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PROJECT IMPLEMENTATION AGREEMENT

This Project Implementation Agreement (this "Agreement") is entered into as of _____, 20__, by and between the Climate Action Reserve, a California nonprofit public benefit corporation ("Reserve") and _____, a _____ and _____, a _____ (collectively, the "Forest Owner").¹ The Reserve and Forest Owner shall hereinafter be referred to each as a "Party" and collectively as the "Parties".

RECITALS

A. The Reserve is a nonprofit organization that establishes standards for the: (i) development and implementation of projects that seek to reduce and sequester greenhouse gas ("GHG") emissions on certain properties ("GHG Reduction Projects"), (ii) calculation of the quantity of net GHG emission sequestration and reduction produced by GHG Reduction Projects to be registered with the Reserve, and (iii) verification of the quantity of net GHG emission sequestration and reduction produced by GHG Reduction Projects already registered with the Reserve. The Reserve also issues carbon offset credits known as Climate Reserve Tonnes ("CRTs"), as defined in the Forest Project Protocol attached hereto as Exhibit A (the "Forest Project Protocol"), to GHG Reduction Projects registered with the Reserve. In addition, the Reserve tracks the use and transfer of CRTs over time in a transparent, publicly accessible online tracking system.

B. The Reserve has established the Forest Project Protocol for Reforestation, Improved Forest Management and Avoided Conversion projects, each project further described in the Forest Protocols, to be registered with the Reserve to ensure these projects generate a net reduction and sequestration of GHG emissions.

C. The Reserve has established the Forest Project Verification Protocol attached hereto as Exhibit B ("Forest Project Verification Protocol" together with the Forest Project Protocol, the "Forest Protocols") to ensure that Reforestation, Improved Forest Management and Avoided Conversion projects, as each project is further described in the Forest Protocols, registered with the Reserve generate a net reduction and sequestration of GHG emissions throughout the entire Term (defined below).

¹ [Note: Forest Owner may be comprised of multiple entities. A Forest Owner is a corporation or other legally constituted entity, city, county, state agency, individual, or a combination thereof that executes the Project Implementation Agreement. Generally, a Forest Owner is the owner in fee of the property involved in a Forest Project. In some cases, one entity may be the owner in fee while another entity may have an interest in the trees or the timber on the property, in which case the Reserve will make a determination as to whether both entities are required to execute the Project Implementation Agreement and thereby collectively be considered the Forest Owner. In some cases, the Reserve may determine that an entity or individual that is not the owner in fee, nonetheless does have a complete and perpetual interest in the trees on the property which allows for complete management of the trees and sufficient access rights to the property, such that it is the appropriate entity to execute the Project Implementation Agreement and thereby be defined as the Forest Owner, in which case an additional contribution to the buffer pool will be required.]

DRAFT

D. Forest Owner is the sole owner of that certain real property described in Exhibit C attached hereto in fee simple, including without limitation the trees on said property (the "Property").²

E. This Agreement sets forth certain liabilities, obligations and restrictions relating to the Forest Project (defined below) and the Property, to ensure that the Forest Project generates a net reduction and sequestration of GHG emissions throughout the entire Term and remains in compliance with the Forest Protocols and this Agreement for the entire Term (defined below).

F. This Agreement shall bind the Parties hereto and their successors, successors in interest, assigns and any other Party holding a Property Interest (defined below).

G. Forest Owner has completed and submitted to the Reserve that certain Approved _____ Form attached hereto as Exhibit D (the "Approved _____ Form"), and the Approved _____ Form has been approved by all of the Parties.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Forest Owner hereby voluntarily agrees to enter into this Agreement and the Parties hereby agree as follows:

1. Defined Terms. In addition to the terms that may be defined elsewhere in this Agreement, the following terms when used in this Agreement shall be defined as follows:

"Baseline" is the baseline for this specific Forest Project of Forest Owner set forth in Exhibit E attached hereto.

"Carbon Stocks" are the quantity of carbon stored on or in the Property and on or in organic materials located on or in the Property, including without limitation trees, which quantity has been and shall continue to be determined, monitored and verified in accordance with the Forest Protocols and denominated in metric tonnes of carbon dioxide.

"Forest Project" is the [Reforestation, Improved Forest Management or Avoided Conversion] project] of Forest Owner that is described in the Approved _____ Form.

"Eligible CRTs" are CRTs that are: (i) in Forest Owner's account with the Reserve immediately before Forest Owner Retires such CRTs, (ii) issued by the Reserve to a Reforestation, Improved Forest Management or Avoided Conversion project (each as further described in the Forest Protocols) registered with the Reserve (regardless of whether such project is located on the Property or properties other than the Property) and (iii) Retired for the sole purpose of

² [Note: This provision may need to be modified by the Reserve, depending on the nature of the ownership rights of the Forest Owner. See footnote 1. Furthermore, only the property that is subject to this Agreement will be described in Exhibit 1.]

DRAFT

compensating the Reversal and not for any other purpose including without limitation, for the purpose of offsetting the GHG emissions of third parties. Forest Owner shall be required to purchase CRTs if Forest Owner does not have a sufficient quantity of Eligible CRTs to fulfill Forest Owner's obligations to Retire Eligible CRTs under this Agreement.

"Forest Owner Obligation" is the obligation, imposed on Forest Owner by this Agreement, to fulfill all aspects, obligations and duties of Forest Owner set forth in this Agreement and the Forest Protocols.

