

**Recording requested by
and when recorded mail to:**

CALIFORNIA RANGELAND TRUST
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Sacramento, California 95814-1910
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DEED OF AGRICULTURAL CONSERVATION EASEMENT

DOS PUEBLOS RANCH

This Deed of Agricultural Conservation Easement (“Conservation Easement” or “Easement”) is granted on this _____ day of _____, 2009, by DOS PUEBLOS RANCH (“LANDOWNER”), to the **CALIFORNIA RANGELAND TRUST**, a California nonprofit public benefit corporation (“LAND TRUST”), and all parties collectively hereinafter referred to as the “Parties”, for the purpose of establishing in perpetuity the Agricultural Conservation Easement and associated rights described below.

Recitals

A. LANDOWNER is the sole owner in fee simple of certain real property consisting of approximately 1,181 acres, located in the unincorporated portion of the County of Santa Barbara, State of California, described in “**Exhibit A**” attached hereto and incorporated herein by this reference (“Property”). LANDOWNER intends to grant a conservation easement over the property which is described and illustrated on the map attached as “**Exhibit B**” (“Easement Area”). The Easement Area consists of approximately 1,181 acres of land, together with any improvements located within the Easement Area.

B. The CALIFORNIA RANGELAND TRUST is a publicly supported, tax-exempt “qualified conservation organization” as defined by Sections 501(c)(3) and 170(h) of the Internal Revenue Code and Section 23701d of the California Revenue & Taxation Code and is eligible to hold Conservation Easement pursuant to Section 815.3 of the California Civil Code.

C. The Easement Area possesses unique grazing, farming and ranching resources, wildlife and wildlife habitat, and open space, scenic, historic and habitat values such as oak woodlands and riparian areas (collectively “Conservation Values”) of great importance to LANDOWNER, the people of Santa Barbara County and the people of the State of California. In addition, the Easement Area has a long history of agricultural operations and has been identified by the Natural Resource Conservation Service of the United States Department of Agriculture and by the California Department of Conservation Farmland Mapping and Monitoring Program as farmland of statewide and local importance in accordance with the classification standards of those agencies. The Easement Area located on both sides of the California State Highway 101 corridor, possesses the remaining historic Dos Pueblos Ranch facilities, orchards currently in agricultural production, grazing lands, natural vegetation and riparian corridor, the preservation and protective management of which is consistent with the

present and continued use of the Easement Area for agricultural production and open space purposes in accordance with this Easement.

D. LANDOWNER, consistent with Government Code Section 51256 (the Williamson Act Easement Exchange Program, WAEEP), intends to convey for valuable consideration the property interest conveyed by this Conservation Easement to LAND TRUST to assure that the Conservation Values on the Easement Area (will be conserved and sustained forever as provided herein, and that uses of the land that are inconsistent with these Conservation Values will be prevented or corrected. The parties agree that the current agricultural use of, and improvements to, the Easement Area are consistent with the conservation purposes of this Conservation Easement, and LANDOWNER intends that the Easement Area will be maintained in agricultural production and the Conservation Values will be preserved by the continuation of the agricultural uses that have proven historically compatible with such values.

E. LANDOWNER further intends, as owner of the Easement Area, to convey to LAND TRUST the right to preserve and protect the Conservation Values in perpetuity.

F. The grant of this Conservation Easement will further the policy purposes of the following clearly delineated governmental conservation policies:

Section 815 of the California Civil Code, in which the California Legislature has declared: (1) that “the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California”; and (2) that it is “in the public interest of this state to encourage the voluntary conveyance of conservation easements to qualified nonprofit organizations”; and

Section 51220 of the California Government Code, in which the California Legislature has declared that “in a rapidly urbanizing society agricultural lands have a definite public value as open space, and the preservation in agricultural production of such lands . . . constitutes an important physical, social, esthetic and economic asset to existing or pending urban or metropolitan developments; and

The Santa Barbara County General Plan, as amended in 1992, which includes as one of its goals to protect all viable agricultural lands designated as prime, of statewide importance, unique, or of local importance from conversion to and encroachment of non-agricultural uses.

The County of Santa Barbara Agricultural Element, Right to Farm Ordinance, Agricultural Preserve Ordinance and other policies and zoning ordinances enacted to help preserve Santa Barbara County’s productive agricultural lands.

G. All holders of liens or other encumbrances upon, and mineral rights on or beneath the Easement Area, have agreed to subordinate their interests in the Easement Area to this Conservation Easement and to refrain forever from any action that would be inconsistent with its conservation purposes, except any encumbrances specifically agreed to in advance and listed in the attached Title Report “**Exhibit C**”.

H The current physical and biological conditions of the resources of the Easement Area, as well as its current uses and state of improvement, are described in a “Baseline Conditions Report,” prepared prior to easement recordation by the LAND TRUST with the cooperation of the LANDOWNER, consisting of maps, photographs, and other documents, and acknowledged by both to be complete and accurate as of the date of this Conservation Easement. Both LANDOWNER and LAND TRUST have copies of this report. It will be used by LAND TRUST to assist in its monitoring and enforcement of LANDOWNER’s compliance with the Easement. This report, however, is not intended to preclude the use of other evidence to establish the baseline condition of the Easement Area if there is a controversy over some aspect of that condition.

I. The Parties intend that the conservation purposes of this Easement will be achieved through continued ranching and grazing activities, using sound, generally accepted agricultural practices to sustain and protect the Conservation Values on the Easement Area as hereinafter described in Section 3. The Parties recognize that additional agricultural uses, residential dwellings and compatible agricultural support activities within the Easement Area may become reasonably necessary to support the economic viability of commercial ranching use of the Easement Area and accordingly provide herein for such additional uses.

J. LAND TRUST recognizes that the Conservation Values associated with the physical environment of the Easement Area exist because of the past stewardship of the LANDOWNER and depend on the future good stewardship decisions of the LANDOWNER and its successors. LANDOWNER is entrusted with those future management decisions. Maintaining the natural plant and wildlife habitat provided by the rangeland and natural environment shall not prevent changes in the agricultural uses of the land, including intensification and vegetation management, provided that such changes do not significantly impair the Conservation Values of this Conservation Easement. LAND TRUST is entrusted with determining that the Conservation Values have been protected. As certified by resolution of its governing body, LAND TRUST accepts the responsibility of monitoring and enforcing the terms of this Conservation Easement and upholding its conservation purposes forever.

K. California Government Code §51256 authorizes the County of Santa Barbara to enter into an agreement with a landowner to rescind an agricultural preserve contract in accordance with the contract cancellation provisions of Government Code § 51282 in order to simultaneously place other land within the county under an agricultural conservation easement. This Easement and similar restrictions granted under separate Agricultural Conservation Easements on the northern portion of Dos Pueblos Ranch and on a portion of the neighboring Santa Barbara Ranch, will result in the perpetual conservation of a total of 2,684 acres, which exceeds the 2,566 acres of land currently under agricultural preserve contract. The majority of the land on Dos Pueblos Ranch will remain in an agricultural preserve contract.

L. On October 21, 2008, the County of Santa Barbara adopted a resolution to approve the rescission of Land Conservation Contract(s), Resolution No. 08-365, Case No. 05AGP-00000-00011 for certain real property owned by LANDOWNER, making the necessary findings required under California Government. Code §51256 to endorse the placement of this Conservation Easement on the Easement Area. In connection with the County’s approval of the rescission of the Land Conservation Contract(s), the County and LANDOWNER will enter into a

Williamson Act Contract Rescission Agreement (“Rescission Agreement”) to be recorded in the Official Records of Santa Barbara County concurrently with the recordation of this Conservation Easement. LAND TRUST is not a party to the Rescission Agreement.

M. This Easement sets forth general restrictions and conditions with respect to the Easement Area, which LAND TRUST will enforce pursuant to the terms of this Easement. The Easement Area also will be subject to more specific restrictions and conditions set forth in Exhibit B to the Rescission Agreement, which shall be enforced pursuant to the terms of the Rescission Agreement. The Easement Area also will be subject to the County’s applicable Land Use and Development Code, the County’s Uniform Rules and other laws and regulations that are beyond the scope of this Easement. Nothing in this Easement shall supersede or limit the applicability of the terms of Exhibit B to the Rescission Agreement or any applicable law or regulation.

