

CONSERVATION EASEMENT

This Conservation Easement is made and entered into as of the 26th day of January, 2005,
between:

Amf
WILFRED L. RAYNOR, JR AND CYNTHIA McDONALD AS TRUSTEES OF
The Testamentary Trust of Dorothy D. Raynor, c/o Luke Charde, Esq., P.O. Box 712,
Warwick, NY 10990, ("the Grantor") and

THE TOWN OF WARWICK

a municipal corporation having an office at 132 Kings Highway, Warwick, New York
10990, and

THE SCENIC HUDSON LAND TRUST, INC.

A New York not-for-profit corporation having an office at One Civic Center Plaza, Suite
200, Poughkeepsie, N.Y. 12601 (together, "the Grantees").

WHEREAS:

A. Grantor is the sole owner in fee simple of certain real property ("the Property")
consisting of 92.13± acres, located in the Town of Warwick, Orange County, New York,
more particularly described in "Exhibit A" attached hereto and shown on the map (the
"Easement Map") attached hereto as "Exhibit B"; identified as Town of Warwick tax map
parcel 52-1-5.3.

B. The Property possesses the following attributes:

- (i) 0.4 acres of prime farmland and 10.0 acres of prime farmland where
drained as defined by the U.S. Department of Agriculture ("USDA");
- (ii) 49.0 acres of farmland of statewide importance, as defined by USDA; and
- (iii) 1,311.91 linear feet along the north side of State Rt. 94, 797.34 linear feet
along the south side of State Rt. 94, 1,405.31 linear feet along the south side of
Hathorn Road, 2,357± linear feet along the east side of Reservoir Road, 1,865±
linear feet along the west side of Reservoir Road, 528.31 linear feet along the east
side of County Rt. 1, the Property being highly visible from these public
roadways.

C. Article 14 of the New York State Constitution states that "the policy of this state
shall be to conserve and protect its natural resources and scenic beauty and encourage the
development and improvement of its agricultural lands for the production of food and
other agricultural products."

D. The Property is located within Orange County Agricultural District #2 which was
created under the authority of Article 25AA of the New York State Agriculture and
Markets Law, which states that: "It is the purpose of this article to provide a locally-

initiated mechanism for the protection and enhancement of New York State's agricultural land as a viable segment of the local and state economies and as an economic and environmental resource of major importance."

E. The Property is located within the Town of Warwick, whose Comprehensive Plan recommends preservation of agriculture in the Town of Warwick.

F. The Property is located within Orange County, which has a Farmland Protection Plan approved by the State of New York Department of Agriculture and Markets, which recommends preservation of agriculture in the Town of Warwick.

G. Grantee, The Town of Warwick, is a municipal corporation within the meaning of Section 247 of the General Municipal Law and Article 49, Title 3 of the Conservation Law and has the power to acquire conservation easements.

H. Grantee, The Scenic Hudson Land Trust, Inc. is a New York not-for-profit corporation within the meaning of Article 49, Title 3 of the Environmental Conservation Law of the State of New York (together with any successor statute, the "Constitutional Law") and has the power to acquire conservation easements.

I. The Scenic Hudson Land Trust, Inc. is incorporated for the charitable purposes of, among other things, the preservation of the natural, ecological, cultural, scenic, and historical values of the Hudson Valley.

J. The expanse of farmland found in the Town of Warwick is important to the economic, ecological, cultural, scenic and historical values of the Town of Warwick.

K. Grantee The Town of Warwick has determined that acquiring a conservation easement on the Property which protects the agricultural values of the Property, and which promotes the use of sound agricultural practices, will further its purposes of preserving the economic, ecological, cultural and scenic values of the Town of Warwick.

L. Grantee The Scenic Hudson Land Trust, Inc. has determined that acquiring a conservation easement on the Property which protects the agricultural values of the Property, and which promotes the use of sound agricultural practices, will further its purposes of preserving the economic, ecological, cultural and scenic values of the Hudson Valley.

M. Grantor and Grantees desire to ensure that the agricultural characteristics of the Property will be protected for the benefit of future generations, and desire to do this by entering into this Conservation Easement pursuant to the provisions of Article 49, Title 3 of the Environmental Conservation Law.

N. Grantor has received such independent legal and financial advice regarding this Conservation Easement that Grantor deems necessary. Grantor freely and with full will

signs this Conservation Easement in order to accomplish the purposes of this Conservation Easement as stated in Section 2 herein.

Now, therefore, in consideration of \$797,476.00 the foregoing, mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF CONSERVATION EASEMENT.

Grantor voluntarily grants to Grantees, and Grantees voluntarily accept, a perpetual conservation easement (the "Conservation Easement") over the Property for the benefit of the general public, which Conservation Easement shall run with and bind the Property in perpetuity.

2. PURPOSE.

The primary purpose of this Conservation Easement is to promote agricultural viability and to conserve productive agricultural lands, including the Property's prime and statewide important soils, for the benefit of the public and future generations. The secondary purpose is to protect the scenic and natural resources associated with the Property for the benefit of the public and for future generations as long as they do not conflict with the primary purpose of this Conservation Easement. Grantor and Grantees share the common desire to conserve these resources by the conveyance of this Conservation Easement, in order to prevent the use or development of the Property for any purpose or in any manner which would conflict with the maintenance of these agricultural and resource values.

