Appendix C:
OPTION AGREEMENT
FOR
PURCHASE AND SALE OF CONSERVATION EASEMENT

PRIVATE FOREST ACCORD
GRANT PROGRAM

OPTION AGREEMENT
FOR
PURCHASE AND SALE OF CONSERVATION EASEMENT

DATE: _____ ("Effective Date")

PARTIES:
FROM: _____ ("Owner")
TO: _____ ("Optionee")
(Collectively, the "Parties")

RECITALS

A. Optionee desires to acquire an option to purchase a conservation easement on and over certain real property owned by Owner in _____ County, Oregon.

B. The property to be encumbered by the conservation easement consists of approximately ___ acres and is more particularly depicted and described on Exhibits A and B hereto, with said property referred to as the "Easement Property" herein.

C. Owner owns fee simple title to the Easement Property, together with all other rights, hereditaments, and tenements appurtenant to the real property (including but not limited to access rights, timber rights, water rights, grazing rights, development rights and mineral rights).

D. The conservation easement will be acquired by Optionee in a form substantially the same as Exhibit C hereto (the "Conservation Easement").

E. Owner understands that Optionee must obtain grant funds from public or private funding entities (the "Funding Entities") to purchase the Conservation Easement.

F. Owner has agreed to grant Optionee an exclusive option to purchase the Conservation Easement, and the Parties desire to memorialize their agreement in writing.

The Parties therefore agree as follows:

AGREEMENT

Section 1. Grant of Option. Owner, in consideration of the Option Money described in Section 2, receipt of which is acknowledged by Owner, grants to Optionee the sole and exclusive option to purchase the Conservation Easement (the "Option") in the manner and for the price stated in this agreement (the "Option Agreement").

Section 2. Option Terms

2.1 Term. The initial term of the Option (the "Initial Term") commences on the Effective Date and will continue for a period of _____**.** Optionee may extend the term of the Option for an additional period of _____by paying an option extension payment to the Owner prior to the expiration date of the Initial Term. The extension period (the "Extension Term") will commence on the date that the Initial Term expires. The Initial Term and the Extension Term are referred to collectively in this Option Agreement as the "Term." If the last day of the Initial Term or the Extension Term falls on a Saturday, a Sunday, or

a holiday recognized by the federal government or the State of Oregon, all of Optionee's rights will extend through the next business day.

2.2 Option Money. In payment for Owner's grant of the Option, Optionee has paid or will pay Owner the following sums: (the "Option Money Payments"):

(1) Contemporaneously with the execution of this Option Agreement, Optionee has paid Owner the cash sum of **$_____** ; and

(2) Contemporaneously with Optionee's election to extend the Option term under Section 2.1, Optionee will pay Owner the cash sum of **$_____.**

2.3 Exercise of Option. The Option must be exercised, if at all, by written notice (the "Exercise Notice") given by Optionee to Owner at any time during the Initial Term or the Extension Term, stating that Optionee has elected to exercise the Option. The Option may be exercised only with respect to the entire Easement Property, and nothing contained herein will be construed as permitting Optionee to purchase a conservation easement as to less than all of the Easement Property under this Option. Upon exercise of the Option, Optionee will be obligated to purchase the Conservation Easement from Owner, and Owner will be obligated to sell the Conservation Easement to Optionee, with said obligations to be subject to the terms and conditions of this Option Agreement.

2.4 Failure to Exercise Option. If Optionee fails for any reason to exercise the Option in the manner set forth herein, Optionee will have no further claim against or interest in the Easement Property or any of the Option Money Payments, unless Optionee is entitled to a refund of the Option Money Payments under another provision of this Option Agreement. In the event of the failure to exercise the Option, Optionee will provide Owner with any instruments that Owner reasonably deems necessary for the purpose of removing from the public record any cloud on title to the Easement Property that is attributable to the grant or existence of the Option.

Section 3. Purchase Price

3.1 Purchase Price. The purchase price for the Conservation Easement (the "Purchase Price") is **$_____.**

3.2 Payment of Purchase Price. The Purchase Price for the Conservation Easement will be payable as follows:

3.2.1 Optionee will be given credit for the Option Money Payments actually paid by Optionee to Owner.

3.2.2 The entire balance of the Purchase Price will be paid in cash at Closing (as defined below), as provided for herein. If the Funding Entities pay the entire Purchase Price at Closing, credits, if any, due under Section 3.2.1 will be distributed in accordance with escrow instructions approved by the Funding Entities.

