

STEWARDSHIP MEMORANDUM OF UNDERSTANDING
As Extended, Amended and Restated as of December 31, 2006

I. HISTORY

The pace and pattern of development in Vermont in the mid-1980's threatened historic settlement patterns and the rural character of the state. Housing prices were rapidly rising beyond the reach of Vermonters, development pressure on the state's valuable agricultural and natural lands was escalating at a record pace, and historic properties and downtowns were being abandoned for suburban sprawl development.

In 1986, a coalition of affordable housing, conservation, and historic preservation advocates concerned with this rapid change in the character of the Vermont landscape approached the state legislature with a plan to form a unique agency to review and fund projects addressing a range of community needs. The Legislature responded passing the Vermont Housing and Conservation Trust Fund Act, enacted in June 1987.

The Vermont Housing and Conservation Board (VHCB) is the result of this Act. VHCB is a grant-making public instrumentality with its place of operation in Montpelier, Vermont. VHCB periodically grants awards to non-profit and public entities to permanently conserve important agricultural and other resource lands in Vermont. VHCB obtains a conservation easement or other legal instrument on these lands that VHCB co-holds with other entities.

The Vermont Agency of Agriculture, Food and Markets (VAAFAM), an agency of the State of Vermont with its place of operation in Montpelier, Vermont, is a co-holder of most conservation easements on conserved farmland. The Agency Secretary is a board member of VHCB, the Agency develops working farm conservation projects, and the Agency plays an active role in VHCB policy development and farmland easement stewardship.

The Vermont Land Trust, Inc. (VLT), is a private non-profit corporation organized under the laws of the State of Vermont with a principal place of business in Montpelier, Vermont. VLT was formed in 1977 and since that date, has conserved more than 450,000 acres and 1,400 parcels. VLT is a co-holder of many VHCB-funded conservation easements on a variety of conserved land including farmland, community land, and public land. VHCB funded projects constitute approximately 40% of the parcels stewarded by VLT.

VAAFAM and VLT have been deeply involved with the creation and continuation of VHCB. The staffs of the three entities have a long history of collaboration to facilitate active and economically viable farm use of farmland now and in the future, and to conserve scenic and natural resources associated with farmland, to improve the quality of life for Vermonters, and to maintain for the benefit of future generations the essential characteristics of the Vermont countryside. VLT and VHCB collaborate on other conservation projects involving community recreation, public access to land, forest land conservation and other natural areas. Each entity has a different mission and different areas of focus, but each strives to find commonalities and work to achieve the foregoing goals.

VAAFAM has a primary focus on all facets of agriculture in Vermont and sees the Vermont farm community as its primary focus. VLT has a mission of conserving land for the future of Vermont, has a broad general focus on all types of conservation in Vermont, and sees owners of conserved land as its primary customer. VHCB is charged by statute (The Vermont Housing and

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Conservation Trust Fund Act, 10 V.S.A. Chapter 15, §§302-325a) with the dual goals of creating affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land, historic properties, important natural areas and recreational lands. VHCB sees owners of conserved land as partners in conservation, and strives to objectively accommodate the needs of current owners without allowing reconfigurations or improvements that may significantly limit the potential for diverse agricultural use by future operators.

All co-holders agree that all landowners must be treated in a forthright, ethical, congenial and helpful manner so that we can have a mutually trusting relationship in order to further the purposes of land conservation. All co-holders also agree and acknowledge their collective responsibility to see that the overall purpose of each conservation easement is upheld.

The co-holders' shared values and philosophy are that good relationships with owners of conserved land are the best immediate and long-term method to help guarantee that the integrity of conservation easements is preserved and that the perspectives of each co-holder are respected. In addition, we have an obligation to explain to landowners that the conservation easement is a binding legal document that limits how their land is used. The co-holders agree that resource protection is critical and must be upheld by the co-holders. At the same time, we will do our best to accommodate landowner needs that are consistent with the conservation easement goals. We acknowledge, however, that some requests cannot be approved. In those cases we will be as accommodating as possible under each conservation easement and offer other options for consideration.

The co-holders' vision for the future of conservation easement stewardship is that in order to preserve the long-term success and continuation of land conservation, we want owners of conserved land to view us as accessible, efficient, helpful and trustworthy. We hope owners of conserved land will understand their conservation easement, feel a part of a land conservation community, and act as ambassadors of conservation. To accomplish this, we agree to work with landowners to ensure that the stated purposes of the conservation easements are achieved, to respect the program goals of each co-holder, to establish good relationships with owners of conserved land, to honor values inherent in land ownership and the land-based enterprise goals of owners of conserved land, to serve as a source of valuable information to landowners, to provide timely, responsive service particularly as it relates to review and disposition of landowner requests, and to ensure that conservation easement violations do not occur or if they do they are voluntarily corrected in a manner that promotes good stewardship of the land and trusting congenial relationships. Finally, the co-holders recognize that the economic, operational, market access, and enterprise characteristics of conserved farms will continue to change over time and that, without compromising farmland easement goals or integrity, we will make good faith efforts to administer farmland easements in a manner that allows conserved farms to adapt to their changing environment

Toward these shared values and goals, VHCB, VAAFM and VLT (the co-holders) agree that allocating roles and tasks among them will advance their collective interests regarding conservation easement administration. The co-holders agree that this document sufficiently

states the allocation of these roles and tasks, and further that this document guides the co-holders' interactions with respect to the administration of conservation easements after acquisition of the conservation easement.

