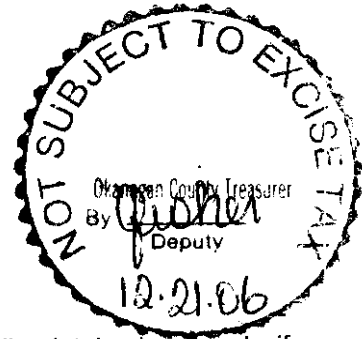




Return Address:
Chelan-Douglas Land Trust
P.O. Box 4461
Wenatchee, Washington 99807-4461

TRANSACTION TITLE INS. CO.

90852671



CONSERVATION EASEMENT

Grantors (GRANTORS): Edson F. Gallaudet III and Julie E. Gallaudet, husband and wife
Grantee (GRANTEE): Chelan-Douglas Land Trust, a Washington Not for Profit Corporation.
Legal Description (abbr.): PT 29-29-23 & PT 30-29-23 & PT 32-29-23
Additional legal on Exhibit A, p. 27
Assessor's Tax Parcel ID# 2923290001; 2923293001; 2923294000; 2923301001; and 2923320010

THIS GRANT DEED OF CONSERVATION EASEMENT ("Easement") is made effective as of the date of recording by Edson F. Gallaudet III and Julie E. Gallaudet, husband and wife, 3808 49th Avenue NE, Seattle, Washington 98105 ("Grantors"), in favor of the Chelan-Douglas Land Trust, having an address at P.O. Box 4461, Wenatchee, Washington 98802 ("Grantee").

ARTICLE I.

RECITALS

A. Grantors are the sole owners in fee simple of that certain real property (the "Protected Property") in Okanogan County, Washington, more particularly described in Exhibit A (legal description) and shown on Exhibit B (site maps), which are attached and incorporated into this Easement by this reference. The Protected Property is located in the Antoine Creek Valley approximately 8 miles north of the City of Chelan. The Protected Property contains about 600



acres, more or less, and is a portion of a much larger property currently owned by Grantors. The Protected Property includes one residential homesite area ("Residential Homesite Area") and access corridor for roads and utilities ("Residential Access Corridor") as further described in Paragraph V.B and approximately shown on Exhibit B.

B. The Protected Property possesses natural and open space values of great importance to Grantors, the people of Okanogan County and the people of the State of Washington (collectively "Conservation Values").

C. The Protected Property provides natural habitat for native plants and wildlife. The natural elements found on the Protected Property of particular significance are summarized as follows:

(1) Critical winter range for mule deer and elk; and

(2) Relatively untrammled and intact bitterbrush shrub-steppe communities known to be rare in Okanogan County according to the Washington Natural Heritage Program plant communities inventory.

D. The Protected Property also provides considerable open space within the Antoine Creek Valley, an area of Okanogan County that is beginning to attract residential home construction. The Protected Property adjoins the Wenatchee-Okanogan National Forest and serves as a buffer between the publicly-protected national forest and private property within the immediate vicinity of the national forest.

E. Protection of the Protected Property will contribute to the ecological integrity of this area of the Antoine Creek Valley and conserve natural habitat for wildlife and plants. In particular, this Easement will:

(1) Protect habitat presently supporting the western gray squirrel, a state-threatened species and a federal species of concern; and

(2) Protect critical winter range supporting mule deer and elk populations.

F. Protection of the Protected Property will also further the legislatively declared policies of the State of Washington in the Washington State Open Space Tax Act, Chapter 84.34 RCW, which provide: "that it is in the best interest of the state to maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for the production of food, fiber and forest crop, and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well being of the state and its citizens." Under the Open Space Act, lands receiving preferential real property tax assessment include the Protected Property where preservation of the Protected Property in its present use would conserve and enhance natural resources and promote conservation of farm and forest lands.

G. The Protected Property would be desirable property for substantial residential development because of location and orientation. Lands adjoining the Protected Property have already been subdivided for residential construction. In the absence of a Grant Deed of Conservation Easement, the Protected Property could be developed in a manner which would destroy the Conservation Values of the Protected Property. The Easement will restrict



development to the one Residential Homesite Area located along a road existing as of the effective date of this Easement.

H. The specific Conservation Values of the Protected Property are further documented in an inventory of relevant features of the Protected Property, dated November, 2006, on file at the offices of the Grantee and incorporated into this Easement by this reference ("Baseline Documentation"). The Baseline Documentation, which has been reviewed and accepted by Grantors and Grantee, as acknowledged in a signed statement attached to this Easement as Exhibit C and incorporated into this Easement by this reference, consists of reports, maps, photographs, and other documentation that provide, collectively, an accurate representation of the Protected Property at the time of this grant of Easement and which is intended to serve as an objective information baseline for monitoring compliance within the terms of this grant.

I. Grantors intend that the Conservation Values of the Protected Property be preserved and maintained by permitting the continuation of only those land uses on the Protected Property that do not significantly impair or interfere with the Conservation Values. Such uses existing at as of the date of this grant of Easement include without limitation, the wildlife habitat management, farm, forest management, passive recreational, and residential uses consistent with this Easement.

J. Grantors, as owners of the Protected Property, have the right to protect and preserve the Conservation Values of the Protected Property, and desires to transfer such rights to Grantee in perpetuity.

K. 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, and also qualified as a nonprofit nature conservancy corporation under RCW 64.06.130 and 84.34.250, whose primary purpose is to acquire, hold, preserve, and dispose of land, easements, leases, or other rights of interest in land, or improvements to land, with an emphasis on lands in the Chelan and Douglas counties of Washington State, for the purpose of:

- (1) Protecting riparian areas, wetlands, forests, streams, lakes, ponds, scenic areas, and ecological, historical or other natural features;
- (2) Preserving agricultural areas;
- (3) Protecting fish and wildlife habitat;
- (4) Maintaining the capacity of the Protected Property for productive forest management, including the long-term sustainable harvest of high quality forest products in the manner consistent with the terms and conditions of this Easement; and
- (5) Prohibiting any use of the Protected Property that will impair, degrade or damage the Conservation Values of the Protected Property.

Such purposes are consistent with and in accordance with the U.S. Internal Revenue Service Code, Section 170(h). Grantor intends that this Easement will confine the use of the Protected



Property to such activities as are consistent with the purpose, terms and conditions of this Easement.

L. Grantee agrees, by accepting this Easement, to honor the intentions of Grantors as stated in this Easement and to preserve and protect in perpetuity the Conservation Values of the Protected Property for the benefit of this generation, and the generations to come.

M. Grantors reserve to themselves, and to their personal representatives, heirs, successors and assigns, all rights and obligations accruing from its ownership of the Protected Property, including the right to engage in or permit or invite others to engage in all uses of the Protected Property that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement.

ARTICLE II.

CONVEYANCE AND CONSIDERATION

A. For reasons stated above, in consideration of the mutual covenants, terms, conditions, and restrictions contained in this Easement, Grantors hereby voluntarily grant, convey and warrant to Grantee a conservation easement in perpetuity over the Protected Property, consisting of certain rights in the Protected Property, as defined in this Easement, subject only to the restrictions contained in this Easement and title matters of record as of the effective date of this grant.

B. This conveyance is a conveyance of an interest in real property under the provisions of RCW 64.04.130, and is made as an absolute, unconditional, unqualified, and completed gift, subject only to the mutual covenants, terms, conditions and restrictions set forth in the Easement and the title matters of record as of the effective date of this grant, and for no other consideration whatsoever.

C. Grantors expressly intend that this Easement run with the land and that this Easement shall be binding upon Grantors' personal representatives, heirs, successors, and assigns in perpetuity.

ARTICLE III.

