

Anderson Nelson Hall Smith, P.A.

ATTORNEYS

490 MEMORIAL DRIVE
POST OFFICE BOX 51630
IDAHO FALLS, IDAHO 83405-1630
TELEPHONE (208) 522-3001
FAX (208) 523-7254
E-MAIL anhs@anhs.net

Douglas R. Nelson
Blake G. Hall
Marvin M. Smith*
Scott R. Hall
Joel E. Tingey
Steven R. Parry*
Brian T. Tucker
Jeffery W. Banks
Wiley R. Dennert
W. Joe Anderson
(1923-2002)

*Also member of Utah bar

October 26, 2004

IDWR Eastern Region
900 N. Skyline Dr., Suite A
Idaho Falls, Idaho 83402-1718

Re: *Change of Ownership on Water Right No. 22-07280B*

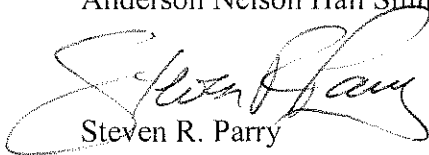
Dear Water Agents:

Enclosed is a Notice of Change of Water Right Ownership for Water Right No. 22-07280B. This water right was surrendered by the Rileys to this firm as part of their Amended Plan of Reorganization which was confirmed by the Bankruptcy Court. The Amended Plan and related documents are attached to the Notice.

If you have any questions or need any additional information, please contact me.

Sincerely,

Anderson Nelson Hall Smith, P.A.



Steven R. Parry
SRP/ks
Enclosures

cc: Norman and Robin Riley

RECEIVED
OCT 27 2004
Department of Water Resources
Eastern Region

Anderson Nelson Hall Smith, P.A.

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October 22, 2004

IDWR Eastern Region
900 N. Skyline Dr., Suite A
Idaho Falls, Idaho 83402-1718

Re: *Change of Ownership on Water Right No. 22-07280B*

Dear Water Agents:

This letter accompanies our Notice of Change in Water Right Ownership and is submitted for the purpose of providing further explanation as to the documents reflecting the change in water right ownership.

Attached hereto as **Exhibit "A"** is a Mortgage on Water Rights dated May 5, 1999, and recorded in Madison County on May 10, 1999 as Instrument No. 278514. A copy of Water Right License No. 22-07280B (the "*Water Right*") is attached thereto and was recorded in Madison County as part of Instrument No. 278514. The *Water Right* was the subject of lengthy litigation ending in an Idaho Supreme Court decision. The attached Mortgage on water rights sets forth that the *Water Right* served as collateral for attorney fees.

Attached here as **Exhibit "B"** is a copy of a map initially prepared by the Department of Water Resources which sets forth the primary and secondary rights associated with the *Water Right*. This map is attached for convenience.

The Rileys filed bankruptcy in the United States Bankruptcy Court, Case No. 01-40820. A copy of the Amended Plan of Reorganization dated May 10, 2002 is attached hereto as **Exhibit "C"**. Section 6.14 of the Amended Plan of Reorganization states therein that the Class 14 claim consists of the amount of the secured claim of Steven Parry and that "the collateral will be surrendered to Steven Parry in full satisfaction of the debt."

The Amended Plan of Reorganization was confirmed by the Bankruptcy Court in its Order Confirming Amended Plan of Reorganization dated July 22, 2002, a copy of which is attached hereto as **Exhibit "D"**.

During the course of the bankruptcy, Anderson Nelson Hall Smith, P.A., obtained an Order Granting Relief from Automatic Stay dated April 8, 2002, which expressly states that Anderson Nelson Hall Smith, P.A., may take "whatever action is deemed necessary to sell and dispose of the water rights associated with the water license 22-07280." A copy of the Order Granting Relief from Automatic Stay is attached hereto as **Exhibit "E"**.

The bankruptcy documents on occasion refer to the debtor as Anderson Nelson Hall Smith, P.A., and on other occasions as Steven Parry. For the purpose of clarifying that the claims and the *Water Right*

October 22, 2004

Page 2

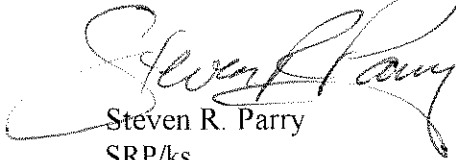
now belong to Anderson Nelson Hall Smith, P.A., Steven Parry has executed a Clarifying Assignment which is attached hereto as **Exhibit "F"**.

As set forth in the Amended Plan of Reorganization as approved by the Bankruptcy Court as set forth herein, the Rileys have surrendered Water Right No. 22-07280B to Steven Parry and/or Anderson Nelson Hall Smith, P.A. With the Clarifying Assignment enclosed, the foregoing documents provide the documentation necessary to change the ownership of the *Water Right* on the Department of Water Resources records to Anderson Nelson Hall Smith, P.A.

If you have any questions or need any additional information, please do not hesitate to call.

Sincerely,

Anderson Nelson Hall Smith, P.A.

A handwritten signature in dark ink, appearing to read "Steven R. Parry", is written over the typed name.

Steven R. Parry

SRP/ks

Enclosures

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
 Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
<u>22-07280B</u>	_____	___	_____	_____	___
_____	_____	___	_____	_____	___
_____	_____	___	_____	_____	___
_____	_____	___	_____	_____	___
_____	_____	___	_____	_____	___

2. The following **REQUIRED** information must be submitted with this form:

A. The appropriate **FILING FEE**. See instructions for fee amounts. **WAIVED**

B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.

SEE ATTACHED LETTER OF EXPLANATION
 C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

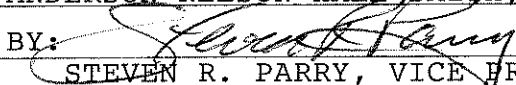
If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s) NORMAN RILEY AND ROBIN RILEY
1623 W 3400 S., REXBURG, IDAHO 83440
4. New Owner/Claimant(s) ANDERSON NELSON HALL SMITH, P.A.
 Name Connector (Check one): ☐ and, ☐ or, ☐ and/or
- New Mailing Address P.O. BOX 51630
- City, State and ZIP Code IDAHO FALLS, IDAHO 83405-1630
- New Telephone Number (208) 522-3001
5. Date you acquired the property JULY 22, 2002

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

7. Signature of New Owner(s) or Claimant(s) ANDERSON NELSON HALL SMITH, P.A.
(include title if applicable)
BY: 
STEVEN R. PARRY, VICE PRESIDENT

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by _____ Date _____ Fee _____
 Receipted by _____ Date _____ Receipt No. _____
 Processed by _____ AJ Date _____ WR _____ Date _____

Form No. 278514
Day MAY 10 1998
At 12:00 O'clock m
MARILYN R. RASMUSSEN
MADISON COUNTY RECORDER
Fee \$ 15.00 ADJ Deputy

MORTGAGE on WATER RIGHTS

Recorded At Request of
Anderson Nelson Hall Smith
PO Box 31674
Twin Falls,

FOR VALUE RECEIVED, NORMAN RILEY and ROBIN RILEY, husband and wife, of Madison County, Idaho (the "Mortgagors"), do hereby grant, bargain, sell and convey unto ANDERSON NELSON HALL SMITH, P.A., an Idaho professional association (the "Mortgagee"), the Mortgagors' interest in the following described water rights located in Madison County, Idaho, to wit:

The Water Rights represented by Water Right License No. 22-07280B, a copy of which is attached hereto and incorporated herein by this reference. This mortgage covers all water rights on the Mortgagors' land as well as all water rights on the adjacent land owned by Catherine Rowan. The legal description for the land in question is set forth on the attached License.

This Mortgage is given to secure legal fees incurred by Mortgagors in the past, as well as any future legal fees, and is in addition to any Lien for Attorneys Fees, notice for which was given September 4, 1998 in Madison County Case No. CV-93-00350 and Twin Falls County (SRBA) Case No. 94-00012, In Re: SRBA Case No. 39576. Mortgagors hereby confirm that such attorney fee liens are valid and that this Mortgage is provided as additional security for said legal fees.

In the event this Mortgage is foreclosed upon or otherwise called upon to pay for the secured indebtedness, the Mortgagors specifically consent to the Mortgagee applying for and obtaining a change in point of use of such water rights as well as a change in point of diversion of such other water rights, and any other changes that may be necessary for the Mortgagee to recognize, through sale, use or otherwise, the full value of the mortgaged water rights.

TO HAVE AND TO HOLD the said premises, with their appurtenances, unto the said Mortgagee, its successors and assigns forever.

