terms of this deed, including, without limitation, costs of suit and attorneys' fees, and any costs of restoration necessitated by a violation of the terms of this deed shall be borne by the violating party.

6.6 Forbearance. Any forbearance by any party to exercise its rights under this deed in the event of any breach or violation of any term of this deed shall not be deemed or construed to be a waiver by such party of such term or of any subsequent breach or violation of the same or any other term of this deed or of any of other rights under this deed. No delay or omission in the exercise of any right or remedy upon any breach or violation by any party shall impair such right or remedy or be construed as a waiver.

6.7. Acts Beyond Control. Nothing contained in this deed shall be construed to entitle any party to bring any action against any other party for any injury to or change in the Openlands of the Subject Property resulting from causes beyond such party's control, including, without limitation, fire, flood, storm or earth movement, or from any prudent action taken by such party under emergency conditions to prevent, abate or mitigate significant injury to the Openlands of the Subject Property or the other Preserve Lands or Settled Lands of the Santa Lucia Preserve resulting from such causes.

7. Costs of Upkeep. Grantee shall bear all costs and liabilities of any kind related to the exercise of its rights granted by this deed, including the maintenance of adequate comprehensive general liability insurance coverage for its activities in furtherance of the rights granted by this deed. Except as thus specifically provided, Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related generally to the ownership, operation, upkeep and maintenance of the Subject Property of which the Openlands are a part, including the maintenance of adequate comprehensive general liability insurance coverage. Grantor shall keep the Openlands of the Subject Property free of any materialman's or laborer's lien arising out of any work performed for, or materials furnished to, or obligations incurred by Grantor. Owner shall keep the Openlands of the Subject Property free of any materialman's or laborer's lien arising out of any work performed for, or materials furnished to, or obligations incurred by Owner.

8. No Access. Nothing contained in this deed shall be construed or interpreted to convey or authorize any express or implied public dedication or any right of public access to the Openlands of the Subject Property or any part or parcel thereof.

9. Taxes. Grantor and, upon conveyance of the Subject Property, Grantor's successors in interest or the Owner of a Lot, shall pay before delinquency all taxes, assessments and charges of whatever description levied on or assessed against the Openlands of the owned Lot by competent authorities (collectively "taxes"), including any taxes imposed upon, or incurred as a result of, this deed, and shall furnish Grantee upon demand with satisfactory evidence of payment.

10. Assignment of Grantee's Interest.

a) By The Trust for Public Land.

i) To the Conservancy. Notwithstanding anything to the contrary contained in this deed, Grantee THE TRUST FOR PUBLIC LAND or such successor organization as shall have been substituted for THE TRUST FOR PUBLIC LAND shall have the unconditional right to assign to Grantee SANTA LUCIA CONSERVANCY all of its right title and interest as an initial Grantee under this deed upon determination by the Internal Revenue Service that the SANTA LUCIA CONSERVANCY is described in Internal Revenue Code Section 501(c)(3).

ii) To a Successor Grantee. Notwithstanding anything to the contrary contained in this deed, Grantee THE TRUST FOR PUBLIC LAND shall have the unconditional right to convey all of its right title and interest as Grantee under the operation of the Condition Subsequent contained in this deed to a successor Grantee possessing the characteristics set forth in Section 11(d) of this deed.

b) Licensing by Grantee. Notwithstanding anything to the contrary contained in this deed, Grantee shall have the right to license any of the permitted uses listed in Section 3.2 above not otherwise reserved to Grantor in Section 4 above to other persons, organizations or entities, subject to the terms and conditions of this deed and subject to the regulation and control of Grantee.

c) No Other Assignment. Except as expressly provided herein, any assignment by Grantee of its interests under this deed is expressly prohibited.

11. Termination. If SANTA LUCIA CONSERVANCY shall cease, after determination by the Internal Revenue Service that it is described under Internal Revenue Code Section 501(c)(3), to be authorized to acquire and hold conservation easements under California law, or ceases to be operated exclusively for the support of THE TRUST FOR PUBLIC LAND, a California nonprofit public benefit corporation, or such successor organization as shall have been substituted for THE TRUST FOR PUBLIC LAND as the supported organization for SANTA LUCIA CONSERVANCY, or ceases to manage and protect the Protected Values of the Openlands of the Subject

Property, or attempts to transfer, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Openlands of the Subject Property in violation of the restriction upon transfer set forth herein, or otherwise fails or refuses to discharge its obligations under this deed, then Grantor shall have the right to terminate the rights of SANTA LUCIA CONSERVANCY under this deed in accordance with the following procedure:

(a) If Grantor contends that ground for revocation of the easements granted by this deed exists, Grantor shall serve written Notice of Default on SANTA LUCIA CONSERVANCY containing a statement identifying the ground or grounds for revocation of the easements, and stating that if each ground or grounds for revocation is not cured within ninety (90) days after the date of the notice, that the easements will be revoked.

(b) If SANTA LUCIA CONSERVANCY contends that grounds set forth in the Notice of Default do not exist, or that such grounds have been or will be cured within the ninety (90) day reinstatement period, SANTA LUCIA CONSERVANCY shall serve written Notice of Dispute on Grantor, setting forth the facts upon which SANTA LUCIA CONSERVANCY bases its contention that grounds for revocation do not exist or have been cured.

(c) If Grantor, upon receipt of the SANTA LUCIA CONSERVANCY's Notice of Dispute, nevertheless wishes to proceed with the revocation of the Easement, the matter shall be submitted to binding arbitration as provided herein.

(d) If the rights of SANTA LUCIA CONSERVANCY under this deed are terminated as provided above, all right title and interest of SANTA LUCIA CONSERVANCY shall terminate automatically and without reentry by Grantor, and shall thereupon vest immediately and automatically in THE TRUST FOR PUBLIC LAND, a California nonprofit public benefit corporation, or in such successor organization as shall have been substituted for THE TRUST FOR PUBLIC LAND, whereupon THE TRUST FOR PUBLIC LAND or such successor organization shall be treated as "Grantee" for all purposes of this deed. If THE TRUST FOR PUBLIC LAND has succeeded SANTA LUCIA CONSERVANCY as the Grantee hereunder by operation of the Condition Subsequent contained in this deed, THE TRUST FOR PUBLIC LAND shall have the right, but not the obligation, to appoint a successor Grantee possessing the characteristics set forth in this sub-Section (d) and to convey its interest as Grantee to such organization, subject to the consent of Grantor, which consent may be withheld by Grantor only upon a reasonable determination by Grantor that the proposed successor Grantee is not qualified to actively monitor and enforce the provisions of this deed, provided, however, that the consent of the Grantor shall not be required if Grantor or its successors in interest are in material default of its obligations under the terms of the Endowment Agreement between Grantor and the SANTA LUCIA

CONSERVANCY. If THE TRUST FOR PUBLIC LAND has ceased to exist and no successor organization shall have been substituted for THE TRUST FOR PUBLIC LAND, the successor Grantee shall be appointed by arbitration as provided herein. No matter how appointed, the successor Grantee shall possess the following minimum characteristics:

i) The successor Grantee shall be a tax-exempt nonprofit organization qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code, whose primary purpose is the preservation and protection of ecologically significant, open-space and scenic lands.

ii) The successor Grantee shall have an established track record demonstrating that such successor Grantee is qualified to monitor and enforce the covenants, conditions and restrictions contained in this deed with respect to ecologically significant, open-space and scenic lands.

12. Arbitration. Any and all disputes or controversy relative to either party's performance under this deed shall be submitted to binding arbitration in accordance with the provisions of Part II, Title 9 of the California Code of Civil Procedure (Sections 1280 - 1294.2). The party seeking arbitration shall serve written notice to arbitrate upon the other party or parties, which notice shall include i) identification of the issue or issues to be submitted to arbitration, ii) the name and address of the requesting party's arbitrator and iii) the names and addresses of three (3) nominees to serve as a neutral arbitrator. The responding party shall respond in writing within five (5) days, which response shall include i) identification of any additional issue or issues to be submitted to arbitration, ii) the name and address of the responding party's arbitrator, and iii) either acceptance of one of the requesting party's nominees as the neutral arbitrator or the names and addresses of three (3) nominees to serve as neutral arbitrator. If the parties are unable to agree upon a neutral arbitrator within five (5) days after service of the responding party's response, the neutral arbitrator shall be selected by the presiding judge of the Superior Court for Monterey County from among the persons nominated by the parties. The prevailing party in any such arbitration proceedings, determined in accordance with the provisions of California Civil Code Section 1717(b), shall be entitled to recover its costs and reasonable attorneys fees incurred in connection with the arbitration proceedings.

13. Protection of Mortgages or Deeds of Trust. Upon request, Grantee agrees to subordinate its rights under this Easement to the valid claims of any future mortgage holders or beneficiaries of deeds of trust to the proceeds of any sale, condemnation proceedings, or insurance involving the Subject Property, or to the

leases, rents and profits thereof, and likewise to subordinate its rights under any lien that may be created by Grantee's exercise of any of its rights under this deed after the date of such subordination; PROVIDED, that any such mortgage or deed of trust shall remain subordinate and junior to the Easement to the extent necessary to permit Grantee to enforce the purpose of this deed in perpetuity and to prevent any modification or extinguishment of the Easement by the exercise of any rights of such mortgage holder or trust deed beneficiary. Grantee agrees to execute any documents required to effect a subordination pursuant to the terms of this Section.

14. Environmental Compliance.

14.1 Representations and Warranties. Grantor represents and warrants that, to the best of its knowledge:

(a) No substance defined, listed, or otherwise classified as hazardous, toxic or polluting pursuant to any federal, state, or local law, regulation, or requirement regulating the use, storage, discharge or disposal of hazardous, toxic or polluting substances (hereinafter referred to as "Environmental Laws"), exists or has been released, generated, treated, stored, used, disposed of, deposited, abandoned, or transported in, on, from, or across the Subject Property;

(b) There are not now any underground storage tanks located on the Subject Property, whether presently in service or closed, abandoned, or decommissioned, and no underground storage tanks have been removed from the Subject Property in a manner not in compliance with Environmental Laws;

(c) Grantors and the Subject Property are in compliance with all Environmental Laws; and

(d) No civil or criminal proceedings or investigations have been instigated at any time or are now pending, and no notices, claims, demands, or orders have been received, arising out of any violation or alleged violation of, or failure to comply with, any Environmental Laws, nor do there exist any facts or circumstances that Grantors might reasonably expect to form the basis for any such proceedings, investigations, notices, claims, demands, or orders.

14.2 Remediation. If, at any time, there occurs, or has occurred, a release in, on or about the Subject Property of any substance now or hereafter defined, listed or otherwise classified pursuant to any Environmental Laws as hazardous, toxic, polluting, Grantors agree to take all steps necessary to assure its containment and remediation, including any cleanup that may be required, unless the release was caused by Grantee, in which case

Grantee shall be responsible therefor.

14.3 Control. Nothing in this deed shall be construed as giving rise, in the absence of a judicial decree, to any right or ability in Grantee to exercise physical or managerial control over the day-to-day operations of the Subject Property, or any of Grantors' activities on the Subject Property, or otherwise to become an operator with respect to the Subject Property within the meaning of The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA").

14.4 Hold Harmless. Grantor hereby releases and agrees to hold harmless, indemnify, and defend Grantee and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Indemnified Parties") from and against any and all liabilities, penalties, fines, charges, costs, losses, damages, expenses, causes of action, claims, demands, orders, judgments, or administrative actions, including, without limitation, reasonable attorneys' fees, arising from and in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Subject Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; (2) the violation or alleged violation of, or other failure to comply with, any Environmental Laws, by any person other than any of the Indemnified Parties, in any way affecting, involving, or relating to the Subject Property; (3) the presence or release in, on, from or about the Subject Property, at any time, of any substance now or hereafter defined, listed, or otherwise classified pursuant to the Environmental Laws as hazardous, toxic or polluting; and (4) the representations and warranties of Section 14.1.

15. Subsequent Transfers. Grantor agrees to incorporate the terms of this Easement in any deed or other legal instrument by which Grantor divests itself of any interest in all or a portion of the Subject Property, including, without limitation, a leasehold interest. The failure of Grantor to perform any act required by this Section 15 shall not impair the validity of this Easement or limit its enforceability in any way.

16. General Provisions.

(a) Controlling Law. This deed shall be governed and construed in accordance with California law.

(b) Liberal Construction. This deed shall be liberally construed in order to carry out the express intentions of the parties as set forth in this deed.

(c) Severability. All of said restrictions, conditions, covenants and reservations contained in this deed shall be construed together; but if it shall at any time be held that any one or more of these restrictions, conditions, covenants, or reservations, or any part thereof, is invalid or for any reason becomes unenforceable, no other restrictions, conditions, covenants or reservations or any part thereof shall be thereby affected or impaired.

(d) Entire Agreement. This deed contains the entire agreement between the parties respecting the matter set forth, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting this matter, other than the Endowment Agreement.

(e) Successors. This deed shall be binding on and inure to the benefit of the parties, and their respective heirs, personal representatives, successors, and assigns.

(f) Further Assurances. Whenever requested to do so by the other party, each party shall execute, acknowledge, and deliver all further instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or proper in order to carry out the intent and purpose of this deed.

(g) Time. Time is of the essence of this deed and of each and every provision thereof.

(h) Amendments.

i) The restrictive use covenants contained in this deed shall not be amended without the prior written consent of a) Grantor, so long as Grantor owns any interest in the Approved Project; b) the Board of Directors of the Approved Project homeowners association if Grantor no longer owns any interest in the Approved Project, c) the Conservancy, d) The Trust for Public Land or such successor organization as shall have been substituted for THE TRUST FOR PUBLIC LAND, and e) the Monterey County Board of Supervisors. Any such amendment shall be consistent with the purpose of the Easement and shall not affect its perpetual duration. Consent may be withheld only upon a reasonable determination by the party whose consent is required that the proposed amendment would be inconsistent with the purpose of this Easement. Any such amendment shall be recorded in the official records of Monterey County, California.

ii) The provisions of the RMP shall not be amended without the prior written consent of Grantee.

(i) Counterparts. This deed may be executed simultaneously

or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same deed.

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed by their duly authorized officers.

Date: Nov. 17, 1998

RANCHO SAN CARLOS PARTNERSHIP, L.P.
A California Limited Partnership


By: Las Garzas Associates, L.P.

A California Limited Partnership
Its: General Partner

By: Chamisal Developers, L.P.,

A California Limited Partnership
Its: General Partner

By: Pacific Union of Monterey, Inc.,
A California corporation
Its: General Partner

By: 
Thomas A. Gray
Its: President

By: WB/OLY San Carlos, L.L.C., a Delaware
Limited Liability Company
Its: General Partner

By [Signature]
Its: Attorney-in-fact
"GRANTOR"

ACCEPTANCE

The undersigned Grantee herein named accepts the foregoing Deed of Conservation Easement subject to all of the intentions, understandings, covenants, conditions, restrictions, reservations and remainders contained therein.

Date: 23 November 1998

SANTA LUCIA CONSERVANCY
A California Nonprofit Public Benefit Corporation

By [Signature]
Its President

And by [Signature]
Its Treasurer

Date: November 23, 1998

THE TRUST FOR PUBLIC LAND
A California Nonprofit Public Benefit Corporation

By [Signature]
Its President

And by [Signature]
Its Secretary

"GRANTEE"

STATE OF CALIFORNIA)
) SS
COUNTY OF MONTEREY)

On this 17th day of NOVEMBER, 1998, before me, the undersigned, personally appeared THOMAS A. SPAY, personally known to me or proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

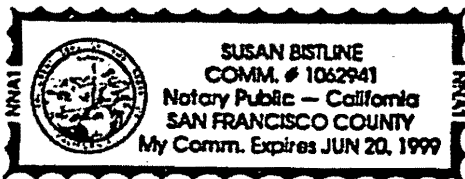


[Signature]
Notary Public in and for the
State of California

STATE OF CALIFORNIA)
) SS
COUNTY OF MONTEREY)

On this 23rd day of NOVEMBER, 1998, before me, the undersigned, personally appeared William B. Rodgers, President and Nelson J. Lee, Secretary, personally known to me or proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



[Signature]
Notary Public in and for the
State of California

EXHIBIT "A"

Lots 1 through 75 and 135 through 154, inclusive, as said Lots are shown and described on the final subdivision map of Tract No. 1308, "The Santa Lucia Preserve, Phase A", filed for record on NOVEMBER 24, 1998, in Volume 20 of Maps, "Cities and Towns," at Page 8, Official Record of Monterey County, California.

EXHIBIT "B"

The Openlands portions of Lots 1 through 75 and 135 through 154, inclusive, as said Lots and said Openlands are shown and described on the final subdivision map of Tract No. 1308, "The Santa Lucia Preserve, Phase A", filed for record on NOVEMBER 24, 1998, in Volume 20 of Maps, "Cities and Towns," at Page 8, Official Record of Monterey County, California.

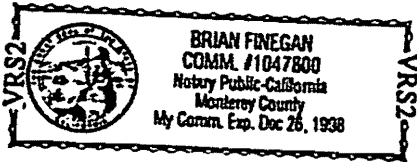
END OF EXHIBIT

STATE OF CALIFORNIA)
) ss
COUNTY OF MONTEREY)

On this 23RD day of NOVEMBER, 1998, before me, the undersigned, personally appeared JEFFREY S. FODLE AND DON (MILCOXOX), personally known to me or proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Brian Finegan
Notary Public in and for the
State of California



**AGREEMENT FOR PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS (this "Agreement") is entered into as of November 14, 2008 (the "Effective Date"), by and between THE PRESERVE GOLF CLUB, INC., a California non-profit mutual benefit corporation ("Seller"), and THOMAS A. VARDELL AND ANDREA M. VARDELL, TRUSTEES OF THE VARDELL LIVING TRUST, dated May 31, 2002 ("Buyer").

RECITALS

A. Seller owns that certain real property located in the unincorporated portion of the County of Monterey, State of California, as more particularly described on **Exhibit A** attached hereto (the "Golf Club Property").

B. Buyer owns that certain real property located in the unincorporated portion of the County of Monterey, State of California, as more particularly described on **Exhibit B** attached hereto (collectively, the "Buyer's Property"). The Buyer's Property is adjacent to the Golf Club Property.

C. Buyer and Seller wish to effect a lot line adjustment (the "Lot Line Adjustment") to reconfigure the boundaries between the Golf Club Property and the Buyer's Property to incorporate a portion of the Golf Club Property consisting of approximately six (6) acres, as generally depicted on the map attached hereto as **Exhibit C** (the "Property") into the Buyer's Property. The "Property" includes a building known as the "Caretaker Unit."

D. Seller desires sell and Buyer desires to purchase the Property, upon and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the parties hereby agree as follows:

AGREEMENT

1. **Sale of Property.**

a. **Purchase and Sale.** Upon the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

b. **Purchase Price.** The purchase price for the Property (the "Purchase Price") will be Four Hundred Twenty-Five Thousand Dollars (\$425,000).

c. **Deposit.** Within one (1) business day of the execution of this Agreement, Buyer will deliver a deposit of One Hundred Thousand Dollars (\$100,000) (the "Deposit") in immediately available funds directly to Seller. The Deposit is non-refundable, except that if this

Agreement terminates for any reason other than due to Buyer's default, then the Seller will refund the Deposit to Buyer.

2. Title. At the Close of Escrow (as defined in Paragraph 3.b.), Seller will convey good and marketable title to the Property to Buyer in fee simple subject only to the following (collectively, the "Approved Condition of Title"): (i) matters disclosed in the Preliminary Report dated _____, 2009 prepared by First American Title Company ("Escrow Holder") with respect to the Golf Club Property (the "Preliminary Report"), but excluding any deeds of trust, mortgages, mechanic's liens or similar liens; (ii) non-delinquent general and special taxes, assessments and/or bonds; (iii) Escrow Holder's standard printed exclusions to title for a CLTA standard coverage policy (1990); (iv) matters which would be disclosed by an ALTA survey or a physical inspection of the Property; (v) matters created or caused by Buyer; and (vi) zoning, building, land use and environmental laws and regulations and other similar restrictions. Title will be evidenced by the willingness of the Escrow Holder, upon payment of the premiums therefor, to issue its CLTA Owner's Form Policy of Title Insurance in the amount of the Purchase Price showing title to the Property vested in Buyer subject only to the Approved Condition of Title (the "Title Policy").

3. Escrow.

a. Opening of Escrow. Within three (3) business days following the date of this Agreement, the parties hereto will cause a copy of this Agreement (showing the signatures of the parties thereon) to be delivered to Escrow Holder. For purposes of this Agreement, the escrow (the "Escrow") will be deemed opened on the date Escrow Holder will have received such copy of this Agreement. Escrow Holder will notify Buyer and Seller, in writing, of the date Escrow is opened. In addition, Buyer and Seller agree to execute, deliver and be bound by any reasonable and customary supplemental escrow instructions of Escrow Holder or other instruments as may reasonably be required by Escrow Holder in order to consummate the transaction contemplated by this Agreement. Any such supplemental instructions will not conflict with, amend or supersede any portions of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement will control.

b. Close of Escrow. For purposes of this Agreement, the "Close of Escrow" will be defined as the date that the documentation to effect the Lot Line Adjustment and a grant deed conveying the Property to Buyer are recorded in the Official Records of Monterey County, California. The Close of Escrow will occur within thirty (30) days after the Seller notifies Buyer that Seller has completed all documentation and received all necessary approvals required to effectuate the Lot Line Adjustment (the "Closing Date").

4. Occupancy of Caretaker Unit. In the event that the Close of Escrow does not occur before March 15, 2009, then Buyer will have the right thereafter to occupy the Caretaker Unit pursuant to the terms of an Occupancy Agreement substantially in the form attached hereto as **Exhibit D**.

EXHIBIT C
SETTLEMENT AGREEMENT
PAGE 2 OF 26

5. Deliveries at Closing.

a. Deliveries by Buyer. At least one (1) business day prior to the Closing Date, Buyer will deposit or cause to be deposited into the Escrow with Escrow Holder the following:

(1) Purchase Price. The Purchase Price in immediately available funds, subject to a credit in the amount of the Deposit.

(2) Additional Closing Funds. Such additional funds as are necessary to pay the amounts required to be paid by Buyer in connection with the Escrow and the transfer of the Property as provided herein.

(3) Additional Documents. Such documents or instructions as are reasonably required in order to consummate the Lot Line Adjustment and the transfer of the Property.

b. Deliveries by Seller. At least one (1) business day prior to the Closing Date, Seller will deposit or cause to be deposited with Escrow Holder the following:

(1) Lot Line Adjustment Documents. The documents necessary to effect the Lot Line Adjustment, duly executed, acknowledged and in recordable form.

(2) Grant Deed. The grant deed conveying the Property to Buyer, duly executed, acknowledged and in recordable form.

(3) Additional Documents. Such documents or instructions as are reasonably required in order to consummate the Lot Line Adjustment and the transfer of the Property.

6. Closing.

a. Conditions to Closing.

