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Recording requested by
and when recorded mail to:

The Nature Conservancy
Attn: Legal Department
201 Mission Street, 4th Floor
San Francisco, CA 94105

Space above this line reserved for Recorder's use

Grant Deed of Conservation Easement
(Irvine Ranch Land Reserve – Laguna Laurel)

This Grant Deed of Conservation Easement (this “**Deed**”), dated for reference purposes as of December 10, 2001, is entered into by and between **The Irvine Company**, a Delaware corporation (“**Grantor**”), and **The Nature Conservancy**, a District of Columbia non-profit corporation (“**Grantee**”), on the basis of the following facts and circumstances:

A. Since 1894 Grantor has owned the vast landholdings in Orange County, California, known as the “Irvine Ranch” (the “**Irvine Ranch**”). Grantor has designated substantial portions of the Irvine Ranch for open space and conversation purposes, and Grantor wishes to ensure that significant additional areas of the Irvine Ranch are used in perpetuity for conservation purposes.

B. Grantor owns that portion of the Irvine Ranch more particularly described in **Schedule 1** attached hereto (the “**Property**”) and generally depicted on the map attached hereto as **Schedule 2**.

C. The Property possesses significant natural, ecological, scenic, open space, recreational and educational values for conservation purposes (collectively, the “**Conservation Values**”), which are of importance to Grantor and Grantee, to the people of the County of Orange, and to the people of the State of California.

D. More specifically, the natural and ecological Conservation Values which the Property possesses include open space land, habitat, and habitat linkages essential to preserving various natural communities. Many sensitive, rare and endangered plant and animal species are dependent on such natural communities. The protection of the Property will also help support many non-listed species which are dependent on the water sources, nesting habitat and food sources found on the Property; will enhance connectivity between other nearby protected areas, parks, and/or watershed areas for wildlife; and will help ensure that this area and its existing features will continue to be conserved for its natural habitat values.

E. In addition, preservation of the Conservation Values of the Property will produce the significant public benefits of preserving open space against development pressure, providing protection for scenic qualities unique to the area, providing public access and venues for appropriate educational and recreational activities, and providing venues and targets for scientific study.

F. Grantor, as the owner of the Property, owns the right to identify, preserve, protect, and enhance the Conservation Values of the Property.

G. The State of California has recognized the public importance and validity of conservation easements by enactment of Sections 815 *et seq.* of the California Civil Code.

H. Grantee is a non-profit corporation incorporated under the laws of the District of Columbia and a tax-exempt public charity as described in Section 815.3 of the California Civil Code and the Internal Revenue Code of 1986, as amended, ("IRC") Sections 501(c)(3) and 509(a)(1); and a "qualified organization" within the meaning of that term in IRC Section 170(h), qualified to acquire and hold conservation easements.

Now, therefore, in consideration of the foregoing recitals, the respective agreements of the parties hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Sections 815 *et seq.* of the California Civil Code, the parties hereby agree as follows:

1. **Grant and Acceptance of Easement.** Grantor hereby grants in perpetuity to Grantee, and to the successors and assigns of Grantee, and Grantee hereby accepts, a conservation easement in gross on, over, and across the Property (the "**Easement**"), subject to and in accordance with the terms and conditions of this Deed. It is the intent of Grantor and Grantee, and it is the purpose of the Easement, that the Conservation Values of the Property be preserved and protected in perpetuity (the "**Easement Purposes**").

2. **Easement Documentation Report.** The parties acknowledge that certain natural, ecological and other attributes of the Property particularly relevant to the Easement are further documented in an inventory of such attributes, which is referred to hereinafter as the "**Easement Documentation Report.**" Grantor and Grantee each have a copy of the Easement Documentation Report, executed by both parties to acknowledge their approval and receipt of the Easement Documentation Report. The parties agree that the Easement Documentation Report contains an accurate representation of such natural, ecological and other attributes of the Property at the time that this Deed is recorded, and is intended to serve as an objective, though non-exclusive, information baseline for monitoring compliance with the terms of the Easement. The foregoing notwithstanding, if a dispute arises with respect to the nature and extent of the physical or biological condition of the Property, the parties shall not be foreclosed from utilizing any and all other relevant documents, surveys, or other evidence or information to assist in the resolution of the dispute.

3. **Rights Conveyed to Grantee.** The affirmative rights conveyed to Grantee by this Deed and pursuant to the Easement are as follows:

(a) The right to identify, preserve and protect in perpetuity the Conservation Values of the Property as follows:

(i) The right to access and enter upon the Property at all reasonable times, using any and all easements and rights of way appurtenant to the Property (if any), in order to (A) inspect the Property, (B) exercise and enforce the rights which are granted to Grantee herein, and (C) determine whether the activities conducted on the Property are in compliance with the terms of this Deed; it being understood that such access and entry will be made in a manner that will not interfere unreasonably with the permitted use(s) or enjoyment of the Property by Grantor, its successors in interest, or any legally recognized occupant(s) or user(s) of the Property;

(ii) Provided Grantee shall give Grantor at least thirty (30) days prior written notice describing in reasonable detail the activity to be undertaken by Grantee under this clause (ii), the right to conduct fish, wildlife, plant, and habitat studies on the Property, as well as the right to conduct research and monitoring on the Property; it being understood and agreed that (A) such studies, research and monitoring will be made in a manner that will not interfere unreasonably with the permitted use(s) or enjoyment of the Property by Grantor, its successors in interest, or any legally recognized occupant(s) or user(s) of the Property and (B) Grantee shall carry out such studies, research and monitoring in a manner which minimizes as much as reasonably possible harm to the Conservation Values of the Property; and

(iii) The right to enjoin any activity on the Property or other use of the Property which is inconsistent with the terms of this Deed, and to enforce the restoration of such areas or features of the Property as may hereafter be damaged by Grantor by any such inconsistent activity or use, all in accordance with the provisions of **Paragraph 7** below.

(b) From and after the date that the Property (or portion thereof as applicable) has been transferred by The Irvine Company, if Grantee reasonably believes at any time that either inadequate provision has been made in the Resource Plan (defined in **Paragraph 6** below) for any specific activity listed on **Schedule 3** attached hereto (a "**Schedule 3 Activity**") or any Schedule 3 Activity as provided for in the Resource Plan is not being carried out in accordance with the Resource Plan, then Grantee shall have the right to carry out such Schedule 3 Activity on the Property itself subject to the following conditions: (i) Grantee shall first give Grantor notice of the proposed Schedule 3 Activity in the manner provided in **Paragraph 8** below; (ii) Grantee shall carry out such Schedule 3 Activity only if no timely and reasonable objection to such Schedule 3 Activity has been made by Grantor pursuant to **Paragraph 8**; and (iii) Grantee shall carry out such Schedule 3 Activity in a manner which minimizes as much as reasonably possible harm to the Conservation Values of the Property.

For purposes of this subparagraph 3(b), the transfer, whether in one transaction or a series of transactions, of more than fifty percent (50%) of the ownership interests in The Irvine Company ("**Irvine**") shall be deemed a transfer of the Property, except that the

transfer of ownership interests to the following shall not be included in such calculation: (A) any parent, subsidiary or affiliate of Irvine, (B) any individual, trust or other entity to which transfers are made for estate planning purposes and for no consideration, or (C) any heir, devisee, assignee or transferee receiving the interests upon death of the owner of such interests. As used above, "parent" shall be any person or entity who or which holds, directly or indirectly, a majority of the outstanding voting rights in or profit and loss interests in Irvine; a "subsidiary" shall be any entity as to which Irvine holds, directly or indirectly, a majority of the outstanding voting rights in or profit and loss interests; and an "affiliate" shall be any subsidiary of any parent of Irvine and any spouse, sibling or first generational lineal descendent of any parent of Irvine.

4. **Permitted Uses of the Property.** Grantor shall be entitled to use the Property for all purposes not inconsistent with the terms of this Deed. The uses of the Property set forth in **Schedule 4** attached hereto are permitted at the Property, subject to the limitations (if any) set forth in such **Schedule 4**.

5. **Prohibited Uses of the Property.** Any activity on or use of the Property which involves or permits the destruction of the Conservation Values of the Property is prohibited. The activities and uses set forth in **Schedule 4** attached hereto (subject to such restrictions as may be set forth in such **Schedule 4**, including any restrictions as to time, manner or area within which the activity is permitted) are deemed not to be destructive of the Conservation Values of the Property. The uses of the Property set forth in **Schedule 5** attached hereto are inconsistent with the terms of this Deed and, therefore, prohibited at the Property except to the extent (if any) permitted pursuant to the terms of **Schedule 5**.

6. **Resource Plan.**

(a) Certain specific uses and practices permitted upon the Property in furtherance of the Easement Purposes are described in that certain Resource Plan for the Property dated concurrent with the date of this Deed (the "**Resource Plan**"), which has been mutually prepared and agreed upon by Grantor and Grantee. The Resource Plan may be updated in writing from time to time by mutual agreement of Grantor and Grantee in furtherance of the Easement Purposes. It is the intent of the parties that the Resource Plan will demonstrate, among other things, how substantial and regular use of the Property by the public is being achieved, or will be achieved within a reasonable time of the execution of this Deed, through recreational and educational uses permitted under the terms of this Deed. To be effective for purposes of this Deed, any update, modification or addition to the Resource Plan (collectively, an "amendment" to the Resource Plan) must be in writing and must be approved or deemed approved by both Grantor and Grantee in accordance with the provisions of **Paragraph 8** below.

(b) The intent of the parties is that, for those uses of the Property addressed by the Resource Plan, the Resource Plan will determine the nature, extent and/or location of the specified uses, and such uses shall only be carried out as provided in the Resource Plan. Apart from such determinations, which shall be consistent with the Easement Purposes, the right and obligation to manage and operate the Property shall continue to rest entirely with Grantor, except to the extent of Grantee's explicit rights set forth in this Deed. Nothing in this Deed is intended or shall be deemed to require Grantor to undertake any use or activity addressed or permitted

under the Resource Plan, provided that Grantor shall undertake sufficient recreational and educational uses on the Property, as provided in the Resource Plan, to achieve substantial and regular use of the Property by the general public.