To "Retire" a quantity of CRTs (which quantity shall be determined in accordance with this Agreement and the Forest Protocols) means to transfer a quantity of CRTs into an account, which is designated by the Reserve and dedicated to retiring CRTs, such that after the transfer, Forest Owner holds no ownership rights, including but not limited to rights to transfer, convey or otherwise control the transferred CRTs.

"Person" means an individual, partnership, firm, association, corporation, limited liability company, trust and any other form of governmental or business entity.

"Property Interest" is either a fee simple interest in the Property or an interest in the trees and standing timber located on the Property.

A "Reversal" exists if the Reserve determines that the difference between the Carbon Stocks and the Baseline for the Forest Project (such difference a "Net Carbon Reduction") for a given year is less than the Net Carbon Reduction for the year immediately preceding the given year.

2. Issuance of CRTs. Within five (5) days of the Effective Date, the Reserve shall issue _____ CRTs to Forest Owner, at which time the Forest Owner shall have the right to control said CRTs. Nothing in this Section 2 shall be construed or interpreted as giving Forest Owner any right to additional CRTs or obligating the Reserve to issue additional CRTs to the Forest Project or Forest Owner in the future.
3. Term. This Agreement shall be effective as of [_____] (the "Effective Date") and shall continue in full force and effect until the date which is one hundred (100) years following the Effective Date (the "Term"); *provided, however*, that this Agreement shall be terminated prior to the end of the Term, subject to Section 15, if the requirements of subsection 3(a), 3(b), or 3(c) below are satisfied, in which case the Parties shall execute an amendment to this Agreement indicating that this Agreement has been terminated³:
 - (a) The Reserve determines that: (i) an Unavoidable Reversal (defined below) has occurred, (ii) as a result of the Unavoidable Reversal, the Reserve has Retired a certain quantity of CRTs from the Buffer Pool (as defined in the Forest Protocols) pursuant to Section 8(b), and (iii) the Carbon Stocks for the year in which the Unavoidable Reversal occurs is less than the Baseline for that given year.

³ [Note: Forest Owner may then record a memorandum of the amendment indicating that there has been an early termination of the Agreement.]

DRAFT

(b) Forest Owner provides the Reserve with sixty (60) days' notice of Forest Owner's intent to terminate this Agreement ("Termination Notice"), and if the Forest Project was registered as a:

- (1) Reforestation or Avoided Conversion project, Forest Owner Retires a quantity of Eligible CRTs equal to the total number of CRTs issued by the Reserve to the Forest Project during the preceding one hundred (100) years ("Total CRTs Issued"), or
- (2) Improved Forest Management project, Forest Owner Retires a quantity of Eligible CRTs equal to Total CRTs Issued multiplied by the Compensation Rate in the following table that corresponds to the number of years that have elapsed between the Effective Date and the date of the Termination Notice.

Number of Years that have Elapsed Between the Effective Date and the date of the Termination Notice	Compensation Rate
0-5	1.40
6-10	1.20
11-20	1.15
21-30	1.10
31-50	1.05
>50	1.00

(c) Forest Owner requests early termination and the following requirements are satisfied: (1) Forest Owner registers with and participates in a federal or state regulatory program which primarily aims to offset GHG emissions and has similar goals to those of the Forest Protocols, and (2) the Reserve determines, in its sole and absolute discretion, that such a regulatory program guarantees the sequestration of GHG for a permanence period that is sufficient.

4. No Forest Owner Breach (defined below) shall give Forest Owner the right to cancel, rescind, or otherwise terminate this Agreement or the Forest Project Protocols before the end of the Term. Notwithstanding the immediately preceding sentence, nothing herein shall limit the Reserve's right to terminate, cancel, rescind or otherwise terminate this Agreement subject to the terms of this Agreement and the Forest Protocols.

5. Compliance with Forest Protocols and this Agreement. Forest Owner shall fulfill all aspects of this Agreement, the Forest Protocols and Forest Owner Obligation. Forest Owner shall ensure that the Forest Project complies with all aspects of this Agreement and the Forest Protocols.

Forest Owner shall: (i) not use or permit any other Person to use any portion of the Property in any manner that violates any aspect of this Agreement or the Forest Protocols, (ii) ensure that the Property is used only in ways that comply with all aspects of this Agreement and the Forest Protocols, (iii) not undertake any actions that violate any aspect of this Agreement or the Forest Protocols, (iv) only undertake actions that comply with all aspects of this Agreement and the

DRAFT

Forest Protocols, (v) prevent any activity on the Property that violates any aspect of this Agreement or the Forest Protocols, and (vi) only allow activity on the Property that complies with all aspects of this Agreement and the Forest Protocols.