(1) Title. Buyer's obligation to purchase the Property in accordance with this Agreement is subject to the willingness of the Escrow Holder, upon payments of the premiums therefor, to issue or be irrevocably committed to issue the Title Policy on the Closing Date. This condition is for the sole benefit of Buyer and may be waived, in whole or in part, by Buyer.

(2) Lot Line Adjustment. Seller shall have six (6) months (the "Lot Line Period") from the Effective Date to obtain, at its sole cost and expense, all documents and approvals necessary to effect the Lot Line Adjustment. Seller may use the Deposit to fund the cost of the Lot Line Adjustment, but such use shall not affect its obligations to return the Deposit to Buyer as required under the Agreement. Buyer will cooperate reasonably with Seller to obtain the necessary documents and approvals to effect the Lot Line Adjustment within the Lot Line Period. If, notwithstanding Seller's reasonable efforts and Buyer's reasonable cooperation, all documentation and approvals necessary to effect the Lot Line Adjustment are not obtained

within the Lot Line Period, and provided that reasonable progress is being made toward the obtaining such documents and approvals, Seller shall may extend such Lot Line Period for an additional forty-five (45) days upon written notice to Buyer delivered prior to the end of the initial Lot Line Period. Thereafter, any further extension of the Lot Line Period will be subject to the mutual agreement of the parties hereto. The purchase and sale of the Property is contingent on Seller's receipt of all documents and approvals necessary to effect the Lot Line Adjustment with the Lot Line Period (as the same may be extended), and this contingency may not be waived by the parties hereto. If all documents and approvals to effect the Lot Line Adjustment are not obtained within the Lot Line Period, this Agreement will terminate and Seller will refund the Deposit to Buyer.

b. Actions by Escrow Holder. At or prior to the Closing Date, the Escrow Holder will promptly undertake all of the following in the manner and order indicated:

(1) Confirmation of Funds. Confirm to the parties the receipt of the funds referenced in Paragraphs 5.a.(1) and (2) hereof.

(2) Closing Statements. Prepare a closing statement or statements consistent with this Agreement (including Paragraphs 6.c. and d. hereof) for execution by the parties (the "Closing Statements").

(3) Recording. Cause the documents effecting the Lot Line Adjustment, the grant deed and any other documents which the parties hereto may mutually direct, to be recorded in the Official Records of Monterey County, California.

(4) Funds. Disburse the funds deposited by or for Buyer with Escrow Holder in accordance with the Closing Statements approved by the parties.

(5) Documents to Seller. Deliver to Seller a conformed copy of the grant deed.

(6) Documents to Buyer. Deliver to Buyer a conformed copy of the grant deed, and, when issued, the Title Policy.

c. Costs and Expenses. Seller will pay the cost of documentary transfer taxes; Buyer and Seller will shared equally (i) the cost of the premiums for the Title Policy (provided, however, that Buyer alone will pay for any endorsements requested by Buyer); (ii) recordation costs relating to the transfer of the Property and (iii) the escrow fees. Buyer will pay the cost of any lender's title policy and endorsements. The amount of the transfer taxes will not be posted on the grant deed but will be supplied by separate affidavit. If, as a result of no fault of Buyer or Seller, Close of Escrow fails to occur, Buyer and Seller will share equally all of Escrow Holder's fees and charges.

d. Prorations and Credits. The following prorations and credits will be made between Seller and Buyer as set forth below:

(1) Taxes. Real property taxes and assessments, homeowner fees, and utilities on the Property will be equitably prorated as of the Close of Escrow. If the parties are

unable to obtain appropriate information as of the Close of Escrow to calculate such prorations, such expenses will be estimated as of the Close of Escrow on a good faith basis.

(2) Adjustments. If any prorations, apportionments or computations made under this Paragraph 6.d. will require final adjustment, then the parties will make the appropriate adjustments promptly when accurate information becomes available and either party will be entitled to an adjustment to correct the same, provided that it makes written demand on the one from whom it is entitled to such adjustment within ninety (90) days after the Closing Date. Any corrected adjustment or proration will be paid in cash to the party entitled thereto.

7. Buyer Acknowledgments; AS-IS.

a. Buyer Acknowledgments. Buyer acknowledges and agrees that it has had the opportunity to and has conducted all investigations and inspections of the Property that Buyer deems to be necessary. Buyer also acknowledges and agrees that any information or documentation provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and makes no representations as to the truth, accuracy or completeness of such information, and Seller hereby disclaims any implied representations as to any matter disclosed or omitted. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person. Buyer further acknowledges and agrees that Buyer is a sophisticated and experienced buyer of properties such as the Property and has had the opportunity to consult with counsel in connection with the negotiation of this Agreement. Seller has made no agreement with Buyer to alter, repair or improve any of the Property. Buyer acknowledges receipt of all of the documents listed on Exhibit E attached hereto.

b. AS-IS CONVEYANCE. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, SELLER IS SELLING AND BUYER WILL ACCEPT THE PROPERTY ON THE CLOSING DATE IN ITS EXISTING CONDITION AS OF SUCH DATE, "AS IS, WHERE IS AND WITH ALL FAULTS," WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO SUCH MATTERS AS (i) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL, GEOLOGY AND SEISMIC CONDITION; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES THAT BUYER MAY CONDUCT THEREON; (iv) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES, OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, OR ENVIRONMENTAL LAWS; (v) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (vi) THE CONDITION, MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (vii) THE PRESENCE OR ABSENCE OF ANY SUBSTANCE, CHEMICAL, WASTE OR MATERIAL THAT IS OR BECOMES REGULATED BY ANY FEDERAL, STATE OR LOCAL GOVERNMENTAL AUTHORITY BECAUSE OF ITS

TOXICITY, INFECTIOUSNESS, RADIOACTIVITY, EXPLOSIVENESS, IGNITABILITY, CORROSIVENESS OR REACTIVITY, OR WHICH IS DEFINED AS "HAZARDOUS MATERIAL" OR "HAZARDOUS SUBSTANCE" UNDER ANY FEDERAL, STATE OR LOCAL STATUTE, LAW, RULE, REGULATION OR ORDINANCE ("HAZARDOUS MATERIALS") AT, ON, UNDER OR ADJACENT TO THE PROPERTY OR ANY OTHER ENVIRONMENTAL MATTER OR CONDITION OF THE PROPERTY; (viii) THE DIMENSIONS OR ACREAGE OF THE PROPERTY OR THE ACCURACY OF ANY FLOOR PLANS OR SQUARE FOOTAGE RELATED TO THE PROPERTY; (ix) THE ABILITY OF BUYER TO OBTAIN ANY AND ALL NECESSARY GOVERNMENTAL APPROVALS OR PERMITS FOR BUYER'S INTENDED USE OF THE PROPERTY OR ANY PROPOSED DEVELOPMENT THEREOF; (x) ZONING OR OTHER LEGAL MATTERS RELATING TO THE PROPERTY; AND (xi) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY. BUYER HEREBY ACKNOWLEDGES THAT BUYER HAS BEEN AFFORDED FULL OPPORTUNITY TO AND HAS FULLY INVESTIGATED SUCH MATTERS TO ITS SATISFACTION PRIOR TO ENTERING INTO THIS AGREEMENT AND HAS MADE ITS DECISION TO PURCHASE THE PROPERTY BASED SOLELY UPON SUCH INVESTIGATIONS. PRIOR TO ENTERING INTO THIS AGREEMENT, BUYER WAS ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY AND ALL MATTERS AFFECTING THE VALUE OR DESIRABILITY OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, POTENTIAL ENVIRONMENTAL HAZARDS ARISING FROM THE PRESENCE ON OR ABOUT THE PROPERTY OF ASBESTOS OR ASBESTOS-CONTAINING MATERIALS, FORMALDEHYDE, RADON GAS, LEAD-BASED PAINT, OTHER LEAD CONTAMINATION, MOLD, FUEL OR CHEMICAL STORAGE TANKS, ELECTROMAGNETIC FIELDS, NUCLEAR SOURCES OR POLYCHLORINATED BIPHENYLS OR OTHER HAZARDOUS SUBSTANCES. PARAGRAPHS 7.a.- 7. b. WILL EXPRESSLY SURVIVE THE CLOSE OF ESCROW AND THE DELIVERY OF THE GRANT DEED AND EACH OTHER DOCUMENT DELIVERED AT THE CLOSE OF ESCROW BY SELLER PURSUANT TO THE TERMS OF THIS AGREEMENT AND SHALL NOT MERGE WITH THE GRANT DEED OR ANY OTHER SUCH DOCUMENT, AND THE WARRANTIES CONTAINED IN THE GRANT DEED OR OTHER CLOSING DOCUMENTS DELIVERED AT THE CLOSE OF ESCROW SHALL BE DEEMED TO BE LIMITED TO, AND NOT TO GIVE RISE TO ANY CLAIMS AGAINST SELLER THAT WOULD NOT BE AVAILABLE TO BUYER UNDER THE REPRESENTATIONS, WARRANTIES AND INDEMNITIES PROVIDED FOR IN THIS AGREEMENT WITH RESPECT TO THE MATTER OTHERWISE COVERED BY SUCH WARRANTIES, IF ANY.

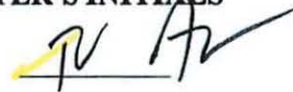
8. Default.

a. LIQUIDATED DAMAGES. IF CLOSE OF ESCROW FAILS TO OCCUR BY REASON OF BUYER'S DEFAULT HEREUNDER, THEN IN SUCH EVENT, THE ESCROW HOLDER MAY BE INSTRUCTED BY SELLER TO CANCEL THE ESCROW, SELLER WILL BE RELEASED FROM ITS OBLIGATIONS HEREUNDER, AND SELLER WILL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES. BUYER AND SELLER AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH SELLER'S DAMAGES BY REASON OF BUYER'S

DEFAULT. ACCORDINGLY, BUYER AND SELLER AGREE THAT IT WOULD BE REASONABLE AT SUCH TIME TO AWARD SELLER THE DEPOSIT AS LIQUIDATED DAMAGES. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT IN LIGHT OF THE CONSIDERABLE EXPENSES THAT SELLER WILL INCUR IN ORDER TO PURSUE THE LOT LINE ADJUSTMENT, WHICH EXPENSES SELLER WOULD NOT HAVE INCURRED BUT FOR BUYER'S AGREEMENT TO PURCHASE THE PROPERTY PURSUANT TO THIS AGREEMENT, THE AWARD OF THE DEPOSIT IS REASONABLE AS LIQUIDATED DAMAGES AND WILL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IN LIEU OF ANY OTHER RELIEF, RIGHT OR REMEDY, AT LAW OR IN EQUITY, TO WHICH SELLER MIGHT OTHERWISE BE ENTITLED BY REASON OF BUYER'S DEFAULT. NOTWITHSTANDING THE FOREGOING, THIS PROVISION WILL NOT LIMIT SELLER'S RIGHT TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES IN THE EVENT THAT AND TO THE EXTENT THAT BUYER CHALLENGES THIS LIQUIDATED DAMAGES PROVISION IN ANY WAY OR ANY INDEMNIFICATION, HOLD HARMLESS, OR DEFENSE RIGHTS CONTAINED HEREIN. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH 8.a. AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

SELLER'S INITIALS

BUYER'S INITIALS



b. Seller's Default. If Close of Escrow fails to occur by reason of Seller's default hereunder, then Buyer may, as its sole and exclusive remedy, either (i) terminate this Agreement and recover the Deposit; or (ii) pursue a claim for specific performance against Seller; provided that any action by Buyer for specific performance must be filed, if at all, within thirty (30) days of the Closing Date, and the failure to file within such period shall constitute a waiver by Buyer of such right and remedy.

9. Brokers. The Preserve Land Co. has represented both Seller and Buyer in connection with the sale and purchase of the Property. Buyer agrees that only The Preserve Land Co. acted as Buyer's agent, and Seller is not responsible for any representations or statements of The Preserve Land Co. that are inconsistent with those set forth herein. Buyer shall indemnify and hold harmless Seller from and against any and all loss and liability, including costs and reasonable attorneys' fees resulting from or arising out of any misrepresentation or breach of the foregoing.

10. ARBITRATION OF DISPUTES. ANY DISPUTE HEREUNDER WILL BE RESOLVED BY A REPRESENTATIVE FROM JAMS, LLC ("JAMS") IN SAN FRANCISCO CALIFORNIA PURSUANT TO SECTIONS 1280 ET SEQ. OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. IF THE PARTIES CANNOT AGREE UPON A REPRESENTATIVE FROM JAMS, THEN JAMS WILL SELECT AN ARBITRATOR. THE ARBITRATOR WILL

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SELLER'S INITIALS

DW

BUYER'S INITIALS

JV AV

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BE AUTHORIZED TO ORDER SPECIFIC PERFORMANCE, DAMAGES OR ANY OTHER LEGAL OR EQUITABLE REMEDY AS WOULD BE AVAILABLE TO A COURT OF LAW. THE PARTIES EACH INITIALLY WILL ADVANCE FIFTY PERCENT (50%) OF ALL ARBITRATION FEES AS AND WHEN PAYABLE. THE PREVAILING PARTY IN SUCH ARBITRATION WILL BE ENTITLED TO HAVE AND RECOVER FROM THE OTHER PARTY ALL COSTS AND EXPENSES OF ARBITRATION, INCLUDING ACTUAL ATTORNEYS' FEES, IN ADDITION TO ANY OTHER RELIEF THAT MAY BE GRANTED.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

SELLER'S INITIALS

BUYER'S INITIALS



11. Assignment. Buyer may not assign, transfer or convey its rights or obligations under this Agreement.

12. Miscellaneous.

a. Time of Essence. Time is of the essence of each and every term, condition, obligation and provision hereof.

b. Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument. This Agreement will be deemed duly executed if the signature pages hereto contain facsimile copies of the signatures of any party hereto.

c. No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement will not be deemed to confer any rights upon, nor obligate any of the parties thereto, to any person or entity other than the parties hereto.

BE AUTHORIZED TO ORDER SPECIFIC PERFORMANCE, DAMAGES OR ANY OTHER LEGAL OR EQUITABLE REMEDY AS WOULD BE AVAILABLE TO A COURT OF LAW. THE PARTIES EACH INITIALLY WILL ADVANCE FIFTY PERCENT (50%) OF ALL ARBITRATION FEES AS AND WHEN PAYABLE. THE PREVAILING PARTY IN SUCH ARBITRATION WILL BE ENTITLED TO HAVE AND RECOVER FROM THE OTHER PARTY ALL COSTS AND EXPENSES OF ARBITRATION, INCLUDING ACTUAL ATTORNEYS' FEES, IN ADDITION TO ANY OTHER RELIEF THAT MAY BE GRANTED.

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SELLER'S INITIALS

 DW

BUYER'S INITIALS

 JVA

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c. No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement will not be deemed to confer any rights upon, nor obligate any of the parties thereto, to any person or entity other than the parties hereto.

d. Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

e. Waiver. The waiver or failure to enforce any provision of this Agreement will not operate as a waiver of any future breach of any such provision or any other provision hereof.

f. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

g. Fees and Other Expenses. Except as otherwise provided herein, each of the parties will pay its own fees and expenses in connection with this Agreement.

h. Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Buyer and Seller as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party will be of any effect unless it is in writing and executed by the party to be bound thereby.

i. Successors and Assigns. This Agreement will be binding upon and will inure to the benefit of the successors and assigns of the parties hereto.

j. No Recordation. Neither this Agreement nor any memorandum hereof will be recorded.

k. Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any other person other than the parties hereto and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Signatures on following page


IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first-above written.

“Seller”:

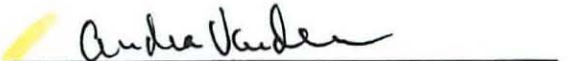
THE PRESERVE GOLF CLUB, INC., a
California non-profit mutual benefit corporation

By: _____
Name: _____
Title: _____

“Buyer”:



Thomas A. Vardell, Trustee of the Vardell
Living Trust, dated May 31, 2002




Andrea M. Vardell, Trustee of the Vardell
Living Trust, dated May 31, 2002

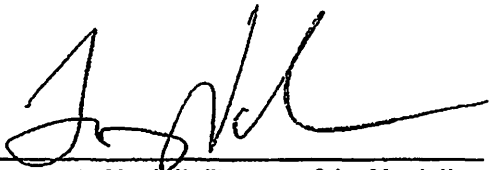
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first-above written.

"Seller":

THE PRESERVE GOLF CLUB, INC., a
California non-profit mutual benefit corporation

By: 
Name: Don Wilcox
Title: Secretary

"Buyer":


Thomas A. Vardell, Trustee of the Vardell
Living Trust, dated May 31, 2002

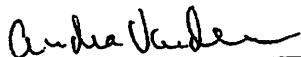

Andrea M. Vardell, Trustee of the Vardell
Living Trust, dated May 31, 2002

EXHIBIT A
TO
AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS

Golf Club Property (Legal Description)

PARCEL I:

THAT CERTAIN REAL PROPERTY IN THE UNINCORPORATED AREA OF MONTEREY COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 264, AS SHOWN ON THE MAP OF TRACT NO. 1333 "SANTA LUCIA PRESERVE PHASE B" FILED FOR RECORD DECEMBER 7, 1999, IN VOLUME 20 OF MAPS, "CITIES AND TOWNS", AT PAGE 33, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA.

APN: 239-091-085

RESERVING THEREFROM NON-EXCLUSIVE EASEMENTS FOR DRIVEWAY AND UTILITIES PURPOSES OVER, UNDER, UPON AND ACROSS PORTIONS OF LOT 264 AS SHOWN ON THE MAP REFERRED TO ABOVE.

SAID EASEMENTS ARE APPURTENANT TO LOTS 77, 119 AND 120 AS SHOWN ON THE MAP REFERRED TO ABOVE.

ALSO RESERVING THEREFROM A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER, UPON AND ACROSS ALL THAT PORTION OF PRONGHORN RUN, ARROYO SEQUOIA AND SAN CLEMENTE TRAIL AS SHOWN ON THE MAP REFERRED TO ABOVE.

PARCEL II:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER, UPON AND ACROSS PENON PEAK TRAIL, OHLONE TRACE, VASQUEZ TRAIL, REFUGIO TRACE, PRONGHORN RUN, TOUCHE PASS, BLACK MOUNTAIN TRAIL, SAN CLEMENTE TRAIL AND ARROYO SEQUOIA AS SHOWN ON THE MAP OF TRACT NO. 1333 "SANTA LUCIA PRESERVE PHASE B", FILED FOR RECORD ON DECEMBER 7, 1999, IN VOLUME 20 OF MAPS, "CITIES AND TOWNS", AT PAGE 33, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA.

PARCEL III:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS RANCHO SAN CARLOS ROAD, CHAMISAL PASS, VUELO PALOMAS, VISTA CIELO, WILD TURKEY RUN, RUMSEN TRACE, ARROWMAKER TRACE, GARZAS TRAIL, VASQUEZ TRAIL, PRONGHORN RUN AND

EXHIBIT A
TO
AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS

Golf Club Property (Legal Description)

LEGAL DESCRIPTION -- PAGE 2:

VIA VAQUERA AS SHOWN AND DESIGNATED ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A" FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF MAPS, "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS.

PARCEL IV:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY BOUNDARY OF SANTA LUCIA PRESERVE PHASE A, AS SAID ROAD IS SHOWN AND DESIGNATED ON THE MAP FILED NOVEMBER 18, 1998 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114.

PARCEL V:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY TERMINUS OF RANCHO SAN CARLOS ROAD AS SHOWN ON MAP FILED NOVEMBER 18, 1998 IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114, TO THE INTERSECTION WITH CARMEL VALLEY ROAD, A COUNTY ROAD.

EXHIBIT B
TO
AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS

Buyer's Property (Legal Description)

PARCEL I:

LOT 65 AS SHOWN ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A", FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS AND BY CERTIFICATE OF CORRECTION RECORDED AUGUST 26, 2002 AS RECORDER'S SERIES NO. 2002078268 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION CONVEYED TO THE PRESERVE GOLF CLUB, INC. BY DEED RECORDED OCTOBER 16, 2003, INSTRUMENT NO. 2003-126274 AND RE-RECORDED OCTOBER 28, 2003, INSTRUMENT NO. 2003-131365, MONTEREY COUNTY RECORDS PURSUANT TO LOT LINE ADJUSTMENT RECORDED JULY 8, 2003, INSTRUMENT NO. 2003-079618, MONTEREY COUNTY RECORDS.

PARCEL II:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS RANCHO SAN CARLOS ROAD, CHAMISAL PASS, VUELO DE LAS PALOMAS, VISTA CIELO, WILD TURKEY RUN, RUMSEN TRACE, ARROWMAKER TRACE, GARZAS TRAIL, VASQUEZ TRAIL, PRONGHORN RUN AND VIA VAQUERA AS SHOWN AND DESIGNATED ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A" FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF MAP, "CITIES AND TOWNS". AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS.

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A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY BOUNDARY OF SANTA LUCIA PRESERVE PHASE A, AS SAID ROAD IS SHOWN AND DESIGNATED ON THE MAP FILED NOVEMBER 18, 1998 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114.

PARCEL IV:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY TERMINUS OF RANCHO SAN CARLOS ROAD AS SHOWN ON MAP FILED NOVEMBER 18, 1998 IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114, TO THE INTERSECTION WITH CARMEL VALLEY ROAD, A COUNTY ROAD.

