

RECORDED AT REQUEST OF:

BRIAN FINEGAN

WHEN RECORDED, RETURN TO:

**Brian Finegan, Esquire
Brian Finegan, A Professional Corporation
60 West Alisal Street, Suite 1
Post Office Box 2058
Salinas, California 93902**

DOCUMENT: **2002053447**



2002053447#

Titles: 1/ Pages: 26

Fees ... 83 00
Taxes
Other ...
AMT PAID \$83 00

PARTNERSHIP GRANT DEED

(The Wildlands of the Santa Lucia Preserve, Phase D, Parcel E)

The undersigned grantor declares:

Documentary transfer tax is - 0 - NO CONSIDERATION - OPEN SPACE

- () computed on full value of property conveyed, or:
- () computed on full value less value of liens and encumbrances remaining at time of sale.
- (X) Unincorporated area.

RECITALS

A. The real property which is the subject of this Grant Deed is a portion of Parcel E as shown on the Record of Survey Map filed for record December 7, 2001, in Volume 25 of Surveys at page 25, Official Records of Monterey County, California ("Parcel E").

B. Parcel E was created through a lot line adjustment which, among other things, adjusted the boundaries of Lot D20, as shown on the Record of Survey Map filed for record February 8, 2001, in Volume 24 of Surveys at page 55, Official Records of Monterey County, California ("Lot D20") and Parcel X, as shown on the Map of Tract 1353 "Santa Lucia Preserve Phase C", filed for record October 24, 2000, in Volume 21 of Maps "Cities and Towns", at page 20, Official Records of Monterey County, California ("Parcel X").

C. That portion of Parcel E which is comprised of land formerly part of Parcel X is owned by Grantee pursuant to that certain Partnership Grant Deed from Grantor to Grantee dated July 24, 2000, and recorded October 24, 2000 as Document No. 2000069613, Official Records of Monterey County, California.

5/29/02

1

D. That portion of Parcel E which is comprised of land formerly part of Lot D20 is owned by Grantor.

E. The purpose of this Grant Deed is to convey to Grantee that portion of Parcel E which is comprised of land formerly part of Lot D20 which is owned by Grantor, thereby resulting in all of Parcel E being owned by Grantee.

F. The Subject Property is a part of a phased project known generally as The Santa Lucia Preserve, consisting of approximately 18,000 acres of Preserve Lands and approximately 2,000 acres of Settled Lands as those terms are used and described in the Comprehensive Development Plan (April 1994, "the Plan"), the Combined Development Permit Application (Revised November 14, 1994, "the Application") and the Resource Management Plan for The Santa Lucia Preserve (Rancho San Carlos Partnership, April, 1994, rev. November, 1994, hereinafter "the RMP") on file as File Number PC94067 in the office of the Monterey County Planning and Building Inspection Department. Grantor has created within Phases A, B and C of the Project (including Parcel X) a project consisting of residential, recreational, open space and agricultural uses ("the Project"), subject to conditions of approval imposed by the Monterey County Board of Supervisors on Phases A, B and C of the Project (including Parcel X, but not including Lot D20) pursuant to Resolution No. 96-060, Resolution No. 96-061 and Resolution No. 97-360 ("the Conditions of Approval"). Phases A, B and C of the Project as so approved, subject to the Conditions of Approval, are hereinafter referred to as "the Approved Project."

G. The Project consists of "Settled Lands" (lands to be developed with residential and recreational uses) and "Preserve Lands" (lands to be preserved and used for agricultural, recreational, open space and conservation activities). The Preserve Lands of the Santa Lucia Preserve are comprised of Wildlands conveyed incrementally to Grantee in fee, or Openlands consisting of portions of the residential lots in the Project (hereinafter "Lot" or "Lots") conveyed in fee to the individual purchasers of such lots (hereinafter "Owner" or "Owners"), but subject to conservation easements in favor of Grantee. The Preserve Lands are restricted in perpetuity to a conservation program of scientific research and education, recreational activities and managed agricultural programs ensuring in perpetuity for the public benefit the protection and preservation of natural resources. The Settled Lands of the Santa Lucia Preserve are comprised of either Homelands, which will be used for residences, or Rancholands, which will be used for visitor accommodation, resident-serving commercial, and recreational uses. The Subject Property is part of the Wildlands of The Santa Lucia Preserve.