6. Monitoring Rights of the Reserve. The Reserve and its agents, including, without limitation, any and all accredited third-party verifiers approved by the Reserve, shall have the right to enter the Property at reasonable times and from time to time for purposes of monitoring and verifying Forest Owner's compliance with this Agreement and the Forest Protocols provided that: (i) the Reserve gives no less than fifteen (15) business days' advance written notice to Forest Owner, (ii) the Reserve adheres to reasonable health and safety practices while on the Property and (iii) the Reserve provides Forest Owner with proof of insurance, which shows that the Reserve is insured for damage the Reserve may cause to the Property due to the Reserve's negligence, gross negligence or willful misconduct.
7. Transfer of this Agreement. This Agreement shall be binding upon the Parties hereto and their successors, successors in interest, assigns and any other party holding, acquiring, or owning a Property Interest.
 - (a) Assignment and Assumption. Forest Owner shall not, directly or indirectly, transfer, assign, delegate or convey (collectively, "Transfer") any Property Interest unless the:
 - (1) Third party obtaining a Property Interest (the "Assignee") agrees to assume the Forest Owner Obligation unconditionally without modification or amendment;
 - (2) Forest Owner and Assignee both duly execute the Assignment and Assumption Agreement in substantially the form attached hereto as Exhibit F (the "Assignment and Assumption Agreement") prior to any Transfer;
 - (3) Forest Owner ensures that a fully executed copy of the Assignment and Assumption Agreement is recorded in the office of the recorder of each county in which the Property is located within two (2) business days of the Transfer; and
 - (4) Forest Owner delivers a copy of the fully executed and recorded Assignment and Assumption Agreement to the Reserve within fifteen (15) days of the date of recordation.

Forest Owner and Assignee shall not execute, deliver or record an amended or modified version of the Assignment and Assumption Agreement without Reserve's prior approval of the amendment or modification in writing, which approval may be withheld at the Reserve's reasonable discretion.

Any Transfer of a Property Interest by any Forest Owner in violation of this Section 7 shall be void and not relieve Forest Owner of the Forest Owner Obligation.

If Forest Owner Transfers a Property Interest, Forest Owner shall not be released from the Forest Owner Obligation unless and until Reserve provides its written consent. Notwithstanding any consent by the Reserve that releases Forest Owner from the Forest

DRAFT

Owner Obligation, Forest Owner shall remain obligated to and liable for all Forest Owner Breaches, which arose during the time that Forest Owner held a Property Interest.

Forest Owner shall provide the Assignee with copies of the Forest Protocols, this Agreement and all exhibits attached hereto and any amendments thereto. Assignee shall be deemed to have received the Forest Protocols, this Agreement and all exhibits attached hereto, and any amendments thereof, in accordance with the notice provisions in Section 12 of this Agreement.

- (b) Application to Complete and Partial Transfers of the Property. This Section 7 shall apply if Forest Owner Transfers a Property Interest in all, or any portion, of the Property. If Forest Owner Transfers a Property Interest in only a portion of the Property, this Section 7 shall apply to only the Property Interest in the portion of the Property being Transferred.
- (c) Notice. For all notices required under this Section 7, Forest Owner shall provide the Reserve with the full names and addresses of all grantees, lessees, mortgagees, and other interested parties, of the Transfer.
- (d) Incorporation into Deeds, Leases and Subleases. Forest Owner shall ensure that all future deeds, mortgages, leases, subleases and other instruments or encumbrances which may Transfer a Property Interest to another party: (i) incorporate by reference this Agreement and the Forest Protocols and (ii) specifically state that the Property Interest thereby Transferred is subject to this Agreement and the Forest Protocols.
- (e) Subordination. Forest Owner shall ensure that any deed, mortgage, lien, lease or other encumbrance on or affecting the Property that arises subsequent to the date of this Agreement shall be subordinate to this Agreement; *provided, however*, that so long as Forest Owner is not in default of any Forest Owner Obligation, Forest Owner may request that this Subsection 7(e) be amended as set forth below in exchange for Forest Owner's contribution of additional CRTs to the Buffer Pool in an amount which matches the additional contribution that would have been made at the time of the execution of this Agreement and for each subsequent year thereafter had Forest Owner chosen at that time to execute a version of the project implementation agreement which would have made this Agreement automatically subordinate to subsequent deeds and mortgages, as shown in Exhibit G attached hereto. The additional contribution to the Buffer Pool shall be an ongoing obligation of Forest Owner for the remainder of the Term. So long as Forest Owner is not in default of any Forest Owner Obligation, including but not limited to its contributions to the Buffer Pool, Forest Owner may request from time to time that Reserve execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H. Reserve's consent to execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H shall not be unreasonably withheld so long as Forest Owner has contributed the required additional CRTs to the Buffer Pool. From and after the recordation of the "Subordination of Project Implementation Agreement", this Subsection 7(e) shall be deleted and shall be replaced in its entirety with the following new Subsection 7(e):

"Subordination. This Agreement shall be subordinate to any deed or mortgage on or affecting the Property that arises subsequent to the date this Agreement. Forest Owner acknowledges that Reserve would not agree to this Subsection 7(e) without Forest

DRAFT

Owner's additional contribution to the Buffer Pool in accordance with Exhibit G attached hereto. So long as Forest Owner is not in default of its obligations hereunder, including but not limited to its contributions to the Buffer Pool, Forest Owner may request from time to time that Reserve execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H. Reserve's consent to execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H shall not be unreasonably withheld."

[ALTERNATIVE SUBSECTION 7(e) TO BE USED ONLY WITH ADDITIONAL CONTRIBUTION TO BUFFER POOL AT THE TIME THE AGREEMENT IS SIGNED] [Subordination. This Agreement shall be subordinate to any deed or mortgage on or affecting the Property that arises subsequent to the date this Agreement. Forest Owner acknowledges that Reserve would not agree to this Subsection 7(e) without Forest Owner's additional contribution to the Buffer Pool in accordance with Exhibit G attached hereto. So long as Forest Owner is not in default of any Forest Owner Obligation, including but not limited to its contributions to the Buffer Pool, Forest Owner may request from time to time that Reserve execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H. Reserve's consent to execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H shall not be unreasonably withheld.]