EXHIBIT C
TO
AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS

The Property (Map)

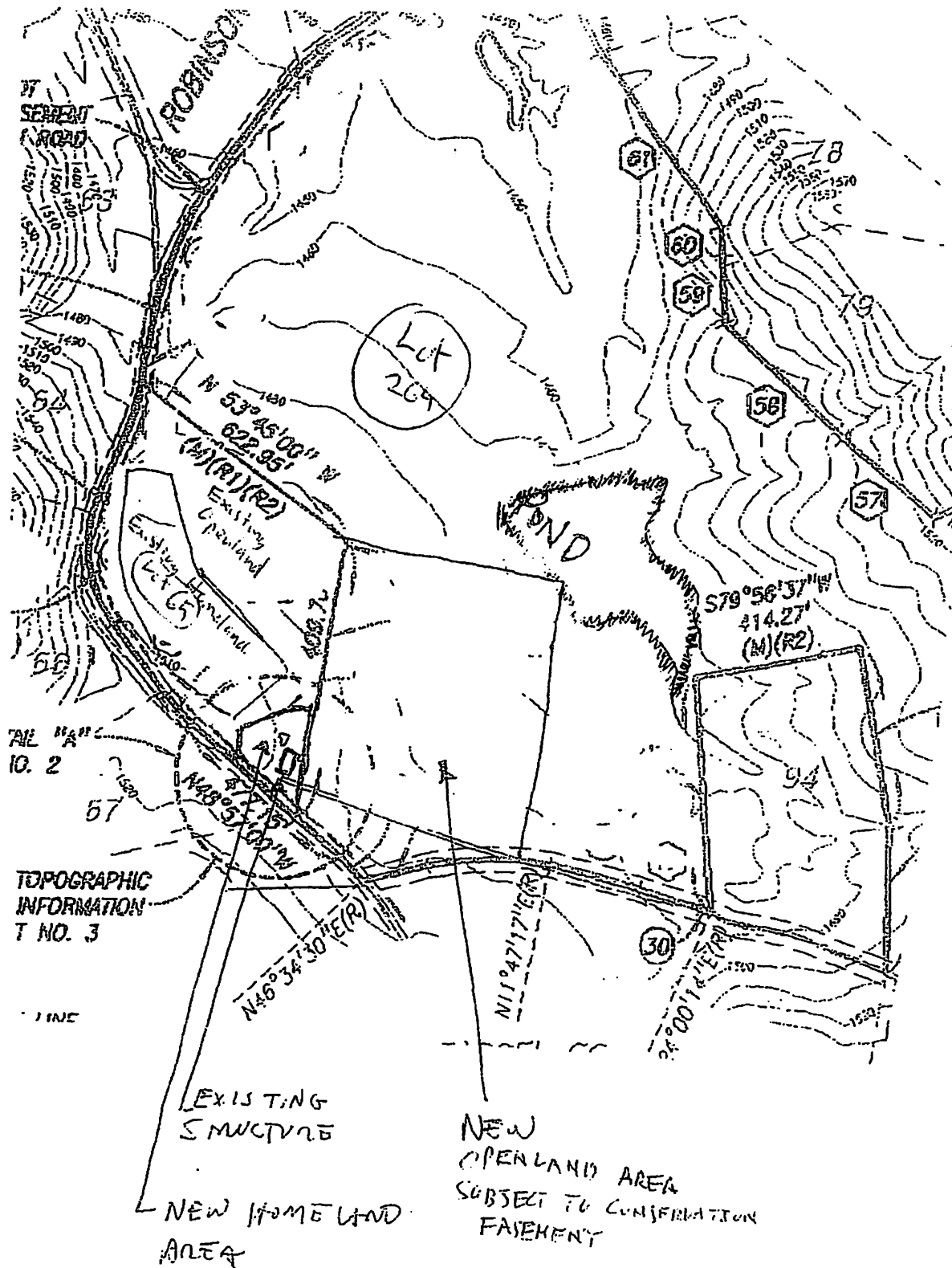


EXHIBIT D
TO
AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS

Form of Occupancy Agreement



INTERIM OCCUPANCY AGREEMENT
Buyer in Possession Prior to Close of Escrow
(C.A.R. Form IOA, Revised 1/06)

The Preserve Golf Club, Inc. ("Seller/Landlord")
and Thomas A. Vardell, Trustee, Andrea M. Vardell, Trustee ("Buyer/Tenant")
have entered into a purchase agreement for the real property described below. Close of escrow for the purchase agreement is scheduled to occur on
TBD 30 days after Lot line adjustment approved (date). Seller, as Landlord, and Buyer, as Tenant, agree as follows:

1. PROPERTY:

- A. Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as: lot line adj 34205
Robinson Cyn Rd, Carmel CA 93923 ("Premises").
B. The Premises are for the sole use as a personal residence by the following named persons only: Thomas A. Vardell, Trustee,
Andrea M. Vardell, Trustee
C. The personal property listed in the purchase agreement, maintained pursuant to paragraph 11, is included.

2. TERM: The term begins on (date) March 15, 2009 ("Commencement Date") and shall terminate at 8:00 AM/ PM on the earliest of: (a) the date scheduled for close of escrow of the purchase agreement as specified above, or as modified in writing; or (b) mutual cancellation of the purchase agreement. Tenant shall vacate the Premises upon termination of this Agreement, unless: (i) Landlord and Tenant have signed a new agreement, (ii) mandated by local rent control law, or (iii) Landlord accepts Rent from Tenant (other than past due Rent), in which case a month-to-month tenancy shall be created which either party may terminate pursuant to California Civil Code § 1946.1. Rent shall be at a rate agreed to by Landlord and Tenant, or as allowed by law. All other terms and conditions of this Agreement shall remain in full force and effect.

3. RENT: "Rent" shall mean all monetary obligations of Tenant to Landlord under the terms of this Agreement, except security deposit.

- A. Tenant agrees to pay \$ 1.00 per month for the term of this Agreement.
B. Rent is payable in advance on the 1st (or) day of each calendar week, and is delinquent on the next day; or in full at close of escrow; or
C. **PAYMENT:** The Rent shall be paid by personal check, money order, cashier's check, through escrow (per escrow instructions), or other _____, to (name) _____ (phone) _____ at (address) _____, (or at any other location subsequently specified by Landlord in writing to Tenant) between the hours of _____ and _____ on the following days: _____. If any payment is returned for non-sufficient funds ("NSF") or because tenant stops payment, then, after that: (i) Landlord may, in writing, require Tenant to pay Rent in cash for three months and (ii) all future Rent shall be paid by money order, or cashier's check.

4. SECURITY DEPOSIT:

- A. Tenant agrees to pay \$ _____ as a security deposit. Security deposit will be transferred to and held by Seller; held in Seller's Broker's trust account; or held in escrow (per escrow instructions).
B. (1) If the tenancy is terminated due to the close of escrow by Buyer under the purchase agreement, the full amount of the security deposit, less any deductions below, shall be credited to Buyer's down payment on the purchase (or, if checked returned to Buyer from Seller's proceeds in escrow). If required by lender for closing, Seller shall place the security deposit into escrow prior to the signing of loan documents by Buyer.
(2) All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent (which includes Late Charges, NSF fees or other sums due); (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) clean Premises, if necessary, upon termination of the tenancy; and (iv) replace or return personal property or appurtenances. **SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT.** If all or any portion of the security deposit is used during the tenancy, Tenant agrees to reinstate the total security deposit within 5 Days after written notice is delivered to Tenant.
(3) Within 21 days after Tenant vacates the Premises, Landlord shall: (i) furnish Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition; and (ii) return any remaining portion of the security deposit to Tenant.
C. **Except when escrow closes, security deposit will not be returned until all Tenants have vacated the Premises. Any security deposit returned by check shall be made out to all Tenants named on this Agreement, or as subsequently modified.**
D. No interest will be paid on security deposit unless required by local Law.
E. If the security deposit is held by Seller, Tenant agrees not to hold Broker responsible for its return. If the security deposit is held in Seller's Broker's trust account, and Broker's authority is terminated before expiration of this Agreement, and security deposit is released to someone other than Tenant, then Broker shall notify Tenant, in writing, where and to whom security deposit has been released. Once Tenant has been provided such notice, Tenant agrees not to hold Broker responsible for the security deposit.

5. MOVE-IN COSTS RECEIVED/DUE: Move-in funds made payable to _____ n/a shall be paid by personal check, money order, cashier's check, or through escrow (per escrow instructions).

| Category | Total Due | Payment Received | Balance Due | Date Due |
|---------------------------------|-----------|------------------|-------------|----------|
| Rent from _____ to _____ (date) | | | | |
| *Security Deposit | | | | |
| Other _____ | | | | |
| Other _____ | | | | |
| Total | | | | |

*The maximum amount Landlord may receive as security deposit, however designated, cannot exceed two months' Rent for unfurnished premises, or three months' Rent for furnished premises.

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Tenant's Initials (TV) (AV)
Landlord's Initials (DA) (_____)

Reviewed by _____ Date 11.20.09



lot line adj 34205 Rd. Jason Cyn Rd
Premises: Carmel, CA 93923

Date: _____

6. LATE CHARGE; RETURNED CHECKS:

- A. Tenant acknowledges either late payment of Rent or issuance of a returned check may cause Landlord to incur costs and expenses, the exact amounts of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within 5 (or _____) calendar days after the date due, or if a check is returned, Tenant shall pay to Landlord, respectively, an additional sum of \$ _____ or _____ % of the Rent due as a Late Charge and \$25.00 as a NSF fee for the first returned check and \$35.00 as a NSF fee for each additional returned check, either or both of which shall be deemed additional Rent.
- B. Landlord and Tenant agree these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any Late Charge or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any Late Charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under paragraph 3 or prevent Landlord from exercising any other rights and remedies under this Agreement and as provided by law.

7. PARKING: (Check A or B)

- A. Parking is permitted as follows: in designated parking area

The right to parking is is not included in the Rent charged pursuant to paragraph 3. If not included in the Rent, the parking rental fee shall be an additional \$ _____ per month. Parking space(s) are to be used for parking properly licensed and operable motor vehicles, except for trailers, boats, campers, buses or trucks (other than pick-up trucks). Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked on the Premises. Mechanical work or storage of inoperable vehicles is not permitted in parking space(s) or elsewhere on the Premises.

- OR B. Parking is not permitted on the Premises.

8. STORAGE: (Check A or B)

- A. Storage is permitted as follows: _____

The right to storage space is is not included in the Rent charged pursuant to paragraph 3. If not included in the Rent, storage space fee shall be an additional \$ _____ per month. Tenant shall store only personal property Tenant owns, and shall not store property claimed by another or in which another has any right, title or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, hazardous waste or other inherently dangerous material, or illegal substances.

- OR B. Storage is not permitted on the Premises.

9. UTILITIES: Tenant agrees to pay for all utilities and services, and the following charges: _____

except _____, which shall be paid for by Landlord. If any utilities are not separately metered, Tenant shall pay Tenant's proportional share, as reasonably determined and directed by Landlord. If utilities are separately metered, Tenant shall place utilities in Tenant's name as of the Commencement Date. Landlord is only responsible for installing and maintaining one usable telephone jack and one telephone line to the Premises. Tenant shall pay any cost for conversion from existing utilities service provider.

10. CONDITION OF PREMISES: Tenant has examined Premises, all furniture, furnishings, appliances, landscaping, if any, and fixtures, including smoke detector(s).

(Check all that apply:)

- A. Tenant acknowledges these items are clean and in operable condition, with the following exceptions: _____
- B. Tenant's acknowledgment of the condition of these items is contained in an attached statement of condition (C.A.R. Form MIMO).
- C. Tenant will provide Landlord a list of items that are damaged or not in operable condition within 3 (or _____) Days after Commencement Date, not as a contingency of the Agreement but rather as an acknowledgment of the condition of the Premises.
- D. Other: _____

11. MAINTENANCE:

- A. Tenant shall properly use, operate and safeguard Premises, including if applicable, any landscaping, furniture, furnishings and appliances, and all mechanical, electrical, gas and plumbing fixtures, and keep them and the Premises clean, sanitary and well ventilated. Tenant shall be responsible for checking and maintaining all smoke detectors and any additional phone lines beyond the one line and jack that Landlord shall provide and maintain. Tenant shall immediately notify Landlord, in writing, of any problem, malfunction or damage. Tenant shall be charged for all repairs or replacements caused by Tenant, pets, guests or licensees of Tenant, excluding ordinary wear and tear. Tenant shall be charged for all damage to Premises as a result of failure to report a problem in a timely manner. Tenant shall be charged for repair of drain blockages or stoppages, unless caused by defective plumbing parts or tree roots invading sewer lines.
- B. Landlord Tenant shall water the garden, landscaping, trees and shrubs, except: _____
- C. Landlord Tenant shall maintain the garden, landscaping, trees and shrubs, except: _____
- D. Landlord Tenant shall maintain _____

Tenant's Initials (JV) (AW)

Landlord's Initials (DW) (_____)

Reviewed by [Signature] Date 11.20.08



- E. Tenant's failure to maintain any item for which Tenant is responsible shall give Landlord the right to hire someone to perform such maintenance and charge Tenant to cover the cost of such maintenance.
- F. The following items of personal property are included in the Premises without warranty and Landlord will not maintain, repair or replace them: _____
- 12. **NEIGHBORHOOD CONDITIONS:** Tenant is advised to satisfy him or herself as to neighborhood or area conditions, including schools, proximity and adequacy of law enforcement, crime statistics, proximity of registered felons or offenders, fire protection, other governmental services, availability, adequacy and cost of any speed-wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, cemeteries, facilities and condition of common areas, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Tenant.
- 13. **PETS:** Unless otherwise provided in California Civil Code § 54.2, no animal or pet shall be kept on or about the Premises without Landlord's prior written consent, except: _____
- 14. **RULES; REGULATIONS:**
 - A. Tenant agrees to comply with all Landlord rules and regulations that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant shall not, disturb, annoy, endanger or interfere with other tenants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, or commit a waste or nuisance on or about the Premises.
 - B. (If applicable, check one:)
 - (1) Landlord shall provide Tenant with a copy of the rules and regulations within _____ Days or _____
 - OR (2) Tenant has been provided with, and acknowledges receipt of, a copy of the rules and regulations.
- 15. (If checked) **CONDOMINIUM; PLANNED UNIT DEVELOPMENT:**
 - A. The Premises is a unit in a condominium, planned unit, development or other common interest subdivision governed by a homeowners' association ("HOA"). The name of the HOA is _____
Tenant agrees to comply with all HOA covenants, conditions and restrictions, bylaws, rules and regulations and decisions. Tenant shall reimburse Landlord for any fines or charges imposed by HOA or other authorities, due to any violation by Tenant, or the guests or licensees of Tenant.
 - B. (Check one:)
 - (1) Landlord shall provide Tenant with a copy of the HOA rules and regulations within _____ Days or _____
 - OR (2) Tenant has been provided with, and acknowledges receipt of, a copy of the HOA rules and regulations.
- 16. **ALTERATIONS; REPAIRS:** Unless otherwise specified by law or paragraph 28C or pursuant to the purchase agreement, without Landlord's prior written consent: (i) Tenant shall not make any repairs, alterations or improvements in or about the Premises including: painting, wallpapering, adding or changing locks, installing antenna or satellite dish(es), placing signs, displays or exhibits, or using screws, fastening devices, large nails or adhesive materials; (ii) Landlord shall not be responsible for the costs of repairs, alterations or improvements made by Tenant; (iii) Tenant shall not deduct from Rent the costs of any repairs, alterations or improvements; and (iv) any deduction made by Tenant shall be considered unpaid Rent. Tenant shall immediately notify Landlord if Tenant, individually or by or through others, commences any work on the Premises. Tenant shall be charged for any costs Landlord incurs to post and record a Notice of Non-Responsibility for any such work. Upon completion of any such work, Tenant shall notify Landlord. Tenant shall be charged for any costs Landlord incurs to post and record a Notice of Completion relating to any such work. Tenant agrees to indemnify, defend and hold harmless Landlord for any mechanic's lien attaching to the Premises or other claim resulting from any work ordered by Tenant.
- 17. **KEYS; LOCKS:**
 - A. Tenant acknowledges receipt of (or Tenant will receive prior to the Commencement Date, or _____):
 - _____ key(s) to Premises, _____ remote control device(s) for garage door/gate opener(s),
 - _____ key(s) to mailbox, _____
 - _____ key(s) to common area(s), _____
 - B. Tenant acknowledges that locks to the Premises have, have not, been re-keyed.
 - C. If Tenant re-keys existing locks or opening devices, Tenant shall immediately deliver copies of all keys to Landlord. Tenant shall pay all costs and charges related to loss of any keys or opening devices. Tenant may not remove locks, even if installed by Tenant.
- 18. **ENTRY:**
 - A. Tenant shall make Premises available to Landlord or Landlord's representative for the purpose of entering to make necessary or agreed repairs, decorations, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors.
 - B. Landlord and Tenant agree that 24-hour written notice shall be reasonable and sufficient notice, except as follows. 48-hour written notice is required to conduct an inspection of the Premises prior to the Tenant moving out, unless the Tenant waives the right to such notice. Notice may be given orally to show the Premises to actual or prospective purchasers provided Tenant has been notified in writing within 120 Days preceding the oral notice that the Premises are for sale and that oral notice may be given to show the Premises. No notice is required to (i) enter in case of an emergency; (ii) if the Tenant is present and consents at the time of entry or (iii) the Tenant has abandoned or surrendered the Premises. No written notice is required if Landlord and Tenant orally agree to an entry for agreed services or repairs if the date and time of entry are within one week of the oral agreement.

Tenant's Initials (TV) (AV)
 Landlord's Initials (JW) (_____)
 Reviewed by _____ Date 11-20-09



lot line adj 34205 k nson Cyn Rd
Premises: Carmel, CA 93923

Date: _____

- C. (If checked) Tenant authorizes the use of a keysafe/lockbox to allow entry into the Premises and agrees to sign a keysafe/lockbox addendum (C.A.R. Form KLA).
19. **SIGNS:** Tenant authorizes Landlord to place FOR SALE/LEASE signs on the Premises.
20. **ASSIGNMENT; SUBLETTING:** Tenant shall not sublet all or any part of Premises, or assign or transfer this Agreement or any interest herein, without Landlord's prior written consent. Unless such consent is obtained, any assignment, transfer or subletting of Premises or this Agreement or tenancy, by voluntary act of Tenant, operation of law or otherwise, shall at the option of Landlord, terminate the Agreement. Any proposed assignee, transferee or sublessee shall submit to Landlord an application and credit information for Landlord's approval and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one assignment, transfer or sublease, shall not be construed as consent to any subsequent assignment, transfer or sublease and does not release Tenant of Tenant's obligations under this Agreement.
21. **JOINT AND INDIVIDUAL OBLIGATIONS:** If there is more than one Tenant, each one shall be individually and completely responsible for the performance of all obligations of Tenant under this Agreement, jointly with every other Tenant, and individually, whether or not in possession.
22. **LEAD-BASED PAINT (If checked):** Premises was constructed prior to 1978. In accordance with federal law, Landlord gives and Tenant acknowledges receipt of the disclosures on the attached form (C.A.R. Form FLD) and a federally approved lead pamphlet.
23. **MILITARY ORDNANCE DISCLOSURE:** (If applicable and known to Landlord) Premises is located within one mile of an area once used for military training, and may contain potentially explosive munitions.
24. **PERIODIC PEST CONTROL:** Landlord has entered into a contract for periodic pest control treatment of the Premises and shall give Tenant a copy of the notice originally given to Landlord by the pest control company.
25. **METHAMPHETAMINE CONTAMINATION:** Prior to signing this Agreement, Landlord has given Tenant a notice that a health official has issued an order prohibiting occupancy of the property because of methamphetamine contamination. A copy of the notice and order are attached.
26. **DATABASE DISCLOSURE:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Landlord nor Brokers, if any, are required to check this website. If Tenant wants further information, Tenant should obtain information directly from this website.)
27. **POSSESSION:**
- A. Tenant is not in possession of the premises. If Landlord is unable to deliver possession of Premises on Commencement Date, such Date shall be extended to the date on which possession is made available to Tenant. If Landlord is unable to deliver possession within 5 (or _____) calendar days after agreed Commencement Date, Tenant may terminate this Agreement by giving written notice to Landlord, and shall be refunded all Rent and security deposit paid. Possession is deemed terminated when Tenant has returned all keys to the Premises to Landlord.
- B. Tenant is already in possession of the Premises.
28. **TENANT'S OBLIGATIONS UPON VACATING PREMISES:** If the tenancy is terminated due to any reason other than close of escrow by Buyer under the purchase agreement, upon termination of this Agreement:
- A. Tenant shall: (i) give Landlord all copies of all keys or opening devices to Premises, including any common areas; (ii) vacate and surrender Premises to Landlord, empty of all persons; (iii) vacate any/all parking and/or storage space; (iv) clean and deliver Premises, as specified in paragraph C below, to Landlord in the same condition as referenced in paragraph 10; (v) remove all debris; (vi) give written notice to Landlord of Tenant's forwarding address; and (vii) _____ .
- B. All alterations/improvements made by or caused to be made by Tenant, with or without Landlord's consent, become the property of Landlord upon termination. Landlord may charge Tenant for restoration of the Premises to the condition it was in prior to any alterations/improvements.
- C. **Right to Pre-Move-Out Inspection and Repairs as follows:** (i) After giving or receiving notice of termination of a tenancy (C.A.R. Form NTT), or before the end of a lease, Tenant has the right to request that an inspection of the Premises take place prior to termination of the lease or rental (C.A.R. Form NRI). If Tenant requests such an inspection, Tenant shall be given an opportunity to remedy identified deficiencies prior to termination, consistent with the terms of this Agreement. (ii) Any repairs or alterations made to the Premises as a result of this inspection (collectively, "Repairs") shall be made at Tenant's expense. Repairs may be performed by Tenant or through others, who have adequate insurance and licenses and are approved by Landlord. The work shall comply with applicable law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. (iii) Tenant shall: (a) obtain receipts for Repairs performed by others; (b) prepare a written statement indicating the Repairs performed by Tenant and the date of such Repairs; and (c) provide copies of receipts and statements to Landlord prior to termination.
29. **BREACH OF CONTRACT; EARLY TERMINATION:** In addition to any obligations established by paragraph 27, in event of termination by Tenant prior to completion of the original term of the Agreement, Tenant shall also be responsible for lost Rent, rental commissions, advertising expenses and painting costs necessary to ready Premises for re-rental. Landlord may withhold any such amounts from Tenant's security deposit.