(c) If at any time the Property is divided and portions of the Property are held by different fee owners, then, the Resource Plan as it exists at the time of such division of the Property shall automatically become the Resource Plan for each of the separated portions of the Property, to the extent applicable thereto, and shall thereafter be subject to amendment from time to time as to each portion of the Property by mutual agreement of Grantee and the then-fee owner of only such affected portion of the Property in furtherance of the Easement Purposes, as provided in this **Paragraph 6** above and in **Paragraph 8** below.

7. **Remedies for Violation.**

(a) The following provisions shall be applicable to Grantee's enforcement of the Easement:

(i) **Notice of Violation.** If Grantee becomes aware that a violation of the terms of this Deed by Grantor (a "**Violation**") has occurred or is threatened to occur, Grantee may give written notice to Grantor of the Violation (a "**Violation Notice**").

(ii) **Corrective Action.** Upon receipt of a Violation Notice, Grantor shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the Violation and, where the Violation involves injury to the Property resulting from any use or activity by or through Grantor in violation of the terms of this Deed, to restore the portion of the Property so injured. Grantor shall be in default under this Deed (a "**Grantor Default**") if Grantor fails to so cure the Violation within ninety (90) days after the Violation Notice is received; provided that, if more than ninety (90) days is reasonably required for the corrective action, then, if Grantor promptly begins the corrective action within such ninety (90) day period, no Grantor Default shall exist for so long thereafter as Grantor is diligently pursuing such cure to completion.

(iii) **Remedies.** Grantee shall have all remedies available at law or in equity to enforce the terms of this Deed. Without limiting the generality of the forgoing sentence, in the event of a Grantor Default, Grantee shall have the right to: (A) seek a temporary or permanent injunction with respect to any activity causing a Violation; (B) force the restoration of that portion of the Property affected by the Violation to a condition similar or equivalent to the condition that existed prior to the Violation, by restoring soils, replanting suitable native vegetation, or taking such other action as Grantee reasonably deems necessary to achieve such restoration; and (C) recover any additional damages arising from the Violation. The foregoing remedies shall be cumulative and shall be in addition to all other remedies existing at law or in equity with respect to a Violation.

(iv) **Emergency Enforcement.** The foregoing provisions notwithstanding, if Grantee reasonably determines that a Violation has occurred and circumstances require immediate action to prevent, terminate, or mitigate significant damage to or the destruction of

any of the Conservation Values, or to prevent, terminate, or mitigate a significant violation of a material term of this Deed, Grantee may give a Violation Notice to Grantor (which may, however, be given orally in such cases, and then followed by written notice, if the emergency circumstances warrant doing so) and, following receipt by Grantor of such Violation Notice, Grantee may then pursue its remedies under this Deed without waiting for the period to cure the Violation which is provided for above.

(b) Costs of Enforcement. In any action, suit or other proceeding undertaken to enforce any right or obligation under this Deed, or to interpret any of the provisions of this Deed, the prevailing party shall be entitled to recover from the non-prevailing party the costs and expenses of such proceeding, including (but not limited to) the court costs and attorneys' fees and expenses incurred by the prevailing party (whether incurred at the trial, appellate, or administrative level), in such amount as the court or administrative body may judge reasonable, all of which may be incorporated into and be a part of any judgment or decision rendered in such action, suit or other proceeding.

(c) No Waiver. Enforcement of the terms and provisions of this Deed shall be at the discretion of each party hereto, and the failure of a party to discover a violation or breach of the terms of this Deed or to take action under this Deed with respect to a given violation or breach shall not be deemed or construed to be a waiver of the rights of such party under this Deed in the event of any subsequent occurrence of that or any other violation or breach.

(d) Waiver of Jury Trial. Grantor and Grantee each acknowledges that it has had the advice of counsel of its choice with respect to rights to trial by jury under the constitutions of the United States and the State of California. Each party expressly and knowingly waives and releases all such rights to trial by jury in any action, proceeding or counterclaim brought by either party against the other on any matters arising out of or in any way connected with this Deed, the Easement and/or the Property.

(e) Mediation. Except in cases where injunctive relief is being sought, or where emergency action is authorized under the terms of this Deed, if a dispute arises from or relates to the terms and provisions of this Deed, the Easement or any other matter referred to herein, which cannot be settled by direct discussions or negotiation, Grantee and Grantor agree first to try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration Association under its Commercial Mediation Rules, or by such other organization or individual and under such rules as the parties may agree, before resorting to litigation or some other dispute resolution procedure.

8. Approval Process. Whenever the agreement or consent of either Grantor or Grantee to a proposed action or activity (a "**Proposed Activity**") is required pursuant to this Deed, including without limitation an amendment to the Resource Plan, the party seeking the approval (the "**Requesting Party**") shall give the other party (the "**Notified Party**") a written notice requesting approval and informing the Notified Party in reasonable detail of all material aspects of the Proposed Activity (collectively, a "**Request Notice**"), and the following provisions shall then be applicable:

(a) The Notified Party shall have sixty (60) days after receipt of the Request Notice (the “**Sixty Day Period**”) to respond in writing to the Requesting Party and in such writing either disapprove the Proposed Activity giving specific reasons for its disapproval or approve the Proposed Activity. The Notified Party may not unreasonably withhold its approval to the Proposed Activity.

(b) If at any time during the Sixty Day Period the Notified Party reasonably requests in writing to the Requesting Party additional specified information regarding the Proposed Activity, the Requesting Party shall promptly provide such information to the Notified Party.

(c) If the Notified Party reasonably requires more than sixty (60) days to respond to the Request Notice, the Notified Party may so notify the Requesting Party in writing during the Sixty Day Period. Such notice must specify the Notified Party’s reasons for desiring the extension and must set forth the date by which the Notified Party will respond, which date may in no event exceed one hundred twenty (120) days after the original date of receipt of the Request Notice. If the extension is requested within the time period and in the manner required above, the response period within which the Notified Party must respond as set forth in subparagraph 8(a) above shall be extended to that date so requested by the Notified Party.

(d) Any disapproval of a Proposed Activity must be based upon the Notified Party’s reasonable opinion that the Proposed Activity is inconsistent with the terms of this Deed. Any disapproval of an amendment to the Resource Plan may also be based upon the Notified Party’s reasonable objection to the Proposed Activity based on furtherance of the Easement Purposes. Any notice of disapproval of the Proposed Activity must specify (i) the manner in which the Notified Party so believes that the Proposed Activity is inconsistent with the terms of this Deed or, with respect to an amendment to the Resource Plan, is objectionable based on furtherance of the Easement Purposes and (ii) where reasonably practical, the Notified Party’s suggestions as to how the Proposed Activity could be modified to be approved by the Notified Party.

(e) If the Notified Party provides the Requesting Party with a notice of disapproval within the time period and in the manner required above, the Requesting Party shall not, and shall not have the right to, commence or conduct the Proposed Activity. If the Notified Party fails to provide the Requesting Party with a notice of disapproval within the time period and in the manner required above, the Notified Party shall be deemed to have agreed upon or consented to (as applicable) the Proposed Activity and shall have no further right to object to the Proposed Activity as described in the Request Notice (as supplemented, if applicable).

(f) The Requesting Party shall have the right to commence or conduct the Proposed Activity only upon actual agreement or consent, or deemed agreement or consent as provided above, of the Notified Party. No actual or deemed agreement or consent to, or failure to object to, any Proposed Activity shall constitute agreement or consent to any material aspect of the Proposed Activity which was not disclosed in the Request Notice (including any supplemental information, as noted above), or to any subsequent action or activity of the same or any different nature, nor shall it alter any of the terms of this Deed.

(g) With respect to any portion of the Property, if there is at any time more than one entity or person holding undivided interests (or otherwise less than 100%) of the fee title to that portion of the Property, then it shall be the responsibility of such multiple entities and/or persons to come to an agreement among themselves as to the giving of, or response to, a Request Notice under this Deed concerning that portion of the Property. Grantee shall be entitled to rely on a Request Notice, or response thereto, given by any one of such entities or persons holding the largest (or equally largest) interest in that portion of the Property, unless Grantee shall have received written notice hereunder executed by such entities and/or persons holding at least fifty one percent (51%) of the interests in that portion of the Property, appointing one such owner as their agent for purposes of giving and responding to notices under this Deed, in which event such appointed owner shall be the "Grantor" hereunder for such purposes and Grantee shall not rely on the notice or response of any other. The entities and/or persons holding at least fifty one percent (51%) of the interests in that portion of the Property shall be entitled to change their appointed agent by notice to Grantee at any time, in the manner specified above, whereupon the newly appointed owner shall thenceforth have such role on behalf of Grantor.

9. **Notices.** Except as otherwise provided in this Deed, any notice, demand, request, consent, or approval of any kind that is required under the terms of this Deed (in each case, a "Notice") shall be subject to the following provisions:

(a) Each Notice shall be in writing and shall be served upon the party being addressed at the most recent address(es) which the addressed party has provided for such purposes under this Deed, by any of the following means: (i) by delivery in person; (ii) by certified U.S. mail, return receipt requested, postage prepaid; or (iii) by Federal Express or other reputable "overnight" delivery service, provided that next-business-day delivery is requested by the sender.

(b) If delivered in person, a Notice will be deemed received immediately upon delivery (or refusal of delivery or receipt). If sent by certified mail, a Notice will be deemed received on the date of actual delivery (or refusal of delivery or receipt). If sent by Federal Express or other reputable "overnight" delivery service, a Notice will be deemed received on the date of actual delivery.

(c) By written Notice to all other parties in the aforesaid manner, any party may from time to time designate a replacement for any address specified below for such party, and the replacement address shall then be substituted for the one previously in effect, provided that in no case shall any party subject to the terms of this Deed have a total number of addresses for Notices to such party in excess of two.