PURPOSE

The purpose of this Easement is to implement the mutual intentions of Grantors and Grantee as expressed in the above Recitals, which are incorporated into this Easement by this reference, and in the provisions that follow, to assure that the Protected Property will be retained forever predominantly in its natural and open space condition, and to prevent any use of, or activity on, the Protected Property that will significantly impair or interfere with the Conservation Values of the Protected Property (the "Purpose"). Grantors intend that this Easement will confine the use of, or activity on, the Protected Property to such uses and activities that are consistent with this Purpose and the terms and conditions provided herein, including, without limitation, residential, wildlife habitat, farm, forestry and recreational uses that are small in size and scale



and severity of impacts and that may be conducted consistent with the Conservation Values protected herein and in a manner that minimizes disturbance to native vegetation, disruptions of wildlife, threats from invasive weeds and soil disturbance that creates slope instability and sediment run-off. Except as specifically provided for in Article XI, Access by Public, this Easement shall not be construed as affording to the general public physical access to the Protected Property.

ARTICLE IV.

RIGHTS CONVEYED TO GRANTEE

To accomplish the Purpose of this Easement the following rights are conveyed to Grantee:

A. The right to preserve and protect in perpetuity and to enhance by mutual agreement the Conservation Values of the Protected Property.

B. The right to enter the Protected Property at least annually at mutually agreeable times and upon prior written notice to Grantors, for the purpose of making inspections to monitor compliance with this Easement.

C. The right to enter the Protected Property at such other times as are necessary if Grantee has a reason to believe that a violation of the Easement is occurring or has occurred, for the purpose of mitigating or terminating the violation and otherwise enforcing the provisions of this Easement. Such entry shall be upon prior reasonable notice to Grantors, and Grantee shall not in any case unreasonably interfere with Grantor's allowed uses and quiet enjoyment of the Protected Property.

D. The right to enjoin any use of, or activity on, the Protected Property that is inconsistent with the Purpose of this Easement, including trespasses by members of the public, and to undertake the restoration of such areas or features of the Protected Property as may be damaged by uses or activities inconsistent with the provisions of this Easement, all in accordance with Article X, Grantee's Remedies.

E. For the benefit of the public, the right to allow persons or groups to enter upon the Protected Property for educational, scientific and biological purposes to observe and study on the Protected Property; provided that any such persons or groups first are approved by Grantors in Grantors' sole and absolute discretion, make prior arrangements with Grantors, agree to provide Grantors with copies of all data or reports resulting from such research, agree not to interfere with Grantors' quiet enjoyment of the Protected Property, and agree to abide by any restrictions on access set forth by Grantors.

F. The right to enforce the terms of this Easement, consistent with Article X, Grantee's Remedies.

G. The right to assign, convey, or otherwise transfer Grantee's interest in the Protected Property in accordance with Article XV, Assignment and Succession.



H. The right to all unused development rights (except such as are specifically reserved herein) that are now or hereafter allocated to, implied, reserved or inherent in the Protected Property, except those associated with the Residential Homesite Area reserved by Grantors, and the parties agree that such rights are terminated and extinguished, and may not be used on or transferred to any portion of the Protected Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, or used for the purpose of calculating permissible lot yield or density of the Protected Property or any other property.

ARTICLE V.

USES AND ACTIVITIES CONSISTENT WITH THE PURPOSE OF THE EASEMENT

A. General. Grantors reserve for themselves and their personal representatives, heirs, successors and assigns, all rights accruing from ownership of the Protected Property, including the right to engage in, or permit or invite others to engage in, any use of, or activity on, the Protected Property, that is not inconsistent with the Purpose of the Easement and that is not prohibited by this Easement. Without limiting the generality of this subsection, Grantors specifically reserve for themselves and their personal representatives, heirs, successors, and assigns, the following uses and activities:

B. Residential Use. The construction, maintenance, repair, renovation, expansion, or replacement, of buildings, structures, improvements and utilities for seasonal or year round residence within the area on the Protected Property known as the Residential Homesite Area, together with the construction, installation, maintenance, repair, renovation, expansion, or replacement of the road and utilities within the Residential Access Corridor to the Residential Homesite Area, subject to the following limitations and conditions:

1. The Residential Homesite Area shall be located within Tax Parcel #2923290001 and be of not more than five (5) acres in size. Grantors shall provide prior written notice to Grantee of the location and establishment of the Residential Homesite Area so that Grantee can determine that such location and acreage is consistent with the Purpose of the Easement. Upon written approval by Grantee, which approval shall not prevent Grantors from establishing the Residential Homesite Area on the Property or otherwise be unreasonably withheld, Grantors shall survey such Residential Homesite Area, which survey shall be recorded as an amendment to this Easement.

2. All land disturbance associated with allowable residential use shall be confined to the Residential Homesite Area, with the exception of the access road and utilities within the Residential Access Corridor, and allowable utilities outside of the Residential Homesite Area as provided for below.

3. Grantors shall be limited to not more than two (2) residences or lodges, of any size or design, and one guest house in the Residential Homesite Area together with associated structures and improvements (including, without limitation, service buildings, garages, tool, storage and wood sheds, barns, shelters, stables and paddocks for Livestock (as defined below), and recreational structures) allowable under all applicable federal, state and county laws.



4. The access road to the Residential Homesite Area shall be the road documented as existing as of the effective date of the grant of Easement, together with whatever extension, including, without limitation, such culverts or ditches to protect the road, may be necessary to reach the Residential Homesite Area ("Access Road").

5. Except as provided for herein, any conduits for water, sewer, phone, electrical and other utility services shall be located with a utility corridor parallel to the access road and of not more than six feet wide ("Access Utility Corridor"). Together, the Access Road and the Access Utility Corridor are referred to as the Residential Access Corridor.

6. There is a well existing as of the effective date of this Easement outside of the Residential Homesite Area in the approximate location shown on the map in Exhibit B. This well, together with associated equipment and water lines, may be used to provide adequate water to the Residential Homesite Area for domestic, irrigation and farm animal needs. An additional well may be constructed, drilled, installed, maintained, repaired and replaced outside of the Residential Homesite Area, together with associated equipment and water lines, as necessary and sufficient to provide adequate domestic water to the Residential Homesite Area, upon prior written notice to and approval by Grantee and provided that the well existing as of the effective date of this Easement does not provide adequate water to the Residential Homesite Area for domestic, irrigation and farm animal needs, a suitable new well cannot be located within the Residential Homesite Area, and the new well complies with all applicable federal, state and local laws.

7. A sewage/septic system and/or drain field may be constructed, installed, maintained, repaired and replaced outside of the Residential Homesite Area, together with associated equipment and piping, as necessary and sufficient to provide adequate sewage/septic management of wastes from the Residential Homesite Area, upon prior written notice to and approval by Grantee and provided that a suitable sewage/septic system and/or drainfield cannot be located within the Residential Homesite Area and such sewage/septic system and drainfield complies with all applicable local, state and federal laws.

8. Grantors shall restore areas outside of the Residential Homesite Area disturbed by the road extension, by the placement of utilities within the Access Utility Corridor and by the allowable construction or installation of other utilities (such as a well, water lines, sewage/septic system or drain field) outside of the Residential Homesite Area in accordance with a restoration plan that uses native seeds and/or plants.

9. Grantors may utilize any methods for the control of wildlife, pests, insects and rodents within the Residential Homesite Area as is permitted by all applicable federal, state and local law.

C. Underground Utility Corridor Traversing the Protected Property. The installation, maintenance, repair and replacement of underground utilities with the utility corridor as documented in the Baseline Documentation as existing on the Protected Property as of the effective date of this grant of Easement. Grantors may reroute the utilities within the southern portion of this corridor to run along the Access Utility Corridor. Grantors shall restore areas along the underground utility corridor traversing the Protected Property disturbed by any such installation and rerouting activities in accordance with a restoration plan that uses native seeds and/or plants.