Tenant's Initials (TV) (AV)
Landlord's Initials (DW) ()
Reviewed by Date 11-20-07



lot line adj 34205 R 15000 Nason Cyn Rd
Premises: Carmel, CA 93923

Date: _____

- 30. **TEMPORARY RELOCATION:** Subject to local law, Tenant agrees, upon demand of Landlord, to temporarily vacate Premises for a reasonable period, to allow for fumigation (or other methods) to control wood destroying pests or organisms, or other repairs to Premises. Tenant agrees to comply with all instructions and requirements necessary to prepare Premises to accommodate pest control, fumigation or other work, including bagging or storage of food and medicine, and removal of perishables and valuables. Tenant shall only be entitled to a credit of Rent equal to the per diem Rent for the period of time Tenant is required to vacate Premises.
- 31. **DAMAGE TO PREMISES:** If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty that render Premises totally or partially uninhabitable, either Landlord or Tenant may terminate this Agreement by giving the other written notice. Rent shall be abated as of the date Premises become totally or partially uninhabitable. The abated amount shall be the current monthly Rent prorated on a 30-day period. If this Agreement is not terminated, Landlord shall promptly repair the damage, and Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of Premises. If damage occurs as a result of an act of Tenant or Tenant's guests, only Landlord shall have the right of termination, and no reduction in Rent shall be made.
- 32. **INSURANCE:** Tenant's or guest's personal property and vehicles are not insured by Landlord, manager or, if applicable, HOA, against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. **Tenant is advised to carry Tenant's own insurance (renter's insurance) to protect Tenant from any such loss or damage.** Tenant shall comply with any requirement imposed on Tenant by Landlord's insurer to avoid: (i) an increase in Landlord's insurance premium (or Tenant shall pay for the increase in premium); or (ii) loss of insurance.
- 33. **WATERBEDS:** Tenant shall not use or have waterbeds on the Premises unless: (i) Tenant obtains a valid waterbed insurance policy; (ii) Tenant increases the security deposit in an amount equal to one-half of one month's Rent; and (iii) the bed conforms to the floor load capacity of Premises.
- 34. **WAIVER:** The waiver of any breach shall not be construed as a continuing waiver of the same or any subsequent breach.
- 35. **NOTICE:** Notices may be served at the following address, or at any other location subsequently designated:
Landlord: The Preserve Golf Club, Inc. Tenant: Thomas A. Vardell, Trustee

- 36. **TENANT ESTOPPEL CERTIFICATE:** Tenant shall execute and return a tenant estoppel certificate delivered to Tenant by Landlord or Landlord's agent within 3 Days after its receipt. Failure to comply with this requirement shall be deemed Tenant's acknowledgment that the tenant estoppel certificate is true and correct, and may be relied upon by a lender or purchaser.
- 37. **TENANT REPRESENTATIONS; CREDIT:** Tenant warrants that all statements in Tenant's rental application are accurate. Tenant authorizes Landlord and Broker(s) to obtain Tenant's credit report periodically during the tenancy in connection with modification or enforcement of this Agreement. Landlord may cancel this Agreement: (i) before occupancy begins; (ii) upon disapproval of the credit report(s); or (iii) at any time, upon discovering that information in Tenant's application is false. A negative credit report reflecting on Tenant's record may be submitted to a credit reporting agency if Tenant fails to fulfill the terms of payment and other obligations under this Agreement.
- 38. **MEDIATION:**
 - A. Consistent with paragraphs B and C below, Landlord and Tenant agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action.
 - B. The following matters are excluded from mediation: (i) an unlawful detainer action; (ii) the filing or enforcement of a mechanic's lien; and (iii) any matter within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation provision.
 - C. Landlord and Tenant agree to mediate disputes or claims involving Listing Agent, Leasing Agent or property manager ("Broker"), provided Broker shall have agreed to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to such Broker. Any election by Broker to participate in mediation shall not result in Broker being deemed a party to this Agreement.
- 39. **ATTORNEY FEES:** In any action or proceeding arising out of the Agreement, the prevailing party between Landlord and Tenant shall be entitled to reasonable attorney fees and costs, except as provided in paragraph 38A.
- 40. **C.A.R. FORM:** C.A.R. Form means the specific form referenced or another comparable form agreed to by the parties.
- 41. **OTHER TERMS AND CONDITIONS; SUPPLEMENTS:** Interpreter/Translator Agreement (C.A.R. Form ITA);
 Keysafe/Lockbox Addendum (C.A.R. Form KLA); Lead-Based Paint and Lead-Based Paint Hazards Disclosure (C.A.R. Form FLD)
The following ATTACHED supplements are incorporated into this Agreement: _____

42. **TIME OF ESSENCE; ENTIRE AGREEMENT:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed except in writing. This Agreement is subject to California landlord-tenant law and shall incorporate all changes required by amendment or successors to such law. The Agreement and any supplement, addendum or modification, including any copy, may be signed in two or more counterparts, all of which shall constitute one and the same writing.

Tenant's Initials (TV) (DV)
Landlord's Initials (DW) (_____)
Reviewed by _____ Date 11-20-07



lot line adj 34205 Robinson Cyn Rd
Premises: Carmel, CA 93923

Date: _____

43. AGENCY:

A. CONFIRMATION: The following agency relationship(s) are hereby confirmed for this transaction:

Listing Agent: (Agent representing the Seller in the purchase agreement)

(Print firm name) Preserve Land Company

is the agent of (check one): the Landlord exclusively; or both the Landlord and Tenant.

Selling Agent: (Agent representing the Buyer in the purchase agreement)

(Print firm name) Preserve Land Company

(if not same as Listing Agent) is the agent of (check one): the Tenant exclusively; or the Landlord exclusively; or both the Tenant and Landlord.

B. DISCLOSURE: (If checked): The term of this lease exceeds one year. A disclosure regarding real estate agency relationships (C.A.R. Form AD) has been provided to Landlord and Tenant, who each acknowledge its receipt.

44. INTERPRETER/TRANSLATOR: The terms of this Agreement have been interpreted for Tenant into the following language: _____ Landlord and Tenant acknowledge receipt of the attached interpreter/translator agreement, (C.A.R. Form ITA).

45. FOREIGN LANGUAGE NEGOTIATION: If this Agreement has been negotiated by Landlord and Tenant primarily in Spanish, Chinese, Tagalog, Korean, Vietnamese or pursuant to the California Civil Code, Tenant shall be provided a translation of this Agreement in the language used for the negotiation.

46. RECEIPT: If specified in paragraph 5, Landlord or Broker, acknowledges receipt of move-in funds.

Landlord and Tenant acknowledge and agree Brokers: (a) do not guarantee the condition of the Premises; (b) cannot verify representations made by others; (c) cannot provide legal or tax advice; (d) will not provide other advice or information that exceeds the knowledge, education or experience required to obtain a real estate license. Furthermore, Brokers: (e) do not decide what rental rate a Tenant should pay or Landlord should accept; and (f) do not decide upon the length or other terms of tenancy. Landlord and Tenant agree they will seek legal, tax, insurance and other desired assistance from appropriate professionals.

Tenant/Buyer [Signature] Thomas A. Vardell, Trustee Date 11-14-08
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Tenant/Buyer [Signature] Andrea M. Vardell, Trustee Date 11/18/08
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Landlord/Seller [Signature] Secretary of The Preserve Golf Club, Inc. Date _____
Landlord/Seller _____ Date _____
Landlord Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

REAL ESTATE BROKERS:
A. Brokers are not a party to the Agreement between Landlord and Tenant.
B. Agency relationships are confirmed as above.

Real Estate Broker Preserve Land Company DRE Lic. # 01245896
(Agent representing the Buyer in the purchase agreement)
By (Agent) [Signature] The Preserve Team DRE Lic. # 70000330 Date 11/14/08
Address One Rancho San Carlos Rd City Carmel State CA Zip 93923
Telephone 831.620.6762 Fax 831.626.7591 E-mail sales@santa lucia preserve.com

Real Estate Broker Preserve Land Company DRE Lic. # 01245896
(Agent representing the Seller in the purchase agreement)
By (Agent) [Signature] The Preserve Team DRE Lic. # 70000330 Date 11/14/08
Address One Rancho San Carlos Rd City Carmel State CA Zip 93923
Telephone 831.620.6762 Fax 831.626.7591 E-mail sales@santa lucia preserve.com

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IOA REVISED 1/06 (PAGE 6 OF 6)

Reviewed by [Signature] Date 11-20-08



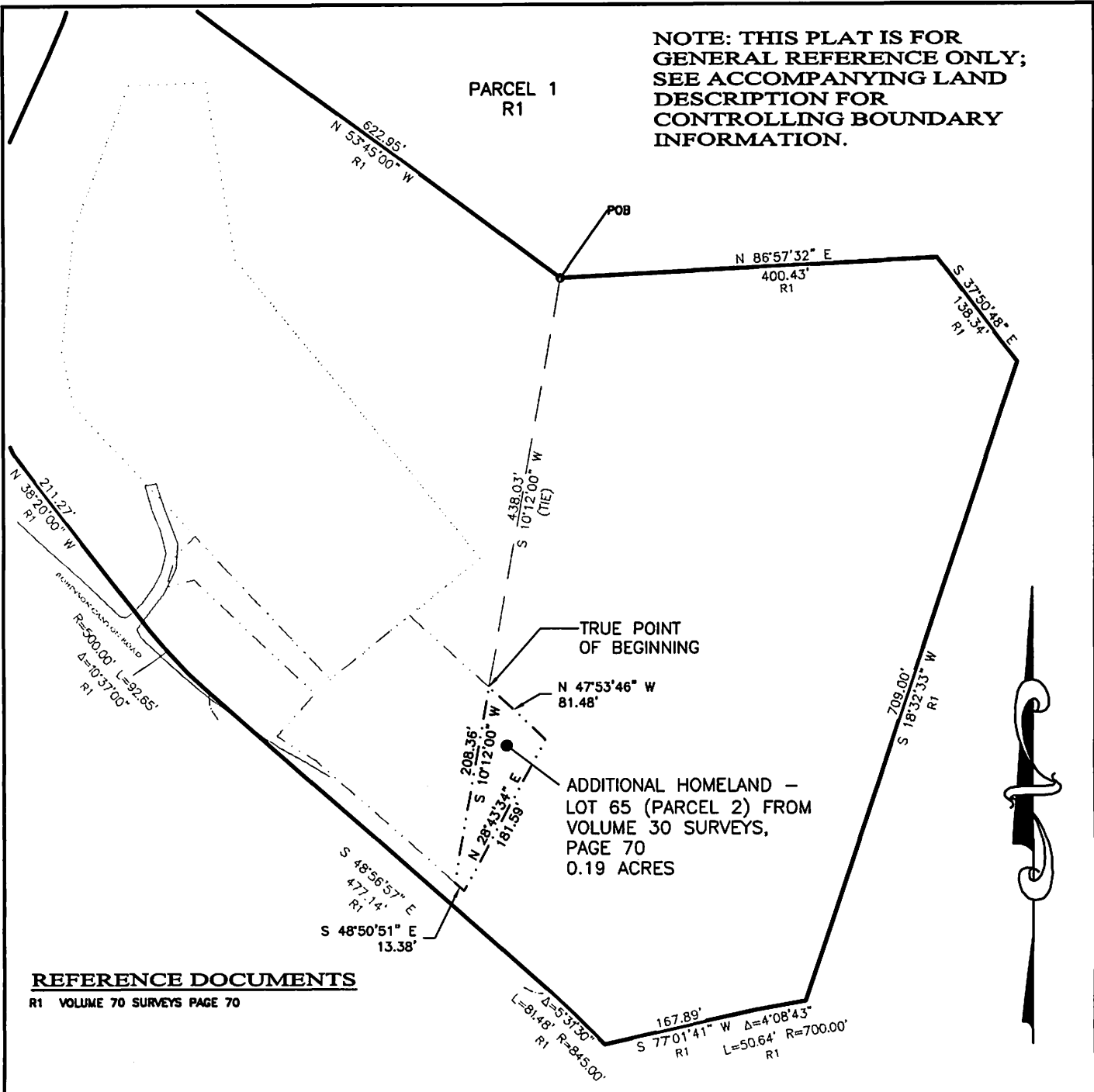
EXHIBIT E
TO
AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS

Documents Provided From Seller to Buyer

1. Public Report Phase __
2. Real Estate Information Statement
3. Declaration of Annexation to Protective Restrictions
4. Easement Grant Deed
5. Partnership Grant Deed
6. Deed of Conservation Easement
7. Archaeological/Wetlands/Conservation/Easement
8. Scenic Easement Deed
9. Drainage and Flood Control Systems Agreement
10. Road, Drainage and Water Systems Agreement
11. Inclusionary Housing Agreement
12. Design Guidelines and Regulations
13. Home Owner Association Articles and By-laws
14. Transfer Disclosure Statement
15. Lead-Based Paint Disclosure
16. Natural Hazards Disclosure Report
17. Homeowner's Guide to Earthquake Safety
18. Smoke Detector Statement of Compliance
19. California Environmental Hazards Pamphlet
20. Dual Agency Disclosure

NOTE: THIS PLAT IS FOR GENERAL REFERENCE ONLY; SEE ACCOMPANYING LAND DESCRIPTION FOR CONTROLLING BOUNDARY INFORMATION.

**PARCEL 1
R1**



REFERENCE DOCUMENTS
R1 VOLUME 70 SURVEYS PAGE 70

GRAPHIC SCALE



(IN FEET)
1 inch = 150 ft.

| | | | |
|---|---|---|---|
| <p>PLAT TO ACCOMPANY DESCRIPTION</p> <p>ADDITIONAL HOMELAND - LOT 65 (PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70</p> | <p>SANTA LUCIA PRESERVE LOT 65 TOMMY VARDELL</p> | <p>DRAWN BY: CAL DESIGNED BY: CAL DATE: 02/26/13 SCALE: 1" = 150' JOB NUMBER: 12-082 LAST REVISED: REVISED BY:</p> | <p>L&S ENGINEERING AND SURVEYING, INC</p> <p>2460 Garden Road, Suite G, Monterey, California 93940 P: 831.655.2723 F: 831.655.3425 LandEngineers.com</p> |
|---|---|---|---|

**LEGAL DESCRIPTION FOR THE ADDITIONAL HOMELAND ON LOT 65
(PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70, COUNTY OF MONTEREY
OFFICIAL RECORDS**

All that portion of that certain real property situate in the County of Monterey, State of California, lying within Rancho San Francisquito, Monterey County, described more particularly as follows:

COMMENCING at the Northeasterly corner of that certain 8.45 acre parcel of land designated as Lot 65 of Santa Lucia Preserve, Phase A, as recorded in Volume 20, Cities and Towns, Page 8, Official Records of Monterey County and as identified as "POB" on the attached exhibit (Northing 2055602.4767, Easting 5739537.9919 on said map); thence South 10° 12' 00" West, 438.03 feet to the **TRUE POINT OF BEGINNING**; thence the following courses and distances

- 1) South 10° 12' 00" West, 208.36 feet; thence
- 2) South 48° 50' 51" East, 13.38 feet; thence
- 2) North 28° 43' 34" East, 181.59 feet; thence
- 3) North 47° 53' 46" West, 81.48 feet to the **POINT OF BEGINNING**.

Containing 8393 square feet, being 0.19 acres more or less.

APN 239-061-011(portion)

END OF DESCRIPTION



HOMELAND LOT 65 VOL 30 SURV PG 70

North: 2055171.37' East: 5739460.42'

Segment #1 : Line

Course: S10°12'00"W Length: 208.36'
North: 2054966.30' East: 5739423.53'

Segment #2 : Line

Course: S48°50'51"E Length: 13.38'
North: 2054957.50' East: 5739433.60'

Segment #3 : Line

Course: N28°43'34"E Length: 181.59'
North: 2055116.74' East: 5739520.88'

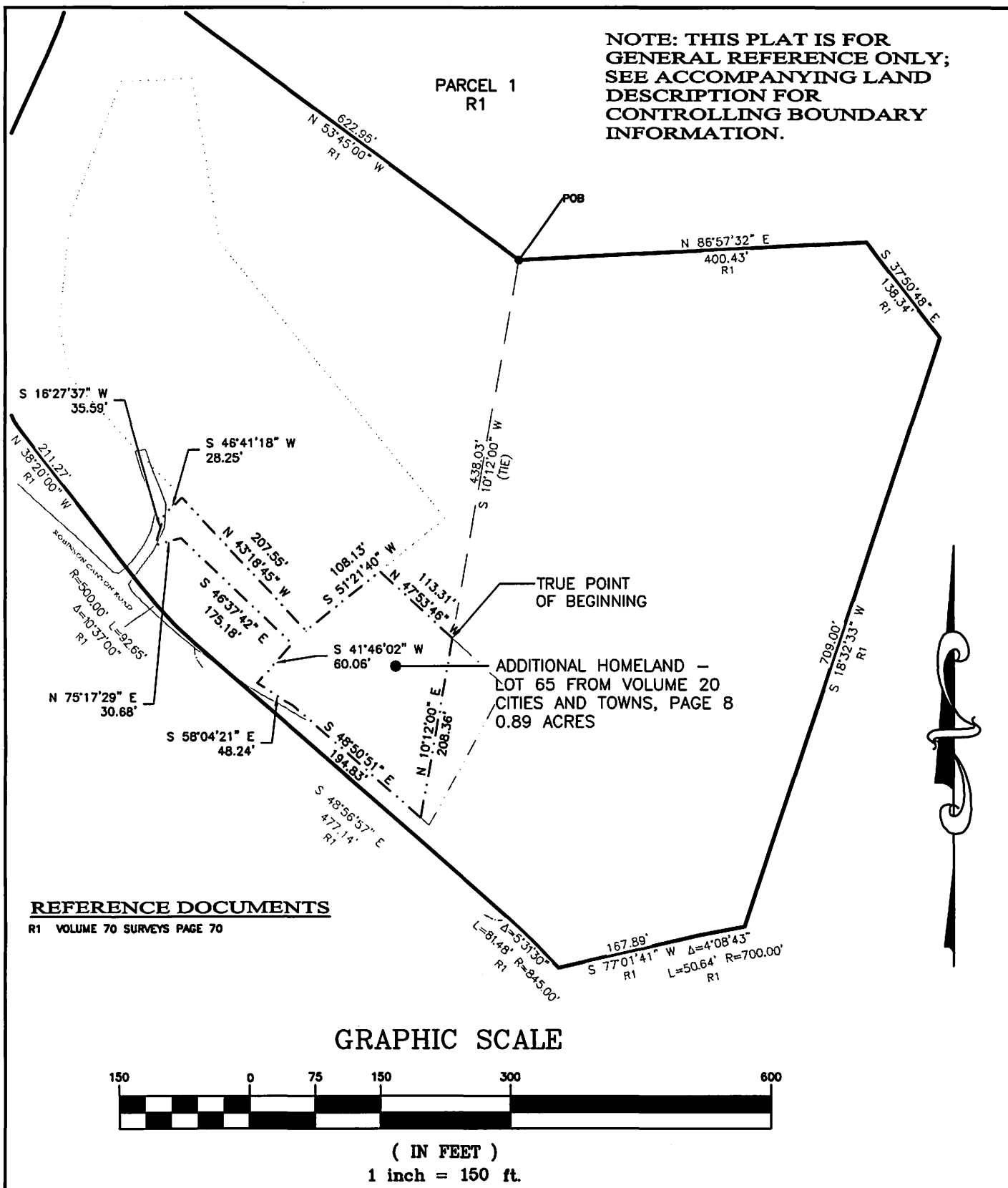
Segment #4 : Line

Course: N47°53'46"W Length: 81.48'
North: 2055171.37' East: 5739460.42'

Perimeter: 484.81' Area: 8392.55 Sq. Ft.
Error Closure: 0.00 Course: S78°10'37"E
Error North: -0.000 East: 0.001

Precision 1: 484810000.00

NOTE: THIS PLAT IS FOR GENERAL REFERENCE ONLY; SEE ACCOMPANYING LAND DESCRIPTION FOR CONTROLLING BOUNDARY INFORMATION.



REFERENCE DOCUMENTS

R1 VOLUME 70 SURVEYS PAGE 70

GRAPHIC SCALE



(IN FEET)
 1 inch = 150 ft.

| | | | |
|--|---|---|---|
| <p>PLAT TO ACCOMPANY DESCRIPTION</p> <p>ADDITIONAL HOMELAND - LOT 65 FROM VOLUME 20 CITIES AND TOWNS, PAGE 8</p> | <p>SANTA LUCIA PRESERVE LOT 65 TOMMY VARDELL</p> | <p>DRAWN BY: CAL DESIGNED BY: CAL DATE: 02/26/13 SCALE: 1" = 150' JOB NUMBER: 12-082 LAST REVISED: REVISED BY:</p> | <p>L&S ENGINEERING AND SURVEYING, INC</p> <p>2460 Garden Road, Suite G, Monterey, California 93940 P: 831.655.2723 F: 831.655.3425 LandEngineers.com</p> |
|--|---|---|---|

**LEGAL DESCRIPTION FOR THE ADDITIONAL HOMELAND ON LOT 65 FROM
VOLUME 20 CITIES AND TOWNS, PAGE 8, COUNTY OF MONTEREY OFFICIAL
RECORDS**

All that portion of that certain real property situate in the County of Monterey, State of California, lying within Rancho San Francisquito, Monterey County, described more particularly as follows:

COMMENCING at the Northeasterly corner of that certain 8.45 acre parcel of land designated as Lot 65 of Santa Lucia Preserve, Phase A, as recorded in Volume 20, Cities and Towns, Page 8, Official Records of Monterey County and as identified as "POB" on the attached exhibit (Northing 2055602.4767, Easting 5739537.9919 on said map); thence South 10° 12' 00" West, 438.03 feet to the **TRUE POINT OF BEGINNING**; thence the following courses and distances

- 1) North 47° 53' 46" West, 113.31 feet; thence
- 2) South 51° 21' 40" West, 108.13 feet; thence
- 3) North 43° 18' 45" West, 207.55 feet; thence
- 4) South 46° 41' 18" West, 28.25 feet; thence
- 5) South 16° 27' 37" West, 35.59 feet; thence
- 6) North 75° 17' 29" East, 30.68 feet; thence
- 7) South 46° 37' 42" East, 175.18 feet; thence
- 8) South 41° 46' 02" West, 60.06 feet; thence
- 9) South 58° 04' 21" East, 48.24; thence
- 10) South 48° 50' 51" East, 194.83 feet; thence
- 11) North 10° 12' 00" East, 208.36 feet to the **POINT OF BEGINNING**.

Containing 38,874 square feet, being 0.89 acres more or less.

