

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective October 8, 2013, between the Idaho Water Resource Board ("**Board**"), and

Lessor: Hayden Homes Idaho LLC, an Idaho Limited Liability Company
 2464 SW GLACIER PL
 REDMOND OR 97756
 (208) 995-1031
 bduffey@hayden-homes.com

RECITALS

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.
2. The Lessor has filed a completed application to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources.
3. The Director of the Idaho Department of Water Resources has reviewed the application for compliance with the Water Supply Bank rules and has approved the Lease subject to conditions listed below.

NOW, THEREFORE, in consideration of the mutual covenants and contracts herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **WATER RIGHTS:** The Lessor shall lease and the Board shall accept into the Water Supply Bank the Applicant's water rights described as follows:

Summary of Water Rights or Portions Leased to the Bank

<u>Water Right</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
63-33867	0.03 CFS	4.3 AF	NA	1.7 AC
63-33868	0.01 CFS	8.7 AF	NA	2.3 AC
Combined Lease Totals:	0.04 CFS	13.4 AF	NA	4.0 AC

The water rights described herein shall be available for rental from the Bank as follows:

<u>Authorized Period of Use under Lease:</u>	Irrigation Season	03/1 to 11/15
	Stockwater Season	01/1 to 12/31

2. **COMPENSATION:** The Lessor shall accept and the Board shall pay compensation determined by the amount of water rented under the following rental rate during such times as the water is rented from the Bank over the term of this Lease.

Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2017.
4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE:** The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.

5. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

Hayden Homes Idaho LLC
2464 SW GLACIER PL
REDMOND OR 97756

DocuSigned by:
Jim Sansburn
8092383E0F1D4C9

By _____

Date 1/21/2014

Printed Name Jim Sansburn

Title VP

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By  _____
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date 1/27/2014

Lease approved by IDWR  _____

Date 1/27/2014

ATTACHMENT A
WATER RIGHT NO. 63-33867
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: Hayden Homes Idaho LLC
 2464 SW GLACIER PL
 REDMOND OR 97756
 (208) 995-1031

Priority Date: 1/6/1947

Source: GROUND WATER

Tributary to:

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/01	to 11/15	0.01 CFS	4.2 AF
STOCKWATER	01/01	to 12/31	0.02 CFS	0.1 AF
	Total:		0.03 CFS	4.3 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER NE¼SE¼ Sec. 26 Twp 04N Rge 01W ADA County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

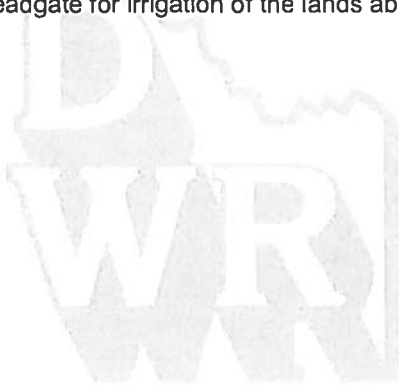
Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
04N	01W	26													1.7				1.7

Total Acres: 1.7

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the Bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the Bank stays in the Bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the Bank, forfeiture provisions are stayed.
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.

8. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.
9. In accordance with Idaho Code § 42-248 and § 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. This water right is supplemental to Settlers Irrigation District surface water rights. Rental of this water right requires that the renter possess surface water shares in Settlers Irrigation District and that this supplemental water right only be utilized when surface water is undeliverable to the renter.
11. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
12. The water right(s) is leased to the Bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
13. This right, when combined with all other rights, shall provide no more than 0.03 cfs per acre, nor more than 4.5 af per acre at the field headgate for irrigation of the lands above.



ATTACHMENT A
WATER RIGHT NO. 63-33868
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: Hayden Homes Idaho LLC
 2464 SW GLACIER PL
 REDMOND OR 97756
 (208) 995-1031

Priority Date: 1/6/1947

Source: GROUND WATER

Tributary to:

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	11/15	0.01 CFS	8.7 AF
	Total:		0.01 CFS	8.7 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER NE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 26 Twp 04N Rge 01W ADA County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
04N	01W	26													2.3				2.3

Total Acres: 2.3

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the Bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the water right or a part thereof is not rented from the Bank.
3. While a right is in the Bank, the lessor may not use the right without approval of the Department even if the right is not rented from the Bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the Bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the Bank, forfeiture provisions are stayed.
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.

8. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.
9. In accordance with Idaho Code § 42-248 and § 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. Use of this right is combined with water from Settlers Irrigation District. Rental of this water requires the renter possess surface water shares in Settlers Irrigation District.
11. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
12. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
13. The use of water for irrigation under this right may begin as early as March 1, provided other elements of the right are not exceeded. The use of water before March 15 under this remark is subordinate to all water rights having no subordinated early irrigation use and a priority date earlier than the date a partial decree is entered for this right.