D. Farm Use. The maintenance of livestock such as, but not limited to horses, mules, donkeys or llamas (the "Livestock"), within an area confined to the Residential Homesite Area defined in Exhibit "B". Grantors shall notify Grantee in writing prior to the introduction of Livestock on the Protected Property, along with their specific plans to ensure the proper containment for any Livestock within the Residential Homesite Area as Grantors shall be responsible to contain the Livestock and other animals within the Residential Homesite Area with adequate fencing. In the event that Grantors determine that the Residential Homesite Area is not sufficient to support both residential and Livestock uses simultaneously, Grantors may extend a 'Livestock Paddock Area' beyond the Residential Homesite Area upon prior written notice of and approval by Grantee and provided that the following conditions are met: (1) The Livestock Paddock Area is contiguous to the Residential Homesite Area; (2) The Livestock Paddock Area does not adversely affect the Conservation Values of the Property in any material way; (3) The Livestock Paddock Area does not exceed a total area of two (2) acres in size; and (4) Grantors commit to restore the Livestock Paddock Area, in accordance with a restoration plan approved by Grantee, upon the discontinuance of its use for Livestock purposes for more than a year.

E. Recreational Use. The undertaking of recreational activities such as cross country skiing, walking, horse back riding and bird watching on the Protected Property; provided that such activities are conducted in a manner and intensity that does not adversely impact the Conservation Values of the Protected Property and subject to the following limitations and conditions:

1. No motorized recreational vehicles or activities that could adversely impact the Conservation Values of the Protected Property are allowed on the Protected Property outside of the Access Road and Residential Homesite Area.

2. Grantors are allowed to construct, install, replace, renovate and maintain non-impervious foot and riding trails and paths within the Protected Property. Grantors will endeavor to locate such trails so as to preserve rare or unique flora or fauna either currently known to occur (as described in the Baseline Documentation) or later identified as occurring on the Protected Property. Foot trails and paths should not be constructed so as to promote or encourage off-road vehicular use, and should be constructed and positioned so as to minimize soil erosion as much as is reasonably possible. Trails shall be monitored for and managed to minimize noxious weed proliferation as much as is reasonably possible.

F. Harvest of Natural Vegetation. The harvesting of forest products for noncommercial purposes, including, but not limited to, harvesting mushrooms, ferns, and flowers, from the Protected Property provided that such activities do not adversely affect the Conservation Values of the Property.

G. Cutting of Trees. The removal of select trees which present a hazard to persons or property, the removal of trees in connection with the upkeep, maintenance and repair of fences, the harvesting of select trees for use by Grantors as firewood, and the harvesting of trees for use by Grantors on the Protected Property as posts and poles, any of which activities may be performed without prior notice and approval under this Easement. Because of their value for wildlife, the taking of standing dead trees and snags is prohibited unless such taking is necessary to control forest disease or to protect persons or property from falling trees or other hazards. All timber removed by Grantors pursuant to this paragraph must be for the use of Grantors and disposed of on the Protected Property and such timber removal must minimize impacts to the



Conservation Values identified in and protected by this Easement as much as is reasonably possible.

H. Timber Management Activities. To use timber cutting, prescribed burning, and other silvicultural tools, such as for the purpose of controlling forest disease, to protect wildlife habitat, to facilitate establishment of a multi-aged forest, to return the forest to a more natural state, or to reduce the fire hazard to nearby buildings, provided, however, that all such activities require prior written notice to Grantee, and approval by Grantee, of a timber management plan (and restoration plan for any temporary roads to be installed for the express purpose of such timber harvests). Grantors may sell the products resulting from an approved timber harvest. Any timber harvest must be performed in accordance with forestry practices that are consistent with the Purpose, terms and conditions of this Easement, must conform to state and federal forestry laws, practices, guidelines and regulations, and must minimize soil disturbance, vegetation damage, introduction and/or proliferation of noxious weeds, and impacts to the integrity of the watershed, water quality, wildlife habitat, and the natural scenic and aesthetic qualities of the Protected Property as much as is reasonably possible. No new permanent roads shall be constructed on the Protected Property for the express purpose of such timber harvests; provided, however, that Grantors may install and use temporary (e.g., skid) roads for the express purpose of such timber harvests, which temporary roads shall be restored by Grantors in accordance with the restoration plan approved by Grantee.

I. Fences. The construction, maintenance, repair, and reconstruction of fences within or around the Protected Property, Residential Use Area and the Livestock Paddock Area, provided that the design and location shall not unduly restrict or exclude wildlife uses of the Protected Property or otherwise adversely affect the Conservation Values of the Protected Property. Notwithstanding this provision, the Grantor shall have the right within and around the Residential Use Area and the Livestock Paddock Area to repair, replace or construct a fence of sufficient height and design to exclude wildlife, and to fence around horses or livestock, residential gardens, and kennels or enclosures for pets, chickens and other similar animals.

J. Maintenance of Existing Roads or Construction of New Roads Outside of the Residential Area. The maintenance, repair, renovation, expansion or replacement of the roads shown on Exhibit B as existing as of the effective date of this Easement, including, without limitation, such culverts or ditches to protect the roads. Grantors shall construct new roads, other than the Access Road, on the Protected Property upon prior written notice to and approval by Grantee and for the purpose of preserving or protecting the Conservation Values of the Protected Property.

K. Composting and Storage of Wastes. The composting and use of organic and vegetative waste resulting from uses and activities on the Protected Property, including horse manure, consistent with the Purpose of this Easement, and to store other wastes generated by uses and activities on the Protected Property consistent with the Purpose of this Easement; provided that such other wastes are stored temporarily in appropriate containment for removal at reasonable intervals. Notwithstanding the above provisions, any composting or storage of wastes shall be in compliance with all applicable federal, state and local laws

L. Signs. The placement of signs on the Protected Property to advertise for sale or rent or to state the conditions of access to the Protected Property; provided that such signs are located to preserve, as much as possible, the undisturbed Conservation Values of the Protected



Property. Signs in excess of three (3) square feet need prior written approval by Grantee of sign location and design.

M. Fire Management. Fire management activities on the Protected Property for the purposes of reducing or maintaining fuel loads favoring or maintaining specific native vegetation types, or other activities fostering ecosystem health; upon prior written notice to and approval by Grantee and provided that such fire management activities or prescriptive burns shall be carried out consistent with the Purpose, protection of the Conservation Values, applicable federal, state and local laws, other terms and conditions of this Easement, and with the approval of government authorities having jurisdiction therein. Furthermore, Grantors are authorized to dig or drill wells on the Protected Property upon prior written notice to and approval by Grantee for purposes of fire suppression and fire prevention so long as the Grantors comply with all applicable federal, state and local laws.

N. Hunting. The hunting of wildlife as allowed under applicable law.

O. Consensual Liens. The creation of consensual liens, whether by mortgages, deed of trust or otherwise, for the purpose of securing repayment of indebtedness of Grantors, so long as such liens shall remain subordinate to the Easement.

P. Subdivision and Lot Line Adjustments. The change or adjustment of lot lines for tax purposes; provided that Grantee is notified in writing in advance of such change or adjustment, such change or adjustment will not result in less overall acreage being covered by the Easement, and the change or adjustment in the legal description to the Easement is recorded as an amendment to the Easement.

Q. Protection of Public Health or Safety. The undertaking of other activities necessary to protect public health or safety on the Protected Property, or that are actively required by and subject to compulsion of any governmental agency with authority to require such activity; provided that any such activity shall be conducted so that interference with the Conservation Values of the Protected Property is avoided, or, if avoidance is not possible, minimized to the extent possible and later restored.

R. Stewardship Activities. The undertaking of any activity agreed to by Grantors and Grantee to enhance or improve the Conservation Values of the Protected Property.

ARTICLE VI.

USES AND ACTIVITIES INCONSISTENT WITH THE PURPOSE OF THE EASEMENT

A. General. Any use of, or activity on, the Protected Property inconsistent with the Purpose of the Easement is prohibited, and Grantors acknowledge and agree that they will not conduct, engage in or permit any such use or activity. Without limiting the generality of the foregoing, the following uses of, or activities on, the Protected Property, though not an exhaustive list of inconsistent uses or activities, are inconsistent with the Purpose of this Easement and shall be prohibited, except as expressly provided in Article V:



B. Subdivision. Further legal or "de facto" division, subdivision or partitioning of the Protected Property is prohibited.

C. Construction. The placement or construction of any buildings, structures, or other improvements of any kind including, without limitation, pipelines, septic systems, drain fields, roads, and parking lots is prohibited, except as otherwise provided in this Easement or as deemed necessary by Grantee for allowable uses under this Easement within Residential Homesite Area or to preserve or protect the Conservation Values of the Protected Property.