3. IMPLEMENTATION.

This Conservation Easement shall be implemented by limiting and restricting the development, management and use of the Property in accordance with the provisions of this Conservation Easement. The terms of this Conservation Easement are subject to all applicable laws and regulations.

4. DEFINITIONS.

As used in this Conservation Easement, the term "owners" includes the owners of record title and/or the owners of any beneficial equity interest in the Property or any portion thereof; the term "Grantor" includes the original Grantor, its heirs, successors and assigns, all future owners of all or any portion of the Property, and any party entitled to possession or use thereof; and the term "Grantees" includes the original Grantees and their successors and assigns.

The term "sound agricultural practices" means practices necessary for the on-farm production, preparation and marketing of agricultural commodities. A practice is considered to be sound if it is legal, necessary, does not cause bodily harm or property

damage off the farm, and achieves the intended results in a reasonable and supportable way.

The term "farm labor housing" means structures used to house seasonal and/or full-time employees where such residences are provided by the farm landowner and/or operator, the worker is an essential employee of the farm landowner and/or operator employed in the operation of the farm and the farm worker is not a partner or owner of the farm operation. For instance, a mobile home used as the primary residence of a farm owner is not farm labor housing.

5. RESERVED RIGHTS.

Subject to the restrictions and covenants set forth in this Conservation Easement, Grantor reserve for itself and its successors in interest with respect to the Property, all rights with respect to the Property, including, without limitation, the right of exclusive use, possession and enjoyment of the Property, and the right to sell, transfer, lease, mortgage or otherwise encumber the Property, as owner, subject to Section 8.6. herein, as well as the right to exclude any member of the public from trespassing on the Property. Nothing contained herein shall be construed as a grant to the general public of any right to enter upon any part of the Property.

5A. CONSERVATION PLAN.

All agricultural operations on the Property shall be conducted in a manner consistent with a Conservation Plan. As required by section 1238I of the Food Security Act of 1985, as amended, the Grantor, its heirs, successors, or assigns, shall conduct all agricultural operations on the Protected Property in a manner consistent with a conservation plan prepared in consultation with NRCS and approved by the Orange County Soil and Water Conservation District. This conservation plan shall be developed using the standards and specifications of the NRCS Field Office Technical Guide and 7 CFR part 12 that are in effect on January 26, 2005. However, the Grantor may develop and implement a conservation plan that proposes a higher level of conservation and is consistent with the NRCS Field Office Technical Guide standards and specifications. NRCS shall have the right to enter upon the Property, with advance notice to the Grantor, in order to monitor compliance with the conservation plan.

In the event of noncompliance with the conservation plan, NRCS shall work with the Grantor to explore methods of compliance and give the Grantor a reasonable amount of time, not to exceed twelve months, to take corrective action. If the Grantor does not comply with the conservation plan, NRCS will inform Grantees of the Grantor's noncompliance. The Grantees shall take all reasonable steps (including efforts at securing voluntary compliance and, if necessary, appropriate legal action) to secure compliance with the conservation plan following written notification from NRCS that (a) there is a substantial, on going event or circumstance of non-compliance with the conservation plan, (b) NRCS has worked with the Grantor to correct such noncompliance, and (c) Grantor has exhausted its appeal right under applicable NRCS regulations.

If the NRCS standards and specifications for highly erodible land are revised after the date of this Grant based on an Act of Congress, NRCS will work cooperatively with the Grantor to develop and implement a revised conservation plan. The provisions of this section apply to the highly erodible land conservation requirements of the Farm and Ranch Lands Protection Program and are not intended to affect any other natural resources conservation requirements to which the Grantor maybe or become subject.

6. PERMITTED USES.

Permitted uses of the Property vary depending on where on the Property the use occurs. The Property is divided into two principal areas, both of which are depicted on the Easement Map attached hereto, as "Exhibit B": 1) the 4.5± - acre Farmstead Complex, described in "Exhibit A" attached hereto; and 2) the Farm Area, described in "Exhibit A" attached hereto, which comprises the majority of the Property. The uses permitted hereunder are subject to any permits or approvals required by local, state or federal law, ordinance or regulation to the extent any such local law, ordinance or regulation is consistent with applicable state law.

6.1 Within the "Farmstead Complex":

6.1.A. Farming practices. Grantor has the right to produce crops, livestock and livestock products and conduct farm operations as defined under Section 301 of the New York State Agriculture and Markets Law ("the Agriculture and Markets Law"), or such successor law as is later promulgated, which includes but is not limited to the right to establish, reestablish, maintain, and use cultivated fields, orchards, and pastures. Said farming practices shall be carried out in accordance with the Conservation Plan and with sound agricultural practices as defined in Section 4 herein, together with the right to construct, maintain and repair roads for these purposes, provided that, to the greatest extent practicable, impact to the prime and statewide important soils is minimized.

6.1.B. Agricultural Structures & Improvements. Grantor has the right to maintain, repair and enlarge all existing buildings and improvements and to construct, maintain and repair new agricultural buildings within the Farmstead Complex. Said structures shall be used solely for agricultural purposes or other purposes directly related thereto, including but not limited to the processing or sale of farm products primarily produced on the premises, in accordance with sound agricultural practices as defined in Section 4 herein. Notwithstanding the provisions of this Section, said structures may be adaptively used for farm labor housing as defined in Section 4 and set forth in Section 6.2.E herein, and/or for non-agricultural home occupations or cottage industries as defined in Section 6.1.G. herein. The land on which these structures stand shall not be subdivided from the Farmstead Complex except in accordance with Section 8.1.A hereof.