5/29/02

2

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

I. Grantee is a nonprofit public benefit corporation qualified under Section 501(c)(3) of the Internal Revenue Code, whose primary purpose is the preservation of areas of significant biological diversity through acquisitions of natural areas, acceptance or creation of conservation easements, creation of managed and interpretive public access to areas of special ecological, aesthetic and educational value and the establishment of demonstration conservation projects.

J. Sonoran Institute is a publicly supported, tax-exempt nonprofit organization qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code, whose primary purpose is to conserve and restore important natural landscapes in Western North America, thereby promoting sustainable livable communities, healthy and diverse natural systems, wild places and working landscapes.

K. Grantor intends, by granting the Subject Property to Grantee, to assure the preservation, management and protection of the Protected Values of the Subject Property, as described in the Plan and the RMP, in accordance with the terms and conditions of this Deed, subject to the rights and interests reserved to Grantor as herein provided.

L. Grantee intends, by acceptance of the grant made hereby, forever to honor the intentions of Grantor to protect the public interest in the Protected Values of the Subject Property by actively monitoring the ranching, recreational, research, educational and resource management activities as well as other permitted uses on the Subject Property in a manner consistent with the protection and preservation of the Protected Values, and by enforcing the covenants, conditions and restrictions contained in this grant deed, subject to the rights and interests reserved to Grantor as herein provided.

GRANT

NOW, THEREFORE, in consideration of the recitals set forth above, and for other good and valuable consideration, receipt of which is hereby acknowledged, RANCHO SAN CARLOS PARTNERSHIP, L. P., a California limited partnership ("Grantor") hereby grants to SANTA LUCIA CONSERVANCY, a California nonprofit public benefit

5/29/02

3

corporation ("Grantee"), with remainder (conditional limitation) to SONORAN INSTITUTE, a California nonprofit public benefit corporation in the event of the occurrence of the condition subsequent hereinafter set forth, the real property in the unincorporated area of Monterey County, California, described in Exhibit "A" attached hereto and incorporated herein by reference ("the Subject Property").

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

5/29/02

4

INSTITUTE succeeds to the interest of SANTA LUCIA CONSERVANCY pursuant to the provisions of this CONDITION SUBSEQUENT, SONORAN INSTITUTE shall have the right, but not the obligation, to assign its interest to another nonprofit organization qualified under California Civil Code Section 815.3 to accept conservation easements and otherwise fulfilling the characteristics provided in Section 6.8.4 of this deed.

2. **COVENANTS, CONDITIONS AND RESTRICTIONS.**

2.1. **SUBJECT ALSO TO** the covenants, conditions and restrictions that the uses of the Subject Property shall be limited in perpetuity to the following:

- a) Uses consistent with and supportive of the preservation, protection and management in perpetuity of the Protected Values;
- b) Research, educational and resource management and facilities;
- c) Ranching activities and facilities as described in the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan referred to in Condition #25 of the Conditions of Approval;
- d) Outdoor recreation and facilities; and
- e) Project infrastructure and uses described in the Plan and the Application.

2.2. Prohibited Uses. Specifically, and without limiting the generality of the foregoing, the following itemized uses and activities are deemed prohibited uses of the Subject Property consistent with this covenant, condition and restriction:

- a) Inconsistent Uses and Activities. Any use of or activity on the Subject Property not expressly permitted and which is inconsistent with the purpose of this Easement, or which threatens or compromises the Protected Values, is prohibited.
- b) Subdivision & Development: The legal or de facto further subdivision of the Subject Property.
- c) Residences & Commercial & Industrial Uses: Residential, commercial and industrial uses, including viticulture and wineries, golf and commercial harvesting of timber.