D. Alteration of Land. The alteration of the surface of the land, including, without limitation, the excavation or removal of soil, sand, gravel, rock, peat, or sod is prohibited, except as otherwise provided in this Easement or as deemed necessary by Grantee for allowable uses under this Easement within the Residential Homesite Area or within the Livestock Paddock Area or to preserve or protect the Conservation Values of the Protected Property. No man made changes in the existing general topography of the landscape or land surface are permitted on the Protected Property except as permitted herein.

E. Erosion or Water Pollution. Any use or activity that causes or is likely to cause significant soil degradation or erosion or significant pollution of any surface or subsurface waters is prohibited.

F. Alteration of Water Courses. The draining, filling, dredging, ditching, or diking of wetland areas, the alteration or manipulation of ponds and water courses, or the creation of new wetlands, water impoundments, or water courses is prohibited, except as otherwise provided in this Easement or as deemed necessary by Grantee to preserve or protect the Conservation Values of the Protected Property, and except as documented in the Baseline Documentation as existing on the Protected Property as of the effective date of the grant of Easement.

G. Removal of Trees and Other Vegetation. The pruning, cutting down, or other destruction or removal of live and dead trees and other vegetation located in the Protected Property is prohibited, except (1) within the Residential Homesite Area or the Livestock Paddock Area, (2) subject to the written approval of Grantee, to preserve or protect the Conservation Values of the Protected Property, or (3) as otherwise provided in this Easement.

H. Waste Disposal. The disposal or storage of rubbish, garbage, debris, unregistered vehicles, abandoned equipment, parts thereof, or other unsightly, offensive, or toxic or hazardous waste or material on the Protected Property is prohibited, except that the Grantors shall be entitled to store and maintain within the Residential Homesite Area, such equipment, tools and machinery necessary to conduct the activities identified in Article V, Uses and Activities Consistent with the Purpose of this Easement, so long as such storage and maintenance does not violate any federal, state, or local laws.

I. Utilities. The above ground installation of new utility systems or extensions of existing utility systems that could otherwise practicably be installed underground, including, without limitation, water, sewer, power, fuel, and communication lines and related facilities is prohibited, except within the Residential Homesite Area and Livestock Paddock Area.

J. Signs. The placement of commercial signs, billboards, or other advertising material on the Protected Property is prohibited.



K. Yard Lights. The placement and use of any outdoor electric lights on the Protected Property is prohibited, except within the Residential Homesite Area and Livestock Paddock Area and to the extent that such lights are shielded on all sides so as to direct light to the ground.

L. Mining. The exploration for, or development and extraction of, minerals and hydrocarbons on or below the surface of the Protected Property is prohibited.

M. Introduced Vegetation. The intentional introduction of noxious, non-native plants and/or non-native invasive species outside of the Residential Homesite Area and Livestock Paddock Area is prohibited; however, non-native and non-invasive species may be introduced with the Residential Homesite Area or the Livestock Paddock Area. The intentional introduction of non-native animal, bird and insect species is prohibited outside the Residential Homesite Area and Livestock Paddock Area unless in accordance with a management or restoration plan approved in writing by Grantee.

N. Off-Road Vehicles. The off-road recreational use of motorcycles, dune buggies, snow mobiles, or any other type of off-road motorized vehicles outside of the Residential Homesite Area is prohibited; provided, however, that this prohibition is not intended to be interpreted to limit the use of off-road vehicles for property-maintenance purposes (such as selective forest management activities and patrolling during hunting season).

O. Agricultural Use. Conducting any agricultural uses on the Protected Property, including the free-ranging and grazing of Livestock on the Protected Property, is prohibited; provided, however, that this prohibition is not intended to be interpreted to limit the farm use of the Residential Homesite Area or Livestock Paddock Area as provided for herein. Notwithstanding the above, the establishment and operation of a commercial livestock feedlot or any commercial wild game farming or ranching facilities is prohibited, which shall be defined for purposes of this Easement as a permanently constructed confined area or facility within which the land is not grazed or cropped annually, and that is used and maintained for purposes of engaging in the business of the reception and feeding of livestock for hire. However, seasonal confinement of Livestock raised on the Protected Property and temporary confinement of other Livestock is permitted in the Residential Homesite Area or Livestock Paddock Area.

P. Industrial Use. Conducting any industrial and commercial uses on the Protected Property is prohibited

Q. Commercial Recreational Activity. More than a *de minimis* use of the Protected Property for commercial recreational activities, as such terms are defined by Section 2031(c)(8)(B) of the Internal Revenue Code and the applicable Treasury Regulations, is prohibited.



ARTICLE VII.

AFFIRMATIVE COMMITMENTS

- A. Invasive Non-Native Species. Grantors and Grantee commit to work together over the coming years to explore and implement reasonable methods of controlling and eradicating invasive non-native species on the Protected Property.
- B. Native Species. Grantors and Grantee commit to work together over the coming years to encourage the establishment of appropriate native species on the Protected Property.
- C. Stewardship Plan. To further the Purpose of this Easement, Grantors and Grantee may develop a plan for stewardship of the Protected Property ("Stewardship Plan"). The Stewardship Plan describes activity mutually agreed to by Grantors and Grantee to preserve, protect, and enhance the original and natural conditions of the Protected Property.
- D. Financial Obligation. Notwithstanding any provision of this Article VII, Grantee shall have no obligation to incur any expense, nor be held responsible for any expense arising out of or related to the commitments set forth under this Article VII, absent the prior written consent by Grantee.

ARTICLE VIII.

NOTICE AND APPROVAL

- A. Notice. Grantors shall notify Grantee and receive Grantee's written approval prior to undertaking certain permitted activities provided in Article V, including location of the Residential Homesite Area (Section V.B.1), new well outside the Residential Homesite Area (Section V.B.6), sewage/septic system and/or drain field outside the Residential Homesite Area (V.B.7), establishment of a Livestock Paddock Area outside the Residential Homesite Area (V.D), timber management (Section V.H), construction of new roads outside the Residential Homesite Area and Residential Access Corridor (Section V.J), fire management (Section V.L), and management and restoration plans (generally). The purpose of requiring Grantors to notify Grantee prior to undertaking certain permitted uses and activities is to afford Grantee an opportunity to ensure that the use or activity in question is designed and carried out in a manner consistent with the Purpose of this Easement. Whenever notice is required, Grantors shall notify Grantee in writing not less than thirty (30) days prior to the date Grantors intend to undertake the use or activity in question. The notice shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit Grantee to make an informed judgment as to its consistency with the Purpose of this Easement.
- B. Approval. Where Grantee's approval is required, Grantee shall grant or withhold its approval in writing within thirty (30) days of receipt of Grantors' written request for approval. Grantee's approval may be withheld only upon a reasonable determination by Grantee that the action as proposed would be inconsistent with the Purpose of this Easement. Grantee's approval may include reasonable conditions, which must be satisfied in undertaking the proposed use or activity. If Grantors must undertake emergency action to protect health or safety on the Property



or must act by and subject to complusion of any governmental agency, Grantors may proceed with such action without Grantee's approval only if Grantors notifies Grantee prior to taking such action and Grantee cannot provide its approval, with or without conditions, within such time as is reasonable under the circumstances.

C. Grantee's Failure to Approve Within the Required Time. When Grantee's approval is required, and when Grantee does not grant or withhold its approval in the time period and manner set forth herein, Grantors may assume Grantee's approval of the permitted use or activity in question.

D. Addresses for Notices. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other shall be in writing either served personally or sent by first class mail, postage prepaid, registered or certified mail, return receipt requested, addressed to as follows:

To Grantors: Edson and Julie Gallaudet
3808 49th Avenue NE
Seattle, WA 98105

To Grantee: Chelan-Douglas Land Trust
P.O. Box 4461
Wenatchee, Washington 99807-4461

or to such other address as either party from time to time shall designate by written notices to the other.

ARTICLE IX.

