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**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH  
CENTRAL DIVISION**

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>NATIONAL NOTE OF UTAH, LC, a Utah Limited Liability Company and WAYNE LaMAR PALMER, and individual,</p> <p style="text-align: right;">Defendants.</p>	<p><b>RECEIVER’S SECOND MOTION SEEKING AUTHORIZATION TO SELL AUTUMN RIDGE PHASE II FREE AND CLEAR OF PURPORTED INTERESTS AND MEMORANDUM IN SUPPORT</b></p> <p>2:12-cv-00591 BSJ</p> <p>The Honorable Bruce S. Jenkins</p>
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R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC, its subsidiaries and affiliates, and the assets of Wayne LaMar Palmer, by and through his counsel, hereby files this Motion and Memorandum in Support (collectively, the “Motion”), and respectfully requests that the Court enter the proposed Order submitted herewith and attached hereto as **Exhibit A** authorizing him to sell “Phase II” of the Autumn Ridge Subdivision, located in Eagle Mountain, Utah (“Autumn Ridge Phase II”) to Wren Holdings, LLC (“Wren”) free and clear of liens and interests described below pursuant to the sale

procedures described herein. This second Motion amends *Receiver's Motion Seeking Authorization to Sell Autumn Ridge Phase II Free and Clear of Purported Interests* (the "First Motion"),<sup>1</sup> which was denied by the Court at a hearing held on June 25, 2013, based on the Court's concern about a water transaction that was to be part of the proposed sale. Since that time, the Receiver renegotiated the sale with Wren to remove the water transaction component, while continuing to seek out any third party purchaser that would offer a higher price for Autumn Ridge Phase II. Because no third party was willing to make a better offer, the Receiver entered into a new purchase agreement with Wren omitting the water transaction. The Receiver submits this Motion asking that the Court approve the sale of Autumn Ridge Phase II pursuant to the new purchase agreement. For the reasons set forth in the Memorandum in Support below, the Receiver hereby requests that the Court grant this Motion and authorize him to sell Autumn Ridge Phase II as proposed herein.

This Motion is supported by the *Declaration of R. Wayne Klein* (the "Receiver Declaration") which has been filed concurrently herewith. A proposed Order is submitted herewith.

## **MEMORANDUM OF SUPPORT**

### **I.**

#### **GENERAL BACKGROUND**

1. On June 25, 2011, the above-captioned case was commenced by the SEC against Defendants National Note of Utah, LC ("NNU") and Wayne LaMar Palmer ("Palmer") (collectively, the "Receivership Defendants"), and in conjunction therewith the Court entered, in

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<sup>1</sup> Docket No. 303.

relevant part, an Order Appointing Receiver and Staying Litigation (the “Receivership Order”).<sup>2</sup> Pursuant to the Receivership Order, the Receiver was appointed, and NNU, and forty-one of its affiliated companies (the “Palmer Entities”) (collectively for purposes of this Motion, “NNU”), and all Palmer’s assets were placed in the Receiver’s control.<sup>3</sup>

2. The Court has directed and authorized the Receiver to, among other things, do the following:

- “[D]etermine the nature, location and value of all property interests of the Receivership Defendants and the Palmer Entities . . . [.]”<sup>4</sup>
- “To take custody, control and possession of all Receivership Property and records . . . [.]”<sup>5</sup>
- “To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court.”<sup>6</sup>
- “To use Receivership Property for the benefit of the Receivership Estates [.]”<sup>7</sup>
- “[T]o take immediate possession of all real property of the Receivership Defendants and the Palmer Entities . . . .”<sup>8</sup>
- “[T]ransfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on the terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.”<sup>9</sup>

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<sup>2</sup> Docket No. 9 (Receivership Order).

<sup>3</sup> See generally, *id.*

<sup>4</sup> *Id.* at ¶ 7(A).

<sup>5</sup> *Id.* at ¶ 7(B).

<sup>6</sup> *Id.* at ¶ 7(C).

<sup>7</sup> *Id.* at ¶ 7(D).

<sup>8</sup> *Id.* at ¶ 19.

<sup>9</sup> *Id.* at ¶ 37.