6.1.C. Fences. Existing fences may be repaired and replaced, and new fences may be constructed or installed anywhere in the Farmstead Complex for purposes of reasonable

and customary management of livestock and wildlife, and to prevent trespassing on the Property.

6.1.D. Single-family Residential Dwellings. Grantor has the right to build two single-family residential dwellings, individually not to exceed 3,000 square feet to be used solely as a personal residence by the farm operator or Grantor and their families. Members of the families shall include spouses, children (natural and adopted), parents and their descendants and spouses. The Town specifically acknowledges that construction of the single-family residential dwellings is consistent with the Zoning Code as being incidental to the commercial agricultural operation which this Conservation Easement seeks to promote. Excavated basements are permitted. Grantor has the right to establish and carry out home occupations or cottage industries as defined in Section 6.1.G. within said permitted residential dwellings provided said activities are compatible with the rural character of the Property and subordinate to the residential use. Under no circumstances shall the land on which single-family dwellings stand be subdivided into separate or individual lots.

6.1.E. Farm Labor Housing. Grantor has the right to construct new single- or multi-family dwellings to be used solely to house employees or others engaged in agricultural production on the Property within the Farmstead Complex. Existing non-habitable structures may be adaptively reused to create farm labor housing, subject to applicable laws. The land on which these structures stand shall not be subdivided from the Farmstead Complex.

6.1.F. Agriculture-related Commercial Activities. Grantor has the right to establish and carry out agriculture-related commercial activities and build or install structures necessary for the same within the Farmstead Complex. Such activities include, but are not limited to, the storage and sale of farm produce and related products, processing and packaging of farm produce, farm machinery repair, and saw mills for products derived primarily from the Property. The land on which these structures stand shall not be subdivided from the Farmstead Complex.

6.1.G. Customary Home Occupations or Cottage Industries. Grantor has the right to establish and carry out home occupations or cottage industries within the Farmstead Complex, provided said activities are compatible with the rural character of the Property, the purpose of this Conservation Easement and the agricultural or forestry uses of the Property. Examples of customary home occupations or cottage industries are, without limitation, professional offices within the home, bed and breakfasts, crafts production, and firewood distribution. The land on which these structures stand shall not be subdivided from the Farmstead Complex.

6.1.H. Recreational Uses. Without prior permission from Grantees, Grantor may use the Property for recreational uses including, but not limited to, cross-country skiing, seasonal hunting, horseback riding, camping, and other similar types of uses. With permission from Grantees, Grantor may construct new, or adapt any existing buildings and improvements for said recreational uses within the Farmstead Complex. The land on

which these structures stand shall not be subdivided into separate or individual lots. Swimming pools, tennis courts, and similar recreational improvements must be located within the Farmstead Complex. Notwithstanding the foregoing, golf courses, polo arenas, motor-cross courses, commercial airstrips, commercial helicopter pads or any other similar recreational uses or improvements that: impair or interfere with the purpose of this Easement; significantly disturb the soil profile; or adversely affect agricultural and forestry uses on a continuing basis, are prohibited.

6.1.I. Water Resources. Grantor has the right to utilize, maintain, establish, construct, or otherwise improve water sources, courses, and bodies, including the construction of ponds or reservoirs, within the Farmstead Complex for uses expressly permitted herein and in accordance with applicable laws. Water may be sold for commercial purposes provided that the extraction and sale do not conflict with or inhibit the agricultural use of the property and that it is done in accordance with the Conservation Plan and applicable laws.

6.1.J. Utilities, Driveways, Roadways. Grantor has the right to construct and repair utilities, driveways and/or roadways necessary to serve any permitted uses in the Farmstead Complex, as listed herein. Such utilities include water lines, sewer lines, electric lines, wells and septic systems.

6.2. Within the "Farm Area":

6.2.A. Farming Practices. Grantor has the right to produce crops, livestock and livestock products and conduct farm operations as defined under Section 301 of the Agriculture and Markets Law, or such successor law as is later promulgated, which includes but is not limited to the right to establish, reestablish, maintain, and use cultivated fields, orchards, and pastures together with the right to construct, maintain and repair gravel, shale, and or dirt farm access roads for those purposes. Said farming practices shall be carried out in accordance with a USDA NRCS Conservation Plan as defined in Section 5.A, and with sound agricultural practices as defined in Section 4 herein.

6.2.B. Forestry Management. Without prior written permission from Grantees, Grantor may clear forested areas for conversion to farmland, may harvest wood for on-farm use, including heating or construction of buildings and improvements, and may remove trees that are fallen, dead, diseased or dangerous, so long as it is consistent with sound agricultural practices and the Conservation Plan.

Without prior written permission from Grantees, Grantor may harvest timber and other wood products and construct, maintain, remove, and repair unpaved access roads and "staging areas" (those areas where logs are temporarily stored for transport) necessary for such activities, in accordance with the Conservation Plan and generally-accepted forest best management practices (as outlined in a forest management plan and harvest plan) that shall not result in significant soil degradation or erosion. Timber cutting shall be carried out in accordance with a forest management plan and harvest plan prepared by a reputable and qualified forester who is a member in good standing of the Society of

American Foresters and/or a Cooperating Consulting Forester with the New York State Department of Environmental Conservation.