DISPUTE RESOLUTION

If a dispute arises between the parties concerning the consistency of any proposed use or activity with the Purpose of this Easement, the parties shall meet together to discuss the dispute and attempt resolution. Thereafter, either party may refer the dispute to mediation or arbitration by request made in writing upon the other. Within thirty (30) days of the receipt of such a request, the parties shall select a single mediator or arbitrator to hear the matter. If the parties are unable to agree on a mediator or arbitrator, the party requesting the arbitration shall have 72 hours to select an arbitrator and notify the other party of the selection, whereupon the other party shall have 72 hours to select an arbitrator and notify the first party of the selection. The two arbitrators shall then meet and select a third arbitrator, who shall decide the matter. None of the arbitrators shall be related to either party or have any interest in the matter. The matter shall be settled in accordance with the Washington State mediation or arbitration statute then in effect, and an arbitration award may be entered in any court having jurisdiction thereof. If the mediation or arbitration is pursued, the substantially prevailing party shall be entitled, in addition to such other relief as may be granted to a reasonable sum for all its costs and expenses related to such mediation or arbitration, including, without limitation, the fees and expenses of the mediator or arbitrator and attorney's fees, which shall be determined by the mediator or arbitrator or any court



of competent jurisdiction that may be called upon to enforce or review the award. The parties agree not to proceed with the use or activity pending resolution of the dispute.

ARTICLE X.

GRANTEE'S REMEDIES

A. Notice of Violation, Corrective Action. If Grantee determines that the Grantors or their personal representatives, heirs, successors, or assigns is in violation of the terms of this Easement or that a violation is threatened, Grantee shall give written notice to Grantors or their personal representatives, heirs, successors, or assigns of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Protected Property resulting from any use or activity inconsistent with the Purpose of this Easement, to restore the portion of the Protected Property so injured to its prior condition in accordance with a plan approved by Grantee.

B. Grantor's Failure to Respond. Grantee may bring an action as provided in subsection C if Grantors:

- 1. Fail to cure the violation within thirty (30) days after receipt of notice thereof from Grantee; or
- 2. Under circumstances where the violation cannot reasonably be cured within the thirty (30) day period, fail to begin curing such violation within the thirty (30) day period and fails to continue diligently to cure such violation until finally cured.

C. Grantee's Action.

1. Injunctive Relief. Grantee may bring an action at law or in equity in a court having jurisdiction to enforce the terms of this Easement.

- a. To enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction; and
- b. To require the restoration of the Protected Property to the condition that existed prior to any such injury.

2. Damages/Liquidated Damages. Grantee shall be entitled to recover damages for violation of the terms of this Easement or injury to any Conservation Values protected by this Easement, including, without limitation, damages for the loss of Conservation Values. Inasmuch as the actual damages to the Conservation Values of the Protected Property which could result from a breach of this Easement by Grantors would be impractical or extremely difficult to measure, Grantors and Grantee agree that the money damages Grantee is entitled to recover for violation of the terms of this Easement or injury to any Conservation Values protected by this Easement shall be the following:

- a. With respect to the construction of any improvement prohibited by this Easement, which is not subsequently removed and the Protected Property restored to its



previous condition within a reasonable amount of time specified by Grantee, then damages shall be an amount equal to the greater of (i) the actual cost of such improvement, or (ii) the increase in the fair market value of the Protected Property or of any other real property owned by Grantors attributable to such improvement, whichever is more; and

b. With respect to any use or activity prohibited by this Easement, whether or not involving the construction or maintenance of an improvement, an amount equal to any economic gain realized by Grantors, commencing from the date of breach; provided, however, that if timber, logs or any other forest products are harvested or are removed in violation of the terms of this Easement, the amount determined under this paragraph shall be equal to three times the greater of (i) the actual sales price realized upon disposition of such harvested timber, logs or other forest products, or (ii) the current market price of such harvested timber, logs or other forest products as of the date of breach, whichever is more; and

c. Any other damages allowable under Washington law, including, but not limited to, restoration of lost or damaged Conservation Values

Without limiting Grantors' liability in any way, Grantee, in its sole discretion, may apply any damages recovered to the cost of undertaking corrective or restoration action on the Protected Property. All such actions for injunctive relief may be taken without Grantee being required to post bond or provide other security.

D. Emergency Enforcement. If Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Protected Property, Grantee may pursue its remedies under this Article without prior notice to Grantors or without waiting for the period provided for cure to expire; provided that Grantee shall first make reasonable attempt under the circumstances to give verbal/telephone notice to Grantors of the violation and proposed action.

E. Scope of Relief. Grantee's rights under this Article apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantors agree that Grantee's remedies at law for any violation of the terms of this Easement are inadequate and that Grantee shall be entitled to injunctive and other relief to which Grantee may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this Article shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

F. Costs of Enforcement. In the event Grantee must enforce the terms of this Easement, the costs of restoration necessitated by acts or omissions of Grantors, their agents, employees, contractors, family members, invitees or licensees in violation of the terms of this Easement and Grantee's reasonable enforcement expenses, including attorney's fees, shall be borne by Grantors or those of their personal representatives, heirs, successors, or assigns, against whom a judgment is entered. In the event that Grantee secures redress for an Easement violation without initiating or completing a judicial proceeding, the costs of such restoration and Grantee's reasonable expenses shall be borne by Grantors and those of its heirs, successors, or assigns who are otherwise determined to be responsible for the unauthorized activity or use. If Grantors ultimately prevail in any judicial proceeding initiated by Grantee to enforce the terms of



this Easement, reasonable expenses, including attorneys' and consultants' fees, shall be borne by Grantee.

G. Grantee's Forbearance. Forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any terms of this Easement by Grantors, their agents, employees, contractors, family members, invitees or licensees shall not be deemed or construed to be a waiver by Grantee of such term of any Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantors shall impair such right or remedy or be construed as a waiver.

H. Waiver of Certain Defenses. Grantors hereby waive any claim or defense they may have against Grantee or its successors or assigns under or pertaining to this Easement based upon waiver, laches, estoppel or prescription. Except for the foregoing, Grantors specifically retain any and all rights it has under the law as owner of the Protected Property, including, but not limited to, the right to make claims against Grantee for any breach by Grantee of the terms of this Easement.

I. Acts Beyond Grantors' Control. Neither Grantor nor Grantors shall be in default or violation as to any obligation created hereby and no condition precedent or subsequent shall be deemed to fail to occur if such party is prevented from fulfilling such obligation by, or such condition fails to occur due to: (1) Actions by trespasser upon the Protected Property; (2) Forces beyond such party's reasonable control, including, without limitation, destruction or impairment of facilities resulting from breakdown not resulting from lack of ordinary care and maintenance, climate change, flood, earthquake, slide, storm, lightning, fire, epidemic, war, riot, civil disturbance, sabotage, proceeding by court or public authority, or act or failure to act by court, public authority or third party, which forces by exercise of due diligence and foresight such party could not reasonably have expected to avoid; or (3) Any action deemed reasonable by Grantors under emergency conditions to prevent, abate, or mitigate significant injury to the Protected Property resulting from such causes. In the event the terms of this Easement are violated by acts of trespassers, and Grantors have not undertaken suit themselves, Grantors agree, at Grantee's option, to assign its right of action to Grantee or to appoint Grantee its attorney in fact, for purposes of pursuing enforcement action against the responsible parties.

J. Compliance Certificates. Upon request by Grantors, Grantee shall within thirty (30) days execute and deliver to Grantors or to any party designated by Grantors any document, including an estoppel certificate, that certifies, to Grantee's actual knowledge, Grantors' compliance or lack thereof with any obligation of Grantors contained in this Easement and otherwise evidences the status of this Easement (the "Certificate"). Such Certificate shall be limited to the condition of the Protected Property as of Grantee's most recent inspection. If Grantors request more current documentation, Grantee shall conduct an inspection, at Grantors' expense, and provide the compliance certificate to Grantors within thirty (30) days of receipt of Grantors' written request.



ARTICLE XI.

ACCESS BY PUBLIC

Access by the general public to any portion of the Protected Property is only through special arrangement with Grantors.

