

OFFICIAL RECORD

Requested By:

STEWART TITLE OF DOUGLAS  
COUNTY

Douglas County - NV  
Werner Christen - Recorder

Page: 1 Of 29 Fee: 42.00  
BK-0906 PG- 4227 RPTT: 0.00



APN: 1220-04-002-015

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
  
AMERICAN LAND CONSERVANCY  
  
250 Montgomery Street, Suite 210  
San Francisco, CA 94104  
Attn: Mark Bergstrom

Space Above Reserved for Recorder

**GRANT OF CONSERVATION EASEMENT FOR AGRICULTURAL LAND  
AND AGREEMENT CONCERNING EASEMENT RIGHTS**

This GRANT OF CONSERVATION EASEMENT FOR AGRICULTURAL LAND AND AGREEMENT CONCERNING EASEMENT RIGHTS (the "Conservation Easement") is made this 6 day of Sept, 2006, by and between **HUSSMAN LAND & LIVESTOCK COMPANY, INC.**, a Nevada corporation, and its successors and assigns ("Grantor"), and **AMERICAN LAND CONSERVANCY**, a California nonprofit public benefit corporation, and its successors and assigns ("Grantee").

**RECITALS**

A. Grantor is the sole owner in fee simple of approximately 307.47 acres of farm property located in Douglas County, Nevada, more particularly described in Exhibit A attached hereto and incorporated herein by this reference, together with the buildings and other improvements located thereon (collectively, the "Property"), and depicted on the map attached hereto and incorporated herein by reference as Exhibit B.

B. The United States Department of Agriculture, National Resource Conservation Service (the "NRCS") has classified the majority of the soils within the Property as "prime farmland" of statewide importance. The Property is primarily open farmland utilized by Grantor for livestock grazing and irrigated field crop farming. These uses provide agricultural, wildlife habitat, riparian, floodplain, open space, and scenic values (collectively the "Conservation Values"), which are of great importance to Grantor, Grantee, and the people of the State of Nevada and Douglas County. Grantor and Grantee have the common purpose of protecting the Conservation Values in perpetuity by continuing the existing uses of the Property and preventing the development of the Property for any purpose or in any manner that would conflict with the maintenance of the Property as farmland and grazing land.

C. The conservation purposes of this Grant are recognized by, and this Grant will serve the clearly delineated governmental conservation policies contained in, among other Federal and state statutes:

(1) the Southern Nevada Public Land Management Act of 1998 (P.L.105-263, unclassified in part and classified in part to 16 U.S.C. § 460ccc-1(a)(2) and 31 U.S.C. § 6901 and 6901 note), which provides for the acquisition of interests in "environmentally sensitive land" in the State of Nevada for purposes including protection of wildlife habitat, riparian, open space, and watershed values, and encouragement of biological diversity;

(2) the Farmland Protection Policy Act (P.L. 97-98, 7 U.S.C. Section 4201 *et seq.*), whose purpose is to "minimize the extent to which Federal programs and policies contribute to the unnecessary and irreversible conversion of farmland to nonagricultural uses, and to assure that Federal programs are administered in a manner that, to the extent practicable, will be compatible with State, unit of local government and private programs and policies to protect farmland"; and

(3) Nevada's "Easements for Conservation" statutes at Nevada Revised Statutes ("NRS") Sections 111.390 to 111.440, inclusive, which recognize the protection of the natural, scenic or open-space values of real property and the assurance of the availability of real property for agricultural use as among the conservation purposes of the statutes.

D. Grantee is a publicly supported, tax-exempt nonprofit organization, qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code of 1986, as amended (the "Code"), whose primary purpose is the preservation, protection or enhancement of land in its natural, scenic, historical, agricultural, forested and/or open space condition, and is eligible to hold an easement for conservation under NRS Section 111.410.

E. Grantee agrees by accepting this Conservation Easement to honor the intentions of Grantor as set forth in this Conservation Easement to preserve and protect in perpetuity the Conservation Values for the benefit of this generation and the generations to come.

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms, conditions and restrictions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to the laws of the State of Nevada, and in particular NRS 111.390 to 111.440, Grantor hereby voluntarily grants and conveys to Grantee, and Grantee hereby accepts, an "easement for conservation" (as defined in Nevada Revised Statutes Section 111.410) in perpetuity over the Property of the nature and character and to the extent hereinafter set forth.

1. **Purpose.** The purpose of the Conservation Easement is to preserve and protect in perpetuity the Conservation Values and to prevent any uses of the Property that would conflict, impair, or interfere with those values, including but not limited to any future residential, commercial, and/or industrial, or other incompatible development or improvement of the Property that is not expressly allowable under this Conservation Easement. This purpose, as further defined by the provisions of this Conservation Easement, is generally referred to herein as "the conservation purpose of this Conservation Easement." In evaluating whether a particular use of the Property conflicts, impairs or interferes with Conservation Values, both the magnitude

and the duration of actual and expected effects on Conservation Values will be taken into account. Grantor and Grantee do not intend that evolutionary changes in the attributes of the Conservation Values will be considered to conflict with the conservation purpose of this Conservation Easement. Grantor and Grantee also do not intend that minor or ephemeral impacts on Conservation Values, other than such impacts resulting from the prohibited uses of the Property set forth in Exhibit C, attached hereto and incorporated herein by reference, will be considered to conflict with the conservation purpose of this Conservation Easement. Grantor and Grantee do intend that this Conservation Easement will confine the uses of the Property to such activities as are consistent with the conservation purpose of this Conservation Easement, including allowable agricultural and residential uses and improvements associated with those uses. Pursuant to the terms of NRS 111.390 to 111.440, the Property preserved hereby as natural, agricultural, or open-space lands may not be converted or directed to any uses other than those provided herein.

2. **Rights of Grantee.** To accomplish the conservation purpose of this Conservation Easement, the following rights are conveyed to Grantee by this Conservation Easement:

(a) To identify, preserve, and protect in perpetuity the Conservation Values in accordance with the further provisions of the Conservation Easement ;

(b) To enter upon the Property on an annual basis, and on a more frequent basis only if Grantee has reason to believe that Grantor's use of the Property is in violation of the provisions of this Conservation Easement, in order to inspect, observe and study the Property for the purposes of (i) identifying the current uses and practices of the Property, (ii) monitoring the uses and practices of the Property to determine whether they are consistent with this Conservation Easement, and (iii) at the sole discretion of the Grantee, enforcing the rights granted herein; *provided*, that the Grantee, with prior written notice to the Grantor, may designate an agent(s) to act on its behalf for the above-described purposes, and/or, that Grantee, in accordance with NRS 111.410.3 and 111.430 and with prior written approval of Grantor, which shall be given or withheld in Grantor's sole discretion, may identify a third person with a right of enforcement; *and further provided*, that any entry upon the Property by Grantee, the Grantee's agent, or any third person with a right of enforcement shall be at reasonable times, upon reasonable prior notice, and in a manner which does not unreasonably interfere with the use of the Property being made by Grantor, or any lessee, permittee or licensee of Grantor; and

(c) To prevent any activity on or use of the Property that is inconsistent with the conservation purpose of this Conservation Easement and to require the restoration of such areas or features of the Property that may be damaged by any inconsistent activity or use, in accordance with the provisions of Section 13, below. The Baseline Documentation Report (as defined in Section 17, below) and monitoring record shall be the basis for characterizing features of the Property so damaged.