RECEIVED

OCT 08 2013

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
WATER RESOURCE BOARDReceipt No. 0097844
Fee Amount \$ 250.00
Date/by 10-8-13 ALP
(For Department Use Only)APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK*Amended*
*12/6/2013*Name of Seller/Lessor Hayden Homes Idaho, LLC Phone (208) 995-1031
Mailing address 2464 SW Glacier Pl. Redmond, OR 97756 Email bduffey@Hayden-Homes.com

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. Water Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use
<u>63-33867</u>	<u>0.03 / 4.3</u>	<u>Irrigation</u>	_____ to _____
_____	_____	_____	_____ to _____
_____	_____	_____	_____ to _____
_____	_____	_____	_____ to _____
Total Amount: <u>0.03 / 4.3</u>			

2. Source of water Groundwater tributary to N/A

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	1/4	1/4	1/4	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE 1/4				NW 1/4				SW 1/4				SE 1/4				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. Total Acres _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.
2. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
If yes, provide written consent from the company, corporation or irrigation district to the proposed sale or lease and list name of entity:

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.

Well

2. Describe any other water rights used for the same purpose or at the same place of use as described above.

N/A

3. Will the present place of use continue to receive water from any source?

Yes ☐ No ☒

If yes, describe.

4. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒

If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. N/A

5. Is this water right involved in any other Department process such as an application for transfer or a mitigation plan? Yes
- ☒
- No
- ☐

If yes, describe. An application to transfer will be submitted once the pending Notice of Change in Water Right

Ownership is finalized

D. REQUIRED ITEMS

This form must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.
3. A completed Internal Revenue Service (IRS) Form W-9 (attached). If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

E. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale
- ☐
- or lease
- ☒
- .

If lease, for a period from 8-8-13 to 8-8-18 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

Signature of Applicant



Signature of Applicant

Printed Name and Title*

Jim Sansburn - VP of Finance

Printed Name and Title*

Date

12/6/2013

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Mail to: Idaho Department of Water Resources, P.O. Box 83720, Boise, ID 83720-0098

Form 42-1761-1 07/13

RECEIVED**OCT 08 2013**DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
WATER RESOURCE BOARDReceipt No. 2097844
Fee Amount \$ 250.00
Date/by 10-8-13 HP
(For Department Use Only)**APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK**Name of Seller/Lessor Hayden Homes Idaho, LLC Phone (208) 995-1031
Mailing address 2464 SW Glacier Pl. Redmond, OR 97756 Email bduffey@Hayden-Homes.com**A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK**If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. Water Right Number Split → 87.7% of 63-2656A Amount (cfs/ac-ft) 0.02 / 4.29 Nature of Use Irrigation Period of Use _____ to _____
Resulting in → 63-33867 0.02 / 0.09 Stock _____ to _____
0.02 / 0.53 Domestic _____ to _____

Total Amount: 0.06 / 4.91

2. Source of water Groundwater tributary to N/A

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. Total Acres _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
 If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.
2. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
 If yes, provide written consent from the company, corporation or irrigation district to the proposed sale or lease and list name of entity:

Form 42-1761-1 04/13

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.

well

2. Describe any other water rights used for the same purpose or at the same place of use as described above.

N/A

3. Will the present place of use continue to receive water from any source?

Yes ☐ No ☒

If yes, describe. _____

4. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. N/A

5. Is this water right involved in any other Department process such as an application for transfer or a mitigation plan? Yes
- ☒
- No
- ☐

If yes, describe. An application to transfer will be submitted once the pending Notice of Change in Water Right Ownership is finalized**D. REQUIRED ITEMS**

This form must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.
3. A completed Internal Revenue Service (IRS) Form W-9 (attached). If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

E. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale
- ☐
- or lease
- ☒
- ?

