

RECEIVED
MAY 14 2010
DEPT. OF WATER RESOURCES
SOUTHERN REGION

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Notice of Security Interest in a Water Right

And Request for Notification of a Change in Ownership or Any Proposed
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right

Please print or type. Attach pages with additional information. Instructions are on the back of this page.
Incomplete forms will be returned.

1. Water Right No(s): 37-00026, 37-00027, 37-20945
Adjudication Claim No(s): A37-00026, A37-00027, A37-20945
2. The following **REQUIRED** information must be submitted with this form:
 - A) Evidence of the security interest. This may be a copy of a **DEED of TRUST, MORTGAGE, CONTRACT OF SALE** or other legal document indicating your interest in the property and water rights or claims in question, **WITH ATTACHED LEGAL DESCRIPTION.**
 - B) A **FEE** of **\$25.00** per water right or adjudication claim.
3. Name and Mailing Address of Person or Company holding Security Interest
 Brent Brocksome
 Zane Sterling
 c/o Givens Pursley LLP
 ATTN: Christopher J. Beeson
 601 W. Bannock Street
 Boise, Idaho 83701
4. Name of Water Right Owner/Claimant(s) Matthew C. Thornton
5. Expiration Date of Notification Period December 31, 2011
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) of Security Interest holder(s) Brent Brocksome
 (and title if applicable)
 Brent Brocksome
 Zane Sterling

For Office Use Only

Received by AW Date 10/13/10 Fee 7500
 Receipted by AW Date 10/13/10 Receipt No. 5031647
 Processed by AJ Date 10/13/10 WR 37-26 Date 10/13/10

SUPPORT DATA

IN FILE # 37-26

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 Brent Brocksome
 Zane Sterling

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

SECURITY AGREEMENT

1. **THE SECURITY.** Matthew C. Thornton, an individual ("Debtor") hereby assigns and grants to Brent Brocksome and Zane S. Sterling, jointly (collectively, "Secured Party"), a security interest in the following described property now owned or hereafter acquired by the Debtor ("Collateral"):

(a) All water rights held by or for the benefit of Debtor, and all contract rights, rights to payment, instruments and general intangibles related thereto, including but not limited to those set forth on Exhibit A attached hereto and made a part by reference; and

(b) All books and records pertaining to any Collateral ("Books and Records").

2. **INDEBTEDNESS.** The Collateral secures and will secure all debts, obligations or liabilities now or hereafter existing, absolute or contingent, including without limitation, Debtor's obligations under that certain Promissory Note of even date herewith from Debtor, as maker, to Secured Party, as holder, in the amount of \$52,151.39 (the "Indebtedness"), and shall include any amendments, renewals or modifications thereof.

3. **DEBTOR'S COVENANTS.** The Debtor represents, covenants and warrants that unless compliance is waived by Secured Party in writing:

(a) The Debtor will properly preserve the Collateral; defend the Collateral against any adverse claims and demands; and keep accurate Books and Records;

(b) Debtor is a resident of the state of Idaho;

(c) The Debtor will notify Secured Party in writing prior to any change in the Debtor's name;

(d) The Debtor has not and will not sell or enter into any agreement to sell, assign, convey, transfer, encumber or otherwise alienate, whether voluntarily, involuntarily or by operation of law, all or any part of the Collateral, and will keep the Collateral free of all liens, claims, security interests and encumbrances of any nature, except the security interest of Secured Party.

(e) The Collateral is not subject to any restrictions on transfer except as may be imposed by applicable law affecting transfers generally.

(f) The Debtor will promptly notify Secured Party in writing of any event affecting the value of the Collateral, the ability of the Debtor or Secured Party to dispose of the Collateral, or the rights and remedies of Secured Party in relation thereto, including, but not limited to, the levy of any legal process against any Collateral and the adoption of any order, arrangement or procedure affecting the Collateral, whether governmental or otherwise;

(g) The Debtor shall pay all costs necessary to preserve, protect and enforce the Collateral and any costs to perfect Secured Party's security interest. Without waiving the Debtor's default for failure to make any such payment, Secured Party, at its sole and absolute option, may pay any such costs and expenses, discharge encumbrances on the Collateral, and such payments shall be a part of the Indebtedness and bear interest at the rate set out in the Indebtedness. The Debtor agrees to reimburse Secured Party on demand for any costs so incurred;