- “[L]ocate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.”<sup>10</sup>
- “[S]ell, and transfer clear title to, all real property in the Receivership Estates” upon order of the Court “pursuant to procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004.”<sup>11</sup>

## II.

### **REAL PROPERTY TO BE SOLD AND SALE PLAN**

#### **Autumn Ridge Phase II and Marketing**

3. Since his appointment, the Receiver has identified numerous real properties as being part of the Receivership Estate, and where appropriate has listed such property for sale.<sup>12</sup>

4. Relevant to this Motion is a partially developed parcel of real property, referred to as “Phase II” of the Autumn Ridge Estates subdivision, located in Eagle Mountain, Utah, referenced collectively herein as the “Autumn Ridge Phase II,”<sup>13</sup> the legal description for which is as follows:

Commencing S02°17'02"W 2497.79 feet from the Northwest Corner of Section 12, T6S, R2W, SLB&M; thence N49°48'33"E 44.99 feet; thence N89°33'55"E 1072.63 feet; thence S74°29'22"E 182.00 feet; thence N89°33'55"E 101.97 feet; thence S01°21'47"W 615.10 feet; thence S89°32'46"W 300.39 feet; thence S00°26'05"E 129.51 feet; thence S81°07'55"W 77.01 feet to the beginning of a tangent curve concave to the Northeast having a radius of 275.00 feet; thence Northwesterly 212.60 feet along such curve through a central angle of 44° 17'42" (chord bearing and distance of such curve being N76°43' 14"W 207.35 feet); thence N54°34' 23"W 515.63 feet to the beginning of a tangent curve concave to the Northeast having a radius of 475.00 feet; thence Northwesterly 240.08 feet along said curve through a central angle 28°57'33" (chord

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<sup>10</sup> *Id.* at ¶ 38.

<sup>11</sup> *Id.* at ¶ 39.

<sup>12</sup> Receiver Declaration ¶ 4.

<sup>13</sup> *Id.* ¶ 5.

bearing and distance of said curve being 40°05'37"W 237.53 feet) to the beginning of a compound concave curve to the Southeast having a radius of 20.00 feet; thence Northeasterly 33.88 feet along said curve through a central angle of 97°03'51" (chord bearing and distance of said curve being N22°55'05"E 29.97 feet); thence N18°32'59"W 50.00 feet to the beginning of a non-tangent curve concave to the Southeast having a radius of 940.74 feet, a radial line bears S18°32'59"E; thence Southwesterly 164.46 feet along said curve through a central angle of 10°01'00" (chord bearing and distance of said curve being S66°26' 31"W 164.25 feet); thence N28°33' 59"W 100.00 feet; thence N06°35'11"W 144.95 feet to the point of the beginning.<sup>14</sup>

5. While some development of Autumn Ridge Phase II had commenced prior to the Receiver's appointment (*i.e.* utilities, sidewalks, curb, gutter, etc.), no structures had been built.<sup>15</sup>

6. On or about August 21, 2012, the Receiver caused Autumn Ridge Phase II to be listed for sale through the Providence Realty Group.<sup>16</sup>

7. The Receiver's plan was to list and sell Autumn Ridge Phase II after all of the lots in a related property, Autumn Ridge Phase I, had been completed. However, the Receiver received an offer from Wren and reviewed and accepted the offer in satisfaction of his duties to act in the best interest of the Receivership Estate.<sup>17</sup>

### **Sale Price and Appraisals**

8. On January 14, 2013, the Court entered an *Order Appointing Appraisers for (a) Autumn Ridge Phase I Lot Nos., 2, 3, 4, 6, 7, 8, 11, 16, 21, 30, 33, 39, 40, 41, 51, 52, 54, 55 and 60 and (b) Autumn Ridge Phase II.*<sup>18</sup>

<sup>14</sup> See Declaration of R. Wayne Klein in Support of Receiver's Motion Seeking Authorization to Sell Autumn Ridge Phase II Free and Clear of Purported Interests and Memorandum in Support [Docket No. 304] ("First Receiver Declaration") Exh. 3 (Title Report).

<sup>15</sup> *Id.* ¶ 6.

<sup>16</sup> *Id.* ¶ 7 & Exh. 1 (Listing Agreement).

<sup>17</sup> *Id.* ¶ 8.

