



EXPERT WITNESS REPORT

National Note of Utah, vs. Defendants

Submitted by:

Richard S. Hoffman, CPA/ABV

Principal

July 16, 2014

I. INTRODUCTION

We have been engaged to render an opinion addressing the question of whether National Note of Utah ("National Note") was solvent and was able to pay its obligations as they become due as of December 31, 2004, and each subsequent year thereafter until June 30, 2012, the approximate time the Receiver was appointed ("Analysis Period").

This analysis relates to the matter involving the Receiver's complaints against multiple investor Defendants (collectively "the Investors" or "Defendants"). We have considered information subsequent to each year of the Analysis Period in our assessment to the extent it represents information that was known or knowable, or represents a manifestation of facts or conditions that would have likely existed as of each Analysis Period.

The opinions and findings expressed herein are based upon my work to date and upon the pattern of facts that I observed in my review of multiple reports filed by the Receiver in this matter, discussion with the Receiver, accounting documents or information produced by the Plaintiff¹, other the documents produced in this case, publicly available documents, and my past professional experience. The information I have considered for purposes of forming my opinions contained herein is as follows:

¹ My review of accounting data produced by the Plaintiff primarily includes, National Note's and its Affiliates' Peachtree and QuickBooks files, National Note's NoteSmith database, and other financial records.

Documents Relied On

- 1 SEC Civil Enforcement Case, Docket No. 1
- 2 SEC Civil Enforcement Case, Docket No. 9.
- 3 Complaint to Avoid Fraudulent Transfers
- 4 Complaint (R. Wayne Klein v. Takeo Iwamoto et al.)
- 5 R. Wayne Klein Receiver's Report dated February 12, 2014, including schedule exhibits and appendix exhibits
- 6 Receiver's Initial Liquidation Plan filed with court
- 7 Various requests for approval to sell assets and orders approving the sale of assets filed with the court.
- 8 NoteSmith Payment History - All Accounts.xls
- 9 NoteSmith Summary for Lone Peak.xls
- 10 Master - Group Payee (07-12).xls
- 11 Various county tax records
- 12 Various Peachtree and QuickBooks files for National Note and Affiliates
- 13 National Note Real Estate - Summary.xls
- 14 Bad Debt NoteSmith Report Backup.xlsx
- 15 Loan Inquiry Summary.docx
- 16 Inquiry Letters.xls
- 17 Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))
- 18 Year-over-year value trends for various select markets (Analysis provided by J. Phillip Cook, LLC)
- 19 J. Philip Cook, LLC (Residential home sale market growth rates in Oneida, Bannock, and Franklin Counties)
- 20 J. Philip Cook, LLC (Industrial Sale Price Trends - Salt Lake County, UT)
- 21 J. Philip Cook, LLC (Office Sale Price Trends - Maricopa County, AZ)
- 22 J. Philip Cook, LLC (Office Sale Price Trends - Maricopa County, AZ)
- 23 J. Philip Cook, LLC (Wasatch Front MLS ("WFRMLS") - Eagle Mountain, UT)
- 24 J. Philip Cook, LLC (Idaho MLS ("IMLS") - Middleton, ID)
- 25 J. Philip Cook, LLC (Wasatch Front MLS ("WFRMLS") - Sandy, UT)
- 26 NNU Money Flow Categories (2007).xls
- 27 NNU Money Flow Categories (2008).xls
- 28 NNU Money Flow Categories (2009).xls
- 29 NNU Money Flow Categories (2010).xls
- 30 NNU Money Flow Categories (2011).xls
- 31 NNU Money Flow Categories (2012).xls
- 32 Elkhorn AppraisalLotsBair Apr414.pdf
- 33 Elkhorn AppraisalNorthShoreVarious Jan814.pdf
- 34 Elkhorn AppraiserBurris43etal (2.5 Acre) Apr814.pdf
- 35 Elkhorn AppraiserBurris1314(5 Acre) Apr814.pdf
- 36 Elkhorn AppraiserBurris26253819(3.75 Acre) Apr814.pdf
- 37 Elkhorn3 AppraisalNorthShore Sep2812.pdf
- 38 Appraisal Report of an Industrial Condominium Unit Located at 1021 North....pdf
- 39 ExpresswayLand Appraisal Mar1914.pdf
- 40 Settlement Agreement dated 02-14-13.pdf
- 41 Appraisal Report on 172.39 Acres of Vacant Land.pdf
- 42 MiddletonAppraisal BellHawthorne May3014.pdf
- 43 MiddletonAppraisal BrownHawthorne Jun514.pdf
- 44 MiddletonAppraisal FullmerHawthorne Apr2414.pdf
- 45 Real Properties Status as of June 30, 2014.xls
- 46 NNU: South Jordan Entites, Ovation 106
- 47 Management Agreement between R. Wayne Klien and HMI Mangaement LLC
- 48 Assay Reports (Homeland Minerals)
- 49 Non-performing loans backup (non-affiliates).pdf

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19 See Appendix B.

This report has been prepared solely in connection with the lawsuits brought by the Receiver against National Note Investors (the "Adversary Proceedings") and is intended for no other use.² Below, I have described the bases for the opinions.

II. QUALIFICATIONS

I am a Co-Founding Shareholder and Principal of Lone Peak Valuation Group. Prior to Lone Peak, I was a Managing Director in the international professional services firm of LECG. I have over twenty years of experience in public accounting and am a Certified Public Accountant. I am also accredited in business valuations through the American Institute of Certified Public Accountants. I have taught many times on the proper methodology of calculating damages on behalf of the National Association of Certified Valuation Analysts. I have also taught about the process of valuing businesses and calculating damages at the University of Utah, as an adjunct professor. I have co-authored a book on performing damage calculations. Additionally, numerous articles of mine have been published in a variety of magazines and trade publications regarding the proper methods of determining value and calculating damages. I have also taught on such topics via presentations given at the national conferences of the American Institute of Certified Public Accountants and the National Association of Certified Valuation Analysts.

Appendix A contains a copy of my Curriculum Vitae detailing my qualifications, publications and speeches and trial and deposition testimony offered within the last four years.

Lone Peak Valuation is presently being compensated for my work in the matter at my current billing rate of \$390 per hour. Other Lone Peak consultants are assisting me in this matter and are being compensated at other rates. No part of my compensation depends on the outcome of this litigation.

III. BACKGROUND

The following is a summary of the salient events leading up to this litigation. It is not meant to be testimony regarding the factual background of the case; it merely serves as a frame of reference for the opinions that follow this section.

² This report may be used in connection with the civil enforcement action brought by the SEC against Mr. Palmer.

National Note of Utah, LC ("National Note"), its subsidiaries and affiliates (collectively, unless otherwise stated, National Note and all subsidiaries and affiliated entities are referred to herein as "NNU"), raised money by soliciting investors to purchase promissory notes, which typically promised to pay interest at a rate of interest above market rates. It is believed that the investors understood that they were investing with an enterprise that, among other things, bought and sold mortgage notes, underwrote and made loans, or bought and sold real estate assets through National Note, or one of its many affiliated entities.

On June 25, 2012, an SEC Civil Enforcement Case was filed, alleging that NNU is a Ponzi scheme.³ Typically, investment funds were deposited in a commingled bank account controlled by NNU ("Trust Account"). NNU would then transfer such investor funds to another bank account (the "Distribution Account"). Monies on deposit in the Distribution Account were commingled, and transfers to investors by NNU were made from the commingled funds on deposit in that Distribution Account.

Also on June 25, 2012, as a result of the filing of the SEC Civil Enforcement Action, the Court entered a Receivership Order appointing R. Wayne Klein as the Court-Appointed Receiver (the "Receiver" or "Plaintiff") of NNU and the assets of Wayne LaMar Palmer ("Palmer").⁴

The Receiver, in the case *Securities and Exchange Commission v. National Note of Utah, LC et al.*, has filed multiple complaints against investors that have allegedly received monies or property from NNU, or are persons to whom these parties have transferred monies or property received from NNU ("Investors" or "Defendants").