Section 4. Remedies

4.1 Optionee. If Owner breaches any term or provision of this Option Agreement, then Optionee, as its exclusive remedy and in lieu of any other relief, may either (1) terminate this Option Agreement and obtain the return of all Option Money Payments previously paid to Owner or (2) tender performance of the obligations of Optionee and specifically enforce all obligations of Owner under this Option Agreement. Except as noted in Section 4.3 and any

specific remedies reserved elsewhere in this Option Agreement, Optionee waives the right to pursue any remedy in law or equity against Owner other than the remedies specified above, including any action for damages, in the event of a default by Owner.

4.2 Owner. If Optionee breaches any term or provision of this Option Agreement, and regardless of whether the breach occurs before or after Optionee notifies Owner of the exercise of the Option, then Owner, as its exclusive remedy and in lieu of any other relief, will be entitled to terminate this Option Agreement by giving Optionee written notice of termination and to retain all Option Money Payments paid by Optionee. Owner acknowledges (1) the adequacy of this exclusive remedy and (2) that this limitation of remedies is an essential part of this Option Agreement from the perspective of Optionee. Except as noted in Section 4.3 and any specific remedies reserved elsewhere in this Option Agreement, Owner expressly waives the right to pursue any other right or remedy in law or equity other than the remedy specified above, including the right of specific performance and the right to sue for damages, in the event of a default by Optionee. Optionee and Owner have established the foregoing remedy in favor of Owner because of the difficulty and inconvenience of ascertaining the actual damages Owner may suffer as a result of a breach of this Option Agreement by Optionee.

4.3 Other Remedies. The limitations on remedies set forth in this section do not apply to any cause of action accruing after Closing (as defined below) or preclude either party from seeking or obtaining injunctive relief or from seeking recovery against the other under any contractual indemnity set forth herein or for causing physical damage or injury to persons or property.

Section 5. Conditions Precedent to Closing. In addition to the funding contingency provided in Section 7.6, and any other conditions contained in this Option Agreement, set forth below are certain conditions precedent for the benefit of Optionee (the "Conditions"). The Conditions are intended solely for the benefit of Optionee and Optionee will have the right to waive, by written notice, any of the Conditions, at its sole discretion; giving the Exercise Notice will not constitute such a waiver. If any Closing Condition is not satisfied or waived on or before the deadline for satisfaction specified herein, then Optionee will have the right to terminate this Option Agreement, at its sole election, by giving Owner notice of termination before the deadline expires, to obtain the return of the Option Money Payments paid, and to exercise any remedy available to Optionee if the subject Condition was not satisfied by reason of a breach of this Option Agreement by Owner. If Optionee does not give Owner notice of termination before the applicable deadline, then Optionee will be deemed to have waived the termination privilege with respect to the Condition in question. The Conditions specifically delineated in this Section are the following:

5.1 On the Closing Date (defined below), the Title Company (defined below) will be ready, willing, and able to issue, and will issue to Optionee on recordation of the Conservation Easement, the title insurance policy required by Section 7.5.

5.2 On or before the Closing Date, Owner will have performed all the covenants, conditions, agreements, and promises to be performed by it under this Option Agreement.

5.3 Environmental Site Assessment. Within **_____ (__)** days from the Effective Date, Optionee shall, at its cost, complete an environmental site assessment (the "Environmental Assessment") of the Easement Property, indicating to the satisfaction of

Optionee that the Easement Property does not contain, either on its surface or in its subsurface or underlying water table, any Hazardous Substances (defined in Section 12). The Environmental Assessment may include a historical review of the use of the Easement Property, review of all regulatory agency permits and compliance and enforcement files and records, soil tests, the acquisition of core samples and water table samples by drilling conducted on the Easement Property, and such other reviews, tests and studies as Optionee may deem appropriate. All reviews, tests and studies will be conducted by agents selected by Optionee and performed as Optionee directs, subject to the approval of Owner, which must not be unreasonably withheld, and the provisions of Section 10.

5.4 Survey. If a survey of the Easement Property is required by Optionee, then Optionee shall ensure that the survey is completed at Optionee's cost within **_____ (__)** days from the Effective Date.

5.5 Appraisal. Within **_____ (___)** days from the Effective Date, Optionee shall, at its cost, obtain an appraisal to estimate the fair market value of the Conservation Easement (the "Appraisal"). The Appraisal will be completed by an independent third-party State Certified General Appraiser selected by Optionee, with said appraiser being familiar with the local region and community. The Appraisal must reasonably confirm the Purchase Price provided for herein to the full satisfaction of Optionee and the Funding Entities.