Deed and Agreement

In consideration of the recitals set forth above, and in consideration of their mutual promises and covenants, LANDOWNER hereby grants and conveys to LAND TRUST, its successors and assigns, and LAND TRUST hereby accepts, a perpetual Conservation Easement as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code, Section 815 et seq.), of the nature and character described in this Deed of Agricultural Conservation Easement.

1. PURPOSE. The purpose of this Conservation Easement is to identify, preserve and protect forever the Conservation Values of the Easement Area (as defined in Recital C). The parties intend that this purpose be achieved through continued ranching and managed grazing uses, as well as other agricultural uses of the Easement Area as herein provided, to assure that the Easement Area will forever remain in agricultural use as defined Section 3 herein.

2. AFFIRMATIVE RIGHTS CONVEYED TO LAND TRUST. To accomplish the purpose of this Easement, the following rights and interests are conveyed to LAND TRUST by this Easement:

(a) Identify Resources and Values. To identify, preserve and protect in perpetuity the Easement Area’s character, use, utility, soil and water rights and quality and the Conservation Values.

(b) Monitor Uses and Practices. To enter upon, inspect, observe, and study the Easement Area for the purposes of identifying the current uses and practices thereon and the baseline condition thereof, and to monitor the uses and practices regarding the Easement Area to determine whether they are consistent with this Easement. Entry for this monitoring will typically be requested once per year. This right of entry extends to LAND TRUST’s designated representatives, including consultants and technical advisors it deems necessary to participate in monitoring inspections. Such entry shall be permitted upon prior notice to LANDOWNER, and shall be made in a manner that will not unreasonably interfere with LANDOWNER’s use and quiet enjoyment of the Property. LANDOWNER hereby grants to the County of Santa Barbara the right to accompany LAND TRUST during the monitoring inspections. LAND TRUST shall

provide prior notice to the County of Santa Barbara of the date selected for LAND TRUST's monitoring inspection.

(c) **Prevent Inconsistent Uses.** To prevent any activity on or use of the Easement Area that is inconsistent with the purpose of this Easement and to require the restoration of such areas or features of the Easement Area that may be damaged by any inconsistent activity or use. However, it is the intention of this Easement not to limit LANDOWNER's discretion to employ various choices of agricultural, farming and ranching uses and management practices within the Easement Area, so long as those uses and practices are consistent with the purpose and terms of this Easement.

(d) **Provide Signage.** To erect and maintain a sign or signs or other appropriate markers in prominent locations on the Easement Area, visible from a public road, bearing information indicating that the Easement Area is protected by LANDOWNER, any funders, and LAND TRUST. The wording of the information shall be determined by LANDOWNER and LAND TRUST, but may include logos and shall clearly indicate that the Property is privately owned and not open to the public. LAND TRUST shall be responsible for the costs of erecting and maintaining such signs or markers.

(e) **Implement Conservation Improvements.** To work with the LANDOWNER, in the LANDOWNER's sole discretion, to develop joint projects for the purpose of identifying and promoting ecological improvements or enhanced management techniques which may restore or enhance the Easement Area. Such improvements and/or techniques shall not impose involuntary costs on any party hereto and will not unduly interfere with agricultural production, farming or ranching uses, including orchards, cattle ranching or horse breeding, or LANDOWNER's quiet enjoyment of the Property as described herein.

3. PERMITTED USES AND PRACTICES. The principal permitted uses of the Easement Area shall be confined to (i) agriculture, (i.e. ranching and farming) as described in this Section 3, and (ii) those specific residential uses described in Section 3(b)(5)(i). Accessory and incidental uses also may be allowed provided they are related, appropriate and subordinate to the principal permitted uses.

(a) **Farmstead Envelopes.** Farmstead Envelopes define areas within the Easement Area that may be occupied, in whole or in part, by buildings and structures and are depicted in Exhibit B. The location of the Farmstead Envelopes may be modified or relocated with prior approval of LAND TRUST, provided that the modification or relocation of the Farmstead Envelopes does not substantially interfere with, impair or otherwise burden the Conservation Values.

(1) **Uses and Improvements Outside the Farmstead Envelope.** Uses and improvements located outside of Farmstead Envelopes shall be restricted to allowable agricultural uses and improvements as defined in this Section 3, Paragraphs (b)(1) [Agricultural Uses], (b)(2) [Animal Boarding and Breeding Activities], (b)(3) [Additional Agricultural Structures, Grading and Improvements], and (b)(4) [Improvements for Adjacent Development].

(2) Uses and Improvements in the Farmstead Envelope Within the Farmstead Envelopes, the allowable residential uses shall be restricted to allowable agricultural uses and improvements as (i) defined in this Section 3, Paragraph (b)(5)(i) [Residential Use Within the 2-Acre Building Site], and (ii) confined to a maximum footprint of two acres (“Residential Building Site”). The balance of the areas within each Farmstead envelope shall be restricted to allowable agricultural and residential accessory uses and improvements as defined in this Section 3, paragraphs (b)(5)(ii) [Residential Use Within the Farmstead Envelope Outside the 2-Acre Building Site], (b)(1) [Agricultural Uses], (b)(2) [Animal Boarding and Breeding Activities], (b)(3) [Additional Agricultural Structures, Grading and Improvements], and (b)(4) [Improvements for Adjacent Development].

(b) Permitted Uses The following uses and practices, if in accordance with federal, state and county laws and ordinances, and to the extent not inconsistent with the purpose of this Easement, are specifically permitted anywhere on the Easement Area except the residential use, practices and structures described in Section 3(b)(5), which will be located as described therein.

(1) Engage in Agricultural Uses. To engage in any and all agricultural uses of the Easement Area in accordance with sound, generally accepted agricultural management practices, except as specifically prohibited. The term “agricultural uses” shall be defined as breeding, raising, pasturing and grazing livestock of every nature and description for production of food and fiber; breeding, raising and boarding of horses, bees poultry and other fowl; planning raising, harvesting and producing agricultural, aquacultural, horticultural and forestry crops and products of every nature and description; and the processing, storage and sale, including direct retail sale to the public, of crops and products harvested and produced on the Easement Area. Such agricultural uses shall not result in significant soil degradation, significant pollution or degradation or any surface or subsurface waters or significant impairment of open spaces vistas, and shall be consistent with the purpose of this Easement.

(i) All owners within the Easement Area shall be required to employ best management practices with regard to all agricultural operations. As used herein, the term “best management practices” means and includes a practice or combination of practices that are determined to be of the most effective manner of developing, operating and sustaining agricultural uses while minimizing the amount of pollution generated by non-point source, consistent with advisory guidelines of the U.S. Department of Agriculture (Natural Resources Conservation Service), University of California at Davis (Agricultural Extension), and associated governmental agencies.

(ii) Individual owners (on their own accord or in cooperation with others or as required by the County pursuant to the Rescission Agreement) may retain a professional manager to assist the owners in their respective operations as well as coordinate access and maintenance of support infrastructure.

(2) Animal Boarding and Breeding Activities.

(i) **Incidental Use.** Incidental animal boarding and/or breeding facilities, whether for commercial or personal use shall be subject to the following limitations:

a. Only one incidental boarding and/or breeding facility may be located on any legal lot within the Easement Area that contains a minimum of 20 acres.

b. Any facilities required for incidental personal or commercial boarding/breeding use shall be limited to 3% of the legal lot areas or 2 acres, whichever is less.

c. At least 50% of the legal lot on which the animal boarding and/or breeding facilities are located is devoted to an active agricultural operation.

(ii) **Principal Use.** Animal boarding and/or breeding facilities may occupy the Easement Area as a principal permitted use subject to the following limitations:

a. The legal lot on which the animal boarding and/or breeding facilities are located must be a minimum of 100 acres.

b. A minimum of 20 acres of irrigated pasture must be maintained on each legal lot on which the animal boarding and/or breeding facilities are located.

c. The total area of land covered by all permanent improvements devoted to animal boarding and/or breeding facilities, excluding the Residential Building Site, shall not exceed 10 acres of the Easement Area. As used herein, the term “permanent improvements” includes any object affixed to the ground, landscaping, buildings, and structures, such as stables and exercise rings.