The Receiver claims that the monies received by these Investors from NNU are fraudulent transfers as defined by the Utah Fraudulent Transfer Act. Therefore, the Receiver seeks to avoid the transfers and/or recover the value of the transfers from Defendants for the benefit of the receivership estate.⁵

³ SEC Civil Enforcement Case, Docket No. 1 (Complaint).

⁴ SEC Civil Enforcement Case, Docket No. 9.

⁵ Complaint

IV. SCOPE AND NATURE OF ENGAGEMENT

I have been asked to address certain aspects of the Plaintiff's fraudulent transfer claims. Specifically, I have been asked to address the solvency of National Note and its affiliates as of December 31, 2004, and each subsequent year thereafter until June 30, 2012, or as previously defined as the Analysis Period.

This engagement, as with all of Lone Peak's engagements, has been completed through the efforts of multiple individuals assisting me in conducting my analysis and preparing this report. Since I intend to testify regarding the opinions described in this report, I have typically used singular pronouns such as "me," "I," etc. to describe the basis for my opinions. This is not meant to suggest that this report is a result of only my own efforts.

Throughout this report, plural pronouns such as "our", "we", etc. have been used to describe the work performed.

The opinions and findings expressed herein are based upon our work to date and upon the pattern of facts that we observed in our examination. If requested, additional analyses may be performed. I may supplement, update or otherwise modify this report at a later date if I receive additional relevant information produced to me during the proceedings of this matter.

V. STANDARD AND PREMISE OF VALUE

It is my understanding that the Plaintiffs have asserted fraudulent transfer claims against the Defendants under Utah Code Ann. §§ 25-6. Section 3 (§§ 25-6-3) defines insolvency in fraudulent transfer claims are as follows:⁶

- a. A debtor is insolvent if the sum of the debtor's debts is greater than all of the debtor's assets, at a fair valuation (the "Balance Sheet Test");
- b. A debtor who is generally not able to pay his debts as they become due is presumed to be insolvent.

⁶ Utah Code Ann. § 25-6-3 (definition of insolvency for purposes of fraudulent transfer claims).

- c. A partnership is insolvent under Subsection (1) if the sum of the partnership's debts is greater than the aggregate, at a fair valuation, of all of the partnership's assets and the sum of the excess of the value of each general partner's non-partnership assets over the partnership assets over the partner's non-partnership debts.

Thus, I understand the appropriate valuation standard to use is "fair valuation." I understand the term "fair valuation" is generally interpreted by the courts to mean "fair market value."

Fair Market Value is the price at which such property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of the relevant facts.⁷

VI. VALUATION CONSIDERATIONS AND APPROACHES

We have considered various valuation approaches when estimating the Fair Value of certain assets of the Company. Generally, a valuation is based on one or more of the following valuation approaches. The decision as to which approach or approaches is most appropriate is based on the nature of the asset valued and its unique characteristics.

1. VALUATION APPROACHES

- **Income Approach-** The Income Approach estimates the Fair Market Value based on the cash generating ability of the Company. This approach quantifies the present value of the future economic benefits that are expected to accrue to the Company. These benefits, or future cash flows, are discounted to the present at a rate of return that is commensurate with the Company's inherent risk and expected growth.

The Income Approach was considered and utilized in determining an estimate of Fair Value of the Company's real property assets throughout the Analysis Period.

⁷ The International Glossary of Business Valuation Standards

- **Market Approach-** The Market Approach leads to an estimate of Fair Market Value based on what other purchasers and sellers in the market have paid for the Company and for businesses similar to the Company. This approach is based on the principle of substitution. This principle states that the limit of prices, rents, and rates tends to be set by prevailing prices, rents, and rates for equally desirable substitutes.

When this approach to value is used, data is collected on the prices paid for companies reasonably similar to the Company ("Guideline Companies"). Use of the Market Approach results in an indication of value based on an estimate of the price one may reasonably expect to realize on the sale of the Company.

The Market Approach was considered and utilized in determining an estimate of Fair Value of the Company's real property assets throughout the Analysis Period.

- **Net Asset Approach or Cost Approach-** The Cost Approach is based on the theory that a prudent investor would pay no more than the cost of constructing a similar asset, of like utility, at prices applicable at the time of the appraisal. However, the cost approach may not capture the full value of an income-producing asset.

The Net Asset Approach was considered and utilized in determining an estimate of Fair Value of the Company's net assets throughout the Analysis Period. When performing a solvency analysis and using the Net Asset Approach methodology, the Balance Sheet Test is typically applied.

- **Balance Sheet Test -** While the balance sheet test relies extensively on the asset approach discussed above, it may involve the use of both market and income approach. The balance sheet test is an approach that has developed over time in a bankruptcy context to determine the solvency of a business.

The Balance Sheet Test was considered and utilized in determining the solvency of National Note throughout the Analysis Period.

We have also considered information subsequent to December 31, 2004 and the other years of the Analysis Period in our assessment to the extent it represents information that was known or knowable, or represents a manifestation of facts or conditions that would have likely existed as of each year end of the Analysis Period. While the information considered regarding the collectability of the Company's notes receivable from affiliates may not represent a manifestation of know facts or conditions as of each year end of the Analysis Period, it does represent the most objective and practical means of assigning reasonable, if not generous, estimates of value to National Note's receivables.

VII. BALANCE SHEET TEST

The Balance Sheet Test focuses on the fair valuation of the debtor's assets compared to the face value of its liabilities at the time of the allegedly fraudulent transfer.⁸ The asset valuation need not be exact but should estimate that amount of cash the debtor's assets would realize if sold in a prudent manner in current market conditions.⁹

1. PREMISE OF VALUE

When utilizing the Cost Approach, one significant factor to consider is the "Premise of Value." The Premise of Value is an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation, and the premise can be classified as going concern or liquidation.

The Balance Sheet Test is generally done using the Going Concern premise of value, and we have done so in this matter.

a. **Assets**

While exceptions exist, the assets of most businesses generally include tangible assets and intangible assets. Tangible assets are typically comprised of working capital (e.g., cash, inventory, and receivables less payables and accrued liabilities) and fixed assets (e.g., furniture, fixtures, property, plant and equipment). Tangible assets typically possess stand-alone value. In other words, they can be sold separately and apart from other assets (tangible or intangible) of the business.

In this case, the Company's notes receivable from affiliates are the Company's primary recorded assets, and the fair value of these assets have been established based on an analysis of their collectability, which will be explained in more detail below.

⁸ Utah Code Ann. § 25-6-3 (definition of insolvency for purposes of fraudulent transfer claims)

⁹ Banco de Ponce. 616 F.2d 573, 577 (1st Cir. 1980).

b. Liabilities

Unlike assets, debts are measured at their book value and not at market value.¹⁰ The process includes identifying recorded liabilities and valuing any unrecorded contingent liabilities. During this process, it may be necessary to discount a contingency by the probability that the contingency will occur and the liability will become real. It makes no difference whether the firm has a contingent asset or a contingent liability, the asset or liability must be reduced to its present or expected value as of the Transfer.

National Note's balance sheet consists primarily of notes receivable from affiliated entities, notes receivable from non-affiliated entities, real property assets, and notes payable to investors. The chart below is National Note's annual Balance Sheets as of December 31, 2004 to December 31, 2011, and as of June 25, 2012.

¹⁰ *Pembroke Dev. Corp. v. Commonwealth Sav. & Loan Ass'n*, 124 Bankr. 398,402 (Bankr. S.D.Fla. 1991)
See *Orix Credit Alliance v. Harvey ex rel. Lamar Haddox Contractor* (In re Lamar Haddox Contractor), 40 F.3d 118 (5th Cir., 1994).