5.6 Access. Within **_____ (__)** days from the Effective Date, Optionee shall confirm legal and sufficient access to the Easement Property for all purposes contemplated under this Option Agreement, including, but not limited to, due diligence access needs provided for under Section 10.1. Owner shall reasonably cooperate with Optionee on access confirmation efforts.

5.7. Closing Extension. In the event that Optionee's review of due diligence matters provided for in this Section 5 results in Optionee not being satisfied with the condition of the Easement Property, Optionee may extend the Closing for a period of **_____ (__)** days so that Optionee and Owner may address such results.

Section 6. Title. Within **_____ (__)** days following the Effective Date, Owner shall deliver to Optionee, at Owner's expense, a preliminary title report (the "Title Report") covering the Easement Property. The Title Report will be issued by the Title Company (defined in Section 7.1). The Title Report will be accompanied by legible copies of all plats and exceptions to title referenced in the Title Report (the "Exceptions"). To the extent reasonably necessary, Owner shall cooperate with the Title Company and Optionee on efforts to clarify circumstances associated with the Exceptions. Within **_____ (__)** days of receiving the Title Report and the Exceptions, Optionee will give written notice (the "Initial Notice") to Owner of the Exceptions that Optionee will require Owner to remove at or before Closing (the "Unacceptable Exceptions"). If Optionee fails to give Owner the Initial Notice, then Optionee will be deemed to have approved the Title Report. Owner has **_____ (__)** days following receipt of the Initial Notice to give written notice (the "Reply Notice") to Optionee of those Unacceptable Exceptions that Owner concludes, in good faith, that Owner cannot or will not remove at or before Closing. Owner will not have any obligation to institute litigation or spend any sum of money to cure or remove any Exceptions, but Owner will be obligated to obtain a subordination agreement from the third party lender of any mortgage, deed of trust, or other security for

payment of a sum of money, and remove any Exception created, or suffered to be created, by Owner after the Effective Date. Owner agrees to remove all Unacceptable Exceptions not referenced in a duly given Reply Notice. If one (1) or more of the Unacceptable Exceptions cannot be removed at or before Closing and Owner so states in a duly given Reply Notice, then Optionee may exercise any of the following rights by giving written notice to Owner within **_____ (__)** days of receiving the Reply Notice: (1) Optionee may terminate this Option Agreement, in which event the Option Money Payments will be refunded to Optionee and neither party will have any further liability, (2) Optionee may accept the Conservation Easement with title to the Easement Property subject to the Unacceptable Exceptions, or (3) Optionee may attempt to cure the Unacceptable Exceptions or any of them without cost or liability to Owner (but Owner will be obligated to cooperate with the cure efforts and to join in the execution of any curative instruments that will operate to remove the Unacceptable Exceptions). The foregoing rights of Optionee will not be deemed waived by giving the Exercise Notice. Exceptions that are shown on the Title Report and to which Optionee does not object or to which Optionee agrees, in writing, to waive objection, are referred herein to as the "Permitted Exceptions."

Owner will not cause, permit, or suffer any matter to be recorded with respect to the Easement Property during the Term [including any Extension Term], except (1) the Memorandum referenced in Section 13 and (2) any other matter that Optionee approves, in writing and at its sole discretion, before recordation.

Section 7. Closing

7.1 Time and Place. Closing of the sale and purchase of the Conservation Easement (the "Closing") will occur on a date (the "Closing Date") selected by Optionee, but in all events the Closing will only occur upon satisfaction of the funding contingency provided in Section 7.6. The escrow for the Closing will be established at the office of **_____** (the "Title Company"), at **_____.**

7.2 Closing Obligations. On or before the Closing Date, Owner and Optionee will deposit the following documents and funds in escrow, and the Title Company will close escrow in accordance with the instructions of Owner, Optionee, and the Funding Entities.

7.2.1 Owner will deposit the following:

(1) The conveyance documents described in Section 8, duly executed and acknowledged;

(2) A duly executed affidavit certifying that Owner is not a foreign person, trust, partnership, or corporation in compliance with the requirements of IRC §1445(b);

(3) Such documents as Optionee or the Title Company may require to evidence the authority of Owner to consummate this transaction; and

(4) Such other documents and funds, including (without limitation) escrow instructions that are required of Owner to close the sale in accordance with this Option Agreement.