5/29/02

5

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

e) Dumping & Disposal: The dumping or disposal of all non-biodegradable refuse or vegetative materials composed of non-native plant species.

f) Motorized Vehicles: The use of motorized vehicles on all existing unimproved roads, trails, and off-road areas, except by Grantor and Grantee, or others under Grantee's authorization, for construction, repair or maintenance of approved Project infrastructure or accessory facilities and for permitted uses and emergency purposes.

g) Water Development: The impoundment, pumping or removal of water beyond uses for the Approved Project and other permitted uses (e.g., ranching, reforestation, revegetation and native plant cultivation), to the extent that such removal would have or be likely to have a potentially significant adverse impact on aquatic life or creek, stream, spring, seep or other natural resources.

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

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

2.3. Permitted Uses. Specifically, and without limiting the generality of the foregoing, the following itemized uses and activities are deemed permitted uses of the Subject Property consistent with these covenants, conditions and restrictions; provided, however, that such uses shall be conducted in such a manner as to not materially impair or interfere with the Protected Values, or substantially and unreasonably disturb the safety, security and comfortable enjoyment of persons of normal health and sensibilities residing on the Lots:

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

5/29/02

6

b) Livestock Grazing: The grazing of livestock on the Subject Property in accordance with the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan referred to in Condition #25 of the Conditions of Approval.

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

d) Wildlife & Habitat Management: The conduct of reasonable and prudent wildlife and habitat management activities on the Subject Property, including, but not limited to, the restoration, enhancement, reintroduction, exotics-control, and other forms of management useful to support, sustain and enjoy the native biodiversity of the Subject Property, provided that any lawful hunting and fishing shall be managed according to reasonable and prudent resource conservation principles.

e) Education and Research: Supervised and managed resource-oriented public education, interpretation, scientific and academic training and research programs, and the licensing of such uses and activities to other individuals and organizations.

f) Recreation. Camping, picnicking, hiking, horseback riding and other managed and passive recreational uses; specifically including the construction, maintenance, repair and replacement of signs, fences, camp sites, picnic sites, shelters and similar facilities accessory to such uses, including, but not limited to, access to the Peñon Tower in Parcel X and the right to rehabilitate, restore, improve, maintain and use the Peñon Tower in Parcel X for recreational purposes, and the licensing of such uses and activities to other individuals and organizations.

g) Approved Infrastructure and Accessory Uses: The use and maintenance of existing dirt ranch roads located within the Subject Property for public safety and emergency ingress and egress purposes; construction, operation and maintenance of approved Project infrastructure, including roads, utilities, driveways, bridges, trails, camp sites, culverts, drainage and erosion control structures and facilities, which is exclusively accessory to and in accordance with the Approved Project and the uses permitted hereby.

h) Utilities. The construction, maintenance, repair and replacement of facilities for the conveyance of utility services, including but not limited to, water (including, but not limited to, water wells, storage tanks, treatment facilities and pipelines), sewer, natural gas, electricity and communications and

5/29/02

7

appurtenances thereto approved or required by the County of Monterey for the approved use and development of the Approved Project; and non-exclusive easements as necessary or appropriate over, under and across the Subject Property for such facilities.

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

j) Trails and Trail Access. The construction, maintenance, repair and replacement of trails and trail access in connection with permitted recreational uses of the Subject Property.