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National Note	Notes	National Note Unadjusted Balance Sheet								
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>
Assets										
Current Assets										
Cash		71,600	1,816,423	3,072,180	1,303,776	1,227,219	744,375	277,537	7,666	(395)
AR		4,475,059	758,814	722,949	656,982	282,312	1,321,070	1,899,965	1,737,211	1,379,725
Note Receivable - Other	<4>	(13,447)	2,844,720	2,453,497	2,486,328	2,486,328	2,486,328	-	47,043	47,043
Note Receivable - NNU	<3>	5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Allowance for Uncollectible Receivables	<2>	-	-	-	-	-	-	-	-	-
Net Note Receivable - NNU		5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Total Current Assets		\$ 9,594,507	\$ 21,503,377	\$ 44,992,852	\$ 61,804,693	\$ 73,332,664	\$ 82,806,258	\$ 97,464,191	\$ 107,763,577	\$ 108,166,668
Other Assets										
REO		2,374,802	3,928,927	2,454,518	2,458,174	4,993,855	7,198,614	5,470,064	8,015,785	5,973,980
Property & Equipment		92,736	93,643	108,264	117,732	119,940	107,229	92,433	84,552	87,276
Other Non-Current Assets		20,000	35,000	35,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Assets		\$ 12,082,044	\$ 25,560,947	\$ 47,590,634	\$ 64,400,600	\$ 78,466,460	\$ 90,132,101	\$ 103,046,687	\$ 115,883,914	\$ 114,247,924
Liabilities										
Current Liabilities										
Accounts Payable		28,714	86,182	80,932	15,429	344,504	732,278	770,236	1,567,060	1,404,633
Notes Payable		14,575,103	26,626,113	46,339,618	62,495,824	74,851,393	85,437,696	98,621,213	109,956,500	110,758,395
Total Current Liabilities		\$ 14,603,816	\$ 26,712,295	\$ 46,420,550	\$ 62,511,253	\$ 75,195,897	\$ 86,169,974	\$ 99,391,449	\$ 111,523,560	\$ 112,163,028
Other Liabilities										
Long Term Payable		544,342	106,868	96,356	76,575	1,788,519	2,981,879	2,931,826	3,099,858	1,818,696
Total Liabilities		\$ 15,148,158	\$ 26,819,163	\$ 46,516,905	\$ 62,587,828	\$ 76,984,416	\$ 89,151,853	\$ 102,323,276	\$ 114,623,418	\$ 113,981,724
Excess of Liabilities over Assets		(3,066,114)	(1,258,216)	1,073,729	1,812,771	1,482,044	980,248	723,412	1,260,496	266,200
Notes: <1> As of June 25, 2012. <2> National Note did not record an Allowance for Uncollectible Receivables. <3> The detail of the Note Receivable - NNU balance in NoteSmith is slightly different than that recorded in Peachtree. See Schedule 3 for NoteSmith detail by National Note Affiliate. <4> This is not an account in Peachtree, but rather a consolidatoin of non-affiliate accounts used for the purpose of this analysis.										

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183 See Schedule 1 for more detail.

184 National Note used the Peachtree accounting software for its general ledger and internally

185 generated financial statements. However, a specialized software program was used to record the

186 details of principal amounts invested with National Note, principal amounts advanced to

187 borrowers, interest accrued, interest and principal actually received from borrowers, and interest

188 and principal paid out to investors. This software package is called NoteSmith. The NoteSmith

189 records appear to have been the principal records relied on by National Note for all promissory

190 note transactions.

191 For example, adjustments were commonly made in the general ledger accounting records to the
192 Notes Receivable-NNU account to make the balances equal those recorded in NoteSmith.¹¹

193 Taking into consideration the information contained in both Peachtree and NoteSmith, I have
194 addressed each of these primary balance sheet accounts below.

195 **2. NOTES RECEIVABLE - OTHER**

196 The "Notes Receivable – Other" account represents amounts advanced by National Note to non-
197 affiliated entities. In the Receiver's Report on Income, Equity and Fund Transfers by National Note
198 of Utah and Affiliated Entities ("Receiver's Report"), he indicates that in the early years of National
199 Note's operations, most of the receivables were owed by non-affiliated borrowers. However, in
200 the mid-2000's most of the National Note's notes receivable began to be owed to National Note by
201 affiliates and not unrelated, third parties.

202 At the end of 2004, NoteSmith recorded Receivables from Non-Affiliated Entities of \$4.0 million,
203 \$3.1 million of which was not current and interest was not being accrued.¹² This implied a
204 collectable balance of approximately \$0.9 million. In contrast, the balance of the account in
205 Peachtree as of the same date was a credit balance of \$13,447. Furthermore, the highest balance
206 recorded in Peachtree over the Analysis Period was \$2.5 million in 2007 to 2009. The account was
207 then moved to the NNU Affiliate account (see Schedule 1 for more detail). The Peachtree records
208 have little information regarding the non-affiliate receivables and are inconsistent with the
209 NoteSmith records. It is unclear if National Note management ever considered these receivables
210 collectable.

211 Based on discussions with the Receiver, the Receiver's efforts to collect on the non-affiliated
212 receivables have been unsuccessful and many of the records were determined to be inaccurate.
213 The inconsistency in the financial records supports the fact these receivables were not valid,
214 collectable receivables.

¹¹ As will be explained below there is no indication that the balance in the Notes Receivable – Other account was ever adjusted during the Analysis Period to match the information in NoteSmith. This is not an account in Peachtree, but rather a consolidation of non-affiliate accounts in Peachtree used for purposes of this analysis.

¹² Receiver's Report dated February 12, 2014; page 117, Chart 103.

215 The difference between the non-affiliated receivables balance recorded in Note Smith and the
 216 balance recorded in Peachtree is evidence that these were not considered valid receivables by
 217 National Note. Based on the Receiver's analysis of the Receivership Entities bank accounts
 218 explained below, the amount of cash received into the cash accounts from non-affiliate receivables
 219 from 2007 to 2012 was less than \$100,000 (see Chart below).

Receivables from Non-Affiliated Entities						
NoteSmith				Financial Statements	Bank Account Activity	
Year	Total Receivables Outstanding at Year End	Amount Outstanding Where NoteSmith Stopped Accruing Interest During the Year	Remaining Receivable Balance Still Accruing Interest	Note Balance	Cash Activity Outflows from Non-Affiliate Receivables	Cash Activity Inflows from Non-Affiliate Receivables
Graphic No. 103 from Receiver's Report						
	[a]	[b]	[a] - [b]			
2004	4,042,029	3,136,246	905,784	(13,447)		
2005	7,023,421	3,235,600	3,787,821	2,844,720		
2006	7,202,815	4,133,190	3,069,625	2,453,497		
2007	9,069,621	4,228,626	4,840,994	2,486,328	(842,106)	55,150
2008	8,978,279	6,030,806	2,947,473	2,486,328	(1,577,998)	1,386
2009	7,157,640	7,147,574	10,066	2,486,328	(885,978)	1,000
2010	8,609,059	8,602,992	6,067	-	(97,413)	25,000
2011	8,612,720	8,610,415	2,305	47,043	(6,090)	-
2012	8,580,267	8,579,654	613	47,043	(1,166)	-

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 221 Due to the inconsistencies in the records produced and in an effort to be conservative, I have made
 222 no adjustment to the balance recorded in this account during the Analysis Period. In other words, I
 223 have kept the balance on the balance sheet the same, even though it appears these balances were
 224 never collected.

225 3. NOTES RECEIVABLE – AFFILIATES

226 As explained above, the Notes Receivables from Affiliates represent funds advanced to National
 227 Note affiliates to fund operations, purchase assets, and repay earlier borrowings from National
 228 Note. The following table is a listing of the Notes Receivable balances owed to National Note by its
 229 affiliates ("NNU Note Affiliates") from December 31, 2004 to 2012.