(3) Additional Agricultural Structures, Grading and Improvements. To allow additional structures accessory to the agricultural uses of the Property, including the enlargement of existing structures that are reasonably necessary for the agricultural uses of the Easement Area, and new buildings or other structures and improvements, including water wells, pump houses, barns, animal shelters, service sheds, vehicle and equipment repair facilities and loading docks, to be used solely for on-site agricultural purposes, including the processing or sale of farm products predominantly grown or raised on the Easement Area or on other land owned or leased by in the vicinity of the Easement Area. Agricultural structures shall not be used for human habitation. Agricultural grading to prepare land for planting of crops and to control erosion, in accordance with sound, generally accepted agricultural management practices, is permitted without prior approval, provided such grading does not significantly alter the general topography or natural drainage of the Easement Area, or result in significant siltation to any creek or the ocean. However, structures visible from a public road, or over ten thousand (10,000) square feet may be built only with the advance written permission of the LANDTRUST, which permission shall be conditioned upon Landowners’ showing that the proposed structure shall be designed, located and constructed so as not substantially to interfere with, impair or otherwise burden public views and the Conservation Values.

(i) For any non-residential building, structure or facility existing on the Effective Date, Landowner may enlarge each (by not more than a cumulative fifty percent (50%)), repair and replace, with a like building, structure or facility at its existing location, without permission from LANDTRUST.

(ii) For any new non-residential building, structure or facility, or for any enlargement greater than a cumulative fifty percent (50%), Landowner must first obtain the written consent of LANDTRUST, which consent shall be granted if Landowner demonstrates that the proposed construction or enlargement is in support of the permitted uses of the Easement Area, provided that development shall be designed, located and constructed so as not substantially to interfere with, impair or otherwise burden the Conservation Values.

(iii) Enlargement shall be determined based upon the size of the building, structure or facility on the Effective Date.

(4) Improvements for Adjacent Development. This Easement is entered into in connection with Santa Barbara County's approval of a residential subdivision and other development on land adjacent to the Easement Area depicted on **Exhibit D** ("Adjacent Lands") and development of infrastructure, facilities, improvements and structures related thereto. Permitted uses include to construct, repair, replace and maintain infrastructure, facilities, improvements and structures related to development of the subdivision and other development on lands adjacent to the Easement Area depicted in **Exhibit D** approved by the County of Santa Barbara or permitted by the County Land Use and Development Code. This Easement shall not preclude construction, repair, replacement, enlargement or maintenance of any structure, facilities, improvement, or infrastructure to facilitate such development or other development on Adjacent Land within the areas depicted in **Exhibit D**.

(5) Residential Use.

(i) Within the 2-Acre Residential Building Site:

a. LANDOWNER may construct, repair, replace and maintain one single-family residence within each Residential Building Site.

b. LANDOWNER may construct, repair, replace and maintain accessory structures allowed for each single family residence permitted herein within the Residential Building Site, provided that such accessory structures are limited to a single, separate guest house or artist studio; and such incidental residential accessory structures as are permitted for a single agricultural parcel by the County zoning ordinance.

c. All uses specified in Paragraphs 3(a)(2).

(ii) Within the Farmstead Envelope, Outside the 2-Acre Residential Building Site:

a. Incidental residential accessory structures as are permitted for a single agricultural parcel.

b. All uses specified in Section 3(a)(2).

(iii) Additional Terms. In furtherance of defining allowable residential development within the Conservation Easement, the following restrictions shall also apply:

a. The two (2) existing single-family dwellings (located on Lots DP-14 and DP-16, depicted on Exhibit B and detailed on attached Table 1) and accessory structures may be repaired, enlarged (each by not more than a cumulative fifty percent (50%) and replaced at their current locations without further permission from LANDTRUST. Enlargement shall be determined based upon the size of the building, structure or facility on the Effective Date.

b. Four (4) new single-family residential dwellings (located on Lots DP-12, DP-13, DP-15 and DP-20, and one (1) new replacement dwelling on DP-16, as depicted on Exhibit B and detailed in attached Table 2) and accessory structures may be constructed in the residential building envelope designated on Exhibit B without further permission from LANDTRUST.

c. The existing Ranch Worker Housing depicted on Exhibit B, and detailed in attached Table 1, and accessory structures may be repaired, enlarged (each by not more than a cumulative fifty percent (50%)) and replaced at their current locations without further permission from LANDTRUST. Enlargement shall be determined based upon the size of the building, structure or facility on the Effective Date.

d. All dwelling structures permitted pursuant to Section 3(b)(5)(i) and (iii) must be occupied by LANDOWNER, LANDOWNER's bona fide employees, LANDOWNER's tenant(s) or employees of the tenant(s), sharecrop tenant(s) or other farm employees, which may include paid family members or owners. Occupants of employee and worker dwellings shall be limited to persons retained by the LANDOWNER or LANDOWNER's tenants to perform agricultural services on the Easement Area. LAND TRUST must first approve changing the use of a dwelling originally built to house persons hired for work on the Easement Area.

(6) Existing Structures. To maintain, repair, replace and use existing structures identified in the Baseline Conditions Report as existing at the time that report is prepared and all roads, ditches, water lines, and improvements on the Easement Area. Existing structures on the Easement Area may be repaired, reasonably enlarged and replaced at their current location without further permission of LAND TRUST, provided that such repair, enlargement, or replacement does not substantially interfere with, impair or otherwise burden the Conservation Values. LANDOWNER shall notify and obtain approval of LAND TRUST before enlarging any building by more than fifty percent (50%) from its original size.

(c) Other Permitted Uses. In addition to the foregoing permitted uses, the following activities and uses are permitted on the Easement Area:

(1) Fences. To repair and replace at their existing locations in the Easement Area, existing fences, scales and corrals for purposes of reasonable and customary

management of livestock and wildlife, without further permission from LAND TRUST. New fences, scales and corrals at new locations may be constructed for such purposes without further permission from LAND TRUST, provided that any new fence shall be sited and designed to protect the Conservation Values, including but not limited to wildlife movement.

(2) **Water Resources.** To develop and maintain such water resources and improvements on the Easement Area under preexisting water agreements and as are necessary or convenient for agricultural, conservation and residential uses in a manner consistent with the purpose of this Easement, including reservoirs, ponds, waterlines, and irrigation ditches, provided such activities will ensure preservation and protection of the Conservation Values.

(3) **Use of Agrichemicals.** To use agrichemicals, including, but not limited to, fertilizers, pesticides, herbicides and fungicides in those amounts and with such frequency of application necessary to accomplish reasonable agricultural purposes; provided that such use shall be in accordance with county, state and federal laws and regulations, and such use shall be carefully circumscribed near surface water and seasonal water courses.

(4) **Control of Animals.** To control predatory and problem rodents and other animals, including boar and coyotes, by the use of selective control techniques.

(5) **Range and Brush Management.** To perform range improvement through brush clearing and related activities; and to control insects, disease and invasive plant species that are detrimental to rangeland utility or habitat value of the Easement Area; and to clear native vegetation when and where it is reasonably necessary for access to and fire safety clearance around permitted improvements; for fire prevention and protection, flood control and emergency purposes. Range and brush management shall use generally accepted management practices (including use of mosaic removal patterns) and shall minimize the removal of live native trees and avoid to the extent feasible disturbance to riparian or wetland areas.

(6) **Utility Easements.** To provide for utility easements to private, public and quasi-public utilities in furtherance of the purposes and uses allowed by this Easement, and for existing agricultural and residential uses of the Easement Area, with siting to avoid impairment of the Conservation Values to the extent feasible. Nothing herein shall preclude construction, repair, replacement, maintenance or operation of improvements pursuant to an easement of record prior to the Effective Date.

(7) **Hunting, Equine and Fishing Uses.** To engage in and permit others to engage in hunting, horse riding, and/or fishing on the Easement Area; provided that such activities require no surface alteration or other development of the land (except as allowed by Section 3(b)(2) or as agreed to by the LANDOWNER AND LAND TRUST) and do not significantly interfere with, burden or otherwise impair the Conservation Values.