7.2.2 Optionee will deposit the following:

(1) The cash payment specified in Section 3, minus any credits due Optionee under the terms of this Option Agreement;

(2) Any documents that Owner or the Title Company may require to evidence the authority of Optionee to consummate the transaction contemplated; and

(3) Any other documents and funds, including (without limitation) escrow instructions that are required of Optionee to close the sale and purchase of the Conservation Easement in accordance with this Option Agreement.

7.3 Costs. Optionee will pay **_____,** and Owner will pay **_____,** of the escrow fee of the Title Company with respect to the Closing. **_____** will pay the premium for the title insurance policy that Owner is obligated to provide to Optionee, and Owner will pay all conveyance or excise taxes payable by reason of the purchase and sale of the Conservation Easement. Optionee will pay the fee (exclusive of any conveyance or excise tax) for recording the conveyance documents referred to herein.

7.4 Real Property Taxes. All real property taxes and assessments will be paid by Owner.

7.5 Title Insurance Policies. As soon as practicable after Closing, and in any event no later than **_____ (__)** days after the Closing Date, Owner will cause the Title Company to issue its standard form Owner's ALTA Title Insurance Policy, in the amount of the Purchase Price, insuring that the Conservation Easement interest on and over the Easement Property is vested in Optionee, subject only to the Permitted Exceptions and the standard printed exceptions.

7.6 FUNDING CONTINGENCY. NOTWITHSTANDING ANYTHING IN THIS OPTION AGREEMENT TO THE CONTRARY, OWNER AND OPTIONEE ACKNOWLEDGE AND AGREE THAT THE CLOSING OF THIS TRANSACTION IS CONTINGENT UPON OPTIONEE OBTAINING FUNDING FOR THE PURCHASE. IN ORDER TO OBTAIN SUCH FUNDING, OPTIONEE SHALL PROVIDE THE TRANSACTION DOCUMENTS TO THE FUNDING ENTITIES FOR REVIEW AND APPROVAL. THE TRANSACTION DOCUMENTS MAY INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:

(1) OPTION AGREEMENT;
(2) CONSERVATION EASEMENT;
(3) ENVIRONMENTAL SITE ASSESSMENT;
(4) SURVEY;
(5) APPRAISAL;
(6) ACCESS CONFIRMATION DOCUMENTS;
(7) TITLE REPORT;
(8) WATER RIGHTS DOCUMENTS; AND
(9) ANY OTHER DOCUMENTS REQUESTED BY A FUNDING ENTITY.

Section 8. Conveyance. At the Closing, Owner will execute, acknowledge, and deliver the Conservation Easement to Optionee, subject only to the Permitted Exceptions.

Section 9. (RESERVED) Possession. Optionee will be entitled to fully exercise its rights under the Conservation Easement on and after the Closing Date. Owner expressly acknowledges that the right to harvest growing crops and nursery stock (the "Stock"), if any, after Closing will be completed in accordance with the terms and conditions of the Conservation Easement. Owner further agrees to continue to harvest the Stock during the Term

in the same manner that the Stock was harvested before this Option Agreement was executed, in the ordinary course of its business and consistent with good agricultural practice.

Section 10. Access to Easement Property

10.1 Access. Owner grants to Optionee and its contractors, agents and invitees a temporary easement to enter on the Easement Property at any reasonable times before the Closing Date for the purpose of conducting tests or studies that Optionee may deem necessary or appropriate in connection with its acquisition of the Conservation Easement. Owner will cooperate with Optionee in making the tests and studies. No soil tests or drilling will be undertaken without first obtaining Owner's approval with respect to the agents retained to perform the work and the location and purpose of the tests or drilling. Optionee will not interfere with or disturb the rights of any tenants of Owner in possession of any portion of the Easement Property. Optionee will protect, defend, and hold Owner harmless from any loss, liability, or damage to persons or property arising out of or related to Optionee's activities on the Easement Property. If Optionee fails to exercise the Option and purchase the Conservation Easement, Optionee will fully compensate Owner for any physical damage to the Easement Property or any lien, encumbrance, or charge on it attributable to Optionee's activities under this paragraph. If Optionee fails to exercise the Option, Optionee will deliver to Owner a legible copy of any reports, studies, and drawings owned by Optionee that relate to the Easement Property.