3. **Prohibited Uses.** Any activity on or use of the Property inconsistent with the conservation purpose of this Conservation Easement is prohibited. Without limiting the foregoing, the activities and uses of the Property set forth in Exhibit C are expressly deemed to be inconsistent with the conservation purpose of this Conservation Easement and are prohibited.

Grantor understands and acknowledges that nothing contained in this Conservation Easement relieves Grantor of any obligation or restriction on the use of the Property imposed by law.

4. **Reserved Rights.** Grantor reserves to itself, and to its personal representatives, heirs, successors and assigns, all rights accruing from its ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited herein and are not inconsistent with the conservation purpose of this Conservation Easement. Grantor's authorization of any third party uses of the Property, by lease or other means, shall be subject to the terms of this Conservation Easement, and the Grantor shall continue to be fully responsible for compliance with all terms and conditions of this Conservation Easement. Without limiting the foregoing, the uses of the Property set forth in Exhibit D attached hereto and incorporated herein by reference are expressly deemed to be consistent with the conservation purpose of this Conservation Easement and may not be precluded or limited.

The uses and practices set forth in Exhibits C and D are not necessarily exhaustive recitals of inconsistent and consistent uses and activities, respectively. They are set forth both to establish specific prohibited and permitted activities and to provide guidance in determining the consistency of other activities with the conservation purpose of this Conservation Easement. Grantor and Grantee recognize that changes in economic conditions, in agricultural technologies, in locally accepted agricultural management practices, in natural resource management practices, and in the situation of Grantor may dictate an evolution of agricultural and natural resources management on the Property, consistent with the conservation purpose of this Conservation Easement.

5. **Grantor's Present Use of Property.** Grantee acknowledges by acquisition of the rights granted and assigned by this Grant that the present uses of the Property, as documented in the Baseline Documentation Report (as defined in Section 17, below) are compatible with the conservation purpose of this Conservation Easement.

6. **Development Rights.** Except the rights specifically reserved by Grantor pursuant to this Grant to support Grantor's allowable uses of the Property, Grantor shall not use on any portion of the Property any development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property, including, without limitation, any rights to subdivide the Property, to record a lot line adjustment relating to the Property, to record a tentative or final subdivision map for the Property, to change the zoning designation of the Property, and/or to construct any improvements on the Property, nor shall Grantor transfer any such rights to any other property adjacent or otherwise, or use such rights for the purpose of calculating permissible lot yield of any other property.

7. **Conservation Practices.** All farming operations on the Property shall be conducted in accordance with that certain conservation plan dated January 29, 2004 approved by NRCS and Grantee (the "Conservation Plan"), which addresses, and incorporates best management practices for, soil and water conservation, pest management, nutrient management and habitat protection, and is in compliance with all applicable Federal, state or local laws, statutes, rules, regulations, and ordinances. Grantor and Grantee each have a copy of the Conservation Plan. Grantor shall update the Conservation Plan at any time Grantor proposes a

substantial change in the agricultural operations on the Property and any time fee ownership of the Property changes. Grantor and Grantee agree that the Grantee shall have the right to review the Conservation Plan at the time of any updates to determine consistency with the terms and conditions of this Conservation Easement.

8. **Water Rights.** Grantor shall retain, maintain, and preserve the right to use all existing water rights associated with the Property, which water rights are more particularly described in Exhibit E attached hereto and incorporated herein by this reference, for all purposes consistent with the conservation purpose of the Conservation Easement, and Grantor shall not transfer, encumber, lease, sell, or otherwise sever any such water rights from the Property. Grantor's uses of all water rights associated with the Property shall be consistent with the conservation purpose of the Conservation Easement.

9. **Third Party Rights.** No restriction on the use of the Property expressed herein is intended, nor shall any such restriction be construed, to limit unreasonably (i) any duly recorded valid pre-existing right held by any third party to use the Property; or (ii) any right of any downstream water user under Nevada law to enter the Property to maintain a watercourse on the Property.

10. **Access.** No right of access by the general public to any portion of the Property is conveyed by this Conservation Easement. Nothing in this Conservation Easement shall be construed to preclude Grantor's right to grant access to third parties across the Property; *provided* (i) that the access granted is consistent with the conservation purpose of this Conservation Easement, (ii) that any easement, permit, or other permission contains a provision that it is subject to the terms and conditions of this Conservation Easement, and (iii) that Grantee shall have the right to review and approve any additional road construction proposed in connection with the access.

11. **Costs and Liabilities.** Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property, including the maintenance of adequate and customary comprehensive general liability insurance coverage. Grantee shall have no obligation for the upkeep or maintenance of the Property. Grantor shall keep the Property free of any liens arising out of any work performed for materials furnished to or obligations incurred by Grantor; *provided*, that nothing in this sentence shall prohibit Grantor from recording a deed of trust against the Property to secure Grantor's indebtedness as long as such deed of trust shall remain subordinate to this Conservation Easement. Grantor shall provide to Grantee a certificate of insurance evidencing the insurance policy obtained by Grantor and shall provide Grantee written evidence of any renewal of such insurance coverage or the issuance of a new insurance policy.

12. **Taxes.** Grantor shall pay before delinquency all taxes, assessments, fees and charges of whatever description levied on or assessed against the Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as result of, the Conservation Easement. Grantee shall have no obligation to pay any taxes levied on or assessed against the Property.

13. **Grantee's Remedies.** If Grantee determines that Grantor is in violation of any term of this Conservation Easement or that a violation is threatened, Grantee shall deliver written





notice to Grantor of such violation and demand corrective action sufficient to cure the violation and, if the violation or threatened violation involves injury to the Property resulting from any use or activity inconsistent with the conservation purpose of this Easement, to restore the portion of the Property so injured. If Grantor fails to cure the violation within thirty (30) days after receipt of notice thereof from Grantee, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally cured, Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Conservation Easement, to enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Conservation Easement or injury to any Conservation Values protected by this Conservation Easement, including damages for the loss of scenic, agricultural, aesthetic or environmental values, and to require the restoration of the Property to the condition that existed prior to any such injury. Without limiting Grantor's liability therefor, Grantee may apply any damages recovered to the cost of undertaking any corrective action on the Property. If Grantee reasonably determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values, Grantee may pursue its remedies under this paragraph without prior notice to Grantor or without waiting for the period provided for cure to expire. Grantee's rights under this paragraph apply equally in the event of either actual or threatened violations of the terms of this Conservation Easement, and Grantor agrees that Grantee's remedies at law for any violation of the terms of this Conservation Easement are inadequate and that Grantee shall be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this paragraph shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity. The failure of Grantee to discover a violation or to take immediate legal action shall not bar Grantee from taking such action at a later time.

14. **Cost of Enforcement.** All costs reasonably incurred by Grantee in bringing a proceeding to enforce the terms of this Conservation Easement against Grantor, including, without limitation, costs of suit and reasonable attorneys' and experts' fees, and any costs of restoration necessitated by Grantor's violation of this Conservation Easement, shall be borne by Grantor; *provided*, that Grantee shall bear the costs of Grantee's annual inspections of the Property performed pursuant to Section 2(b) of this Conservation Easement. If Grantor prevails in any proceeding to enforce the terms of this Grant, Grantor's costs of suit, including without limitation, reasonable attorneys' and experts' fees, shall be borne by Grantee, to the fullest extent permitted by law.