<sup>18</sup> Docket No. 121. Copies of the Appraisals are attached as Exhs. E-G to Receiver's Motion For Court to Appoint Appraisers for (a) Autumn Ridge Phase I Lot Nos. 2, 3, 4, 6, 7, 8, 11, 16, 21, 30, 33, 39, 40, 41, 51, 52, 54, 55, and 60, and (b) Autumn Ridge Phase II, Docket No. 120, and are incorporated herein by reference. See

9. Consequently, Steven Nielsen at Nielsen and Company, Stan C. Craft at Free & Associates, and J. Allan Payne at Payne Appraisals were appointed as appraisers of Autumn Ridge Phase II.<sup>19</sup>

10. Based on the approved appraisals, the average appraised value for Autumn Ridge Phase II “as is” is \$432,056.00.<sup>20</sup>

### **The Purchase Agreement and Material Terms of Sale**

11. The Receiver originally entered into a purchase agreement with Wren for Wren’s purchase of Autumn Ridge Phase II. That original agreement also dealt with certain water rights related to the property. The Receiver filed the First Motion, seeking approval of this original purchase agreement, but at a hearing on the First Motion, the Court expressed concerns about the water right transfer issues, and as a result, denied the First Motion.<sup>21</sup>

12. Thereafter, the Receiver concurrently renewed his efforts to find a third party purchaser for Autumn Ridge Phase II that would pay more than Wren, and renegotiated the original purchase agreement with Wren, based on the Court’s concerns surrounding the water transaction.<sup>22</sup> After concluding that no third party purchaser was willing to pay more than Wren for Autumn Ridge Phase II, the Receiver entered into, subject to Court approval, a new purchase agreement with Wren, a copy of which is attached as Exhibit 2 to the Receiver Declaration (the

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Receiver Declaration ¶ 9 (Receiver incorporates by reference said appraisals).

<sup>19</sup> Docket No. 121.

<sup>20</sup> See Docket No. 120 & Exhs. E, F and G (the Appraisals). The Motion to Appoint Appraisers stated that the average appraised value of Autumn Ridge Phase II was \$632,056. However, the average appraised value in the Motion to Appoint Appraisers was inadvertently calculated using the Free Appraisal valuation conclusion for Autumn Ridge Phase II “as proposed.” Using the Free Appraisal value conclusion for Autumn Ridge Phase II “as is,” the average appraised value of Autumn Ridge Phase II is \$432,056.00. See Free Appraisal attached to the Motion to Appoint Appraisers (Docket No. 120) at Exh F.

<sup>21</sup> Receiver Declaration ¶ 10; see Docket Nos. 303 and 304 (First Motion and First Receiver Declaration).

<sup>22</sup> Receiver Declaration ¶ 11.

“Purchase Agreement”).<sup>23</sup> This new Purchase Agreement revises the original purchase agreement to omit any obligation on behalf of the Receiver or the Receivership Estate related to water rights. No other amendments to the original purchase agreement other than the omission of obligations related to the water rights are part of the Purchase Agreement as proposed.<sup>24</sup>

13. The Purchase Agreement was negotiated by the Receiver and Wren in good faith and at arms’ length, and the sale is meant to maximize the value of Autumn Ridge Phase II for the benefit of the Receivership Estate.<sup>25</sup>

14. Wren has agreed to purchase Autumn Ridge Phase II from the Receivership Estate free and clear of liens and interests for a purchase price in the amount of \$538,000.00, which exceeds the average appraised value set forth above.<sup>26</sup>

15. The sale is subject to Court approval. In the event the Court does not approve the sale within 30 days of the acceptance of the Purchase Agreement by the Receiver, either Wren or the Receiver may terminate the Purchase Agreement and neither party shall have further obligation one to another.<sup>27</sup>

16. The proposed terms of the sale are intended to maximize the value of Autumn Ridge Phase II.<sup>28</sup>

### **Sale Costs and Net Sale Proceeds**

17. At the time of closing, the Receiver anticipates paying the ordinary costs of the

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<sup>23</sup> Receiver Declaration ¶ 12 & Exh. 2 (Purchase Agreement).

<sup>24</sup> Receiver Declaration ¶ 13.

<sup>25</sup> *Id.* ¶ 14.

<sup>26</sup> *Id.* ¶ 15 & Exh 2 (Purchase Agreement).