Summary of Notes Receivable by Affiliated Entity

NNU Note Affiliate	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Company	114,096	199,128	199,128	199,128	199,128	199,128	199,128	199,128	199,128
Homeland Mortgage	110,016	2,205	0						
Homeland Funding	2,890,606	3,168,572	1,514,860	3,254,271	5,355,621	6,970,208	9,015,873	10,851,553	11,173,295
Land Utah	1,918,986	3,376,729	4,903,038	6,405,235	7,005,235	7,235,235	7,577,135	7,693,835	7,693,835
Homeland Holding	538,208	238,002	2,916,272	5,827,811	6,258,436	7,112,586	8,313,776	7,023,132	7,032,111
Expressway		2,450,749	2,937,470	5,380,355	7,170,418	7,824,219	10,381,881	13,362,569	13,545,801
Homeland Development I		513,280	1,193,952	2,741,143	4,256,677	5,364,847	6,593,259	7,817,174	7,966,896
Vision Land		1,337,447	5,820,430	6,521,887	7,576,702	9,680,179	13,116,405	15,079,829	15,107,653
Homeland Development II			1,274,577	4,115,439	3,811,227	4,304,147	5,213,558	5,834,936	5,914,293
Riverbend Estates			8,878,084	13,123,144	16,762,644	19,198,816	20,989,254	22,645,409	22,648,601
Presidential Utah Properties			496,950	671,682	828,106	1,013,514	1,302,530	1,522,366	1,524,449
DPLM			1,278,458	1,654,782	2,095,769	2,547,014	2,870,307	3,239,031	3,239,031
Elkhorn Ridge Estates			610,267	1,444,387	3,200,292	4,556,577	6,012,495	6,947,673	6,953,584
Old Glory Mint						109,116	0		
NPL America						23,302	27,393	29,313	29,313
Centennial Aviation		70,186	91,081	148,091	174,123	204,053	225,373	256,553	243,445
Spanish Fork Development							250,540	125,270	125,270
Total	5,571,912	11,356,298	32,114,567	51,487,354	64,694,378	76,342,942	92,088,908	102,627,771	103,396,705

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231 See Schedule 3 for more detail.

232 In order to assess the collectability of each note, I first analyzed the income generating ability of
 233 each NNU Note Affiliate to determine if it had the ability to pay the annual interest payments due
 234 to National Note. Next, I analyzed the value of the real property assets of the NNU Note Affiliates
 235 to determine if the NNU Note Receivable balance of each affiliate could be collected from any
 236 expected future sales proceeds of the real property assets.

237 The difference between the recorded book value of the Notes Receivable and the estimated
 238 collectability is recorded as an allowance for bad debt, the net balance representing the estimated
 239 fair value of the notes receivable.

240 a. **Income Generating Ability of NNU Note Affiliates**

241 Based on a review of the NNU Note Affiliates' financial statements, the income generated by each
 242 affiliate was insufficient to cover the interest payments due National Note on an annual basis. The
 243 following table is a summary of the NNU Note Affiliates' Earnings Before Interest, Taxes,
 244 Depreciation and Amortization ("EBITDA") compared to the interest payments due to National
 245 Note on an annual basis.

Net Income Summary for NNU Note Affiliates*Source: Receiver Chart 35-36 & National Note Financial Statements*

NNU Note Affiliates - Combined			
Year	EBITDA	Interest Expense	Net Income(Loss) <1>
2004	(\$1,481,464)	(\$662,664)	(\$2,144,125)
2005	(\$111,595)	(\$3,235,003)	(\$3,364,088)
2006	\$696,178	(\$4,019,198)	(\$3,333,057)
2007	(\$962,509)	(\$2,531,106)	(\$3,506,805)
2008	(\$3,364,782)	(\$3,101,704)	(\$6,478,483)
2009	(\$6,832,226)	(\$6,381,414)	(\$13,219,989)
2010	(\$2,171,409)	(\$11,207,940)	(\$13,385,096)
2011	\$589,455	(\$8,093,001)	(\$7,509,286)
2012	(\$423,121)	(\$403,270)	(\$826,391)

Note:

<1> Net Income (Loss) includes Interest Expense and Depreciation Expense which are not included in EBITDA.

246

247 As can be seen above, NNU Note Affiliates' EBITDA was negative for all but two years during the
 248 Analysis Period. The NNU Note Affiliates did not have the income generating ability to service the
 249 annual interest payments due National Note in 2004, and its inability to service the interest
 250 payments continued to increase over the Analysis Period.

251

b. Valuation of Real Property Assets of NNU Note Affiliates

252

253

254

255

It is our understanding that the National Note loans to the NNU Note Affiliates are primarily
 secured by the NNU Note Affiliates' assets, and the majority of the assets held by the NNU Note
 Affiliates consist of real property assets. The following chart is a listing of the book value of the real
 property assets for each NNU Note Affiliate by year.

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Book Value of Real Property Assets									
Entity	Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
The Property Company	\$ 391,539	\$ 318,702	\$ 519,177	\$ 636,402	\$ 638,405	\$ 409,951	\$ 404,211	\$ 313,439	\$ 183,024
Homeland Funding Corp			\$ 705,416	\$ 705,416	\$ 710,507	\$ 709,108	\$ 709,503	\$ 709,617	\$ 709,617
Land Utah	\$1,051,867	\$1,444,936	\$ 1,503,007	\$ 1,783,175	\$ 1,563,082	\$ 1,510,153	\$ 1,545,940	\$ 1,497,630	\$ 1,497,630
Homeland Holding Corp	\$1,005,781	\$1,005,781	\$ 2,946,495	\$ 4,738,884	\$ 2,910,707	\$ 2,606,741	\$ 2,371,155	\$ 2,392,155	\$ 2,392,155
Expressway Business Park	\$2,462,179	\$2,881,270	\$ 3,581,908	\$ 5,945,829	\$ 7,299,241	\$ 3,093,095	\$ 3,093,295	\$ 3,483,564	\$ 3,483,564
Homeland Development I		\$ 522,099	\$ 918,494	\$ 2,232,950	\$ 3,627,133	\$ 4,666,945	\$ 4,833,978	\$ 4,835,365	\$ 4,835,516
Vision Land				\$ 6,244,294	\$ 8,691,400	\$ 8,850,344	\$ 8,992,205	\$ 8,992,488	\$ 8,992,488
Homeland Development II		\$ 34,250	\$ 1,255,631	\$ 4,051,837	\$ 3,532,349	\$ 3,262,003	\$ 3,262,003	\$ 3,264,390	\$ 3,264,390
Prime Wave 1			\$ 4,536	\$ 221,644	\$ 274,064	\$ 391,045	\$ 391,145	\$ 6,871	\$ 6,871
Riverbend Estates			\$10,400,000	\$15,143,194	\$18,802,974	\$ 21,269,660	\$ 21,552,416	\$ 21,563,037	\$ 21,565,685
Presidential Utah Properties			\$ 338,108	\$ 330,160	\$ 322,212	\$ 314,264	\$ 323,621	\$ 315,673	\$ 315,673
DPLM			\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139
Elkhorn Ridge			\$ 610,267	\$ 1,374,376	\$ 3,067,124	\$ 4,288,843	\$ 5,725,096	\$ 6,656,003	\$ 6,655,951
NPL America						\$ 31,689	\$ 25,333	\$ 25,333	\$ 25,333
ND 1							\$ 195,106	\$ 195,106	\$ 195,106
Montana One							\$ 98,939	\$ 95,303	\$ 95,303
Spanish Fork Development									
Total Book Value of Real Property Assets <1>	\$4,911,366	\$6,207,038	\$24,434,178	\$45,059,301	\$53,090,337	\$ 53,054,979	\$ 55,175,084	\$ 55,997,113	\$ 55,869,444

256

257 See Schedule 4 for more detail.

258 I was asked to assume that National Note has a priority interest in the real property assets of each
259 of the NNU Note Affiliates. If the recoverable amount of the notes receivable balances were equal
260 to or less than the book value of the real property assets, National Note is insolvent according to
261 the Balance Sheet Test from at least December 31, 2004 to the end of the Analysis Period. See the
262 Excess of Liabilities over Asset line item in the Chart below:

