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State of Idaho

DEPARTMENT OF WATER RESOURCES

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

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

April 26, 2006

Merrily Munther
Penland Munther Goodrum, Chartered
P. O. Box 199
Boise, ID 83701

Re: Tamarack Resort LLC
Water Right Nos 65-22357, 65-8702, 65-8703, 65-22475

Dear Ms. Munther:

You have represented to me that you are conducting due diligence in reference to a loan to be made to Tamarack Resort LLC, which will be collateralized, *inter alia*, by a security interest in the above-referenced water rights held by that entity.

This will confirm our telephone conversation on April 26, 2006, in which I advised you that the filing of the Notice of Security Interest in Water Rights (Notice Form) provides notice of that security interest to the Idaho Department of Water Resources (Department). Once the Notice Form is filed with the Department, the secured party identified on the Notice Form will receive notice from the Department for any type of proposed agency action affecting the water rights, including any proposed transfer of the water right. Upon receipt of a deed conveying an interest in the water right or an executed assignment of permit for Permit no. 65-22357, the Department will change its records to reflect the new owner. In the event of foreclosure of the security interest in the water right(s), the Department, upon receipt of the legal conveyance instrument, will change its records to reflect the secured party or any party who purchased those rights at the foreclosure sale as the new owner.

Please contact me if you have further questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John Homan', is written over the typed name.

John Homan
Deputy Attorney General
Natural Resources Division