(d) The parties initially designate the following addresses to be used for Notices sent to them:

If to Grantor:

The Irvine Company
Attn: TNC Conservation Easement Coordinator
550 Newport Center Drive
Newport Beach, CA 92660

and to:

The Irvine Company
Attn: General Counsel
550 Newport Center Drive
Newport Beach, CA 92660

If to Grantee:

The Nature Conservancy
Attn: Irvine Ranch Land Reserve Project Director
1400 Quail Street, Suite 130
Newport Beach, CA 92660

and to:

The Nature Conservancy
Attn: Legal Department
201 Mission Street, 4th Floor
San Francisco, CA 94105

10. **Responsibility for Operations.** Grantor shall have and retain all responsibility for, and shall bear all costs and liabilities of, the ownership of the Property, and compliance with any statutes, laws, ordinances, rules, regulations, codes, orders, guidelines, or other restrictions, or requirements applicable to the Property which have been enacted or otherwise promulgated by any federal, state, county, municipal, or other governmental or quasi-governmental agency, board, bureau, commission, court, department, panel, or other official body (whether legislative, administrative, or judicial), or by any competent official of any of the foregoing (in each case, an “**Applicable Law**”), except as expressly stated otherwise in this Deed. Without placing any limitation on the foregoing sentence, the parties agree as follows:

(a) Grantee shall have no duty or responsibility for (i) the operation or maintenance of the Property except to the extent specifically undertaken by Grantee as permitted under this Deed, (ii) the monitoring of any hazardous conditions thereon, or (iii) the protection of Grantor, the public, or any other person or entity from any risks relating to conditions on the Property, except to the extent that the risks involved are the result of the activities of Grantee on the Property. Nothing in the foregoing, however, is intended or shall be deemed in any way to override the provisions of subparagraph 11(b) below, and to that end, Grantee assumes all risk of entry on the Property by Grantee or any of Grantee’s Parties (defined below).

(b) Grantor shall be solely responsible for any and all real property taxes and assessments levied by competent authority on the Property.

(c) The terms of this Deed are not intended and shall not be deemed to require or obligate Grantor, or impose on Grantor the responsibility, to prevent or stop the following, or restore, correct or otherwise remediate any injury or damage caused by the following: (i) third parties (excluding third parties who are agents or contractors acting for or under control of Grantor and within the scope of their engagement with Grantor) using the Property in a manner prohibited by the terms of this Deed, (ii) events beyond Grantor's control including, without limitation, government action, fire, flood, storm and naturally occurring earth movement, or (iii) injury to or change in the Property resulting from prudent action taken by Grantor to prevent, abate or mitigate significant injury to the Property resulting from or anticipated to result from such third party prohibited uses or events beyond Grantor’s control. Notwithstanding anything

to the contrary in the foregoing sentence, if Grantee discovers any unauthorized use or activity on the Property that is destructive of the Conservation Values of the Property, and Grantee gives Grantor written notice thereof, Grantor shall use reasonable best efforts to stop or prevent any such use of the Property; provided that in no event shall the foregoing require Grantor to pursue litigation, undertake policing activities on the Property, or engage in any activity which would be detrimental to the Conservation Values of the Property.

(d) Grantor shall be responsible for maintaining real and personal property insurance related to the Property, except that Grantee shall be responsible for maintaining any property insurance it desires on its own personal property which may be located (if permitted hereunder) from time to time at the Property. Grantor shall also be responsible for maintaining liability insurance with respect to its ownership and operation of the Property. Notwithstanding anything to the contrary in the foregoing, (i) Grantee shall be responsible for maintaining insurance with respect to any and all of Grantee's activities on or relating to the Property, as well as with respect to its obligations and liabilities under this Deed, including without limitation its liabilities under subparagraph 11(b) below, and (ii) prior to any entry on the Property by Grantee or anyone acting for or under authority of Grantee, Grantee shall obtain insurance with the coverages, in the amounts, in the forms and otherwise all as reasonably required under Grantor's then current standard form entry permit. Grantee shall deliver to Grantor evidence of such insurance within fifteen (15) days of Grantor's reasonable request from time to time.

(e) Grantor shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by Grantor which is permitted by this Deed. Grantee shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by Grantee which is permitted by this Deed.

(f) Grantor shall keep Grantee's interest in the Easement free of any liens caused by Grantor or anyone acting for or under the authority of Grantor, including those arising out of any work performed for, materials furnished to, or obligations incurred by Grantor. Likewise, Grantee shall keep Grantor's interest in the Property free of any liens caused by Grantee or anyone acting for or under the authority of Grantee, including those arising out of any work performed for, materials furnished to, or obligations incurred by Grantee.

(g) Except to the extent (if any) due to the acts or omissions of Grantee, or any of Grantee's Parties, Grantee shall have no responsibility whatsoever with respect to any of the following which may be located at the Property at any time: wastes, materials, chemicals, or other substances (whether in the form of liquids, solids, or gases, and whether or not airborne) which are ignitable, reactive, corrosive, toxic, or radioactive, or which are deemed to be pollutants, contaminants, or hazardous or toxic substances under or pursuant to any Applicable Law, or which are to any extent regulated by, form the basis of liability under, or are otherwise under the authority of any Applicable Law (in each case, a "**Hazardous Material**"), including (but not limited to) petroleum-based products and any material containing or producing any polychlorinated biphenyl, dioxin, or asbestos, as well as any biocide, herbicide, insecticide, or other agrichemical.

(h) Nothing in this Deed shall be construed to create in or give to Grantee: (i) the obligations or liabilities of an “owner” or “operator” as those words are defined and used in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 US Code Sections 9601 *et seq.*) or any other Applicable Law concerning Hazardous Materials (in each case, a “**Hazardous Materials Law**”), including (but not limited to) the Hazardous Materials Transportation Act (49 US Code Sections 6901 *et seq.*); the Hazardous Waste Control Law (California Health & Safety Code Sections 25100 *et seq.*); the Hazardous Substance Account Act (California Health & Safety Code Sections 25300 *et seq.*); and any rule, regulation, or other promulgation adopted under any of the foregoing; (ii) the obligations or liabilities of a person described in 42 USC §9607(a)(3); (iii) the obligations of a responsible person under any applicable Hazardous Materials Law; (iv) any obligation, right or permission to investigate, remove, remediate, abate, or otherwise clean up any Hazardous Materials located at or associated with the Property; or (v) control over Grantor’s ability to investigate, remove, remediate, abate, or otherwise clean up any Hazardous Materials located at or associated with the Property in compliance with any Hazardous Materials Law.

11. **Indemnification.**

(a) Indemnification by Grantor. Grantor hereby agrees to indemnify, hold harmless and defend Grantee, each of the officers, directors, employees, agents, invitees, and contractors of Grantee, and each of the heirs, successors, and assigns of such parties (collectively, “**Grantee’s Parties**”), from and against any and all of the following: claims, costs, liabilities, penalties, damages, or expenses of any kind or nature whatsoever, to any person or property, and whether based on negligence, strict liability or other claim (including, but not limited to, court costs and reasonable attorneys’ fees and expenses, whether incurred at the trial, appellate, or administrative level, or in connection with any required arbitration) (collectively, “**Claims**”) which any of Grantee’s Parties may suffer or incur, or to which any of Grantee’s Parties may be subjected, to the extent such Claims are the result of or arise out of (i) any breach or violation of the terms of this Deed or the Easement by Grantor, or by anyone acting for or under the authority of Grantor, (ii) any other activity of Grantor or any of Grantor’s Parties (defined below) on, at, or with respect to the Property, or (iii) the gross negligence or willful misconduct of Grantor or any of Grantor’s Parties on, at or with respect to the Property.

(b) Indemnification by Grantee. Grantee agrees to indemnify, hold harmless and defend Grantor, each of Grantor’s divisions, subsidiaries and affiliated entities, and each of their shareholders, officers, directors, trustees, employees, agents, invitees, and contractors, and each of the heirs, successors, and assigns of such parties (collectively, “**Grantor’s Parties**”), from and against any and all Claims, which any of Grantor’s Parties may suffer or incur, or to which any of Grantor’s Parties may be subjected, to the extent such Claims are the result of or arise out of (i) any breach or violation of the terms of this Deed or the Easement by Grantee, or by anyone acting for or under the authority of Grantee, (ii) any entry, act, omission, or other activity upon the Property or in accessing the Property by Grantee or any of Grantee’s Parties, or (iii) the gross negligence or willful misconduct of Grantee or any of Grantee’s Parties on, at or with respect to the Property.

(c) General. The term "Grantor's Parties" as used in subparagraph 11(a) above does not include, and shall not be interpreted to include, Grantee or any of Grantee's Parties, notwithstanding (i) that Grantee may be deemed to be Grantor's invitee to the Property or (ii) anything else to the contrary in this Deed. The foregoing indemnities and obligations to hold harmless and defend are intended to apply with respect to all Claims incurred directly by the indemnified party or parties, or their property, as well as by third parties or the indemnifying party. The foregoing obligation to defend Grantee and Grantee's Parties shall mean the obligation to defend with counsel reasonably approved in writing by Grantee. Likewise, the foregoing obligation to defend Grantor and Grantor's Parties shall mean the obligation to defend with counsel reasonably approved in writing by Grantor. Neither payment nor a finding of liability or of an obligation to defend shall be a condition precedent to the enforcement of any indemnity or duty to defend provision herein.

12. Subsequent Liens on Property. No provision of this Deed is to be construed as impairing the ability of Grantor to use the Property as collateral for any loan, provided that any lien created thereby shall be subordinate to the terms of this Deed and the Easement.