If lease, for a period from n/a to n/a (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

Signature of Applicant

Bill Duffy

Signature of Applicant

Printed Name and Title*

Land Manager - Hayden Homes Idaho, LLC

Printed Name and Title*

Date

10/8/2013

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Mail to: Idaho Department of Water Resources, P.O. Box 83720, Boise, ID 83720-0098

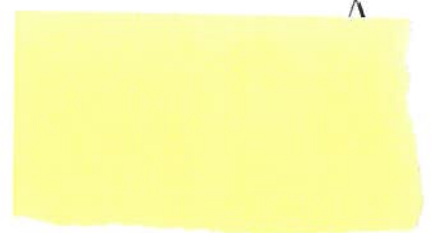
State of Idaho
Department of Water Resources
Water Right License
63-33867

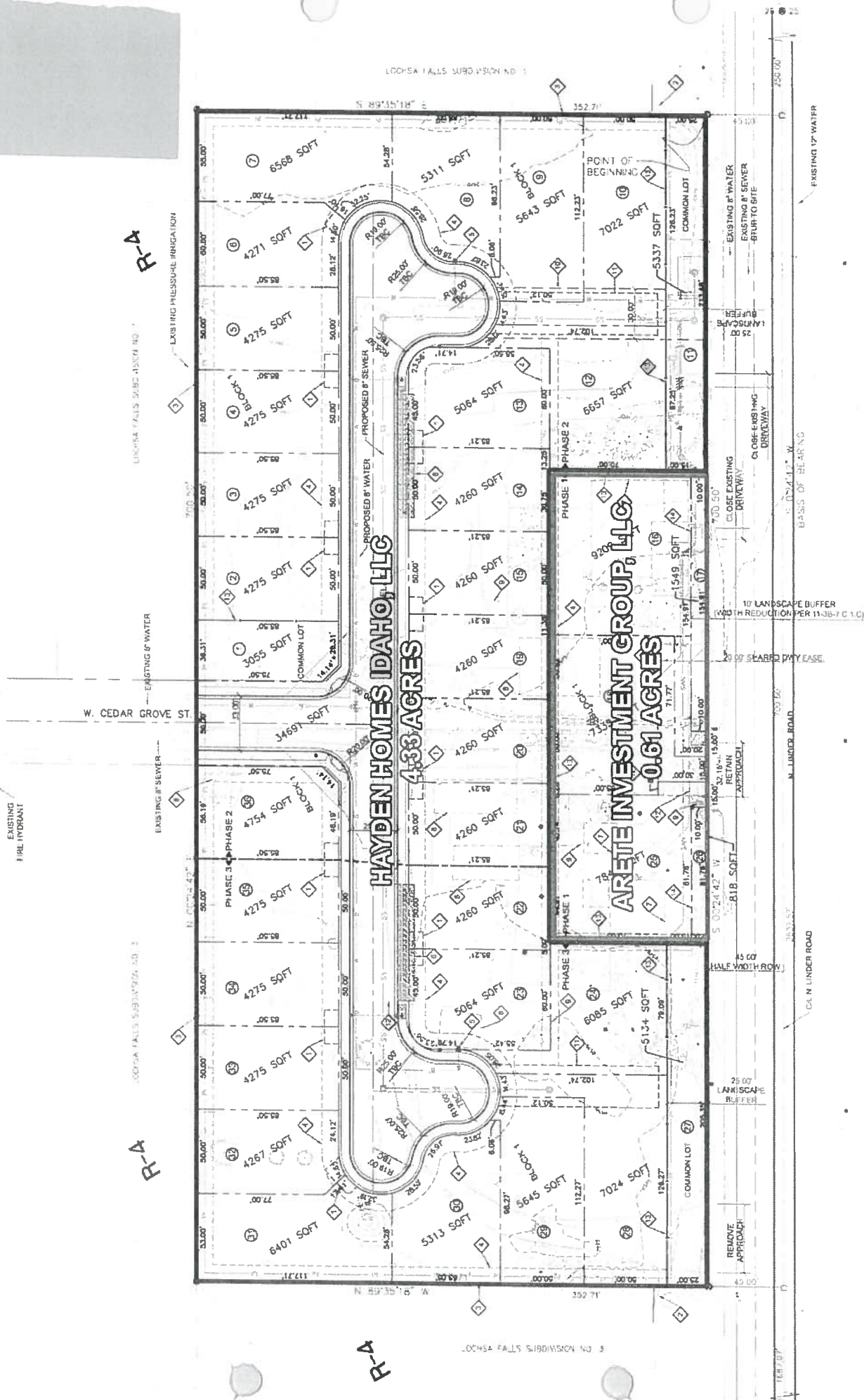
01W



-  Point of Diversion
-  Place Of Use Boundary
-  Townships
-  PLS Sections
-  Quarter Quarters

0 0.01 0.02 0.04 Miles





RECEIVED

OCT 08 2013

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
WATER RESOURCE BOARDReceipt No. 0097844
Fee Amount \$ 250.00
Date/by 10-8-13 40
(For Department Use Only)APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANKAmended
12/6/2013Name of Seller/Lessor Hayden Homes Idaho, LLC Phone (208) 995-1031
Mailing address 2464 SW Glacier Pl. Redmond, OR 97756 Email bduffey@Hayden-Homes.com