(h) The Debtor will not dispose or encumber any Collateral except with the prior written consent of Secured Party which consent may be withheld in Secured Party's sole discretion;

4. **ADDITIONAL OPTIONAL REQUIREMENTS.** The Debtor agrees that Secured Party may at its option at any time, whether or not the Debtor is in default:

- i. Require the Debtor to deliver to Secured Party copies of or extracts from the Books and Records, and any information on any contracts or other matters affecting the Collateral;
- ii. Require the Debtor to deliver to Secured Party any instruments or chattel paper which are part of the Collateral;
- iii. Notify any account debtors, any buyers of the Collateral, or any other persons of Secured Party's interest in the Collateral; and

5. DEFAULTS. Any one or more of the following shall be a default hereunder:

- (a) Any Indebtedness is not paid when due, or any default occurs under any agreement relating to the Indebtedness;
- (b) The Debtor fails keep and maintain the Collateral;
- (c) The Debtor breaches any term, provision, warranty or representation under this Agreement, or under any other obligation of the Debtor to Secured Party;
- (d) Any custodian, receiver or trustee is appointed to take possession, custody or control of all or a substantial portion of the property of the Debtor;
- (e) The Debtor becomes insolvent, or is generally not paying or admits in writing its inability to pay its debts as they become due, fails in business, makes a general assignment for the benefit of creditors, dies, or commences any case, proceeding or other action under any Bankruptcy or other law for the relief of, or relating to, debtors;
- (f) Any case, proceeding or other action is commenced against the Debtor or other party obligated under any Indebtedness under any Bankruptcy or other law for the relief of, or relating to, debtors;
- (g) Any involuntary lien of any kind or character attaches to any Collateral; and
- (h) Any financial statements, certificates, schedules or other information now or hereafter furnished by the Debtor to Secured Party proves false or incorrect in any material respect.

6. SECURED PARTY'S REMEDIES AFTER DEFAULT. In the event of any default, Secured Party may do any one or more of the following:

- (a) Declare any Indebtedness immediately due and payable, without notice or demand;
- (b) Enforce the security interest given hereunder pursuant to the Uniform Commercial Code and any other applicable law.

7. MISCELLANEOUS.

- (a) Any waiver, express or implied, of any provision hereunder and any delay or failure by Secured Party to enforce any provision shall not preclude Secured Party from enforcing any such provision thereafter.
- (b) The Debtor shall, at the request of Secured Party, execute such other agreements, documents, instruments, or financing statements in connection with this Agreement as Secured Party may reasonably deem necessary. To the extent permitted by applicable law, a carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral shall be sufficient as a financing statement. The Debtor hereby irrevocably constitutes and appoints Secured Party as the Debtor's attorney-

in-fact to sign any financing statement or other document which must be executed or filed to perfect or continue perfection, maintain the priority of or provide notice of Secured Party's security interest in the Collateral and file any such financing statements and other documents by electronic means with or without a signature as authorized or required by applicable law or filing procedures.

(c) All notes, security agreements, subordination agreements and other documents executed by the Debtor or furnished to Secured Party in connection with this Agreement must be in form and substance satisfactory to Secured Party.

(d) This Agreement shall be governed by and construed according to the laws of the State of Idaho, to the jurisdiction of which the parties hereto submit.

(e) All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

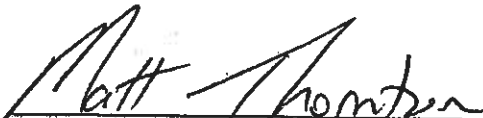
(f) All terms not defined herein are used as set forth in the Uniform Commercial Code.

(g) In the event of any action by Secured Party to enforce this Agreement or to protect the security interest of Secured Party in the Collateral, or to take possession of, hold, preserve, process, assemble, or otherwise dispose of, any Collateral, the Debtor agrees to pay immediately the costs and expenses thereof, together with reasonable attorneys' fees and allocated costs for in-house legal services.

(h) Secured Party's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by Secured Party of any of the Indebtedness or the Collateral, Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Indebtedness or the Collateral not so assigned or transferred. All representations, warranties and agreements of the Debtor if more than one are joint and several and all shall be binding upon the personal representatives, heirs, successors and assigns of the Debtor.