(d) **County Regulations.** The provisions of this Easement with respect to use and occupancy of the Easement Area and construction or reconstruction of buildings, facilities and all other structures located thereon is expressly subject to construction and zoning regulations of the County or other governmental entity having jurisdiction over such construction or reconstruction, and no approval granted by LAND TRUST, or any other understanding as to

permitted uses and improvements under this Easement, shall relieve LANDOWNER from obtaining all necessary land use and building approvals from the County or other governmental entity having jurisdiction over such construction or reconstruction in accordance with regulations in effect at the time application is made for such approval.

4. PROHIBITED AND LIMITED USES. Unless otherwise permitted, any activity on or use of the Easement Area that is inconsistent with the purpose of this Easement is prohibited. LANDOWNER promises that it will not perform, or knowingly allow others to perform, any act or use on or affecting the Easement Area described above in conflict with the covenants set out in this Conservation Easement. LANDOWNER authorizes LAND TRUST to enforce these covenants, including restoration at LANDOWNER's sole cost and expense where reasonably appropriate. Without limiting the generality of the foregoing, the following activities and uses are inconsistent with the Conservation Values of this Easement and are expressly prohibited:

(a) Subdivision. The subdivision of the Easement Area, whether by physical, legal or any other process, is prohibited, except as authorized by the County Board of Supervisors in conjunction with its approval of the Santa Barbara Ranch Project (Case No. 03DVP-00000-00041 et al.) as depicted in Exhibit B. Following recordation of a final map or lot line adjustment establishing the boundaries of the legal lots, the Easement Area shall be comprised of __ legal lots, including __ legal lots south of Highway 101, as shown on Exhibit B and __ legal lots north of Highway 101 as shown on Exhibit B.

(b) Development Rights. LANDOWNER hereby grants to LAND TRUST all of LANDOWNER's rights to develop the Easement Area, except as specifically reserved to LANDOWNER herein, that are now or hereafter allocated to, implied, reserved or inherent in the Easement Area, and the parties agree that such rights are terminated and extinguished, and may not be used on or transferred to any portion of the Easement Area as it now or hereafter may be bounded and described, or to any other property adjacent or otherwise. The Easement Area may not be used for the purpose of calculating permissible development or lot yield of any other property, provided, however, that a lease of a portion or all of the Easement Area for agricultural use shall not be prohibited by this paragraph. LANDOWNER will not apply for or otherwise seek recognition of additional legal parcels within the Easement Area based on certificates of compliance or any other authority.

(c) Construction of Buildings, Facilities and Other Structures. The construction or reconstruction of any building, facility or structure of any type except those existing on the date of this Conservation Easement, or those constructed pursuant to a preexisting easement of record as of the Effective Date, or those vested or identified on the attached map as Exhibit D as part of the Santa Barbara Ranch/Dos Pueblos Ranch project approvals is prohibited, except as specified herein.

(d) Signs. No billboards shall be erected on the Easement Area. Signs denoting the names and addresses of residents on the Property, denoting allowable business uses, or describing other permitted activities on the Property, or to post the Property to control unauthorized entry or use, are permitted, insofar as such signs do not significantly impair the Conservation Values.

(e) **Paving and Road Construction.** Existing paved roads may be maintained, repaved and rebuilt on the original alignment at LANDOWNER's discretion without further permission from LAND TRUST. Roads providing access to residential and agricultural buildings existing as of the Effective Date or permitted to be constructed pursuant to this Easement, including unpaved roads existing at the Effective Date of this Easement and new roads approved by LAND TRUST may be paved at LANDOWNER's discretion without further permission of LAND TRUST. No other portion of the Easement Area presently unpaved shall be paved, nor shall any new road be constructed without permission of LAND TRUST. No other portion of the Easement Area presently unpaved shall be paved, nor shall any new road be constructed without permission of LAND TRUST, except for roads to access buildings and residential dwellings allowed by this Easement or constructed pursuant to an easement of record prior to the Effective Date. LAND TRUST shall not give such permission unless LANDOWNER demonstrates to LAND TRUST that the proposed paving, grading, or covering of soil, and the location and width of any such road, is necessary to meet governmental permit requirements, and otherwise will not substantially diminish or impair the Conservation Values. Existing unpaved road may be relocated and extended as unpaved roads as required by agricultural operations or to a natural condition. For purposes of this paragraph, "pave," "paved," or "paving" shall include covering of the soil surface with concrete, asphalt, or other material other than soil, provided that in order to make roads passable, the LANDOWNER may apply to existing or future roads on the Easement Area a reasonable amount of gravel.

(f) **Motorized Vehicles.** The use of motorized vehicles off of roads, except by LANDOWNER or others under LANDOWNER's control for agricultural, residential or related uses of the Easement Area; provided that other uses of motorized and/or off-road vehicles may be permitted within the Easement Area when necessary for maintenance of utilities, retrieval of large game, or for emergency purposes. Motorized vehicle races and the construction of motorized off-road vehicle courses are specifically prohibited.

(g) **Erosion.** Any use or activity which causes significant degradation of topsoil quality, significant pollution or a significant increase in the risk of erosion in the Easement Area is prohibited.

(h) **Mining.**

(1) **Surface Mining.** The mining, extraction, or removal of soil, sand, gravel, oil, natural gas, fuel, or any other mineral substance, using any surface mining method on the Easement Area, is prohibited. Notwithstanding the foregoing, soil, sand, gravel or rock may be extracted without further permission from LAND TRUST provided that such extraction is of material solely for use on the Easement Area, is in conjunction with and in furtherance of activities permitted herein, is accomplished in a manner which does not interfere with, impair or otherwise burden the Conservation Values, and does not disturb more than two percent of the Easement Area, and does not disturb more than one acre at any one time. Upon completion of the extraction, the surface shall be restored to substantially the same condition as existed prior to the extraction.

Notwithstanding any other provision herein, this section shall be interpreted in a manner consistent with section 170(h) of the Internal Revenue Code, the Treasury

regulations adopted pursuant thereto, and any other successor provisions addressing the same subject.

(2) **Mineral Rights.** **LANDOWNER'S** existing right, title, and interest in subsurface oil, gas, and minerals on the Easement Area shall not be sold separately from the surface property on the Easement Area, and the manner of exploration for; and extraction of any oil, gas or minerals shall be only by a subsurface method, shall not damage, impair or endanger the protected Conservation Values, and shall be limited to such activities as are permitted under Internal Revenue Code Section 170(h)(5) and applicable Treasury Regulations.

(i) **Watercourses.** The alteration or manipulation of watercourses located on the Easement Area is prohibited, except (i) as permitted in Section 3 and (ii) that the creation of new water impoundments or watercourses for purposes related to permitted agricultural uses of the Easement Area or for the enhancement of natural resource values is allowed with the prior consent of LAND TRUST and where such new impoundments or watercourses will not significantly impair the Conservation Values.

(j) **Tree Removal.** Living native trees on the Easement Area may be removed only to control insects and disease or promote the ecological health of the trees or woodland under the direction of a qualified biologist, or to prevent personal injury and property damage, or when necessary and unavoidable to complete improvements permitted under the Easement. This paragraph shall not apply to the removal of orchards and/or tree farming on the property for agricultural purposes.

(k) **Trash.** The dumping or accumulation of any kind of trash, refuse or derelict equipment on the Easement Area is prohibited. However, this prohibition shall not be interpreted to prevent (a) the storage or accumulation of agricultural products and byproducts on the Easement Area in accordance with all applicable laws and regulations and in a manner does not impair the Conservation Values, or (b) the application of organic material, other than biosolids, which is generated by permitted agricultural uses on the Easement Area; provided that stockpiling or composting of organic materials shall be limited to agricultural support areas designated on the map attached hereto as "**Exhibit B**" and incorporated herein by reference and in accordance with applicable federal, state and local laws and generally accepted agricultural management practices.