<sup>27</sup> *Id.* ¶ 16 & Exh. 2 (Purchase Agreement).

<sup>28</sup> *Id.* ¶ 17.

sale, including property taxes, market-rate closing costs and a 8.00% realtor commission, with the remaining sale proceeds being referred to herein as the “Net Sale Proceeds.”<sup>29</sup>

18. The Receiver will separately account for the Net Sale Proceeds pending resolution of any disputes related to claimed interests in Autumn Ridge Phase II.<sup>30</sup>

### **Free and Clear Sale**

19. To determine interests, if any, against Autumn Ridge Phase II, the Receiver obtained a preliminary title report with respect to Autumn Ridge Phase II (the “Title Report”) a copy of which was attached as Exhibit 3 to the First Receiver Declaration.<sup>31</sup>

20. From this Title Report, the Receiver has identified approximately thirty-three persons/entities holding thirty-nine purported interests (the “ABI Holders”). However, a total of fourteen ABI Holders have now provided the Receiver with voluntary releases of eighteen of these purported interests, thus leaving approximately nineteen lienholders holding twenty-one purported ABI interests in Autumn Ridge Phase II.<sup>32</sup>

21. In addition, the Title Report identifies two purported lien holders, and taxes owed.<sup>33</sup>

22. To facilitate the proposed sale of Autumn Ridge Phase II, the Receiver proposes allowing any interests in Autumn Ridge Phase II, including the identified and remaining interests asserted by the ABI Holders and other lien holders, to attach to the Net Sale Proceeds while he

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<sup>29</sup> *Id.* ¶ 18.

<sup>30</sup> *Id.* ¶ 19.

<sup>31</sup> *Id.* ¶ 20 & First Receiver Declaration Exh. 3 (Title Report).

<sup>32</sup> Receiver Declaration ¶ 21 & First Receiver Declaration Exh. 4 (Releases of Lien).

<sup>33</sup> Receiver Declaration ¶ 22.

evaluates the validity of such interests.<sup>34</sup> In so doing, the Receiver is in no way waiving any rights, claims, interests or defenses to any claims or interests made against Autumn Ridge Phase II or to the Net Sale Proceeds.<sup>35</sup>

23. As set forth in the Certificate of Service attached hereto, a copy of the Motion is being served on the relevant taxing authorities, each of the ABI Holders, and the other alleged lienholders. A copy of the Receiver Declaration and attached exhibits will be posted on the Receiver's website and will be available upon request.

### **Best Interests**

24. The Receiver believes that the sale of Autumn Ridge Phase II to Wren as proposed is beneficial for and in the best interests of the Receivership Estate based on at least the following: (a) the purchase price to be obtained which exceeds the average appraised value of Autumn Ridge Phase II; (b) the terms of the sale aim to maximize the amount the estate realizes; and (c) the estate's receipt of cash through a cost efficient method of sale with the sale being obtained through good faith and arms' length negotiations.<sup>36</sup>

25. The SEC has been informed of the material terms of the sales, and has no objection thereto.<sup>37</sup>

### **Publication Notice**

26. On May 15, 2013, the Receiver filed an *Ex Parte Motion for Order Approving Method and Form of Publication Notice of Sale of Real Property (Autumn Ridge Phase II)* [Docket No. 305] (the "Notice Motion"), seeking the Court's approval of the method and form of

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<sup>34</sup> *Id.* ¶ 23.

<sup>35</sup> *Id.* ¶ 24.

<sup>36</sup> *Id.* ¶ 25.

<sup>37</sup> *Id.* ¶ 26.

proposed publication notice.<sup>38</sup>

27. On May 21, 2013, the Court entered an Order granting the Notice Motion and approving the form of the publication notice required under 28 U.S.C. § 2001(b) (the “Court-Approved Notice”).<sup>39</sup> The Court-Approved Notice stated as follows:

R. Wayne Klein, Receiver for National Note of Utah, LC and its affiliated entities in the civil case styled as *Securities and Exchange Comm. v. National Note of Utah, LC et al.*, Civ. Case No. 2:12-cv-00591 (“Civil Case”), gives notice of his intent to sell through private sale, and free of all liens and interests, certain real property more specifically described Autumn Ridge Subdivision, Phase 2, located in Eagle Mountain, UT and more particularly described as follows: Commencing S02°17'02"W 2497.79 feet from the Northwest Corner of Section 12, T6S, R2W, SLB&M; thence N49°48'33"E 44.99 feet; thence N89°33'55"E 1072.63 feet; thence S74°29'22"E 182.00 feet; thence N89°33'55"E 101.97 feet; thence S01°21'47"W 615.10 feet; thence S89°32'46"W 300.39 feet; thence S00°26'05"E 129.51 feet; thence S81°07'55"W 77.01 feet to the beginning of a tangent curve concave to the Northeast having a radius of 275.00 feet; thence Northwesterly 212.60 feet along such curve through a central angle of 44° 17'42" (chord bearing and distance of such curve being N76°43' 14"W 207.35 feet); thence N54°34' 23"W 515.63 feet to the beginning of a tangent curve concave to the Northeast having a radius of 475.00 feet; thence Northwesterly 240.08 feet along said curve through a central angle 28°57'33" (chord bearing and distance of said curve being 40°05'37"W 237.53 feet) to the beginning of a compound concave curve to the Southeast having a radius of 20.00 feet; thence Northeasterly 33.88 feet along said curve through a central angle of 97°03'51" (chord bearing and distance of said curve being N22°55'05"E 29.97 feet); thence N18°32'59"W 50.00 feet to the beginning of a non-tangent curve concave to the Southeast having a radius of 940.74 feet, a radial line bears S18°32'59"E; thence Southwesterly 164.46 feet along said curve through a central angle of 10°01'00" (chord bearing and distance of said curve being S66°26' 31"W 164.25 feet); thence N28°33' 59"W 100.00 feet; thence N06°35'11"W 144.95 feet to the point of the beginning (“Autumn Ridge Phase II”). The Receiver has accepted a total price of \$538,000 for Autumn Ridge Phase II, subject to approval by the U.S. District Court for the District of Utah in the Civil Case and higher and better offers as allowed pursuant to 28 U.S.C. § 2001. The Receiver has filed a motion seeking the District Court’s approval of the proposed sale. This motion

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<sup>38</sup> *Id.* ¶ 27.

<sup>39</sup> *Id.* ¶ 28.

for approval will come for a hearing before the Honorable Bruce S. Jenkins at 350 South Main Street, Salt Lake City, Utah on \_\_\_\_\_, 2013 at \_\_\_\_\_ am/pm in room 420. Any person wishing to submit a higher and better purchase offer, with such offer being at least 10% greater than the offer the Receiver has accepted, should present it in writing so that it is received no later than 10 days from the date of this notice to the Receiver's counsel at: Dorsey & Whitney LLP, attn: Michelle Montoya, 136 South Main Street, Suite 1000, Salt Lake City, Utah 84101. Any objections to the sale must be in writing and should be filed with the Court at the above address before the date of the hearing. Higher and better offers are invited.<sup>40</sup>

28. On May 24, 2013, the Receiver caused the Court-Approved Notice to be published in *The Salt Lake Tribune*, a newspaper published in Salt Lake City, Utah, and the *Provo Daily Herald*, a newspaper published in Utah County, Utah and distributed to Eagle Mountain, Utah.<sup>41</sup>

### III.

#### ARGUMENT

Based on the facts above, the Receiver respectfully requests authorization to sell Autumn Ridge Phase II pursuant to the Purchase Agreement free and clear of liens and interests, with any such interests, to the extent that they exist, attaching to the Net Sale Proceeds and held by the Receiver pending resolution of any disputes related thereto. The sale of Autumn Ridge Phase II as proposed is (1) within the scope of the Receiver's authority under the Receivership Order as quoted above and 28 U.S.C. § 2001(b), (2) in the best interests of the Receivership Estate, and (3) serves the purposes of the receivership by providing a "realization of the true and proper value" of Autumn Ridge Phase II.<sup>42</sup>

#### Sale of Autumn Ridge Phase II as Proposed is Beneficial to the Receivership Estate

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<sup>40</sup> Docket No. 317.

<sup>41</sup> See Docket Nos. 330 and 344, Receiver Declaration ¶ 29.

<sup>42</sup> Receivership Order ¶ 38.