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. Water Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use
63-33868	0.01 / 8.7	Irrigation	_____ to _____
_____	_____	_____	_____ to _____
_____	_____	_____	_____ to _____

Total Amount: 0.01 / 8.72. Source of water Groundwater tributary to N/A

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. Total Acres _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
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2. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
If yes, provide written consent from the company, corporation or irrigation district to the proposed sale or lease and list name of entity: _____

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.
Well

2. Describe any other water rights used for the same purpose or at the same place of use as described above.
N/A

3. Will the present place of use continue to receive water from any source? Yes ☐ No ☒
If yes, describe. _____
4. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes ☐ No ☒
If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. N/A

5. Is this water right involved in any other Department process such as an application for transfer or a mitigation plan? Yes ☒ No ☐
If yes, describe. An application to transfer will be submitted once the pending Notice of Change in Water Right Ownership is finalized

D. REQUIRED ITEMS

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E. SALE/LEASE AGREEMENT

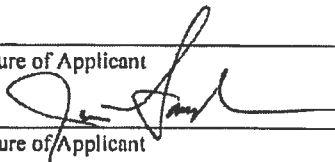
1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale ☐ or lease ☒?
If lease, for a period from 8-8-13 to 8-8-18 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)
2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

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3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

Signature of Applicant



Printed Name and Title*

Jim Sansburn - VP of Finance

Date

12/6/2013

Signature of Applicant

Printed Name and Title*

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Mail to: Idaho Department of Water Resources, P.O. Box 83720, Boise, ID 83720-0098

Form 42-1761-1 04/13

RECEIVED

OCT 08 2013

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
WATER RESOURCE BOARDReceipt No. 0097843 CP
Fee Amount \$ 250.00
Date/by 10-8-13 HP
(For Department Use Only)APPLICATION TO SELL OR LEASE A WATER RIGHT
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Mailing address 2464 SW Glacier Pl. Redmond, OR 97756 Email bduffey@Hayden-Homes.com

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. Water Right Number 87.7% of 63-2656C Amount (cfs/ac-ft) 0.02 / 8.55 Nature of Use Irrigation Period of Use _____ to _____
 _____ to _____
 _____ to _____
 Total Amount: 0.02 / 8.55

Split →
Resulting in →
CP

2. Source of water Groundwater tributary to N/A

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	1/4	1/4	1/4	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE 1/4				NW 1/4				SW 1/4				SE 1/4				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. Total Acres _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
 If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.
2. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
 If yes, provide written consent from the company, corporation or irrigation district to the proposed sale or lease and list name of entity:

Form 42-1761-1 04/13

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.

well

2. Describe any other water rights used for the same purpose or at the same place of use as described above.

N/A

3. Will the present place of use continue to receive water from any source?

Yes ☐ No ☒

If yes, describe. _____

4. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. N/A

5. Is this water right involved in any other Department process such as an application for transfer or a mitigation plan? Yes
- ☒
- No
- ☐

If yes, describe. An application to transfer will be submitted once the pending Notice of Change in Water Right Ownership is finalized**D. REQUIRED ITEMS**

This form must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.
3. A completed Internal Revenue Service (IRS) Form W-9 (attached). If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

E. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale
- ☐
- or lease
- ☒
- .

If lease, for a period from n/a to n/a (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