- (f) Assignee Deemed a Forest Owner After Transfer. Once a Property Interest has been Transferred, the Assignee shall be deemed to be a "Forest Owner" under this Agreement, be subject to the Forest Owner Obligation and require any future party holding, owning or acquiring a Property Interest to assume the Forest Owner Obligation in accordance with this Section 7.

8. Obligations of Forest Owner Upon a Reversal.

- (a) Avoidable Reversals. If the Reserve determines that a Reversal has occurred due to Forest Owner's negligence, gross negligence or willful misconduct, including without limitation, over-harvesting, development, or harm to the Property ("Avoidable Reversal"),

- (1) The Reserve may deliver written notice to Forest Owner of the Avoidable Reversal ("Avoidable Reversal Notice"); and
- (2) Forest Owner shall: (i) within thirty (30) days of receiving the Avoidable Reversal Notice, provide a written description and explanation of the Reversal to the Reserve; (ii) within three (3) months of receiving the Avoidable Reversal Notice, provide the Reserve with an accounting of the Carbon Stocks for the year in which the Avoidable Reversal occurred; and (iii) within four (4) months of receiving the Avoidable Reversal Notice, Retire a quantity of Eligible CRTs equal to the difference between the Net Carbon Reduction for the year in which the Avoidable Reversal occurred and the Net Carbon Reduction of the immediately preceding year, for each year in which there has been an Avoidable Reversal.

DRAFT

- (b) Unavoidable Reversals. If the Reserve determines that a Reversal has occurred that is not due to Forest Owner's negligence, gross negligence or willful misconduct, including, without limitation, wildfires or disease that are not due to Forest Owner's negligence, gross negligence or willful misconduct ("Unavoidable Reversal"), the Reserve may Retire a quantity of CRTs from the Reserve's Buffer Pool (as described in the Forest Protocols) up to the difference between the Net Carbon Reduction for the year in which the Unavoidable Reversal occurred and the Net Carbon Reduction of the immediately preceding year, for each year in which there has been an Unavoidable Reversal.

9. Remedies.

- (a) If the Reserve determines that Forest Owner has breached or violated the Forest Owner Obligation ("Forest Owner Breach"), the Reserve shall deliver written notice to Forest Owner of the Forest Owner Breach ("Breach Notice"). If Forest Owner fails to cure the Forest Owner Breach within sixty (60) days of receiving the Breach Notice, the:

- (1) Reserve may (but shall not be obligated to): (i) place a notice of breach with respect to the Forest Project, Property and Forest Owner on the Reserve's online system that tracks the status of projects registered with the Reserve ("Reserve Tracking System"), (ii) freeze any activity of Forest Owner on the Reserve Tracking System that relate to the Forest Project and Property, including without limitation the transfer of CRTs, (iii) require Forest Owner to cease and desist from the activity, use or alteration to the Property that gives rise to the Forest Owner Breach and/or (iv) remove the Forest Project from the Reserve Tracking System.

- (2) Forest Owner shall: (A) within ninety (90) days of receipt of the Breach Notice, provide a written description and explanation of the Forest Owner Breach to the Reserve and (B) within one hundred twenty (120) days of receiving the Breach Notice, if the Forest Project was registered with the Reserve as a:

- i) Reforestation or Avoided Conversion project, Retire a quantity of Eligible CRTs equal to the Total CRTs Issued; or
- ii) Improved Forest Management project, Retire a quantity of Eligible CRTs equal to the Total CRTs Issued multiplied by the Compensation Rate in the following table that corresponds to the number of years that have elapsed between the Effective Date and the date of the Breach Notice.

Number of Years that have Elapsed Between the Effective Date and the date of the Breach Notice	Compensation Rate
0-5	1.40

DRAFT

Number of Years that have Elapsed Between the Effective Date and the date of the Breach Notice	Compensation Rate
6-10	1.20
11-20	1.15
21-30	1.10
31-50	1.05
>50	1.00

- (b) The Parties agree that Reserve will suffer damages in the event of Forest Owner's Breach of the Forest Owner Obligations by Forest Owner or a termination of this Agreement by Forest Owner pursuant to Section [2(b)]. Although the amount of such damages is difficult or impossible to determine, the Parties agree that the cost of the CRTs Forest Owner shall retire pursuant to Section [2(b)] or this Section [9(b)] (the "CRT Costs") is a reasonable estimate of the Reserve's loss in the event of Forest Owner's Breach of the Forest Owner Obligations by Forest Owner or termination of this Agreement by Forest Owner pursuant to Section [2(b)]. Thus, the Reserve and Forest Owner agree that the CRT Costs shall be liquidated damages but not a penalty. In no event shall this Section limit the Reserve's rights against Forest Owner as set forth in this Agreement and the Forest Protocols.