In order to facilitate the monitoring and stewardship of this Agricultural Conservation Easement, and to ensure continuing communication between the parties, Grantor shall give Grantees, their successors or assigns, written notice not less than forty-five (45) days prior to the finalization of the forest management plan and harvest plan, or the clearing of forested areas, or conducting any commercial timber harvest.

6.2.C. Agricultural Structures & Improvements. With the advance written permission of Grantees, pursuant to Section 6.2.I. herein, Grantor has the right to construct, maintain and repair minor, non-habitable buildings and minor improvements solely for agricultural purposes which are necessary to expand or enhance the agricultural productivity of the Property in accordance with sound agricultural practices as defined in Section 4 herein. Allowable structures are limited to those which are secondary in nature to the overall operation of the farm and which are in support of primary activities undertaken within the Farmstead Complex. Such structures may include but are not limited to pole barns and run-in sheds, and such structures shall not include excavated basements. Grantees shall give written permission within 30 days of receipt of a request for such permission, provided that Grantor has supplied sufficient information to make such a determination, unless Grantees determine that the proposed building or structure is not consistent with Section 6.2.I. Normal maintenance and repair, for which a building permit is not required, does not require permission from Grantees. The land on which these structures stand shall not be subdivided into separate or individual lots, except as outlined in Section 8.1.A. herein.

Without prior written permission from Grantees, Grantor has the right to maintain and repair the existing agricultural buildings located on Hathorn Road as described in "Exhibit A" attached hereto, solely for agricultural purposes which are necessary to expand or enhance the agricultural productivity of the Property. The land on which these structures stand may not be considered a Farmstead Complex and said structures may not be adapted for residential use except as specified in Section 6.2.E. The land on which these structures stand shall not be subdivided into separate or individual lots, except as outlined in Section 8.1.A. herein.

6.2.D. Fences. Existing fences may be repaired and replaced, and new fences may be constructed or installed anywhere in the Farm Area for purposes of reasonable and customary management of livestock and wildlife, and to prevent trespassing on the Property.

6.2.E. Farm Labor Housing With the advance written permission of Grantees, pursuant to Section 6.2.I. herein, Grantor has the right to maintain, repair or construct new single- or multi-family dwellings or structures to be used solely for farm labor housing. Said structures shall not individually exceed 1,500 square feet in size per dwelling unit. A maximum of two such dwelling units are permitted in the farm area. Said structures shall not include excavated foundations. Grantees shall give written permission within 30 days

of receipt of a request for such permission, provided that Grantor has supplied sufficient information to make such a determination, unless it determines that the proposed building or structure is not consistent with Section 6.2.I herein. The land on which these structures stand shall not be subdivided into separate or individual lots, except as outlined in Section 8.1.A. herein.

6.2.F. Single-family Residential Dwellings. No single-family residential dwellings may be constructed within the Farm Area, except as specified in Section 6.2.E.

6.2.G. Recreational Uses. Without prior permission from Grantees, Grantor may use Property for recreational uses including, but not limited to, cross-country skiing, seasonal hunting, horseback riding, camping, and other similar types of uses. With the advance written permission of Grantees, pursuant to Section 6.2.I. herein,, Grantor may construct new, or adapt any existing building and improvements for said recreational uses within the Farm Area. Swimming pools, tennis courts, and similar recreational improvements must be located within the Farmstead Complex, and the total aggregate footprint of all associated recreational buildings outside of the Farmstead Complex may not exceed 600 square feet. Notwithstanding the foregoing, golf courses, polo arenas, motor-cross courses, commercial airstrips, commercial helicopter pads or any other similar recreational uses or improvements that: impair or interfere with the purpose of this Agricultural Conservation Easement; significantly disturb the soil profile; or adversely affect agricultural and forestry uses on a continuing basis, are prohibited.

6.2.H. Water Resources. Grantor has the right to utilize, maintain, establish, construct, or otherwise improve water sources, courses, bodies and irrigation in the Farm Area for uses expressly permitted herein, including construction of irrigation ponds necessary to expand or enhance the productivity of the Property, provided such activities are carried out in accordance with the Conservation Plan and sound agricultural practices. The construction of ponds or reservoirs shall be permitted only upon the prior written approval of Grantees and shall be consistent with Section 6.2.I.

6.2.I. Showing of Necessity of Locating Use Within Farm Area. In order to take any action for which permission of the Grantees are required, the Grantor must: show that the proposed action is consistent with the purpose of this Conservation Easement, would not be unnecessarily located on prime agricultural soils and/or agricultural soils of statewide importance, and would not otherwise diminish the agricultural production capacity of the Property. In addition to any other conditions required hereunder, in order to receive permission to construct or locate structures in the Farm Area, the Grantor must demonstrate to the Grantees that such uses or structures cannot be adequately accommodated within the Farmstead Complex. The land on which these structures stand shall not be subdivided from ownership of the Farm Area, except in accordance with Section 8.1.A herein.

7. RESTRICTED USES.

The restrictions imposed upon the Property are as follows:

7.1. Use and Building Prohibitions. No residential, commercial, industrial or mining activities shall be permitted, and no building, structure, appurtenant facility or improvement shall be constructed, created, installed, erected or moved onto the Property, except as expressly permitted by this Conservation Easement.