The conservation easements purchased with grants from VHCB allocate many rights and responsibilities to the co-holders of the conservation easement. The co-holders all want the administration of the rights and responsibilities to be simple, efficient, equitable, helpful and accurate. The co-holders also desire that the various program goals held by each entity for farmland, community land and public land be implemented to the best of our collective ability. Finally the co-holders want to have a congenial collaborative relationship even when struggling with difficult issues and disagreement. We agree that we are always open to conversation with each other about any topic and are prepared to revisit topics periodically.

VHCB, VAAFM, and VLT first executed this Stewardship Memorandum of Understanding on June 25, 1996 (the "Original Stewardship MOU") and renewed and amended the same on June 15, 1998 and further amended the same by adding ACCT as a party on August 28, 1998, and was again extended and amended by the parties as of June 30, 2001.

The co-holders agree that this current MOU replaces in its entirety all the previous MOUs. As a result the Vermont Housing and Conservation Board, Vermont Agency of Agriculture, Food and Markets, and Vermont Land Trust, Inc. hereby agree to the following updated, amended, restated and extended Stewardship Memorandum of Understanding (MOU) effective as of January 1, 2006. By separate instrument the Addison County Community Land Trust has conveyed all its right, title and interest in and to all conservation easements coheld with VHCB, VAAFM and VLT or any combination thereof to the co-holders and therefore withdraws from collaboration in this MOU.

II. Statement of Purposes and Relationships.

The purposes of this MOU are to clarify the roles of the co-holders, to delegate certain responsibilities concerning stewardship of conservation easement to VLT, and to articulate shared values, philosophy and vision for the future of conservation easement stewardship.

This MOU applies to conservation easements co-held by VHCB, VAAFM, and VLT, or any combination of these three co-holders. This MOU may also apply to conservation easement held by VHCB or VAAFM, alone or in association with a third party conservation entity or VLT. The current database of conservation easements coheld by any combination of the co-holders, as well as conservation easement stewardship assigned to VLT, with VLT's prior consent, shall be maintained by VLT in a suitable format determined by VLT from time to time. VLT shall update the database at least annually. VLT will provide the database to the co-holders at least annually.

VLT's role is to exercise primary responsibility for maintaining baseline documentation reports, original documents, and stewardship files on conserved land; visiting conserved land and providing limited advice, technical assistance and resource referral services; responding to

requests for approvals, amendments, interpretations and other landowner inquiries; evaluating requests for waivers of rights-of-first-refusal (ROFR) and options to purchase at agricultural value (OPAV); investigating and responding to conservation easement violations; proposing systems improvements and initiating policy discussions; consulting with Vermont Community Foundation regarding the management of the stewardship endowment and legal defense funds, external communications, and reporting. The co-holders enumerate the particulars of the allocation of roles and responsibilities for each of these areas in the following sections.

VAAFMs role and VHCB's role is to bring each of their organization's perspectives to conservation conversations and work toward consensus on all collective decision making. All co-holders agree to collaborate as partners, irrespective of each party's role in the original conservation easement purchase, regarding all decision-making under this MOU not exclusively assigned to VLT. VAAFMs and VHCB agree that they are each relying on VLT to provide pertinent, adequate and timely information to them to assist their decision making.

For the purposes of discharging responsibilities under this MOU or addressing issues within the purview of this MOU, the following positions are designated as the primary contact:

- For VHCB, Stewardship Director
- For VAAFMs, Land Use Planner
- For VLT, Stewardship Director

The co-holders may change these designations at any time and may involve additional or different staff depending on the circumstances. In particular resource areas, additional staff may be designated below as the primary coordinator for that particular resource area. The co-holders will notify each other by any convenient means of any permanent changes to contact people that occur in between the annual meetings provided for in this MOU.

III. Assignment of Stewardship to VLT

a. The co-holders may delegate stewardship responsibilities to VLT under this MOU. Any such delegation shall be in writing, signed by an authorized agent of the co-holders including acceptance by VLT. VLT shall accept assignment of stewardship responsibilities for conservation easement covered by this MOU where VLT is a co-holder of the conservation easement.

b. Where VLT is not a co-holder, VLT may accept the delegation of stewardship responsibilities if the assignment complies with VLT's Policy on Accepting Conservation Easements, as that policy may change from time to time, and provided that VHCB project staff request VLT's project counsel for such an assignment prior to negotiating and funding the conservation easement. The request shall be accompanied with a description of the conservation values of the property, a map, and a statement of the project negotiations to date, and the proposed endowment to VLT. All the parties agree to use VLT's standard conservation easement appropriate to the project. Any modification or additions to the standard easement

shall only be made by mutual consent. VLT project counsel shall involve the appropriate project person in a timely manner to evaluate whether the project meets VLT project selection criteria and shall report their findings to VHCB project staff.