Reserve and Forest Owner acknowledge that they have read and understood the provisions of the foregoing liquidated damages provision and by their signatures immediately below agree to be bound by its terms. THE PROVISIONS OF THE THIS SECTION [9(b)] ARE INTENDED BY THE PARTIES TO COMPLY WITH THE STATUTORY REQUIREMENTS SET FORTH IN CALIFORNIA CIVIL CODE SECTION 1671.⁴

[insert signature block of the Reserve]

[insert signature block of Forest Owner]

- (c) In the event of a Forest Owner Breach with respect to only a portion of the Property, Forest Owner shall be in default hereunder only with respect to the portion of Property for which the breach has occurred. This Agreement and the Forest Protocols shall not be affected with respect to the rest of the Property for which there is no breach.
- (d) Any failure, delay or election not to act by either Party shall not be deemed to be a waiver or a forfeiture of any right or remedy on the part of the non-acting Party with respect to this Agreement.
- (e) Without limiting any of the Reserve's remedies set forth in this Section 9 and subject to Section 14, the Reserve shall have the right to seek any and all remedies: (i) available,

⁴ [Note: revise for properties outside of California.]

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including those remedies at law or in equity, for any breach of this Agreement or the Forest Protocols, and (ii) set forth in this Agreement or the Forest Protocols.

- (f) In the event of a Forest Owner Breach, Forest Owner shall reimburse the Reserve for all costs and expenses that the Reserve incurs in enforcing the terms of this Agreement and the Forest Protocols, including without limitation reasonable attorneys' fees and legal expenses, regardless of whether the Parties enter arbitration pursuant to Section 14.

10. Representations, Warranties and Covenants. For the duration of the Term, Forest Owner does hereby represent, warrant and covenant to and with the Reserve that:

- (a) All reports, statements, certificates and other data, including without limitation the Submitted Form, provided by and on behalf of Forest Owner to the Reserve in connection with the Forest Protocols, this Agreement, the Property and the Forest Project are true, correct and complete;
- (b) Forest Owner is the sole owner in fee simple of the Property;⁵
- (c) Forest Owner owns and holds all right, title and interest in and to the trees and standing timber located on the Property;⁶
- (d) Forest Owner owns and holds all right, title and interest in and to the Forest Project;
- (e) Forest Project is located completely within the boundaries of the Property;
- (f) The signatory of this Agreement has the authority to execute this Agreement on behalf of Forest Owner, and this Agreement and the Forest Protocols are binding on and enforceable against Forest Owner;
- (g) Forest Owner shall only use the Reserve Tracking System for transferring, holding and retiring CRTs for the Forest Project;
- (h) Forest Owner has not registered and will not register any portion of the Property, the Forest Project, or any enterprise on the Property that is similar to the Forest Project simultaneously with the Reserve and another entity or organization that tracks credits, benefits, emissions reductions, offsets and allowances attributable to the sequestration and reduction of carbon dioxide and GHGs;

⁵ [Note: This provision may need to be modified by the Reserve, depending on the nature of the ownership rights of the Forest Owner. See footnote 1.]

⁶ [Note: This provision may need to be modified by the Reserve, depending on the nature of the ownership rights of the Forest Owner. See footnote 1.]

DRAFT

- (i) Forest Owner has all corporate and other authority and all regulatory and other consents, approvals and authorizations necessary for it to legally: (i) enter into and perform the Forest Owner Obligation and (ii) engage in all activity, including without limitation the creation and transfer of CRTs, relating to this Agreement and the Forest Protocols; and
- (j) If Forest Owner is not a natural person, Forest Owner is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to do business in the state in which the Property is located.

11. Conservation Easements Permitted. Nothing in this Agreement shall prevent Forest Owner from encumbering the Property with a conservation easement pursuant to California Civil Code Sections 815 *et seq.* or other similar statutory scheme.

12. Notices. All notices, instructions, requests, or other communications required or permitted under this Agreement or the Forest Protocols ("Notice") shall be in writing and sent by (i) certified or registered mail, return receipt requested, postage prepaid, (ii) overnight delivery service or (iii) personal delivery addressed as follows:

If to the Reserve:

with a copy to:

If to Forest Owner:

with a copy to:

Any Notice shall be deemed received and effective at the following times: (i) on the fourth business day after mailing, (ii) on the first business day after delivery to the overnight delivery service and (iii) if personally delivered, upon delivery to the addressee. Notwithstanding the foregoing, whenever a Notice under this Agreement is received on a day that is not a business day or is required to be delivered on or before a specific day which is not a business day, the day of receipt or required delivery shall automatically be extended to the next business day. The Parties may change the addresses of notices, demands, requests, or other communications hereunder by giving notice pursuant to this Section 12.

13. Costs. Forest Owner retains all duties, obligations and responsibilities and shall bear all liabilities and costs related to the ownership, operation, upkeep, and maintenance of the Property and performance of the Forest Owner Obligation.