7.2. Signage Restrictions. No internally-lit or neon signs shall be erected or displayed on the Property. No billboards shall be erected or displayed on the Property, which are defined for the purposes of this Conservation Easement as signs larger in size than 32 square feet.

7.3. Waste Management.

The dumping, land filling, burial, application, injection, or accumulation of any kind of garbage, trash or debris on the Property is prohibited, other than agriculturally-related waste or biodegradable material in accordance with the sound agricultural practices as defined in Section 4 herein, the Conservation Plan, and any applicable state or federal law or regulation. However, this shall not prevent the storage of agricultural products and byproducts, the storage of old farm equipment used for parts, temporary storage of trash or household waste in receptacles for periodic off-site disposal, and composting or re-use of biodegradable materials generated off the Property for use on the Property or commercial use so long as they are used and stored in accordance with sound agricultural practices as defined in Section 4 herein, the Conservation Plan, and any applicable state or federal law or regulation. Notwithstanding the foregoing, the storage and treatment of sewage associated with building permitted on the Property, is permitted by this Easement.

7.4. Chemicals. All pesticides, herbicides, fertilizers, or other chemical treatment of the Property shall be used in accordance with the directions on the chemical labels and/or applicable federal, state or local laws and with sound agricultural practices as defined in Section 4 herein.

7.5. Mining Prohibitions.

Exploration for, or development, storage and extraction of, minerals and hydrocarbons on or from the Property by any method is prohibited, except as otherwise provided herein. Grantor may remove stone, sand and gravel on the Property, provided said removal: (a) is limited and localized in impact, affecting no more than two acres of the Property at one time; (b) does not conflict with the Purpose of this Easement, and is not irretrievably destructive of the conservation interests that this Conservation Easement is intended to protect; (c) does not breach the water table; (d) is reasonably necessary for, and incidental to, carrying out the improvements and agricultural production uses permitted on the Property by this Easement; and (e) impact to the prime, statewide important and unique soils is minimized. Grantor shall use all practical means to mitigate any adverse effect on the agricultural and other conservation values of the Property in carrying out any permitted extractive activities, and upon completion of said permitted extractive activities, Grantor shall promptly restore any portion of the Property affected thereby as nearly as possible to its condition existing prior to commencement thereof in accordance with the Conservation Plan.

7.6 Reaffirmation. No use shall be made of the Property, and no activity thereon shall be permitted which, in the reasonable opinion of Grantees, is or is likely to become inconsistent with the purposes of this Conservation Easement as stated in Section 2 herein.

8. **ADDITIONAL COVENANTS AND PROVISIONS.**

8.1. **Subdivision.**

8.1.A. For farming purposes. The Property may be partitioned or subdivided only with the prior written permission of the Grantees, which permission shall be granted only if all parcels of land thereby created will remain viable for agricultural production either individually, or as part of an established farming operation, and only if the new owner or owners of the subdivided parcels demonstrate to Grantees' reasonable satisfaction a credible intent to utilize said parcels for agricultural purposes. Such subdivision shall not include the right to construct any new habitable or commercial structures, or relocate any existing habitable or commercial structures outside of a Farmstead Complex, except as would otherwise be permitted by this Easement. Any partition or subdivision must comply with all applicable land use and subdivision regulations. Mortgages, or other non-possessionary interests in land, do not constitute subdivisions for the purpose herein, provided such interests encompass the whole Property. Any subdivided parcels would be subject to the terms of this Easement.

8.1.B. For residential lots. Subdivision to create parcels for residential, commercial or industrial use is prohibited.

8.2. Existing Conditions; Baseline Data Report. By its execution of this Conservation Easement Grantees acknowledge that the present uses of the Property are permitted by this Conservation Easement. In order to evidence the present condition of the Property (including both natural and man-made features) so as to facilitate future monitoring and enforcement of this Easement, a Baseline Data Report, including photographs, describing such condition at the date hereof, has been prepared and subscribed by both parties, and a copy thereof, provided by The Scenic Hudson Land Trust, is on file with the Grantees and Grantor.

8.3. Enforcement. Grantees may enforce this Conservation Easement at law or in equity, including, without limitation, pursuant to the provisions of Article 49, Title 3 of the Conservation Law, against any or all of the owners of the Property or any part thereof. If there is a violation, or threatened violation, of this Conservation Easement, Grantees shall notify the party in violation or threatening the violation, who shall, in the case of an existing violation, promptly cure the violation by (a) ceasing the same, or (b) restoring the Property to the condition before such violation, or (c) both, or, in the case of a threatened violation, refrain from the activity that would result in the violation. If a violation continues for more than 30 days after notice is given without Grantor taking steps to cure the same, or at any time if the violation or a threatened violation threatens

immediate and irreparable harm to the resource values of the Property that this Conservation Easement is intended to protect, either or both Grantees may seek immediate injunctive relief and shall have the right, but not the obligation, to correct it by direct action, as well as by pursuing all available legal remedies. Failure to enforce any restriction or covenant herein contained shall in no event be deemed a waiver of a right to do so thereafter as to the same violation or breach or as to one occurring prior or subsequent thereto. The prevailing party shall be reimbursed for all reasonable expenses and attorney fees.