This conveyance is intended as a mortgage to secure the payment of any and all legal fees due from the Mortgagors to the Mortgagee. All such payments are payable on demand, and upon demand shall begin accruing interest at the rate of Twelve percent (12%) per annum. The amount due is not represented by a specific promissory note, but is instead represented by periodic invoices sent from Mortgagee to Mortgagors. Such invoices shall be conclusive as to the amount due and the amount secured hereunder.

EXHIBIT
"A"

ATTACHED **to** THE IDWR NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

The Mortgagors covenant and agree with the Mortgagee as follows:

That they are the owners in fee simple of the above described water rights and that they are free from all encumbrances, subject perhaps to a Federal Land Bank Mortgage dated July 16, 1979, and recorded in Madison County as entry No. 179745; provided, however, that the reference to this Mortgage is not an admission as to whether the Mortgagee's attorney fee lien is superior to or inferior to said mortgage. As the fees were incurred when the water rights were in the form of personal property, and as the water rights were developed by and are a result of the litigation giving rise to the attorney fees, the Mortgagors and Mortgagees both assert that the attorney fee lien and this mortgage have priority to the subject water rights as collateral.

That they will pay the indebtedness hereby secured promptly upon demand. That they will pay all taxes, liens and assessments of any nature hereafter levied or imposed, or becoming payable, upon said premises not later than the twentieth day before delinquency.

If the Mortgagors shall fail to pay any such tax or lien, the Mortgagee may pay the same, and all payments by the Mortgagee for any such purpose shall be added to the indebtedness hereby secured, and shall be repayable on demand, with interest at the rate of twelve (12) per cent per annum until paid.

For the purpose of further securing said indebtedness and performance of the covenants herein contained, the Mortgagors shall hereby sell and assign to the Mortgagee any and all rentals accruing, or to accrue on said premises, during the life of this Mortgage.

Now, if the said Mortgagors shall pay or cause to be paid all moneys which are or may become due to Mortgagee and shall otherwise comply with the terms and conditions hereof, this conveyance shall be void; but in case default shall be made in the payment of the indebtedness hereby secured, or any part thereof, principal or interest, or in any of the covenants or agreements herein contained, then the Mortgagee or assigns, at its option, may declare the entire indebtedness hereby secured immediately due and payable, and foreclose this mortgage and cause said mortgaged premises to be sold in the manner provided by law, and out of the moneys arising from such sale retain principal and interest together with any sums advanced as provided herein, with interest as aforesaid, together with the costs and charges of such foreclosure suit and sale, including such sum as the court may adjudge reasonable as an attorney's fee to be allowed the plaintiff, and the overplus, if any there be, pay over to the Mortgagors, their heirs and assigns.

Assignment for Collateral Purposes. As the subject water rights are still in litigation and potentially still have the form of personal property, the parties further agree that this Mortgage shall also operate as a security agreement and an assignment for collateral purposes. Consequently, to the extent that such water rights are personal property, the Mortgagors hereby assign (for collateral purposes only) the water rights to the Mortgagee under the same terms and conditions as set forth above.

This Mortgage shall be construed and interpreted in accordance with the laws of the state of Idaho. This Mortgage shall further be construed and interpreted to the fullest extent possible so as to provide as much collateral as possible to Mortgagee.

IN WITNESS WHEREOF, this Mortgage has been duly executed by the Mortgagors the day and the year first above written.

May 5, 1999
Date

Norman Riley
Norman Riley

May 5, 1999
Date

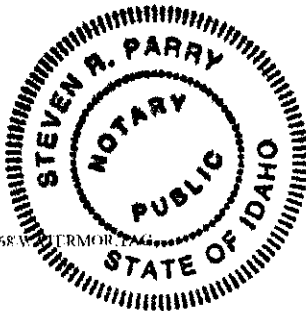
Robin Riley
Robin Riley

STATE OF IDAHO)

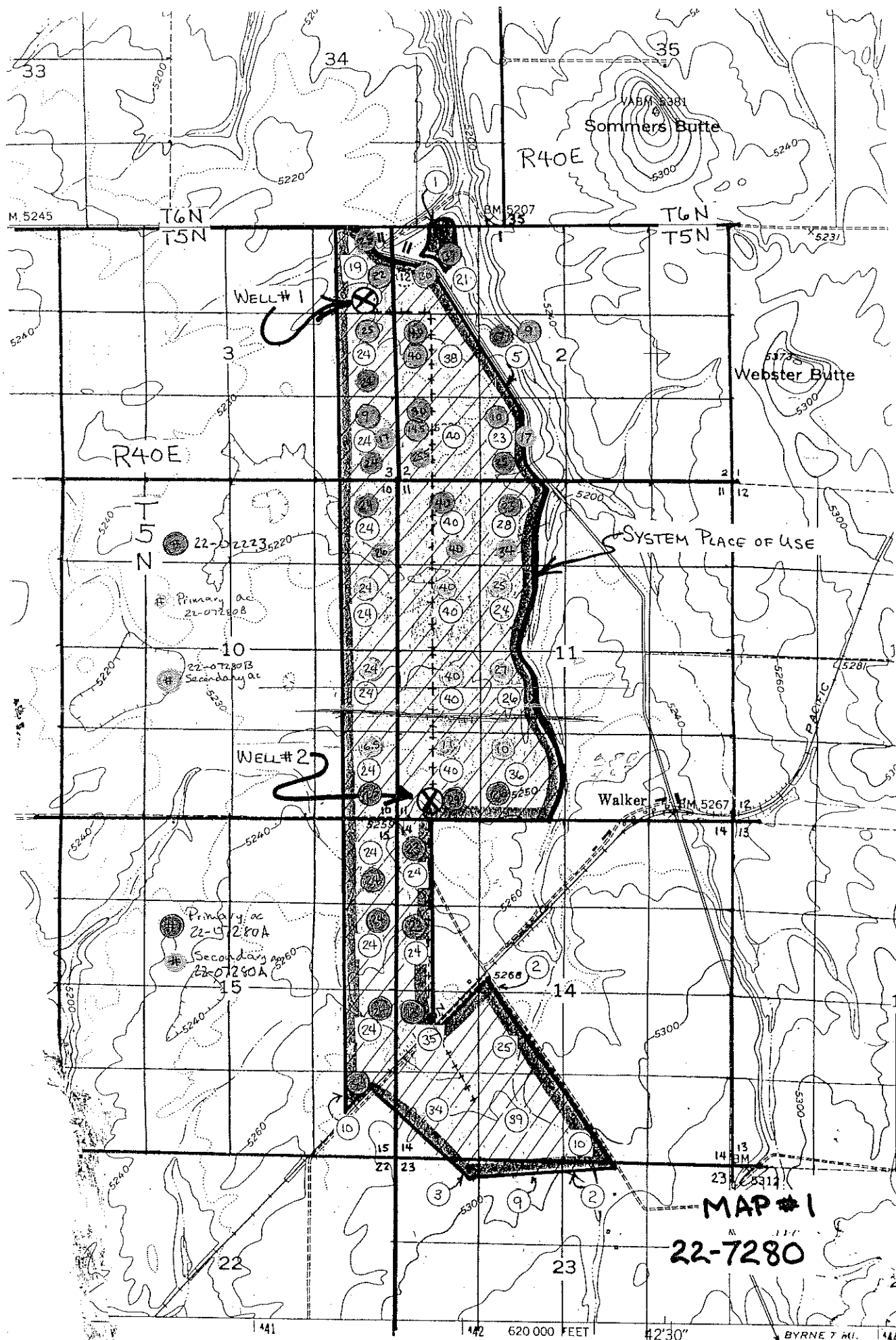
: ss.

County of Bonneville)

On this 5th day of May, 1999, before me, a Notary Public in and for said State, personally appeared Norman Riley and Robin Riley, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.



Steven R. Parry
Notary Public
Residing at: Idaho Falls, Id
Commission expires: 7/1/2003



published by the Geological Survey

S/N: 7AA

EXHIBIT

1 1/2

WILLIAM FORSBERG
Attorney at Law
ISB No. 2310
127 East Main
Rexburg, Idaho 83440

Telephone (208) 356-7474

Attorney for Debtors

FILED
CLERK OF DISTRICT COURT
TW

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF IDAHO

In Re:

NORMAN N. RILEY and ROBIN H.
RILEY, dba HOWE FARMS,

Debtors.

Case No. 01-40820 -11

AMENDED PLAN OF
REORGANIZATION

COMES NOW Norman N. Riley and Robin H. Riley, Debtors in Possession, and propose the following plan of reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code. It is important that you read this plan carefully and in conjunction with the attached Court approved Disclosure Statement to evaluate the impact the plan will have upon your claim or equity security interest.