(l) **Other Incompatible Uses.** The use of the Easement Area for construction or operation of a golf course, commercial recreational facility, commercial poultry or hog facility, or similar high intensity activity is prohibited.

(m) **Industrial, Recreational and Non Agricultural Commercial Uses.** All industrial and non-agricultural commercial uses, structures and improvements of the Easement Area not expressly authorized herein are prohibited. Passive recreational uses by residents and guests on the Easement Area (such as wildlife viewing, photography, hiking, equestrian trail riding), and temporary commercial uses (such as hunting, fishing, film location rentals, research and educational programs), are permitted without further permission from LAND TRUST provided, that no such use or associated facility shall be allowed to interfere with, impair or

otherwise burden the Conservation Values. All other recreational and non-agricultural commercial uses, including construction of structures or improvements not otherwise permitted by this Easement, are prohibited.

(n) **Animal Feedlots or Greenhouses.** The construction, maintenance or use of any commercial animal feedlot or greenhouse operation on the Easement Area; provided, however, that the area on which the commercial animal feedlot is operated may not total more than five (5) acres of land and the commercial animal feedlot shall be restricted to animals raised on the Easement Area or on the easement areas of the Dos Pueblos Ranch; and greenhouses may be allowed only for the growing seedlings or plants which will be transplanted to areas within the Easement Area, but such greenhouses shall not total more than two (2) acres. The location of any commercial animal feedlot or greenhouse shall not significantly impact views from the Highway 101 corridor. Future expansion of existing aquaculture facility shall be limited to approximately 15 acres delineated on **Exhibit B**.

5. **RESERVED RIGHTS.** LANDOWNER reserves to itself, and to its personal representatives, heirs, successors and assigns, all rights accruing from the ownership of the Property, including the right to engage in, or permit or invite others to engage in, all uses of the Easement Area that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement. Without limiting the generality of the foregoing, the following rights are expressly reserved:

(a) **Water Rights.** LANDOWNER shall retain, maintain and preserve the right to use all water rights LANDOWNER possesses on the Effective Date associated with the Easement Area, which LANDOWNER represents are sufficient to sustain present and future agricultural productivity and other Conservation Values on the Easement Area. LANDOWNER shall not transfer, sell, encumber or otherwise separate such water rights from the Easement Area. LANDOWNER may lease water rights from the Easement Area for a term that, including renewal periods, does not exceed ten (10) years, provided that LANDOWNER shall demonstrate to LAND TRUST's satisfaction that any water rights proposed to be leased are not necessary to sustain present or future agricultural productivity or other Conservation Values on the Easement Area. LANDOWNER shall reimburse LAND TRUST for its costs and expenses of reviewing such lease proposal for compliance with the foregoing provisions.

(b) **Mineral Rights.** All right, title, and interest in subsurface oil, gas, and minerals; provided, however, that the manner of exploration for, and extraction of any oil, gas or minerals shall be only by a subsurface method, shall not damage, impair or endanger the protected Conservation Values, and shall be limited to such activities as are permitted under Internal Revenue Code Section 170(h)(5) and applicable Treasury Regulations.

(c) **Responsibilities of LANDOWNER and LAND TRUST Not Affected.** Other than as specified herein, this Conservation Easement is not intended to impose any legal or other responsibility on the LAND TRUST, or in any way to affect any existing obligation of the LANDOWNER as owner of the Property. Among other things, this shall apply to:

(1) **Taxes.** LANDOWNER shall pay before delinquency all taxes, assessments, fees and charges of whatever description levied on or assessed

against the Property or the property underlying the Easement Area by competent authority. If the LAND TRUST is ever required to pay any taxes or assessments on the Property or Easement Area, LANDOWNER will promptly reimburse LAND TRUST for the same.

(2) Upkeep and Maintenance. LANDOWNER shall continue to be solely responsible for the upkeep and maintenance of the Easement Area. LAND TRUST shall have no obligation for the upkeep or maintenance of the Easement Area.

(3) Liability and Indemnification. In view of LAND TRUST's negative rights, limited access to the land, and lack of active involvement in the day-to-day management activities on the Easement Area, LANDOWNER shall and hereby agrees to indemnify, protect, defend and hold LAND TRUST, its officers, directors, members, employees, contractors, legal representatives, agents, successors and assigns (collectively "LAND TRUST") harmless from and against all liabilities, costs, losses, orders, liens, penalties, damages, expenses, or causes of action, claims, demands, or judgments, including without limitation reasonable attorney's fees, arising from or in any way connected with injury to or the death of any person, or physical damage to any property, or any other costs or liabilities resulting from any act, omission, condition, or other matter related to or occurring on or about the Easement Area, regardless of cause, unless solely due to the gross negligence or willful misconduct of the LAND TRUST. If LAND TRUST is required to indemnify a funding entity in order to secure funds to acquire this Conservation Easement, LANDOWNER shall indemnify LAND TRUST for that indemnification to the same extent as stated immediately above. LAND TRUST shall be named as an additional insured on all of LANDOWNER's insurance policies related to the Easement Area.

6. NOTICE AND APPROVAL. The purpose of requiring LANDOWNER to notify LAND TRUST prior to undertaking certain permitted activities is to afford LAND TRUST an adequate opportunity to review and monitor the activities in question to ensure that they are designed and carried out in a manner that is not inconsistent with the purpose of this Easement. Whenever notice is required as set forth in this Easement, or otherwise, LANDOWNER shall notify LAND TRUST in writing not less than thirty (30) days prior to the date LANDOWNER intends to undertake the activity in question. The notice shall describe the nature, scope, design, location and any other material aspect of the proposed activity in sufficient detail to permit LAND TRUST to make an informed judgment as to its consistency with the purpose of this Easement. LAND TRUST shall respond in writing within twenty (20) days of receipt of LANDOWNER's written request. LAND TRUST's approval may be withheld only upon a reasonable determination by LAND TRUST that the action as proposed would be inconsistent with the purpose of this Easement. LANDOWNER shall reimburse LAND TRUST for all costs and expenses incurred by LAND TRUST including reasonable attorneys' and consultants' fees and costs of: (i) LAND TRUST's review of any request by LANDOWNER for LAND TRUST's permission, consent or approval required or requested hereafter; and (ii) LAND TRUST's participation, at LANDOWNER's request, in any regulatory proceeding for consideration of proposed development or other use of the Easement Area allowed under this

Conservation Easement. Payment may be required in advance at the discretion of LAND TRUST.

7. PROPERTY MANAGEMENT AND ISSUE RESOLUTION.

(a) Management Practices. In order to protect the Conservation Values, LANDOWNER is encouraged to conduct all ranching and farming operations in accordance with best agricultural practices as defined in Section 3(b)(1). LAND TRUST believes that, in most cases, the existing stewardship on the ranches it selects for conservation easement projects has supported and enhanced the conservation values these ranches provide, and, consistent with that premise, LAND TRUST and LANDOWNER agree to take wherever possible a cooperative approach to monitoring and management of the Conservation Values. The parties will conduct joint qualitative monitoring to ensure that the Conservation Values are being protected. This monitoring will be supported through the Baseline Conditions Report and subsequent reviews, using photographs and narrative descriptions, among other evaluation tools. Monitoring will also consider issues such as site potential, weather conditions, unusual economic circumstances, vegetative variety and quality and trends in resource conditions. Land Trust may employ at its own expense such consultants as it deems necessary to perform or assist with monitoring the Easement.

(b) Management Plan. As a general matter, LAND TRUST believes that a written management plan is a useful tool for guiding resource stewardship; however, LAND TRUST will not require a written management plan except under the circumstances in the following Stage 1 and Stage 2 processes:

Stage 1: If the Baseline Conditions Report, or subsequent monitoring, has identified circumstances requiring improvement to protect the Conservation Values, LANDOWNER, upon written notice from LAND TRUST, shall develop a written management plan that addresses the particular resource management concern(s) identified by LAND TRUST. LANDOWNER shall be encouraged but not required to engage the services of a Certified Rangeland Manager, District Conservationist, or other qualified professional to assist LANDOWNER in the development of such a management plan. The required scope of the plan and the time allowed for its development shall depend on the nature and severity of the identified problems. The management plan shall be subject to LAND TRUST approval. LANDOWNER shall implement an approved plan for so long as is necessary to resolve the particular resource management problem(s) addressed by the plan. LAND TRUST shall monitor implementation of the plan, and results thereof, during its periodic monitoring, and may require modifications of the plan as the resource conditions warrant.