15. **Grantee's Discretion.** Enforcement of the terms of this Conservation Easement shall be at the sole discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Conservation Easement in the event of any breach of any term of this Conservation Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any of Grantee's rights under this Conservation Easement. No delay or omission by Grantee in the



exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.

16. **Acts Beyond Grantor's Control.** Nothing contained in this Conservation Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm and earth movement, or from any prudent action taken by Grantor under emergency conditions to prevent, abate or mitigate significant injury to the Property resulted from such causes; *provided*, that Grantor shall notify the Grantee of such change in the Property and any emergency actions taken by Grantor.

17. **Baseline Documentation for Enforcement.** Grantee acknowledges by acquisition of the rights granted and assigned by this Conservation Easement that the present agricultural uses of the Property are consistent with the conservation purpose of the Conservation Easement. In order to establish the present condition of the Property's protected values, Grantee has prepared the "Baseline Documentation Report", dated September 7, 2006, which will be maintained on file with Grantee and which is intended to serve as an objective information baseline for monitoring compliance with the terms of this Agreement. The parties, however, shall not be precluded from using any other relevant or material documents, surveys, reports, and other information to establish the condition as of the Effective Date, as defined in Section 28 below, if there is a controversy over the Property's then-existing conditions. Grantee has provided Grantor one complete copy of the Baseline Documentation Report, the receipt of which is hereby acknowledged. Grantor has cooperated with Grantee's efforts in preparing the Baseline Documentation Report, and Grantor and Grantee agree to accept the Baseline Documentation Report as evidence of the condition of the Property at the time of conveyance of this Conservation Easement.

18. **Indemnification.** Grantor shall hold harmless, indemnify and defend Grantee and its members, directors, officers, employees, agents and contractors and heirs, personal representatives, successors and assigns and each of them (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands or judgments, including, without limitation, reasonable attorneys' and expert's fees, arising from or in any way connected with: (a) 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 Property, regardless of cause, unless due solely to the negligence or willful misconduct of any of the Indemnified Parties; (b) the breach by Grantor of any of its obligations set forth in this Conservation Easement; (c) the existence or administration of this Conservation Easement; and (d) the existence or release on or under the Property of any hazardous waste, substance or other contaminants as they are now and may hereafter be defined under any local, state and Federal statute, law or regulation. Grantor's obligations under this section shall not apply with respect to any such hazardous waste, substance or other contaminants released on the Property by Grantee or Grantee's representatives or agents.

19. **Interpretation and Construction.** To the extent this Conservation Easement may be uncertain or ambiguous such that it requires interpretation or construction, then it shall be interpreted and construed liberally in such a way that meets the conservation purpose of this Conservation Easement and the goals referenced in the recitals and under Section 1 hereof. It is

the intention of the parties that any interpretation or construction shall promote the conservation purpose of this Conservation Easement.

20. **Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall provide Grantor with ninety days written notice of such intention; *provided*, that Grantor acknowledges that the original Grantee has provided previous notification that such Grantee may assign its interest to the United States of America, with the acquiring agency being the Department of the Interior, Bureau of Land Management, and such assignment may occur at any time after execution of this Conservation Easement. Grantee shall allow Grantor such notice period within which to nominate an assignee that must be: (a) qualified to hold a conservation easement under Section 111.410 of the Nevada Revised Statutes; (b) a "qualified organization" as defined in Section 170(h)(3) of the Code; and (c) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. In the event that Grantor chooses not to make such a nomination or Grantee and the nominated entity cannot agree to an assignment, Grantee may proceed to assign all of its rights under this Easement to any entity that meets all of the foregoing designation criteria. All rights in the easement must be assigned, *provided*, that the Grantee may assign partial rights to a third party, or designate an agent(s) to act on its behalf, for the purposes of monitoring and enforcement of this Easement, only in accordance with the provisions of Subsection 2(b), above. If Grantee ever ceases to exist or no longer qualifies to hold this Easement under applicable Nevada law or Section 170(h)(3) of the U.S. Internal Revenue Code, Grantor shall petition a court of competent jurisdiction to transfer this Easement to another organization that meets all of the foregoing designation criteria. The parties intend that, in the selection of a transferee entity, preference be given to a qualified agency or organization with experience in preserving and protecting agricultural lands. Except in the event of an assignment to the United States of America, said agency or organization should be comprised of a board, staff, or consultants with practical agricultural management experience.

21. **Change of Conditions.** The fact that any use of the Property that is expressly prohibited by this Conservation Easement, or any other use as determined to be inconsistent with the purpose of this Easement, may become greatly more economically valuable than permitted uses, or that neighboring properties may in the future be put entirely to uses that are not permitted hereunder, has been considered by the Grantor in granting this Conservation Easement. It is Grantor's belief that any such changes will increase the benefit to the public of the continuation of this Conservation Easement, and it is the intent of both Grantor and the Grantee that any changes should not be assumed to be circumstances justifying the termination or extinguishment of this Conservation Easement pursuant to this paragraph. In addition, the inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Conservation Easement or be considered grounds for its termination or extinguishment pursuant to this paragraph.

22. **Subsequent Transfers.** Grantor agrees to incorporate the terms of this Conservation Easement in any deed or other legal instrument by which Grantor conveys or grants any interest or right of use in all or a portion of the Property, including, without limitation, a leasehold interest or permit, and to attach a copy of this Conservation Easement to any such instrument. Grantor further agrees to give written notice to Grantee of the transfer of any interest or right of use in the Property at least thirty (30) days prior to the date of such transfer. The



failure of Grantor to perform any act required by this paragraph shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

23. **Involuntary Conversion.** Whenever all or part of the Property is taken in exercise of eminent domain by public, corporate, or other authority so as to abrogate the restrictions imposed by this Conservation Easement, Grantor and Grantee shall join in appropriate actions at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking, which proceeds shall be divided in accordance with the proportionate value of Grantee's and Grantor's respective interests as specified above; all expenses incurred by Grantor and Grantee in this action shall be paid out of the recovered proceeds.

24. **Perpetual Duration.** This Conservation Easement shall constitute a covenant and servitude running with the land in perpetuity. Every provision of this Conservation Easement that applies to Grantor or Grantee shall also apply to such party's respective agents, heirs, executors, administrators, assigns and all other successors as their interests may appear.

25. **Grantor's Representations and Warranties.** Grantor hereby represents and warrants to Grantee that:

(a) Grantor has good and sufficient title to the Property, free from all liens and encumbrances except those set forth in Exhibit H attached hereto and incorporated herein by reference, and hereby promises to defend Grantee against all such claims that may be made against Grantee relating to the Property.

(b) Except for normal releases and uses of hazardous substances on the Property by Grantor in the ordinary course of Grantor's farming operations and in compliance with all applicable Federal, state and local environmental laws, Grantor has no actual knowledge of any release or threatened release of hazardous substances or wastes on the Property and hereby promises to defend, indemnify and hold harmless Grantee against all litigation, claims, demands, penalties and damages, including reasonable attorneys' fees, arising from or connected with any release or threatened release of hazardous waste or violation of Federal, state or local environmental laws.