c. Any such assignment shall constitute a delegation to VLT by each co-holder of stewardship rights and responsibilities under each conservation easement so assigned, subject to this MOU. Such assignment shall not constitute a delegation of any rights or responsibilities not addressed in this MOU.

d. After a delegation and subject to this MOU, each co-holder agrees to refer all stewardship issues concerning the assigned conservation easement to VLT. VLT shall notify the conservation easement Grantor of each such assignment. For conservation easements executed after the date of this MOU, VLT shall notify the Grantor of the delegation on or before the date of execution of said delegation.

e. Except as limited by Section XIV any such delegation may be terminated by written notice to VLT by any co-holder, and, in the event of termination by any co-holder, VLT may elect to terminate its stewardship responsibilities as to any other or to all co-holders.

f. If VLT terminates the MOU or terminates its stewardship responsibilities as to any particular conservation easement, then an amount equal to the original endowment grant plus a prorated percentage of investment earnings shall be reallocated on a case by case basis within thirty days of the termination by VLT. The endowment income shall not be reallocated in the event of any termination by any other co-holder.

g. VLT, VHCB, and VAAFV shall not unilaterally alter, amend, modify or terminate any conservation easement assigned hereunder, nor may they give, grant, sell, convey, transfer, mortgage, pledge or otherwise encumber such conservation easement except as otherwise provided in this MOU.

h. With the consent of each co-holder of a particular conservation easement, VLT may delegate to a qualified local or regional conservation organization limited stewardship responsibilities for conservation easements, provided that the responsibilities are consistent with the rights and responsibilities of the co-holders under this MOU, that the delegation is contained in a written contract approved by each co-holder and that stewardship funds shall continue to be held by VLT in accordance with this MOU or, in exceptional circumstances approved by all the co-holders of that particular conservation easement, by the qualified local or regional conservation organization.

IV. Stewardship Endowment and Legal Enforcement Fund

a. VHCB provides a stewardship endowment award with each grant for the purchase of conservation easements. The co-holders agree that the stewardship funds shall be used

exclusively for the purposes of carrying out the responsibilities set forth in this MOU and stewardship activities reasonably related to said responsibilities.

b. In order to protect stewardship endowment funds held by VLT and guarantee that they will be available to carry out the responsibilities set forth in this MOU, the co-holders have approved the transfer of ownership and custody of stewardship endowment funds to The Vermont Community Foundation (VCF). Pursuant to a separate agreement (the "VCF Agreement") between VLT and VCF, VCF will invest these funds and make regular payments to VLT to fund the stewardship activities set forth in this MOU. VLT shall use payments from VCF exclusively for stewardship activities and shall not accept payments from VCF if such payments exceed the expenses of stewardship activities. VLT shall annually provide the co-holders with the current amount in the stewardship endowment. Every conservation easement shall have an endowment deposited in the account.

c. It is the current practice of the co-holders to require payment of stewardship endowment funds to VLT within five (5) working days after the date of closing. For all closings on conservation easement covered by this MOU, VLT shall make every reasonable effort to deliver stewardship funds to the Vermont Community Foundation (VCF) for deposit in the "VLT/VHCB Stewardship Endowment Fund" account on a quarterly basis.

d. Notwithstanding the provisions of this MOU limiting its application to conservation easement which are coheld as indicated by VLT's tracking system, the co-holders agree that the provisions regarding the Stewardship Endowment shall apply to all conservation easement held or co-held by VLT or VHCB where a VHCB project-based stewardship endowment award (or non-VHCB stewardship endowment funds used by VLT for a VHCB funded project) has been provided to VLT. VHCB is thereby consenting to the transfer of such funds for all conservation easements closed before and after the date of this MOU, unless and until modified.

e. VLT, VHCB, and VAAFME agree that it is reasonable and prudent to establish and capitalize a Legal Enforcement Fund by making regular deposits of a fixed portion of each stewardship award. VLT will continue to make the customary regular deposits and will discuss this practice at each annual meeting.

f. The Legal Enforcement Fund shall be separately accounted for and held by VLT in a manner so that such funds are available for immediate enforcement expenditures. Such funds shall be used only for the purposes designated for the Legal Enforcement Fund in this MOU or as otherwise approved by all co-holders. VLT shall report the amount of the Legal Enforcement Fund to the co-holders annually.

g. The Legal Enforcement Fund shall be held for the purpose of underwriting easement enforcement costs, legal research and opinions, enforcement filing fees, attorney's fees of outside counsel and mediation or arbitration costs for conservation easements held or stewarded by VLT. The Legal Enforcement Fund shall be held by VLT, separate from the stewardship endowment funds and shall be subject to separate accounting. Interest or earnings on funds deposited in the

Legal Enforcement Fund shall be paid to VLT to be used exclusively for the purposes of carrying out the responsibilities set forth in this MOU.

h. At the annual meeting for this MOU, VHCB, VAAFMM and VLT shall evaluate whether stewardship endowment awards are sufficient to assure the short and long-term expenses associated with annual visits, document systems and reporting, approvals, waivers, interpretations, amendments and voluntary resolution of violations as well as estimated time, costs and attorneys fees related to judicial or administrative enforcement. If the parties determine that the awards are not sufficient to cover the above routine costs, then the parties shall recommend to the VHCB General Counsel that the awards be increased and shall recommend an amount to be increased.