13. Effect of Easement. The parties acknowledge that the Easement is an easement in gross, and that, pursuant to the terms of Sections 815 *et seq.* of the California Civil Code: (a) the Property is declared to be open and natural land, and may not be converted or directed to any uses other than as permitted under this Deed and the Easement; (b) the Easement shall run with and burden the title to the Property in perpetuity, and shall bind all persons having or acquiring any right, title or interest in the Property (during their ownership of such interest), for the benefit of Grantee and the successors and permitted assigns of Grantee; and (c) the Easement shall confine the use of the Property to such activities as are not inconsistent with the terms of this Deed.

14. Subsequent Transfers by Grantor. Grantor shall notify Grantee, in advance of the transfer, of any deed, lease or other legal instrument by which Grantor hereafter conveys or otherwise transfers fee simple title to the Property, or any leasehold, possessory or other interest in the Property. Grantor shall use its best efforts to provide a true and complete copy of this Deed, as recorded, to each transferee of any interest in the Property. No failure by Grantor to give such notice or provide such copies shall, however, affect to any extent the enforceability of the Easement or any of the terms of this Deed.

15. Additional Instruments. Grantee is authorized to record or file from time to time any and all notices or instruments which may be appropriate to ensuring the perpetual enforceability of this Deed and the Easement, including (but not limited to) re-recording this Deed, or a copy thereof, for such purpose, and Grantor agrees to execute, acknowledge, and/or deliver (as applicable) any and all such notices or instruments upon reasonable request from Grantee to do so.

16. Interpretation. It is the intent of this Deed and the Easement to further the Easement Purposes, and Grantor and Grantee therefore acknowledge and agree as follows concerning the interpretation of this Deed and the terms of the Easement:

(a) The provisions of this Deed shall be construed liberally, in order to effectuate the Easement Purposes, while allowing Grantor to use and enjoy the Property to the extent that such use and enjoyment is not inconsistent with the terms of this Deed (including the activities expressly permitted in **Schedule 4** to this Deed). Liberal construction is expressly required for purposes of effectuating the Easement in perpetuity, notwithstanding economic or other hardship or any change in circumstances of any kind. If any provision in this Deed is found to be ambiguous, an interpretation consistent with the Easement Purposes that would render the provision valid shall be favored over any interpretation that would render it invalid.

(b) If any provision of this Deed, or the application thereof to any person(s) or circumstance(s), shall to any extent be held to be invalid, illegal, or unenforceable in any respect by any court of competent jurisdiction: (i) neither the remainder of this Deed, nor the application of such provision to any person(s) or circumstance(s), other than those as to whom or which it is held to be invalid or unenforceable, shall be affected thereby; (ii) this Deed shall be construed as though such invalid, illegal or unenforceable provision had never been contained in this Deed; and (iii) every provision of this Deed shall be valid and enforceable to the fullest extent permitted by the Applicable Laws. If any provision is so stricken from this Deed, the parties agree to negotiate in good faith any modifications that may be required to effectuate the intent of this Deed and the Easement.

(c) The parties acknowledge that each party and its counsel have reviewed, revised (where it was deemed appropriate), and approved this Deed, and that no rule of construction that ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Deed.

(d) In the event of any conflict between the provisions of this Deed and the provisions of any use or zoning restrictions of the State of California, the County of Orange, or any other governmental entity with jurisdiction over the Property, the most restrictive provision shall apply.

(e) The terms of this Deed are intended by the parties hereto as a final expression of their agreement with respect to the subject matter hereof, and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Deed constitute the complete and exclusive statement of its terms, and that no extrinsic evidence of any kind which contradicts the terms of this Deed may be introduced in any proceedings (judicial or otherwise) involving this Deed, except for evidence of a subsequent written amendment to this Deed. This Deed may not be modified, amended or otherwise changed in any manner, except by a written amendment executed by all of the parties hereto, or their successors in interest.

(f) In this Deed, personal pronouns shall be construed as though of the gender and number required by the context, the singular including the plural, the plural including the singular, and each gender including other genders, all as may be required by the context. Wherever in this Deed the term “and/or” is used, it shall mean: “one or the other, both, any one or more, or all” of the things, events, persons or parties in connection with which the term is used. Wherever in this Deed the term “including,” “such as” or “for example” is used, or a term

with similar definition is used, it shall include “without limitation” whether or not such term is also stated, it being the intent that such terms are not intended to be limiting. The headings of the various paragraphs of this Deed are intended solely for reference purposes, and are not intended for any purpose whatsoever to modify, explain, or place any construction on any of the provisions of this Deed. This Deed shall be governed by, construed in accordance with, and interpreted under, the internal law of the State of California.

(g) Any and all recitals in this Deed are agreed by the parties to be accurate and shall constitute an integral part of this Deed, and this Deed shall be construed in light of those recitals. Any and all exhibits, schedules, and addenda attached to and referred to in this Deed are hereby incorporated into this Deed as fully as if set out in their entirety herein.

(h) No remedy or election given by any provision in this Deed shall be deemed exclusive unless so indicated, and each such remedy or election shall, wherever possible, be cumulative with all other remedies at law or in equity. Grantor and Grantee hereby waive with respect to this Deed and the Easement any defense of laches, estoppel, prescription, or changed circumstances. Without placing any limitation on the foregoing provisions, Grantor and Grantee agree that no statute of limitations shall start to run and no estoppel or similar defense shall arise against any action brought to enforce or interpret this Easement, unless and until the party against whom such defense shall be used is actually or reasonably should have been aware of a violation or is aware of a dispute regarding the interpretation of the provisions of the Easement, and Grantor and Grantee hereby waive any right to assert any defense contrary to the provisions of this subparagraph.

(i) The terms “Grantor” and “Grantee,” wherever used in this Deed, and any pronouns used in place thereof, shall mean and include, respectively: (i) the named Grantor and the personal representatives and assigns of such named Grantor as the owner of the relevant portion of the Property, and all other successors of such Grantor, as their interests may appear; and (ii) the named Grantee and the personal representatives and assigns of such named Grantee as the holder of the Easement with respect to the relevant portion of the Property, and all other successors of such Grantee, as their interests may appear.

(j) Each of the persons or entities making up Grantor or Grantee shall be jointly and severally liable for the obligations of such party under this Deed and with respect to the Easement.

(k) The parties may execute this Deed in two or more counterparts, all of the signature and acknowledgment pages of which shall then be combined with one of the executed counterparts by the party who will be recording the document, and the combined document shall then be recorded as the one original.

(l) If circumstances arise under which an amendment to this Deed and the Easement would be appropriate, Grantor and Grantee may jointly amend this Deed and the Easement; provided that no amendment shall be allowed that will affect the qualification of the Easement or the status of Grantee under any Applicable Law, including Sections 815 *et. seq.* of the California Civil Code, or IRC Section 170(h), and any amendment shall be consistent with

the Easement Purposes. Any such amendment shall be in writing, shall refer to this Easement by reference to its recordation data, and shall be recorded in the Official Records of Orange County, California.

(m) No person or entity other than Grantor and Grantee, and their respective successors and assigns, shall be deemed to be a beneficiary hereof, and nothing in this Deed, either express or implied, is intended to confer upon any person or entity, other than Grantor and Grantee and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Deed.

17. **Estoppel Certificates.** Upon request by Grantor from time to time, which shall not be made more often than twice per calendar year, Grantee shall, in each case no later than thirty (30) days after receipt of Grantor's request therefor, execute and deliver to Grantor an estoppel certificate or similar document which: (i) certifies that, to the best knowledge of Grantee at the time of the execution of such certificate, Grantor is in compliance with the obligations of Grantor contained in this Deed, and (ii) otherwise evidences the status of the Easement, as reasonably requested by Grantor.

18. **Valuation.** Grantor and Grantee agree that the Easement gives rise to a property right, immediately vested in Grantee upon recordation of this Deed. For purposes of this Deed, the parties stipulate that the fair market value of such property right (i.e. of the Easement) shall be calculated as follows:

(a) The fair market value of the Easement on the date of recordation of this Deed (the "**Original Easement Value**") is equal to: (1) the fair market value of the Property, unencumbered by the Easement (the "**Original Property Value**"), less (2) the fair market value of the Property as encumbered by the Easement. The values at the time of this grant are those values used to calculate the deduction for federal income tax purposes allowable by reason of this grant, pursuant to IRC Section 170(h) and applicable Treasury regulations.

(b) The fair market value of the Easement on any future date shall be determined by: (1) taking the fair market value of the Property on that future date, as if it were not encumbered by the Easement; (2) deducting from that amount any increase over the Original Property Value which is attributable to improvements to the Property made by Grantor after the date of recordation of this Deed, and then (3) multiplying the result by a fraction: (i) the numerator of which is the Original Easement Value, and (ii) the denominator of which is the Original Property Value. For purposes of this Deed, such fraction shall remain constant.

19. **Condemnation.** If all or part of the Property is taken by the exercise of the power of eminent domain by public, corporate, or other authority so as to abrogate the restrictions imposed by this Deed, Grantor and Grantee shall cooperate in appropriate action(s) at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking, it being expressly agreed that the Easement constitutes a compensable property right, and the proceeds shall be divided consistent with the provisions of this Deed, based on the respective values of the interests of Grantor and Grantee, calculated in accordance

with the valuation provisions set out above in **Paragraph 18**. Each party shall be responsible for its own expenses incurred in connection with such actions.

20. **Assignment**. Grantee shall have the right to transfer or assign in whole, but not in part, all of its rights under the Easement to any governmental or non-governmental entity which is qualified under the IRC and applicable California law to hold conservation easements and which agrees to enforce the terms of this Deed and which is a "qualified organization", within the meaning of IRC Section 170(h)(3), organized or operated primarily or substantially for one or more of the conservation purposes specified in IRC Section 170(h)(4)(A), provided that Grantee first obtains Grantor's consent to such assignment and such assignee, in accordance with the provisions of **Paragraph 8** above.