8.4. Amendment.

8.4.A. General. This Conservation Easement may be amended only upon the written consent of Grantees and Grantor, and only if such amendment has a neutral or positive effect on the conservation values that are protected by this Conservation Easement. Any such amendment shall be consistent with the purposes of this Conservation Easement as established in Section 2 herein and shall comply with Article 49, Title 3, of the Conservation Law, and Section 170(h) of the Internal Revenue Code. Any such amendment that does not comply with Article 49 or Section 170(h) shall be void and of no force or effect. The party or parties requesting an amendment shall be responsible for all costs relating to the evaluation of said request and the amendment's execution, including staff costs incurred by Grantees if said request is made by Grantor.

8.4.B. Farmstead Complex. During a one-year period, beginning on the fifth (5th) anniversary of the date of execution of this Conservation Easement, and during one-year periods following subsequent five year intervals, in perpetuity, Grantor and Grantees shall review the boundaries and/or location of the Farmstead Complex and determine if adjustments should be made, based on changes in the nature of agriculture occurring on the Property which take place during the five year time period. In such a case, if Grantor demonstrates to Grantees that the Farmstead Complex should be reconfigured, expanded or relocated in order to allow agriculture to remain a viable use and activity on the Property, then this Conservation Easement shall be amended accordingly, pursuant to Section 8.4.A, provided that such a change shall not be allowed if it will diminish the agricultural production capacity of the Property, or if it is not consistent with the purposes of this Conservation Easement as established in Section 2 herein, or if it does not comply with Article 49, Title 3, of the Conservation Law, and, where applicable, Section 170(h) of the Internal Revenue Code. Any such amendment that does not comply with the foregoing requirements shall be void and of no force or effect. The party or parties requesting an amendment shall be responsible for all costs relating to the evaluation of said request and the amendment's execution, including staff costs incurred by Grantees if said request is made by Grantor.

8.5. Approvals in Writing. Any approval, waiver, or other form of consent or permission required or permitted to be given by Grantees under this Conservation Easement shall only be effective if in writing and duly executed on behalf of Grantees, except in such cases where permission is, pursuant to this Conservation Easement, expressly deemed granted if no response is given by Grantees within a specific time

period. . Grantees shall grant permission or approval to Grantor only where Grantees, acting in Grantees' sole but reasonable discretion and in good faith, determines that the proposed action is in compliance with the terms of this Conservation Easement.

8.6. Encumbrance by Conservation Easement. Any subsequent conveyance, including, without limitation, transfer, lease or mortgage of the Property, shall be subject to this Conservation Easement, and any deed or other instrument evidencing or effecting such conveyance shall contain language substantially as follows: "This conveyance, lease, mortgage, easement, etc. is subject to a Conservation Easement which runs with the land and which was granted to The Town of Warwick and The Scenic Hudson Land Trust, Inc. by instrument dated January 26, 2005 and recorded in the office of the Clerk of Orange County at Liber _____ of Deeds at Page _____. The failure to include such language in any deed or instrument shall not, however, affect the validity or applicability of this Conservation Easement to the Property. Nothing in this Conservation Easement shall be construed as limiting the rights of the holder of such conveyance or mortgage from foreclosing or otherwise enforcing its rights thereunder, provided that any such foreclosure or enforcement of a subsequent or otherwise subordinated or junior mortgage, or other property interest, or other action shall not extinguish this Conservation Easement and Grantees' rights hereunder. Grantor shall provide 30 days notice to Grantees prior to any such action occurring, but Grantor's failure to provide such notice shall not adversely affect the rights of any holder or any mortgage or other security instruments.

8.7. Taxes and Assessments. Each owner of the Property shall pay all taxes and assessments lawfully assessed against the Property or portion thereof owned by such owner, who shall provide receipted tax bills to Grantees upon request.

8.8. Severability. Invalidation of any provision of this Conservation Easement by court judgment, order, statute or otherwise shall not affect any other provisions, which shall be and remain in force and effect.

8.9. Binding Effect. The provisions of this Conservation Easement shall run with the Property in perpetuity and shall bind and be enforceable against the Grantor and all future owners and any party entitled to possess or use the Property or any portion thereof while such party is the owner or entitled to possession or use thereof. Notwithstanding the foregoing, upon any transfer of title, the transferors shall, with respect to the Property transferred, cease being Grantors or owners with respect to such Property for purposes of this Conservation Easement and shall, with respect to the Property transferred, have no further responsibility or liability hereunder for acts done or conditions arising thereafter on or with respect to such Property, but the transferor shall remain liable for earlier acts and conditions done or occurring during the period of his or her ownership or conduct. Likewise, this Conservation Easement confers no liability to any owner for monetary damages relating to acts which said owner clearly establishes were done by prior owners, but this sentence shall not be construed as limiting the right of Grantees to seek direct action by the current owner to cure any violation arising before said owner came into title to the Property.