26. **Notices and Approvals.** Any notice, demand, approval, consent, or other communication required or desired to be given hereunder in writing shall be given in the manner set forth below, addressed to the party to be served at the addresses set forth below, or at such other address for which that party may have given notice under the provisions of this Section. Any notice, demand, approval, consent, or other communication given by (a) mail shall be deemed to have been given three (3) days after deposited in the United States mail, postage prepaid, certified and return receipt requested; (b) overnight common carrier courier service shall be deemed to be given on the business day (not including Saturday) immediately following the date it was deposited with such common carrier; (c) delivery in person or by messenger shall be deemed to have been given upon delivery in person or by messenger; or (d) electronic facsimile shall be deemed to have been given on the earlier of (i) the date and at the time as the sending party (or such party's agent) shall have received from the receiving party (or such party's agent) oral confirmation of the receipt of such transmission or (ii) one hour after the completion of transmission of the entire communication.

Grantor: Hussman Land and Livestock Company, Inc.  
1250 Highway 395N  
Gardnerville, Nevada 89410  
Attn: David and Kathi Hussman

Grantee: American Land Conservancy  
250 Montgomery Street, Suite 210  
San Francisco, CA 94104  
Attn: Mark Bergstrom  
Fax: 415-912-3662

Grantor shall not undertake or permit any activity requiring prior approval by Grantee without first having notified and received approval from Grantee as provided herein; and any such approval by Grantee shall not be unreasonably withheld or delayed. Specific requirements for such approval apply with respect to the restrictions on new road construction in Section 10 and in Exhibit E, Paragraph 7; with respect to the restriction on harvesting of trees in Exhibit C, Paragraph 10; and, with respect to the restrictions on agricultural uses in Exhibit D, Section 5.

Prior to the commencement of any such activity, Grantor shall send Grantee written notice of his/her intention to undertake or permit such activity. The notice shall inform Grantee of all aspects of the proposed activity, including location, design, materials or equipment to be used, dates and duration, and any other relevant information, and shall be sent by registered or certified mail, return receipt requested, to Grantee, or such other addresses as Grantor may from time to time be informed of in writing by Grantee.

Grantee shall have forty-five (45) days from receipt of the notice, as indicated by the date of the return receipt, to review the proposed activity and to notify Grantor of any objections thereto; provided that the 45-day period shall not begin until such time as Grantee has received adequate information from Grantor to evaluate the proposed activity. In the event that Grantee requires additional information to evaluate the proposed activity, Grantee shall request the information from Grantor as soon as practicable, and in any case not later than 30 days after the receipt of the notice of the proposed activity.

Grantee's decision to approve or disapprove the activity proposed by Grantor shall be in writing in the manner set forth above, to Grantor at the address first stated above, or to such other address as Grantee may from time to time be informed of in writing by Grantor.

A decision by Grantee to disapprove a proposed activity must be based upon the Grantee's determination that the proposed activity is inconsistent with the conservation purposes of the Conservation Easement. If in the Grantee's judgment it is possible that the proposed activity can be modified to be consistent with the Conservation Easement, Grantee's decision notice shall inform Grantor of such modification(s). Once modification is made to the satisfaction of Grantee, or Grantee otherwise concurs with the matters set forth in Grantor's notice, the proposed activity may thereafter be conducted in such approved manner.

Should Grantee fail to post its response to Grantor's notice within forty five (45) days of its receipt of notice or within forty five (45) days of the time that Grantee has received adequate information to evaluate the proposed activity, whichever is later, the proposed activity is automatically deemed consistent with the terms of the Conservation Easement, Grantee having no further right to object to the activity identified by such notice.

27. **General Provisions.**

(a) **Governing Law.** The interpretation and performance of this Conservation Easement shall be governed by the laws of the United States and the State of Nevada.

(b) **Entire Agreement.** This Conservation Easement sets forth the entire agreement between the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings or agreements relating to the Conservation Easement, all of which are merged herein.

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

(d) **No Forfeiture.** Nothing contained herein will result in a forfeiture of Grantor's fee title to the Property.

(e) **Amendment.** This Conservation Easement may be amended only with the written consent of Grantor and Grantee. Any such amendment shall be consistent with the conservation purpose of this Conservation Easement and shall comply with Section 170(h) of the Code, and any regulations promulgated thereunder, and shall be consistent with applicable state law. No amendment shall affect the perpetual duration of the Conservation Easement, nor shall any amendment allow additional development or improvements to be undertaken on the Property other than development or improvements currently permitted by the Conservation Easement. Any such amendment shall be recorded in the official records of the county in which the Property is located.

(e) **Successors.** The covenants, terms, conditions and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a covenant and servitude running in perpetuity with the Property.

(f) **Counterparts.** The parties may execute this Conservation Easement in two or more counterparts, which shall, in the aggregate, be signed by both parties, and each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

(g) **Drafting.** The parties hereto agree that this Conservation Easement is the product of joint draftsmanship and negotiation and that should any of the terms be determined by

a court, or in any type of quasi-judicial or other proceeding, to be vague, ambiguous and/or unintelligible, that the same sentences, phrases, clauses or other wordage or language of any kind shall not be construed against the drafting party.

28. **Effective Date.** The effective date of this Grant of Conservation Easement for Agricultural Land and Agreement Concerning Easement Rights shall be the date on which it is recorded in the official records of Douglas County, Nevada.

IN WITNESS WHEREOF, Grantor has executed this Grant of Agricultural Conservation Easement and Agreement Concerning Easement Rights.

**GRANTOR:**  
HUSSMAN LAND & LIVESTOCK COMPANY,  
INC., a

Nevada corporation

Dated: 9-7, 2005 <sup>DH</sup>

By: David Hussman

David Hussman

Its: President

**GRANTEE:**

AMERICAN LAND CONSERVANCY, a  
California nonprofit public benefit corporation

Dated: 9/6, 2005 <sup>6 kb</sup>

By: Mark Bergstrom

Mark Bergstrom

President

**EXHIBITS:**

- A - Legal Description of the Property
- B - Property Map
- C - Prohibited Uses and Practices
- D - Permitted Uses and Practices
- E - Water Rights Associated with the Property
- F - Riparian Corridor
- G - Building Envelope
- H - Permitted Liens

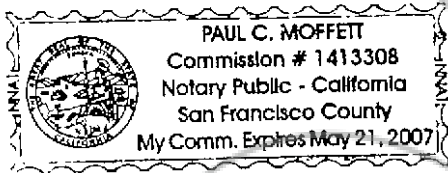
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of San Francisco } ss.

On Sept 6, 2006 before me, Paul C. Moffett, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Mark L. Bergstrom  
Name(s) of Signer(s)

personally known to me  
 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.  
Paul C. Moffett  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

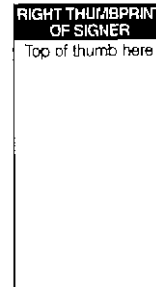
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

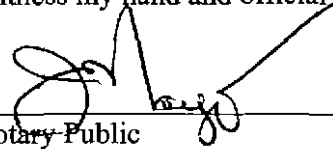




STATE OF NEVADA        )  
                                  ) ss.  
County of Douglas        )

The foregoing instrument was acknowledged before me this 7 day of Sept, 2007, by David Hussman as President of HUSSMAN LAND & LIVESTOCK COMPANY, INC., a Nevada corporation.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My notarial commission expires 3/19/08.