V. Document Systems, Reporting and External Communication

a. Each conservation easement delegated under this MOU and funded by VHCB will have a baseline documentation report and a survey or project map. VLT will provide copies of these signed documents to the co-holders in a manner that is reasonably acceptable to all parties and within the limits of funding and technology that VLT can allocate to document systems. The manner of delivery may change from time to time. The system current as of the date of this MOU is electronic delivery. Prior to any substantial change of the system, VLT shall consult with and obtain the agreement of the co-holders to the substantial change. VLT shall give notice of and guidance about insubstantial changes prior to implementation. VLT shall facilitate any training necessary for the co-holders to access the documents. VHCB and VAAFMM shall provide their own staff, equipment, supplies and maintenance.

b. The co-holders agree that VLT has primary responsibility for maintenance of the original conservation easement, baseline documentation report and project map on each conservation project. VLT shall maintain electronic or other copies, as it determines appropriate, of all other necessary documents such as approvals, amendments, and annual visit reports. VLT shall store paper records in storage areas that are reasonably secure from fire, water, theft and other damage. VLT shall maintain recoverable secure duplicate records as it deems appropriate from time to time. The system in place as of the date of this MOU is to maintain on-site electronic records with off-site duplicate electronic storage. VHCB and VAAFMM may maintain duplicate files at their own discretion and expense.

c. VLT stewardship files shall be available for inspection by any co-holder upon request. Co-holders will also cooperate with VLT in providing any other documents or information useful to VLT's stewardship of assigned conservation easement.

d. Document systems prior to closing on each conservation easement shall be determined by the parties' respective legal staff and are not addressed in this MOU. Each conservation easement, baseline documentation report and project map shall substantially conform to VHCB's and VLT's guidelines.

e. VLT shall report to VHCB and VAAFAM annually each January on the results of the prior year's stewardship activities. VLT may choose the format and manner of delivery of these reports and their contents, including without limitation electronic reporting or electronic database access. At a minimum, the reports shall contain the following:

1. annual visit summary containing an overview of sales, agricultural parcels and activity, forestry activity, commercial activity, violations, recreation use, landowner contact, and new structures and a brief discussion of trends.
2. a detailed list of approvals issued
3. a detailed list of amendments completed
4. a detailed list of sales, including an indication of what sales are coheld and what sales have NRCS contingent rights
5. a separate summary of activity on NRCS funded projects and a list of NRCS projects with the date visited
6. a summary of landowner feedback trends
7. the account balance for the stewardship endowment account and the legal defense fund
8. the weekly stewardship status report
9. the semi-monthly violations and landowner feedback updates
10. annual visit reports for each conserved conservation easement.

f. Many people seek information regarding the portfolio of conservation easements and their status. Depending on who is requesting what information or the facts of particular circumstances, different VLT staff may be involved. For basic queries directed to VLT regarding the conservation easement portfolio for use by co-holders internally, the VLT Stewardship Director will assess who is best situated to respond to the query and coordinate the response. For inquiries directed to VLT by any media representative or for other external use, the Vice President of Community Relations shall assess who is best situated to respond and coordinate the response. The Stewardship Director and the Vice President of Community Relations shall coordinate their efforts as appropriate to each situation with staff at VHCB and VAAFAM. The VLT Vice President of Community Relations shall be kept apprised of any situation in which co-holder actions are likely to generate public or media scrutiny, so that co-holders' responses can be coordinated. Communication for projects not yet closed shall be addressed outside of this MOU.

VI. Annual Visits

VLT shall make a personal site visit at least every other year. VLT staff shall visit each conserved property covered by this MOU (i) at least annually, making a personal site visit to each such property and making every reasonable effort to meet with the landowner (ii) except during years when the property is monitored by some other acceptable means such as a telephone call coupled with an aerial visit, or remote sensing, or 2 meter or better resolution aerial maps not to exceed one year in age.

VII. Approvals

a. Each delegated conservation easement includes a variety of clauses requiring the Grantor to secure the prior consent of the co-holders before taking identified action or prohibiting an activity without the co-holders' written approval. VLT will, in the first instance, receive, review and analyze all such requests for approval.

b. The classification of approvals required by standard restriction clauses is set forth in **Exhibit A** attached to this MOU. The authority delegated to VLT by the co-holders through this MOU to act on such requests is as follows:

1. With regard to "Class A" approvals, VLT is empowered to act on behalf of all co-holders without their individual consent and without prior consultation of the co-holders.