21. **Judicial Extinguishment**. The Easement may not be extinguished, unless a later unexpected change in the conditions surrounding the Property makes impossible or impractical its continued use for any of the Easement Purposes, and in any such event extinguishment may only be accomplished by appropriate judicial proceedings. No such extinguishment shall affect, however, the value of Grantee's interest in the Property, and if the Property, or any interest therein, is sold, exchanged, or taken by the power of eminent domain after such extinguishment, Grantee will be entitled to receive its pro-rata share (calculated in accordance with the valuation provisions set out above in **Paragraph 18**) of the proceeds of such sale, exchange, or taking, but shall apply such proceeds in a manner consistent with the Easement Purposes, or for the protection of a "relatively natural habitat of fish, wildlife, or plants or similar ecosystems," within the meaning of IRC Section 170(h)(4)(A)(ii).

In witness whereof, Grantor and Grantee have executed this Deed, effective as of the date first above written.

Grantor:

The Irvine Company,
a Delaware corporation

By: _____
Monica Florian
Group Senior Vice President

By: _____
Daniel C. Hedigan
Secretary

Grantee:

The Nature Conservancy,
a District of Columbia non-profit corporation

By: _____
Graham Chisholm
Vice President

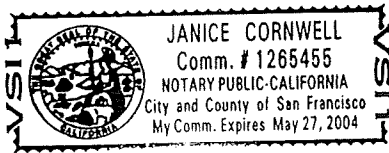
By: _____
Kevin P. Jewell
Assistant Secretary

State of California)
) ss
County of San Francisco)

On December 10, 2001 before me, Janice Cornwell,
a Notary Public, personally appeared Graham Chisholm and Kevin P. Jewell
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.

Janice Cornwell
Notary Public



State of California

County of Orange

On _____ before me, _____,
a Notary Public, personally appeared MONICA FLORIAN and DANIEL C. HEDIGAN,
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.

Notary Public

SCHEDULE 1 (p. 1 of 2)

DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE, AND IS DESCRIBED AS FOLLOWS:

THAT CERTAIN PARCEL OF LAND SITUATED IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, BEING THOSE PORTIONS OF BLOCKS 158, 169 AND 170 OF IRVINE'S SUBDIVISION AS SHOWN ON A MAP THEREOF FILED IN BOOK 1, PAGE 88 OF MISCELLANEOUS RECORD MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF PARCEL 3 AS DESCRIBED IN THE QUITCLAIM DEED TO THE COUNTY OF ORANGE, RECORDED JUNE 26, 1998 AS INSTRUMENT NO. 19980408842 OF OFFICIAL RECORDS, SAID CORNER ALSO BEING AN ANGLE POINT IN THE NORTHWESTERLY LINE OF PARCEL D OF EXHIBIT E AS DESCRIBED IN THE IRREVOCABLE OFFER OF DEDICATION TO THE CITY OF LAGUNA BEACH RECORDED JUNE 27, 1991 AS INSTRUMENT NO. 91-330558 OF OFFICIAL RECORDS, BOTH AS SHOWN ON RECORD OF SURVEY 99-1072 FILED IN BOOK 184, PAGES 13 THROUGH 32 OF RECORD OF SURVEYS, ALL IN SAID OFFICE OF THE ORANGE COUNTY RECORDER; THENCE ALONG THE NORTHWESTERLY LINE OF SAID PARCEL D NORTH 65°28'35" EAST 39.13 FEET THE NORTHEASTERLY CORNER OF PARCEL 3C AS DESCRIBED IN THE QUITCLAIM DEED TO THE COUNTY OF ORANGE RECORDED DECEMBER 19, 2000 AS INSTRUMENT NO. 20000687743 OF OFFICIAL RECORDS IN SAID OFFICE OF THE ORANGE COUNTY RECORDER, SAID CORNER ALSO BEING THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID NORTHWESTERLY LINE AND ALONG THE NORTHEASTERLY AND SOUTHEASTERLY LINES OF SAID PARCEL D THROUGH THE FOLLOWING COURSES: NORTH 65°28'35" EAST 1137.05 FEET; THENCE SOUTH 35°32'15" EAST 430.15 FEET; THENCE SOUTH 16°23'44" WEST 886.21 FEET; THENCE SOUTH 51°21'30" EAST 640.34 FEET; THENCE SOUTH 21°02'44" EAST 696.43 FEET; THENCE SOUTH 58°41'43" EAST 1093.62 FEET; THENCE SOUTH 31°57'48" WEST 1973.77 FEET; THENCE SOUTH 50°11'54" WEST 1153.49 FEET TO THE MOST EASTERLY CORNER OF THE LAND DESCRIBED AS PARCEL 4 OF EXHIBIT "A" IN THE GRANT DEED TO THE CITY OF LAGUNA BEACH RECORDED OCTOBER 15, 1993 AS INSTRUMENT NO. 93-0699721 OF OFFICIAL RECORDS IN SAID OFFICE OF THE ORANGE COUNTY RECORDER; THENCE LEAVING SAID SOUTHEASTERLY LINE OF PARCEL D, ALONG THE NORTHEASTERLY LINE OF SAID PARCEL 4 NORTH 39°48'06" WEST 686.81 FEET AND NORTH 31°39'01" WEST 542.54 FEET TO THE EASTERLY LINE OF PARCEL 8 AS DESCRIBED IN THE QUITCLAIM DEED TO THE CITY OF LAGUNA BEACH RECORDED JUNE 26, 1998 AS INSTRUMENT NO. 19980408847 OF OFFICIAL RECORDS IN SAID OFFICE OF THE ORANGE COUNTY RECORDER, SAID PARCEL IS ALSO SHOWN ON SAID RECORD OF SURVEY 99-1072; THENCE ALONG SAID EASTERLY LINE NORTH 59°12'39" EAST 1.12 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID EASTERLY LINE AND THE EASTERLY LINE OF SAID PARCEL 3 THROUGH THE FOLLOWING COURSES: NORTH 65° 23'28" WEST 295.13 FEET; THENCE NORTH 24°37'12" EAST 316.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 2425.00 FEET; THENCE ALONG SAID CURVE NORTHERLY 613.11 FEET THROUGH A CENTRAL ANGLE OF 14°29'10"; THENCE TANGENT FROM SAID CURVE NORTH 10°08'02" EAST 5.50 FEET; THENCE NORTH 64°29'40" EAST 53.49 FEET; THENCE NORTH 33°04'22" EAST 110.76 FEET; THENCE NORTH 12°01'54" EAST 94.27 FEET TO THE MOST SOUTHERLY CORNER OF PARCEL 3B AS DESCRIBED IN LAST SAID QUITCLAIM DEED TO THE COUNTY OF ORANGE; THENCE LEAVING SAID EASTERLY LINE OF PARCEL 3, ALONG THE EASTERLY LINE OF SAID PARCEL 3B, THE WESTERLY LINE OF PARCEL 3A AS DESCRIBED IN THE QUITCLAIM DEED TO THE IRVINE COMPANY RECORDED DECEMBER 19, 2000 AS INSTRUMENT NO. 20000687741 OF OFFICIAL RECORDS IN SAID OFFICE OF THE ORANGE COUNTY RECORDER AND ALONG THE EASTERLY LINE OF SAID PARCEL 3C AS DESCRIBED IN LAST SAID QUITCLAIM DEED TO THE COUNTY OF ORANGE THROUGH THE FOLLOWING COURSES: NORTH 01°12'37" WEST 80.66 FEET; THENCE NORTH 07°08'15" WEST 51.27 FEET; THENCE NORTH 14°41'58" EAST 38.33 FEET; THENCE

SCHEDULE 1 (p. 2 of 2)

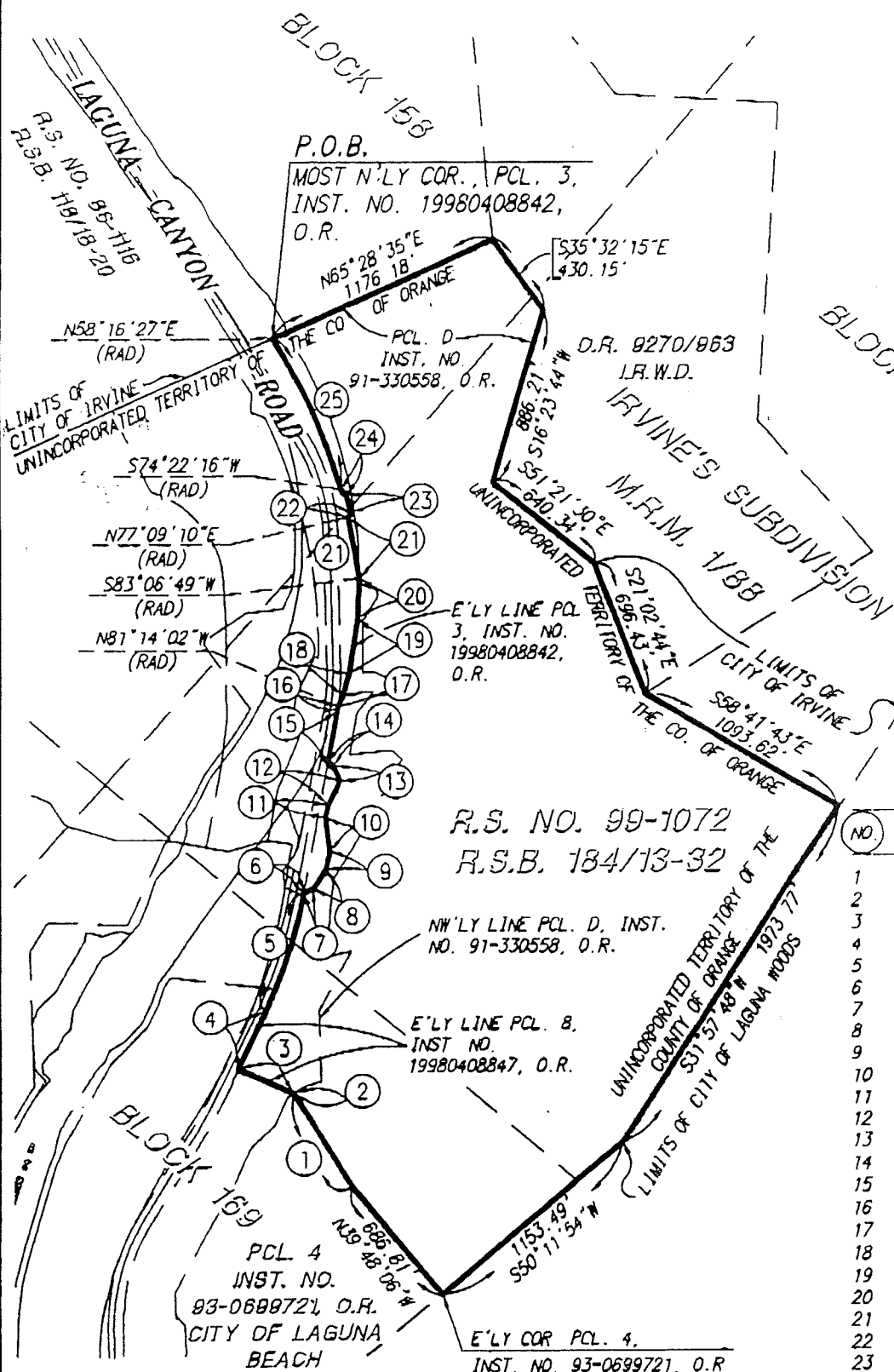
NORTH 32°53'57" EAST 132.13 FEET; THENCE NORTH 57°00'02" EAST 24.21 FEET; THENCE NORTH 11°03'01" WEST 67.41 FEET; THENCE NORTH 64°51'29" WEST 21.84 FEET; THENCE NORTH 32°36'48" WEST 33.54 FEET; THENCE NORTH 40°17'35" WEST 51.80 FEET; THENCE NORTH 02°12'56" EAST 44.23 FEET; THENCE NORTH 21°37'46" EAST 341.52 FEET; THENCE NORTH 16°50'22" WEST 159.16 FEET; THENCE NORTH 77°20'44" WEST 18.54 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 2039.46 FEET, A RADIAL LINE OF SAID CURVE FROM SAID POINT BEARS NORTH 77°20'44" WEST; THENCE ALONG SAID CURVE NORTHERLY 1685.17 FEET THROUGH A CENTRAL ANGLE OF 47°20'33" TO THE **POINT OF BEGINNING**.