[SEAL]

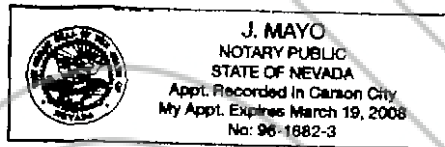


Exhibit A to Grant of Conservation Easement

LEGAL DESCRIPTION OF THE PROPERTY

The real property referred to in this Grant of Conservation Easement as the "Property" is located in Douglas County, Nevada, and is legally described as follows:

PARCEL 1:

A portion of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter of Section 10, Township 12 North, Range 20 East, M.D.B.&M., more particularly described as follows:

Beginning at the section corner common to Sections 3, 4, 9 and 10, Township 12 North, Range 20 East, M.D.B.&M., and running thence South 670 feet along the West line of said Section 10; thence South 50°30' East 594.0 feet; thence South 36°00' East 286.4 feet; thence South 28°00' East, 237.6 feet; thence South 22°30' East, 502.2 feet; thence South 23°35' East, 515.5 feet; thence South 41°00' East, 277.2 feet; thence East 1830 feet; thence North 15°30' West 1230.0 feet; thence North 45°30' West, 2104.0 feet; thence West 1317 feet to the POINT OF BEGINNING.

SAVING AND EXCEPTING that parcel conveyed by Deed to Harry F. Wennhold and Richard H. W. Wennhold, recorded in Book B-1 of Deeds, of page 336, Douglas County, Nevada records as follows:

A piece or parcel of land situated, lying and being in the Northwest 1/4 of the Northwest 1/4 and the South 1/2 of the Northwest 1/4 of Section 10, Township 12 North, Range 20 East, M.D.B.&M., in Douglas County, Nevada, as more particularly described by metes and bounds as follows:

Commencing at a fence corner, the accepted section corner common to Sections 3, 4, 9 and 10, Township 12 North, Range 20 East, M.D.B. & M.; thence South along a fence line between the property of George Hussman Estate and Wennhold Brothers, a distance of 670.00 feet to a point; thence South 50°30' East, a distance of 594.0 feet to a point; thence South 36°00' East a distance of 286.4 feet to the TRUE POINT OF BEGINNING; which TRUE POINT OF BEGINNING bears South 76° East a distance of 87.0 feet more or less from the center of the concrete structure at the inlet of the Cottonwood Slough as it exists today; thence South 39°53' East a distance of 523.6 feet to a point; thence

Continued on next page



LEGAL DESCRIPTION - continued

South 34°30' East a distance of 470.0 feet to a point; thence South 44°30' East a distance of 794.7 feet to a point; thence West a distance of 468.5 feet to a point; thence North 41°00' West a distance of 277.2 feet to a point; thence North 23°35' West a distance of 515.5 feet to a point; thence North 22°30' West a distance of 502.2 feet to a point; thence North 28°00' West a distance of 237.6 feet to the TRUE POINT OF BEGINNING,

FURTHER SAVING AND EXCEPTING that portion conveyed to the State of Nevada for highway purposes recorded in Book S of Deeds, at page 373, Douglas County, Nevada Records.

EXCEPTING THEREFROM that portion lying within the high water mark of the East Fork Carson River.

FURTHER EXCEPTING THEREFROM that portion conveyed to the State of Nevada by document recorded September 30, 1992 in Book 992 at page 5678 as Document No. 289648, Official Records of Douglas County, Nevada.

PARCEL 2:

A portion of the Southwest Quarter of Section 3, Township 12 North, Range 20 East, M.D.B.&M., more particularly described as follows:

Beginning at the Section corner common to Sections 3, 4, 9, and 10, Township 12 North, Range 20 East, M.D.B.&M., thence North 89°53' East, a distance of 1541.20 feet; thence North 34°22' West a distance of 2742.50 feet; thence South 0°12' East a distance of 2267.14 feet to the POINT OF BEGINNING.

SAVING AND EXCEPTING that portion conveyed to the State of Nevada for highway purposes recorded in Book S of Deeds, page 373, Douglas County, Nevada Records.

FURTHER EXCEPTING THEREFROM that portion conveyed to the State of Nevada by document recorded September 30, 1992 in Book 992, at page 5678 as Document No. 289648, Official Records of Douglas County, Nevada Records.

Continued on next page



LEGAL DESCRIPTION - continued

PARCEL 3:

The Southeast Quarter and the East half of the Southwest Quarter of Section 4, Township 12 North, Range 20 East, M.D.B.&M.

EXCEPTING THEREFROM that portion conveyed to Douglas County by Deed recorded in Book S of Deeds, at page 564, Douglas County, Nevada records.

FURTHER EXCEPTING that portion conveyed to the State of Nevada for highway purposes, recorded in Book S of Deeds, Page 373, Douglas County, Nevada records.

FURTHER EXCEPTING THEREFROM any portion lying within the high water mark of the East Fork Carson River.

FURTHER EXCEPTING THEREFROM any portion of said land lying Southwesterly of the East Fork Carson River within Section 4, Township 12 North, Range 20 East, M.D.B. and M.

FURTHER EXCEPTING THEREFROM that portion conveyed to Douglas County by Document recorded May 15, 1987 in Book 587, at page 1553 as Document No. 154886.

FURTHER EXCEPTING THEREFROM that portion conveyed to Douglas County, a political subdivision of the State of Nevada by document recorded November 7, 2002 in Book 1102, at Page 2663, as Document No. 0557138.

FURTHER EXCEPTING THEREFROM that portion conveyed to the State of Nevada by document recorded September 30, 1992 in Book 992, at page 5678 as Document No. 289648, Official Records of Douglas County, Nevada Records.