APN 239-061-011(portion)

END OF DESCRIPTION



HOMELAND LOT 65 VOL 20 CT PG 8

North: 2055171.37' East: 5739460.42'

Segment #1 : Line

Course: N47°53'46"W Length: 113.31'
North: 2055247.34' East: 5739376.35'

Segment #2 : Line

Course: S51°21'40"W Length: 108.13'
North: 2055179.82' East: 5739291.89'

Segment #3 : Line

Course: N43°18'45"W Length: 207.55'
North: 2055330.84' East: 5739149.52'

Segment #4 : Line

Course: S46°41'18"W Length: 28.25'
North: 2055311.46' East: 5739128.96'

Segment #5 : Line

Course: S16°27'37"W Length: 35.59'
North: 2055277.33' East: 5739118.88'

Segment #6 : Line

Course: N75°17'29"E Length: 30.68'
North: 2055285.12' East: 5739148.55'

Segment #7 : Line

Course: S46°37'42"E Length: 175.18'
North: 2055164.82' East: 5739275.90'

Segment #8 : Line

Course: S41°46'02"W Length: 60.06'
North: 2055120.02' East: 5739235.89'

Segment #9 : Line

Course: S58°04'21"E Length: 48.24'
North: 2055094.51' East: 5739276.83'

Segment #10 : Line

Course: S48°50'51"E Length: 194.83'
North: 2054966.30' East: 5739423.53'

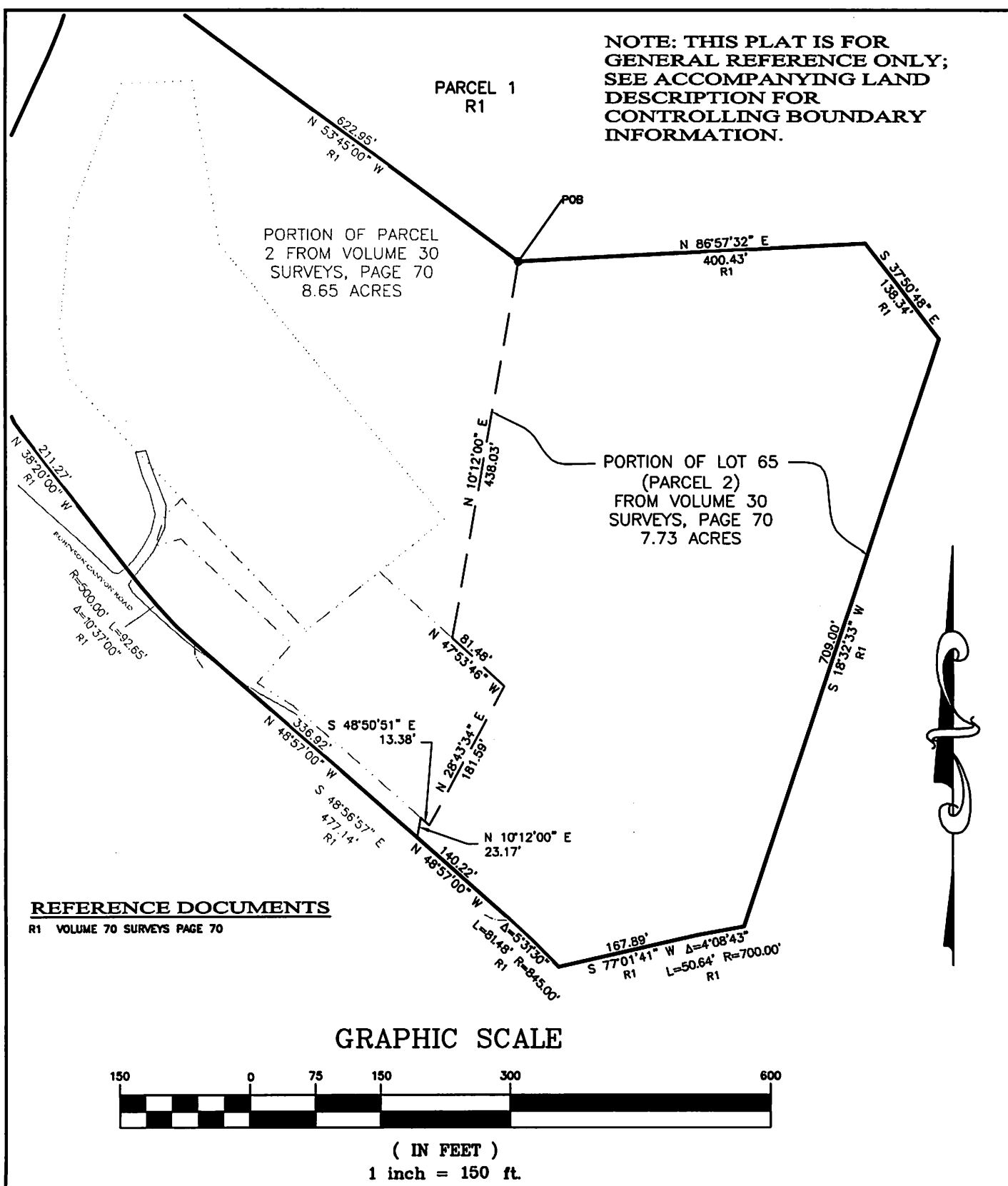
Segment #11 : Line

Course: N10°12'00"E Length: 208.36'
North: 2055171.37' East: 5739460.43'

Perimeter: 1210.18' Area: 38873.71 Sq. Ft.
Error Closure: 0.01 Course: S86°14'52"E
Error North: -0.000 East: 0.005

Precision 1: 121018.00

NOTE: THIS PLAT IS FOR GENERAL REFERENCE ONLY; SEE ACCOMPANYING LAND DESCRIPTION FOR CONTROLLING BOUNDARY INFORMATION.



PLAT TO ACCOMPANY DESCRIPTION
PORTION OF LOT 65 (PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70

SANTA LUCIA PRESERVE
LOT 65
TOMMY VARDELL

DRAWN BY: CAL
DESIGNED BY: CAL
DATE: 02/26/13
SCALE: 1" = 150'
JOB NUMBER: 12-082
LAST REVISED:
REVISED BY:

L&S ENGINEERING AND SURVEYING, INC

2450 Garden Road, Suite G, Monterey, California 93940
 P: 831.655.2723 F: 831.655.3425
 LandEngineers.com

LEGAL DESCRIPTION FOR PORTION OF LOT 65 (PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70, COUNTY OF MONTEREY OFFICIAL RECORDS

All that portion of that certain real property situate in the County of Monterey, State of California, lying within Rancho San Francisquito, Monterey County, described more particularly as follows:

BEGINNING at the Northeasterly corner of that certain 8.45 acre parcel of land designated as Lot 65 of Santa Lucia Preserve, Phase A, as recorded in Volume 20, Cities and Towns, Page 8, Official Records of Monterey County and as identified as "POB" on the attached exhibit (Northing 2055602.4767, Easting 5739537.9919 on said map); thence following the boundary line of that certain 16.38 acre parcel designated Parcel 2, recorded in Volume 30, Surveys, Page 70, Official Records of Monterey County, the following courses and distances:

- 1) North 86° 57' 32" East, 400.43 feet; thence
- 2) South 37° 50' 48" East, 138.34 feet; thence
- 3) South 18° 32' 33" West, 709.00 feet; thence
- 4) Along the arc of a curve to the left the center of which bears North 08° 50' 12" West 700.00 feet, through a central angle of 04° 08' 43", an arc distance of 50.64 feet; thence
- 5) South 77° 01' 41" West, 167.89 feet; to the centerline of Robinson Canyon Road, thence along the centerline of said road
- 6) Along the arc of a curve to the left the center of which bears North 46° 34' 30" East 845.00 feet, through a central angle of 05° 31' 30", an arc distance of 81.48 feet; thence
- 7) North 48° 57' 00" West, 140.22 feet; thence leaving said centerline and Parcel 2 boundary
- 8) North 10° 12' 00" East, 23.17 feet; thence
- 9) South 48° 50' 51" East, 13.38 feet; thence
- 10) North 28° 43' 34" East, 181.59 feet; thence
- 11) North 47° 53' 46" West, 81.48 feet; thence
- 12) North 10° 12' 00" East, 438.03 feet to the **POINT OF BEGINNING**.



Containing 336,915 square feet, being 7.73 acres more or less.

APN 239-061-011(portion)

END OF DESCRIPTION

LOT 65 (PARCEL 2) VOL 30 SURV PG 70

North: 2055602.48' East: 5739537.99'

Segment #1 : Line

Course: N86°57'32"E Length: 400.43'
North: 2055623.72' East: 5739937.86'

Segment #2 : Line

Course: S37°50'48"E Length: 138.34'
North: 2055514.48' East: 5740022.74'

Segment #3 : Line

Course: S18°32'33"W Length: 709.00'
North: 2054842.29' East: 5739797.27'

Segment #4 : Curve

Length: 50.64' Radius: 700.00'
Delta: 004°08'43" Tangent: 25.33'
Chord: 50.63' Course: S79°05'27"W
Course In: S08°50'12"E Course Out: N12°58'55"W
RP North: 2054150.59' East: 5739904.80'
End North: 2054832.70' East: 5739747.55'

Segment #5 : Line

Course: S77°01'41"W Length: 167.89'
North: 2054795.02' East: 5739583.95'

Segment #6 : Curve

Length: 81.48' Radius: 845.00'
Delta: 005°31'30" Tangent: 40.77'
Chord: 81.45' Course: N46°11'15"W
Course In: S46°34'30"W Course Out: N41°03'00"E
RP North: 2054214.16' East: 5738970.24'
End North: 2054851.40' East: 5739525.17'

Segment #7 : Line

Course: N48°57'00"W Length: 140.22'
North: 2054943.49' East: 5739419.42'

Segment #8 : Line

Course: N10°12'00"E Length: 23.17'
North: 2054966.29' East: 5739423.53'

Segment #9 : Line

Course: S48°50'51"E Length: 13.38'
North: 2054957.49' East: 5739433.60'

Segment #10 : Line

Course: N28°43'34"E Length: 181.59'
North: 2055116.73' East: 5739520.88'

Segment #11 : Line

Course: N47°53'46"W Length: 81.48'
North: 2055171.36' East: 5739460.43'

Segment #12 : Line

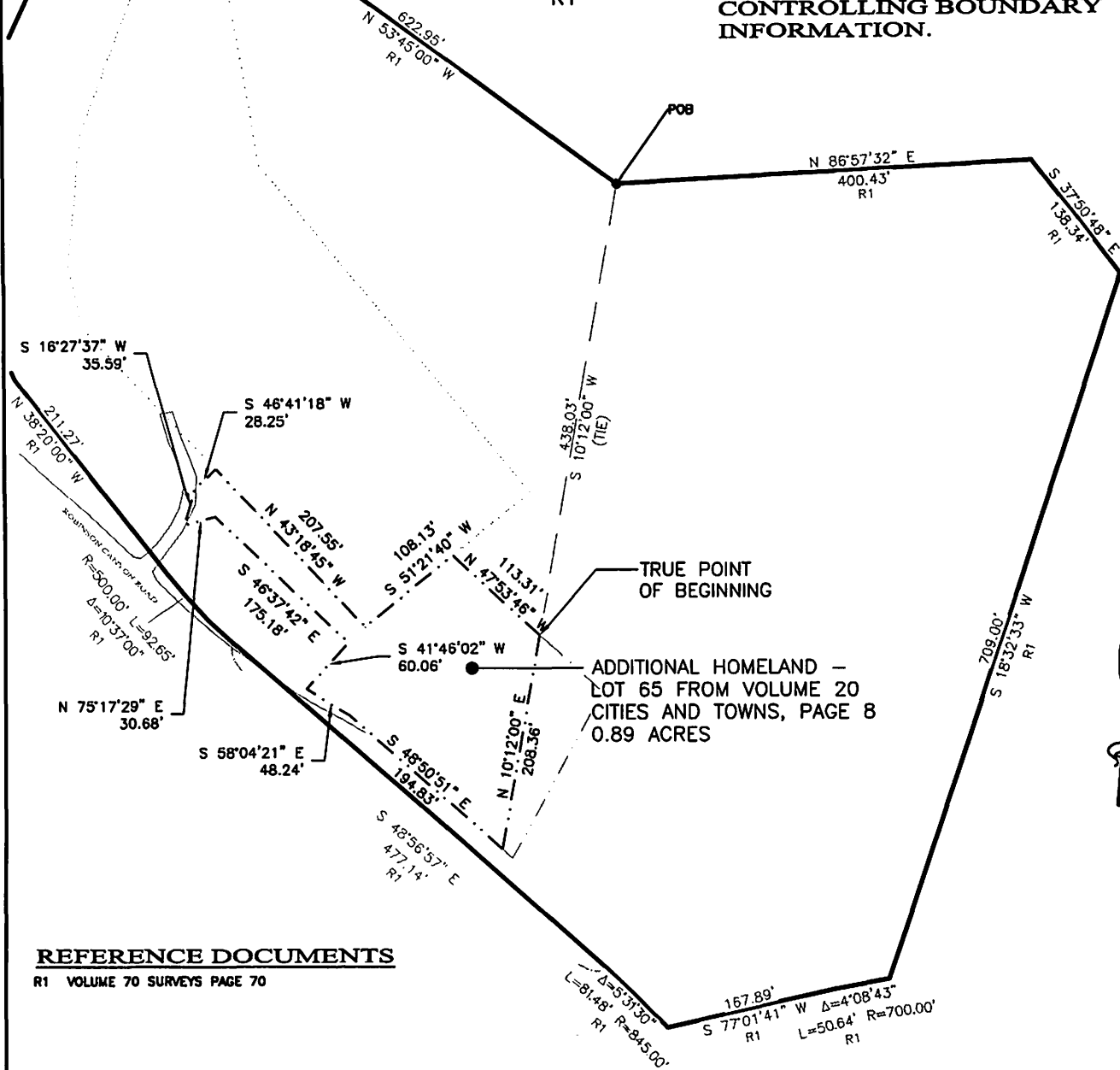
Course: N10°12'00"E Length: 438.03'
North: 2055602.47' East: 5739537.99'

Perimeter: 2425.66' Area: 336915.39 Sq. Ft.
Error Closure: 0.01 Course: S13°58'49"E
Error North: -0.010 East: 0.002

Precision 1: 242565.00

NOTE: THIS PLAT IS FOR
GENERAL REFERENCE ONLY;
SEE ACCOMPANYING LAND
DESCRIPTION FOR
CONTROLLING BOUNDARY
INFORMATION.

PARCEL 1
R1



REFERENCE DOCUMENTS

R1 VOLUME 70 SURVEYS PAGE 70

GRAPHIC SCALE



(IN FEET)
1 inch = 150 ft.

**PLAT TO ACCOMPANY
DESCRIPTION**

**ADDITIONAL HOMELAND -
LOT 65 FROM VOLUME 20
CITIES AND TOWNS, PAGE 8**

**SANTA LUCIA PRESERVE
LOT 65
TOMMY VARDELL**

DRAWN BY: CAL
DESIGNED BY: CAL
DATE: 02/26/13
SCALE: 1" = 150'
JOB NUMBER: 12-082
LAST REVISED:
REVISED BY:



2460 Garden Road, Suite G, Monterey, California 93940
P: 831.655.2723 F: 831.655.3425
LandEngineers.com

**LEGAL DESCRIPTION FOR THE ADDITIONAL HOMELAND ON LOT 65 FROM
VOLUME 20 CITIES AND TOWNS, PAGE 8, COUNTY OF MONTEREY OFFICIAL
RECORDS**

All that portion of that certain real property situate in the County of Monterey, State of California, lying within Rancho San Francisquito, Monterey County, described more particularly as follows:

COMMENCING at the Northeasterly corner of that certain 8.45 acre parcel of land designated as Lot 65 of Santa Lucia Preserve, Phase A, as recorded in Volume 20, Cities and Towns, Page 8, Official Records of Monterey County and as identified as "POB" on the attached exhibit (Northing 2055602.4767, Easting 5739537.9919 on said map); thence South 10° 12' 00" West, 438.03 feet to the **TRUE POINT OF BEGINNING**; thence the following courses and distances

- 1) North 47° 53' 46" West, 113.31 feet; thence
- 2) South 51° 21' 40" West, 108.13 feet; thence
- 3) North 43° 18' 45" West, 207.55 feet; thence
- 4) South 46° 41' 18" West, 28.25 feet; thence
- 5) South 16° 27' 37" West, 35.59 feet; thence
- 6) North 75° 17' 29" East, 30.68 feet; thence
- 7) South 46° 37' 42" East, 175.18 feet; thence
- 8) South 41° 46' 02" West, 60.06 feet; thence
- 9) South 58° 04' 21" East, 48.24; thence
- 10) South 48° 50' 51" East, 194.83 feet; thence
- 11) North 10° 12' 00" East, 208.36 feet to the **POINT OF BEGINNING**.

Containing 38,874 square feet, being 0.89 acres more or less.

APN 239-061-011(portion)

END OF DESCRIPTION



HOMELAND LOT 65 VOL 20 CT PG 8

North: 2055171.37' East: 5739460.42'

Segment #1 : Line

Course: N47°53'46"W Length: 113.31'
North: 2055247.34' East: 5739376.35'

Segment #2 : Line

Course: S51°21'40"W Length: 108.13'
North: 2055179.82' East: 5739291.89'

Segment #3 : Line

Course: N43°18'45"W Length: 207.55'
North: 2055330.84' East: 5739149.52'

Segment #4 : Line

Course: S46°41'18"W Length: 28.25'
North: 2055311.46' East: 5739128.96'

Segment #5 : Line

Course: S16°27'37"W Length: 35.59'
North: 2055277.33' East: 5739118.88'

Segment #6 : Line

Course: N75°17'29"E Length: 30.68'
North: 2055285.12' East: 5739148.55'

Segment #7 : Line

Course: S46°37'42"E Length: 175.18'
North: 2055164.82' East: 5739275.90'

Segment #8 : Line

Course: S41°46'02"W Length: 60.06'
North: 2055120.02' East: 5739235.89'

Segment #9 : Line

Course: S58°04'21"E Length: 48.24'
North: 2055094.51' East: 5739276.83'

Segment #10 : Line

Course: S48°50'51"E Length: 194.83'
North: 2054966.30' East: 5739423.53'

Segment #11 : Line

Course: N10°12'00"E Length: 208.36'
North: 2055171.37' East: 5739460.43'

Perimeter: 1210.18' Area: 38873.71 Sq. Ft.
Error Closure: 0.01 Course: S86°14'52"E
Error North: -0.000 East: 0.005

Precision 1: 121018.00

**RECORDING REQUESTED BY
WHEN RECORDED, RETURN TO:**

Mark A. Blum, Esq.
Horan, Lloyd et al Law Offices
26385 Carmel Rancho Blvd.
Carmel, CA 93923

THIS SPACE FOR RECORDER'S USE ONLY

**PROFORMA
DEED OF CONSERVATION EASEMENT**

(Openlands of The Santa Lucia Preserve, Phase A)
(Combined Development Permit PC94-067, Condition No. 109;
[Map Amendment Permit, Board Of Supervisors
Resolution No. _____, Condition No. _____])

THIS DEED OF CONSERVATION EASEMENT ("Deed") is made by THOMAS A. and ANDREA M. VARDELL both as individuals and as Trustees of the Vardell Living Trust dated May 31, 2002 (collectively "Grantor"), to SANTA LUCIA CONSERVANCY, a California Nonprofit Public Benefit Corporation (referred to herein as "Grantee").

RECITALS

A. Grantor is the owner in fee simple of certain real property in Monterey County, California, more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference (the "Subject Property").

B. The Subject Property is a part of a phased project known generally as The Santa Lucia Preserve, consisting of approximately 18,000 acres of Preserve Lands and approximately 2,000 acres of Settled Lands as those terms are used and described in the Comprehensive Development Plan (April 1994, "the Plan"), the Combined Development Permit Application (Revised November 14, 1994, "the Application") and the Resource Management Plan ("the RMP") for The Santa Lucia Preserve (Rancho San Carlos Partnership, April 1994, rev. November, 1994) all of which are on file as File Number PC94067 in the Office of the Monterey County Planning and Building Inspection Department. Grantor's predecessor in title, the Rancho San Carlos Partnership, L.P., a California Limited Partnership (hereinafter "RSCP") received entitlements from the County of Monterey (Resolution No. 96-060, Resolution No. 96-061 and Resolution No. 97-360) for the creation on The Santa Lucia Preserve of a project consisting of residential, recreational, open space and agricultural uses ("the Approved Project"), subject to conditions of approval imposed by the Monterey County Board of Supervisors pursuant to Resolution No. 96-060, Resolution No. 96-061 and Resolution No.

97-360 ("the Conditions of Approval"). [In addition, Grantor has received entitlements from the County of Monterey (Resolution No. ___-___) for an Amendment (Vardell/PLN_____) of the Santa Lucia Preserve Phase A Subdivision Map ("the Map [Amendment]"), subject to conditions of approval imposed by the Monterey County Board of Supervisors pursuant to Resolution No. ___-___ ("the Lot 65 Conditions of Approval").]

C. The Approved Project created by RSCP consists of "Settled Lands" (lands to be developed with residential and recreational uses) and "Preserve Lands" (lands to be preserved and used for agricultural, recreational, open space and conservation activities). The Preserve Lands of The Santa Lucia Preserve are comprised of Wildlands conveyed incrementally to Grantee in fee, or Openlands consisting of portions of the residential lots in the Approved Project (the "Lot" or "Lots") conveyed in fee to the individual purchasers of such lots, including Grantor as the owner of Lot 65 (sometimes hereinafter referred to as "Owner" or "Owners"), but subject to conservation easements in favor of Grantee. The meaning of the term "Approved Project" as used herein does not include the use and development of Lot 65 by Grantor. The Preserve Lands are restricted in perpetuity to a conservation program of scientific research and education, recreational activities and managed agricultural programs ensuring in perpetuity for the public benefit the protection and preservation of natural resources. The Settled Lands of The Santa Lucia Preserve are comprised of either Homelands, which will be used for residences, or Rancholands, which will be used for visitor accommodations, resident-serving commercial, and recreational uses.

D. The Property possesses natural, scenic, ecological, cultural, open space, agricultural, scientific and aesthetic values ("the Protected Values") of great importance to Grantor, Grantee, RSCP, the people of Monterey County and the people of the State of California.

E. Condition No. 109 of the Conditions of Approval imposed by the Monterey County Board of Supervisors pursuant to Resolution No. 96-060, Resolution No. 96-061, and Resolution No. 97-360 requires that conservation easements over the Openlands areas of each phase of the Approved Project be granted to the Santa Lucia Conservancy or other appropriate non-profit land trust organization concurrently with the filing of final maps for each phase of the Approved Project, and that such conservation easements restrict the permitted uses of the Openlands in perpetuity and grant to the County of Monterey the non-exclusive right to enforce said restrictive use covenants.

[F. Condition No. __ of the Lot 65 Conditions of Approval imposed by the Monterey County Board of Supervisors pursuant to Resolution No. __-__ requires that Owner grant to the Conservancy a conservation easement over the portion of the Subject Property (Lot 65) shown as Openlands on the Map Amendment Authorized by Resolution No. __-__.]

G. Grantee Santa Lucia Conservancy is a non-profit public benefit corporation qualified under Section 501(c)(3) of the Internal Revenue Code, whose primary purpose is the preservation of areas of significant biological diversity through acquisitions of natural areas, acceptance or creation of conservation easements, creation of managed and interpretive public access to areas of special

ecological, aesthetic and educational value and the establishment of demonstration conservation projects.

H. SONORAN INSTITUTE is a publicly supported, tax-exempt nonprofit organization qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code, whose primary purposes include the acquisition of public open lands devoted to the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific interest, or recreation and scenic beauty; and to seek, develop, and demonstrate practical ways to insure an ecologically balanced use of the nation's land resources which promotes optimum human living conditions in a biologically healthy environment.

I. Grantor intends, as Owner of the Subject Property, to convey easement rights to Grantee providing for the exclusive right to actively manage in perpetuity the ranching, recreational, research, education and resource management activities on that portion of the Openlands of the Subject Property more particularly shown and described as "PORTION OF LOT 65 (PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70 7.73 ACRES" on **Exhibit "B"**, attached hereto and incorporated by reference herein, in order that the Protected Values of the Openlands of the Subject Property be managed and protected in perpetuity for public benefit, and that the requirements of said Condition No.109 be satisfied thereon.

J. Grantee intends, by acceptance of the grant made hereby, forever to honor the intentions of Grantor and RSCP to protect the public interest in the Protected Values of the Open lands of the Subject Property by actively monitoring the ranching, recreational, research, educational and resource management activities as well as other permitted uses on the Openlands of the Subject Property in a manner consistent with the protection and preservation of the Protected Values, and by enforcing the covenants, conditions and restrictions contained in this Deed.

NOW, THEREFORE, and in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of California including, inter alia, Sections 815-816 of the California Civil Code, Grantor does hereby voluntarily grant to Grantee an exclusive Conservation Easement in gross in perpetuity over that portion of the Openlands of the Subject Property as more particularly described and shown as "PORTION OF LOT 65 (PARCEL 2) FROM VOLUME 30, SURVEYS, PAGE 70 7.73 ACRES" on **Exhibit "B"**, of the nature and character and to the extent hereinafter set forth (the "Easement").