Signature of Applicant

Bill Duffy

Signature of Applicant

Printed Name and Title*

Land Manager - Hayden Homes Idaho. LLC

Printed Name and Title*

Date

10/8/2013

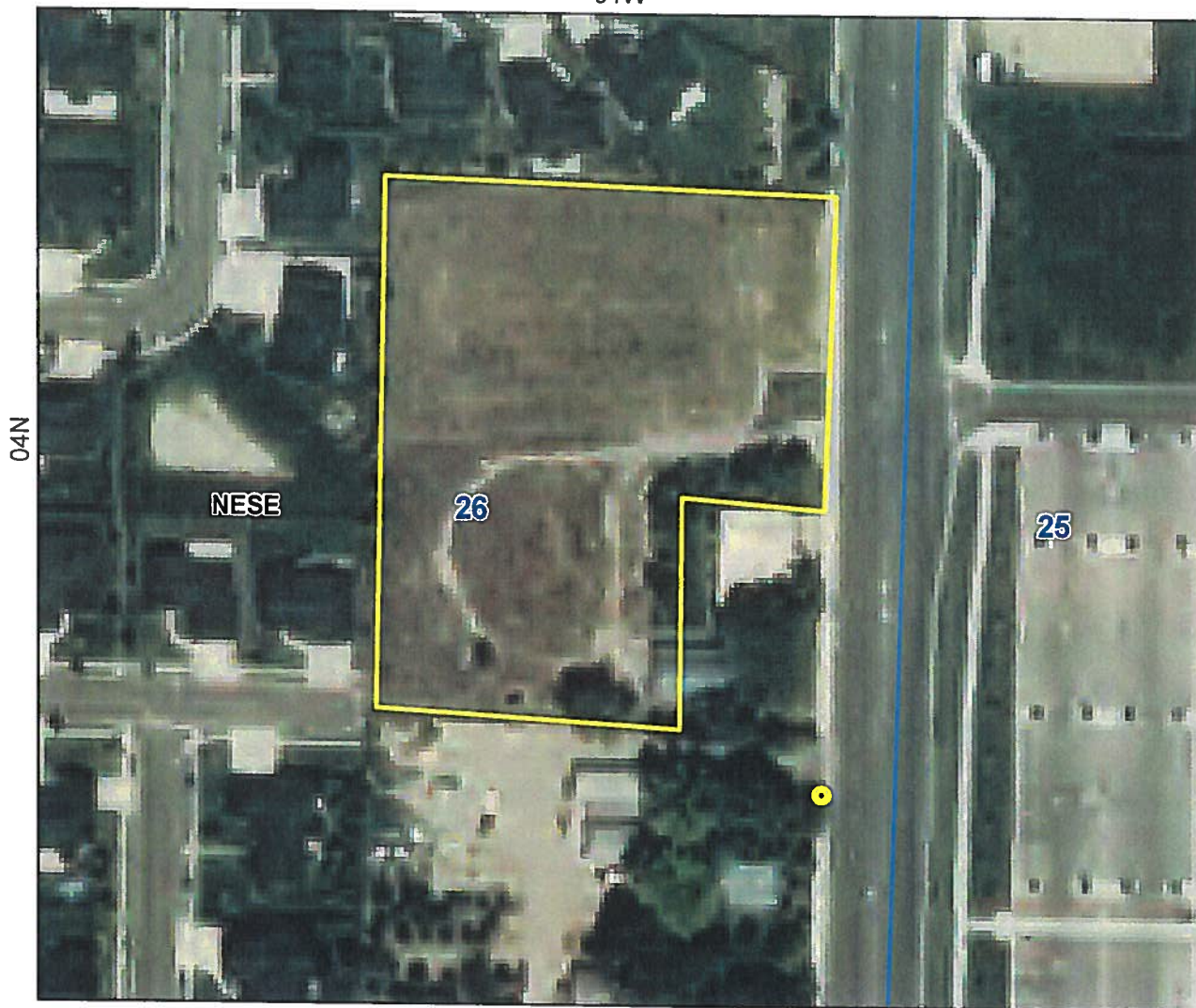
Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Mail to: Idaho Department of Water Resources, P.O. Box 83720, Boise, ID 83720-0098

State of Idaho
Department of Water Resources
Water Right License
63-33868

01W



-  Point of Diversion
-  Place Of Use Boundary
-  Townships
-  PLS Sections
-  Quarter Quarters