10.2 Approvals. Optionee has the right to apply for and obtain any governmental approvals to use and develop the Easement Property as Optionee may desire. Owner will assist and cooperate with Optionee in obtaining any such approvals. Such cooperation includes (without limitation) signing all applications and other documents requested by Optionee that may be reasonably related to such matters, as long as Owner approves the form and substance of all such documents. All costs and expenses incurred with respect to such approvals will be paid for by Optionee.

Section 11. Covenants of Owner

Owner acknowledges that the covenants of Owner contained in this Option Agreement, including the covenants contained in this Section 11 (the "Covenants"), are material inducements to Optionee to enter into this Option Agreement. The Covenants specifically delineated in this section are the following:

11.1 Information. Owner agrees to deliver to Optionee, within **_____ (__)** days after the Effective Date, legible photocopies of all documents related to the use, access, maintenance, condition, or ownership of the Easement Property that Owner possesses, including (without limitation) all easements, permits, leases, security instruments, UCC financing statements, fixture filings, agreements, notices, studies, reports, aerial photographs, surveys, and other documents of a like nature.

11.2 Maintenance. Before the Closing Date, Owner will maintain the Easement Property in the same condition as it now exists, ordinary wear and tear excepted, and will not cause or permit any waste.

11.3 Ownership. During the Term, Owner will not sell, contract to sell, assign, lease, or otherwise transfer the Easement Property or any part of it, nor grant an option to any third party to acquire all or any portion of it.

Section 12. Warranties and Representations of Owner

12.1 Warranties. Owner acknowledges that the warranties and representations of Owner contained in this Option Agreement, including the warranties and representations contained in this Section 12 (the "Warranties"), are material inducements to Optionee to enter into this Option Agreement. All Warranties, and Optionee's right to assert a breach of them, survive execution of this Option Agreement, the Closing, and the execution and delivery of the Closing documents. If, before Closing, Optionee discovers or is advised that any of the Warranties was untrue when made, then Optionee will have the option to either (1) terminate this Option Agreement and obtain the return of all Option Money Payments paid, without waiving any cause of action that Optionee may be entitled to assert against Owner by reason of the breach of the Warranty, or (2) continue this Option Agreement, without waiving any cause of action that Optionee may be entitled to assert against Owner by reason of the breach of the Warranty. If, after Closing, Optionee discovers or is advised that any of the Warranties was untrue when made, then Optionee may pursue any remedy available to Optionee at law or in equity by reason of the breach of the Warranty. Owner warrants and represents to Optionee that the following matters are true and correct:

12.1.1 No Condemnation or Assessment Proceedings. There is no pending or threatened condemnation or similar proceeding or assessment affecting the Easement Property, or any part of it and, to the knowledge of Owner, no such proceeding is contemplated by any governmental entity.

12.1.2 Litigation; Bankruptcy, Law. There is no litigation, bankruptcy, arbitration, or administrative hearing pending before any governmental authority that concerns or affects the Easement Property or any portion of it and, to the knowledge of Owner, no such proceeding is threatened. To the knowledge of Owner, the Easement Property complies with all laws, ordinances, and governmental approvals and decisions that relate to it.

12.1.3 Access and Site Conditions. Owner warrants and represents to Optionee that, to the knowledge of Owner, the Easement Property has unimpeded access to **_____,** which is believed to be a dedicated public street. Owner has no knowledge of any pending changes in land use designation (comprehensive plan or zoning ordinance) that apply to the Easement Property. To the knowledge of Owner, there are no material encroachments onto the Easement Property.

12.1.4 Hazardous Substances. For purposes of this subsection, the phrase "Hazardous Substances" has the same meaning attributed to it in ORS 465.200(16). Owner warrants, represents, and covenants as follows:

(1) To the knowledge of Owner, there are no Hazardous Substances in, on, or buried on or beneath the Easement Property, and no Hazardous Substances have been emitted or released from the Easement Property in violation of any applicable laws;

(2) Owner has not brought onto, stored on, buried on, used on, emitted or released from, or allowed to be brought onto, stored on, buried on, used on, or

emitted or released from, the Easement Property any Hazardous Substances in violation of any applicable environmental laws; and

(3) To the knowledge of Owner, no underground storage tanks are located on the Easement Property, including (without limitation) any storage tanks that contain, or previously contained, any Hazardous Substances, and Owner agrees not to cause or permit any such tanks to be installed in the Easement Property before Closing.