2.4. **SUBJECT ALSO TO** the following additional special covenants, conditions and restrictions imposed by the Conditions of Approval:

a) Direct disturbance or removal of non-toxic and non-invasive native vegetation within the Subject Property shall be prohibited except to the extent necessary for the installation, maintenance, repair and replacement of Project infrastructure and the construction and maintenance of approved fire breaks and fire-safe areas. Any non-toxic or non-invasive native vegetation disturbed or removed as a result of necessary installation of Project infrastructure shall be revegetated with non-toxic and non-invasive native vegetation.

b) The Subject Property, and each and every Parcel thereof, is subject to the provisions of the RMP as modified from time to time. The objective of the RMP is to identify and manage the valuable resources of the Project for the purpose of protecting the identified unique and valuable natural resources of The Santa Lucia Preserve.

c) Areas of the Wildlands occupied by special status plant species shall be marked by a qualified biologist and protected in accordance with a written protocol approved by the County of Monterey when conducting fuel modification activities within the Wildlands.

5/29/02
8

d) In order to protect the unique forest and woodland resources of the Wildlands of The Santa Lucia Preserve, all tree removal and replacement activities shall comply with mitigation measures M-12 through M-17 inclusive of the RMP and the Homeowner Oak Tree Maintenance Guidelines contained in the FMP.

3. **RESERVED RIGHTS. RESERVING UNTO GRANTOR** the following rights and interests in and to the Subject Property, which rights shall not compromise the monitoring and enforcement authority of the Grantee and its successors in interest as provided herein, and which rights shall be exercised by Grantor and Grantor's successors in interest in such a manner as reasonably to minimize damage to the Protected Values caused by such exercise, and in such a manner as to best preserve and protect the Protected Values:

3.1. Approved Infrastructure and Accessory Uses. The exclusive right to develop, construct, install, improve, maintain, repair, use, relocate and replace approved public or private roads, driveways and bridges approved or required by the County of Monterey for ingress to and egress from the Homelands and Rancholands of the Santa Lucia Preserve, drainage and flood control facilities, utilities, approved septic tank drainfields, pedestrian, hiking, bicycle and equestrian trails, recreation and camping facilities (hereinafter referred to as "Project Infrastructure"), and the nonexclusive right to construct, install, improve, maintain, repair, use, relocate and replace fences, fuel management zones, firebreaks, and firesafe zones (hereinafter referred to as "Accessory Uses"), all as necessary or appropriate for the full development of the Approved Project in accordance with the Plan and the Conditions of Approval.

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

3.3. Tree & Wood Removal: The selective and limited removal of standing live trees due to the construction of infrastructure (roads, driveways, utilities, etc.) for the Project in accordance with the FMP and the Conditions of Approval, and selective and limited removal of downed trees and wood exclusive to use on the

5/29/02
9

Approved Project, provided that in all cases such removal does not increase erosion, sedimentation or adversely impact the Protected Values in any potentially significant way and shall otherwise be in accordance with the RMP.

3.4. Water Rights.

3.4.1. Except as specifically provided herein, all right, title, and interest without limitation or restriction in and to water rights, including, but not limited to, tributary and non-tributary water for beneficial uses on all or portions of the lands of The Santa Lucia Preserve as described in the Plan, and related water rights in, on, under, or appurtenant to the Subject Property, provided that such water rights are exercised within the Project and are used in compliance with the Conditions of Approval.

3.4.2. The exclusive right to construct, operate, maintain, repair and replace wells and necessary appurtenances (including, but not limited to, pumping stations, treatment and storage facilities, and pipelines) on the Subject Property for the purpose of providing domestic, irrigation and fire protection water for the permitted uses on the lands of The Santa Lucia Preserve as described in the Plan; and non-exclusive easements as necessary or appropriate over, under and across the Subject Property for such facilities, provided that such water rights are exercised in compliance with the Conditions of Approval.

3.4.3. Notwithstanding the provisions of Section 3.4.1 above, the following water rights appurtenant to the Subject Property are conveyed by this deed and not reserved therefrom: a) riparian rights which are hereby preserved in the Subject Property; b) rights to use and maintain existing certified stock ponds on the Subject Property for livestock watering use and use incidental to livestock use, subject to the provisions of Section 1226 et seq. of the California Water Code; and c) the right to receive water service from the water system operated by the Santa Lucia Community Services District at no cost to Grantee.