2. With regard to "Class B" approvals, if VLT feels the request is appropriate to approve, then VLT will provide fifteen (15) calendar days written notice to each co-holder describing the approval request and VLT's planned course of action, and if a simple or routine approval, the proposed approval letter. If any co-holder objects to such action within the 15-day period, then the co-holders will discuss the request in more detail attempting to arrive at a solution that achieves the landowner's stated objective in a manner that is reasonably acceptable to all co-holders and is consistent with the purposes of the conservation easement. The co-holders will all endeavor to respond to the landowner's request rapidly and from a perspective of wishing to be helpful within the limits of the conservation easement as seen from each co-holder's perspective. If no objection is registered within the 15-day period, VLT may pursue its intended course of action. The 15-day period may be waived by consent of all co-holders and the co-holders all agree to act as rapidly as possible on all such requests in accord with our mutually held values of providing timely responsive service to landowners. VLT has the authority to deny any Class B landowner request without notice to or consultation with the other co-holders.

3. With regard to "Class C" approvals, if VLT feels the request is appropriate to consider, then VLT will bring the request to the attention of the co-holders, arrange a site visit immediately if appropriate to the request, frame the conversation for the co-holders, identify options, ideas and solutions for consideration, conduct all negotiations with the landowner and prepare any written material between the co-holders and the landowner. No co-holder shall have unilateral authority to grant a Class C approval without the prior consent of each co-holder. VLT has the authority to deny any Class C request without notice to or consultation with the other co-holders. In conversations with landowners, VLT will be clear that this type of approval requires the consent of the co-holders and that the co-holders may have additional or different requirements than the ideas the landowner is currently exploring with VLT.

c. With regard to conservation easements that include an "Outstanding Historic Structure" clause, VLT shall notify the Division for Historic Preservation or any other historic preservation expert identified by the co-holders, provide sufficient information for the Division to evaluate

whether to visit the landowner and the structure and inform the landowner that the landowner must wait no more than 30 days for the Division to consult with the landowner.

d. VLT tracks all approvals issued. VLT follows up on all issued approvals and any conditions in subsequent annual visits to the conserved land.

e. In a typical conservation easement the co-holders reserve the right to seek reimbursement from Grantors for "all extraordinary costs, including staff time, incurred in reviewing the proposed action requiring Grantee's approval; but not to include those costs which are expected and routine in scope." VLT's current policy is to request landowner's to reimburse VLT for any out of pocket expenses including mileage but not to request payment of staff time. VHCB and VAAFV consent to this arrangement without further consultation or approval. VLT may change its policy from time to time and will consult with VHCB and VAAFV prior to any substantial changes to its policy on charging landowners.

VIII. Right of First Refusal and Option to Purchase at Agricultural Value Processes

a. The co-holders will follow these general practices in reviewing ROFR and OPAV waiver requests:

1. Requests for ROFR or OPAV waivers (and associated communication) will be referred to VLT.
2. VLT will require a written request for a waiver from the farm seller. VLT will also require the farm seller to submit a brief (one or two page) description from the farm buyer which describes: (a) the farm buyer's training and experience in agriculture; and (b) the buyer's proposed farm plan, including type, size and scope of operation, proposed infrastructure changes and additions, and plans with respect to waste management and, with respect to farms conserved through easements containing NRCS provisions, HEL soil conservation.
3. VLT will generally use a waiver request as an opportunity to develop a positive relationship with the farm buyer, and to communicate about the conservation easement and the goals of easement stewardship.
4. VLT Stewardship Agricultural Manager will review the buyer's written description and contact the buyer if deemed necessary to determine whether the buyer is a bona fide farm operator with a substantial, reasonable farm operation plan.
5. VLT will gather sufficient information to determine whether facts exist sufficient to support exercise of the ROFR or OPAV.
6. VLT will recommend to the co-holders concerning whether to waive. The written recommendation will include a copy of the farm buyer's farm plan and the signed purchase and sales agreement. Waivers are "Class B" approvals which will be granted by VLT on behalf of the holders unless additional time is requested, or a contrary request is made by any co-holder within 15 calendar days of receiving VLT's recommendation.
7. Recognizing that each co-holder is free to exercise a ROFR or OPAV on its own initiative, the co-holders will nonetheless confer and attempt to reach consensus if any

one holder proposes to exercise a ROFR or OPAV. The conservation easement establishes the priority among the co-holders in this regard: VHCB has the first right, VAAFM has second position, and VLT last option.

8. The co-holders all agree that generally we will waive any ROFR where the proposed buyer is a bona fide farmer as determined by VLT's investigation.
9. OPAVs are waived for bona fide farmer purchasers according to the current form of OPAV. Earlier versions of the OPAV lacking this waiver will be treated as containing the waiver and VLT will issue a waiver promptly for any bona fide farmer purchasers under such a version of the OPAV.

b. The co-holders will all endeavor to respond to the landowner's request rapidly and from a perspective of wishing to be helpful within the limits of the conservation easement as seen from each co-holder's perspective.

c. For the purposes of this section, the VLT contact person is the Stewardship Agricultural Manager. The contact people for VAAFM and VHCB remain the same.

d. The co-holders have no expectation that VLT will provide any services for other co-holders who elect to exercise a ROFR or OPAV, but VLT may do so if agreeable to all co-holders.