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National Note	Notes	National Note Adjusted Balance Sheet (Book Value of Real Property Assets)								
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>
Assets										
Current Assets										
Cash		71,600	1,816,423	3,072,180	1,303,776	1,227,219	744,375	277,537	7,666	(395)
AR		4,475,059	758,814	722,949	656,982	282,312	1,321,070	1,899,965	1,737,211	1,379,725
Note Receivable - Other	<3>	(13,447)	2,844,720	2,453,497	2,486,328	2,486,328	2,486,328	-	47,043	47,043
Note Receivable - NNU		5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Allowance for Uncollectible Receivables		(149,928)	(9,876,382)	(14,310,048)	(12,298,306)	(16,246,470)	(25,199,506)	(40,111,605)	(49,974,545)	(50,870,851)
Net Note Receivable - NNU	<2>	4,911,366	6,207,038	24,434,178	45,059,301	53,090,337	53,054,979	55,175,084	55,997,113	55,869,444
Total Current Assets		\$ 9,444,579	\$ 11,626,995	\$ 30,682,804	\$ 49,506,387	\$ 57,086,195	\$ 57,606,752	\$ 57,352,586	\$ 57,789,033	\$ 57,295,817
Other Assets										
REO		2,374,802	3,928,927	2,454,518	2,458,174	4,993,855	7,198,614	5,470,064	8,015,785	5,973,980
Property & Equipment		92,736	93,643	108,264	117,732	119,940	107,229	92,433	84,552	87,276
Other Non-Current Assets		20,000	35,000	35,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Assets		\$ 11,932,116	\$ 15,684,565	\$ 33,280,586	\$ 52,102,294	\$ 62,219,990	\$ 64,932,595	\$ 62,935,082	\$ 65,909,369	\$ 63,377,073
Liabilities										
Current Liabilities										
Accounts Payable		28,714	86,182	80,932	15,429	344,504	732,278	770,236	1,567,060	1,404,633
Notes Payable		14,575,103	26,626,113	46,339,618	62,495,824	74,851,393	85,437,696	98,621,213	109,956,500	110,758,395
Total Current Liabilities		\$ 14,603,816	\$ 26,712,295	\$ 46,420,550	\$ 62,511,253	\$ 75,195,897	\$ 86,169,974	\$ 99,391,449	\$ 111,523,560	\$ 112,163,028
Other Liabilities										
Long Term Payable		544,342	106,868	96,356	76,575	1,788,519	2,981,879	2,931,826	3,099,858	1,818,696
Total Liabilities		\$ 15,148,158	\$ 26,819,163	\$ 46,516,905	\$ 62,587,828	\$ 76,984,416	\$ 89,151,853	\$ 102,323,276	\$ 114,623,418	\$ 113,981,724
Excess of Liabilities over Assets		(3,216,042)	(11,134,598)	(13,236,319)	(10,485,535)	(14,764,426)	(24,219,259)	(39,388,193)	(48,714,048)	(50,604,651)

Notes:
 <1> As of June 25, 2012. Peachtree records are not complete for 2012. Interest income and expense entries were not recorded by National Note for the full year.
 <2> For detail of the Adjusted Net Note Receivable - NNU, see Schedule 4
 <3> This is not an account in Peachtree, but rather a consolidation of non-affiliate accounts used for the purpose of this analysis.

263

264 See Schedule 2 for more detail.

265 Using the real property book values, National Note's liabilities exceed its assets each year and by
 266 2012 the excess of liabilities over assets was approximately \$51 million.

267

268 Due to the significant level of insolvency, I focused my analysis on the fair value of the seven largest
 269 affiliate real property holdings, which represents approximately 92% of the total NNU Note
 270 Affiliates real property holdings in 2012. In the event that additional information is presented in
 271 the case that demonstrates a closer level of insolvency, I may do further work on this issue.

272 **i. Available Value Indicators Used**

273 In order to estimate the fair value of the seven selected real property assets, I analyzed several
 274 available value indicators. These value indicators are the following:

- 275 • Book Value (including capitalized expenses)
- 276 • Book Value less Capitalized Interest
- 277 • Mr. Palmer's Estimate of Value
- 278 • Tax Assessment Value
- 279 • Appraised Value
- 280 • Sales Value

281 Then, I used these value indicators along with annual changes in regional market values to test the
282 reasonableness of the resulting range of values. I tested the resulting range of values by using two
283 approaches. The two approaches used were a forward cost approach and a backward
284 sales/appraisal value approach. Below is an explanation of these two approaches:

285 **ii. Forward Cost Approach**

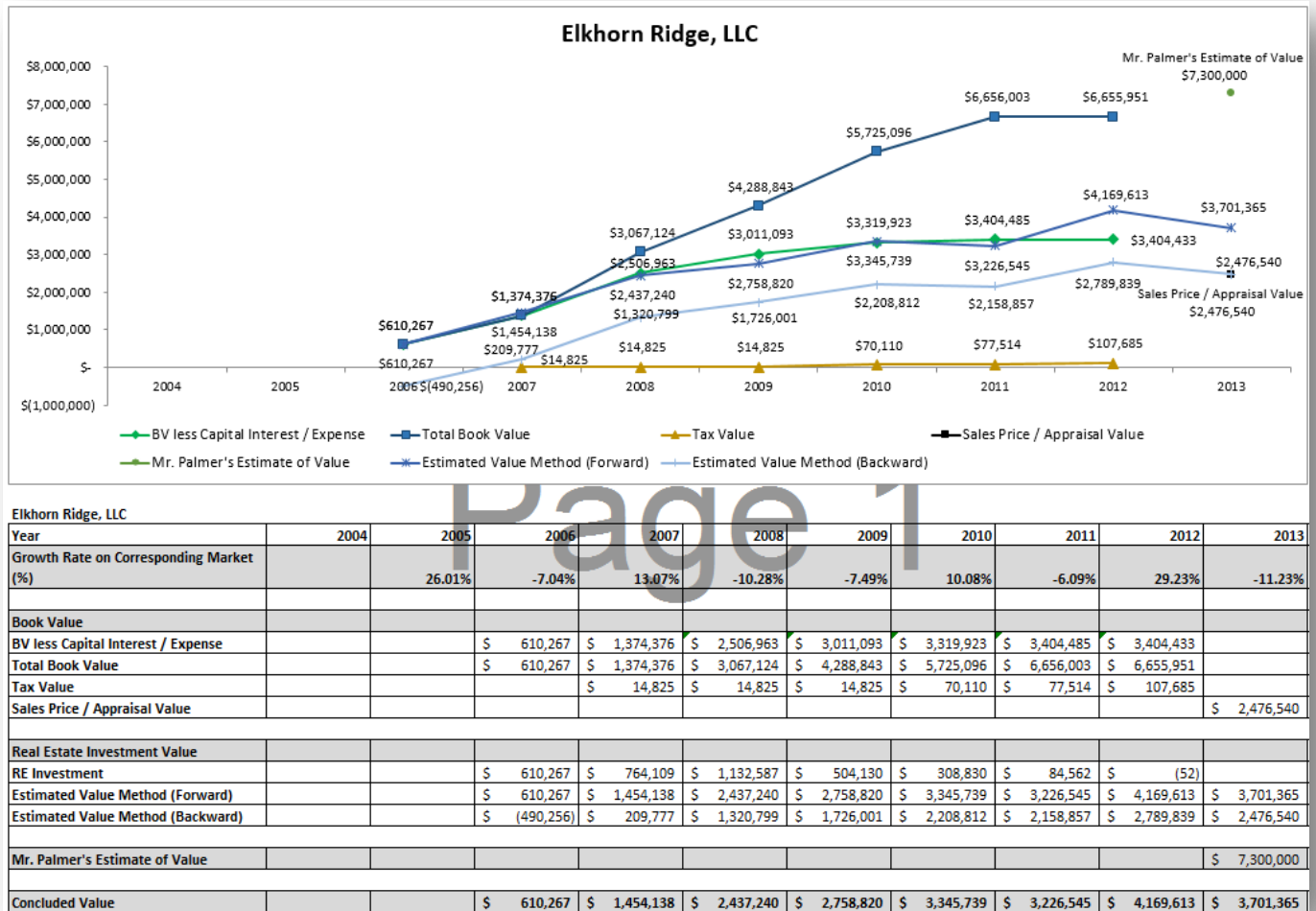
286 The forward approach starts with the book value of an initial real estate investment and assumes
287 that the investment's value changes at the same rate as the local real estate market. Any
288 capitalized interest and/or expenses were excluded from this calculation. See Schedules 5.1 to 5.7
289 for more detail.