Stage 2: If LANDOWNER does not diligently act to develop a management plan required under the preceding Stage 1 circumstances, or if an identified problem persists, or if LANDOWNER and LAND TRUST disagree regarding the resource management concern(s) identified by LAND TRUST, then LAND TRUST, at LANDOWNER's expense, shall engage a Certified Rangeland Manager, District Conservationist, or other qualified professional to develop the management plan

and, as warranted, to recommend interim remedial measures for implementation pending the development of the management plan. The management plan, and any interim remedial measures, proposed by such qualified professional shall be subject to LAND TRUST approval. LANDOWNER shall implement an approved plan for so long as is necessary to resolve the particular resource management problem(s) addressed by the plan. LAND TRUST shall monitor implementation of the plan, and results thereof, during its periodic monitoring, and may require modifications of the plan as the resource conditions warrant.

(c) **Mediation and Arbitration.** If a dispute arises between the parties concerning the consistency of any existing or proposed use, structure or activity with the language and purpose of this Easement, and if the Parties agree, the dispute may be mediated by one to three persons long familiar with agricultural and conservation practices and conservation easements in Santa Barbara County. If the Parties agree, they may next request arbitration, supervised by the Santa Barbara County Superior Court, unless extraordinary relief or injunction is necessary when ongoing or imminent violation could substantially diminish or impair the Conservation Values as provided herein.

(d) **Judicial Enforcement.** If, in LAND TRUST's judgment, substantial resource damage is threatened or is occurring, or if LAND TRUST finds what it considers to be a violation of any provision of the Conservation Easement that, in LAND TRUST's judgment, cannot be satisfactorily addressed through the processes set forth in the preceding subsection, LAND TRUST has the right to bypass those processes and to instead pursue appropriate legal action; provided, that except when an ongoing or imminent violation could substantially diminish or impair the Conservation Values, or the parties have already met and discussed the violation, LAND TRUST shall give LANDOWNER written notice of the violation and, not later than fourteen (14) days after the delivery of such written notice, the parties shall meet to discuss the circumstances of the violation and to attempt to agree on appropriate corrective action. If the parties are unable to agree to corrective action, LAND TRUST may demand corrective action sufficient to cure the violation and, where the violation involves injury to the Easement Area resulting from any use or activity inconsistent with the purpose of this Easement, to restore that portion of the Easement Area so injured.

(e) **Injunctive Relief.** If LANDOWNER fails to cure the violation within a thirty (30) day period after receipt of notice thereof from LAND TRUST, or fails to continue diligently to cure such violation until finally cured, LAND TRUST may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, 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 Easement or injury to any Conservation Values, including damages for any loss thereof, and to require the restoration of the Easement Area to the condition that existed prior to any such injury.

(f) **Damages.** LAND TRUST shall be entitled to recover damages for violation of the terms of this Easement or injury to any of the Conservation Values protected by this Easement, including, without limitation, damages for the loss of Conservation Values. Without limiting LANDOWNER's liability therefor, LAND TRUST, in its sole discretion, may

apply any damages recovered to the cost of undertaking any corrective action on the Easement Area.

(g) Emergency Enforcement. If LAND TRUST, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values, LAND TRUST may pursue its remedies under this Paragraph without waiting for the period provided for correction to expire.

(h) Scope of Relief. LAND TRUST's rights under this Paragraph shall apply equally to threatened as well as actual violations of the terms of this Easement, and LANDOWNER agrees that LAND TRUST's remedies at law for any violation of the terms of this Easement are inadequate and that LAND TRUST shall be entitled to the injunctive relief described in this Paragraph, both prohibitive and mandatory, in addition to such other relief to which LAND TRUST may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. LAND TRUST's remedies described in this Paragraph shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity. Furthermore, the provisions of California Civil Code Section 815, et seq., are incorporated herein by this reference and this Conservation Easement is made subject to all of the rights and remedies set forth therein. LAND TRUST retains the discretion to choose the appropriate method to enforce the provisions of this Easement, and shall not be required to exhaust the provisions of one subsection hereof in order to be entitled to the benefits of another.

(i) Expert Assistance. The opinions of any Certified Rangeland Manager, District Conservationist or other appropriate consultant or expert engaged to assist the parties in the resolution of any claim of injury to any Conservation Value shall be admissible in any judicial proceedings conducted with respect to that asserted violation.

(j) Costs of Enforcement. Any reasonable costs incurred by LAND TRUST in enforcing the terms of this Easement against LANDOWNER, including, without limitation, costs and expenses of suit and reasonable attorneys' fees, and any costs of restoration necessitated by LANDOWNER's violation of the terms of this Easement shall be borne by LANDOWNER; provided however that LANDOWNER shall not be responsible for the costs of restoration necessary to remedy damage to the Easement Area caused by the conduct of third parties acting without permission or knowledge of LANDOWNER. The prevailing party in any action brought pursuant to the provisions of this Easement shall be entitled to recovery of its reasonable costs of suit, including, without limitation, attorneys' and experts' fees, from the other party.

(k) Enforcement Discretion. Enforcement of the terms of this Easement shall be at the discretion of LAND TRUST, and any forbearance by LAND TRUST to exercise its rights under this Easement shall not be deemed or construed to be a waiver by LAND TRUST of such rights or of any subsequent breach of the same or any other terms of this Easement, or of its rights under the Easement. No delay or omission by LAND TRUST in the exercise of any right or remedy upon any breach by LANDOWNER shall impair such right or remedy or be construed as a waiver, and LANDOWNER hereby waives any defense of laches, estoppel or prescription.

(l) **Acts Beyond Landowner's Control.** Nothing contained in this Easement shall be construed to entitle LAND TRUST to bring any action against LANDOWNER for any injury to or change in the Easement Area resulting from causes beyond LANDOWNER's control, including, without limitation, fire, flood, storm and earth movement, or actions by persons outside the control and knowledge of LANDOWNER, or from any prudent action by LANDOWNER under emergency conditions, to prevent, abate or mitigate significant injury to the Easement Area or human life resulting from such causes.

(m) **Enforcement Rights of California Department of Conservation.** In the event LAND TRUST fails to enforce any term, condition, covenant or restriction of this Easement, the Director of the Department and his or her successors and assigns shall have the right to enforce this Easement and shall be entitled to exercise the right to enter the Property granted to LAND TRUST. Except when the Director of the Department determines that immediate entry or enforcement action is required to prevent, terminate or mitigate a violation of this Easement, the Department shall notify LAND TRUST thirty (30) days prior to exercising its enforcement rights and provide LAND TRUST reasonable opportunity to cure the failure to enforce.

(n) **Enforcement Rights of County of Santa Barbara.** With respect the County's rights as a third party beneficiary set forth in Section 20, in the event LAND TRUST fails to enforce land use terms, conditions, covenants or restrictions of this Easement set forth in Section 3, the County shall have the right to enforce the provisions of Section 3 and shall be entitled to exercise the right to enter the Property granted to LAND TRUST. Except when the County determines that immediate entry or enforcement action is required to prevent, terminate or mitigate a violation of Section 3 of this Easement, the County shall notify LAND TRUST thirty (30) days prior to exercising its enforcement rights and provide LAND TRUST reasonable opportunity to cure the failure to enforce.

8. **NO PUBLIC DEDICATION OR PUBLIC ACCESS.** Nothing contained in this Conservation Easement shall be deemed to be a gift or dedication of any portion of the Easement Area for use by the general public. This instrument does not convey a general right of access to the public.

9. **LANDOWNER'S TITLE WARRANTY.** LANDOWNER represents and warrants that LANDOWNER has good fee simple title to the Easement Area, free from any and all liens or encumbrances including without limitation, any deeds of trust or mortgage, or that any lender has subordinated to this agreement and hereby promises to defend the same against all claims that may be made against it. LANDOWNER represents and warrants that the Easement Area is not subject to any other conservation easement. LANDOWNER may grant any subsequent conservation easements on the Easement Area provided that such easements do not interfere with or reduce the Conservation Values of this easement. LAND TRUST shall be notified at least ninety days in advance, in writing, of any proposed conservation or other easement for the Easement Area, which notice shall include the proposed easement.