IX. Amendments, Eminent Domain, Condemnation and Termination

a. Amendment, condemnation and termination requests by landowners or other entities present unique and sometimes difficult policy issues. No conservation easement held by the co-holders may be amended or terminated in whole or part without the prior written consent of each such co-holder

b. If VLT upon review and initial investigation believes the amendment, condemnation or termination request is appropriate to consider, then VLT will bring the request to the attention of the co-holders, arrange a site visit immediately if appropriate to the request, frame the conversation for the co-holders, identify options, ideas and solutions for consideration, provide a map as appropriate, conduct all negotiations with the landowner and prepare any written material between the co-holders and the landowner. No co-holder shall have unilateral authority to amend, consent to condemn or terminate without the prior consent of each co-holder. VLT has the authority to deny any amendment, or termination request without notice to or consultation with the other co-holders. With respect to condemnation proceedings, however, VLT shall give notice of all formal condemnation or eminent domain proceedings initiated by any governmental authority. The co-holders shall collaborate on a collective response to any such condemnation proceeding.

c. The co-holders will all endeavor to respond to the landowner's request rapidly and from a perspective of wishing to be helpful within the limits of the conservation easement as seen from each co-holder's perspective.

f. In the case by case evaluation of amendment requests, the co-holders will also evaluate the financial value of permitting the amendment. This valuation will occur only if the co-holders agree that the amendment is consistent with the conservation easement and each of their internal policies.

g. If the co-holders approve an amendment, condemnation or termination request, VLT will prepare necessary amendment documents for signature by the co-holders. All stewardship responsibilities delegated to VLT under this agreement shall apply to any such amendment without any further assignment by the co-holders.

h. VLT's current policy is to request landowners to reimburse VLT for any out of pocket expenses including mileage but not to request payment of staff time for any amendment not intended to correct an error or upgrade an old conservation easement. VHCB and VAAFM consent to this arrangement without further consultation or approval. VLT may change its policy from time to time and will consult with VHCB and VAAFM prior to any substantial changes to its policy on charging landowners.

i. When any part or the whole of a conservation easement is extinguished that is coheld, then any payment for the extinguishment shall be divided among the co-holders in proportion to the value of their respective financial contributions to the purchase price of original conservation project. Any such proceeds shall be used in a manner consistent with the extinguished conservation easement and 10 VSA Chapter 15. The co-holders also agree that they shall not seek extinguishment proceeds unless the amount allocated to the co-holders exceeds \$500.

j. In the event any co-holder receives statutory or other notice of any judicial or administrative proceeding which could result in a taking of the co-holders' property interests, or which permits party participation to preserve legal interests in a conserved property, the co-holder will notify VLT. VLT will treat such proceeding as a "Class C" approval as provided in Section VI, above, and VLT will recommend a course of action to the co-holders.

k. For the purposes of this section, the VLT contact person for farm projects is the Stewardship Agricultural Manager, for forestry projects is the Stewardship Forster and for all other projects is the Stewardship Director. The contact people for VAAFM and VHCB remain the same.

X. Violations

a. The co-holders prefer to resolve all violations voluntarily with the landowner working from a cooperative and helpful service perspective. The co-holders treat landowners as partners in resolving the situation with an assumption of good faith by all involved.

b. VLT will in the first instance, receive and investigate complaints or information concerning potential conservation easement violations. VLT will attempt to perform at least a preliminary investigation immediately, and, in the event of an apparently substantial, continuing

violation that may not be susceptible to remediation, VLT will make every reasonable effort to perform a site visit within two (2) working days.

c. VLT is responsible for evaluating all violations, categorizing them as to being technical without any resource impact, minor, moderate or major. VLT will report on all violations annually. Each co-holder shall refer any possible violations to VLT.

d. VLT is authorized to resolve all technical and minor violations without notice or consultation with the co-holders except as may be required in this MOU to issue an approval, waiver or other document to resolve the situation. The co-holders define technical violations as those without resource impact and usually involving a mere failure of notice, paperwork, or approval for a reserved right. The co-holders define minor violation as those that have transitory or minimal adverse resource impact requiring some minor remediation, such as a trash dump, or paper adjustment such as an amendment to reconfigure a building envelope.

e. For moderate and major violations, VLT will expeditiously report to the co-holders concerning each moderate or major violation, describing the violation, evaluating the impacts on values conserved under the restrictions, proposing a course of action, and asking for thoughts and suggestions from the co-holders. The co-holders define moderate violations as having some adverse physical impact on those resources protected by the conservation easement and being central to the conservation purposes of the conservation easement that can easily be corrected. The co-holders define major violations as having a serious and substantial resource impact on critical resources protected by the conservation easement and being central to the conservation purposes of the conservation easement and taking significant efforts to correct.

f. After three days notice of any moderate violation, VLT is authorized to act immediately on all moderate violations without further notice or consultation with the co-holders as necessary while seeking the co-holders' thoughts on the violation. Unless a co-holder notifies VLT of a desire to discuss the matter, VLT is authorized to issue an approval, waiver or other document to resolve the situation. If the co-holders or any co-holder wishes to discuss the matter further VLT will work collaboratively with all co-holder to arrive at a collective approach to the moderate violation. VLT will continue to keep all co-holders' informed on the violation and seek their thoughts on resolution.