Dated effective this 22nd day of April, 2010.

"Debtor"


Matthew C. Thornton

"Secured Party"


Brent Brocksome

Zane S. Sterling

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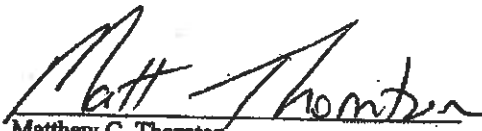
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Dated effective this 22nd day of April, 2010.

"Debtor"


Matthew C. Thornton

"Secured Party"

Brent Brocksome


Zane S. Sterling

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 IDWR will produce new water right number(s) for the split(s).

Water Right No(s)	Adjudication Claim No(s)	Split(s)	Water Right No(s)	Adjudication Claim No(s)	Split(s)
37-00026	A37-00026				
37-00027	A37-00027				
37-20945	A37-20945				

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

- A. The appropriate **FILING FEE**. See instructions for fee amounts.
- 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**.
- 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 on file with the county Planning and Zoning or Recorder's Office).
- OR
- D. 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** or equivalent **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)

MV Property, LLC

P.O. Box 9330

Ketchum, ID 83340-7145

4. New Owner/Claimant(s)

Matthew Thorton

Name Connector (Check one): ☐ and ☐ or ☐ and ☐ or

New Mailing Address

P.O. Box 751

City, State and ZIP Code

Bellevue, ID 83313

New Telephone Number

(208) 788-1234

Email: thorntonhedge@hotmail.com

5. Date you acquired the property

July 28, 2009

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in line 1, then skip this line and go to line 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 (you may copy this page, if 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 will not be split, skip this area and proceed to line 7)		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Water Right and/or Adjudication Claim Number <u>37-00026</u>		
Irrigation per deed		
Stock		
Domestic		
Other		
Totals		
Water Right and/or Adjudication Claim Number <u>37-00027</u>		
Irrigation per deed		
Stock		
Domestic		
Other		
Totals		
Water Right and/or Adjudication Claim Number <u>37-20945</u>		
Irrigation per deed		
Stock		
Domestic		
Other		
Totals		

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.

7. Signature(s) of New Owner(s) or Claimant(s)

Matt Montz

(title if applicable)

(title if applicable)

IT IS IMPORTANT TO FILE THIS COMPLETED FORM AT THE APPROPRIATE IDWR OFFICE, WITH PAYMENT OF THE FILING FEE AND THE OWNERSHIP DOCUMENT(S), AS REFERRED TO IN LINE 2.

For IDWR Office Use Only:

Received by _____

Date _____

Received by _____

Date _____

Processed by _____ AJ

Date _____

Receipt Amt. _____

Receipt No. _____

WR _____ Date _____

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

Fritz X. Haemmerle
HAEMMERLE & HAEMMERLE, P.L.L.C.
P.O. Box 1800
Halley, ID 83333

Instrument # 569726

HARLEY, BLAINE, IDAHO

7-29-2009 09:13:04 No. of Pages: 2

Recorded for: HAEMMERLE & HAEMMERLE PLLC

JOLYNN DRAGE

Fee: 6.00

Ex-Officio Recorder Deputy

Index to: WTYGOCORP DEED

(space above line for Recorder's use)

QUITCLAIM DEED

INSTRUMENT No. _____

FOR VALUE RECEIVED, MV Property, LLC (Grantor) does hereby convey, release, remise and forever quit claim unto Matthew Thorton, P.O. Box 751, Bellevue, Idaho 83313 (Grantee), a thirty-percent (30%) interest in water rights 37-00026, 37-00027 and 37-20945, more particularly described as follows:

1.185 cubic feet per second (cfs) of the irrigation component of Idaho Department of Water Resources water right number 37-00026, and 0.1215 cfs of the mitigation component of the same right. and

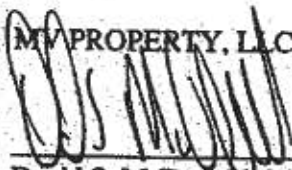
0.51 cubic feet per second (cfs) of the irrigation component of Idaho Department of Water Resources water right number 37-00027, and 0.054 cfs of the mitigation component of the same right.