10. **ENVIRONMENTAL PROVISIONS**

(a) LANDOWNER's Environmental Warranty. LANDOWNER warrants that LANDOWNER has no knowledge of a release or threatened release of hazardous substances or wastes on or that could affect the Easement Area and agrees to indemnify, defend, protect and hold LAND TRUST, its directors, officers, employees, agents, and contractors, and their heirs, successors, and assigns, harmless from and against all litigation costs, demands, penalties, damages, liabilities, claims or expenses (including reasonable attorney fees) arising from or connected with any release of hazardous waste or violation of federal, state, or local environmental laws as a result of or arising out of the activities of LANDOWNER on the Property or any breach of this Conservation Easement.

(b) LAND TRUST Not An Owner, Operator, Or Responsible Party. Notwithstanding any other provision herein to the contrary, the parties do not intend this Conservation Easement to be construed such that it creates in or gives the LAND TRUST:

- (1) the obligations or liability of an "owner" or "operator" as those words are defined and used in environmental laws, as defined below, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 USC § 9601 et seq. and hereinafter cited as "CERCLA");
- (2) the obligations or liability of a person described in 42 USC § 9607(a)(3) or (4); or the obligations of a responsible person under any applicable Environmental Laws, as defined below;
- (3) the right to investigate and remediate any Hazardous Materials, as defined below, associated with the Property; or
- (4) any control over LANDOWNER's ability to investigate, remove, remediate, or otherwise clean up any Hazardous Materials associated with the Property.

(c) Assumption of Environmental Liabilities and Indemnification. From and after acquisition of the Easement by LAND TRUST or any of LAND TRUST's successors or assigns (whether by operation of law or otherwise), LANDOWNER and LANDOWNER's successors in interest shall be solely responsible for and agree, jointly and severally: (1) to assume all past, present and future liabilities, whether known and unknown and whether now existing or hereafter discovered, arising out of and related to environmental conditions of whatsoever kind or nature on, under or affecting the Property, including, without limitation, with respect to the presence or release of Hazardous Substances; and (2) to indemnify, protect and defend with counsel acceptable to LAND TRUST, and hold LAND TRUST and its directors, officers, employees, agents, attorneys, representatives, successors and assigns (the "Indemnified Parties") harmless from and against any claims (including, without limitation, third party claims for personal injury or death, damage to property, or diminution in the value of property), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), remedial action, compliance requirements, enforcement and clean-up actions of any kind, interest or losses, attorneys' fees (including any fees and expenses incurred in enforcing this indemnity),

consultant fees, and expert fees that arise directly or indirectly from or in connection with: (i) the presence, suspected presence or Release of any Hazardous Substance whether into the air, soil, surface water or groundwater of or at the Property; (ii) any violation or alleged violation of any applicable Environmental Laws affecting the Property, whether occurring prior to or during LANDOWNER's ownership of the Property and whether caused or permitted by LANDOWNER or any person other than LANDOWNER; (iii) any claim or defense by LANDOWNER or any third party that any Indemnified Party is liable as an "owner" or "operator" of the Property under any applicable Environmental Laws; or (iv) any breach of the representations and warranties set forth in this Easement.

11. LAND TRUST TRANSFER OF EASEMENT. LAND TRUST may transfer this Easement to (1) any public agency authorized to hold interests in real property as provided in Section 815.3 of the Civil Code of California; or (2) any private nonprofit organization that, at the time of transfer, is a "qualified organization" under Section 170(h) of the U.S. Internal Revenue Code and under Section 815.3(a) of the Civil Code of California. In selecting an appropriate transferee entity, preference will be given to a qualified conservation organization; then secondary preference to a qualified agency or organization with an agricultural conservation purpose, which has board, staff, or consultants with practical agricultural management experience, and which agency or organization expressly agrees to assume the responsibility imposed on the LAND TRUST by this Conservation Easement. If such agency or organization cannot be found, or is not suitable for any reason, then another qualified agency or organization which expressly agrees to assume the responsibility imposed on the LAND TRUST by this Conservation Easement may be selected. LANDOWNER shall be provided notice of any proposed transfer, information about proposed transferee(s), and opportunity for input. For any voluntary transfer, LAND TRUST must obtain written approval of the Director of the Department of Conservation, which permission shall not unreasonably be withheld.

If LAND TRUST ever ceases to exist or no longer qualifies under Section 170(h) of the U.S. Internal Revenue Code, or applicable state law, a court of competent jurisdiction shall transfer this Conservation Easement to another qualified organization having substantially similar purposes that agrees to assume the responsibilities imposed on LAND TRUST by this Conservation Easement, provided that LANDOWNER shall be provided notice of and an opportunity to participate in the court proceedings. As a condition of such transfer, LAND TRUST shall require that the conservation purpose set forth in this Easement continue to be carried out and enforced.

12. LANDOWNER TRANSFER OF PROPERTY. Any time Property subject to the Easement or any interest in it is transferred by the LANDOWNER to any third party, the LANDOWNER shall notify the LAND TRUST in writing prior to the transfer of the Easement Area interest, and the deed of conveyance shall expressly refer to this Conservation Easement. Failure to notify LAND TRUST or include the required reference to this Conservation Easement in the deed shall not affect the continuing validity and enforceability of this Conservation Easement. A transfer of the Easement Area or any portion thereof may result in an additional burden on the monitoring and enforcement responsibilities of LAND TRUST. Therefore, each transfer, except for (a) transfers solely to change the method of holding title by the same party or parties, and (b) inter-generational transfers between members of the same family, shall require the payment of a transfer fee to the LAND TRUST's monitoring fund in the amount of four

tenths of one percent (0.4%) of the fair market value of that portion of the Easement Area transferred. LAND TRUST may reduce or waive this fee at its sole discretion.

13. AMENDMENT. This Conservation Easement may be amended only with the written consent of LAND TRUST and LANDOWNER, and with the written consent of the Director of the Department of Conservation. Any such amendment shall be consistent with the purposes of this Conservation Easement and shall comply with Section 170(h) of the U.S. Internal Revenue Code, California Civil Code Section 815, et seq., or any regulations promulgated in accordance with that section. Any such amendment shall also be consistent with California law governing conservation easements. No amendment shall diminish or affect the perpetual duration or the Purpose of this Easement. LANDOWNER shall reimburse LAND TRUST for its reasonable expenses associated with review and approval of any amendment initiated by LANDOWNER.

14. EXTINGUISHMENT. If circumstances arise in the future which render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. LAND TRUST and LANDOWNER shall notify one another and the Director of the Department of Conservation at least thirty (30) days prior to the initiation of any proceedings to extinguish this Easement. The proceeds, if any, from such extinguishment to which LAND TRUST shall be entitled, as determined by the court, shall be the stipulated fair market value of the Easement, or proportionate part thereof, and shall be used by LAND TRUST in a manner consistent with its conservation purposes, which are exemplified by this Conservation Easement.

15. CONDEMNATION. If all or any part of the Easement Area is taken by exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation, whether by public, corporate or other authority, so as to terminate this Easement, in whole or in part, LANDOWNER and LAND TRUST shall act jointly to recover the full value of the interests in the Easement Area subject to the taking or in lieu purchase and all direct or incidental damages resulting from such taking. All expenses reasonably incurred by LANDOWNER and LAND TRUST in connection with the taking or in lieu purchase shall be paid out of the amount recovered. The LAND TRUST shall be entitled to share in the balance of the amount recovered which shall be determined by multiplying the balance recovered by the ratio of the value of the Easement to the value of the Easement Area unencumbered by the Easement determined at the time of such condemnation. If only a portion of the Easement Area is subject to such exercise of eminent domain, this Conservation Easement shall remain in full force and effect as to all other portions of the Easement Area.