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14. Dispute Resolution. Any dispute regarding any aspect of this Agreement or the Forest Protocols or any act or omission which allegedly has or will breach any provision of this Agreement, the Forest Protocols or any law (each a "Dispute") shall be submitted to arbitration in Los Angeles, California, before an experienced arbitrator selected in accordance with the rules of the American Arbitration Association or its successor. The decision of the arbitrator shall be the exclusive remedy for any Dispute, final, conclusive and binding upon the Parties. The prevailing Party in such arbitration shall be entitled to recover its costs and expenses incurred as a result of such arbitration, including reasonable attorneys' fees, and any such costs and expenses shall be recoverable separately from and in addition to any other amount awarded through arbitration ("Arbitration Costs"). Should any Party to this Agreement pursue any Dispute by any method other than said arbitration in violation of this Section 14, the responding Party shall be entitled to recover from the initiating Party all damages, costs, expenses and attorneys' fees incurred as a result of such action or proceeding.
15. Indemnity. Forest Owner shall indemnify, hold harmless and defend, using counsel appointed by the Reserve, (collectively, "Indemnify") the Reserve and its directors, officers, employees, agents, contractors and representatives (collectively, the "Indemnified Parties") from and against all damages, liabilities, penalties, costs, losses, expenses, causes of action, claims, demands, or judgments, including without limitation, reasonable attorneys' fees and legal costs (collectively, "Damages"), arising from or in any way connected with this Agreement; *provided, however*, that Forest Owner shall not be obligated to Indemnify the Indemnified Parties for: (a) Arbitration Costs awarded to Forest Owner upon Forest Owner prevailing in arbitration pursuant to Section 14, (b) Damages caused by verifiers entering the Property pursuant to Section 5 that are not due to Forest Owner's negligence, gross negligence or willful misconduct and (c) Damages resulting from the Reserve's negligence, gross negligence or willful misconduct. This Section 15 shall survive the expiration or termination of this Agreement.
16. Forest Owner Holds No Right to, Ownership of or Control over the Buffer Pool. The Reserve holds all rights to, ownership of and control over the Buffer Pool. Notwithstanding any other terms in this Agreement or the Forest Protocols, nothing in this Agreement or the Forest Protocols shall give Forest Owner any right to, ownership of or control over the Reserve's Buffer Pool.
17. No Change to Forest Project or Baseline. Forest Owner shall not change, modify or revise the Forest Project or Baseline in any way unless the Reserve consents to such change, modification or revision.
18. Recordation. Forest Owner shall record a Memorandum of the Project Implementation Agreement in the form attached hereto as Exhibit I in the office of the recorder of each county in which the Property or some portion thereof is situated within ten (10) days of the date this Agreement is fully executed.

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19. Governing Law.⁷ This Agreement and the Forest Protocols shall be governed and construed in accordance with the laws of the State of California without reference to any conflict of laws principles that would require the application of the laws of any other jurisdiction.
20. Amendments. This Agreement may not be amended, supplemented, or modified unless such amendment, supplement, or modification is in writing and signed by both the Reserve and Forest Owner. For any CRTs issued in the future, the Term of this Agreement may be extended in accordance with this Section 20.
21. Severability. If any portion of this Agreement or the Forest Protocols, or the application thereof to any person or circumstance, is found invalid, the remainder of the provisions of this Agreement and the Forest Protocols, or the application of such provisions to persons or circumstances other than those as to which it is found to be invalid shall not be affected.
22. Incorporation of Recitals and Exhibits. The recitals stated in this Agreement are fully incorporated herein by this reference with the same force and effect as though restated herein. All exhibits attached hereto are deemed incorporated into this Agreement by reference.
23. Captions. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon construction or interpretation.
24. No Third-Party Beneficiaries. This Agreement and the Forest Protocols are for the sole and exclusive benefit of the Reserve, and its successors, successors in interest and assigns, and Forest Owner, and its successors, successors in interest and assigns, and except as set forth in Section 15, no third party will have any rights under this Agreement or the Forest Protocols.
25. Definitions. Any capitalized terms used herein, which are not defined herein, shall have the meanings for such terms as set forth in the Forest Protocols.
26. Terms of this Agreement Govern. In the event that any definitions, terms and provisions in this Agreement conflict with the definitions, terms and provisions in the Forest Protocols, the definitions, terms and provisions in this Agreement shall govern.
27. Entire Agreement. This Agreement, including any exhibits attached hereto, and the Forest Protocols, represent the entire agreement of the Parties with respect to the Property, Forest Owner Project, this Agreement and Forest Protocols and supersede any conflicting terms in any prior or contemporaneous oral or written agreements and all other communications.
28. Successors and Assigns. References to any natural person, governmental authority, publication, website, regulatory proceeding, corporation, partnership or other legal entity include its successors and lawful assigns.
29. Counterparts. This Agreement may be executed in one or more counterparts, and all of the counterparts shall constitute but one and the same agreement.

⁷ [Note: may revise for properties outside of California.]

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[Signatures on next page]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