A thirty percent (30%) interest in 37-20945, and/or a thirty percent (30%) in shares held by the Upper Wood River Water Users Association, Inc.

All according to the official records of the State of Idaho.

DATED this 28 day of July, 2009.

MV PROPERTY, LLC



David S. McDonald, Manager

STATE OF IDAHO,)
) ss.
County of Blaine.)

On this 28th day of July, 2009, before me, a Notary Public in and for said State, personally appeared David S. McDonald, Manager of MV Property, LLC, Grantor, known to me to be the person who name is subscribed to the within instrument, and acknowledged to me that she executed the same.



Lacie Thompson
NOTARY PUBLIC for Idaho
Residing at Basin, ID
Commission expires 11/28/2014



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 1341 Fillmore Street, Suite 200 • Twin Falls, Idaho 83301-3380

Phone: (208) 736-3033 • Fax: (208) 736-3037 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

January 11, 2011

BRENT BROCKSOME & ZANE STERLING
C/O GIVENS PURSLEY LLP
ATTN CHRISTOPHER BEESON
601 W BANNOCK ST
BOISE ID 83701

Re: Notice of Security Interest in a Water Right for Water Right 37-26, 37-27, 37-20945

Dear Party Holding Security Interest:

The Department of Water Resources acknowledges receipt of the Notice of Security Interest in a Water Right you recently submitted on the above water rights. The Department has modified its records to reflect the security interest and has enclosed a computer-generated report for your records.

Please note that as of July 1, 1996, water right owners are required to report any change of water right ownership and any change of mailing address of the owners of a water right to the Department. Notice of the change must be provided to the Department within 120 days of the change. Change reporting forms are available from any office of the Department or on the Department's website.

Please feel free to contact this office with any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Trish Fawcett', with a long, sweeping horizontal line extending to the right.

Trish Fawcett
Technical Records Specialist

Enclosures



LAW OFFICES

601 W. Bannock Street
PO Box 2720, Boise, Idaho 83701
TELEPHONE: 208 388-1200
FACSIMILE: 208 388-1300
WEBSITE: www.givenspursley.com

Ruth E. Nyqvist
Paralegal
Direct Dial: (208) 388-1290
E-Mail: ren@givenspursley.com

Gary G. Allen
Peter G. Barton
Christopher J. Beeson
Clint R. Bolinder
Erik J. Bolinder
Jeremy C. Chou
William C. Cole
Michael C. Creamer
Amber N. Dina
Elizabeth M. Donick
Kristin Bjorkman Dunn
Thomas E. Dvorak
Jeffrey C. Fereday
Justin M. Fredin
Martin C. Hendrickson
Steven J. Hippler
Donald E. Krickrehm
Debora K. Kristensen
Anne C. Kunkel
Michael P. Lawrence
Franklin G. Lee
David R. Lombardi
Emily L. McClure
Kenneth R. McClure
Kelly Greene McConnell
Cynthia A. Melillo
Christopher H. Meyer
L. Edward Miller
Patrick J. Miller
Judson B. Montgomery

Deborah E. Nelson
Kelsey J. Nunez
W. Hugh O'Riordan, LL.M.
Angela M. Reed
Justin A. Steiner
Conley E. Ward
Robert B. White

RETIRED
Kenneth L. Pursley
James A. McClure
Raymond D. Givens (1917-2008)

May 12, 2010

IDWR Southern Region
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301-3380

Matter: Water Right held by Matthew C. Thornton
A37-00026, A37-00027, A37-20945
Our File: 620-109
Re: Security Interest in Water Right

RECEIVED
MAY 14 2010
DEPT. OF WATER RESOURCES
SOUTHERN REGION

Dear Ladies and Gentlemen:

Enclosed please find a Notice of Security Interest in Water Right, together with a copy of the fully signed Security Agreement. I understand that you are currently holding the assignment documents to transfer these water rights from MW Property LLC to Matthew C. Thornton.

Also enclosed is a check for the filing fee in the amount of \$75.00.

Please return a conformed copy of the filed Notice to me. An additional copy and return envelope are enclosed for your convenience.

Sincerely,

*Dictated by Ruth E. Nyqvist, but sent without
signature to avoid delay*

Ruth E. Nyqvist

REN/tma
Enclosures

867449_1