8.10. Liability: Indemnification. Grantees have no obligations whatsoever, express or implied, relating to the use, maintenance or operation of the Protected Property. Grantees' exercise of, or failure to exercise, any right conferred by this Conservation Easement shall not be deemed to be management or control of the activities on the Property. Grantees shall not be liable to Grantor for injuries or death to persons or damage to property or any other harm in connection with Grantees' administration and/or enforcement of this Conservation Easement, unless such harm is due to the negligence of Grantees or its agents, in which case liability shall be apportioned accordingly. Grantor agrees to indemnify and hold harmless Grantees from any and all costs, claims or liability, including but not limited to reasonable attorneys fees arising from any personal injury, accidents, negligence or damage relating to the Property, or any claim thereof, unless due to the negligence of Grantees or its agents, in which case liability shall be apportioned accordingly. Grantor further agrees to indemnify and hold harmless Grantees from and against any and all claims, costs, expenses, fines, penalties, assessments, citations, personal injury or death, and the like arising from or out of the existence (actual or alleged) of any and all environmentally hazardous or toxic substances or materials whatsoever on or under the Property. Grantees shall have no liability to Grantor or any other owner for Grantees' acts, taken in good faith, in connection with the administration of this Conservation Easement.

8.11. Further Acts. Each party shall perform any further acts and execute and deliver any documents, including amendments to this Conservation Easement, which may be reasonably necessary to carry out the provisions of this Conservation Easement or which are necessary to qualify this instrument as a conservation easement under Article 49, Title 3, of the Conservation Law or any regulations promulgated pursuant thereto.

8.12. No Forfeiture. Nothing herein contained will result in a forfeiture of Grantor's title in any respect.

8.13. Controlling Law. The interpretation and performance of this Conservation Easement shall be governed by the Laws of the State of New York.

8.14. Administration and Enforcement. The administration and enforcement of this Conservation Easement by Grantees shall be governed by this Conservation Easement which incorporates by reference the Monitoring Plan, attached hereto as "Exhibit C".

8.15. Right of First Refusal. In order to afford Grantees the opportunity to ensure that the Property actively remains in agriculture use in perpetuity, Grantor hereby gives to Grantees a Right of First Refusal to purchase the Property or any portion of the Property to use or sell such Property in a manner that shall be consistent with the primary Purpose of this Conservation Easement, which Right shall be of perpetual duration.

8.15.A. Applicability. This Right of First Refusal shall not apply to any gift or bequest without consideration, nor to any sale or conveyance of the Property to a member of Grantor's family or to an entity, including but not limited to a partnership, corporation, or

limited liability companies, which is controlled by Grantor or members of Grantor's family. Members of the families shall include Grantor's spouses, children (natural and adopted), parents and their descendants and spouses. This Right of First Refusal also shall not apply to sales made pursuant to any judicial sale of all or any portion of the Property (including but not limited to a sale made in connection with mortgage foreclosure), to the conveyance to a mortgage holder by deed in lieu of foreclosure, nor to a subsequent conveyance by any mortgagee who acquires title by virtue of foreclosure sale or deed in lieu of foreclosure. This Right of First Refusal also shall not apply to any sale of the Property to a responsible person or persons who, in the reasonable judgment of the Grantees, demonstrate(s) an intent and ability to conduct farming on the Property, which is the production of crops, livestock and livestock products as defined under Section 301 of the Agriculture and Markets Law, or such successor law as is later promulgated. The Right of First Refusal shall apply to all other sales and conveyances of the Property (including any conveyance by, or any interest in, a family corporation to non family members).

8.15.B. Procedures. The conditions of this Right of First Refusal shall be such that whenever Grantor receives a written offer from a responsible person or persons, subject to Section 8.15.A herein, Grantor shall deliver to both Grantees a true copy of the written offer together with such other instruments as may be reasonably required to show the bona fides of the offer. Either or both Grantees may elect to purchase the Property or portions of the Property at the offered price and subject to such other terms and conditions not less favorable to Grantor than those contained in the offer by giving to Grantor written notice of such election within thirty (30) days after delivery of the written offer to Grantees. If neither Grantee elects to meet such offer within the thirty-day period, or grants a limited waiver of this Right of First Refusal, Grantor may accept the offer as written.

In the event that either or both of the Grantees acquires fee title to the property, this Conservation Easement shall not be merged into the fee and shall not be extinguished by virtue of such purchase. In the event of such purchase by one of the Grantees, this Conservation Easement shall immediately vest solely with the other Grantee.

In the event both Grantees elect to purchase the property or portions of the property and can not mutually agree to the percentage each acquires, the proportionate share allocation shall be as set forth in section 9.5 herein.

9. QUALIFIED CONSERVATION CONTRIBUTION COVENANTS

9.1. Transfer of Easement. Grantees shall have the right to transfer this Easement to any public agency that is qualified hold this Easement under applicable state law, provided the transferees expressly agree to assume the responsibility imposed on Grantees by this Easement, or to any other qualified organization as defined in Section 170(h) of the Internal Revenue Code which agrees to assume the responsibility imposed on Grantees by this Easement, and continue to carry out the conservation purposes of this Conservation Easement as defined under Section 170(h) and the regulations thereunder.

Any assignee other than a government unit must also be an entity able to enforce this Conservation Easement, having purposes similar to those of Grantees which encompass those of this Conservation Easement. If Grantees ever cease to exist, a court of competent jurisdiction may transfer this Easement to another public agency that agrees to assume the responsibilities imposed by this Easement. If one of the Grantees ever ceases to exist or no longer qualifies as an organization as defined in Section 170(h) of the Internal Revenue Code, then the Conservation Easement shall be vested solely with the remaining Grantee.