3.5. Recreational Uses. The exclusive right to carry on camping, picnicking, hiking, horseback riding and other managed and passive recreational uses (but not to the exclusion of Grantee's other use rights as provided herein, including, but not limited to, the right to use, and the right, but not the obligation, to maintain, pedestrian hiking trails and facilities appurtenant to such trails for the uses set forth in Section 2.3(e) above); specifically including the construction, maintenance, repair and replacement of signs, fences, camp sites, picnic sites, shelters and similar facilities accessory to such uses, and also including,

5/25/02
10

but not limited to, access to the Peñon Tower in Parcel X and the right to rehabilitate, restore, improve, maintain and use the Peñon Tower in Parcel X for recreational purposes, and the licensing of such uses and activities to other individuals and organizations subject to the supervision of Grantor.

3.6. Ranch Roads. The right to use and maintain existing dirt ranch roads located within the Subject Property for public safety and emergency ingress and egress purposes.

3.7. Gun Club Lot Line Adjustment. The right to adjust the lot lines of the Subject Property in an approximately equal exchange of ±3 acres with the adjoining lands of Carmel Associated Sportsmen, Inc. (APN 416-021-023), to be accomplished through a lot line adjustment. Grantee shall cooperate in all applications, surveys and deeds necessary or appropriate to obtain approval for the lot line adjustment, to record maps evidencing the lot line adjustment, and to convey the exchanged property.

4. RESTRICTIONS ON TRANSFER. **SUBJECT ALSO TO** the following restrictions upon transfer, to wit:

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

4.2. To a Successor Grantee. Notwithstanding anything to the contrary contained in this Deed, SONORAN INSTITUTE, upon succession to the interest of SANTA LUCIA CONSERVANCY pursuant to the provisions of the Condition Subsequent contained herein, shall have the unconditional right to convey all of its right title and

interest as Grantee under the operation of the Condition Subsequent contained in this Deed to a successor Grantee possessing the minimum characteristics set forth in sub-Section 6.8.4 below.

4.3. Licensing by Grantee. Notwithstanding anything to the contrary contained in this Deed, except to the extent such uses are reserved exclusively to Grantor in Section 3 above, Grantee shall have the right to license any of the permitted uses listed in Section 2.3 above to other persons, organizations or entities, subject to the terms and conditions of this Deed and subject to the regulation and control of Grantee.

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

4.5. Incorporation in Transfers. Grantee agrees to incorporate the covenants, conditions and restrictions of this Deed in any deed or other legal instrument by which Grantee divests itself, in accordance with the restrictions on transfer contained in this Deed, of any interest in all or a portion of the Subject Property, including, without limitation, a leasehold interest. The failure of Grantee to perform any act required by this Section 4.5 shall not impair the validity of this Deed or the covenants, conditions or restrictions contained in this Deed, or limit its enforceability in any way.

5. MODIFICATIONS.

5.1. Amendments of This Deed. The restrictive use covenants contained in this Deed shall not be amended without the prior written consent of a) Grantor, so long as Grantor owns any interest in the Project; b) Grantee, so long as Grantee owns any interest in the Subject Property under this Deed; c) the Board of Directors of the Project homeowners association if Grantor no longer owns any interest in the Project, d) Sonoran Institute, or such successor organization as shall have been substituted for Sonoran Institute as provided herein, and e) the Monterey County Board of Supervisors. Any such amendment shall be consistent with the purpose of this Deed and shall not affect its perpetual duration. Consent may be withheld only upon a reasonable determination by the party whose consent is required that the proposed amendment would be inconsistent with the purpose of this Deed. Any such amendment shall be recorded in the official records of Monterey County, California.

5/29/02

12

5.2. Amendments of RMP. The provisions of the RMP shall not be amended without the prior written consent of Grantor, Grantee and Sonoran Institute or such successor organization as shall have been substituted for Sonoran Institute as provided herein.