0 0.015 0.03 0.06 Miles



R-A

100-1A FALLS SUBDIVISION NO. 1

EXISTING 8" WATER
EXISTING 8" SEWER

EXISTING 8" WATER
EXISTING 8" SEWER

W CEDAR GROVE ST

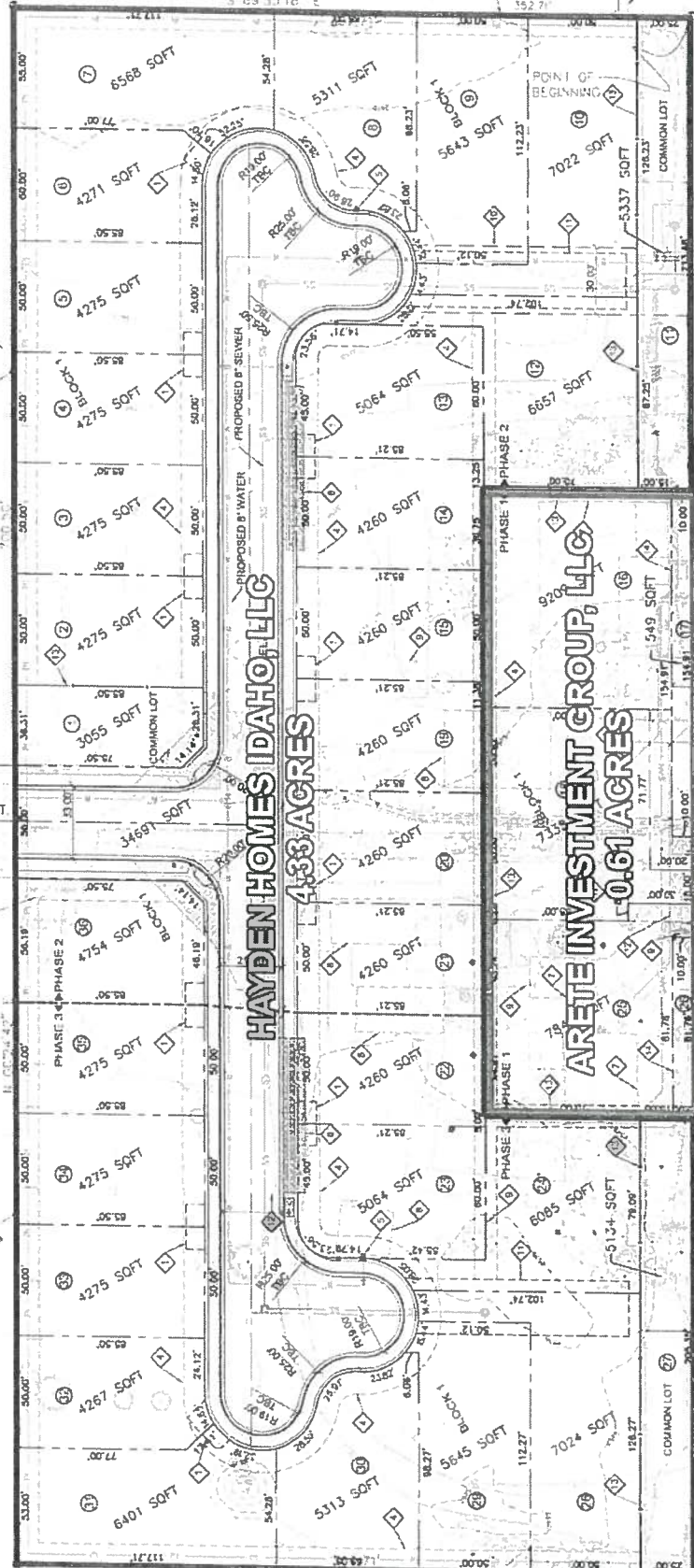
EXISTING
FIRE HYDRANT

100-1A FALLS SUBDIVISION NO. 1

R-A

R-A

100-1A FALLS SUBDIVISION NO. 1



HAYDEN HOMES IDAHO, LLC

ARETE INVESTMENT GROUP, LLC

1.33 ACRES

0.61 ACRES

EXISTING 8" WATER
EXISTING 8" SEWER
CLOSE EXISTING DRIVEWAY

EXISTING 8" WATER
EXISTING 8" SEWER
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CLOSE EXISTING DRIVEWAY



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

January 27, 2014

HAYDEN HOMES IDAHO LLC
2464 SW GLACIER PL
REDMOND OR 97756

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHT(S) 63-33867 and 63-33868

Dear Lessor:

Water Rights 2363-33867 and 63-33868 were leased into the Water Supply Bank on July 27, 2014 in accordance with the executed original Lease Contract enclosed. **The portion of your water rights described on the Lease Contract is considered leased into the Bank and should remain unused until formally released from the Bank.**

The rights will automatically be released from the Bank on **December 31, 2017**, unless the rights are released earlier by the Board. To release the right from the Bank prior to the release date, you will need to submit a written Request to Release a Water Right from the Bank form, available from our public website at <http://www.idwr.idaho.gov>. Please note your rights may not be available for immediate release if they have been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact me at 287-4918.

Sincerely,

Remington Buyer
Water Supply Bank Coordinator

Enclosure: Executed Lease Contract

c: Steve Lester – IDWR Western Regional Office
Ross Erickson – Erickson Civil

RECEIVED

JAN 23 2014

DEPARTMENT OF
WATER RESOURCES



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

January 9, 2014

Hayden Homes Idaho LLC
2464 SW GLACIER PL
REDMOND OR 97756

RE: APPLICATIONS TO LEASE WATER RIGHTS 63-33867 AND 63-33868 TO THE WATER
SUPPLY BANK

****TIME SENSITIVE RESPONSE REQUIRED***

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return BOTH Lease Contracts within 14 days.** Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

The rights will automatically be released from the Bank on **December 31, 2017**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To request an extension of the lease period, submit a Request to Extend the Lease Term form along with applicable fees to the Department prior to the release date. These forms are available from any IDWR office or from our public website at <http://www.idwr.idaho.gov>. Please note your rights may not be available for immediate release if they have been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

Lastly the use of water right 63-33867 is supplemental to the use of surface water from Settlers Irrigation District, while water right 63-33868 can be used in combination with water from Settlers Irrigation District. Both water rights will be accepted into the Water Supply Bank.