9.2. Notice. Grantor shall give Grantees written notice before exercising any reserved right, the exercise of which may have an adverse impact on the conservation interests of this Conservation Easement. Grantor agrees to notify the Grantees of any conveyance, lease or transfer of all or any part of the Property, such notice to be given in writing at least thirty (30) days in advance of such conveyance, lease or transfer. Any notice required or desired to be given under this Conservation Easement shall be in writing and shall be deemed given when received or three days after mailing, by public or private delivery service which provides receipt of delivery, properly addressed as follows: (a) if to Grantees, at the address set forth above; (b) if to Grantor, at the address set forth above; or (c) if to any subsequent owner, at the address of the Property. Any party can change the address to which notices are to be sent to him, her or it by duly giving notice pursuant to this paragraph.

9.3. Inspection. The Grantees and/or their duly authorized representatives shall have the right to enter onto the Property at reasonable times, in a reasonable manner, and, where practicable, after giving a minimum of 48 hours prior notice, to inspect for compliance with the terms of this Conservation Easement. In the instance of a violation or suspected violation of the terms of this Conservation Easement which has caused or threatens to cause irreparable harm to any of the resource values this Conservation Easement is designed to protect, no such advance notice is required.

9.4. Extinguishment. At the request of Grantor or Grantees, a court of competent jurisdiction may, if it determines that conditions surrounding the Property have changed so much that it becomes impossible or impractical to fulfill the agricultural conservation purposes of this Easement, extinguish or modify this Easement in accordance with applicable law. If this Easement is extinguished by judicial proceeding, through failure of title or other lawful means, the Grantees shall be entitled to a portion of the proceeds from any subsequent sale or other disposition of the Property, or title insurance proceeds, in accordance with paragraph 9.5 below.

For such purposes only, Grantor agrees that the conveyance of this Conservation Easement to Grantees gives rise to a property right, immediately vested in Grantees, with a fair market value that is equal to the proportionate value that the conservation restrictions hereby created at the date hereof bears to the value of the Property as a whole at the date thereof (subject to reasonable adjustment to the extent permissible under Section 170(h) of the Internal Revenue Code for any improvements which may hereafter be made on the Property). Grantees agree to use their share of such proceeds in a manner

consistent with the conservation purposes of this Conservation Easement. The cessation, by itself, of farming on the Property in and of itself shall not be construed to be adequate grounds for extinguishment of this Conservation Easement.

9.5. Proceeds. For purposes of calculating proceeds from a sale or other disposition of the Property as contemplated under this paragraph, this Easement shall have a value equal to a percentage (The "Proportionate Share") of the value of the Property unencumbered by this Easement. The Proportionate Share has been determined by dividing the value of this Easement, calculated as of the date hereof, by the unencumbered value of the Property, also calculated as of the date hereof. The Proportionate Share is 77%. The Proportionate Share shall remain constant. Said Proportionate Share shall be further allocated as follows: (a) to the Town of Warwick, 75.0(%), and (b) to The Scenic Hudson Land Trust, Inc. 25.0(%).

Notwithstanding anything to the contrary, the following shall apply to the distribution of proceeds: The appraisal, underlying the conservation easement and exchange of funds, excluded from its valuation the value of buildings or other improvements to the real property and consequently valued only the land. In the event of extinguishments and subsequent sale, the division of proceeds set forth in paragraph 9.4 of the easement shall be calculated on the value of the land after excluding the value of buildings or other improvements to the land. The value of the buildings and other improvements and sales proceeds there from shall be the sole property of the grantors of their heirs, successors and assigns.

All expenses related to the termination of this Easement shall be paid out of any recovered proceeds prior to distribution of the net proceeds as provided above.

9.6. Interpretation. This instrument is intended to create a "qualified real property interest" for "conservation purposes," as defined in Section 170(h) of the Internal Revenue Code, and shall be interpreted consistently with such intention. In the event any provision has been omitted from this instrument necessary to qualify the interest hereby granted as such a "qualified real property interest" for "conservation purposes," such provision shall be deemed incorporated herein to the extent necessary to cause the interest hereby granted to be so qualified.

9.7. Transfer of Development Rights. No development rights in and to the Property, or any part thereof which have been encumbered or extinguished by this Conservation Easement shall be transferred to any location outside the Property, whether pursuant to a cluster development plan or any other agreement or plan for transferable development rights.

9.8. Title. The Grantor covenants and represents that the Grantor is the sole owner and is seized of the Property in fee simple and has good right to grant and convey the aforesaid Agricultural Conservation Easement; that the Property is free and clear of any and all encumbrances, including but not limited to, any mortgages not subordinated to this Agricultural Conservation Easement, and that the Grantees shall have the use of and

enjoyment of the benefits derived from and existing out of the aforesaid Agricultural Conservation Easement.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

Grantor:
THE TESTAMENTARY TRUST OF
DOROTHY D. RAYNOR

By: *Cynthia McDonald*
Cynthia McDonald, Trustee

By: *Wilfred L. Raynor, Jr.*
Wilfred L. Raynor, Jr., Trustee

Grantees:

THE TOWN OF WARWICK

By: *Michael Sweeton*
Michael Sweeton, Supervisor

THE SCENIC HUDSON LAND TRUST, INC.

By: *Edward O. Sullivan*
Edward O. Sullivan
Assistant Secretary

By: *Steve Rosenberg*
Steve Rosenberg
Executive Director