SUBJECT TO the following CONDITION SUBSEQUENT, to wit, that if Grantee ceases to exist, ceases to qualify as a tax-exempt non-profit organization under Section 501(c)(3) of the Internal Revenue Code, or ceases to manage and protect the Protected Values of the Subject Property, or attempts to transfer, dedicate to the public or to any public entity, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Openlands of the Subject Property in violation of the restriction upon transfer set forth below, all right title and interest of Grantee shall terminate automatically and without reentry by Grantor, and shall thereupon vest immediately and automatically in SONORAN INSTITUTE, an Arizona non-profit public benefit corporation, or in

such successor organization as shall have been substituted for SONORAN INSTITUTE, whereupon SONORAN INSTITUTE or such successor organization shall be treated as "Grantee" for all purposes of this Deed; provided, however, that Grantee's interest shall not terminate automatically on the ground of Grantee's ceasing to manage and protect the Protected Values of the Subject Property in accordance with the applicable covenants, conditions and restrictions unless Grantor or SONORAN INSTITUTE has first recorded in the office of the County Recorder of Monterey County, California, and served upon Grantee by certified mail at the address shown on the latest equalized county assessment roll, a Notice of Default as hereinafter provided, and Grantee fails to cure all of the defaults specified in the Notice of Default within ninety (90) days after the date of mailing the Notice of Default to Grantee, or, in the case of defaults which cannot be fully cured within ninety (90) days, to promptly commence and diligently and in good faith pursue the cure of such defaults within ninety (90) days after the date of mailing the Notice of Default to Grantee. The Condition Subsequent set forth herein is intended to create a power of termination as defined in California Civil Code Section 885.010(a), and the remainder in favor of SONORAN INSTITUTE, is intended to create a conditional limitation as defined in California Civil Code Section 778. In the event that SONORAN INSTITUTE, succeeds to the interest of SANTA LUCIA CONSERVANCY pursuant to the provisions of this CONDITION SUBSEQUENT, SONORAN INSTITUTE shall have the right, but not the obligation, to assign its interest to another nonprofit organization qualified under California Civil Code Section 815.3 to accept conservation easements and otherwise fulfilling the qualifications provided in Section 10(d)(i) and (ii) of this Deed.

SUBJECT ALSO TO the following restriction upon transfer, to wit, that except as expressly provided herein, Grantee shall not transfer, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Subject Property except to SONORAN INSTITUTE, an Arizona nonprofit public benefit corporation, or to such successor organization as shall have been substituted for SONORAN INSTITUTE. It is the express intention and understanding of the Grantor in making this grant to Grantee, and of the Grantee in accepting title to the Subject Property pursuant to this Deed, that the foregoing restriction on transfer is a lawful and reasonable restraint on alienation, directly related to the primary purposes for which this grant is made and the public benefit purposes for which Grantee is formed, and consistent with and supportive of the resource protection and conservation policies of the parties, the County of Monterey and the State of California, and therefore is not repugnant to the interest created or violative of the provisions of California Civil Code Section 711.

1. **Purpose.** It is the purpose of the Easement in perpetuity a) to assure the preservation, management, and protection of the Protected Values of the Subject Property, as described in the Plan and the RMP, in accordance with the terms and conditions of this Easement; b) to prevent any use of the Subject Property that would materially impair or interfere with the Protected Values; c) to promote the public interest in accordance with Article 13, Section 8 of the California Constitution, the Open-Space Easement Act of 1974 (Government Code Section 51070 et seq.), and the provisions of Title II, Chapter 4 of the California Civil Code (Section 815 et seq.) by retaining the land as open space as defined in Section 65560 of the California Government Code or predominately in its natural, scenic, historic, agricultural, forested or openspace condition, thereby adding to the

amenities of living in neighboring urbanized areas and preserving the rural character of the area in which the land is located; and (d) to assure that any accessory or ancillary uses of the Subject Property in connection with the private use and development of the Settled Lands of The Santa Lucia Preserve are subordinate and incidental to the primary public interest in the preservation, management, and protection of the Protected Values of the Subject Property. To the extent that Grantor's and Grantee's activities on and uses of the Subject Property are consistent with prudent management of the Protected Values of the Subject Property, and with the terms and conditions of the Conditions of Approval, Lot 65 Conditions of Approval, and this Easement, it is within the purpose of this Easement to permit the continuance of such activities and uses.

2. **Affirmative Rights and Interests Conveyed.** To accomplish the purpose of this Easement, the following rights and interests are conveyed to the Grantee:

(a) To preserve, protect and manage in perpetuity the Protected Values of the Subject Property.

(b) To enter upon, inspect, and observe the Subject Property for the purpose of monitoring the uses of and activities and practices upon the Subject Property to determine whether they are consistent with this Easement, to mitigate impacts upon the Protected Values of the Subject Property, and to enforce the covenants, conditions and restrictions contained herein. Such entry shall be permitted upon reasonable prior notice to the Owner of the Subject Property, and shall be made in a manner that will not unreasonably interfere with the Owner's use, management, and comfortable enjoyment of the Subject Property.

(c) To prevent any activity on or use of the Subject Property that is inconsistent with the purpose of this Easement and to require the restoration or rehabilitation of such areas or features of the Subject Property that may be damaged by any inconsistent activity or use.

(d) Subject to the prior written approval of the Owner of the Subject Property, to carryon, and to license others to carryon, and to regulate, public education and interpretation programs, wildlife management programs and activities and scientific research and experimentation, and livestock activities, including grazing, fencing, loading, boarding and feed storage facilities, consistent with the terms and conditions of the Conditions of Approval and the Lot 65 Conditions of Approval.

3. **Uses and Practices.** Subject to the reserved rights set forth in this Deed if any, this Easement shall confine the uses of the Openlands of the Subject Property to the following:

(a) Uses consistent with and supportive of the preservation, protection and management in perpetuity of the Protected Values;

(b) Research, educational and resource management and facilities;

(c) Ranching activities and facilities as described in the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan (Sage Associates, February 1994, Revised October 1998, August, 1999, August 2000 and May 2005) ("The Grazing Plan"), as amended from time to time, referred to in Condition #25 of the Conditions of Approval, excepting equestrian uses;

(d) Outdoor recreation and facilities; and

(e) Project infrastructure and uses described in the Plan and in subsequent entitlements approved pursuant to the Plan.

3.1 Prohibited Uses. Specifically, and without limiting the generality of the foregoing, the following itemized uses and activities are deemed inconsistent with the purpose of this Easement, and are hereby expressly prohibited by this Deed:

(a) Inconsistent Uses and Activities. Any use of or activity on the Openlands of the Subject Property not expressly permitted and which is inconsistent with the purpose of this Easement, or which threatens or compromises the Protected Values, is prohibited.

(b) Subdivision & Development. The legal or de facto further subdivision of the Subject Property.

(c) Residences & Commercial & Industrial Uses. Residential, commercial and industrial uses, including viticulture and wineries, golf, and commercial harvesting of timber.

(d) Mineral Exploration & Development. Exploration, excavation, or surface extraction of any mineral resources.

(e) Dumping & Disposal. The dumping or disposal of all non-biodegradable refuse or vegetative materials composed of non-native plant species, with the exception of composting sites for bio-degradable materials supervised and managed by the Conservancy in accordance with the Monterey County Solid Waste Management Plan.

(f) Motorized Vehicles. The use of motorized vehicles on all unimproved roads, trails, and off-road areas, except by Grantor and Grantee, or others under authorization of the Conservancy, for construction, repair or maintenance of the Approved Project infrastructure or accessory facilities and for permitted uses and emergency purposes. No trailer, camper, motor home, recreational vehicle, truck, boat, inoperable automobile, or similar vehicle or equipment shall be permitted upon any area within the Openlands of the Subject Property, except as necessary in connection with construction, repair or maintenance permitted by this sub-paragraph. No person shall construct, repair, service or maintain any motor vehicle within the Openlands of the Subject Property except for emergency repairs.

(g) Water Development. The impoundment, pumping or removal of water beyond that necessary or appropriate for the development and maintenance of the Approved Project and the conduct of Permitted Uses as provided in Section 3.2 below, to the extent that such impoundment, pumping or removal would have or be likely to have a potentially significant adverse impact on aquatic life or creek, stream, spring, seep or other natural resources.

(h) Agricultural. The tilling, terracing or other use of the Openlands of the Subject Property for agricultural purposes, including viticulture, other than livestock grazing and native plant cultivation and use as specifically provided herein.

(i) Structures, Billboards & Signs. The construction, erection or placement of any structures, billboards or of markers or signs, other than Permitted Uses and Practices enumerated in Article 3 which are accessory to the Approved Project, such as street, directional, warning, safety, informational and hiking signs, structures accessory to permitted recreational uses, such as lean-tos, campgrounds and picnic facilities, and fencing, boarding and feed storage facilities accessory to permitted livestock maintenance.

(j) Native Vegetation Removal. Direct disturbance or removal of non-toxic and non-invasive native vegetation within the Openlands of the Subject Property except to the extent necessary for the installation, maintenance, repair and replacement of Approved Project infrastructure, construction and maintenance of fuel breaks and fire-safe areas, and creation and maintenance of view corridors. Any non-toxic or non-invasive native vegetation disturbed or removed as a result of necessary installation of Approved Project infrastructure shall be revegetated with non-toxic and non-invasive native vegetation.

(k) Non-Native Plants and Vegetation. The planting, growing or maintenance of non-native plants or vegetation on the Openlands of the Subject Property.

3.2. Permitted Uses. Specifically, and without limiting the generality of the foregoing, the following itemized uses and activities of the Openlands of the Subject Property are deemed consistent with the purpose of this Easement, and are hereby expressly permitted by this Deed; provided, however, that such uses shall be conducted in such a manner as to not materially impair or interfere with the Protected Values, or materially impair or interfere with the safety, security and comfortable enjoyment of the Owners of the Lots:

(a) Fuel & Fire Management. The conduct of reasonable and prudent management of fuel and fire conditions on the Openlands of the Subject Property, including vegetation management, maintenance of fuel breaks, fire-safe areas, fire suppression and, with the prior written consent of the Owner of the Subject Property, prescribed burns. Management of fuel and fire conditions consistent with any fuels management plan adopted by Grantee shall be presumed to be reasonable and prudent management for the purposes of this provision.

(b) Native Plant Cultivation & Use. The propagation, cultivation and transplantation of native plants and seeds for nursery development, habitat restoration and enhancement purposes exclusive to the Approved Project.

(c) Wildlife & Habitat Management. The conduct of reasonable and prudent wildlife and habitat management activities on the Openlands of the Subject Property, including, but not limited to, the restoration, enhancement, reintroduction, exotics-control, and other forms of management useful to support, sustain and enjoy the native biodiversity of the Preserve, provided, however, that hunting or fishing shall not be permitted on the Openlands without the prior written consent of the Owner of the Subject Property.

(d) Education, Recreation & Research. Subject to the prior written consent of the Owner of the Subject Property, resource-oriented education, interpretation, and other managed and passive uses, such as camping, picnicking, hiking, horseback riding; and scientific and academic training and research programs.

(e) Trails & Trail Access. With the prior written consent of the Owner of the Subject Property, the construction, maintenance, repair and replacement of trails and trail access in connection with permitted recreational uses of the Openlands of the Subject Property.

(f) Tree & Wood Removal. The selective and limited removal of live trees in accordance with the Forest Management Plan for the Potrero Area Subdivision of the Santa Lucia Preserve (Ralph Osterling Consultants, Inc., August 17, 2000, hereinafter referred to as "the FMP"), the Conditions of Approval, any Fuel Management Plan adopted by Grantee in effect for the Subject Property, and selective and limited removal of downed trees and wood, provided that in all cases such removal does not increase erosion, sedimentation or adversely impact the Protected Values in any potentially significant way.

(g) Livestock Maintenance. On the Openlands of the Subject Property, the grazing of cattle exclusively by Grantee, subject to the express written permission of the Owner, which shall be granted in Owner's sole discretion. For the purposes of this sub-section (g), the term "grazing of cattle" shall include, but not be limited to, the construction and maintenance of pasture fencing and structures appurtenant and accessory thereto, in accordance with subsection (C)(ii)(k) of Article III, Section 1 of the Declaration of Protective Restrictions for the Homelands and Openlands of the Santa Lucia Preserve, recorded November 24, 1998, as Document No. 9882399, and re-recorded on December 4, 1988, as Document No. 9885190, Official Records of Monterey County, California ("the CC&Rs"), and subject to the regulations and standards contained in the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan (Sage Associates, February 1994, Revised October 1998, August 1999, August 2000 and May 2005).

(h) Approved Infrastructure and Accessory Uses. The use and maintenance of existing dirt ranch roads located within the Subject Property for public safety and emergency ingress and egress purposes; construction, operation and maintenance of Approved Project infrastructure,

including roads, utilities (including, but not limited to, water wells, storage tanks, treatment facilities and pipelines), driveways, bridges, trails, culverts, drainage and erosion control structures and facilities, which is exclusively accessory to and in accordance with the Plan and the uses permitted hereby.

(i) Utilities. The right to construct, maintain, repair and replace facilities for the conveyance of utility services, including but not limited to, water (including, but not limited to, water wells, storage tanks, treatment facilities and pipelines), approved septic disposal systems, natural gas, electricity and communications and appurtenances thereto approved or required by the County of Monterey for the approved use and development of the Approved Project; and non-exclusive easements as necessary or appropriate over, under and across the Openlands of the Subject Property for such facilities.

3.3. Interpretation. The uses and practices set forth above are not intended to be, and shall not be construed to be, exhaustive recitals of consistent and inconsistent uses and practices, respectively, but are intended to establish specific permitted and prohibited activities and uses, and to provide guidance in determining the consistency of other uses and practices with the purpose of the Easement. Except for the performance of the activities pursuant to Section 2 (a), (b), (c) and (d) and Section 3.2(c) above, nothing contained in this Deed shall constitute a covenant by Grantor or Grantee to perform any of the activities which are Permitted Uses described in Section 3.2 above or in Section 2 above.

4. **Baseline Documentation; Current Practices and Conditions.**

a) **Grantee's Inspection.** Grantee acknowledges by acceptance of this Easement that Grantee has inspected the natural resources of the Openlands of the Subject Property and is familiar with the condition of the Openlands of the Subject Property as of the date of this conveyance.

b) **Resource Reports.** Grantee further acknowledges by acceptance of this Easement that Grantee has received from the subdivider of Lot 65, the Rancho San Carlos Partnership, copies of the resource reports, studies and other documentation of the resource values of the Openlands of the Subject Property as listed in **Exhibit "C"** attached hereto.

c) **Updated Report.** Grantee further acknowledges by acceptance of this Easement that Grantee has previously had access to the Geographic Information System data base known as The Rancho San Carlos Natural Resources Inventory accessible at the offices of Robert Lamb Hart, 30 Hotaling Place, San Francisco, California, and has further conducted its own investigations of the Openlands of the Subject Property, which investigations are summarized and attached hereto as **Exhibit "D"**, and incorporated by reference herein.

d) **Accuracy of Reports.** Grantee further acknowledges by acceptance of this Easement that the information contained in the materials supplied by the Rancho San Carlos

Partnership as set forth in sub-paragraphs b) and c) of this Section 4, and as supplemented by **Exhibit "D"** hereto (collectively the "Baseline Documentation"), provide collectively an accurate representation of the condition of the resources of the Openlands of the Subject Property as of the time of this conveyance and which are intended to serve as an objective, though non-exclusive, information baseline for monitoring compliance with the terms of this grant. The execution of this Deed by Grantor and Grantee shall constitute the acknowledgment by both parties that the Baseline Documentation accurately represents the condition of the Openlands of the Subject Property at the time of the transfer as required by Treasury Regulation §1.170A-14(g)(5)(i).

e) **Condition in Conditions.** Grantor and Grantee recognize and acknowledge that the condition of the Openlands of the Subject Property will change over time as a result of ecologic and climatic conditions, ranch management practices, recreation practices, and the development of the Approved Project, and that such changes are consistent with the purpose of this Easement and do not threaten or impair the Protected Values so long as the Openlands of the Subject Property are managed and used in a matter consistent with the terms of this Easement and with the Conditions of Approval.

5. Remedies and Enforcement.

5.1. Enforcement by Grantee.

(a) Grantee shall have and exercise powers of enforcement of the covenants, conditions and restrictions contained in this Deed, including the power to commence and maintain in its own name on behalf of itself, actions and suits to restrain and enjoin the breach or threatened breach of the covenants, conditions and restrictions contained in this Deed, and to recover from the defaulting party the reasonable costs of such enforcement. The Grantee may bring an action against the person or entity violating the terms of this Deed at law or in equity in a court of competent jurisdiction to enforce the terms of this Deed, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Deed, including damages for the loss of scenic, ecological or scientific values, and to require the restoration of the Openlands to the condition existing prior to any such violation.

(b) Grantee shall have the power and authority to impose reasonable monetary penalties as appropriate discipline for violation of or failure to comply with any of the covenants, conditions and restrictions contained in this Deed or in any rules, regulations, guidelines or procedures duly adopted and promulgated by Grantee pertaining to the use and occupancy of the Openlands of the Subject Property pursuant to this Deed.

(c) The powers of enforcement created in Grantee shall also vest in SONORAN INSTITUTE or such successor organization as shall have been substituted for SONORAN INSTITUTE as provided herein upon succession to the interest of SANTA LUCIA CONSERVANCY pursuant to the provisions of the Condition Subsequent contained herein.

5.2. Enforcement by Grantor.

(a) Subject to the provisions of sub-section b) of this Section 5.2, Grantor, or its successor or successors in interest, and without limitation any Owner of any lands in the Approved Project shall be entitled to enforce any and all conditions, covenants and restrictions contained in this Deed relative to the use and occupancy of the Openlands of the Subject Property as provided in Section 3 of this Deed, in the manner provided by law for enforcing equitable servitudes.

(b) If any Owner determines that the Grantee and County has failed to enforce the provisions of this Deed, such Owner shall give the Grantee written notice of such failure and demand corrective action sufficient to prevent any use of or activity on the Subject Property inconsistent with the provisions of this Deed. If the Grantee fails to enforce the provisions of this Deed as specified in such written notice within thirty (30) days after receipt of such written notice, such Owner may bring an action against the person or entity violating the terms of this Deed, including the Grantee or its successor entity or entities, at law or in equity in a court of competent jurisdiction to enforce the terms of this Deed, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Deed, including damages for the loss of scenic, ecological or scientific values, and to require the restoration of the Subject Property to the condition existing prior to any such violation.

5.3. Enforcement by County.

(a) Subject to the provisions of sub-section b) of this Section 5.3, the County of Monterey shall have the non-exclusive right to enforce the covenants, conditions and restrictions contained in this Deed relative to the use and occupancy of the Openlands as provided in Section 3 of this Deed, including the power to commence and maintain in its own name on behalf of itself, or on behalf of the public, actions and suits to restrain and enjoin the breach or threatened breach of such covenants, conditions and restrictions, and to recover from the defaulting party the reasonable costs of such enforcement.

(b) If the County determines that the Grantee has failed to enforce the provisions of this Deed, the County shall give the Grantee written notice of such failure and demand corrective action sufficient to prevent any use of or activity on the Subject Property inconsistent with the provisions of this Deed. If the Grantee fails to enforce the provisions of this Deed as specified in such written notice within thirty (30) days after receipt of such written notice, the County may bring an action against the person or entity violating the terms of this Deed, including the Grantee or its successor entity or entities, at law or in equity in a court of competent jurisdiction to enforce the terms of this Deed, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Deed, including damages for the loss of scenic, ecological or scientific values, and to require the restoration of the Openlands of the Subject Property to the condition existing prior to any such violation.

5.4. Violation as Nuisance. Every act or omission whereby any restriction, condition or covenant in this Deed set forth or to which the Subject Property or any portion is subject, is violated in whole or in part is declared to be and shall constitute a nuisance and may be enjoined or abated, subject to the provisions of sub-Sections 5.1, 5.2 and 5.3 of this Section 5, by the Grantee, the County or any Owner. The rights of enforcement granted by this Section 5 apply equally in the event of either actual or threatened violations of the terms of this Deed. In any action or proceeding to enforce the provisions of this Deed it shall be conclusively presumed that remedies at law for any violation of the terms of this Deed are inadequate and that the enforcing party shall be entitled to the injunctive relief described in this Section, both prohibitory and mandatory, in addition to such other relief to which such party may be entitled, including specific performance of the terms of this Deed, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. The remedies described in this Section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

5.5. Costs of Enforcement. Any costs incurred by any party in enforcing the terms of this Deed, including, without limitation, costs of suit and attorneys' fees, and any costs of restoration necessitated by a violation of the terms of this Deed shall be borne by the violating party.

5.6. Forbearance. Any forbearance by any party to exercise its rights under this Deed in the event of any breach or violation of any term of this Deed shall not be deemed or construed to be a waiver by such party of such term or of any subsequent breach or violation of the same or any other term of this Deed or of any other rights under this Deed. No delay or omission in the exercise of any right or remedy upon any breach or violation by any party shall impair such right or remedy or be construed as a waiver.

5.7. Acts Beyond Control. Nothing contained in this Deed shall be construed to entitle any party to bring any action against any other party for any injury to or change in the Openlands of the Subject Property resulting from causes beyond such party's control, including, without limitation, fire, flood, storm or earth movement, or from any prudent action taken by such party under emergency conditions to prevent, abate or mitigate significant injury to the Openlands of the Subject Property or the other Preserve Lands or Settled Lands of the Santa Lucia Preserve resulting from such causes.

6. **Costs of Upkeep.** Grantee shall bear all costs and liabilities of any kind related to the exercise of its rights granted by this Deed, including the maintenance of adequate comprehensive general liability insurance coverage for its activities in furtherance of the rights granted by this Deed. Except as thus specifically provided, Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related generally to the ownership, operation, upkeep and maintenance of the Subject Property of which the Openlands are a part, including the maintenance of adequate comprehensive general liability insurance coverage. Grantor shall keep the Openlands of the Subject Property free of any material man's or laborer's lien arising out of any work performed for, or materials furnished to, or obligations incurred by Grantor.

7. **No Access.** Nothing contained in this Deed shall be construed or interpreted to convey or authorize any express or implied public dedication or any right of public access to the Openlands of the Subject Property.

8. **Taxes.** Grantor and, upon conveyance of the Subject Property, Grantor's successors in interest, shall pay before delinquency all taxes, assessments and charges of whatever description levied on or assessed against the Openlands of the Subject Property by competent authorities (collectively "taxes"), including any taxes imposed upon, or incurred as a result of, this Deed, and shall furnish Grantee upon demand with satisfactory evidence of payment.

9. **Assignment of Grantee's Interest.**

(a) To a Sonoran Institute Successor. Notwithstanding anything to the contrary contained in this Deed, SONORAN INSTITUTE or such successor organization as shall have been substituted for SONORAN INSTITUTE shall have the unconditional right to convey all of its right title and interest as Grantee under the operation of the Condition Subsequent contained in this Deed to a successor Grantee possessing the characteristics set forth in Section 10 (d) of this Deed.

(b) Licensing by Grantee. Notwithstanding anything to the contrary contained in this Deed, Grantee shall have the right to license any of the permitted uses listed in Section 3.2 above, not otherwise reserved to Grantor, to other persons, organizations or entities, subject to the terms and conditions of this Deed and subject to the regulation and control of Grantee.