g. VLT will keep all co-holders apprised of any major violations and is not authorized to resolve any major violation without the approval of all co-holders to the course of action.

h. When VLT identifies a moderate or major on-going violation that may not be susceptible to remediation, VLT may unilaterally take reasonable non-judicial steps to terminate the activity in question and maintain the status quo pending a full consultation by the co-holders.

i. The typical conservation easement provides "In the event there has been an event or circumstance of non-compliance which is corrected through negotiation and voluntary compliance, Grantor shall, at Grantee's request, reimburse Grantee all reasonable costs, including

staff time, incurred in investigating the non-compliance and in securing its correction." VLT may seek reimbursement under this provision after first consulting with the co-holders.

j. The co-holders agree that though each may individually exercise rights to enforce conservation easements, the co-holders will be guided by this memorandum as it makes enforcement decisions on individual cases, and endeavor with their best efforts to make only collective enforcement decisions. For the purposes of this section, the following individuals are designated as contact people:

- For VHCB, General Counsel
- For VAAF, Assistant Attorney General for Agriculture
- For VLT, Stewardship Director

k. Each co-holder will clarify for itself and for each of the other co-holders what internal decision-making steps each co-holder must take with reference to securing judicial enforcement of conservation easements before joining an enforcement action. Each co-holder will put in place an internal protocol for making judicial enforcement decisions, including the designation of each co-holder's primary contact on enforcement matters.

l. The co-holders shall promptly meet and confer in an effort to reach consensus about whether a major violation has occurred and what course of action is appropriate under the facts of each event after VLT has determined to its satisfaction that voluntary resolution of the major violation is not possible. The co-holders acknowledge that the integrity of their respective conservation easement programs depend on a timely and thorough consideration of each purported violation as well as swift, responsible action in response to each possible violation. Each co-holder will, therefore, give high priority to enforcement matters. During this consultation the co-holders will seek consensus about (i) what relevant information has been collected through investigation and whether a major violation has occurred when that information is viewed in the context of applicable conservation easement language; (ii) the impact of the violation both on the resource values of the conserved property and on the integrity of the co-holders' easement programs; (iii) what judicial or non-judicial action is appropriate; (iv) what specific goals are sought in each event; and (v) coordination of litigation and public relations related to litigation. While the co-holders will set the goal and objective of each litigation case, the means of securing these goals and objectives will generally be left to the judgment of counsel. While the co-holders will use their best efforts to reach consensus on enforcement issues, each co-holder expressly retains the right to secure enforcement of its individual easement interests notwithstanding the action or inaction of the other co-holders.

m. In the circumstance of an ongoing, major violation of a conservation easement which requires immediate judicial action, VLT has the authority to secure a temporary restraining order or preliminary injunction subject to consultation with the co-holders.

n. The co-holders have retained outside counsel to be generally available to represent the co-holders in easement enforcement actions. Such counsel will be consulted before temporary relief

is sought by VLT on behalf of the co-holders and will be responsible for managing all phases of the litigation in the event it survives a temporary or preliminary order. Outside counsel will prepare standard pleadings and will also be a repository for those pleadings.

o. The co-holders will notify the Vermont Assistant Attorney General for Agriculture in advance of filing any farmland conservation easement enforcement complaint and will seek the advice, participation and support of the Vermont Assistant Attorney General for Agriculture. The participation of the Attorney General will not be a condition precedent to VHCB and/or VLT initiating an enforcement action.

p. With the consent of two (2) co-holders, litigation costs incurred by any co-holder and attorney's fees incurred by outside counsel retained by a co-holder (but not including time billed by legal counsel or staff in the employ of a co-holder or the Attorney General) shall be paid out of the Legal Enforcement Fund. Following prior written notice to VLT and VAAFM, litigation costs incurred by VHCB and attorneys fees incurred by outside counsel retained by VHCB (but not including time billed by legal counsel or staff in the employ of VHCB or the Attorney General) to enforce Conservation Agreements with the United States Natural Resources Conservation Service referenced in conservation easement assigned hereunder shall be paid out of the Legal Enforcement Fund.

q. Following written notice to VHCB and VAAFM, litigation costs and attorneys fees incurred by VLT to enforce non-coheld conservation easement shall be paid out of the Legal Enforcement Fund, provided that total costs and fees for enforcement of such easements shall not exceed the total amount of the VLT Contribution.

r. In some conservation easements the public is provided with access to or across a trail on the restricted property and the co-holders have agreed to binding arbitration on issues that cannot be resolved through voluntary means, with the costs of arbitration shared equally between the landowner and the co-holders. Arbitration costs of the co-holders shall be paid out of the Legal Enforcement Fund.

s. In the typical conservation easement the co-holders reserve the right to seek reimbursement from landowners "if the court determines that the Grantor has failed to comply ... Grantor shall reimburse the Grantee for any reasonable costs of enforcement, including court costs and reasonable attorneys' fees, in addition to any other payments ordered by such court." The co-holders shall make every reasonable effort to exercise this right in order to reimburse the Legal Enforcement Fund for any costs of enforcement.