I. DEFINITIONS

1.1 "Allowed Claim" shall mean a Claim (a) in respect of which a proof of claim has been filed with the Court within the applicable period of limitation fixed by rule 3001; or (b) scheduled in the list of creditors prepared and filed with the Court pursuant to Rule 1007(b) and not listed as disputed, contingent or unliquidated as to amount, in either case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Rule 3001 or an order of the Court, or as to which any objection has been determined by an order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari is pending.

Amended Plan of Reorganization

Page 1

EXHIBIT
C

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cc: 1102 ATTACHED TO THE IDWR NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

1.2 "Allowed Secured Claim" shall mean an Allowed Claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is subject to setoff under Section 553 of the Code, to the extent of the value (determined in accordance with Section 506(a) of the Code) of the interest of the holder of such Allowed Claim in the Debtor's interest in such property or to the extent of the amount subject to such setoff as the case may be.

1.3 "Amended Capital Lease" A replacement lease agreement which incorporates the amount, rate of interest and other terms set forth in the Plan for treatment of the Creditor's Claim(s) and in any stipulation for claim treatment entered into by Debtors and Creditor and approved by the Court. The Amended Capital Lease shall be executed on the Effective Date.

1.4 "Claim" shall mean any right to payment, or right to an equitable remedy for breach of performance if such breach gives rise to a right to payment against the Debtor in existence on or as of the Petition Date, whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, beneficial, secured or unsecured.

1.5 "Class" shall mean any class into which Allowed Claims or Allowed Interests are classified pursuant to Article II hereof.

1.6 "Code" shall mean the Bankruptcy Code, 11 USC §101 et seq., and any amendments thereof.

1.7 "Confirmation Date" shall mean the date upon which the Order of Confirmation is entered by the Court.

1.8 "Court" shall mean the United States Bankruptcy Court for the District of Idaho, in which the Debtors' Chapter 11 case, pursuant to which the Plan is proposed, is pending, and any court having competent jurisdiction to hear appeals or certiorari proceedings therefrom.

1.9 "Creditor" shall mean any person or entity that has a claim against the Debtors.

1.10 "Creditors Committee" shall mean the Creditors Committee appointed by Order of this Court, and members thereof and any successor or added members.

1.11 "Debtors" shall mean Norman N. Riley and Robin H. Riley, DBA Howe Farms.

1.12 "Effective Date" shall mean the date upon which the Order of Confirmation is no longer subject to appeal or certiorari proceeding, or the date on which no appeal or certiorari proceeding is then pending, and on which date all the conditions to the effectiveness of the Plan expressly set forth in the Plan have been fully satisfied or effectively waived.

1.13 "Indebtedness" as applied to the Debtors shall mean:

(a) all indebtedness or other obligations of the Debtors for borrowed money or for the deferred purchase price of property or services;

(b) all indebtedness of the Debtors, contingent, direct or otherwise, secured (or for which the holder of such indebtedness has an existing right contingent or otherwise to be secured) by any mortgage, pledge, lien, security interest or vendor's interest under any conditional sale or other title retention agreement existing on any property or asset owned or held by the Debtors, whether or not the indebtedness secured thereby shall have been assumed by the Debtors (hereafter "Secured Indebtedness"); or

(c) all indebtedness of others, secured or unsecured, directly or indirectly guaranteed, endorsed, or discounted with recourse by the Debtors, or in respect of which the Debtors are otherwise directly or indirectly liable, including without limitation, indebtedness in effect guaranteed by the purchase, repurchase or otherwise acquire such indebtedness in effect guaranteed by the Debtors through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such indebtedness or any security therefore, or to provide funds for the liability of the obligor of such indebtedness, or to make payment for any products, materials or supplies or for any transportation or services regardless of the nondelivery or nonfurnishing thereof.

1.15 "New Secured Note" Promissory note incorporating the amount, rate of interest and other terms set forth in the Plan for treatment of the Creditor's Claim(s) and in any stipulation for claim treatment entered into by Debtors and Creditor and approved by the Court. The New Secured Note shall be executed on the Effective Date.

1.16 "Order of Confirmation" shall mean the order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code, which Order is no longer subject to appeal or certiorari proceeding or as to which no appeal or certiorari proceeding is pending.

1.17 "Person" shall mean an individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, or a government or any agency, or political subdivision thereof.

1.18 "Petition Date" shall mean May 1, 2001, the date on which Debtors filed their Chapter 11 petition with the Court.

1.19 "Plan" shall mean this Chapter 11 Plan, as amended in accordance with the terms hereof or modified in accordance with the Code.

1.20 "Rules" shall mean the Federal Rules of Bankruptcy Procedure, as amended and supplemented by the Local Bankruptcy Rules as adopted by the Court.

1.21 "Secured Creditor" shall mean any creditor who holds a claim against the Debtors secured by a lien, security interest or other encumbrance which has been properly attached and perfected as required by law with respect to property of the estate, or who holds a claim that is subject to setoff under 11 USC §553, to the extent of the value of such creditor's interest in the estate's interest in such property, or to the extent of the amount subject to setoff, as the case may be.

II. CLASSIFICATION OF CLAIMS AND INTERESTS

All allowed claims and allowed interests have been placed in the following classes. The Debtors have determined which claims fall into the classes described below. A proof of Claim or interest which asserts a claim or an interest which is properly includable in more than one class is in a class to the extent it qualifies within the description of such class and is in a different class to the extent it qualifies within the description of such different class.

Priority Claims:

2.1 **Class 1:** Class 1 consists of all allowed claims against the Debtors entitled to priority

pursuant to 11 USC §503 for which application for allowance is made or a claim filed prior to the effective date of this plan, as the same are allowed, approved and ordered paid by the Court. This class includes the United States Trustee's Office.

2.2 Class 2: Class 2 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §507(a) (1), including reimbursement of the expenses of and compensation for services rendered by attorneys, accountants, real estate brokers, and other professional persons employed by the Debtors or the reorganized Debtors. The members of this class include William Forsberg, the attorney for the Debtors and Parry, Roe & Clayton, P.A., C.P.A.s.

2.3 Class 3: Class 3 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §507(a) (2), (4), (5), (6) and (7). The Debtors are unaware of any claims in this class.

2.4 Class 4: Class 4 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §507(a) (8), consisting of claims of governmental units for taxes in such amounts as may be allowed by the Court. The Internal Revenue Service, Idaho Department of Labor and Idaho State Tax Commission are creditors within this class.

Secured Claims:

2.5 Class 5: Class 5 shall consist of the allowed secured claims of New Holland Credit Co.

2.6 Class 6: Class 6 shall consist of the allowed secured claim of CNH Capital.

2.7 Class 7: Class 7 shall consist of the allowed secured claims of Advanta Business Services Corp.

2.8 Class 8: Class 8 shall consist of the allowed secured claim of Agricredit Acceptance LLC.

2.9 Class 9: Class 9 shall consist of the allowed secured claims of The Allen and Connie Ball Living Trust.

2.10 Class 10: Class 10 shall consist of the allowed secured claims of Key Bank, NA.

2.11 Class 11: Class 11 shall consist of the allowed secured claims of Bank of America

Mortgage.

2.12 Class 12: Class 12 shall consist of the allowed secured claims of General Motors Acceptance Corp.

2.13 Class 13: Class 13 shall consist of the allowed secured claims of Waterview Resolution Corp.

2.14 Class 14: Class 14 shall consist of the allowed secured claims of Steven Parry.

2.15 Class 15: Class 15 shall consist of the allowed secured claims of Northwest Farm Credit Services FLCA.

2.16 Class 16: Class 16 shall consist of the allowed secured claims of Tri-River Chemical, Inc.

2.17 Class 17: Class 17 shall consist of the allowed unsecured nonpriority claims.

Interests

2.18 Class 18: Class 18 shall consist of the allowed interests in Debtors. The Debtors are not aware of any such interests.

Post-Petition Claims:

2.19 Class 19: Class 19 shall consist of any post-petition claims against Debtors.

III. BASIC PLAN FOR DEBT REPAYMENT

3.1 The Debtors shall negotiate with the priority creditors who have indicated a willingness to negotiate with the Debtors concerning the payment of a priority claim in accordance with the requirements of the Bankruptcy Code. The balance of the administrative claims shall be paid in accordance with the terms and provisions of the Bankruptcy Code.

3.2 Debtors propose to pay secured creditors, the amount of their allowed or agreed secured claims according to the terms of this Plan as described in Article II hereinabove and as described hereafter.