Section 2001(b) of title 28 of the United States Code provides that the Court may authorize the sale of real property through private sale if such sale is in the “best interests” of the Receivership Estate.<sup>43</sup> Furthermore, the Receivership Order authorizes the Receiver, subject to Court approval, to sell property of the Receivership Estate “with due regard to the realization of the true and proper value of such Receivership Property.”<sup>44</sup> The sale of Autumn Ridge Phase II as proposed herein is in the best interests of the Receivership Estate for several reasons, including at least the following.

*First*, the sale will result in cash for the Receivership Estate based on a fair market value of Autumn Ridge Phase II, and in an amount that is more than \$100,000.00 above the average appraised value of the property. Specifically, Autumn Ridge Phase II has been marketed at an offering price that is based on (a) the opinion of an experienced, third party realtor, and (b) three independent appraisals of the property done by Court approved appraisers. The appraisals have taken into consideration current market conditions, sales of comparable properties, and the particular nature of the property. As evidenced by the purchase price for Autumn Ridge Phase II exceeding the average appraised value for the property, the Receiver’s sale process will maximize the value of Autumn Ridge Phase II.

*Second*, the proposed sale of Autumn Ridge Phase II will increase the sums held in the Receivership Estate.

**Request To Sell Autumn Ridge Phase II Free and Clear of Interests**

As discussed above, the Receiver proposes to sell Autumn Ridge Phase II free and clear of any interests in the property, with any such interest attaching to the Net Sale Proceeds. The

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<sup>43</sup> 28 USC § 2001(b).

<sup>44</sup> Receivership Order ¶ 37.

Court may order such a sale so long as parties with interests against the property are given proper notice.

The relevant taxing authorities,<sup>45</sup> each of the ABI Holders, and the other purported lienholders still claiming an interest against Autumn Ridge Phase II will be served with the Motion to be given notice of the relief sought herein.<sup>46</sup> Failure to object to these terms will mean that the relevant taxing authorities, each of the ABI Holders, and other lienholders, as purported holders of an interest in Autumn Ridge Phase II, consent to the relief sought herein, and may only look to the Net Sale Proceeds for any claim that he/she may eventually be held to have. This procedure will allow for the proposed sale to close, and preserve the status quo as to any disputes as claimed interests in Autumn Ridge Phase II.

**Compliance With 28 U.S.C § 2001**

The Receivership Order provides that the Court may require that the proposed sale of real property satisfy 28 U.S.C. § 2001.<sup>47</sup> Subsection (b) of § 2001 permits, with Court approval, a private sale of receivership property as proposed herein, but it conditions such sale on (1) obtaining a purchase price that is no less than two-thirds of the appraised value of the property; (2) appointing “three disinterested persons to appraise such property or different groups of three appraisers each to appraise properties of different classes or situated in different localities[;]” (3) publication notice of the sale “at least ten days before confirmation[;]” and (4) cancellation of the sale “if a bona fide offer is made, under conditions prescribed by the court,

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<sup>45</sup> The Receiver plans on paying the delinquent property taxes upon closing.

<sup>46</sup> The Receiver Declaration and the Exhibits attached thereto are not being served so as to minimize expense and preserve the Receivership Estate. However, as noted above, the Receiver Declaration and the Exhibits are posted on the Receiver’s website at <http://www.kleinutah.com/index.php/receiverships/national-note-of-utah-lc> and all parties in interest who are served with this Motion may request a copy of the documents if desired from undersigned counsel.

<sup>47</sup> Receivership Order ¶ 39.



**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **RECEIVER'S SECOND MOTION SEEKING AUTHORIZATION TO SELL AUTUMN RIDGE PHASE II FREE AND CLEAR OF PURPORTED INTERESTS AND MEMORANDUM OF SUPPORT** (the "Motion") was filed with the Court on this 17th day of July, 2013, and served via ECF on all parties who have requested notice in this case.

/s/ Jeffrey M. Armington

Furthermore, I certify that on this 17th day of July, 2013, the Motion was served on the following parties by U.S. Mail postage prepaid:

Robert W. Stensland Trust  
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Portland, OR 97229

Jeffrey Todd Heaton  
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Sarah Thompson  
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Mark Licciardo  
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Entrust: FUB Fred Longhurst  
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Vetco, Inc.  
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Holgate Family Trust  
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