ARTICLE XII.

COSTS, LIABILITIES AND INSURANCE, TAXES, ENVIRONMENTAL COMPLIANCE, AND INDEMNIFICATION

A. Costs, Legal Requirements, Liabilities and Insurance. Grantors retain all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Protected Property, including the maintenance of any insurance coverage desired by Grantors. Grantors and Grantee release and relieve the other, and waive their entire right to recover for loss or damage to the extent that the loss or damage is covered by the injured party's insurance. This waiver applies whether or not the loss is due to the negligent acts or omissions of Grantors or Grantee. Grantors remain solely responsible for obtaining any applicable governmental permits and approval for any construction or other activity or use permitted by this Easement, and all such construction or other activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. Grantors shall prevent the perfection of any liens against the Protected Property that are not subordinate to this Easement arising out of any work performed for, material furnished to, or obligations incurred by Grantors.

B. Taxes. Grantors shall pay before delinquency all taxes, assessments, fees, charges of whatever description levied on or assessed against the Protected Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as a result of, this Easement, and shall furnish Grantee with satisfactory evidence of payment upon request. If Grantors fail to pay any taxes when due, Grantee is authorized, but in no event obligated, to make or advance such payment of taxes upon three (3) days prior written notice to Grantors, in accordance with any bill, statement, or estimate procured from the appropriate authority, without inquiry into the validity of the taxes or the accuracy of the bill, statement or estimate, and the obligation created by such payment shall bear interest until paid by Grantors at the maximum rate allowed by law.

C. Representations and Warranties. Grantors represent and warrant that to the best of Grantors' knowledge (without duty of inquiry):

1. There are no apparent or latent defects in or on the Protected Property;
2. Grantors and the Protected Property are in compliance with all federal, state, and local laws, regulations and requirements applicable to the Protected Property and its use;
3. There has been no release, dumping, burying, abandonment, or migration from off-site on the Protected Property of any substances, materials, or wastes which



are hazardous, toxic, dangerous, harmful or are designated as, or contain components which are, or are designated as, hazardous, toxic, dangerous, or harmful and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful and/or as a pollutant by any federal, state or local law, regulation, statute, or ordinance;

4. Neither Grantors nor Grantors' predecessors in interest have disposed of any hazardous substances off-site, nor have they disposed of substances at sites designated or proposed to be designated as federal or state Superfund (42 U.S.C. Par 9601 et seq.) or state Model Toxics Control Act (RCW 70.105D.010 et seq.) ("MTCA") sites; and

5. There is no pending or threatened litigation affecting the Protected Property or any portion of the Protected Property that will materially impair the Conservation Values of any portion of the Protected Property. No civil or criminal proceedings have been instigated or are pending against the Grantors or their predecessors by government agencies or third parties arising out of alleged violations of environmental laws, and neither Grantor nor its predecessors in interest have received any notices of violation, penalties, claims, demand letters, or other notifications relating to a breach of environmental laws.

D. Remediation. If at any time there occurs, or has occurred, a release in, on, or about the Protected Property of any substance now or hereafter defined, listed, or otherwise classified, pursuant to any federal, state, or local law, regulation, or requirement as toxic or dangerous to the air, water, or soil, or in any other way harmful or threatening to human health or environment, Grantors agree to take all steps necessary under applicable law to assure its containment and remediation, including any cleanup that may be required, unless the release was caused by Grantee, in which case Grantee should be responsible for remediation in accordance with all applicable laws.

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

F. Grantors' Indemnification. Grantors agree to release and hold harmless, indemnify, and defend Grantee and its members, directors, officers, employees, agents, and contractors and the personal representatives, heirs, successors, and assigns of 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 attorney's fees, arising from or 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, conditions, or other matter related to or occurring on or about the Protected Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; and

2. The obligations, covenants, representations and warranties in subsections A, B, C and D of this Article.



G. Grantee's Indemnification. Grantee hereby agrees to hold harmless, indemnify, and defend Grantors and their personal representatives, heirs, successors, and assigns (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorney's fees, arising from or in any way connected with injury to or the death of any person, or physical damage to any property, resulting from any act or omission of Grantee, its members, directors, officers, employees, agents and contractors, on the Protected Property.

ARTICLE XIII.

SUBSEQUENT TRANSFER OR EXTINGUISHMENT

A. Extinguishment. If circumstances arise in the future that render the Purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court having jurisdiction. The amount of the proceeds to which Grantee shall be entitled, after the satisfaction of prior claims, from any sale, exchange, or involuntary conversion of all or any portion of the Protected Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Washington law at the time, in accordance with Section XIII.B of this Easement.

B. Valuation. This Easement constitutes a real property interest immediately vested in Grantee, which, for the purpose of Section XIII.A of this Easement, the parties stipulate to have a fair market value determined by multiplying the fair market value of the Protected Property unencumbered by the Easement (minus any increase in the value after the effective date of this grant of Easement attributable to improvements) by the ratio of the value of the Easement at the time of this grant of Easement to the value of the Protected Property, without deduction for the value of the Easement, at the time of this grant of Easement. The values at the time of this grant of Easement shall be those values used to calculate the deduction for federal income tax purposes allowable by reasons of this grant of Easement, pursuant to Article 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision(s) then applicable). For the purposes of this section, the ratio of the value of the Easement to the value of the Protected Property unencumbered by the Easement shall remain constant.

C. Condemnation. If all or any of the Protected Property is taken by exercise of the power of eminent domain or acquired by purchase in lieu of condemnation, whether by public, corporate, or other authority, so as to terminate this Easement, in whole or in part, Grantors and Grantee shall act jointly to recover the full value of the interest in the Protected Property subject to the taking or in lieu purchase and all direct or incidental damages resulting from the taking or lieu purchase. All expenses reasonably incurred by Grantors and Grantee in connection with the taking or in lieu purchase shall be paid out of the amount recovered. Except as provided by applicable law, Grantors and Grantee agree that Grantee's share of the balance of the amount recovered shall be determined by multiplying that balance by the ratio set forth in Section XIII.B above.

D. Application of Proceeds. Grantee shall use any proceeds received under the circumstances described in this Article XIII in a manner consistent with its conservation purposes, which are exemplified by the Easement.



E. Subsequent Transfers. Grantors agree to:

1. Incorporate the terms of this Easement by reference in any deed or other legal instrument by which it divests itself of any interest in all or a portion of the Protected Property, including without limitation, a leasehold interest;
2. Describe this Easement in and append it to, any executory contract for the transfer of any interest in the Protected Property;
3. Give written notice to the Grantee of the transfer of any interest in all or a portion of the Protected Property no later than forty-five (45) days prior to the date of such transfer. Such notice to Grantee shall include the name, address, and telephone number of the prospective transferee or the prospective transferee's representative.

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

ARTICLE XIV.

AMENDMENT

1. Grantors shall survey the exact boundaries of the Residential Homesite Area upon approval of its location and acreage by Grantee. Grantor and Grantee shall promptly record the survey and legal description of the Residential Homesite Area as an amendment to this Easement. Failure to timely complete this survey and record this amendment shall not affect the enforceability or validity of any other provision of this Easement.

2. If other circumstances arise under which an amendment to or modification of this Easement would be appropriate, Grantors and Grantee are free to jointly amend this Easement; provided that no amendment shall be allowed that shall affect the qualification of this Easement or the status of Grantee under any applicable laws, including RCW 64.04.130, Chapter 84.34 RCW, or Article 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision(s) then applicable). Any such amendment shall be consistent with the Purpose of this Easement, shall not affect its perpetual duration, and shall be recorded in the official records of Okanogan County, Washington, and any other jurisdiction in which such recording is required.

ARTICLE XV.