3.3 Debtors propose to liquidate certain of its assets pursuant to Court approved surrenders of real and personal property to the creditors having the secured interest in those assets as well as Court approved sales of other property and to continue to operate the

restructured farm business. The proceeds from the sales of assets will be used to make payments on the allowed claims secured by the property sold.

The balance of the proceeds from such sales, if any, together with revenue from the operation of the farm business will be used by Debtors to make payments on the other secured, administrative, priority, and unsecured without priority claims. All claims will be paid as provided for hereinafter.

In the event it is not feasible to operate the farm, the Debtors propose to use the proceeds from the sale of the farm real estate and equipment to make the payments called for herein.

IV. DESIGNATION AND TREATMENT OF UNIMPAIRED CLASSES

Unimpaired Classes

4.1 The following classes are not impaired by the plan: Class 1, Class 2, Class 3, Class 11 and class 15. The foregoing classes are not impaired by this Plan and are, therefore, not required to vote either for acceptance or rejection of this Plan.

Treatment of Unimpaired Classes

4.2 Priority Claims; Class 1, Class 2 and Class 3: The holders of allowed claims in these classes shall, except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, receive cash in the amount of such allowed claim from the reorganized Debtors as soon as is practical on or after the effective date; or at the option of the reorganized Debtors, the legal, equitable and contractual rights to which such allowed claims entitle the holder thereof shall remain unaltered by the Plan. Any such claim representing a liability incurred in the ordinary course of business by the reorganized Debtors may be paid by the reorganized Debtors in the ordinary course of business.

4.3 Secured Claim, Class 11: Bank of America Mortgage services the mortgage on Norman and Robin Rileys' residence. The monthly payments will be made in accordance with the Note and Deed of Trust from the monthly draw taken by the Debtors.

4.4 Secured Claims, Northwest Farm Credit Services FLCA has elected to pursue foreclosure of its collateral which collateral is valued well in excess of full payment of debtors'

debt. Northwest Farm Credit Services FLCA will have no further claim against Debtors and is therefore unimpaired.

4.6 Interests in Debtors, Class 18: There are no interests in Debtors and no distributions will be made to this class.

4.7 Post-Petition Claims, Class 19: To the best knowledge and belief of the undersigned, there are no post-petition claims against Debtors. Class 18 shall receive no distributions.

V. TREATMENT OF IMPAIRED CLASSES

All impaired classes of claims shall receive the distributions set forth in Article VI on account and in complete satisfaction of all such allowed claims. The claims specified herein are impaired pursuant to § 1124 of the Bankruptcy Code. The following classes are impaired by the Plan:

5.1 Priority Claims: Class 4.

5.2 Secured Claims: Class 5 through 10, Class 12 through 16.

5.3 Unsecured Nonpriority Claims: Class 17.

VI. DISTRIBUTIONS

Priority Claims:

6.1 Class 1:

(a) Class 1 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §503 for which application for allowance is made or a claim filed prior to the effective date of this plan, as the same are allowed, approved and ordered paid by the Court. This class includes the United States Trustee's Office.

(b) Class 1 claims shall be paid in full on the Effective Date of the Plan, or within 90 days thereafter, or as agreed between the creditor and Debtors.

6.2 Class 2:

(a) Class 2 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §507(a) (1), including reimbursement of the expenses of and compensation for services rendered by attorneys, accountants, real estate brokers, and other professional

persons employed by the Debtors or the reorganized Debtors. The members of this class include William Forsberg, the attorney for the Parry, Roe & Clayton, P.A., C.P.A.s, the accountants for the Debtors.

(b) Class 2 claims shall be paid in full on the Effective Date of the Plan, or within 90 days thereafter, or as agreed between a creditor and Debtors on the amount of a claim determined to be enforceable by the Court.

6.3 Class 3:

(a) Class 3 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §507(a) (2), (4), (5), (6) and (7). The Debtors are unaware of any claims in this class.

(b) These claims, if any, shall be paid in accordance with Article 4.

6.4 Class 4:

(a) Class 4 consists of all allowed claims against the Debtors entitled to priority pursuant to 11 USC §507(a) (8), consisting of claims of governmental units for taxes in such amounts as may be allowed by the Court. The IRS has filed a priority claim totaling \$16,800.00. The Madison County Treasurer has filed a priority claim for \$17,163.22, part of which is secured by real estate which has been surrendered to Northwest Farm Credit Services FLCA and Tri-River Chemical Co., Inc. which part will not be allowed or paid as a part of Madison County's priority claim. The allowed priority claim of Madison County will be \$5,394.20. The Idaho State Tax Commission has filed a priority claim for \$2,742.10. The Idaho Department of Labor has filed a priority claim for \$40.42. The claims of The IRS and the state Tax Commission are subject to the actual assessment due from the Debtors on their 1999 and 2000 income tax returns.

(b) Class 4 claims will receive on account of such claim deferred cash payments, over a period not exceeding six (6) years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim, the first such payment to be made not later than December 31, 2002 with the remaining payments to be made yearly thereafter.

(c) The reorganized Debtors in their sole discretion, reserve the right to make payments on these claims, or any one of them, prior to culmination of the hereinabove referenced six (6) year period, should the Debtors determine that such earlier payment would be in the best interests of the estate. The reorganized Debtors shall have the right to prepay these creditors as herein provided without penalty. The interest rate for the Madison County Tax Collector, Idaho State Tax Commission and Idaho Department of Labor shall be 8%.

(d) The federal taxes entitled to priority under Section 507(a)(8) of the Bankruptcy Code shall be paid in deferred cash payments in the allowed amount of the claims within six (6) years of the date of assessment under USC § 1129(a)(9)(C). All unpaid priority tax claims shall remain non-dischargeable debts after confirmation. As to the priority claims of the IRS, the Debtor shall remain liable for all unpaid priority tax claims after confirmation. The IRS Claim shall be paid with interest at the proper lawful rate.

The reorganized Debtors shall timely file and pay all post confirmation returns and taxes, including Income Taxes, federal tax deposits and employment and unemployment business tax returns, if applicable. Except as described herein, the IRS shall retain all of its administrative remedies.

The Service is authorized to offset any overpayment made by the Debtors on account of any pre-petition federal taxes and pre-petition accruals thereon, to any pre-petition federal taxes and pre-petition accruals due to the United States, according to 11 U.S.C. 553 and 506(a).

If the Debtors are in default under any of the above provisions of the confirmed Plan, the Service shall give the Debtors thirty (30) days written notice of the default to the Debtors and their attorney by mail or by personal delivery. After thirty (30) days notice of default, if the Debtors have not cured the default, then at the close of the business day on the thirtieth (30th) day, the 11 U.S.C. 362 automatic stay and injunction, under 11 U.S.C. 524, shall terminate and the Service shall be entitled to utilize any and all administrative procedures and any and all other remedies available to it under the Internal Revenue Code.

Secured Claims:

Each creditor, the fair market value of whose collateral exceeds the amount of its Claim will receive a New Secured Note or Amended Capital Lease agreement (collectively, the "New Notes") providing for a principal amount equal to the amount of its debt at the Filing Date plus interest accruing thereon at the rate stated in the Plan. To secure the New Notes, each holder shall retain its lien on the Collateral which secured the respective pre-petition obligation as evidenced by a note, lease or other instrument, together with any replacement lien that creditor may have been granted.

Each creditor, the fair market value of whose collateral is less than the amount of its Claim ("undersecured creditor") shall receive a New Note providing for a principal amount equal to the fair market value of such collateral less any payments received post-petition which shall be applied first to reduce any pre-petition interest outstanding on such debt and second to reduce principal outstanding on such debt. The debt evidenced by the New Note shall bear interest at the rate stated in the Plan. To secure the New Note, the holder shall retain its lien on the Collateral which secured the Original Obligation together with any replacement lien that creditor may have been granted and additional collateral granted as adequate protection.

6.5 Class 5:

(a) Class 5 shall consist of the allowed secured claims of New Holland Credit Co. The amount of the allowed secured claim shall be \$11,188.45, together with 8% interest from the date of filing. The amount of the allowed claim is based upon the balance owed as of the date of filing of a Retail Installment Sales Contract dated 24 July, 1998.

(b) New Holland Credit Co. shall be paid five equal annual payments of \$2,930.16, the first payment due December 1, 2002.

6.6 Class 6:

(a) Class 6 shall consist of the allowed secured claim of CNH Capital. The amount of the allowed secured claim shall be \$16,162.86 together with 8% interest from the date of filing. The amount of the allowed claim is based upon the balance owed as of the date of filing

of a Refinancing Agreement dated 14 April, 1999.