CONTAINING: 171.553 ACRES, MORE OR LESS.

SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS-OF-WAY AND EASEMENTS OF RECORDS.

EXHIBIT "B" ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

SCHEDULE 2



SCALE: 1" = 800'

DATA TABLE

NO	BRNG/DELTA	RADIUS	LENGTH
1	N31°39'01"W	—	542.54'
2	N59°12'39"E	—	1.12'
3	N65°23'28"W	—	295.13'
4	N24°37'12"E	—	316.56'
5	14°29'10"	2425.00'	613.11'
6	N10°08'02"E	—	5.50'
7	N64°29'40"E	—	53.49'
8	N33°04'22"E	—	110.76'
9	N12°01'54"E	—	94.27'
10	N07°29'16"W	—	166.06'
11	N09°15'39"E	—	64.50'
12	N25°43'03"E	—	137.03'
13	N23°25'01"W	—	81.51'
14	N58°37'26"W	—	32.47'
15	N10°08'02"E	—	258.64'
16	01°22'04"	1025.00'	24.47'
17	N20°50'24"E	—	61.44'
18	N15°28'30"E	—	114.32'
19	N08°19'52"E	—	277.11'
20	N02°18'03"E	—	200.03'
21	05°57'39"	2910.00'	302.75'
22	N36°08'32"E	—	25.12'
23	N14°15'21"W	—	91.45'
24	N43°59'33"W	—	38.93'
25	16°05'49"	2910.00'	817.55'

EXHIBIT "B"

SKETCH TO ACCOMPANY A
LEGAL DESCRIPTION FOR

LAGUNA LAUREL
OPTION PARCEL 5

CONTAINING: 172.996 AC.±

SCHEDULE 2

RBF
CONSULTING

PLANNING ■ DESIGN ■ CONSTRUCTION

1725 ALTON PARKWAY
IRVINE, CALIFORNIA 92618-2027
949.472.3505 • FAX 949.472.8373 • WWW.RBF.COM

SEPTEMBER 4, 2001

J.N. 10-101812

FE:\DATA\10101812\CADD\MAPPING\EXP\B12EX001.DWG

Schedule 3

Specific Rights of Grantee

Subject to and only in accordance with the terms of subparagraph 3(b) of the main body of this Deed, Grantee shall have the following rights with respect to the Property:

(a) Grantee shall have the right to plant, maintain, and/or remove native vegetation on the Property.

(b) Grantee shall have the right to control or eradicate feral and non-native animals.

(c) Grantee shall have the right to erect, maintain, and/or remove fencing on or around the Property for conservation purposes, including (but not limited to) the right to erect fencing around or along the banks of creeks, rivers, ponds, and other bodies of water on the Property.

(d) Grantee shall have the right to control or eliminate noxious weeds and non-native plant species from the Property, except that notwithstanding anything to the contrary in subparagraph 3(b) of the main body of this Deed, any use of controlled burning, pesticides, herbicides or other biocides shall be done only if and to the extent permitted in the Resource Plan.

Schedule 4

Permitted Uses

The following are set forth both to list specific uses at the Property which are not inconsistent with the terms of this Deed and, therefore, are permitted under this Deed (subject to such restrictions as may be set forth in this **Schedule 4** with respect to a given use, including any restrictions as to time, manner or area within which the use is permitted), and to provide guidance in determining whether other activities are not inconsistent with the terms of this Deed.

1. Fences. Grantor shall be entitled to maintain, repair and (where necessary) replace all existing fences on the Property. Grantor shall maintain, repair and (where necessary) replace all existing perimeter fences. New fences may be erected by Grantor at the perimeter of the Property and otherwise only as provided in the Resource Plan. All new fences erected by Grantor shall also be maintained, repaired and (where necessary) replaced by Grantor.

2. Existing Structures and Improvements. Grantor shall be entitled to maintain, repair, replace and use all existing structures and improvements on the Property; provided that no such structure or improvement shall be materially expanded in size, nor shall the use of such structure or improvement be materially changed, except as provided in the Resource Plan.

3. Additional Facilities and Activities. Grantor shall be entitled to construct, develop, improve, undertake, maintain, repair, replace and use on, under and/or across the Property utility facilities and lines, water drainage and treatment facilities, water tanks, access roads, slope stabilization and other grading activities, and any other improvements and activities (collectively, “**Infrastructure Facilities**”), as needed or desired to support development of other portions of the Irvine Ranch, subject to the following provisions:

(a) Grantor shall use its reasonable best efforts to ensure that such Infrastructure Facilities are undertaken in such a manner as will minimize as much as reasonably possible the impact on the Conservation Values of the Property.

(b) The Infrastructure Facilities permitted under this Paragraph, and their installation, use, maintenance, repair and replacement, shall not affect, in the aggregate, more than four (4) acres of the total original area of the Property (collectively, the “**Allowable Facilities Area**”).

(c) Notwithstanding any other provision of this Deed to the contrary, either before or after the time that any Infrastructure Facilities permitted under this Paragraph are commenced or completed, Grantor shall have the right to transfer to any appropriate agency, entity or individual fee title, easement, license and/or other possessory interest to the Allowable Facilities Area related to such Infrastructure Facilities, in the form or manner required by the recipient (including without limitation with title acceptable to the recipient), and without compensation to Grantor or Grantee and without requiring the recipient to resort to its powers of eminent domain (if any) or other similar legal process in such endeavor. Grantee shall cooperate with Grantor, as reasonably requested and at no out-of-pocket cost to Grantee, to ensure Grantor may exercise said right to transfer the Allowable Facilities Area. To that end, if requested,

Grantee shall execute and record an amendment to this Deed releasing the Allowable Facilities Area from this Deed, provided that Grantee shall be entitled to require that any such release from this Deed explicitly confirm the provisions of subparagraph 3(f) below with respect to the released Allowable Facilities Area. In transferring title to the Allowable Facilities Area as permitted in this Paragraph 3, subject to acceptance by the recipient, Grantor shall use its reasonable best efforts to restrict use of the Allowable Facilities Area to the applicable Infrastructure Facilities in a recorded document encumbering the Allowable Facilities Area.

(d) Prior to submitting an application for a permit for the Infrastructure Facilities (or if no permit whatsoever is required for the Infrastructure Facilities, then prior to commencement of construction of the Infrastructure Facilities), Grantor shall consult with Grantee concerning its plans for the Infrastructure Facilities. Grantor shall also provide copies of (or allow Grantee to review) any and all applications for permits filed by Grantor for the Infrastructure Facilities. Nothing herein is intended or shall be deemed to require Grantee's consent or approval to any Infrastructure Facilities.

(e) It is expressly understood and agreed that the Infrastructure Facilities permitted under this Paragraph 3 are in addition to any other improvements or activities permitted under this **Schedule 4**. For example, but without limiting the foregoing sentence, the MPAH Roads permitted under Paragraph 5 below in this **Schedule 4** are in addition to the Infrastructure Facilities permitted under this Paragraph 3.

(f) For all purposes, in deriving the fair market value of the Property as encumbered by the Easement (e.g., in deriving the Original Easement Value under **Paragraph 18** of the main body of this Deed), Grantor shall be deemed to have retained the total value of all Allowable Facilities Areas permitted to be used for Infrastructure Facilities under this Paragraph 3, along with any and all potential uses or activities thereon, without regard to the terms of this Easement or the restrictions imposed by this Deed, and without regard to whether or not the total Allowable Facilities Areas will actually be so used.