290 **iii. Backward Sales Value Approach**

291 The Backward Sales Value Approach assumed that the most recent sales or appraisal value
292 reflected the fair value of the real estate property at the time of the sale. The prior year values
293 were calculated based on the changes in the corresponding real estate market. Any capitalized
294 interest and/or expenses were excluded from this calculation. See Schedules 5.1 to 5.7 for more
295 detail.

iv. Comparison of Value Indicators

For each of the seven properties analyzed, all of the value indicators were considered and a concluded value was established for each year during the Analysis Period. The following is an example of Elkhorn Ridge, LLC:



See Schedules 5.1 through 5.7 for more detail on each property analysis.

v. Concluded FV of Selected Real Property Assets

Based on the analysis performed on each of the selected real property assets, the total adjustment to the real property assets by year is as follows:

Year	Total Adjustment to Book Value of Real Property Assets
2004	\$ -
2005	\$ 604,227
2006	\$ (581,229)
2007	\$ (6,256,890)
2008	\$ (9,572,807)
2009	\$ (15,142,880)
2010	\$ (21,049,030)
2011	\$ (23,186,691)
2012	\$ (20,956,780)

307

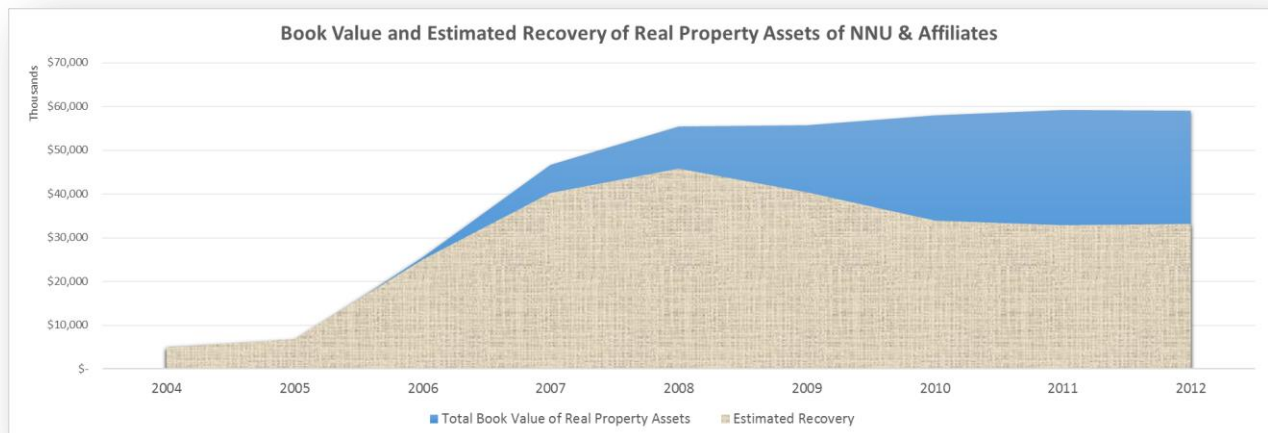
308 See Schedule 4.1 for more detail.

309

310 The following chart is a comparison of total book value of the National Note and NNU Note

311 Affiliates' real property assets and estimated recovery (estimated recovery does not include

312 disposition costs):



313

314 Based on the this analysis the average adjustment to book value during the Analysis Period was

315 approximately 21.3%, with the highest being 41.4% in 2011. The fair values of all the Company's

316 real property asset were not analyzed, and the real property asset values not analyzed were left at

317 book value. It is my opinion that if I were to perform an analysis on the remaining real property

assets an additional decrease to the book values of the Company's assets would be required in order to state the assets at their fair value.

The total book value of the real property assets less the fair value adjustment is the estimated collectable value of the Notes Receivable – NNU. Therefore, I have recorded an Allowance for Uncollectable Receivable on the adjusted balance sheet to write down the Note Receivable – NNU balance to its fair value (see Schedule 1.2 and the Chart in the Summary section below). In other words, Notes Receivable – NNU net the Allowance for Uncollectable Receivables on the adjusted balance sheet is the estimated fair value of the notes.

4. LIABILITIES

The primary liabilities of the Company are the notes payable to Investors, which have been recorded at book value.

5. CONTINGENT LIABILITIES

Based on discussions with the Receiver, there have been no significant contingent liabilities identified over the course of the Receivership and nothing that would indicate there were any contingent liabilities during the Analysis Period.

6. SUMMARY

Using the Balance Sheet Test performed, I found that as of December 31, 2004, the sum of National Note's liabilities exceeded the fair value of its assets by approximately \$3.2 million. Furthermore, I found that National Note's insolvency continued to increase during the Analysis Period and as of June 30, 2012, the sum of National Note's liabilities exceeded the fair value of its assets by approximately \$68 million. The following chart is an adjusted National Note balance sheet and a summary of the results of the Balance Sheet Test.

341

National Note	Notes	National Note Adjusted Balance Sheet								
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>
Assets										
Current Assets										
Cash		71,600	1,816,423	3,072,180	1,303,776	1,227,219	744,375	277,537	7,666	(395)
AR		4,475,059	758,814	722,949	656,982	282,312	1,321,070	1,899,965	1,737,211	1,379,725
Note Receivable - Other	<5>	(13,447)	2,844,720	2,453,497	2,486,328	2,486,328	2,486,328	-	47,043	47,043
Note Receivable - NNU	<3>	5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Allowance for Uncollectible Receivables	<2>	(149,928)	(9,272,155)	(14,891,277)	(18,555,197)	(25,819,277)	(40,342,387)	(61,160,635)	(73,161,235)	(71,827,630)
Net Note Receivable - NNU	<4>	4,911,366	6,811,265	23,852,950	38,802,410	43,517,530	37,912,099	34,126,054	32,810,422	34,912,665
Total Current Assets		\$ 9,444,579	\$ 12,231,222	\$ 30,101,576	\$ 43,249,496	\$ 47,513,388	\$ 42,463,871	\$ 36,303,557	\$ 34,602,342	\$ 36,339,037
Other Assets										
REO		2,374,802	3,928,927	2,454,518	2,458,174	4,993,855	7,198,614	5,470,064	8,015,785	5,973,980
Property & Equipment		92,736	93,643	108,264	117,732	119,940	107,229	92,433	84,552	87,276
Other Non-Current Assets		20,000	35,000	35,000	20,000	20,000	20,000	20,000	3,607,653	3,617,363
Total Assets		\$ 11,932,116	\$ 16,288,792	\$ 32,699,358	\$ 45,845,403	\$ 52,647,183	\$ 49,789,714	\$ 41,886,053	\$ 46,310,332	\$ 46,017,656
Liabilities										
Current Liabilities										
Accounts Payable		28,714	86,182	80,932	15,429	344,504	732,278	770,236	1,567,060	1,404,633
Notes Payable		14,575,103	26,626,113	46,339,618	62,495,824	74,851,393	85,437,696	98,621,213	109,956,500	110,758,395
Total Current Liabilities		\$ 14,603,816	\$ 26,712,295	\$ 46,420,550	\$ 62,511,253	\$ 75,195,897	\$ 86,169,974	\$ 99,391,449	\$ 111,523,560	\$ 112,163,028
Other Liabilities										
Long Term Payable		544,342	106,868	96,356	76,575	1,788,519	2,981,879	2,931,826	3,099,858	1,818,696
Total Liabilities		\$ 15,148,158	\$ 26,819,163	\$ 46,516,905	\$ 62,587,828	\$ 76,984,416	\$ 89,151,853	\$ 102,323,276	\$ 114,623,418	\$ 113,981,724
Excess of Liabilities over Assets		(3,216,042)	(10,530,371)	(13,817,548)	(16,742,425)	(24,337,233)	(39,362,139)	(60,437,223)	(68,313,086)	(67,964,068)
Notes:										
<1> As of June 25, 2012.										
<2> National Note did not record an Allowance for Uncollectible Receivables.										
<3> The detail of the Note Receivable - NNU balance in NoteSmith is slightly different than that recorded in Peachtree. See Schedule 3 for NoteSmith detail by National Note Affiliate.										
<4> Schedule 4.1										
<5> This is not an account in Peachtree, but rather a consolidation of non-affiliate accounts used for the purpose of this analysis.										

342

343 Based on the balance sheet analysis performed, it is my opinion that the National Note was

344 insolvent from at least December 31, 2004 through the end of the Analysis Period.