(b) CNH Capital shall be paid five equal annual payments of \$4,232.91 the first payment due December 1, 2002.

6.7 Class 7:

(a) Class 7 shall consist of the allowed secured claim of Advanta Business Services Corp. The amount of the allowed secured claim shall be \$10,000.00 together with 10% interest from May 25, 2001. The amount of the allowed claim is based upon the stipulation of Advanta Business Services Corp. and the Debtors dated August 22, 2001.

(b) Advanta Business Services Corp. shall be paid twelve equal semi-annual payments of \$1,773.48, the first payments due February 14, 2002 and August 14, 2002. .

(c) The terms of the *Stipulation RE: Motion for Relief from Automatic Stay/Adequate Protection/Plan Treatment*, between Debtors and Advanta Business Services Corp. dated August 22, 2001, as approved by the Court are hereby incorporated herein.

(d) The pivot secured by the Advanta loan is on property being foreclosed by Northwest Farm Credit Services. In the event the pivot is taken with the foreclosed land, the Debtors will discontinue making payments on the pivot and the purchaser will have to purchase the pivot from Waterview.

6.8 Class 8:

(a) Class 8 shall consist of the allowed secured claim of Agricredit Acceptance LLC. The amount of the allowed secured claim shall be \$9,041.97 together with 8% interest from the date of filing.

(b) Agricredit Acceptance LLC shall be paid five equal annual payments of \$2,368.01, the first payment due December 1, 2002.

6.9 Class 9:

(a) Class 9 shall consist of the allowed secured claims of the Allen and Connie Ball Living Trust. The amount of the allowed secured claim shall be \$370,000.00 together with 7% interest from the date of filing.

(b) The Allen and Connie Ball Living Trust shall be paid \$30,000 on the effective date of the plan and 20 equal annual payments of \$34,538.37 each shall be made commencing on December 1, 2002 and continuing on the first day of each December thereafter until December 1, 2021, at which time the full, unpaid balance of principal and interest shall be due and payable. Within ten (10) days after confirmation of the Amended Plan, Debtors shall make and deliver to Allen and Connie Ball as Trustees of the Allen Ball and Connie Ball Living Trust, a promissory note in a form acceptable to the Trustees for \$370,000 plus interest accruing thereon at 7% and all amounts due and owing on the Promissory Note shall continue to be secured by that certain Real Estate Mortgage which was recorded in the records of Madison County, Idaho, on January 23, 1996, as Instrument No. 259478.

6.10 Class 10:

(a) Class 10 shall consist of the allowed secured claims of Key Bank, NA. The amount of the allowed secured claims is \$57,020.00 based upon the NADA Appraisal Guides for the average retail values of the 1994 pickup truck, \$6,850, and 1997 Bounder Motor Home, \$50,170.00 which are the collateral for these claims. The Key Bank, NA claims shall be amortized at 8% interest.

(b) Key Bank, NA shall be paid seven equal annual payments of \$11,451.02, the first payment due December 1, 2002.

6.11 Class 11:

(a) Class 11 shall consist of the allowed secured claim of Bank of America Mortgage. The amount of the allowed secured claim shall be \$18,864.99.

(b) Bank of America Mortgage shall be paid in accordance with the terms of its Note and Deed of Trust.

6.12 Class 12:

(a) Class 12 shall consist of the allowed secured claims of General Motors Acceptance Corp. The amount of the allowed secured claim is \$23,385.00 together with 8% interest from the date of filing.

(b) General Motors Acceptance Corp. shall be paid five equal annual payments of \$6,044.82, the first payment due September 30, 2002.

6.13 Class 13:

(a) Class 13 shall consist of the allowed secured claim of Waterview Resolution Corp. The amount of the allowed secured claim shall be \$35,000.00 together with 10% interest from May 25, 2001. The amount of the allowed claim is based upon the stipulation of Waterview Resolution Corp. and the Debtors dated August 22, 2001.

(b) Waterview Resolution Corp. shall be paid twelve equal semi-annual payments of \$4,274.75, the first payments due February 14, 2002 and August 14, 2002.

(c) The terms of the *Stipulation RE: Motion for Relief from Automatic Stay/Adequate Protection/Plan Treatment*, between Debtors and Waterview Resolution Corp. dated August 22, 2001, as approved by the Court are hereby incorporated herein.

(d) One of the two pivots secured by the Waterview loan is on property being foreclosed by Northwest Farm Credit Services. In the event the pivot is taken with the foreclosed land, the purchaser will have to purchase the pivot from Waterview and Debtors will make payments on the remaining pivot, only.

6.14 Class 14:

(a) Class 14 shall consist of the allowed secured claim of Steven Parry. The amount of the allowed secured claim is \$124,843.15.

(b) The collateral will be surrendered to Steven Parry in full satisfaction of the debt.

6.15 Class 15:

(a) Class 15 shall consist of the allowed secured claim of Northwest Farm Credit Services, FLCA. The amount of the allowed secured claim is \$309,723.84.

(b) The collateral has been surrendered to Northwest Farm Credit Services, FLCA in full satisfaction of the debt.

6.16 Class 16:

(a) Class 16 shall consist of the Allowed Secured Claim of Tri-River Chemical, Inc. The amount of the Allowed Secured Claim is \$840,961.16. The Allowed Secured Claim is based upon the carryover operating debt of the Debtors to Tri-River Chemical, Inc.

(b) Real estate and irrigation equipment securing the debt will be surrendered to Tri-River Chemical, Inc. in satisfaction of \$493,394.44 the debt. The remaining equipment securing the debt will be surrendered to Tri-River Chemical, Inc. in satisfaction of \$163,831.72 of the debt. Debtors will retain the right to redeem the surrendered real estate and irrigation equipment until December 31, 2002. Redemption shall be for a cash payment equal to the sum of \$493,394.44 together with interest at 8% from the date of confirmation of the plan and payment of all other expenses incurred by Tri-River Chemical, Inc. with respect to the land and irrigation equipment from the date of confirmation of the plan to the date of redemption. Debtors shall remain in possession of the land through the 2002 farming season. In the event the debtors do not redeem the real estate and by December 31, 2002, they will convey all their interest in the real estate to Tri-River Chemical, Inc. by quitclaim deed and all the interest in the irrigation equipment to Tri-River Chemical, Inc. by a bill of sale. Debtors shall remain in possession of the other farm equipment until June 1, 2002 and shall retain the right to redeem said equipment for the payment in cash of the sum of \$163,831.72 on or before July 15, 2002. In the event the Debtors do not redeem the other farm equipment, they shall convey all their interest in the other farm equipment to Tri-River Chemical, Inc. by bill of sale.

(c) Debtors will pay Tri River Chemical the sum of \$183,735.00 together with 8% interest in five equal installments of \$48,425.78, the first such installment due December 31, 2002 and the others due the 31st day of December in each succeeding year, the balance, principal and interest, due not later than December 31, 2006.

(d) The balance of the Tri-River Chemical, Inc. Allowed Claim will be paid as a part of Class 17.

Unsecured Claims:

6.17 Class 17:

(a) Allowed unsecured claims in this class shall receive a distribution of \$70,000.00. These allowed claims shall be paid pro rata from those monies available, after payment of all allowed priority, administrative and secured claims over a ten year period following the Effective Date of the Plan. Excess monies shall be accumulated during the calendar year and payments, without interest, shall be made on the 31st day of December of each year, beginning December 31, 2002. Payments shall continue to be made until the full \$70,000.00, without interest shall have been paid to the allowed unsecured claim holders in Class 17.

This class further includes any claims of those creditors described in Classes 5, through 16 not otherwise provided for in those classes, and in Classes 18 and 19. Debtors classify these claims as allowed unsecured claims. The reorganized Debtors propose to pay the undisputed amount to the creditors and resolve the disputed amounts as described by the Plan.

Interests:

6.18 Class 18:

(a) Class 18 shall consist of the allowed interests in Debtors. The Debtors are not aware of any such interests.

(b) No distributions shall be made on account of any interest under the Plan. These claims, if allowed, shall be paid in accordance with the claims of Class 18.

Post-Petition Claims:

6.19 Class 19:

(a) Class 19 shall consist of any post-petition claims against Debtors. The Debtors are not aware of any such claims.

(b) Any such claims, if allowed, shall be paid in accordance with the claims of Class 17.

VII.

**PROVISIONS FOR IMPLEMENTATION OF PLAN AND FOR
MEANS OF EXECUTION OF PLAN**

7.1 Funds necessary for the satisfaction of the creditors' claims shall be generated from the following sources:

- (a) Revenue from the operation of Howe Farms farming business.
- (b) Sale of non-essential assets.