12.1.5 Status of Owner. Owner is not a foreign person, foreign partnership, foreign corporation, or foreign trust, as those terms are defined in IRC §1445.

12.1.6 Breach of Agreements. Neither the execution of this Option Agreement, nor the execution, delivery, or recordation of any document or agreement referenced herein, nor the exercise of the Option and closing of the transaction contemplated herein, constitutes or will constitute a default under any other agreement or contract that relates to the Easement Property or to which Owner is a party.

12.1.7 Authority. No consents, documents, or approvals that have not been obtained are necessary to the effectiveness of the grant of the Option by Owner.

12.1.8 Contracts, Leases, Rights, Encroachments, Disputes Affecting Easement Property. Owner has not entered into, and will not enter into, any contracts for the sale of the Easement Property, or any interest in the Easement Property (including mineral, timber and water rights) which conflict, or will conflict, with the intent of this Option Agreement. Nor do there, or will there, exist any rights of first refusal, options to purchase the Easement Property, leases, mortgages, licenses, easements, prescriptive rights, permits, or other rights or agreement, written or oral, express or implied, which in any way affect or encumber the Easement Property or any portion thereof, in any manner which conflicts, or will conflict, with the intent of this Option Agreement. Furthermore, Owner is not aware of trespass activities or boundary line dispute issues that affect the Easement Property.

12.1.9 Liens. No labor, materials, or services have been furnished in, on, or about the Easement Property, or any part thereof, from which any mechanics', laborers', or material persons' liens or claims might arise.

12.1.10. As Is. Except as provided in this Option Agreement, the Owner makes no representation or warranty as to the physical or legal conditions of the Easement Property or any improvement thereon and the Optionee is purchasing a Conservation Easement subject to all defects that exist in the Easement Property, if any, whether latent or patent, and in its condition and status, legal and otherwise, at Closing. The Optionee acknowledges that the Optionee has inspected, or will inspect, the Easement Property and has, or will have, the Easement Property inspected by whatever qualified persons the Optionee considers necessary, and has investigated, or will investigate, to the Optionee's satisfaction, the conditions of the Easement Property in all respects before becoming obligated to purchase it.

As used herein, the phrase "to the knowledge of Owner" or any variation of that phrase refers to matters within the actual knowledge of Owner and do not include constructive or imputed notice or knowledge; and the use of that phrase does not imply that Owner has undertaken any special inquiry or investigation with respect to the representation modified by the phrase, unless circumstances within the actual knowledge of Owner would warrant a reasonable person to undertake further inquiry when presented with similar circumstances.

12.1.11. Tenants.

Alternative 1. Owner warrants that there are no residential or business tenants on the Easement Property (including parties who are storing personal property on the Easement Property). Owner further agrees that new tenancies will not be created during the Term of this Option Agreement.

Alternative 2. Owner confirms that certain residential or business tenants exist on the Easement Property (including parties who are storing personal property on the Easement Property), with the tenants identified and the terms and conditions of the tenancies summarized on Exhibit __ hereto. Owner acknowledges that the tenants may be eligible for relocation benefits under ORS 35.500-530 (Relocation of Displaced Persons) if Optionee uses funds from a public funding entity for the purchase of the Conservation Easement. Consistent with this understanding, Owner agrees not to take any actions, including terminating rental agreements, which would deprive the tenants of relocation advisory services and benefits to which they may be entitled. Additionally, Owner hereby grants Optionee the right to rent improvements or space that are lawfully vacated during the term of this Option Agreement and will provide Optionee with written notice of the availability of said improvements or space within seven (7) days of the improvements or space becoming available.

12.2 Changed Conditions. If Owner discovers that one or more of the Warranties or one of the conditions referred to in the Warranties has changed after this Option Agreement is executed, through no fault of Owner, Owner will immediately inform Optionee, in writing, of that discovery. If the changed condition or Warranty cannot be cured within **_____ (__)** days of the date Owner discovers the change, then Optionee may terminate this Option Agreement (and its exercise of the Option, if any) by giving written notice of termination to Owner within **_____ (__)** days after receiving the notice from Owner, and all Option Money Payments previously paid by Optionee will be returned to Optionee. If the changed condition or Warranty can be corrected within **_____ (__)** days after discovery by Owner, Optionee will not have the right to terminate this Option Agreement under this section and Owner will correct the changed condition or Warranty within **_____ (__)** days of the discovery. If Optionee does not terminate this Option Agreement and the changed condition or Warranty can be corrected and is not corrected by the Closing Date, then Optionee will have the right to withhold 150% of the estimated costs of correcting the changed condition or Warranty until the changed condition is corrected, and Owner will correct the changed condition, at Owner's sole expense and in an expeditious manner, failing which Optionee may use the withheld sums to make the correction. A change caused by Owner is deemed to be a breach of this Option Agreement by Owner if the change materially and adversely affects the Easement Property or Optionee's rights.