ASSIGNMENT AND SUCCESSION

A. Assignment. This Easement is transferable, but Grantee may assign its rights and obligations under this easement only to an organization that is a qualified organization at the time of transfer under Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder, and authorized to acquire and hold conservation easements under RCW 64.04.130 or RCW



84.34.250 (or any successor provision(s) then applicable). As a condition of such transfer, Grantee shall require that the transferee exercise its rights under the assignment consistent with the Purpose of this Easement. Grantee shall notify Grantors in writing, at Grantors' last known address, in advance of such assignment. The failure of Grantee to give such notice shall not affect the validity of such assignment nor shall it impair the validity of this Easement or limit its enforceability in any way.

B. Succession. If at any time it becomes impossible for Grantee to ensure compliance with the covenants, terms, conditions and restrictions contained in this Easement and Grantee has not named a successor organization, or the Grantee shall cease to exist or to be a qualified organization under Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision then applicable) or to be authorized to acquire and hold conservation easements under RCW 64.04.130 and RCW 84.34.250 (or any successor provision(s) then applicable), then Grantee's rights and obligations under this Easement shall become vested and fall upon one of the following named entities to the extent that they shall accept this Easement, in the following order:

1. The Methow Conservancy
2. The Inland Northwest Land Trust

3. Such other entity, with purposes similar to Grantee's, constituting a "qualified organization" within the meaning of the Internal Revenue Code of 1986, as amended (or any successor provision(s) then applicable); provided that if such vesting in any of the entities named above is deemed to be void under the Rule Against Perpetuities, the rights and obligations under this Easement shall vest in such organization as a court having jurisdiction shall direct, pursuant to the applicable Washington law and the Internal Revenue Code of 1986, as amended (or any successor provision(s) then applicable), and with due regard to the Purpose of this Easement.

ARTICLE XVI.

RECORDATION

Grantee shall record this instrument in a timely fashion in the official records of Okanogan County, Washington, and in any other appropriate jurisdictions, and may re-record it at any time as may be required to preserve its rights in this Easement.

ARTICLE XVII.

SUBORDINATION

At the time of conveyance of this Easement, the Protected Property is subject to that certain deed of trust deed of trust which was recorded with a recording date of October 19, 2004 under Auditor's File No. 3081106, records of Okanogan County, as modified by instrument with a recording date of April 22, 2005 under Auditor's File No. 3087899, and as partially released by instrument with a recording date of August 1, 2006 under Auditor's File No. 3106249 ("Deed of

Trust"). The beneficiary of the Deed of Trust has agreed by separate instrument, which will be recorded concurrently with this Easement, to subordinate its rights in the Protected Property to this Easement to the extent necessary to permit Grantee to enforce the Purpose of the Easement in perpetuity and to prevent any modification or extinguishment of this Easement by the exercise of any rights to the beneficiary under the Deed of Trust.

ARTICLE XVIII.

GENERAL PROVISIONS

A. Controlling Law; Venue. The interpretation and performance of this Easement shall be governed by the laws of the State of Washington. Venue for any action arising under this Easement shall be in Okanogan County, Washington.

B. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement and the policy and purpose of RCW 64.04.130 and Chapter 84.34. RCW. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

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

D. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Protected Property and supersedes all prior discussions, negotiations, understandings, or agreements between Grantors or Grantee relating to the Protected Property, all of which are merged into this Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with Article XIV.

E. No Forfeiture. Nothing contained in this Easement will result in a forfeiture or reversion of Grantor's title in any respect.

F. "Grantors" - "Grantee." The terms "Grantors" and "Grantee," wherever used in this Easement, and any pronouns used in their place, shall be held to mean and include, respectively the above-named Grantors, and their personal representatives, heirs, successors, and assigns, and the above-named Grantee, its personal representatives, successors, and assigns.

G. Successors and Assigns. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties to this Easement and their respective personal representatives, heirs, successors, and assigns, and shall continue as a servitude running in perpetuity with the Protected Property.

H. Termination of Rights and Obligations. Notwithstanding anything contained in this Easement to the contrary, upon transfer of a party's interest in all or a portion of the Protected



Property, that party's rights and obligations under this Easement terminate to the portion transferred, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

I. Counterparts. The parties may execute this instrument in two or more counterparts, which shall be signed by both parties. 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.

J. Effective Date. The effective date of this Easement is the date of recording in the records of Okanogan County, Washington.

ARTICLE IX.

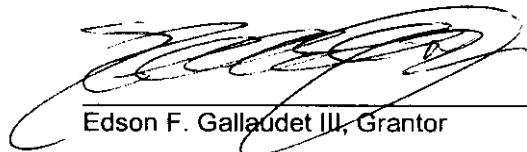
SCHEDULE OF EXHIBITS

- A. Legal Description of Property Subject to Easement (Protected Property).
- B. Site Map.
- C. Acknowledgement of Baseline Documentation.

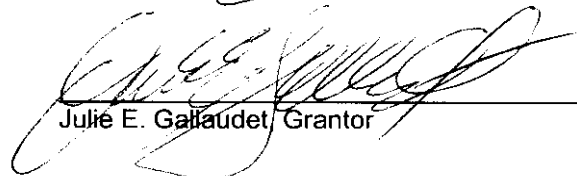
SIGNATURE AND ACKNOWLEDGMENTS

TO HAVE AND TO HOLD unto Grantee, its successors, and assigns forever.

IN WITNESS WHEREOF, the undersigned Grantors have executed this instrument this 15th day of DECEMBER, 2006.



 Edson F. Gallaudet III, Grantor



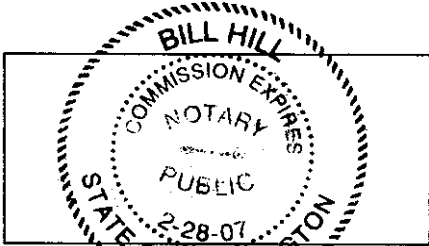
 Julie E. Gallaudet, Grantor

K:\55315\00001\KJL\KJL_A22CU



STATE OF WASHINGTON)
) ss.
COUNTY OF King)

I certify that I know or have satisfactory evidence that Edson F. Gallaudet III and Julie E. Gallaudet, husband and wife, are the persons who appeared before me, and said persons acknowledged that they signed this instrument, and acknowledge it to be their free and voluntary act for the uses and purposes mentioned in the instrument.



Bill Hill
Notary Public
Print Name Bill Hill
My commission expires 2/28/07

(Use this space for notary stamp/seal)



The Chelan Douglas Land Trust does hereby accept the above Grant Deed of Conservation Easement.

Dated: 12/20/2006

CHELAN-DOUGLAS LAND TRUST
Grantee

By Andrew R. Dappen, President
, President

STATE OF WASHINGTON)
) ss.
COUNTY OF Chelan)

I certify that I know or have satisfactory evidence that Andy Dappen is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the President of Chelan-Douglas Land Trust to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 12/20/2006



Penny M. Azurdia
Notary Public
Print Name Penny M. Azurdia
My commission expires 10-6-2009

(Use this space for stamp/seal)



Exhibit A

Legal Description of Property Subject to Easement (Protected Property)

Parcel A (#2923290001)

ALL OF THE SOUTHEAST QUARTER.

TOGETHER WITH THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER.

TOGETHER WITH THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER.

EXCEPT THE NORTHWEST QUARTER THEREOF, ALL IN SECTION 29, TOWNSHIP 29 NORTH, RANGE 23 EAST, W.M., OKANOGAN COUNTY, WASHINGTON.

TOGETHER WITH THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 32, IN SAID TOWNSHIP, RANGE AND COUNTY, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT A BUREAU OF LAND MANAGEMENT BRASS CAP MONUMENT AT THE NORTHEAST CORNER OF SAID SECTION 32, FROM WHICH A SIMILAR BRASS CAP MONUMENT AT THE EAST QUARTER CORNER OF SAID SECTION 32 BEARS SOUTH 00°42'42" EAST;

THENCE NORTH 89°55'37" WEST, ALONG THE NORTH LINE OF SAID SECTION 32 FOR A DISTANCE OF 1290.36 FEET TO THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE NORTHEAST QUARTER;

THENCE SOUTH 00°28'21" EAST, ALONG THE EAST LINE OF SAID SUBDIVISION FOR A DISTANCE OF 779.29 FEET TO THE TRUE POINT OF BEGINNING OF THIS PARCEL;

THENCE NORTH 79°59'02" WEST, FOR 796.56 FEET;

THENCE NORTH 05°52'44" EAST, FOR 645.02 FEET TO THE NORTH LINE OF SAID SECTION 32 AT A POINT LYING 578.44 FEET EAST OF THE STONE MONUMENT AT THE NORTH QUARTER CORNER THEREOF;

THENCE SOUTH 89°55'37" EAST, ALONG SAID NORTH LINE FOR A DISTANCE OF 416.29 FEET;

THENCE SOUTH 21°10'43" EAST, FOR 836.11 FEET TO THE TRUE POINT OF BEGINNING OF THIS PARCEL.