7.2 Unless otherwise provided herein or agreed to between the concerned creditors and Debtors, within 90 days after the effective date, the reorganized Debtors shall pay in full all administrative expenses previously approved by the United States Bankruptcy Court for the District of Idaho.

7.3 Notwithstanding any other provision of this Plan of Reorganization, disputed claims as set forth in the Debtors' Bankruptcy Schedules on file herein and claims which may be contested shall be paid only upon their allowance by the court in conformance with the classification of the allowed amount of such claim as set forth herein.

7.4 All property of the Debtors shall be retained by the reorganized Debtors, except as sales shall hereafter be made, wherein a transfer of any part of the property of the estate to one or more entities, whether organized before or after confirmation of such Plan, may be had.

7.5 After Court approval of the sale of any part of the property of the reorganized Debtors, such sale shall be either: (a) subject to, or (b) free from any lien with the liens to attach to the proceeds thereof. The reorganized Debtors may thereafter, with Court approval make a distribution of a part of the proceeds from the sale of the property of the estate among those having an interest in such property of the estate, or on the allowed unsecured claims.

7.6 Except as proved for in this Plan, any extension of maturity date or change in an interest rate or other term of an outstanding security interest holder shall only be by written agreement between the parties.

7.7 The reorganized Debtors shall retain and may enforce any civil action, claim, or interest against any party whatsoever while the Plan is in effect.

7.8 The reorganized Debtors may elect to contest various claims filed by creditors, or parties in interest, including, but not limited to, administrative, priority, secured and unsecured

claims.

7.9 Debtors reserve the right to apply any excess funds received from the operation of their farm business to payments due the Internal Revenue Service, allowed administrative claims, or allowed secured claims.

7.10 Debtors propose, pursuant to 11 USC §365, to assume the Idaho Department of Lands Lease C-9775, Lease C-8845, and the Idaho Department of Lands Contracts Nos. 25521 and 25522. The contracts are both in default, and according to their terms the Debtors are now in the status of lessors. Payment of this year's lease payments will reinstate the contracts. The debtors intend to reject the lease with Katherine Rowan and attempt to negotiate a new lease.

7.11 Debtors shall be entitled to retain from the operation of the farm up to the sum of \$150,000.00 per year for the purpose of planting and operating the farm prior to making distributions to the creditors in Class 17. Debtors further retain the right to incur secured indebtedness as is necessary and convenient to the operation of the farm business. Debtors may grant a prior secured interest to providers of fertilizer and other chemicals and seed as may be necessary for planting and operation of the farms as long as Plan payments to each of the creditors having a security interest to be subordinated are current.

VIII. PROPERTY TO BE DEALT WITH BY THE PLAN

All property of the Debtors is dealt with in the Plan. Secured creditors shall retain their security interest or lien in the property of the Debtors, subject to the provisions of the Bankruptcy Code and this Plan.

IX EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Unless specifically rejected herein, or in previous orders of this court, the reorganized Debtors shall have a period of thirty (30) days after the effective date to either assume or reject all executory contracts and unexpired leases. At this time Debtors are unaware of any executory contracts or unexpired leases that have not already been rejected.

X. MODIFICATION OF PLAN

10.1 Modifications of the Plan may be proposed in writing by the reorganized Debtors at

any time before confirmation, provided that such Plan, as modified, meets the requirements of 11 U.S.C. 1122 and 1123, and the reorganized Debtors have complied with 11 U.S.C. 1125.

10.2 In addition, the Plan may be modified at any time after confirmation and before its substantial consummation, provided that such Plan, as modified, meets the requirements of §§ 1122 and 1123 of the Code and the Court, after notice and a hearing, confirms such Plan as modified, under § 1129 of the Code, and the circumstances then existing justify such modifications.

10.3 A holder of a claim or interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Court, such holder changes its previous acceptance or rejection.

10.4 Any modification of the Plan will supersede and render null and void the previous provision which was modified.

10.5 The reorganized Debtors may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the final Order of the Court confirming the Plan in such manner as may be necessary to carry out the purpose and intent of this Plan so long as the interests of claimants or interest holders are not materially or adversely affected.

XI. RETENTION OF JURISDICTION

Until this Plan has been fully consummated through the entry of a final decree completely closing the case, the Bankruptcy Court shall retain jurisdiction over all matters necessary to ensure that the purposes and intent of this Plan are carried out, including but not limited to the following:

- (1) Determination of requests for payment of claims entitled to priority under §507(a) (1) of the Code, including compensation of parties entitled thereto.
- (2) In the event an appeal is perfected from the order confirming Plan, the Court shall also retain jurisdiction appropriate to protect the interests of the estate and to enter such orders as are necessary to protect the appeal.
- (3) Hear and determine any objection to a claim or equity security interest when such objection is filed with the Court by the reorganized Debtors.
- (4) Hear and determine all questions and disputes regarding title to the property of the reorganized Debtors or the reorganized Debtors' estate.

(5) Correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the order of confirmation as may be necessary to carry out the purpose and intent of the Plan.

(6) To liquidate damages in connection with any disputed claims.

(7) To adjudicate all claims of a security or ownership interest in any property of the estate or in any proceeds thereof.

(8) To allow and classify claims of any creditor, reexamine claims as provided under the Code, and to hear and determine any objection to a claim or equity security interest when such objection is filed with the Court by the reorganized Debtors.

(9) Issue any order necessary to implement the Plan or order of confirmation, including, without limitation, such declaratory and injunctive orders as are appropriate to protect the reorganized Debtors, the reorganized Debtors' estate, and the reorganized Debtors in their estate from actions of creditors, equity security holders, or other parties in interest.

(10) Hear and determine any dispute relating to the terms or implementation of the Plan or Order of Confirmation, or to the rights or obligations of any party in interest with respect thereto and correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the order of confirmation as may be necessary to carry out the purpose and intent of the Plan.

(11) To hear and determine any modification of the Plan pursuant to § 1127 of the Bankruptcy Code.

(12) To hear and determine any dispute, claim for relief application, adversary proceeding or contested matter pending commenced on or commenced after the confirmation date involving the collection or liquidation of assets of the reorganized Debtors, including, without limitation, any proceeding commenced for the purpose of voiding, recovering or preserving for the benefit of the estate any transfer of property, obligation incurred by the Debtors, lien or setoff.

(13) Hear and determine any matter related to the assumption, assignment, or rejection of an executory contract or unexpired lease of the reorganized Debtors.

(14) Entry of a final decree closing this Chapter 11 case.

Nothing contained herein shall be construed as restricting the reorganized Debtors in the conduct of their business and operation unless the Plan specifically provides to the contrary.

XII. DISCHARGE

Except as otherwise provided for in the Plan or in the Order of Confirmation, entry of the Order of Confirmation acts as a discharge effective as of the effective date of the Plan, of (i) any and all claims arising or occurring prior to the effective date, and (ii) any and all claims of the

kind specified in §§ 502(g), 502(h), or 502(I) of the Code. Such discharge will be effective under § 1141 of the Code whether or not a Proof of Claim is filed or deemed filed, such claim is allowed, or the holder of such claim has accepted the Plan.

XIII. VESTING OF PROPERTY IN REORGANIZED DEBTORS

13.1 Upon the effective date of the Plan all property of the estate shall vest in the reorganized Debtors and shall be held and owned by the reorganized Debtors, free and clear of all liens, claims and interests of all creditors or all interest holders in the Debtors or reorganized Debtors, except to the extent provided for in the Plan.

13.2 Pending execution of the Plan and unless the Court has otherwise expressly ordered, or this Plan otherwise expressly provides, all creditors, will be stayed from proceeding against the Debtors, the reorganized Debtors, the reorganized Debtors' assets, or the assets of the estate.

XIV. DISCLOSURE OF IDENTITY AND AFFILIATIONS

14.1 After confirmation of the Plan, Norman and Robin Riley shall continue to operate the reorganized Debtors. The continuing operation of the business by the Rileys is consistent with the interests of creditors and with public policy.

14.2 Norman and Robin Riley shall take a total monthly draw of \$5,000.00.

XV. MISCELLANEOUS

15.1 The headings in the Plan are for the convenience of reference only and neither constitute a portion of the Plan nor in any manner affect the construction or meaning of the provisions of the Plan.

15.2 The authority of the reorganized Debtors to agree to modifications, supplements or amendments of or to any agreements or instruments referred to in the Plan or utilized in the reorganized Debtors' business shall be as provided in such agreement or instruments.