Section 13. Recording. On the Effective Date, Owner will execute, acknowledge, and deliver to Optionee a Memorandum in the form attached as Exhibit D, which Optionee shall promptly record in the Official Records of _____ County, Oregon. If Optionee fails to exercise the Option before the Term expires, Optionee will execute, acknowledge, and deliver to Owner a statutory quitclaim deed releasing any interest in the Easement Property acquired under this Option Agreement.

Section 14. Waiver. Failure by Owner or Optionee to enforce any right under this Option Agreement will not be deemed to be a waiver of that right or of any other right.

Section 15. Successors and Assigns. Subject to the limitations on Owner's right to convey the Conservation Easement set forth elsewhere herein, the terms, covenants, and conditions herein contained are binding on and inure to the benefit of the heirs, successors, and assigns of Owner and Optionee. Optionee may not assign its interest in this Option Agreement to any person or entity, without the consent of Owner, which will not be unreasonably withheld. If an assignee assumes the obligations of Optionee hereunder, then Optionee will have no further liability with respect to this Option Agreement.

Section 16. Third Party Beneficiary. Owner and Optionee are the only parties to this Option Agreement and are the only parties entitled to enforce its terms. Nothing in this Option Agreement gives, is intended to give, or will be construed to give or provide, any benefit or right, whether directly, indirectly, or otherwise, to third persons.

Section 17. Notices

All notices required or permitted to be given will be in writing and will be deemed given and received on personal service or two (2) business days after deposit in the United States Mail, certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

To Owner: _____

_____

_____

To Optionee: _____

_____

_____

The foregoing addresses may be changed by written notice, given in the same manner. Notice given in any manner other than the manner set forth above will be effective when received by the party for whom it is intended.

Section 18. Attorney Fees. If litigation is instituted with respect to this Option Agreement (including any litigation undertaken in the context of bankruptcy proceedings), the prevailing party will be entitled to recover from the losing party, in addition to all other sums and allowable costs, its reasonable attorney fees, both in preparation for and at trial and any appeal or review, the amount to be set by the court before which the matter is heard.

Section 19. Real Estate Commission. Each party agrees to pay any commission or finder's fees that may be due on account of this transaction to any broker or finder employed by it and to indemnify the other party against any claims for commissions or fees asserted by any broker claiming by, through, or under the indemnifying party.

Section 20. Risk of Loss. Owner bears the risk of all loss or damage to the Easement Property from all causes, through the Closing Date. If, before the Closing Date, and regardless of whether the Exercise Notice has yet been given or is subsequently given, all or part of the

Easement Property is damaged by fire or by any other cause of any nature or if all or any portion of the Easement Property is taken by condemnation, or if any condemnation is threatened, Owner must give Optionee written notice of such event. Optionee may terminate this Option Agreement by giving written notice to Owner within _____ (__) days after receipt by Optionee of written notice from Owner of such casualty or condemnation, and Owner will return to Optionee the Option Money Payments previously paid. If Optionee does not elect to terminate this Option Agreement, then this Option Agreement will continue in force and, if Optionee exercises the Option and the Conservation Easement is granted to Optionee, then all interest of Owner in and to any insurance proceeds or condemnation awards that may be payable to Owner on account of the casualty or condemnation will be assigned to Optionee at Closing.

Section 21. Integration, Modification, or Amendments. This Option Agreement contains the entire agreement of the Parties with respect to the Easement Property and supersedes all prior written and oral negotiations and agreements with respect to the Easement Property. Any modifications, changes, additions, or deletions to this Option Agreement must be approved by Owner and Optionee, in writing.

Section 22. Representation. Owner and Optionee have each been represented by separate legal counsel of choice with respect to this transaction. Except as otherwise provided in Section 18, each party will be responsible for all attorney fees incurred by it with respect to this Option Agreement.

Section 23. Counterparts; Pronouns. This Option Agreement may be executed in one or more counterparts, all of which will be considered one and the same Option Agreement and will be effective when one or more counterparts have been signed and delivered by Owner and Optionee. With respect to any pronouns used, each gender used includes the other gender and the singular and the plural, as the context may require.