Parcel B (#2923293001)

THE NORTH HALF OF THE SOUTHWEST QUARTER IN SECTION 29, TOWNSHIP 29 NORTH, RANGE 23 EAST, W.M.

Parcel C (#2923294000)

THE NORTHWEST QUARTER IN SECTION 29, TOWNSHIP 29 NORTH, RANGE 23 EAST, W.M.

Parcel D (#2923301001)

THE EAST HALF OF THE NORTHEAST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER, ALL IN SECTION 30, TOWNSHIP 29 NORTH, RANGE 23 EAST, W.M.

Parcel E (#2923320010)

A PORTION OF THE EAST HALF AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 29 NORTH, RANGE 23 EAST; W.M., OKANOGAN COUNTY, WASHINGTON, MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT A BUREAU OF LAND MANAGEMENT BRASS CAP MONUMENT AT THE NORTHEAST CORNER OF SAID SECTION 32, FROM WHICH A SIMILAR BRASS CAP MONUMENT AT THE EAST QUARTER CORNER OF SAID SECTION 32 BEARS SOUTH 00°42'42" EAST;
THENCE NORTH 89°55'37" WEST, ALONG THE NORTH LINE OF SAID SECTION 32, FOR A DISTANCE OF 1586.00 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;
THENCE SOUTH 21°10'43" EAST, FOR 836.11 FEET TO THE WEST LINE OF THE EAST HALF OF SAID SECTION 32 AT A POINT WHICH LIES SOUTH 00°28'21" EAST, A DISTANCE OF 779.29 FEET FROM THE NORTHWEST CORNER OF SAID EAST HALF;
THENCE SOUTH 00°28'21" EAST, ALONG SAID WEST LINE FOR A DISTANCE OF 640.72 FEET;
THENCE NORTH 70°54'18" EAST, FOR 409.31 FEET;
THENCE NORTH 30°12'32" WEST, FOR 150.98 FEET;
THENCE NORTH 18°45'22" WEST, FOR 109.49 FEET;
THENCE NORTH 04°57'24" WEST, FOR 331.28 FEET;
THENCE NORTH 06°20'22" EAST, FOR 391.96 FEET;
THENCE NORTH 33°16'06" WEST, FOR 397.31 FEET TO THE NORTH LINE OF SAID SECTION 32;
THENCE NORTH 89°55'37" WEST, ALONG SAID NORTH LINE, FOR A DISTANCE OF 379.67 FEET TO THE TRUE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF OKANOGAN, STATE OF WASHINGTON.



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Okanogan Co, WA

TRANSACTION TITLE

EASE

02.00

Exhibit B

Site Map

(attached)

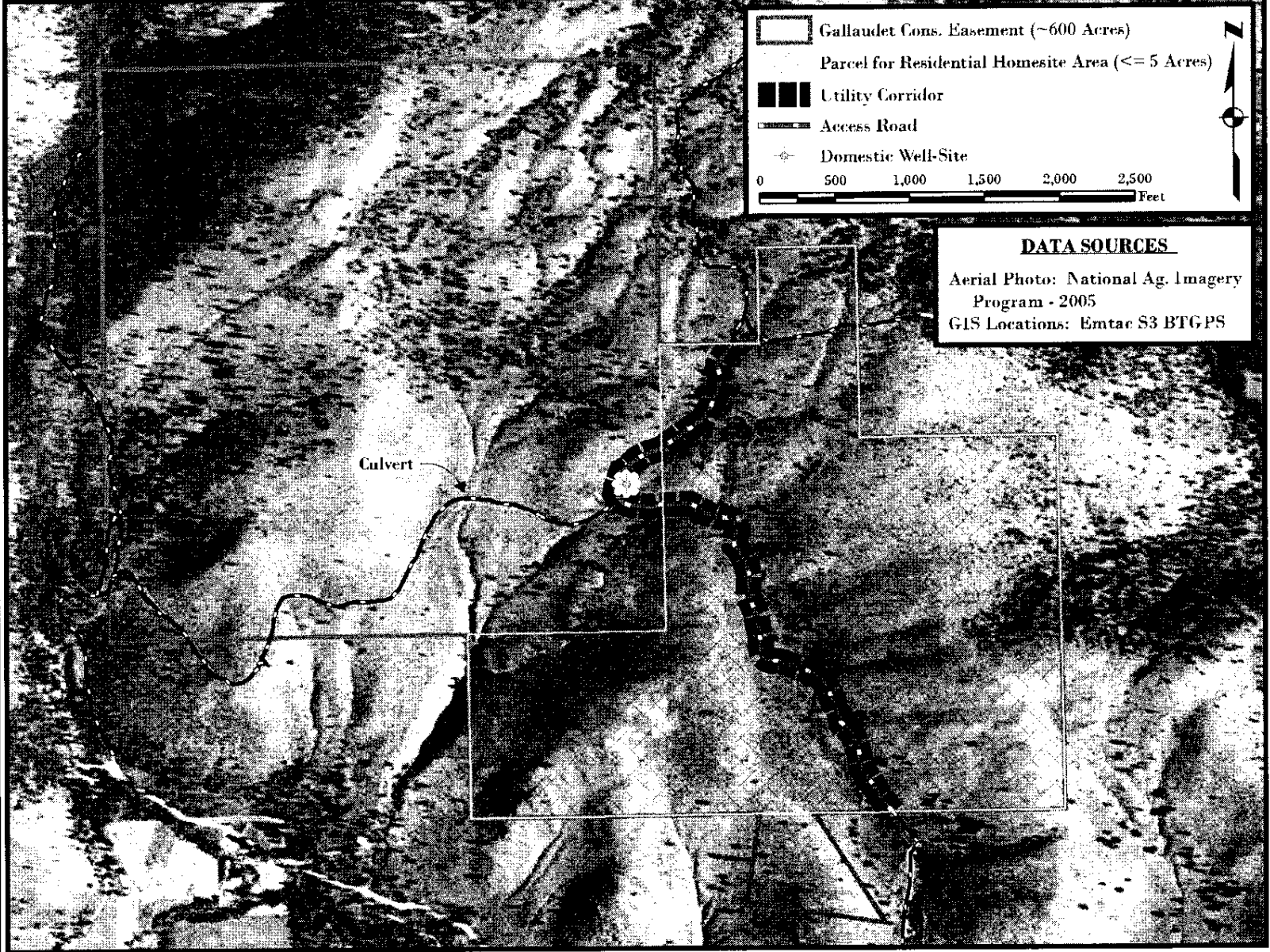
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62.00 Okanogan Co., WA



TRANSACTION TITLE ERSE

Exhibit B: Gallaudet Conservation Easement



DATA SOURCES

Aerial Photo: National Ag. Imagery
Program - 2005
GIS Locations: Emtac S3 BTGPS



Exhibit C

Acknowledgement of Baseline Documentation

Grantors and Grantee acknowledge that each has read the "Gallaudet Easement Baseline Documentation Report," dated November, 2006, and that the report accurately reflects the currently available baseline data regarding the condition of the Protected Property subject to the Easement as of the date of conveyance of the Easement.

THE CHELAN DOUGLAS LAND TRUST,
a Washington non-profit corporation
(Grantee)

EDSON AND JULIE GALLAUDET,
husband and wife
(Grantors)

By: Andrew R. Dapper

Its President of the Board

Date: 12/20/2006

Date: 12-15-06