345 **VIII. INABILITY TO PAY DEBTS AS THEY COME DUE**

346 A debtor who is generally not able to pay his debts as they become due is presumed to be

347 insolvent. In reviewing National Note's ability to pay its debts as they came due, I analyzed both its

348 operating performance and its cash flow generating ability.

1. OVERVIEW OF OPERATING PERFORMANCE

National Note's primary source of recorded income is interest income from notes receivable issued to NNU Note Affiliates. National Note's primary expense is interest expense paid to the Company's investors. Based on the Company's historical financial statements, National Note recorded a Net loss five of the 10 years during the Analysis Period. Furthermore, in those five years, National Note's interest expense exceeded its Earnings Before Interest, Taxes, and Depreciation and Amortization ("EBTIDA"). The chart below is a summary of National Note's financial results from 2003 to 2012:

Net Income Summary for National Note <i>Source: Receiver Chart 35-36 & National Note Financial Statements</i>				
National Note				
Year	Income	EBITDA	Interest Expense	Net Income(Loss)
2004	\$946,000	\$403,909	(\$1,963,661)	(\$1,559,752)
2005	\$3,915,520	\$3,256,175	(\$1,900,706)	\$1,355,468
2006	\$8,446,891	\$7,217,255	(\$4,751,051)	\$2,466,204
2007	\$9,539,203	\$8,151,611	(\$6,524,815)	\$1,626,797
2008	\$9,667,195	\$8,572,980	(\$8,570,214)	\$2,766
2009	\$10,687,990	\$9,301,043	(\$9,802,840)	(\$501,796)
2010	\$13,386,193	\$11,145,477	(\$11,402,313)	(\$256,836)
2011	\$12,413,472	\$11,183,198	(\$10,646,114)	\$537,084
2012	\$835,721	(\$191,867)	(\$759,367)	(\$951,233)

The majority of the income reported in the chart above is interest income from NNU Note Affiliates, and is recorded on an accrual basis. If the interest income is not collected, the EBITDA does not approximate actual cash flow available to fund the interest expense. In fact, the majority of the income reported by National Note was never actually collected in cash and was not available to fund National Note's obligations to Investors.

The NNU Affiliates did not generate sufficient operating income to actually make its interest payments to National Note, or allow National Note to make its required payments to Investors. The following chart is a summary of the NNU Affiliates' combined Income, EBITDA, Interest Expense and Net Income:

Net Income Summary for NNU Affiliates*Source: Receiver Chart 35-36 & National Note Financial Statements*

Affiliates of National Note					
Year	Income	EBITDA	Interest Expense	Net Income(Loss)	Change in Capitalized Interest
2004	\$2,127,635	(\$1,424,542)	(\$662,664)	(\$2,087,203)	\$0
2005	\$2,058,584	(\$54,381)	(\$3,235,003)	(\$3,306,874)	\$0
2006	\$7,634,021	\$749,736	(\$4,019,198)	(\$3,279,499)	\$1,659,801
2007	\$3,959,468	(\$906,790)	(\$2,531,106)	(\$3,451,086)	\$6,817,661
2008	\$4,278,376	(\$3,677,695)	(\$3,101,704)	(\$6,791,397)	\$2,170,635
2009	\$4,314,674	(\$6,887,060)	(\$6,391,014)	(\$13,275,598)	\$1,262,617
2010	\$15,722,614	(\$2,202,685)	(\$11,217,140)	(\$13,423,941)	\$955,423
2011	\$18,065,658	\$458,390	(\$8,109,401)	(\$7,653,016)	\$846,345
2012	\$2,918,789	(\$413,412)	(\$403,270)	(\$813,298)	\$0

367 The NNU Affiliates had negative EBITDA for 7 of the years during the Analysis Period, and therefore,
 368 they did not have the ability to pay their interest payments to National Note as they came due.
 369 Rather than make interest payments in cash, the unpaid interest was added to the Note Payable
 370 balance recorded on the NNU Note Affiliate's financial statements and added to the Note
 371 Receivable (asset) on National Note's financial statement, further overstating its assets.
 372 Additionally, the interest expense in the above chart is lower than the actual interest obligation
 373 due to National Note capitalizing some of the interest as project costs and moving the transaction
 374 to the NNU Note Affiliates' balance sheets.¹³ The total interest expense due can be found in the
 375 Chart on line 408 of this report.
 376

¹³ The column labeled "Change in Capitalized Interest" is provided to demonstrate the interest expense reported on the NNU Affiliates' Income Statements did not always represent the full cash obligation to National Note.

2. HISTORICAL CASH FLOW

a. **Actual Cash Payments Received by National Note for Interest Income Recorded from NNU Note Affiliates.**

Because the NNU Note Affiliates did not have the ability to make their interest payments, the actual cash paid by NNU Note Affiliates was significantly less than the interest income recorded by National Note. Based on information obtained from NoteSmith, the total interest expense and actual cash paid as interest to National Note from NNU Note Affiliates during the Analysis Period is as follows:

<i>Loans between National Note and NNU Note Affiliates</i>				
Year	Interest Expense	Paid in Cash	Other Adjustment	Accrued Interest
2004	\$ 256,306	\$ 240,553	\$ -	\$ 15,753
2005	2,069,802	1,721,105	200,366	148,330
2006	4,148,558	2,091,152	112,796	1,944,611
2007	5,102,026	1,335,332	118,729	3,647,965
2008	7,651,120	1,499,619	-	6,151,501
2009	12,338,027	878,231	2,104,175	9,355,620
2010	10,053,222	142,455	739,732	9,171,034
2011	11,322,003	522,789	1,244,619	9,554,595
2012	719,569	645,274	1,362	72,933
Total	\$ 53,660,632	\$ 9,076,510	\$ 4,521,779	\$ 40,062,343

The amount of Interest income that was actually paid by NNU Note Affiliates to National Note in cash between 2004 and 2012 was only \$9,076,510, as compared to the total Interest due of \$53,660,632. In fact, based on its negative cash flow from operations in most years, the NNU Note Affiliates were likely using the funds borrowed from National Note to fund the interest payments that were actually paid in cash.

391 In addition to the relatively minimal amount of interest actually paid, the NNU Note Affiliates gave
 392 the appearance that they also made principal payments of \$18,963,183, while borrowing an
 393 additional \$79,662,625 from National Note.¹⁴ See the following chart for more detail:

<i>Loans between National Note and NNU Note Affiliates</i>				
Year	Opening Principal	Additional Borrowed	Principal Paid Back	Ending Principal
2004	\$ 3,153,608	\$ 3,088,079	\$ (68,758)	\$ 6,172,929
2005	6,172,929	6,833,781	(1,308,918)	11,697,792
2006	11,697,792	27,528,266	(8,819,904)	30,406,154
2007	30,406,154	18,145,475	(2,702,490)	45,849,139
2008	45,849,139	8,670,920	(1,642,348)	52,877,710
2009	52,877,710	4,127,941	(1,874,157)	55,131,494
2010	55,131,494	7,429,578	(986,092)	61,574,980
2011	61,574,980	2,605,684	(1,547,405)	62,633,259
2012	62,633,259	1,232,901	(13,108)	63,853,051
TOTAL	\$ 3,153,608	\$ 79,662,625	\$ (18,963,183)	\$ 63,853,051

394
 395 Based on the information from NoteSmith from 2004 through 2012, National Note received
 396 approximately \$28,039,693 (\$9,076,510 + \$18,963,183) in cash from NNU Note Affiliates.¹⁵

397 While the above analysis and information from NoteSmith indicates cash payment were made by
 398 NNU Note Affiliates to National Note as debt service payments, in many instances National Note
 399 would lend money to NNU Note Affiliates and those funds would be used to make payments back
 400 to National Note. This will be illustrated in the analysis of the Receivership Entities bank account
 401 activity below.

402 Even assuming the \$28 million in debt service payments from NNU Note Affiliates was legitimate
 403 cash flow received from third parties, National Note did not have the ability to pay the required

¹⁴ The ending principal of \$63,853,051 and ending accrued interest balance of \$40,084,298, together total \$103,937,349 which is the sum of Affiliate loan balances in NoteSmith. The accrued interest in the chart above represents the annual accrued interest from 2004 through 2012 and not the cumulative total of \$40,084,298.