15.3 Except to the extent that the Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed and construed and enforced in accordance with the laws of the State of Idaho.

15.4 The rights, duties and obligations of any person named or referred to in this Plan

shall be binding upon and shall inure to the benefit of the successors or assigns of such person.

15.5 Whenever any payment or distribution to be made under this Plan shall be due on a day other than a business day, such payment or distribution shall instead be made, without interest, on the next following business day.

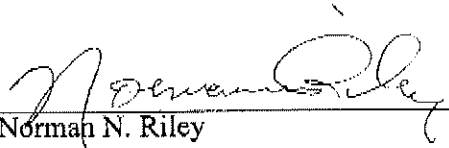
15.6 Any notice, pleading, or document, required to be served by law or according to the provisions of this Plan, shall be in writing and shall be served in person or by Certified Mail upon the reorganized Debtors as follows:

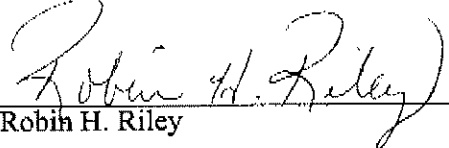
Norman N. and Robin Riley
1623 West 3400 South
Rexburg, ID 83440

With a copy to:

William Forsberg
127 East Main
Rexburg, ID 83440

DATED this 10th day of May, 2002.


Norman N. Riley


Robin H. Riley

WILLIAM FORSBERG
Attorney at Law
ISB 2310
127 East Main
Rexburg, Idaho 83440

Telephone (208) 356-7474

Attorney for Debtors

U.S. COURTS

02 JUL 22 AM 9:40

REC'D _____ FILED _____
CAMERON S. BURKE
CLERK IDAHO

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF IDAHO

In Re:

NORMAN N. RILEY and ROBIN H.
RILEY, dba HOWE FARMS,

Debtors.

Case No. 01-40820
Chapter 11

ORDER CONFIRMING AMENDED PLAN
OF REORGANIZATION

Debtors' Amended Plan of Reorganization came on for hearing for purposes of confirmation on the 13th day of June, 2002. Appearing at the hearing was William Forsberg, attorney for the debtors.

The Debtors filed their Amended Plan of Reorganization on the 10th day of May, 2002; the Plan and Amended Plan, Disclosure Statement, Notice of the Confirmation Hearing and Notice of Continued Confirmation Hearing having been mailed to all creditors and other parties in interest as required by Bankruptcy Rule 2002 (b), and after hearing the oral argument of the respective parties; being fully advised in the premises; and, having determined after notice and hearing that:

1. Any and all written objections to confirmation filed with the Court have been resolved and withdrawn or overruled;
2. The provisions of Chapter 11 of the Code have been complied with in every respect and the plan has been proposed in good faith and not by any means forbidden by law;
3. Each class of holders of claims or interests has accepted the debtor's plan, and will receive or retain property which, as of the effective date of the plan, as a value that is not less than the

Order Confirming Amended Plan of Reorganization - Page 1

ATTACHED ~~to~~ THE IDWR NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

EXHIBIT

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amount such holder would receive or retain if the debtors' estate were liquidated under Chapter 7 of the Code on such date;

4. All payments made or promised to be made by the debtors, or by any person, for services or costs and expenses in, or in connection with, the plan and incident to this case have been fully disclosed to the Court and are reasonable, or, if to be fixed after confirmation of the debtors' amended plan, will be subject to approval of the Court;

5. Confirmation of the debtors' amended plan is not likely to be followed by liquidation or the need for further financial reorganization of debtor's estate, or any successors to the debtors under the amended plan.

NOW, THEREFORE, IT IS HEREBY ORDERED that the Debtors' Amended Plan of Reorganization, dated the 10th day of May, 2002 is confirmed and that all parties affected hereby are bound to the provisions of the debtors' Amended Plan of Reorganization.

IT IS FURTHER ORDERED that the United States Trustee's quarterly Fees are an allowed administrative expense that will be paid on the effective date of the Plan, the Debtor will pay, when due, all United States Trustee's quarterly fees incurred from the confirmation date until the case is closed by the Court, converted or dismissed, whichever occurs first. The quarterly fees owed to the United States Trustee shall be paid on the effective date of the confirmed Plan.

IT IS FURTHER ORDERED that as to Class 16, consisting of the secured claim of Tri-River Chemical Company, its treatment under the plan shall be as follows:

(a) Class 16 shall consist of the Allowed Secured Claim of Tri-River Chemical, Inc. The amount of the Allowed Secured Claim is \$840,961.16. The Allowed Secured Claim is based upon the carryover operating debt of the Debtors to Tri-River Chemical, Inc.

(b) Surrender of Collateral and Right to Redeem.

(1) Real estate and irrigation equipment securing the debt will be surrendered to Tri-River Chemical, Inc. in satisfaction of \$493,394.44 the debt. The remaining equipment securing the debt will be surrendered to Tri-River Chemical, Inc. in satisfaction of \$163,831.72 of the debt.

(2) Debtors will retain the right to redeem the surrendered real estate and

irrigation equipment until December 31, 2002. Redemption shall be for a cash payment equal to the sum of \$550,000.00 together with interest at 8% from the date of confirmation of the plan and payment of all other expenses incurred by Tri-River Chemical, Inc. with respect to the land and irrigation equipment from the date of confirmation of the plan to the date of redemption.

(3) Debtors shall remain in possession of the land through the 2002 farming season. Debtors shall pay to Tri-River Chemical, Inc. the sum of \$25.00 per acre for the 140 acres of farm land on which it has a first mortgage position. Such payment shall be due not later than October 31, 2002.

(4) In the event the Debtors do not redeem the real estate and irrigation equipment by December 31, 2002, they will convey all their interest in the real estate to Tri-River Chemical, Inc. by quitclaim deed and all the interest in the irrigation equipment to Tri-River Chemical, Inc. by a bill of sale.

(5) Debtors shall remain in possession of the other farm equipment until July 15, 2002 and shall retain the right to redeem said equipment for the payment in cash of the sum of \$163,831.72 on or before August 15, 2002. In the event the Debtors do not redeem the other farm equipment, they shall convey all their interest in the other farm equipment to Tri-River Chemical, Inc. by bill of sale.

(6) On the effective date of the Plan, Debtors shall execute a bill of sale for the equipment collateral, and a quitclaim deed to the real estate collateral in a form acceptable to Tri-River Chemical, which shall be held by counsel for Tri-River Chemical, to be conveyed to Tri-River Chemical if and only if Debtors fail to redeem said equipment and/or real estate as provided herein.

(c) Payment of UAP Interest in Pre-petition Government Payments, etc.

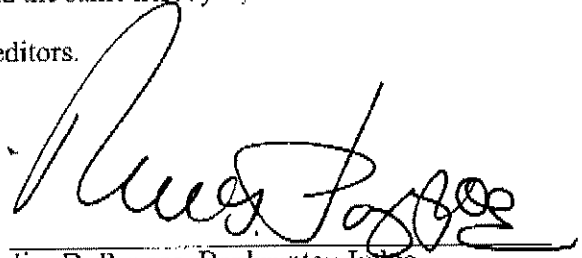
(1) As payment in full of its interest in all government payments for claims under any and all agricultural program entitlements for which the Debtors may be entitled to payment, for all periods prior to the date the petition was filed herein, Debtors will pay Tri River Chemical the sum of \$183,735.00 together with 8% interest in five equal installments of \$48,425.78, the first such installment due December 31, 2002 and the others due the 31st day of December in each succeeding year, the balance, principal and interest, due not later than December 31, 2006.

(2) Debtors will grant to Tri-River Chemical, Inc. a security interest in all post confirmation government payments it is entitled to receive on property owned by them. Creditor shall release any such payments to the Debtors as long as the Debtors are current on their obligations under this Plan to the Creditor.

(d) The balance of the Tri-River Chemical, Inc. Allowed Claim will be paid as a part of Class 17.

IT IS FURTHER ORDERED that, except as provided in this Order Confirming Plan of Reorganization, all property of the estate shall be, and the same hereby is, vested in the debtors free and clear of any and all claims or interests of the creditors.

Dated this 22nd day of July, 2002.


Jim D. Pappas, Bankruptcy Judge

Reviewed and Approved by:

Jeffery G. Howe, Asst. U.S. Trustee

Warren Derbidge

Daniel C. Green

Brian D. Nicholas

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Jim D. Pappas, Bankruptcy Judge

Reviewed and Approved by:



Jeffery G. Howe, Asst. U.S. Trustee

Warren Derbidge

Daniel C. Green

Brian D. Nicholas

Order Confirming Amended Plan of Reorganization - Page 4

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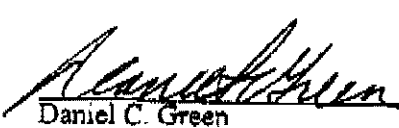
Dated this ____ day of July, 2002.