5.3. Modified Uses or Activities. Should Grantor or Grantee, or the successor in interest to either, propose to undertake any activity on the Subject Property which i) is not listed as a permitted use in Section 2.3 above, or ii) is not permitted by reason of the reserved rights listed in Section 3 of this Deed; or iii) would exercise any of the permitted uses or reserved rights listed in this Deed in a manner materially different from that described herein, the party proposing such use or activity shall notify the other party and Sonoran Institute or their successor or successors in interest as the case may be ("the Noticed Parties"), in writing of its intention to undertake such use or activity ("Notice of Intention") not less than fifteen (15) days prior to the date such activity is proposed to commence. The Notice of Intention shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed use or activity in sufficient detail to permit the Noticed Parties to make an informed judgment as to its consistency with the purpose of this Deed. The Noticed Parties shall grant or withhold its approval of such use or activity in writing within fifteen (15) days after receipt of the Notice of Intention. Approval by the Noticed Parties may be withheld only upon a reasonable determination by the Noticed Parties, or either of them, that the action as proposed would be inconsistent with the purpose of this Deed.

6. REMEDIES AND ENFORCEMENT.

6.1. Enforcement by Grantee.

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

5/29/02
13

scientific values, and to require the restoration of the Subject Property to the condition existing prior to any such violation.

6.1.2. Grantee shall have the power and authority to impose reasonable monetary penalties and/or temporary suspensions of the right of any person or persons to have access to the Subject Property (other than over Project roads providing access to Project residential lots) or to use any services or facilities provided, furnished or operated by the Grantee as appropriate but not exclusive discipline for violation of or failure to comply with any of the covenants, conditions and restrictions contained in this Deed or in any rules, regulations, guidelines or procedures duly adopted and promulgated by Grantee pertaining to the use and occupancy of the Wildlands pursuant to this Deed.

6.2. Enforcement by County.

6.2.1. Subject to the provisions of sub-section 6.2.2 below, the County of Monterey shall have the non-exclusive right to enforce the covenants, conditions and restrictions contained in this Deed relative to the use and occupancy of the Wildlands as provided in Section 2 of this Deed, including the power to commence and maintain in its own name on behalf of itself, or on behalf of the public, actions and suits to restrain and enjoin the breach or threatened breach of such covenants, conditions and restrictions, and to recover from the defaulting party the reasonable costs of such enforcement.

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

6.3. Enforcement by Grantor.

6.3.1. Subject to the provisions of sub-section 6.3.2 below, Grantor, or its successor or successors in interest, including without limitation any Owner of any Lot or parcel of the Project, shall be entitled to enforce any and all conditions, covenants and restrictions contained in this Deed relative to the use and occupancy of the Wildlands as provided in Section 2 of this Deed, in the manner provided by law for enforcing equitable servitudes.

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

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

Section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

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

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

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

6.8. Termination. If Grantee shall cease to exist, or cease to be qualified under Section 501(c)(3) of the Internal Revenue Code, or ceases to manage and protect the Protected Values of the Subject Property, or attempts to transfer, assign, convey, hypothecate, encumber or otherwise alienate any interest in the Subject Property in violation of the restriction upon transfer set forth herein, or otherwise fails or refuses to discharge its obligations under this Deed, then Grantor shall have the right to terminate Grantee's ownership under this Deed pursuant to the Condition Subsequent contained in this Deed, in accordance with the following procedure:

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

5/29/02
16

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

6.8.3. If Grantor, upon receipt of the Grantee's Notice of Dispute, nevertheless wishes to proceed with the revocation of title, the matter shall be submitted to binding arbitration as provided herein.