(c) No Other Assignment. Except as expressly provided herein, any assignment by Grantee of its interests under this Deed is expressly prohibited.

10. **Termination.** If SANTA LUCIA CONSERVANCY shall cease, after determination by the Internal Revenue Service that it is described under Internal Revenue Code Section 501(c)(3), to be authorized to acquire and hold conservation easements under California law, or ceases to manage and protect the Protected Values of the Openlands of the Subject Property, or attempts to transfer, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Openlands of the Subject Property in violation of the restriction upon transfer set forth herein, or otherwise fails or refuses to discharge its obligations under this Deed, then Grantor shall have the right to terminate the rights of SANTA LUCIA CONSERVANCY under this Deed in accordance with the following procedure:

(a) If Grantor contends that ground for revocation of the easements granted by this Deed exists, Grantor shall serve written Notice of Default on SANTA LUCIA CONSERVANCY containing a statement identifying the ground or grounds for revocation of the easements, and stating that if each ground or grounds for revocation is not cured within ninety (90) days after the date of the notice, that the easements will be revoked.

(b) If SANTA LUCIA CONSERVANCY contends that grounds set forth in the Notice of Default do not exist, or that such grounds have been or will be cured within the ninety (90) day reinstatement period, SANTA LUCIA CONSERVANCY shall serve written Notice of Dispute on Grantor, setting forth the facts upon which SANTA LUCIA CONSERVANCY bases its contention that grounds for revocation do not exist or have been cured.

(c) If Grantor, upon receipt of the SANTA LUCIA CONSERVANCY's Notice of Dispute, nevertheless wishes to proceed with the revocation of the Easement, the matter shall be submitted to binding arbitration as provided herein.

(d) If the rights of SANTA LUCIA CONSERVANCY under this Deed are terminated as provided above, all right title and interest of SANTA LUCIA CONSERVANCY shall terminate automatically and without reentry by Grantor, and shall thereupon vest immediately and automatically in SONORAN INSTITUTE, an Arizona nonprofit public benefit corporation, or in such successor organization as shall have been substituted for SONORAN INSTITUTE, whereupon SONORAN INSTITUTE or such successor organization shall be treated as "Grantee" for all purposes of this Deed. If SONORAN INSTITUTE has succeeded SANTA LUCIA CONSERVANCY as the Grantee hereunder by operation of the Condition Subsequent contained in this Deed, SONORAN INSTITUTE shall have the right, but not the obligation, to appoint a successor Grantee possessing the characteristics set forth in this sub-Section (d) and to convey its interest as Grantee to such organization, subject to the consent of Grantor, which consent maybe withheld by Grantor only upon a reasonable determination by Grantor that the proposed successor Grantee is not qualified to actively monitor and enforce the provisions of this Deed, provided, however, that the consent of the Grantor shall not be required if Grantor or its successors in interest are in material default of its obligations under the terms of the Endowment Agreement between Grantor and the SANTA LUCIA CONSERVANCY. If SONORAN INSTITUTE has ceased to exist and no successor organization shall have been substituted for SONORAN INSTITUTE, the successor Grantee shall be appointed by arbitration as provided herein. No matter how appointed, the successor Grantee shall possess the following minimum characteristics:

(i) The successor Grantee shall be a tax-exempt nonprofit organization qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code, whose primary purpose is the preservation and protection of ecologically significant, open-space and scenic lands.

(ii) The successor Grantee shall have an established track record demonstrating that such successor Grantee is qualified to monitor and enforce the covenants, conditions and restrictions contained in this Deed with respect to ecologically significant, open-space and scenic lands.

11. **Arbitration.** Any and all disputes or controversy relative to either party's performance under this Deed shall be submitted to binding arbitration in accordance with the provisions of Part II, Title 9 of the California Code of Civil Procedure (Sections 1280 - 1294.2). The party seeking arbitration shall serve written notice to arbitrate upon the other party or parties, which notice shall

include i) identification of the issue or issues to be submitted to arbitration, ii) the name and address of the requesting party's arbitrator and iii) the names and addresses of three (3) nominees to serve as a neutral arbitrator. The responding party shall respond in writing within five (5) days, which response shall include i) identification of any additional issue or issues to be submitted to arbitration, ii) the name and address of the responding party's arbitrator, and iii) either acceptance of one of the requesting party's nominees as the neutral arbitrator or the names and addresses of three (3) nominees to serve as neutral arbitrator. If the parties are unable to agree upon a neutral arbitrator within five (5) days after service of the responding party's response, the neutral arbitrator shall be selected by the presiding judge of the Superior Court for Monterey County from among the persons nominated by the parties. The prevailing party in any such arbitration proceedings, determined in accordance with the provisions of California Civil Code Section 1717(b), shall be entitled to recover its costs and reasonable attorneys fees incurred in connection with the arbitration proceedings.

12. Protection of Mortgages or Deeds of Trust; Grantor Subordination.

(a) Upon request, Grantee agrees to subordinate its rights under this Easement to the valid claims of any future mortgage holders or beneficiaries of Deeds of trust to the proceeds of any sale, condemnation proceedings, or insurance involving the Subject Property, or to the leases, rents and profits thereof and likewise to subordinate its rights under any lien that may be created by Grantee's exercise of any of its rights under this Deed after the date of such subordination; PROVIDED, that any such mortgage or Deed of trust shall remain subordinate and junior to the Easement to the extent necessary to permit Grantee to enforce the purpose of this Deed in perpetuity and to prevent any modification or extinguishment of the Easement by the exercise of any rights of such mortgage holder or trust Deed beneficiary. Grantee agrees to execute any documents required to effect a subordination pursuant to the terms of this Section.

(b) Grantor, for itself and its successors in title to the Subject Property, hereby subordinates all of Grantor's right, title and interest, if any, arising from or under the restrictive covenant, condition and restriction number 2, as set forth on page 3 of that certain Grant Deed filed for record on March 3, 2000 in the Office of the Recorder, County of Monterey as Document Number 20000020151 (the "Golf Course Covenant"). The Golf Course Covenant provides that:

"The real property conveyed hereby shall be developed, used and improved solely for purposes of a golf course and related facilities in perpetuity after the transfer Date as said date is defined in the Club Transfer Agreement between grantor and Grantee dated as of December 1, 1999, and not for any other uses."

(c) Grantor covenants, for itself and its successors in title to the Subject Property:

(i) Not to assert the Golf Course Covenant in any manner as a means to invalidate this Deed or to impair or defend against its enforcement, and agrees to execute any documents required to effect a subordination pursuant to the terms of this Section; and

(ii) Not to use or permit anyone to use the portion of Subject Property burdened by this Deed as a golf course or a related facility.

13. **Environmental Compliance.**

13.1 Representations and Warranties. Grantor represents and warrants that, to the best of its knowledge:

(a) No substance defined, listed, or otherwise classified as hazardous, toxic or polluting pursuant to any federal, state, or local law, regulation, or requirement regulating the use, storage, discharge or disposal of hazardous, toxic or polluting substances (hereinafter referred to as "Environmental Laws"), exists or has been released, generated, treated, stored, used, disposed of, deposited, abandoned, or transported in, on, from, or across the Subject Property;

(b) There are not now any underground storage tanks located on the Subject Property, whether presently in service or closed, abandoned, or decommissioned, and no underground storage tanks have been removed from the Subject Property in a manner not in compliance with Environmental Laws;

(c) Grantor and the Subject Property are in compliance with all Environmental Laws; and

(d) No civil or criminal proceedings or investigations have been instigated at any time or are now pending, and no notices, claims, demands, or orders have been received, arising out of any violation or alleged violation of, or failure to comply with, any Environmental Laws, nor do there exist any facts or circumstances that Grantors might reasonably expect to form the basis for any such proceedings, investigations, notices, claims, demands, or orders.

13.2 Remediation. If, at any time, there occurs, or has occurred, a release in, on or about the Subject Property of any substance now or hereafter defined, listed or otherwise classified pursuant to any Environmental Laws as hazardous, toxic, polluting, Grantor agrees to take all steps necessary to assure its containment and remediation, including any cleanup that may be required, unless the release was caused by Grantee, in which case Grantee shall be responsible therefor.

13.3 Control. Nothing in this Deed shall be construed as giving rise, in the absence of a judicial decree, to any right or ability in Grantee to exercise physical or managerial control over the day-to-day operations of the Subject Property, or any of Grantors' activities on the Subject Property, or otherwise to become an operator with respect to the Subject Property within the meaning

of The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA").

13.4 Hold Harmless. Grantor hereby releases and agrees to hold harmless, indemnify, and defend Grantee and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Indemnified Parties") from and against any and all liabilities, penalties, fines, charges, costs, losses, damages, expenses, causes of action, claims, demands, orders, judgments, or administrative actions, including, without limitation, reasonable attorneys' fees, arising from and in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Subject Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; (2) the violation or alleged violation of, or other failure to comply with, any Environmental Laws, by any person other than any of the Indemnified Parties, in any way affecting, involving, or relating to the Subject Property; (3) the presence or release in, on, from or about the Subject Property, at any time, of any substance now or hereafter defined, listed, or otherwise classified pursuant to the Environmental Laws as hazardous, toxic or polluting; and (4) the representations and warranties of Section 13.1.

14. **Subsequent Transfers**. Grantor agrees to incorporate the terms of this Easement in any Deed or other legal instrument by which Grantor divests itself of any interest in all or a portion of the Subject Property, including, without limitation, a leasehold interest. The failure of Grantor to perform any act required by this Section 14 shall not impair the validity of this Easement or limit its enforceability in any way.

15. **General Provisions.**

(a) Controlling Law. This Deed shall be governed and construed in accordance with California law.

(b) Liberal Construction. This Deed shall be liberally construed in order to carry out the express intentions of the parties as set forth in this Deed.

(c) Severability. All of said restrictions, conditions, covenants and reservations contained in this Deed shall be construed together; but if it shall at any time be held that any one or more of these restrictions, conditions, covenants, or reservations, or any part thereof, is invalid or for any reason becomes unenforceable, no other restrictions, conditions, covenants or reservations or any part thereof shall be thereby affected or impaired.

(d) Entire Agreement. This Deed contains the entire agreement between the parties respecting the matter set forth, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting this matter.

(e) Successors. This Deed shall be binding on and inure to the benefit of the parties, and their respective heirs, personal representatives, successors, and assigns.

(f) Further Assurances. Whenever requested to do so by the other party, each party shall execute, acknowledge, and deliver all further instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or proper in order to carry out the intent and purpose of this Deed.

(g) Time. Time is of the essence of this Deed and of each and every provision thereof.

(h) Amendments. The restrictive use covenants contained in this Deed shall not be amended without the prior written consent of a) the Santa Lucia Preserve Association, b) the Conservancy, c) the SONORAN INSTITUTE or such successor organization as shall have been substituted for SONORAN INSTITUTE, and d) the Monterey County Board of Supervisors. Any such amendment shall be consistent with the purpose of the Easement and shall not affect its perpetual duration. Consent may be withheld only upon a reasonable determination by the party whose consent is required that the proposed amendment would be inconsistent with the purpose of this Easement. Any such amendment shall be recorded in the official records of Monterey County, California.

(i) Counterparts. This Deed may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Deed.

[signatures appear on next pages]

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed by their duly authorized officers.

GRANTOR

VARDELL LIVING TRUST dated May 31, 2002

Dated: _____, 2013

By: _____
Thomas A. Vardell, Co-Trustee
of the Vardell Living Trust dated May 31, 2002

Dated: _____, 2013

By: _____
Andrea M. Vardell, Co-Trustee
of the Vardell Living Trust dated May 31, 2002

THOMAS A. VARDELL

Dated: _____, 2013

By: _____
Thomas A. Vardell, Individually

ANDREA M. VARDELL

Dated: _____, 2013

By: _____
Andrea M. Vardell, Individually

ACCEPTANCE BY SANTA LUCIA CONSERVANCY

The undersigned Grantee herein named accepts the foregoing Deed of Conservation Easement subject to all of the intentions, understandings, covenants, conditions, restrictions, reservations and remainders contained therein.

Dated: _____ 2013

SANTA LUCIA CONSERVANCY
A California Nonprofit Public Benefit Corporation

By: _____

WILLIAM SHAW

Its: Chairman

And by: _____

MARK A. BLUM

Its: Assistant Secretary

APPROVED AS TO FORM:

COUNTY COUNSEL

Print Name: _____

Deputy County Counsel

MONTEREY COUNTY
PLANNING AND BUILDING INSPECTION DEPARTMENT

By: _____

Print Name: _____

Director, Planning Department

Date: _____ 2013

CONSENT BY SANTA LUCIA PRESERVE ASSOCIATION

Santa Lucia Preserve Association hereby consents to the
Conservation Easement set forth above.

Date: _____ 2013

SANTA LUCIA PRESERVE ASSOCIATION

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Monterey, State of California, described as follows:

PARCEL I:

LOT 65 AS SHOWN ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A", FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS AND BY CERTIFICATE OF CORRECTION RECORDED AUGUST 26, 2002 AS RECORDER'S SERIES NO. 2002078268 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION CONVEYED TO THE PRESERVE GOLF CLUB, INC. BY DEED RECORDED OCTOBER 16, 2003, INSTRUMENT NO. 2003-126274 AND RE-RECORDED OCTOBER 28, 2003, INSTRUMENT NO. 2003-131365, MONTEREY COUNTY RECORDS PURSUANT TO LOT LINE ADJUSTMENT RECORDED JULY 8, 2003, INSTRUMENT NO. 2003-079618, MONTEREY COUNTY RECORDS.

PARCEL IA:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS RANCHO SAN CARLOS ROAD, CHAMISAL PASS, VUELO DE LAS PALOMAS, VISTA CIELO, WILD TURKEY RUN, RUMSEN TRACE, ARROWMAKER TRACE, GARZAS TRAIL, VASQUEZ TRAIL, PRONGHORN RUN AND VIA VAQUERA AS SHOWN AND DESIGNATED ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A" FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF MAP, "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS.

PARCEL IB:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY BOUNDARY OF SANTA LUCIA PRESERVE PHASE A, AS SAID ROAD IS SHOWN AND DESIGNATED ON THE MAP FILED NOVEMBER 18, 1998 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114.

PARCEL IC:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY TERMINUS OF RANCHO SAN CARLOS ROAD AS SHOWN ON MAP FILED NOVEMBER 18, 1998 IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114, TO THE INTERSECTION WITH CARMEL VALLEY ROAD, A COUNTY ROAD.

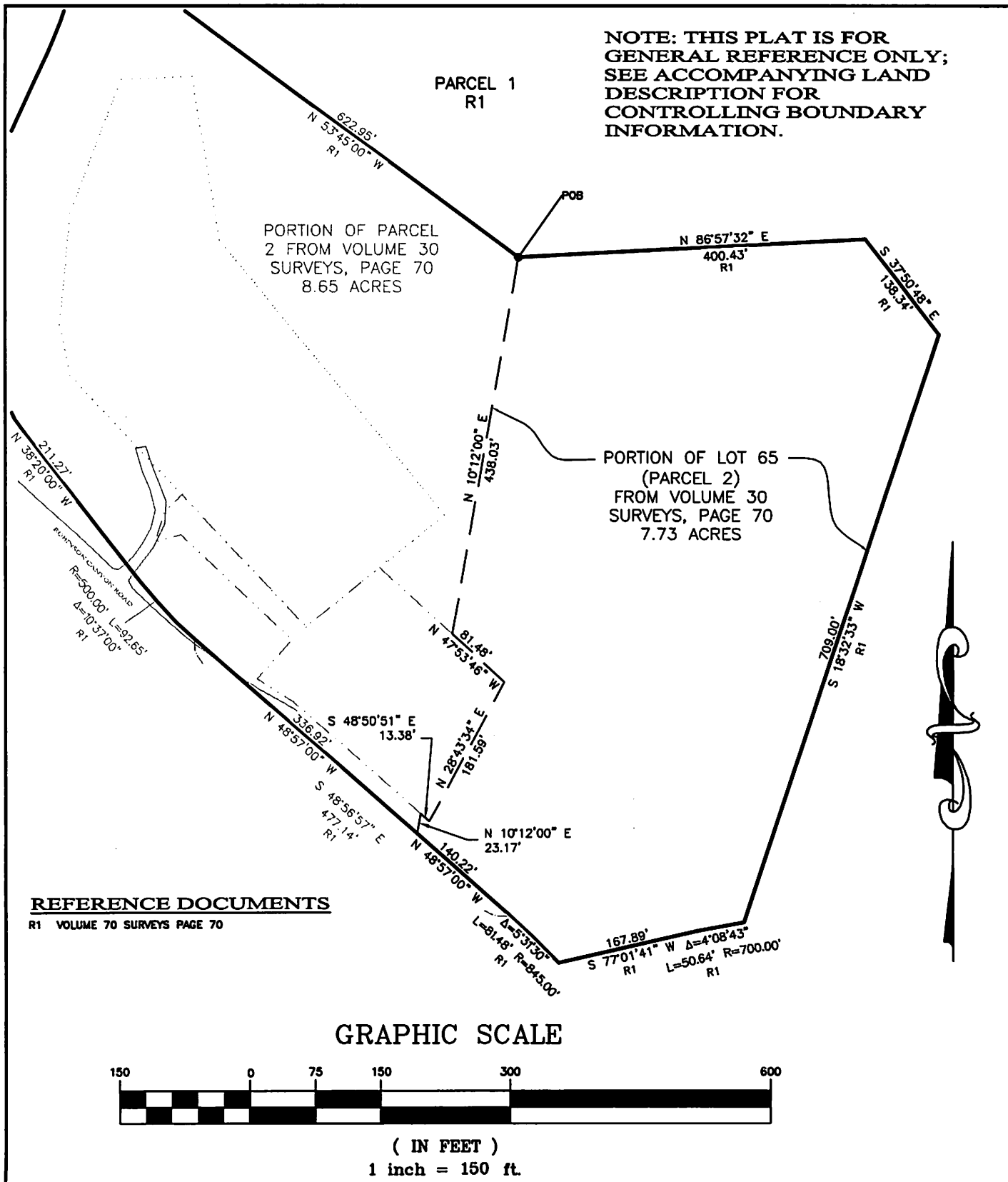
PARCEL II:

PARCEL 2 AS SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY"; LOT LINE ADJUSTMENT OF PARCELS 'A' AND 'B' AS SHOWN ON THE MAP FILED IN VOLUME 26 OF

SURVEYS AT PAGE 86; WHICH MAP WAS FILED IN THE OFFICE OF THE MONTEREY COUNTY RECORDER ON APRIL 29, 2009 IN BOOK 30 OF SURVEYS AT PAGE 70, MONTEREY COUNTY RECORDS.

APN: 239-061-011

NOTE: THIS PLAT IS FOR GENERAL REFERENCE ONLY; SEE ACCOMPANYING LAND DESCRIPTION FOR CONTROLLING BOUNDARY INFORMATION.



PLAT TO ACCOMPANY DESCRIPTION
PORTION OF LOT 65 (PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70

SANTA LUCIA PRESERVE LOT 65 TOMMY VARDELL

DRAWN BY: CAL
DESIGNED BY: CAL
DATE: 02/26/13
SCALE: 1" = 150'
JOB NUMBER: 12-082
LAST REVISED:
REVISED BY:

L&S ENGINEERING AND SURVEYING, INC
2450 Garden Road, Suite G, Monterey, California 93940
P: 831.655.2723 F: 831.655.3425
LandEngineers.com

LEGAL DESCRIPTION FOR PORTION OF LOT 65 (PARCEL 2) FROM VOLUME 30 SURVEYS, PAGE 70, COUNTY OF MONTEREY OFFICIAL RECORDS

All that portion of that certain real property situate in the County of Monterey, State of California, lying within Rancho San Francisquito, Monterey County, described more particularly as follows:

BEGINNING at the Northeasterly corner of that certain 8.45 acre parcel of land designated as Lot 65 of Santa Lucia Preserve, Phase A, as recorded in Volume 20, Cities and Towns, Page 8, Official Records of Monterey County and as identified as "POB" on the attached exhibit (Northing 2055602.4767, Easting 5739537.9919 on said map); thence following the boundary line of that certain 16.38 acre parcel designated Parcel 2, recorded in Volume 30, Surveys, Page 70, Official Records of Monterey County, the following courses and distances:

- 1) North 86° 57' 32" East, 400.43 feet; thence
- 2) South 37° 50' 48" East, 138.34 feet; thence
- 3) South 18° 32' 33" West, 709.00 feet; thence
- 4) Along the arc of a curve to the left the center of which bears North 08° 50' 12" West 700.00 feet, through a central angle of 04° 08' 43", an arc distance of 50.64 feet; thence
- 5) South 77° 01' 41" West, 167.89 feet; to the centerline of Robinson Canyon Road, thence along the centerline of said road
- 6) Along the arc of a curve to the left the center of which bears North 46° 34' 30" East 845.00 feet, through a central angle of 05° 31' 30", an arc distance of 81.48 feet; thence
- 7) North 48° 57' 00" West, 140.22 feet; thence leaving said centerline and Parcel 2 boundary
- 8) North 10° 12' 00" East, 23.17 feet; thence
- 9) South 48° 50' 51" East, 13.38 feet; thence
- 10) North 28° 43' 34" East, 181.59 feet; thence
- 11) North 47° 53' 46" West, 81.48 feet; thence
- 12) North 10° 12' 00" East, 438.03 feet to the **POINT OF BEGINNING**.



Containing 336,915 square feet, being 7.73 acres more or less.

APN 239-061-011(portion)

END OF DESCRIPTION

LOT 65 (PARCEL 2) VOL 30 SURV PG 70

North: 2055602.48' East: 5739537.99'

Segment #1 : Line

Course: N86°57'32"E Length: 400.43'
North: 2055623.72' East: 5739937.86'

Segment #2 : Line

Course: S37°50'48"E Length: 138.34'
North: 2055514.48' East: 5740022.74'

Segment #3 : Line

Course: S18°32'33"W Length: 709.00'
North: 2054842.29' East: 5739797.27'

Segment #4 : Curve

Length: 50.64' Radius: 700.00'
Delta: 004°08'43" Tangent: 25.33'
Chord: 50.63' Course: S79°05'27"W
Course In: S08°50'12"E Course Out: N12°58'55"W
RP North: 2054150.59' East: 5739904.80'
End North: 2054832.70' East: 5739747.55'

Segment #5 : Line

Course: S77°01'41"W Length: 167.89'
North: 2054795.02' East: 5739583.95'

Segment #6 : Curve

Length: 81.48' Radius: 845.00'
Delta: 005°31'30" Tangent: 40.77'
Chord: 81.45' Course: N46°11'15"W
Course In: S46°34'30"W Course Out: N41°03'00"E
RP North: 2054214.16' East: 5738970.24'
End North: 2054851.40' East: 5739525.17'

Segment #7 : Line

Course: N48°57'00"W Length: 140.22'
North: 2054943.49' East: 5739419.42'

Segment #8 : Line

Course: N10°12'00"E Length: 23.17'
North: 2054966.29' East: 5739423.53'

Segment #9 : Line

Course: S48°50'51"E Length: 13.38'
North: 2054957.49' East: 5739433.60'

Segment #10 : Line

Course: N28°43'34"E Length: 181.59'
North: 2055116.73' East: 5739520.88'

Segment #11 : Line

Course: N47°53'46"W Length: 81.48'
North: 2055171.36' East: 5739460.43'

Segment #12 : Line

Course: N10°12'00"E Length: 438.03'
North: 2055602.47' East: 5739537.99'

Perimeter: 2425.66' Area: 336915.39 Sq. Ft.
Error Closure: 0.01 Course: S13°58'49"E
Error North: -0.010 East: 0.002

Precision 1: 242565.00

EXHIBIT "C"

[Conservancy to attach prior to execution by Grantor a list of the resource reports, studies and other documentation of the resource values of the Openlands of the Subject Property that Grantee has previously had access to the Geographic Information System data base known as The Rancho San Carlos Natural Resources Inventory accessible at the offices of Robert Lamb Hart, 30 Hotaling Place, San Francisco, California.]