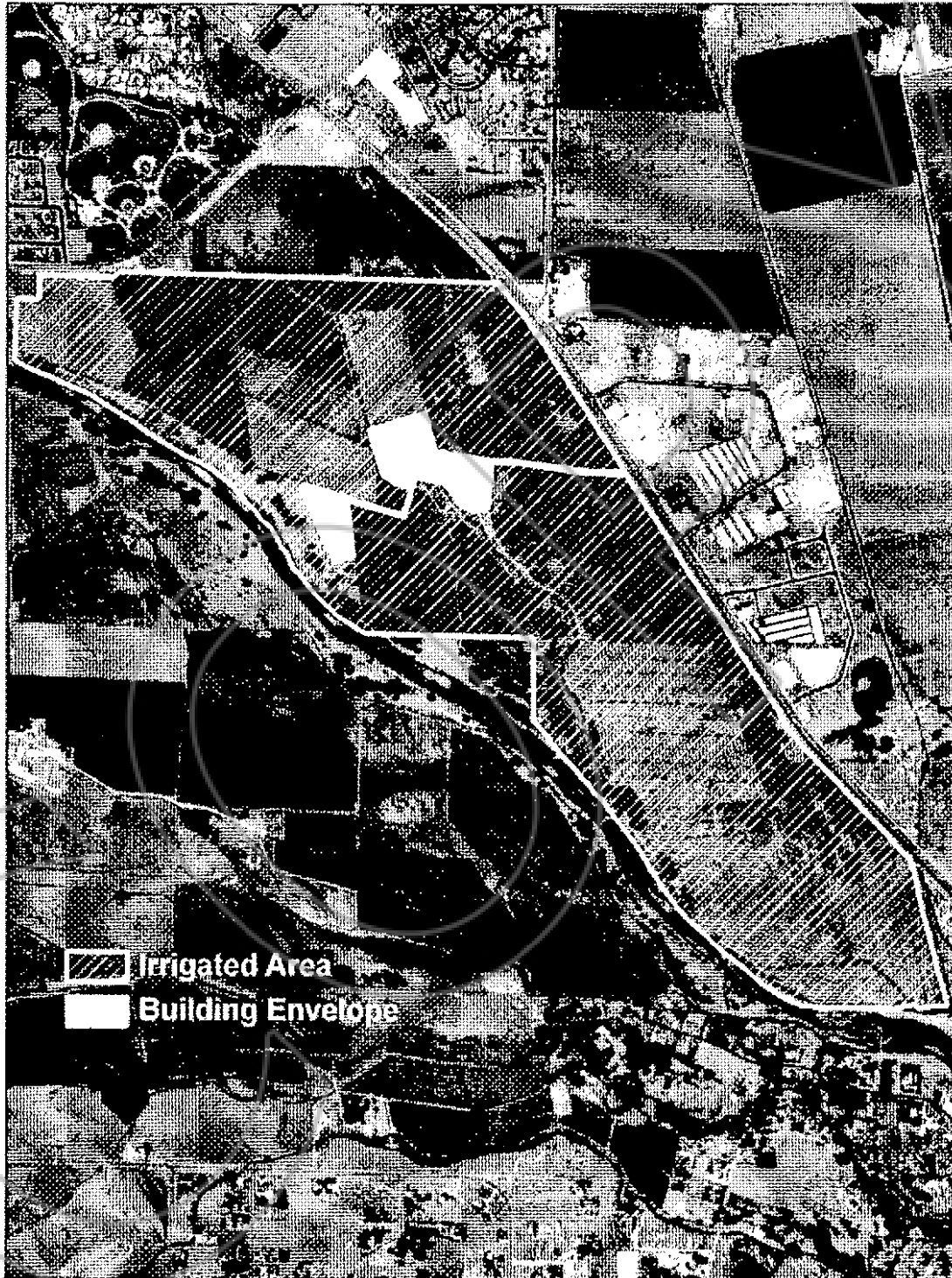
Further excepting therefrom that portion conveyed to CARSON VALLEY COMMUNITY FOOD CLOSET, a nonprofit Nevada corporation, as to an undivided one-half (1/2) interest, and FAMILY SUPPORT COUNCIL OF DOUGLAS COUNTY, a nonprofit Nevada corporation, as to an undivided one-half (1/2) interest, by document recorded September 29, 1995, in Book 0995, Page 5386, Document No. 371667.

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED December 31, 1984, Book 1284, Page 2849, as File No. 111735, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."



Exhibit B to Grant of Conservation Easement

PROPERTY MAP





## Exhibit C to Grant of Conservation Easement

### PROHIBITED USES AND PRACTICES

The following uses and practices, though not necessarily an exhaustive recital of inconsistent uses and practices, are inconsistent with the conservation purpose of this Conservation Easement and shall be prohibited upon or within the Property.

1. The impairment of the protected conservation purpose of this Conservation Easement, except as otherwise expressly provided herein.
2. The establishment of any nonagricultural, commercial or industrial uses.
3. The construction, placing or erection of any sign or billboards, except for (a) the following signs which shall not exceed two (2) feet in length and width: (i) a sign, or signs, reasonably necessary for the identification of the Property; (ii) one or two signs used to advertise the sale of agricultural products produced on the Property; (iii) one or two signs to advertise the sale or lease of the Property; (iv) signs restricting hunting or trespassing; and (v) directional signs; and (b) temporary signs on the Property for a period of no longer than six (6) months advertising political candidates, election issues or community events, which shall not exceed four (4) feet by eight (8) feet in size.
4. The erection, construction, reconstruction, placement, replacement or maintenance of any improvement, building, mobile home, fencing, telecommunication transmission equipment or other structure (the "Improvements") on the Property, except that (a) Grantor shall be entitled to erect, construct, reconstruct, place, replace and maintain any Improvements which are existing at the time of granting of this Easement on the irrigated portion of the Property identified on the map of the Property attached hereto as Exhibit B and incorporated herein by reference (the "Irrigated Area"); *provided*, that such Improvements are consistent with Grantor's farming operations, the Conservation Plan, and with the conservation purpose of this Easement; (b) Grantor shall be entitled to erect, construct, reconstruct, repair, place, replace and maintain, any Improvements located in the non-irrigated portion of the Property identified as the "building envelope" on the map of the Property attached hereto as Exhibit G and incorporated herein by reference (the "Building Envelope"); *provided*, that such Improvements are consistent with Grantor's farming operations and with the conservation purpose of this Easement; and (c) Grantor shall be entitled to construct new fences on the Property for purposes of reasonable and customary management of livestock, crops and wildlife. Notwithstanding the foregoing, Grantor shall only be permitted to have (a) one (1) residential structure consisting of no more than three thousand (3000) square feet located in the Building Envelope at any time and (b) not more than three (3) accessory dwellings (whether a permanent structure or a mobile home), two (2) of which may be used for any residential purpose and shall each consist of a building footprint of no more than one thousand five hundred square feet (1500) located in the Building Envelope, and one (1) of which shall be used to house persons and families significantly employed to



perform agricultural work on the Property and shall consist of no more than nine hundred (900) square feet located in the Building Envelope.

5. The division, subdivision or *de facto* subdivision of the Property, whether by physical or legal process, except that a lease of a portion of the Property for agricultural use consistent with the conservation purpose of this Conservation Easement shall not be prohibited by this paragraph, nor shall a voluntary conveyance to a government or nonprofit entity subject to the conservation purpose of this Conservation Easement exclusively for public access purposes be prohibited by this paragraph.

6. The use of motorized vehicles, except by Grantor or others under Grantor's control for agricultural, ranching or attendant residential use of the Property. Any use of motorized vehicles off roadways is prohibited except when necessary for agricultural purposes.

7. The construction or relocation of any roadway, including, without limitation, any bulldozing or grading required in connection therewith; *provided*, however, with the prior review and approval of the Grantee, Grantor may construct any roadway that is planned to minimize the impact on the agricultural, open space and natural features of the Property, or is necessary to access permitted structures or their replacements.

8. The dumping or accumulation of trash, hazardous or toxic wastes and materials, ashes, garbage, inoperative vehicles, waste or other unsightly or offensive material on the Property other than farm-related trash and refuse produced or stored within the Building Envelope to the extent consistent with standard farming operations in Douglas County, Nevada, and in strict compliance with all applicable Federal, state and local laws, statutes, rules, regulations and ordinances. However, this shall not prevent the storage of agricultural products and byproducts on the Property, so long as it is done in accordance with all applicable government laws and regulations. Notwithstanding anything in this Conservation Easement to the contrary, this prohibition does not make Grantee an owner of the Property, nor does it permit Grantee to control any use of the Property which may result in the storage, dumping or disposal of hazardous or toxic materials by Grantor; *provided*, however, that Grantee may bring an action to protect the Conservation Values in accordance with this Conservation Easement. This prohibition does not impose liability on Grantee, nor shall Grantee be construed as having liability as a "responsible party" under Federal or state statutes.