THE RESERVE

Climate Action Reserve,
a California nonprofit public benefit corporation

By: _____

Name: _____

Title: _____

FOREST OWNER

By: _____

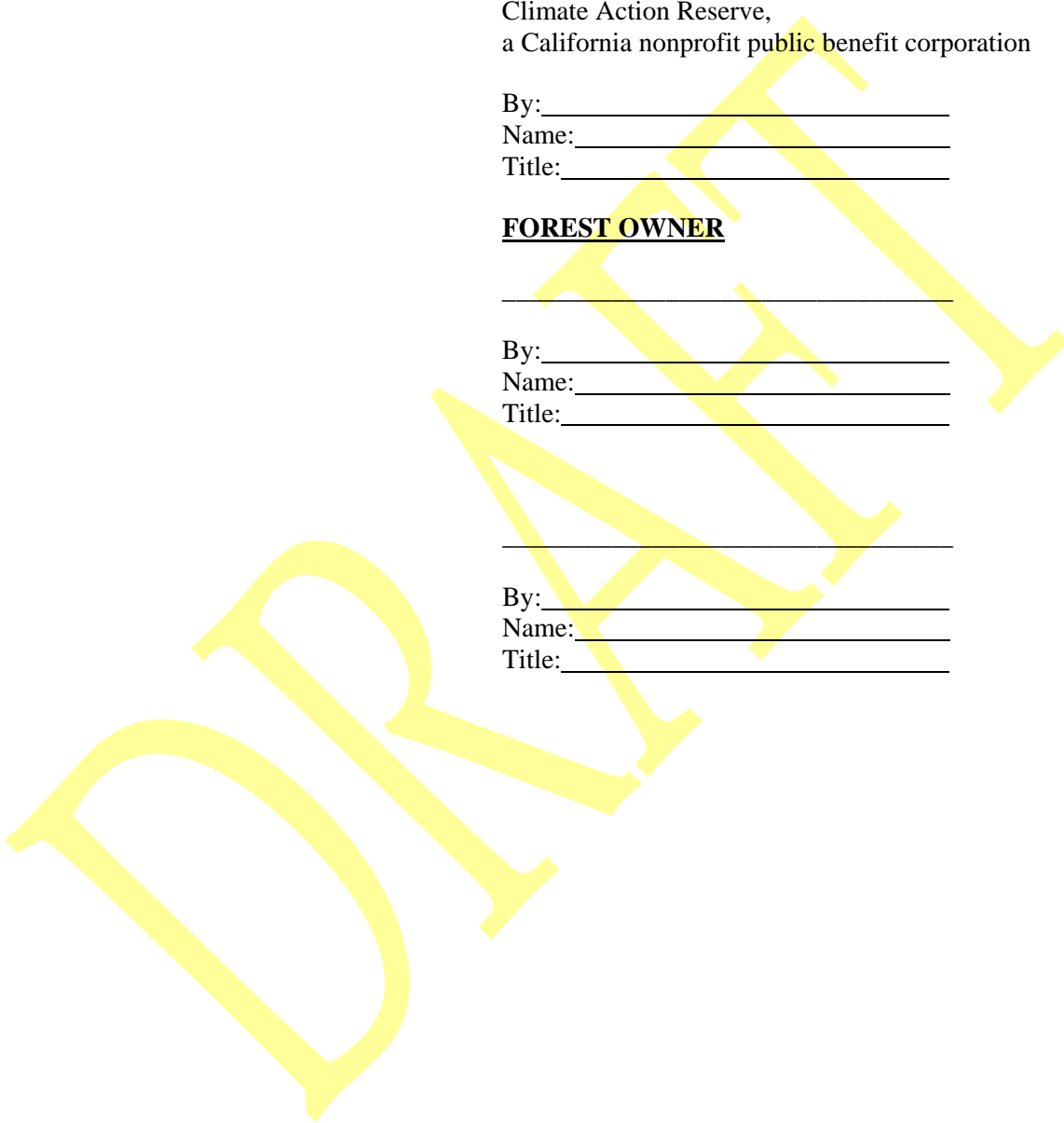
Name: _____

Title: _____

By: _____

Name: _____

Title: _____



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EXHIBIT A

FOREST PROJECT PROTOCOL

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EXHIBIT B

FOREST PROJECT VERIFICATION PROTOCOL

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EXHIBIT C

LEGAL DESCRIPTION OF THE PROPERTY

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EXHIBIT D

FOREST PROJECT APPROVED _____ FORM

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EXHIBIT E

BASELINE FOR THE FOREST PROJECT

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EXHIBIT F

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

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EXHIBIT G

ADDITIONAL BUFFER POOL CONTRIBUTION TABLE

Table 1

Risk Category	PIA with Subordination Clause Type 1*	PIA with Subordination Clause Type 2*
Financial Failure	2%	10%

For purposes of this Exhibit G only, the following terms shall be defined as follows:

- 1) "PIA" is a project implementation agreement.
- 2) "Subordination Clause Type 1" reads as follows: "Subordination. Forest Owner shall ensure that any deed, mortgage, lien, lease or other encumbrance on or affecting the Property that arises subsequent to the date of this Agreement shall be subordinate to this Agreement; provided, however, that so long as Forest Owner is not in default of any Forest Owner Obligation, Forest Owner may request that this Subsection 7(e) be amended as set forth below in exchange for Forest Owner's contribution of additional CRTs to the Buffer Pool in an amount which matches the additional contribution that would have been made at the time of the execution of this Agreement and for each subsequent year thereafter had Forest Owner chosen at that time to execute a version of the project implementation agreement which would have made this Agreement automatically subordinate to subsequent deeds and mortgages, as shown in Exhibit G attached hereto. The additional contribution to the Buffer Pool shall be an ongoing obligation of Forest Owner for the remainder of the Term. So long as Forest Owner is not in default of any Forest Owner Obligation, including but not limited to its contributions to the Buffer Pool, Forest Owner may request from time to time that Reserve execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H. Reserve's consent to execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H shall not be unreasonably withheld so long as Forest Owner has contributed the required additional CRTs to the Buffer Pool. From and after the recordation of the "Subordination of Project Implementation Agreement", this Subsection 7(e) shall be deleted and shall be replaced in its entirety with the following new Subsection 7(e):

'Subordination. This Agreement shall be subordinate to any deed or mortgage on or affecting the Property that arises subsequent to the date this Agreement. Forest Owner acknowledges that Reserve would not agree to this Subsection 7(e) without Forest Owner's additional contribution to the Buffer Pool in accordance with Exhibit G attached hereto. So long as Forest Owner is not in default of its obligations hereunder, including but not limited to its contributions to the Buffer Pool, Forest Owner may request from time to time that Reserve execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H. Reserve's consent to execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H shall not be unreasonably withheld.'