6.8.4. If Grantee's rights under this Deed are terminated as provided above, all right title and interest of Grantee shall terminate automatically and without reentry by Grantor, and shall thereupon vest immediately and automatically in SONORAN INSTITUTE, a California nonprofit public benefit corporation, or in such successor organization as shall have been substituted for SONORAN INSTITUTE, whereupon SONORAN INSTITUTE or such successor organization shall be treated as "Grantee" for all purposes of this Deed. If SONORAN INSTITUTE has succeeded SANTA LUCIA CONSERVANCY as the Grantee hereunder by operation of the Condition Subsequent contained in this Deed, SONORAN INSTITUTE shall have the right, but not the obligation, to appoint a successor Grantee possessing the characteristics set forth in this sub-Section 6.8.4 and to convey its interest as Grantee to such organization, subject to the consent of Grantor, which consent may be withheld by Grantor only upon a reasonable determination by Grantor that the proposed successor Grantee is not qualified to monitor and enforce the provisions of this Deed, provided, however, that the consent of the Grantor shall not be required if Grantor or its successors in interest are in material default of its obligations under the terms of the Endowment Agreement between Grantor and the Santa Lucia Conservancy. If SONORAN INSTITUTE has ceased to exist and no successor organization shall have been substituted for SONORAN INSTITUTE, the successor Grantee shall be appointed by arbitration as provided herein. No matter how appointed, the successor Grantee shall possess the following minimum characteristics:

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

6.8.4.2. Track Record. The successor Grantee shall have an established track record demonstrating that such successor

5/29/02

17

Grantee is qualified to monitor and enforce the covenants, conditions and restrictions contained in this deed with respect to ecologically significant, open-space and scenic lands.

7. **TAXES.** Grantee shall pay before delinquency all taxes, assessments and charges of whatever description levied on or assessed against the Subject Property by competent authorities (collectively "taxes"), and shall furnish Grantor upon demand with satisfactory evidence of payment.

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

9. Environmental Compliance.

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

9.1.1. No substance defined, listed, or otherwise classified as hazardous, toxic or polluting pursuant to any federal, state, or local law, regulation, or requirement regulating the use, storage, discharge or disposal of hazardous, toxic or polluting substances (hereinafter referred to as "Environmental Laws"), exists or has been released, generated, treated, stored,

used, disposed of, deposited, abandoned, or transported in, on, from, or across the Subject Property;

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

9.1.3. Grantors and the Subject Property are in compliance with all Environmental Laws; and

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

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

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

5/29/02

19

any time, of any substance now or hereafter defined, listed, or otherwise classified pursuant to the Environmental Laws as hazardous, toxic or polluting; and (4) the representations and warranties of Section 9.1.

10. **DURATION**. All of the restrictions, conditions, covenants and reservations set forth in this Deed shall continue and remain in full force and effect at all times against the Subject Property and each part thereof, subject to the right to amend provided for in Section 5 above, in perpetuity.

11. **MISCELLANEOUS**.

11.1. **Interpretation of Restrictions**. In interpreting and applying the provisions of this Deed, they shall be held to be minimum requirements adopted for the preservation and protection of the Protected Values of the Subject Property. It is not the intent of this Deed to interfere with any provisions of any law or ordinance or any rules, regulations or permits previously adopted or issued or which may be adopted or issued pursuant to law relating to the use of the Subject Property; nor is it the intent of this Deed to interfere with or abrogate or annul infrastructure easements, conservation easements and/or other agreements between parties; provided, however, that where this Deed imposes a greater restriction upon the use and/or occupancy of the Subject Property for the purpose of preserving and protecting the Protected Values than are imposed or required by such provisions of law or ordinance or by such rules, regulations, or permits or by such easements, covenants, and agreements then in that case the provisions of this Deed shall control.