Section 24. Governing Law; Venue. The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Option Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement. Either Party bringing a legal action or proceeding against the other Party arising out of or relating to this Option Agreement shall bring the legal action or proceeding in the Circuit Court for Marion County, Oregon. Each Party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.

Section 25. Severability. If any term of this Option Agreement conflicts with governing law or if any provision is held to be invalid or unenforceable by a court of competent jurisdiction, the Parties intend that: (i) the term be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law; and (ii) the remaining terms of this Option Agreement remain in full force and effect.

Section 26. Time Is of the Essence. Time is of the essence of this Option Agreement.

Section 27. Authority to Execute. Each person executing this Option Agreement on behalf of Owner and Optionee, respectively, warrants his or her authority to do so.

Section 28. Statutory Disclaimer. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Section 29. Confidentiality. Subject to Section 7.6, Owner and Optionee and their agents, accountants, lawyers, and consultants will treat this Option Agreement and all information obtained or exchanged in connection with it as confidential and will not disclose the terms of this Option Agreement or any information relating to it to any person other than the Funding Entities, consultants and other entities engaged to assist in the consummation of this Option Agreement, such as the Title Company. If the Option is not exercised, then Optionee must return to Owner all documents and information delivered to Optionee by Owner. Nothing contained herein operates to prevent or limit the right of Owner or Optionee to disclose the terms of this Option Agreement or any other information relating to it in conjunction with any litigation, land use proceeding, or other proceeding instituted with respect to this Option Agreement or the Easement Property.

Section 30. Consents. The Parties agree to act in good faith and with fair dealing with one another in the execution, performance, and implementation of the terms and provisions of this Option Agreement. Whenever the consent, approval, or other action of a party is required under any provision of this Option Agreement, the consent, approval, or other action will not be unreasonably withheld, delayed, or conditioned by a party unless the provision in question expressly authorizes the party to withhold or deny consent or approval or decline to take action in accordance with a different standard, in which case the consent or approval or the decision to not take action may be withheld, delayed, or conditioned in accordance with the different standard. (Any provision indicating that consent is not to be unreasonably withheld is to be interpreted to mean that consent will not be unreasonably withheld, delayed, or conditioned.)

Section 31. **Survival**. The Parties agree that the following Sections of this Option Agreement will survive Closing and recording of the Conservation Easement: 9 (Possession); 12 (Warranties and Representations of Owner); 18 (Attorney Fees); 24 (Governing Law; Venue); 25 (Severability); and 29 (Confidentiality).

Executed on the day and year first above written.

OWNER:

_____

By: _____
Name: _____
Title: _____

OPTIONEE:

_____

By: _____
Name: _____
Title: _____

Attachments:

Exhibit A - Map of Easement Property
Exhibit B- Legal Description of Easement Property
Exhibit C- Form of Conservation Easement
Exhibit D - Form of Memorandum

EXHIBIT A

Map of Easement Property

EXHIBIT B

Legal Description of Easement Property

EXHIBIT C

Form of Conservation Easement

EXHIBIT D

Form of Memorandum

After recording return to:

_____
_____

MEMORANDUM OF OPTION AGREEMENT
FOR
PURCHASE AND SALE OF CONSERVATION EASEMENT

_____, a _____ ("**Owner**"), and _____, a _____ ("**Optionee**"), have entered into an Option Agreement for Purchase and Sale of Conservation Easement dated_____, 20___ (the "**Option Agreement**"), wherein Owner has granted to Optionee the sole and exclusive option to purchase a conservation easement on and over certain property more particularly described in Exhibit A. The term of the Option Agreement will expire on _____, 20___.

This Memorandum is being executed and recorded in the Official Records of _____ County, Oregon, to give notice of the provisions of the Option Agreement and will not be deemed or construed to define, limit, or modify the Option Agreement in any manner. Executed as of _____, 20__.

OWNER:	**OPTIONEE:**
_____	_____
_____, a_____	_____, a_____
By:_____	By:_____
Name: _____	Name: _____
Title: _____	Title:_____

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 20___, by _____, as _____ of _____, a _____, on behalf of said _____.

/s/_____
Notary Public for Oregon
My commission expires:_____

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 20___, by _____, as _____ of _____, a _____, on behalf of said _____.

/s/_____
Notary Public for Oregon
My commission expires:_____