(g) If at any time fee title to all or less than all of the Property is conveyed (which shall be subject to any applicable provisions of this Deed governing such conveyance) by The Irvine Company to a third party (in each case, a "**Transferred Parcel**"), the rights provided Grantor in this Paragraph 3 shall cease as to the transferee of such Transferred Parcel unless and until The Irvine Company assigns to such transferee the rights set forth in this Paragraph 3, either concurrently with conveyance of the Transferred Parcel or at anytime thereafter; in either case, as evidenced by written notice from The Irvine Company to Grantee and, to the extent practical, by a recorded assignment document executed by The Irvine Company specifically referencing this Paragraph 3 (general references to appurtenances or rights related to the acquired land will not suffice). Both such notice to Grantee and any such recorded assignment shall specifically reference the amount of acreage which may thereafter be used in the Transferred Parcel for Infrastructure Facilities, which amount together with all other acreages previously used for Infrastructure Facilities or assigned to other Transferred Parcels may not exceed the maximum amount permitted as set forth above in subparagraph 3(b). All rights under this Paragraph 3 not so assigned by The Irvine Company shall be retained by The Irvine Company and may be used by The Irvine Company with respect to any portion of the Property whether or not owned by The

Irvine Company. In no event shall any division of the Property between multiple owners, or any other event or circumstance (e.g. a release of this Deed as to an Allowable Facilities Area), create or allow any increase in the maximum Allowable Facilities Area as set forth above in subparagraph 3(b). As used in this subparagraph, the term "The Irvine Company" shall mean and refer to The Irvine Company, a Delaware corporation, its successors and any person or entity to whom The Irvine Company assigns its rights under this Paragraph 3. Any merger of The Irvine Company with or into another entity or any acquisition or transfer of all or a portion of the stock, equity or other ownership interests of The Irvine Company will not be deemed a transfer of the Property triggering the applicability of this subparagraph 3(g).

4. Roads and Trails. Grantor shall be entitled to maintain, repair, replace and use all existing roads and trails located on the Property, provided that no such road or trail shall be materially expanded in size, nor shall the use of such road or trail be materially changed, except as provided in the Resource Plan. The construction, maintenance, repair, replacement and use of new roads and trails shall be permissible only as explicitly permitted pursuant to any other Paragraph in this **Schedule 4** (and then subject to any restrictions set forth in such other Paragraph, including any restrictions as to the area within which the road or trail is permitted) or as provided in the Resource Plan.

5. Specific New Roads. A depiction of the existing Orange County Transportation Authority (OCTA) Master Plan of Arterial Highways effective as of December 11, 2000, as well as the Project Report on State Route 133, Laguna Canyon Road from State Route 73, San Joaquin Hills Transportation Corridor, to 0.5 kilometer south of Interstate 405 as approved by CalTrans in May 2001 (together, the "MPAH") is included in the Easement Documentation Report. Grantor shall be entitled to cooperate with the appropriate federal, state, and local authorities with respect to, and undertake in all respects, the development, construction, improvement, maintenance, repair, replacement, relocation and use of all roads as shown and described on such existing MPAH, together with all utilities and other facilities ordinarily constructed or installed within or adjacent to such roads, and all improvements related thereto (collectively, the "MPAH Roads") in the relevant area (the "Allowable MPAH Area"), subject to the following conditions:

(a) If and to the extent Grantor is undertaking the development of any MPAH Road, Grantor shall use its reasonable best efforts to ensure that such MPAH Road is undertaken in such a manner as will minimize as much as reasonably possible the impact on the Conservation Values of the Property, including (but not limited to) the incorporation into the design and construction of such MPAH Road of wildlife underpasses, where appropriate pursuant to any existing completed wildlife movement studies for the Property previously funded by Grantor. Grantee understands and acknowledges that Grantor may not be the party undertaking development of each MPAH Road. In those instances where Grantor is nonetheless participating in the development of the MPAH Road, Grantor shall use its reasonable best efforts to provide the party undertaking the MPAH Road with the awareness of the desirability of considering the incorporation into the design and construction of such roads of wildlife underpasses and to deliver to such party copies of any existing completed wildlife movement studies for the Property previously funded by Grantor.

(b) Notwithstanding any other provision of this Deed to the contrary, either before or after the time that any MPAH Road permitted under this Paragraph is commenced or completed, Grantor shall have the right to transfer to any appropriate agency, entity or individual fee title, easement, license and/or other possessory interest to the Allowable MPAH Area related to such MPAH Road, in the form or manner required by the recipient (including without limitation with title acceptable to the recipient), and without compensation to Grantor or Grantee and without requiring the recipient to resort to its powers of eminent domain (if any) or other similar legal process in such endeavor. Grantee shall cooperate with Grantor, as reasonably requested and at no out-of-pocket cost to Grantee, to ensure Grantor may exercise said right to transfer the Allowable MPAH Area. To that end, if requested, Grantee shall execute and record an amendment to this Deed releasing the Allowable MPAH Area from this Deed, provided that Grantee shall be entitled to require that any such release from this Deed explicitly confirm the provisions of subparagraph 5(d) below with respect to the released Allowable MPAH Area. In transferring title to the Allowable MPAH Area as permitted in this Paragraph 5, subject to acceptance by the recipient, Grantor shall use its reasonable best efforts to restrict use of the Allowable MPAH Area to the applicable MPAH Road in a recorded document encumbering the Allowable MPAH Area.

(c) Again assuming Grantor is the party seeking a permit for the MPAH Road, prior to submitting an application for that permit, Grantor shall provide copies of (or allow Grantee to review) any and all applications for permits filed by Grantor for such MPAH Road. Nothing herein is intended or shall be deemed to require Grantee's consent or approval to any MPAH Road.

(d) For all purposes, in deriving the fair market value of the Property as encumbered by the Easement (e.g., in deriving the Original Easement Value under **Paragraph 18** of the main body of this Deed), Grantor shall be deemed to have retained the total value of all Allowable MPAH Areas permitted to be used for MPAH Roads under this Paragraph 5, along with any and all potential uses or activities thereon, without regard to the terms of this Easement or the restrictions imposed by this Deed, and without regard to whether or not the total Allowable MPAH Areas will actually be so used.

6. Educational and Recreational Uses. Grantor shall be entitled to use and develop the Property to provide for recreational and educational use of the Property by the general public; provided, however, that all recreational and educational uses of the Property and the facilities therefor shall be planned mutually by Grantor and Grantee pursuant to, and shall only be installed as provided in the Resource Plan, taking into account (a) the desire of the parties to provide substantial and regular use of the Property by the public through recreational and educational uses as permitted under this Deed, (b) the recreational and educational uses and facilities provided on other portions of the Irvine Ranch, and (c) the need to preserve and protect the other Conservation Values of the Property. Without meaning to address all possible uses or facilities in advance, and on the understanding that not all uses or activities will be appropriate in all locations, the parties anticipate that trails for hiking, cycling and equestrian, picnicking and picnic areas, viewpoints and overlooks, staging areas, access roads, interpretive centers and related facilities, and similar recreational and/or educational uses or activities will be appropriate

on the Property, but that motorized recreation, paved or landscaped playing fields or areas and similar recreational uses or activities will not be appropriate on the Property.

7. Environmental Enhancement Activities. Grantor and Grantee shall determine in the Resource Plan any portions of the Property that are appropriate for environmental enhancement (restoration of habitat), and what sort of enhancement activities are appropriate and will not adversely affect the ecological values of the Property. Once those determinations have been made, Grantor may carry out the approved enhancement activities from time to time, at any time thereafter, as provided in the Resource Plan.

8. Mining and Drilling. Grantor shall have the right to enter the subsurface of the Property for the extraction or removal of oil, gas, hydrocarbon substances, minerals, and/or any other material or resources (collectively for this Paragraph 8, "minerals") below the surface of the Property, subject to the following provisions:

(a) Grantor shall have the right to drill, tunnel or mine, in compliance with all Applicable Laws, from the surface of lands other than the Property, in, into, and through that portion of the subsurface of the Property lying below a depth of five hundred feet (500') measured vertically from the surface thereof, for the purposes of exploring for, extracting, and/or removing minerals.

(b) In exercising its rights under this Paragraph 8, Grantor shall conduct its activities such that the impact on the Property is limited and localized and is not irretrievably destructive of the Conservation Values of the Property.

(c) Grantor shall not enter into any lease for the purposes of exploring for, extracting, or removing any minerals from the Property unless such lease specifically refers to this Deed and binds the lessee to comply with all of the relevant terms hereof.

(d) In exercising its rights under this Paragraph 8, Grantor shall not (i) pollute the surface water of the Property, (ii) pollute the subsurface water of the Property in a manner that materially, adversely affects the Conservation Values of the Property, or (iii) interfere with the surface or subsurface water of the Property in a manner that materially, adversely affects the Conservation Values of the Property.

(e) Grantor shall give Grantee written notice at least forty-five (45) days prior to commencement of any such operations affecting the Property by Grantor or by anyone acting for or by authority of Grantor, describing the proposed location and nature of such operations.

9. Existing Easements. The continued use of existing easements and other possessory rights of record granted prior to the Easement is permitted, including without limitation such rights of record, if any, to construct, maintain, replace and use new roads or trails.

10. Vegetation and Animal Management. Grantor shall be entitled to remove or control invasive, non-native plant species. Grantor shall also be entitled to remove or control feral and/or non-native animal species. Grantor shall be entitled to control problem animals (a)

as provided in the Resource Plan or (b) in emergencies where an animal poses an imminent danger to human safety, but only in compliance with all Applicable Laws and using selective control techniques which are designed to be limited in their effectiveness to the specific animal which has been clearly identified as dangerous to human safety.

11. Signage. Grantor shall be entitled to place the following types of signs on the Property: (a) a sign or signs reasonably necessary for the identification of the Property or to advertise its lease or sale; (b) a sign or signs related to the open space, conservation and public access uses of the Property; (c) a sign or signs reasonably necessary to mark the boundary of the Property or to prevent trespass; and (d) a sign or signs along the perimeter of the Property reasonably necessary to provide directional or interpretive information.