9. Conveyance or leasing of any mineral interest in the Property, or the mining, extraction, severance or removal of any soil, sand, rock, oil, natural gas, fuel or any other mineral substance or natural resource found or located on, above or under the Property, or any similar activity on the Property that would or might destroy the natural and scenic characteristics of the Property or the agricultural productivity of the Property, but not including the moving or removal of soil, sand and/or rock from the Property or within the Property in connection with Grantor's standard farming operations.

10. The cutting, uprooting or removal of any trees or other natural growth located on the Property, except as may be required for fire prevention, maintenance of

foot trails, fire lanes, farm roads, other access, existing power lines and such other uses as may be conducted by Grantor in connection with agricultural operations as described in the Conservation Plan or for the elimination of dead or diseased growth caused by insects or disease; *provided*, that in no event shall Grantor be permitted to remove any trees or natural growth located within the Riparian Corridor, as shown on Exhibit F (but not including any man-made irrigation ditch or canal within the Riparian Corridor), except and only to the extent that such removal is necessary to protect the natural flow of water existing in the Riparian Corridor. The harvesting of any tree within the Riparian Corridor and any timber harvest exceeding ten (10) trees cumulatively in a year must be approved by the Grantee.

11. The use of any dynamite or other explosives on the Property, except if required in connection with any permitted uses of the Property.

12. The damming, diverting or other interference of any natural water flow on, under or through the Property and the filling of any portion of the Property with any substance, including any exchange, replacement or removal of any soils or other substances from the Property except in connection with Grantor's standard farming operations and except for the diversion of natural water flow through the Property in connection with the irrigation of Grantor's fields and/or established diversions of natural water flow for agricultural purposes on neighboring properties as authorized by water rights under state law.

13. The use of the Property as a ball field or other recreational field, golf course, golf links or driving range, shooting range, commercial equestrian facility, campground, recreational vehicle park, or commercial stock yard. A commercial stock yard shall be defined for purposes of this Easement as a confined area or facility within which the land is not grazed or cropped annually, for purposes of engaging in the business of the reception and feeding of livestock for hire.

14. Conversion of native vegetation to exotic plant species and or the introduction of non-native plant species, except for commercial agriculture species.

## Exhibit D to Grant of Conservation Easement

### PERMITTED USES AND PRACTICES

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are permitted under this Conservation Easement, and they are not to be precluded, prevented or limited by Conservation Easement; *provided*, that they are undertaken in accordance with the terms and provisions of this Conservation Easement and in compliance with all applicable Federal, state and local laws, statutes, rules, regulations and ordinances and that all applicable governmental approvals and permits are properly obtained.

1. To reside on the Property consistent with the conservation purpose of this Easement. All residential structures shall be located within the Building Envelope.
2. To construct, maintain and repair existing Improvements located on the Irrigated Area and existing and new Improvements located in the Building Envelope as permitted pursuant to Item 4 on Exhibit C to this Conservation Easement.
3. To develop and maintain such water resources on the Property, including without limitation wastewater storage and pond storage facilities, as are necessary or convenient for agricultural and residential uses in a manner consistent with the conservation purpose of this Easement and other permitted uses of the Property and in strict compliance with all applicable Federal, state and local laws, statutes, rules, regulations and ordinances.
4. To undertake conservation practices that promote soil stabilization and reduce erosion in accordance with sound, generally accepted practices and in accordance with the Conservation Plan.
5. To engage in any and all agricultural uses of the Property in accordance with sound, generally accepted agricultural and soil conservation practices and in accordance with the Conservation Plan. For purposes of this Conservation Easement, "agricultural uses" shall be defined as follows: breeding, raising, pasturing and grazing livestock of every nature and description for the production of food and fiber; breeding and raising bees, fish, poultry and other fowl; planting, raising, harvesting and producing agricultural, aquacultural, processing, storage and sale, including direct retail sale to the public of crops and products harvested and produced principally on the Property; *provided*, that the processing, storage and sale of any such crops or products that are not food, fiber or plant material shall require the prior approval of Grantee; *provided*, further, that such agricultural uses shall not result in significant soil degradation or significant pollution or degradation of any surface or subsurface waters.
6. To lease the Property, or any portion thereof, to a duck and goose club, and permit the hunting of ducks and geese in connection therewith and in strict compliance with all applicable Federal, state and local laws, statutes, rules, regulations

and ordinances; *provided*, that no permanent hunting blinds, structures, or other improvements shall be authorized.

COPY





**Exhibit E to Grant of Conservation Easement**

**WATER RIGHTS ASSOCIATED WITH THE PROPERTY**

<b>Serial No.</b>	<b>Status</b>	<b>Source</b>	<b>POD Location</b>	<b>Beneficial Use</b>	<b>Quantity (ac. ft., cfs)</b>
145-000-000-2	Decreed	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	6.81 ac. ft.
145-000-a-0	Decreed	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	14.30 ac. ft.
176-000-00-1 Application #: 54235	Certified	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	37.10 ac. ft.
177-000-00-0 Application #: 54235	Certified	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	44.00 ac. ft.
178-000-00-0 Application #: 54235	Certified	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	15.00 ac. ft.
179-000-A-0 Application #: 54235	Certified	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	19.00 ac. ft.
179-000-B-0 Application #: 54235	Certified	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	28.00 ac. ft.
322-323-00-0	Decreed	Stream, E. Fork Carson River	NESE, Sec. 10, T. 12 N., R. 20E	Irrigation and Stock watering	141.00 ac. ft.