16. VALUATION. This easement constitutes a real property interest immediately vested in LAND TRUST. For the purpose of Section 14 dealing with Extinguishment, the parties stipulate that this Easement has a fair market value determined by multiplying (a) the fair market value of the Easement Area unencumbered by the Easement (minus any increase in value attributable to improvements made after the date of this Conservation Easement) by (b) the ratio of the value of the Conservation Easement to the value of the Easement Area unencumbered by the easement; provided, that LANDOWNER and LAND TRUST agree that such ratio shall not be less than [percent (%) *Insert appropriate number from appraisal*], which is the ratio

determined by an appraisal approved by the parties as of the time of the granting of this Conservation Easement.

17. SUBORDINATION. If at the time of conveyance of this Easement, the Easement Area is subject to any mortgage or deed or trust encumbering the Easement Area, LANDOWNER shall obtain from the holder of any such mortgage or deed of trust an agreement to subordinate its rights in the Easement Area to this Easement to the extent necessary for the LAND TRUST to enforce the purpose of this Easement in perpetuity and to prevent any modification or extinguishment of this Easement by the exercise of any rights of the mortgage or deed of trust holder.

18. GENERAL PROVISIONS.

(a) **Controlling Law.** The interpretation and performance of this Easement shall be governed by the laws of the State of California.

(b) **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement.

(c) **Severability.** If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

19. PERPETUAL DURATION. The easement created by this instrument shall be a servitude running with the land in perpetuity. Notwithstanding the early withdrawal provisions of California, Public Resources Code Section 10270, the Conservation Easement and associated covenants shall be recorded against the property and run in perpetuity regardless of changes in ownership. Every provision of this Conservation Easement that applies to LANDOWNER and LAND TRUST shall also apply to and be binding upon their respective agents, heirs, beneficiaries, executors, administrators, successors and assigns.

20. SANTA BARBARA COUNTY AS THIRD PARTY BENEFICIARY. The County shall be named as a non-signatory third party beneficiary with the right, but not the obligation, to enforce this Easement with regard to land use, provided, further, that this Easement may not be amended without the County's prior written approval.

21. NOTICES. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other shall be in writing and either served personally or sent by United States certified mail, return receipt requested, or by another common method or service where receipt is confirmed, addressed as follows or such other address as either party from time to time shall designate by written notice to the other.

To LANDOWNER: _____

To LAND TRUST:

California Rangeland Trust
Attn: Executive Director
1225 H Street
Sacramento, CA 95814

22. LAWS CURRENTLY IN EFFECT. All references in this Conservation Easement to statutes, regulations and other laws shall be deemed to refer to those statutes, regulations and laws currently in effect, or as amended (or any successor provision then applicable).

23. ENTIRE AGREEMENT. This instrument sets forth the entire agreement of the parties with respect to the Easement Area and supersedes all prior discussions, negotiations, understandings or agreements relating to the Easement Area, all of which are herein merged.

24. COUNTERPARTS. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it.

25. EXHIBITS. The exhibits attached hereto are incorporated herein by this reference:

Exhibit A: Property Legal Description (To Be Created)
Exhibit B: Conservation Easement Exhibit Map
Exhibit C: Permitted Encumbrances (Title Report To Be Attached)
Exhibit D: SEE PARAGRAPHS 3(d)(4) and 4(c) for description
Table 1: Existing Building Inventory
Table 2: County Approved New Building Inventory
Table 3: Easement Parcel Matrix
Additional maps and exhibits as deemed necessary

26. EFFECTIVE DATE. This Conservation Easement is effective upon recordation in the Official Records of the County of Santa Barbara, State of California.

Agreed to and executed by:

LANDOWNER:

Title
Schulte Family Trust
Attn: Henry Schulte

Date

Dos Pueblos Ranch Office
Route 1, Box 228
Goleta, CA 93117

CALIFORNIA RANGELAND TRUST

By: _____ Date _____
 [Insert name], President

By: _____ Date _____
 [Insert name], Secretary

[Add notary acknowledgments.]

**Table 1
Existing Building Inventory**

Existing Conditions			
Lot #	Structure Description	Bldg. Sq. Ft.	Construction Date
DP-11	Reservoir (2)	n.a.	Unknown
	Barns/Corals	Unknown	Unknown
	Employee House 1-North	1,385	Unknown
	Employee House 2-North	4,530	Unknown
	Employee House 3-North	1,980	Unknown
	Employee House 4-North	2,590	Unknown
	Employee House 5-North	1,370	Unknown
DP-12	None.	n.a.	n.a.
DP-13	Metal Working Shop (Truck Garage)	4,599	1918
	New Maintenance Garage (Shop) (2)	5,055	1967
	Old Maintenance Garage (Shop)	4,630	1918
	West Horse Stable	5,375	Unknown
	East Horse Stable	8,615	1924
	Storage Barn No. 1 (Feed Storage)	1,665	1924
	Storage Barn No. 2 (Feed Storage)	1,620	1924
	Feed Mill Buildings (3)	780	Unknown
	Storage Shed/Maintenance Garage	11,975	1918
DP-14	Office	1,490	1926
	Guest Apts (2) Garage	2,595	1924
	Casa Grande (Main Residence; First Floor Only)	3,870	1924
	Storage Shed	1,070	1954
DP-15	Long Garage No. 1 & Shed	2,095	Unknown
	Boarding House (Ranch No. 1)	4,359	1926
	Residence (Ranch No. 2)	878	Unknown
	Residence (Ranch No. 5)	1,050	Unknown
	Duplex (Ranch Nos. 6 & 7)	1,732	1930
	Duplex (Ranch Nos. 8 & 9)	1,732	1930
	Long Garage No. 2	1,120	Unknown
	Residence (Ranch No. 10)	1,050	Unknown
	Nicolas A. Den Adobe Features	878	Unknown
	Mobile Home Trailers (3)	2,390	Unknown
	Dos Pueblos Creek Bridge	n.a.	Unknown
DP-16	Employee House No. 12	3,470	Unknown

Table 1 (Con't)
Existing Building Inventory

Existing Conditions			
Lot #	Structure Description	Bldg. Sq. Ft.	Construction Date
DP-17	Meatpacking Building & Garage (Meat House)	1,980	1947
	Pump House	88	1924
	Milking Barn & Silos (Dairy Barn)	3,320	1924
	Shop Building	1,180	Unknown
	Calving Barn (Bull Stalls)	5,415	1930
	Three Small Barns	6,000	Unknown
	Hay Barn	1,950	1924
	Historic El Camino Real & Stage Coach Road Fragment	n.a.	Unknown
	Employee House No. 11	832	1926
	Aquaculture Facilities (Hatchery)	3,340	1992
	Employee Trailer 4	1,250	Unknown
	X-Mas Tree Office	490	Unknown
DP-20	None	n.a.	n.a.

**Table 2
County Approved Building Inventory**

New Residential Development			
Lot #	Structure Description	Lot Area (Acres)	Development Envelop (Acres)
DP-11	Single Family Home, Guest House and Garage	2,003 (983 Acre Portion to CRT for this easement)	2.00
DP-12	Ranch Office, Horse Barn, Single Family Home, Guest House and Garage	20.63	4.25
DP-13	Single Family Home, Guest House and Garage	40.55	3.33
DP-14	None	35.72	3.75
DP-15	Single Family Home and Garage	34.63	2.00
DP-16	Replacement Single Family Home, Guest House and Garage	16.98	Footprint of Existing Home <1.00
DP-17	None	31.68	n.a
DP-18	None	2.83	n.a.
DP-20	Single Family Home, Guest House and Garage	15.02	2.00
Total Acres For This Easement = 1181.04			

Table 3 Easement Parcels Matrix	
Lot Number	Acres
DP-11	DOC ACE 2003 (983 Acre Portion to CRT for this easement)
DP-12	20.63 DOC ACE
DP-13	40.55 DOC ACE
DP-14	35.72 DOC ACE
DP-15	34.63 DOC ACE
DP-16	16.98 DOC ACE
DP-17	31.68 DOC ACE
DP-18	2.83 DOC ACE
DP-20	15.02 DOC ACE
Total Acres For This Easement = 1181.04	