EXHIBIT "D"

[Conservancy to attach prior to execution by Grantor a mutually agreed upon summary of Conservancy's investigations of the Openlands of the Subject Property.]



First American Title

First American Title Company

3855 Via Nona Marie, Suite 100
Carmel, CA 93923

Escrow Officer: Linda Griffin Wilson
Phone: (831)620-6533
Fax No.: (866)377-7037
E-Mail: lgriffin@firstam.com

E-Mail Loan Documents to: CarmelRanchoEdocs.ca@firstam.com
Buyer: Santa Lucia Conservancy
Property: 34205 Robinson Canyon Road
Carmel, CA 93923

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 08, 2012 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

THOMAS A. VARDELL AND ANDREA M. VARDELL, TRUSTEES OF THE VARDELL LIVING TRUST,
DATED MAY 31, 2002

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee as to Parcel(s) I and II, an easement as to Parcel(s) IA, IB and IC.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2012-2013, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

The Following Matters Affect PARCEL I:

3. An easement for OVERHEAD AND UNDERGROUND TELEPHONE SERVICE and incidental purposes, recorded SEPTEMBER 21, 1982 as INSTRUMENT NO. 82-[37272](#) IN [BOOK 103, PAGE 417](#) of Official Records.

In Favor of: PACIFIC TELEPHONE & TELEGRAPH COMPANY, A
CORPORATION

Affects: AS DESCRIBED THEREIN

Document(s) declaring modifications thereof recorded JULY 31, 1998 as INSTRUMENT NO. [98-50598](#) of Official Records.

4. The terms and provisions contained in the document entitled PERMIT APPROVAL NOTICE (COMBINED DEVELOPMENT PERMIT PC 94-067) (CONDITION NO. 203) recorded MAY 11, 1998 as INSTRUMENT NO. 98-[28939](#) of Official Records.

EXHIBIT H
SETTLEMENT AGREEMENT
PAGE 2 OF 18

5. The Terms, Provisions and Easement(s) contained in the document entitled DEED OF CONSERVATION EASEMENT recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82397](#) of Official Records.

The terms and provisions contained in the document entitled "PARTNERSHIP GRANT DEED (RESERVED RIGHTS IN DEED OF CONSERVATION EASEMENT)" recorded DECEMBER 14, 2009 as INSTRUMENT NO. [2009-079537](#) of Official Records.

6. The Terms, Provisions and Easement(s) contained in the document entitled ARCHAEOLOGICAL/WETLANDS/CONSERVATION/SCENIC recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82398](#) of Official Records.

The terms and provisions contained in the document entitled "PARTNERSHIP GRANT DEED (RESERVED RIGHTS IN ARCHAEOLOGICAL/WETLANDS/CONSERVATION/SCENIC EASEMENT DEED)" recorded DECEMBER 12, 2009 as INSTRUMENT NO. [2009-079530](#) of Official Records.

7. Covenants, conditions, restrictions and easements in the document recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82399](#) of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, marital status, ancestry, disability, handicap, familial status, national origin or source of income (as defined in California Government Code §12955(p)), to the extent such covenants, conditions or restrictions violate 42 U.S.C. § 3604(c) or California Code §12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Document re-recorded DECEMBER 4, 1998 as INSTRUMENT NO. [98-85190](#) of Official Records.

Document(s) declaring modifications thereof recorded DECEMBER 7, 1999 as INSTRUMENT NO. [99-89942](#) of Official Records.

Document(s) declaring modifications thereof recorded OCTOBER 24, 2000 as INSTRUMENT NO. [2000-069608](#) of Official Records.

Document(s) declaring modifications thereof recorded FEBRUARY 15, 2001 as INSTRUMENT NO. [2001-010857](#) of Official Records.

Document(s) declaring modifications thereof recorded NOVEMBER 26, 2003 as INSTRUMENT NO. [2003-144996](#) of Official Records.

Document(s) declaring modifications thereof recorded AUGUST 18, 2005 as INSTRUMENT NO. [2005-085898](#) of Official Records.

8. The terms and provisions contained in the document entitled A DRAINAGE AND FLOOD CONTROL SYSTEMS AGREEMENT recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82400](#) of Official Records.

9. The terms and provisions contained in the document entitled A CONDITION COMPLIANCE COVENANT recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82401](#) of Official Records.

10. The effect of a document entitled NOTICE RE WATER CONSERVATION, recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82403](#) of Official Records.
11. The effect of a document entitled PERMIT APPROVAL NOTICE, recorded APRIL 24, 2003 as INSTRUMENT NO. [2003-047135](#) of Official Records.
12. The Terms, Provisions and Easement(s) contained in the document entitled GRANT DEED recorded JUNE 18, 2003 as INSTRUMENT NO. [2003-070771](#) of Official Records.
13. The Terms, Provisions and Easement(s) contained in the document entitled EASEMENT DEED (PCS AND CELLULAR WIRELESS COMMUNICATION FACILITIES) recorded OCTOBER 10, 2003 as INSTRUMENT NO. [2003-124367](#) of Official Records.

The effect of a document entitled "Quitclaim Deed", recorded January 18, 2012 as Instrument No. 2012003924 of Official Records.

14. A document entitled "PERMIT APPROVAL NOTICE" recorded APRIL 08, 2009 as INSTRUMENT NO. [2009-020907](#) of Official Records.

The Following Matters Affect PARCEL II:

15. The terms and provisions contained in the document entitled AGREEMENT recorded JULY 12, 1926 in [BOOK 85, PAGE 416](#) of Official Records.

Document(s) declaring modifications thereof recorded JUNE 01, 1939 as [BOOK 620, PAGE 213](#) of Official Records.

16. An easement for PUBLIC UTILITIES and incidental purposes, recorded MAY 3, 1929 in [BOOK 191, PAGE 140](#) of Official Records.

In Favor of: THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY
Affects: AS DESCRIBED THEREIN

The location of the easement cannot be determined from record information.

17. An easement for TELEPHONE SERVICE and incidental purposes, recorded OCTOBER 10, 1962 as INSTRUMENT NO. [37272](#) IN REEL 103, PAGE 417 of Official Records.

In Favor of: PACIFIC BELL, FORMERLY KNOWN AS PACIFIC TELEPHONE
AND TELEGRAPH COMPANY
Affects: AS DESCRIBED THEREIN

Document(s) declaring modifications thereof recorded JULY 31, 1998 as INSTRUMENT NO. [98-50598](#) of Official Records.

18. An easement for INGRESS; EGRESS; USE BY MOTOR VEHICLES; PEDESTRIANS, BICYCLES; HORSES; TRUCK LOADING, UNLOADING; TURN AROUND AREA; TRUCKS AND TRAILERS DELIVERING ROCK, GRAVEL, ASPHALT AND EQUIPMENT, AND PERMIT TO PARK TEMPORARILY, ETC. and incidental purposes, recorded AUGUST 23, 1994 in [BOOK 3141, PAGE 1183](#) of Official Records.

In Favor of: MICHAEL H. DORMODY, ET UX
Affects: AS DESCRIBED THEREIN

The location of the easement cannot be determined from record information.

19. The Terms, Provisions and Easement(s) contained in the document entitled "DEED OF CONSERVATION EASEMENT" recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82397](#) of Official Records.

The terms and provisions contained in the document entitled "PARTNERSHIP GRANT DEED (RESERVED RIGHTS IN DEED OF CONSERVATION EASEMENT)" recorded DECEMBER 14, 2009 as INSTRUMENT NO. [2009-079550](#) of Official Records.

20. The terms and provisions contained in the document entitled CONDITION COMPLIANCE COVENANT (THE SANTA LUCIA PRESERVE, CONDITION NO. 126) (GOLF TRAIL) recorded NOVEMBER 24, 1998 as INSTRUMENT NO. [98-82428](#) of Official Records.

21. An easement shown or dedicated on the map filed or recorded DECEMBER 07, 1999 in [BOOK 20, PAGE 33](#) of CITIES AND TOWNS

For: RANCHOLANDS, DRIVEWAY AND UTILITIES, ROAD AND PUBLIC UTILITIES, NON-ACCESS and incidental purposes.

22. Easements for ARCHAEOLOGICAL/WETLANDS/CONSERVATION/SCENIC EASEMENT and incidental purposes, recorded DECEMBER 7, 1999 as INSTRUMENT NO. [99-89941](#) of Official Records.

In Favor of: THE COUNTY OF MONTEREY AND SANTA LUCIA CONSERVANCY, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

Affects: AS DESCRIBED THEREIN

The location of the easement cannot be determined from record information.

Terms and provisions contained in the above document.

The terms and provisions contained in the document entitled "PARTNERSHIP GRANT DEED (RESERVE RIGHTS IN ARCHAEOLOGICAL/WETLANDS/CONSERVATION/SCENIC EASEMENT DEED)" recorded DECEMBER 14, 2009 as INSTRUMENT NO. [2009-079531](#) of Official Records.

23. The terms and provisions contained in the document entitled AGREEMENT RE: DRAINAGE AND FLOOD CONTROL SYSTEMS (THE SANTA LUCIA PRESERVE, PHASE B) (COMBINED DEVELOPMENT PERMIT PC94-067) (CONDITION NO. 100) executed by and between RANCHO SAN CARLOS PARTNERHSIP LP AND THE MONTEREY COUNTY WATER RESOURCES AGENCY, recorded JANUARY 13, 2000 as INSTRUMENT NO. [2000-002606](#) of Official Records.

24. A document entitled CONDITIONS COMPLIANCE COVENANT (THE SANTA LUCIA PRESERVE, PHASE B) (CONDITIONS NO. 59, 126 AND 135) recorded JANUARY 13, 2000 as INSTRUMENT NO. [2000-002607](#) of Official Records.

25. A document entitled NOTICE RE WATER CONSERVATION recorded JANUARY 13, 2000 as INSTRUMENT NO. [2000-002608](#) of Official Records.

26. Easements for DRIVEWAYS, INGRESS, EGRESS, UTILITIES, EXISTING RANCH ROADS, WELLS, DEVELOPMENT AND MARKETING, EDUCATIONAL, SCIENTIFIC AND RECREATIONAL ACTIVITIES and incidental purposes, recorded MARCH 30, 2000 as INSTRUMENT NO. [2000-020151](#) of Official Records.

In Favor of: RANCHO SAN CARLOS PARTNERSHIP, L.P.
Affects: AS DESCRIBED THEREIN

Terms and provisions contained in the above document.

The terms and provisions contained in the document entitled "PARTNERSHIP GRANT DEED (RESERVED RIGHTS IN THE GOLF CLUB DEED)" recorded DECEMBER 14, 2009 as INSTRUMENT NO. [2009-079536](#) of Official Records.

27. The terms and provisions contained in the document entitled AGREEMENT NO. A-08535 REIMBURSEMENT AGREEMENT BETWEEN RANCHO SAN CARLOS PARTNERSHIP, LP AND THE COUNTY OF MONTEREY FOR CONSTRUCTION OF HIGHWAY WIDENING IMPROVEMENTS ON STATE HIGHWAY ONE BETWEEN CARMEL VALLEY ROAD AND MORSE DRIVE recorded AUGUST 23, 2001 as INSTRUMENT NO. [2001071416](#) of Official Records.

The Following Matters Affect PARCELS I AND II:

28. An easement for ROADWAY AND RIGHT OF WAY TO CONSTRUCT AND MAINTAIN SUCH EXCAVATION AND EMBANKMENT SLOPES and incidental purposes, recorded APRIL 29, 1968 in [BOOK 555, PAGE 316](#) of Official Records.

In Favor of: COUNTY OF MONTEREY
Affects: AS DESCRIBED THEREIN

29. The terms and provisions contained in the document entitled CONDITION COMPLIANCE COVENANT (THE SANTA LUCIA PRESERVE, CONDITION NO. 126) (PRE-GRADING PERMIT) recorded MAY 13, 1998 as INSTRUMENT NO. [98-29721](#) of Official Records.

30. Any easements and/or servitudes affecting easement parcel(s) IA, IB and IC herein described.

31. Any rights, interests or easements in favor of the public which exist or are claimed to exist over any portion of the land covered by water.

32. Water rights, claims or title to water, whether or not shown by the public records.

33. Rights of the public in and to that portion of the land lying within ROBINSON CANYON ROAD.

34. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

35. With respect to the trust referred to in the vesting:
a. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
b. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
c. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

One of the following, in accordance with the Subdivision Map Act (Section 66410 et seq. of the California Government Code):

- a. A certificate of compliance recorded in the public records.
- b. Filing of a final map or parcel map.
- c. A waiver of a final map or parcel map.

| |
|----------------------------|
| INFORMATIONAL NOTES |
|----------------------------|

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2011-2012.

| | |
|---------------------|-------------------|
| First Installment: | \$10,161.55, PAID |
| Penalty: | \$0.00 |
| Second Installment: | \$10,161.55, PAID |
| Penalty: | \$0.00 |
| Tax Rate Area: | 060-135 |
| A. P. No.: | 239-061-011-000 |

2. The property covered by this report is vacant land.

3. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

4. We find no open deeds of trust. Escrow please confirm before closing.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

WIRING INSTRUCTIONS

PAYABLE TO: FIRST AMERICAN TITLE COMPANY
BANK: First American Trust, FSB
ADDRESS: 5 First American Way, Santa Ana, CA 92707
ACCOUNT NO: 3021520000
ROUTING NUMBER: 122241255

PLEASE REFERENCE THE FOLLOWING:

CUSTOMER NAME: SANTA LUCIA CONSERVANCY
FILE NUMBER: 2710-4046901 (LG)
ATTENTION: LINDA GRIFFIN WILSON

PLEASE USE THE ABOVE INFORMATION WHEN WIRING FUNDS TO **FIRST AMERICAN TITLE COMPANY. FUNDS MUST BE WIRED FROM A UNITED STATES BANK.** PLEASE NOTIFY **LINDA GRIFFIN WILSON** AT **(831)620-6533** OR **lgriffin@firstam.com** WHEN YOU HAVE TRANSMITTED YOUR WIRE. FAX NUMBER: **(866)377-7037**

FIRST AMERICAN TRUST CONTACT INFO: Banking Services 1-877-600-9473

**ALL WIRES WILL BE RETURNED IF THE FILE NUMBER
AND/OR NAME(S) ARE NOT INCLUDED**

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Monterey, State of California, described as follows:

PARCEL I:

LOT 65 AS SHOWN ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A", FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS AND BY CERTIFICATE OF CORRECTION RECORDED AUGUST 26, 2002 AS RECORDER'S SERIES NO. 2002078268 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION CONVEYED TO THE PRESERVE GOLF CLUB, INC. BY DEED RECORDED OCTOBER 16, 2003, INSTRUMENT NO. 2003-126274 AND RE-RECORDED OCTOBER 28, 2003, INSTRUMENT NO. 2003-131365, MONTEREY COUNTY RECORDS PURSUANT TO LOT LINE ADJUSTMENT RECORDED JULY 8, 2003, INSTRUMENT NO. 2003-079618, MONTEREY COUNTY RECORDS.

PARCEL IA:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS RANCHO SAN CARLOS ROAD, CHAMISAL PASS, VUELO DE LAS PALOMAS, VISTA CIELO, WILD TURKEY RUN, RUMSEN TRACE, ARROWMAKER TRACE, GARZAS TRAIL, VASQUEZ TRAIL, PRONGHORN RUN AND VIA VAQUERA AS SHOWN AND DESIGNATED ON THE MAP OF TRACT NO. 1308, "SANTA LUCIA PRESERVE PHASE A" FILED FOR RECORD ON NOVEMBER 24, 1998, IN VOLUME 20 OF MAP, "CITIES AND TOWNS", AT PAGE 8, OFFICIAL RECORDS OF MONTEREY COUNTY, CALIFORNIA AND BY CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 24, 1999 AS RECORDER'S SERIES NO. 9971340 OF OFFICIAL RECORDS.

PARCEL IB:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY BOUNDARY OF SANTA LUCIA PRESERVE PHASE A, AS SAID ROAD IS SHOWN AND DESIGNATED ON THE MAP FILED NOVEMBER 18, 1998 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF MONTEREY, IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114.

PARCEL IC:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF RANCHO SAN CARLOS ROAD FROM THE NORTHERLY TERMINUS OF RANCHO SAN CARLOS ROAD AS SHOWN ON MAP FILED NOVEMBER 18, 1998 IN VOLUME 22 OF SURVEYS, AT PAGE 20 AND CERTIFICATE OF CORRECTION RECORDED DECEMBER 4, 1998, AS RECORDER'S SERIES NO. 9885114, TO THE INTERSECTION WITH CARMEL VALLEY ROAD, A COUNTY ROAD.

PARCEL II:

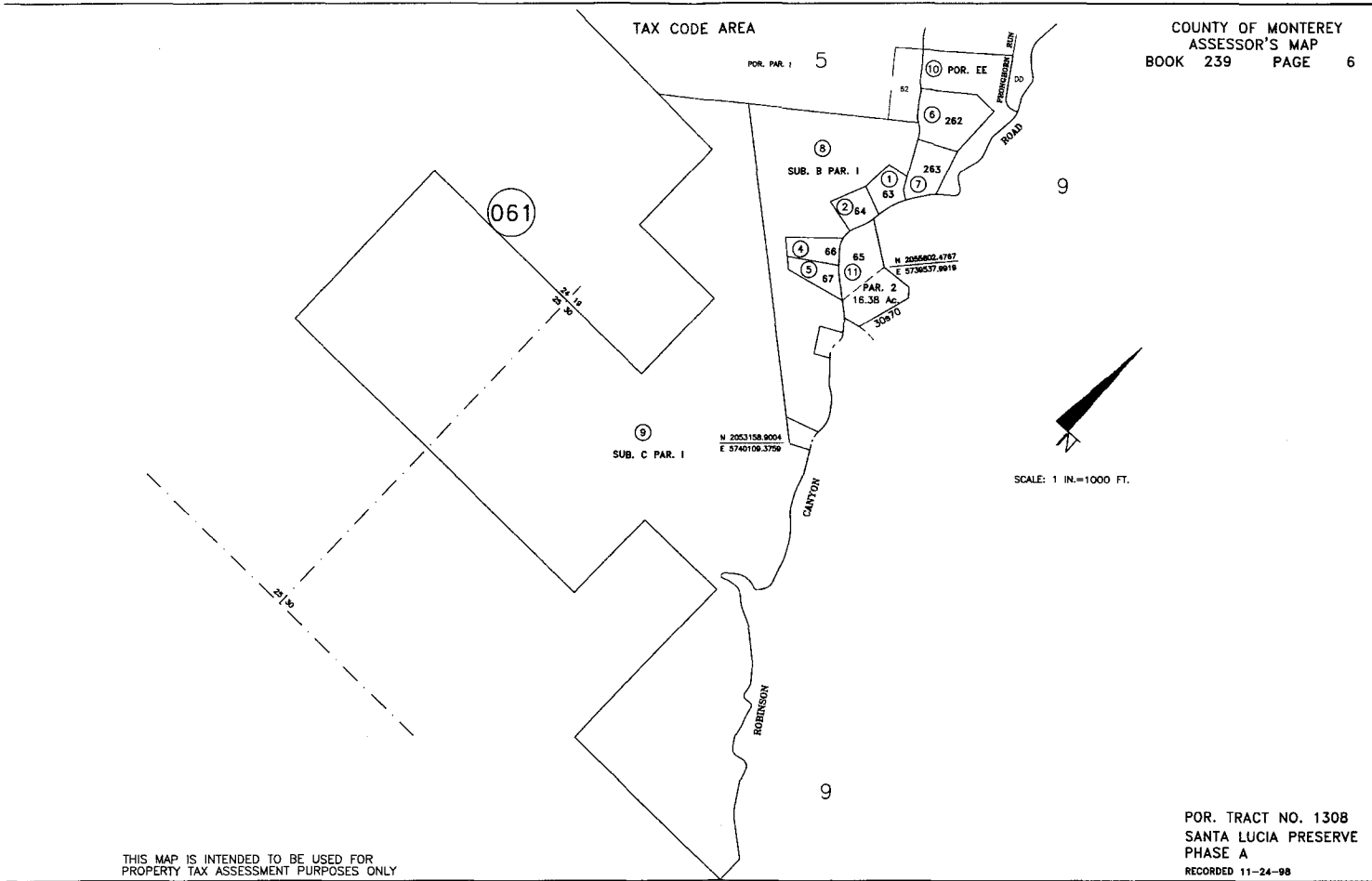
PARCEL 2 AS SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY"; LOT LINE ADJUSTMENT OF PARCELS 'A' AND 'B' AS SHOWN ON THE MAP FILED IN VOLUME 26 OF

SURVEYS AT PAGE 86; WHICH MAP WAS FILED IN THE OFFICE OF THE MONTEREY COUNTY RECORDER ON APRIL 29, 2009 IN BOOK 30 OF SURVEYS AT PAGE 70, MONTEREY COUNTY RECORDS.

APN: 239-061-011

11-03-2009

COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 239 PAGE 6



THIS MAP IS INTENDED TO BE USED FOR
PROPERTY TAX ASSESSMENT PURPOSES ONLY

Order Number: 2710-4046901
Page Number: 12

NOTICE

EXHIBIT H
SETTLEMENT AGREEMENT
PAGE 12 OF 18

First American Title

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

**EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

| <u>Your Deductible Amount</u> | <u>Our Maximum Dollar Limit of Liability</u> |
|--|---|
| Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less) | \$10,000.00 |
| Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less) | \$25,000.00 |
| Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less) | \$25,000.00 |
| Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less) | \$5,000.00 |

ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - (a) a notice of exercising the right appears in the public records on the Policy Date

- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
 4. Failure to pay value for your title.
 5. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

- (i) the occupancy, use, or enjoyment of the Land;
- (ii) the character, dimensions, or location of any improvement erected on the Land;
- (iii) the subdivision of land; or
- (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



First American Title

Privacy Information
We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.