XI. Survival of Sections, Renewal and Termination

This MOU shall continue from year to year unless terminated in writing by one or more co-holders, notice of which is given to all co-holders at least 30 days prior to the effective date of termination.

XII. Miscellaneous Provisions

a. No rights or responsibilities set forth in this agreement shall be assigned or otherwise transferred to any non-signatory without the prior written consent of all parties. No successor or assign of any co-holder's rights in the conservation easement assigned hereunder shall have any rights under this agreement unless this MOU is amended to include that successor or assign.

b. While this agreement shall constitute a delegation to VLT of a co-holder's stewardship responsibilities under a VHCB conservation project grant agreement, this agreement will not constitute an undertaking on the part of VLT to discharge any other grant agreement obligations of a co-holder. Further, this MOU shall not relieve any co-holder of its responsibilities under any VHCB project-specific Grant Agreement.

c. VLT will convene a meeting of the co-holders at least annually to discuss activities performed by VLT under this agreement. Every reasonable effort shall be made to conduct this meeting in the month of January.

d. This MOU replaces and supersedes the Stewardship Memorandum of Understanding signed by VLT, VHCB, the Department of Agriculture Food and Markets and Vermont Conservation Lands, Inc. on December 30, 1993 and the Stewardship Memorandum of Understanding signed by VLT, VHCB, the Department of Agriculture Food and Markets on June 25, 1996 and the Stewardship Memorandum of Understanding signed by the co-holders as amended and signed by the VLT, VHCB, the Department of Agriculture Food and Markets on June 15, 1998 and on June 31, 2001.

XIII. Effective Date

This MOU is effective on and as of December 31, 2006, and continues in effect until terminated by one of the co-holders. The co-holders will review this MOU annually and amend this MOU as necessary to give effect to their arrangements.

Dated at Montpelier, Vermont this 29 day of ~~December~~ ^{JANUARY}, 2006.
VERMONT AGENCY OF AGRICULTURE, FOOD & MARKETS

By: [Signature]
Its Duly Authorized Agent

Dated at Montpelier, Vermont this 29 day of ~~December~~ ^{JANUARY}, 2006.
VERMONT HOUSING AND CONSERVATION BOARD

By: [Signature]
Duly Authorized Agent

Dated at Montpelier, Vermont this 27 day of December, 2006.

VERMONT LAND TRUST, INC

By: 

Duly Authorized Agent

EXHIBIT A CLASSIFICATION OF APPROVALS

Class A Approvals

Restricted Use §II(4)	Erect signs.
Permitted Use §III(1)	Clearcuts of under 40 acres to establish field
Permitted Use §III(2)	Review of forest management plans (excepting clear cuts exceeding (40) acres).
Permitted Use §III(4)	Construction of ponds.
Various Permitted Use §	Operation of home occupation.
Farm Labor Housing	Unit located outside farmstead complex but depicted on approved VHCB farm plan
Reserved House Lot	Construction of house and subdivision if site depicted on original farm plan approved by VHCB.
Cabin	Construction of a cabin in a pre-approved location
Right of First Refusal	Any subordination to financing
Option to Purchase	Any subordination to financing
Notice only clauses	Ag building construction in a complex, historic preservation notice
Interpretation letters	All interpretation requests

Class B Approvals

Restricted Use §II(3)	New or expanded roads, utilities, easements
Restricted Use §II(5)	Collection, placement, storage of trash/waste.
Permitted Use III(1)	Clearcuts exceeding forty (40) acres to establish field
Permitted Use §III(2)	Review of a forest management plan that permits clear cuts exceeding (40) acres
Permitted Use §III(3)	Construction of agricultural structures outside complex
Various Permitted Use §	Accessory uses and rural enterprises conducted outside the home Construction of rural enterprise structures.
Public Access	Notice to Grantor of responsible management entity.
Farm Labor Housing	Subdivision of property required by local zoning. Unit not depicted on VHCB approved farm plan. Relocation of unit.
Right of First Refusal	Any exercise or waiver or subordination
Option to Purchase	Any exercise or waiver or subordination including all executed prior to the effective date of this MOU
Management plans	Any management plan, amendment or update or IMP

Waste water systems	Approval of wastewater systems outside of exclusions or complexes
Subdivision reserved right	Approval of a reserved right subdivision provided that the subdivision complies with the stated criteria in the conservation easement
Cabins	Relocating an existing cabin or relocating a reserved cabin right

Class C Approvals

Restricted Use §II(7)	Subdivision of property.
Restricted Use §II(8)	Unanticipated use or activity inconsistent with Purposes.
Reserved House Lot	Construction and subdivision if location not depicted on VHCB approved farm plan. Enlargement or reconfiguration of lot
Public Access	Limitation or restriction of public access in the public interest.
Any non-standard clause	Any approval under a non-standard clause
Condemnation	Any condemnation proceeding or termination request by a government jurisdiction
Cabin	Adding a new cabin right

In some conservation easement where the paragraph numbers are different than listed above, the substantive provisions will determine the type of approval.

NOTICE ONLY

Foreclosures

bankruptcies