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3) "Subordination Clause Type 2" reads as follows: "Subordination. This Agreement shall be subordinate to any deed or mortgage on or affecting the Property that arises subsequent to the date this Agreement. Forest Owner acknowledges that Reserve would not agree to this Subsection 7(e) without Forest Owner's additional contribution to the Buffer Pool in accordance with Exhibit G attached hereto. So long as Forest Owner is not in default of any Forest Owner Obligation, including but not limited to its contributions to the Buffer Pool, Forest Owner may request from time to time that Reserve execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H. Reserve's consent to execute the "Subordination of Project Implementation Agreement" in the form attached hereto as Exhibit H shall not be unreasonably withheld."

Table 2 below is illustrative only and provides an example relevant only to Subordination Clause Type 1, in which Forest Owner in Year 3 requests that the PIA be amended and subordinated to a mortgage and in exchange Forest Owner contributes to the Buffer Pool in an amount equal to what the Forest Owner would have contributed had it originally chosen to execute a version of the PIA with Subordination Clause Type 2, which makes the PIA subordinate to subsequent deeds and mortgages. Thus, in Year 3 Forest Owner would need to contribute an additional 8% to the Buffer Pool for Years 1 through 3, for a total of [36 CRTs] to the Buffer Pool in Year 3. In future years beyond Year 3, Forest Owner would contribute 10% to the Buffer Pool for risks associated with financial failure, as if it had executed a PIA with Subordination Clause Type 2.

Table 2 EXAMPLE (*illustrative only*)

Year	Year 1	Year 2	Year 3
Agreement Type	PIA with Subordination Clause Type 1	PIA with Subordination Clause Type 1	PIA with Subordination Clause Type 2
CRTs	100	100	100
Hypothetical Contribution to Buffer Pool (assume fire risk at 3%)	12%	12%	20%
CRTs contributed to Buffer Pool for Current Year	12 CRTs	12 CRTs	20 CRTs
Adjustment, based on applying current Buffer Pool contribution % to previous CRTs	8 CRTs	8 CRTs	8 + 8 + 20 = 36 Total CRTs due in Year 3

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EXHIBIT H

SUBORDINATION OF PROJECT IMPLEMENTATION AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

SUBORDINATION OF PROJECT IMPLEMENTATION AGREEMENT⁸

THIS SUBORDINATION OF PROJECT IMPLEMENTATION AGREEMENT ("Subordination"), dated as of [____], is made between Climate Action Reserve, a [____] corporation, whose address is [____] ("Reserve"); [____], a [____] corporation, whose address is [____] ("Forest Owner"), and [____] BANK, ("Lender"), whose address is [____].

RECITALS

A. Reserve and Forest Owner are parties to that certain Project Implementation Agreement dated _____, (the "Project Implementation Agreement"), a memorandum of which was recorded in the Official Records of the County of [____], on [DATE], as Document Number [_____].

B. The Project Implementation Agreement sets forth certain liabilities, obligations and restrictions relating to that certain property described in Exhibit 1 attached hereto and incorporated herein (the "Property"), so that the Forest Project (as defined in the Project Implementation Agreement) generates a net reduction and sequestration of green house gas emissions.

⁸ Appropriate revisions to allow for recording and notarization in applicable state will be made

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C. Lender has agreed to make a loan to Forest Owner in the amount of [\$ _____], to be secured by a [deed of trust/mortgage] (the "Mortgage") of the real property described in Exhibit B attached hereto and incorporated herein (the "Mortgaged Property"), which Mortgaged Property includes the Property. The Mortgage is to be recorded in the Official Records of the County of [_____] and shall constitute a lien upon the Mortgaged Property (the "Loan").

D. Pursuant to [Subsection 7(e)] of the Project Implementation Agreement, the Forest Owner has requested that the Project Implementation Agreement be subordinated to the lien created by the Mortgage.

E. By this Subordination, Reserve, Forest Owner and Lender wish to evidence the subordination of the Project Implementation Agreement to the Mortgage.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, Reserve, Forest Owner and Lender hereby irrevocably and unconditionally agree as follows:

1. The Loan and any and all present or future substitutions, replacements, restatements, renewals, modifications, amendments or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Mortgaged Property, prior and superior to the Project Implementation Agreement.

2. Lender would not make the Loan without the execution, delivery and recordation of this Subordination.

3. All of Reserve's right, title, interest, claim and estate in and to the Mortgaged Property, if any, under or pursuant to the Project Implementation Agreement is and shall remain junior and subordinate in priority (a) to each and every lien and the security interest created by the Loan, and (b) to any and all extensions, replacements, substitutions, amendments, modifications and renewals thereof; *provided, however*, that nothing contained in this Subordination shall otherwise limit, modify or extinguish any of Reserve's rights, interests, claims, or remedies as described in the Project Implementation Agreement.

4. This Subordination shall be binding upon and insure to the benefit of the parties hereto and their respective successors and assigns.

5. This Subordination shall be governed by and construed in accordance with the laws of [California].

6. This Subordination may be executed in any number of counterparts and by different parties in separate counterparts, all of which taken together shall constitute one and the same document, binding upon all the parties.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Subordination as of the date first above written.

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LENDER:

By:
Its:

FOREST OWNER:

By : _____
Name:
Title:

RESERVE:

By : _____
Name:
Title:

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EXHIBIT 1

Legal Description

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EXHIBIT I

MEMORANDUM OF PROJECT IMPLEMENTATION AGREEMENT

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