11.2. **Binding Upon Owners and Grantees**. The covenants, conditions and restrictions set forth in this Deed touch and concern the land in that said covenants, conditions and restrictions are for the purpose of managing and protecting in perpetuity the Protected Values of the Subject Property for the benefit of Grantor, the Owners of the Subject Property, the people of the County of Monterey and the people of the State of California. The covenants, conditions and restrictions set forth herein shall run with the land, and shall be binding upon Grantee and each and every grantee hereafter of any part or portion of the Subject Property subject to this Deed, including without limitation Sonoran Institute or such successor organization as shall have been substituted for SONORAN INSTITUTE, and any purchaser under any contract of sale or lessee or tenant under any lease or tenancy (including a month-to-month tenancy) covering any part or portion of the Subject Property.

5/29/02
20

11.3. The County Easement. The easements, covenants and restrictions contained in that certain Archaeological/Wetlands/Conservation/Scenic Easement Deed, recorded concurrently with this Deed ("the County Easement") shall be and are hereby declared to be subject and subordinate to the covenants, conditions and restrictions contained herein.

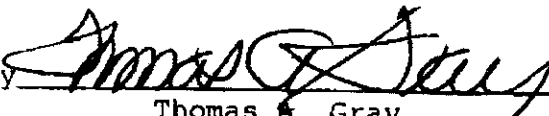
11.4. Construction and Validity of Provisions. All of said restrictions, conditions, covenants and reservations contained in this Deed shall be construed together; but if it shall at any time be held that any one or more of these restrictions, conditions, covenants, or reservations, or any part thereof,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

11.5. Waiver and Exemptions. The failure by the Grantee, the County of Monterey or any other person, entity or agency to enforce any of the restrictions, conditions, covenants or reservations to which the Subject Property or any part thereof is subject, shall in no event be deemed a waiver of the right to do so thereafter or to enforce any other restrictions, conditions, reservations or covenants.

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

Dated: _____

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

By 
Thomas A. Gray
Its: Authorized Representative

5/29/02
21

ACCEPTANCE

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

Dated: 29 May 2002

SANTA LUCIA CONSERVANCY
A California Nonprofit Public
Benefit Corporation

By [Signature]
Its president

And by Mark Beum
Its Secretary

"GRANTEE"

STATE OF CALIFORNIA)
) ss
COUNTY OF MONTEREY)

On this 29th day of May, 2002, before me, the undersigned, personally appeared Jeffrey Froke, 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 in and for the
State of California

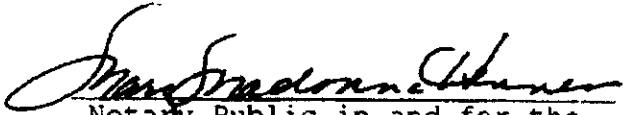
5/29/02
23

STATE OF CALIFORNIA)
) ss
COUNTY OF MONTEREY)

On this 29th day of May, 2002, before me, the undersigned, personally appeared MARIE A. Blum, 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 in and for the
State of California

5/29/02
24

STATE OF CALIFORNIA)

) ss

COUNTY OF MONTEREY)

On May 30, 2002, before me, MJ. DIAZ Notary Public, personally appeared Thomas A. Gray 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.

(official seal)



MJ. DIAZ
Notary Public in and for the State of California

OPTIONAL INFORMATION

Title or Type of Document Partnership Grant Deed
(Wildlands of SLP, Pn D, Parcel E)
Number of Pages 24 + 1 this acknowledgement
Date of Document 5/29/02
Other _____

EXHIBIT "A"

That certain real property in the unincorporated area of Monterey County, California, described as follows:

Parcel E, as shown on the Record of Survey Map filed for record December 7, 2001, in Volume 25 of Surveys at page 25, Official Records of Monterey County, California.

EXCEPTING THEREFROM Parcel X, as shown on the Map of Tract 1353 "Santa Lucia Preserve Phase C", filed for record October 24, 2000, in Volume 21 of Maps "Cities and Towns", at page 20, Official Records of Monterey County, California.

RESERVING THEREFROM a non-exclusive easement for road and utility purposes over, under, upon and across all that portion lying within the lines of Robinson Canyon Road.

APN: 239-101-030 (Portion)

END OF DOCUMENT