Exhibit F to Grant of Conservation Easement

RIPARIAN CORRIDOR

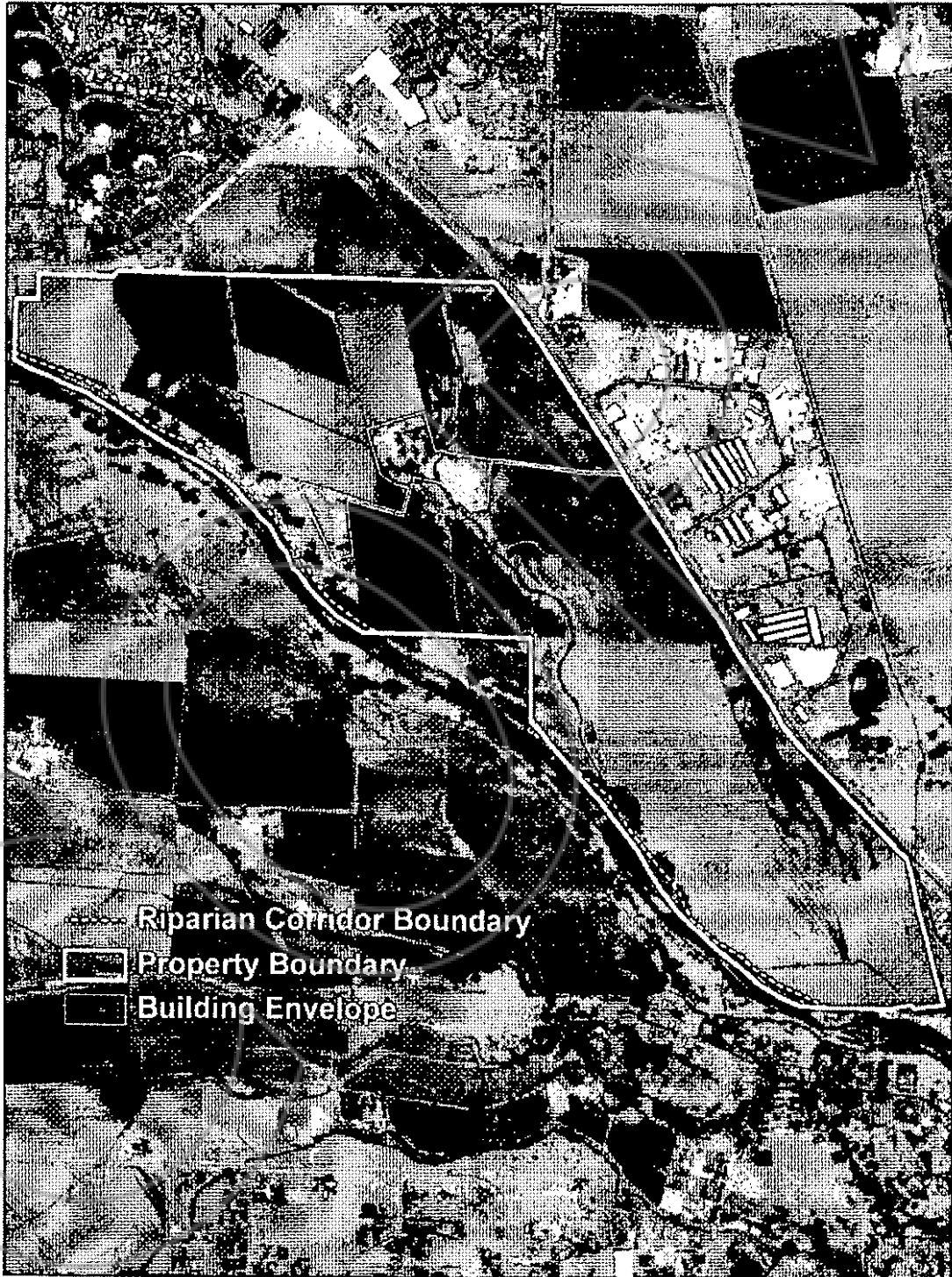


Exhibit G to Grant of Conservation Easement

BUILDING ENVELOPE





Exhibit H to Grant of Conservation Easement

PERMITTED LIENS AND ENCUMBRANCES

The permitted liens and encumbrances consist of liens for non-delinquent real property taxes and assessments and the following listed exceptions taken from that certain undated Pro Forma Policy of Title Insurance, Policy No. 9998-Pro Forma, Order Number 040701093A, issued by Stewart Title Guarantee Company, a Texas corporation.

3. Any and all ditches, pipes and pipe lines, conduits, transmission lines, poles, roads, trails, and fences on or traversing said land which would be disclosed and located by an accurate survey and/or an inspection of the premises.
4. Any adverse claim based upon the assertion that:
  - a) Said land or any part thereof is now, or at any time has been below the ordinary high water mark of Carson River.
  - b) Some portion of said land has been created by artificial means or has accreted to such portions so created.
  - c) Some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Carson River, or has been formed by accretion to any such portions.
  - d) Any easement or claim of easement based on prescription by or implied dedication to the public over said land or any part thereof for recreational purposes or access to the adjoining Carson River.
5. Rights of way for The Cottonwood Slough, and any easements pertaining thereto, including but not limited to any prescriptive or implied rights and/or easements.
7. Reservation contained in Patent  
Reserved by : UNITED STATES OF AMERICA  
Recorded : DECEMBER 24, 1888  
: in Book 2, Page 20 of Patents,  
: of Douglas County, Nevada.  
Affects : Section 4 T12N R20E

Which provides in part as follows:

"...Subject to any vested and accrued water rights for agricultural, manufacturing, or other purposes, and rights to and reservoirs and ditches used in connection with such water rights, as recognized and acknowledged by the local customs, laws, and decisions of courts, and also Subject to the right of the Proprietor of a vein to Extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted as provided by law.



8. Reservation contained in Patent  
 Reserved by : United States of America  
 Recorded :  
 : in Book 2, Page 284 of Patents,  
 : of Douglas County, Nevada.  
 Affects : Section 10 T12N R20E  
 Which provides in part as follows:

"...Subject to any vested and accrued water rights for agricultural, manufacturing, or other purposes, and rights to and reservoirs and ditches used in connection with such water rights, as recognized and acknowledged by the local customs, laws, and decisions of courts, and also subject to the right of the proprietor of a vein to extract and remove his or therefrom, should the same be found to penetrate or intersect the premises hereby granted as provided by law.

9. An easement affecting a portion of said land for the purposes stated therein and incidental purposes

Granted to : SIERRA PACIFIC POWER COMPANY  
 Purpose : power lines and other appurtenances  
 Recorded : NOVEMBER 21, 1969  
 : in Book 71, Page 534,  
 : Official Records of Douglas County, Nevada  
 Affects : Sections 3 and 10 along U.S. Route 395

10. An easement affecting a portion of said land for the purposes stated therein, together with incidental rights thereto,

Granted to : GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT  
 Purpose : underground sewer pipeline and incidental purposes  
 Recorded : JULY 26, 1983  
 : in Book 783, Page 2307, as Document No. 084732,  
 : Official Records of Douglas County, Nevada.  
 Affects : a 30 foot wide strip of land lying Easterly of  
 : right of way line of Highway 56

Said Easement rights were conveyed to Minden-Gardnerville Sanitation District by Document

Recorded : FEBRUARY 6, 1985  
 : in Book 285, Page 313, as Document No. 113310,  
 : Official Records of Douglas County, Nevada

11. An easement affecting a portion of said land for the purposes stated therein, together with incidental rights thereto,

Granted to : COUNTY OF DOUGLAS  
 Purpose : the location, construction, and maintenance of  
 : a public road and necessary incidents thereto  
 Recorded : MAY 15, 1987  
 : in Book 587, Page 1553, as Document No. 154886,  
 : Official Records of Douglas County, Nevada.  
 Affects : that portion of said land lying within Waterloo Lane





12. Consent to and acceptance of Drain Water

By and between : CHESLEY WASS AND HUSSMAN LAND AND  
: LIVESTOCK COMPANY  
Recorded : NOVEMBER 9, 1988  
: in Book 1188, Page 1426, as Document No. 190424,  
: Official Records of Douglas County, Nevada

13. Reservation contained in Deed Reserved by : HUSSMAN  
LAND & LIVESTOCK COMPANY

Recorded : SEPTEMBER 30, 1992  
: in Book 992, Page 5678, as Document No. 289648,  
: Official Records of Douglas County, Nevada

14. An easement affecting a portion of said land for the  
purposes stated herein, together with incidental rights  
thereto,

Granted to : WILLIAM W. SECOR, EFFIE SECOR and EDNA J. WALKER  
Purpose : for construction, operation, maintenance and  
: repair of underground utilities

Recorded : OCTOBER 29, 1998  
: in Book 1098, Page 6420, as Document No. 0452912,  
: Official Records of Douglas County, Nevada.