12. Fuel Modification. Grantor shall be entitled to undertake those activities necessary to prevent the risk of wildfire as and when required by Applicable Law or as provided in the Resource Plan.

13. Drainage. Rainfall runoff, stormwater, urban runoff, sheet flow, receiving waters, dry weather flow, and other waters presently drain or travel within one portion of the Property to, over, onto and/or across other portions of the Property, as well as from other lands to, over, onto and/or across the Property. Portions of these waters percolate, infiltrate and otherwise are absorbed into the ground at the Property. These waters contain, and in the future will contain, water quality constituents typically associated with such flows. Grantor and Grantee acknowledge that such drainage and flows will occur in the future and that current drainage and hydrologic conditions will change in the future, for example as other lands are developed and/or for flood control purposes. Grantor retains and shall be entitled to use all drainage and flood control rights, subject to all Applicable Laws, to drain and/or route waters within and to the Property or to otherwise allow waters to reach the Property, whether in a manner similar to current conditions or in any other lawful manner; provided that nothing in this Paragraph 13 shall authorize the construction of any structures or facilities of any kind on the Property.

14. Enforcement of Right to Quiet Enjoyment. Grantor shall be entitled to prohibit entry upon the Property by unauthorized persons.

15. Easement Boundaries. Grantee acknowledges that development of the area(s) adjoining the Property may require that the boundary of the Property be adjusted minimally in order to free one or more portions of the initial Property from the Easement for use in the adjoining development. Grantee shall cooperate with Grantor as reasonably requested from time to time in amending this Deed and the Easement, in order to make such adjustments, provided that (a) the amendment shall provide that, in exchange for the portion of the Property released from the Easement, one or more other portions of the Irvine Ranch contiguous with the remaining portion of the Property shall be added to the Property governed by the Easement; (b) such added area shall be of equal or more conservation and dollar value to that which is released from the Easement (though it need not necessarily be exactly the same in area); and (c) in no event shall the alteration as to any portion of the Property in the aggregate for the entire Property exceed ten (10) acres.

Schedule 5 Inconsistent Uses

The following are set forth both to list specific uses at the Property which are inconsistent with the terms of this Deed and, therefore, are prohibited under this Deed (except to the extent permitted as may be set forth in this **Schedule 5** with respect to a given use), and to provide guidance in determining whether other activities are inconsistent with the terms of this Deed. The following activities are inconsistent with the terms of this Deed and prohibited at the Property, in each case: (a) except as required to carry out, or as a normal or reasonable part of, an activity permitted under a specific Paragraph of **Schedule 3** or **Schedule 4** to this Deed, subject in each case to any and all restrictions set forth in such Paragraph, including any restrictions as to the time, manner or area within which the activity is permitted; and (b) except as required to be undertaken under any Applicable Law.

1. **Improvements.** There shall be no construction or placement of any structures or improvements on the Property, including (but not limited to) residential, industrial, office, or other buildings, underground or aboveground tanks, billboards, signs, advertising facilities, street lights, utility structures or lines, or sewer systems or lines.

2. **Use or Transfer of Development Rights.** All development rights that are now or hereafter allocated to, implied, reserved, or inherent in or to the Property are terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property (whether adjacent or otherwise).

3. **Granting of Partial Interests or Subdivision.** Except to the extent otherwise permitted in Paragraph 3 or Paragraph 5 of **Schedule 4**, there shall be no legal or *de facto* sale or gift of less than the whole of the Property, nor any division, subdivision, or partitioning of the Property, without the prior written consent of Grantee, which shall not be withheld unreasonably, subject to the following provisions:

(a) Ownership of the Property may be held in the form of undivided interests as tenants in common, whether by choice or by operation of law, without any need to obtain Grantee's consent thereto, but no owner of an undivided interest in the Property shall have the right of exclusive occupancy or exclusive use of any separate portion of the Property, or any right to have the Property partitioned in kind, whether pursuant to California Code of Civil Procedure Sections 872.210 *et seq.* or otherwise.

(b) There shall be no granting of any leases, easements, licenses, or other rights to use the Property without the prior written consent of Grantee, except that Grantee's consent shall not be required for: (i) temporary or term rights to access and use the Property to provide services or carry out activities permitted at the Property, including (but not limited to) the construction, development, use, maintenance, repair, replacement, and improvement of roads, improvements and/or facilities which are permitted either in the Resource Plan or under any of the provisions of **Schedule 4**; (ii) any such conveyance permitted in **Schedule 4**; or (iii) conservation or environmental enhancement easements which are subordinate to this Easement.

(c) Fee title to less than the whole of the Property may be conveyed by Grantor to any public agency, without any need to obtain Grantee's consent thereto, but Grantor agrees to use its reasonable best efforts, in consultation with Grantee, to ensure that logical boundaries are used in such subdivision. As part of such a division of the Property, Grantor may also convey (again, without any need to obtain Grantee's consent to such transfer, but in consultation with Grantee with respect to the boundaries, in advance of the decision) less than the whole of the Property to one or more public agencies, and convey the entire remainder of the Property to one (but no more than one) non-profit entity which: (i) is organized as a corporation, limited liability company, partnership or other entity excluding an unincorporated association; (ii) is a tax-exempt public charity described in Section 815.3 of the California Civil Code and IRC Section 501(c)(3), organized to protect and conserve natural areas and ecologically significant land for scientific, ecological, scenic, charitable, recreational, and educational purposes; and (iii) has sufficient experience or expertise (or the resources to engage such experience and expertise), and sufficient resources, to hold the remainder in compliance with the Easement Purposes.

(d) In those remaining cases where Grantee's consent to conveyance of less than the whole of the Property, or subdivision of the Property, is required (e.g. conveyance to two or more owners which are not public agencies), Grantee may withhold its consent to any such conveyance or subdivision only if: (i) Grantee has reasonable grounds to doubt the ability of a proposed owner to hold its portion of the Property in compliance with the Easement Purposes; (ii) in Grantee's reasonable opinion, the administrative burden to Grantee in enforcing the Easement thereafter would be increased to an unacceptable degree due to the increase in the number of multiple owners; or (iii) in Grantee's reasonable opinion, the boundaries of such subdivision are not logical for purposes of preserving the Conservation Values of the Property.

4. Vehicles. There shall be no use of any motorized vehicles off of designated roadways on the Property except (a) vehicles used in carrying out the Easement Purposes (but not including any motorized off-road recreational use) or (b) as provided in the Resource Plan; and then in those uses permitted under clauses (a) and (b) of this Paragraph 4, the Conservation Values of the Property shall be protected as much as reasonably possible.

5. Dumping or Salvage. There shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be disposed of on the Property on a temporary basis prior to its removal from the Property in areas where the Conservation Values of the Property are not adversely impacted or (b) compostable refuse generated on the Property which may be disposed of on the Property in a responsible manner which does not impair the Conservation Values of the Property. There shall be no dumping, storage or other disposal on the Property of ashes, sludge, Hazardous Materials (as defined in this Deed), or other unsightly or dangerous materials. There shall be no storage or disassembly on the Property of inoperable automobiles, trucks, or other vehicles or equipment for purposes of sale, or rental of space for that purpose.

6. Non-Native Animal Species. There shall be no release anywhere on the Property of non-native animal species.

7. Vegetation. There shall be no removal, cutting or destruction on the Property of native vegetation except (a) as provided in the Resource Plan or (b) in an emergency for purposes of disease or insect control or to prevent property damage, personal injury, or flooding. There shall be no introduction on the Property of any non-native plant.

8. Timber Harvesting and Firewood. There shall be no taking or harvesting of timber, standing or downed, on the Property (including, but not limited to, the removal of any downed wood from any waterway) except (a) as provided in the Resource Plan or (b) in an emergency for purposes of disease or insect control or to prevent property damage, personal injury, or flooding.

9. Biocides. There shall be no storage or use of fertilizers, pesticides, biocides, herbicides, or other agricultural chemicals at the Property except as provided in the Resource Plan.

10. Roads and Trails. There shall be no construction of any new roads or trails on the Property.

11. Fences and Walls. There shall be no construction of any new fences or walls on the Property.

12. Commercial Uses. There shall be no retail, office, industrial, or other commercial use of the Property.

13. Alteration of Land or Excavation. There shall be no filling, excavating, grading, draining or dredging on the Property, nor any change in the general topography of the Property.

14. Mining and Drilling. There shall be no mining, drilling, removing, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property.

15. Agriculture. There shall be no agricultural activities or operations of any kind on the Property, including (but not limited to) row crops, forage, growing of timber for harvest, orchards, vineyards, or any other agricultural activities that involve tillage of soil, removal of vegetation, planting of crops for harvest, or irrigation of such crops.

16. Grazing. There shall be no breeding, raising, pasturing or grazing of livestock of any kind, nature or description (whether for commercial purposes or otherwise) on the Property.

17. Hunting, Trapping and Fishing. There shall be no use of the Property for any hunting, trapping or fishing of any kind.

18. Water Resources. There shall be no development or other activities, action, or uses on the Property detrimental to water conservation or quality, erosion control, soil conservation, or fish and wildlife habitat preservation on the Property, and no manipulation or

alteration of natural water courses, wetland, stream bank, shorelines, or bodies of water on the Property, including but not limited to:

(a) degradation or pollution of any surface or subsurface waters on the Property, or placement of revetments or rip-rapping on the Property;

(b) bank protection or any other manipulation, diversion or other alteration of natural water courses, wetlands, or other bodies of water on the Property; or

(c) any other activity on the Property which may destabilize the banks of any course or body of water on the Property; and any uses or activities on the Property which would pollute, degrade, or drain the surface or sub-surface waters of the Property.

19. Water Rights. There shall be no severance, conveyance or encumbrance of Grantor's water or water rights appurtenant to the Property, separately from Grantor's underlying title to the Property; and the Easement shall not sever any such riparian water rights appurtenant to the Property.