Jim D. Pappas, Bankruptcy Judge

Reviewed and Approved by:

Jeffery G. Howe, Asst. U.S. Trustee

Warren Derbidge



Daniel C. Green

Brian D. Nicholas

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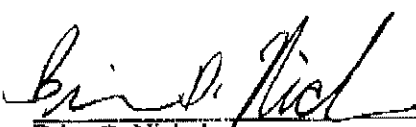
Jim D. Pappas, Bankruptcy Judge

Reviewed and Approved by:

Jeffery G. Howe, Asst. U.S. Trustee

Warren Derbidge

Daniel C. Green



Brian D. Nicholas

CLERK'S CERTIFICATE OF MAILING

The undersigned hereby certifies that a true, correct and complete copy of the Order Confirming Amended Plan of Reorganization were served to the following parties by placing the same in the U.S. Post Office, postage prepaid, this 22nd day of July, 2002.

Daniel Green
Racine, Olson, Nye, Cooper
P.O. Box 1391
Pocatello, ID 83204-1391

Warren Derbidge
U.S. Department of Justice
PO Box 32
Boise ID 83707

Jeffery Howe
U. S. Trustee
P.O. Box 110
Boise ID 83701

Brian D. Nicholas
Deputy Attorney General
P.O. Box 36
Boise ID 83722-0036

William Forsberg
Law Firm of Forsberg & Dummar, Chtd.
127 East Main
Rexburg, ID 83440

CAMERON S. BURKE, Clerk


Deputy Clerk

Steven R. Parry
Brian T. Tucker
ANDERSON NELSON HALL SMITH, P.A.
490 Memorial Drive
P. O. Box 51630
Idaho Falls, ID 83405-1630
Telephone (208) 522-3001
Fax (208) 523-7254
Idaho State Bar Numbers 4006 and 5236

U.S. COURTS
02 APR - C AM 9:51
REC'D
CLERK OF COURT
CLERK OF COURT

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF IDAHO

In Re:

NORMAN N. AND ROBIN H. RILEY
519-66-7784 and 519-72-1117

Debtor.

Case No. 01-40820

**ORDER GRANTING RELIEF FROM
AUTOMATIC STAY**

Based on the stipulation filed by the Debtors, and Anderson Nelson Hall Smith, P.A. stipulating that the information contained in the Affidavit of Steven R. Parry to support its request to lift the stay is true and correct and that there exists good cause for relief from the automatic stay and the Court being fully advised in the premises and good cause appearing therefore;

NOW, THEREFORE, IT IS HEREBY ORDERED, That Anderson Nelson Hall Smith, P.A. be, and is hereby granted relief from the Automatic Stay provided by 11 U.S.C. §362(a) allowing Anderson Nelson Hall Smith, P.A. to take whatever action is deemed necessary to sell and dispose of the water rights associated with water license 22-07280.

Said personal property was pledged as collateral by the Debtors to the obligation the Debtors owe to Anderson Nelson Hall Smith, P.A. Debtors should cooperate in the disposal of the personal property.

IT IS FURTHER ORDERED that the additional ten (10) day stay after an Order Granting Relief From the Automatic Stay imposed by Rule 4001(a)(3) is not applicable to this case pursuant to the parties stipulation.

DATED this APR - 8 2002 day of March, 2002.

ORDER GRANTING RELIEF FROM AUTOMATIC STAY - 1

EXHIBIT
E

ATTACHED To THE IDWR NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

JIM D. PAPPAS

JUDGE

NOTICE OF ENTRY

I HEREBY CERTIFY That a copy of the foregoing Order was th **APR - 8 2002** **APR - 8 2002** March, 2002, served on every party affected thereby as follows by mailing by U.S. Mail, postage prepaid, or personal delivery, or by placing in the courthouse mail.

William Forsberg
127 E. Main Street
Rexburg, ID 83440

Norman and Robin Riley
1623 W. 3400 S.
Rexburg, ID 83440

U.S. Trustee
Post Office Box 1110
Boise, ID 83701

Brian T. Tucker
P.O. Box 51630
Idaho Falls, ID 83405-1630

Cameron S. Burke

CLERK

Tami Williams

DEPUTY

L:\srp\2668.02\ordergrant.relief.wpd

CLARIFYING ASSIGNMENT

WHEREAS, certain documents in the bankruptcy matter of Norman N. Riley and Robin H. Riley, d/b/a Howe Farms, Case No. 01-40820 referred on occasion to the claim of Anderson Nelson Hall Smith, P.A., and on occasion to the claim of Steven Parry; and

WHEREAS, Steven Parry is an attorney with the law firm of Anderson Nelson Hall Smith, P.A., and any claims in said bankruptcy associated with Steven Parry are the same as the claims of Anderson Nelson Hall Smith, P.A.; and

WHEREAS, to remove any confusion as to the proper holder of the subject water rights Steven Parry desires by this Clarifying Assignment to confirm that all rights and interests in Water Right No. 22-07280B are owned by Anderson Nelson Hall Smith, P.A.,

NOW, THEREFORE, for the reasons set forth above, and as clarification as to ownership, Steven Parry, an attorney with Anderson Nelson Hall Smith, P.A., hereby confirms that the rights and interests in Water Right No. 22-07280B are and should be held in the name of Anderson Nelson Hall Smith, P.A., and for that purpose hereby assigns any interest that he may have in said water rights to Anderson Nelson Hall Smith, P.A.

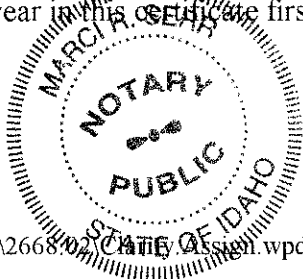
Dated this 22nd day of October, 2004.


STEVEN PARRY

STATE OF IDAHO)
:
County of Bonneville)

On this 22nd day of October, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared STEVEN PARRY, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.





Notary Public for the State of Idaho

Residing at

My Commission expires:

Idaho Falls, Id
5-8-2008

EXHIBIT

"F"

ATTACHED ~~to~~ THE IDWR NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Anderson Nelson Hall Smith, P.A.

ATTORNEYS

490 MEMORIAL DRIVE
POST OFFICE BOX 51630
IDAHO FALLS, IDAHO 83405-1630
TELEPHONE (208) 522-3001
FAX (208) 523-7254
E-MAIL anhs@anhs.net

Douglas R. Nelson
Blake G. Hall
Marvin M. Smith*
Scott R. Hall
Joel E. Tingey
Steven R. Parry*
Brian T. Tucker
Jeffery W. Banks
Wiley R. Dennert
Darren S. Robins

W. Joe Anderson
(1923-2002)

*Also member of Utah bar

September 8, 2005

Ernest Carlson
IDWR Eastern Region
900 N. Skyline Dr., Suite A
Idaho Falls, Idaho 83402-1718

Re: *Change of Ownership on Water Right No. 22-07280B*

Dear Mr. Carlson:

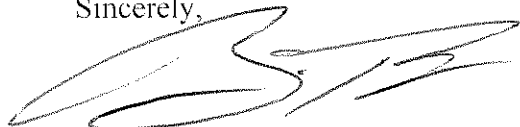
This firm previously submitted a Notice of Change in Water Right Ownership with a letter from Mr. Steven R. Parry dated October 26, 2004. We were subsequently contacted by Mr. Jones who indicated that he was assisting the Department on issues related to this change in ownership. We recently spoke to Mr. Jones who indicated that some issues had come up with regard to ownership and that the matter had been turned back over to you.

The purpose of this letter is twofold. First, to advise you that I am now handling this matter on behalf of Anderson Nelson Hall Smith, P.A., and to invite your call at anytime if you have questions.

Second, we have begun making arrangements to sell our interest in these water rights and are hoping to complete that transaction this fall. Consequently, if at all possible we were wondering whether the Department would be able to make a determination in the near future. Mr. Jones indicated that it might be necessary to involve the Attorney General's office. Whatever the process, we would appreciate any steps that you might take to assist in expediting a determination. If possible, we would also appreciate some estimate as to how long the Department might require to complete this determination.

I look forward to hearing from you.

Sincerely,



Brian T. Tucker
/ks

L:\srp\2668\MDWRCarlson.LTR.wpd

RECEIVED
SEP - 9 2005
Department of Water Resources
Eastern Region