If you have questions regarding this matter, please contact me at 287-4918.

Sincerely,

Remington Buyer
Water Supply Bank Coordinator

Enclosure: Proposed Lease Contracts

C: Ross Erickson -- Erickson Civil

MEMORANDUM

To: Water Right No(s). 63-33867, 63-33868
From: Remington Buyer
Date: January 9, 2014
Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: Application to lease water rights 63-33867 and 63-33868, received October 8, 2013. Applicant Hayden Homes Idaho, LLC is seeking to lease the full amounts of 0.03 cfs/ 4.3 ac-ft for WR 63-33867 and 0.01 cfs/8.7 ac-ft for WR 63-33868. Water right 63-33867 is split from water right 63-2656A while water right 63-33868 is split from 63-2656C.

AUTHORITY TO FILE: The application is signed by Jim Sansburn, VP of Finance for Hayden Homes Idaho, LLC. Hayden Homes Idaho LLC has provided a Memorandum of Action authorizing Mr. Sansburn to execute deeds and agreements on behalf of Hayden Homes Idaho.

WATER RIGHT VALIDITY: Both 63-2656A and 63-2656C were partially decreed in 2007. As per Multiple Programs Memo No. 2 (March 5, 2012) regarding the Forfeiture Review Period, Hayden Homes Idaho has until the end of 2013 to submit a Water Supply Bank lease application. Forfeiture is not an issue in this application.

INJURY TO OTHER WATER RIGHTS: No injury is apparent in accepting these water rights into the Water Supply Bank.

ENLARGEMENT OF USE: WR 63-33867 is the child of 63-2656A. The amended license for 63-2656A condition it as a supplemental water right. To prevent an enlargement of water, 63-33867 must be rented as a supplemental water right. 63-33868 is the child of 63-2656C. The explanatory material on the Preliminary Recommendation to court for the Snake River Basin Adjudication states "the use of this right (63-2656C) is combined with water from Settlers Irrigation District." It is unclear from this language whether 63-2656C remained supplemental to surface water through the adjudication. To prevent an enlargement of use, any rental of 63-33868 should thus be conditioned such that it is rented to an entity that possesses surface water shares in Settlers Irrigation District.

LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: Both water rights are within the Basin 63 Shallow Ground Water Special Administration Area. In reviewing the backfile of 63-2656A and 63-2656C, it was discovered that both water rights were transferred from the original well prior to the 2008 Shallow Ground Water Declaration. Both rights can thus be rented for either deep or shallow groundwater.

Buyer, Remington

From: Buyer, Remington
Sent: Friday, December 13, 2013 4:40 PM
To: Sommer, Rachel
Subject: WSB Lease App Comments - WRs 63-33867, 63-33868

Hi Rachel,

The following summarizes initial processing on WSB Lease Applications for water rights 63-33867 and 63-33868. I'm seeking comments from Western regarding the acceptance of these rights into the Bank.

Thank you for directing my inquiry to staff at Western. Time is a factor; please ensure any comments regarding the acceptance of this lease application are submitted no later than COB, Dec 26, 2013.

Thanks,

Remington Buyer

Water Supply Bank Coordinator
Idaho Department of Water Resources
322 East Front Street, Boise, ID, 83720
T: (208) 287-4918 | F: (208) 287-6700

PURPOSE/NARRATIVE: Application to lease water rights 63-33867 and 63-33868, received October 8, 2013. Applicant Hayden Homes Idaho, LLC is seeking to lease the full amounts of 0.03 cfs/ 4.3 ac-ft for WR 63-33867 and 0.01 cfs/8.7 ac-ft for WR 63-33868.

AUTHORITY TO FILE: The application is signed by Jim Sansburn, VP of Finance for Hayden Homes Idaho, LLC. Hayden Homes Idaho LLC has provided a Memorandum of Action authorizing Mr. Sansburn to execute deeds and agreements on behalf of Hayden Homes Idaho.

WATER RIGHT VALIDITY: WR 63-33867 is the child of 63-3386A while WR 63-33868 is the child of 63-3386C, both partially decreed in February 2007. As per Multiple Programs Memo No. 2 (March 5, 2012) regarding the Forfeiture Review Period, Hayden Homes Idaho has until the end of 2013 to submit a Water Supply Bank lease application. Forfeiture is not an issue.

INJURY TO OTHER WATER RIGHTS: No injury is apparent.

ENLARGEMENT OF USE: No enlargement is evident through the lease alone. Proper rental review should protect against enlargement.

LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS:

Buyer, Remington

From: Palmer, Cherie
Sent: Wednesday, December 11, 2013 2:02 PM
To: Buyer, Remington
Subject: FW: Hayden Homes Idaho, LLC Water Right Banking
Attachments: Memorandum of Action - Signing Authority for HHI.2013.06.11.pdf

Ross responded before I could send him an email. It looks like the attached memo should satisfy our requirements.

Cherie

From: Ross Erickson [<mailto:ross@ericksoncivil.com>]
Sent: Wednesday, December 11, 2013 1:59 PM
To: Palmer, Cherie
Subject: Hayden Homes Idaho, LLC Water Right Banking

Hi Cherie – Please see the attached memorandum signed by Hayden Watson authorizing Jim Sansburn to sign on behalf of the LLC. Please let me know if you should need anything further. Thanks, RE

Ross Erickson, PE
Erickson Civil, Inc.

6213 N. Cloverdale Rd. Suite 125
Boise, Idaho 83713
C.208.867.3954
T.208.846.8955
F.208.846.8956
ross@ericksoncivil.com
www.ericksoncivil.com

MEMORANDUM OF ACTION
Without a Meeting

OF

Hayden Homes Idaho , LLC
An Idaho Limited Liability Company

This Memorandum of Action, executed by the Managing Member, records the following resolution by consent of all members without holding a formal meeting as of the 11th day of June, 2013.

The members wish to appoint authorized agents to transact the business affairs of the LLC.

The members adopt the following resolution:

BE IT RESOLVED that Hayden Watson, Managing Member, Dennis P. Murphy, President, Shawn O. Holm, Designated Agent, Jim Sansburn, Vice President Finance, Steve Klingman, Vice President Operations, and David Woods, Controller are hereby authorized in the name and on behalf of the LLC including but not limited to the execution of deeds, loan agreements, documents necessary to borrow and lend money, including notes, trust deeds, mortgages, release documents, subordination agreements, purchase and sale agreements, earnest money agreements, closing statements, escrow instructions, and other documents necessary for the purchase, development, sale and encumbrances of property.

BE IT FURTHER RESOLVED that Deborah Flagan, Vice president of Sales and Marketing and Charlotte Barlow, Broker are hereby authorized in the name and on behalf of the LLC including but not limited to purchase and sale agreements, earnest money agreements, deeds, affidavits, closing statements, escrow instructions, indemnity agreements and other documents necessary for the sale of property. All such previously signed documents are hereby authorized and ratified.

IN WITNESS WHEREOF, the Managing Member of Hayden Homes Idaho, LLC sets his hand to record the consent of all members to approve the actions so taken without a formal meeting.



Hayden Watson, Managing Member

Palmer, Cherie

From: Ross Erickson [ross@ericksoncivil.com]
Sent: Friday, December 06, 2013 1:15 PM
To: Palmer, Cherie
Subject: Water Right Banking - No. 63-33868 & 63-33867
Attachments: BANK-63-33868.pdf; BANK-63-33867.pdf

Hi Cherie – Please see the attached updated water banking applications that have been executed by Jim Sansburn who is authorized to sign on behalf of Hayden Homes Idaho, LLC. I also updated the water right numbers to reflect the new right number from the transfer. Please let me know if you should need anything else to complete the process. Thanks for your patience! RE

Ross Erickson, PE
Erickson Civil, Inc.

6213 N. Cloverdale Rd. Suite 125
Boise, Idaho 83713
C.208.867.3954
T.208.846.8955
F.208.846.8956
ross@ericksoncivil.com
www.ericksoncivil.com

Palmer, Cherie

From: Ross Erickson [ross@ericksoncivil.com]
Sent: Tuesday, October 08, 2013 4:58 PM
To: Palmer, Cherie
Subject: Water Right Banking - No. 63-2656A & 63-2656C
Attachments: BANK-63-2656C.PDF; BANK-63-2656A.PDF; Water Right Bank - WR Breakdown.pdf

Hi Cherie – Please find the attached applications to bank water right No. 63-2656A & No. 63-2656C as we discussed this morning. Will you please make note in the bank to the effect that Hayden Homes Idaho, LLC intends to utilize these water rights during the 2014 irrigation season via a new well that will be constructed on a different property. I'll get started on the transfer application – please let me know when the new water right numbers are available for Hayden Homes Idaho, LLC.

I'm awaiting receipt of the W-9 and should have it yet this afternoon... I'll forward it to you as soon as possible.

Thank you for all of your help! RE

Ross Erickson, PE
Erickson Civil, Inc.

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Boise, Idaho 83713
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