¹⁵ This is consistent with the real property asset purchases of National Note and the NNU Note Affiliates. During the same time period, real property assets increased from \$4,911,366 to \$58,960,070.

404 annual debt service obligations to its Investors from the cash income it was collecting from its NNU
 405 Note Affiliates.

406 The following chart shows the total debt service payments made by NNU Note Affiliates compared
 407 to the interest expense National Note paid to Investors.

Loans between National Note and NNU Note Affiliates				
Year	Principal Paid in Cash to National Note from NNU Affiliates	Interest Paid in Cash to National Note from NNU Affiliates	Total Cash Debt Service Payments to National Note from NNU Affiliates	Interest Expense Recorded by National Note (paid to Investors)
	<i>Cash Debt Service payments made to National Note (NoteSmith)</i>			<i>Financial Statement</i>
	<i>[a]</i>	<i>[b]</i>	<i>[a] + [b]</i>	
2004	\$ 68,758	\$ 240,553	\$ 309,311	\$ 1,963,661
2005	1,308,918	1,721,105	3,030,024	1,900,706
2006	8,819,904	2,091,152	10,911,056	4,751,051
2007	2,702,490	1,335,332	4,037,822	6,524,815
2008	1,642,348	1,499,619	3,141,967	8,570,214
2009	1,874,157	878,231	2,752,389	9,802,840
2010	986,092	142,455	1,128,548	11,402,313
2011	1,547,405	522,789	2,070,194	10,646,114
2012	13,108	645,274	658,382	759,367
Total	\$18,963,183	\$9,076,510	\$28,039,693	\$56,321,080

408
 409 In addition to the interest payment obligations, National Note also had principal repayment
 410 obligations each year of the Analysis Period that were due to investors with maturing notes.
 411 Therefore, in addition to not being able to pay the interest component of its debt service, National
 412 Note was also unable to pay its principal repayment obligations as they came due. Based on the
 413 bank statement analysis explained below, the following Chart shows the amount of principal
 414 repayments National Note made to its Investors from 2007 to 2012:

Loans From National Note to Investors			
Year	Cash Outflow to Investors	Interest Expense Recorded on Financial Statements	Implied Principal Payments
	[a]	[b]	[a] - [b]
2007	11,255,330	6,524,815	4,730,515
2008	14,310,915	8,570,214	5,740,701
2009	11,614,411	9,802,840	1,811,571
2010	14,014,588	11,402,313	2,612,275
2011	9,784,015	10,646,114	-
2012	774,985	759,367	15,618

Notes:

<1> In 2011, cash payments to investors were not sufficient to cover the interest expense National Note recorded on the Financial Statements.

415

416 National Note did not have the ability to pay these principal payments from operating cash flow.

417 As a result, National Note had to use cash received from new investors to meet all of its debt

418 service obligations on its Notes Payable to Investors during the Analysis Period.

419

b. Historical cash flow analysis of National Note and NNU Affiliate Bank Accounts

420

421 As part of the Receiver's analysis of the Receivership Entities, the Receiver obtained the bank

422 account records of each of the Receivership Entities from 2007 to the end of the Analysis Period

423 (account detail prior to 2007 was not available). The Receiver used these bank records to

424 reconstruct the flow of funds from 2007 to the end of the Analysis Period. This analysis highlights

425 National Note's and the NNU Affiliates' inability to generate cash flow from operations and make

426 payment to Investors as they came due.

427 The Receiver categorized every deposit and withdrawal in the Receivership Entities bank accounts.

428 The primary categories used by the Receiver were transfers between intercompany accounts (or

429 Receivership Entity accounts), deposits and withdrawals from National Note investors, and deposits

and withdrawals to third-parties for operational expenses (including property related transactions).

Based on the Receiver's analysis of the money flow from the bank account activity, I prepared a summary that identifies the cash flow from operations, the funds available to pay the principal and interest payment to Investors, and the cash flow from investor transactions.

The following chart is a summary of the deposits and withdrawals from the Receivership Entities bank accounts from 2007 to the end of the Analysis Period:¹⁶

Money Flow Transaction Summary						
National Note and NNU Note Affiliate Bank Account Records						
	Bank Statement Activity					
	2007	2008	2009	2010	2011	2012
Total Operating Inflows	\$4,229,381	\$4,683,699	\$3,406,898	\$954,913	\$1,009,873	\$397,097
Total Operating Outflows	(\$15,625,495)	(\$10,544,797)	(\$4,851,126)	(\$3,286,827)	(\$2,802,779)	(\$710,247)
Funds Available to Pay Principal and Interest to Investors	(\$11,396,114)	(\$5,861,097)	(\$1,444,228)	(\$2,331,914)	(\$1,792,905)	(\$313,150)
Financing Activities						
Investor Notes - Checks Representing Reinvested Interest	\$4	(\$0)	\$684,299	(\$684,299)	\$0	\$0
Investor Notes - Transactions - Deposits	\$22,023,861	\$19,802,359	\$12,489,029	\$16,818,613	\$11,384,241	\$807,552
Investor Notes - Transactions - Withdrawals	(\$11,255,330)	(\$14,310,915)	(\$11,614,411)	(\$14,014,588)	(\$9,784,015)	(\$774,985)
Accounts Payable Transactions to Non-Affiliates	(\$606,136)	(\$984,173)	(\$761,941)	(\$892,360)	(\$255,933)	(\$113,446)
Accounts Receivable Transactions to Non-Affiliates	\$786,956	\$1,576,612	\$884,978	\$72,413	\$6,090	\$1,166
Investment Sweep	\$0	\$0	\$0	\$0	\$0	\$0
Investment Sweep	\$947,882	\$43,522	(\$64,160)	\$71,925	\$0	\$0
Transfers Between Bank Accounts of Receivership Entities - Deposits	\$19,460,352	\$18,353,612	\$16,722,977	\$19,747,167	\$19,612,222	\$2,546,834
Transfers Between Bank Accounts of Receivership Entities - Withdrawals	(\$19,460,352)	(\$17,828,612)	(\$16,878,680)	(\$20,116,465)	(\$19,529,222)	(\$2,546,834)
Transfers with Other Receivership Entities (No Bank Record of Receiving Entity)	(\$877,487)	(\$497,442)	\$0	\$0	\$0	(\$83,000)
Funds Available from Financing Activities	\$11,019,751	\$6,154,962	\$1,462,091	\$1,002,408	\$1,433,383	(\$162,713)
Total	(\$376,363)	\$293,865	\$17,863	(\$1,329,506)	(\$359,523)	(\$475,864)

As shown above, the combined cash flows from operations of the Receivership Entities were negative from 2007 through 2012. In other words, the combined National Note and the NNU Affiliates' cash flow from operations was insufficient to fund annual operating expenses and the interest and principal payment due to the National Note investors. In order to continue operating,

¹⁶ Bank data prior to 2007 was not provided. However, the Receiver prepared Cash Flow Summary Schedules based on the data from NoteSmith and the Financial Statements. From these schedules, EBITDA in 2006, 2005, and 2004 was \$59,273, \$172,122, and -\$3,077,150, respectively, and could not have funded the debt service each year of \$8,310,449, \$4,658,808, and \$2,939,930.

National Note used the cash inflow from its investors to fund its negative operating cash flow and obligations to Investors. Disregarding transfers between bank accounts of the Receivership Entities, the largest cash inflow each year came from Investors "Investor Notes – Transactions – Deposits", which represents cash investments from investors. The annual cash inflow from Investors was required to fund operations and meet its obligations to existing investors each year ("Investor Notes – Transactions – Withdrawals").

This analysis also identifies the transfers and money flow between Receivership Entities. Because the combined cash flow from the NNU Affiliates' operations was insufficient to service the debt payments owed to National Note on an annual basis, it is my opinion that in many instances National Note did not have the ability to pay its obligations as they came due. Furthermore, this analysis supports the allegations that National Note would lend money to NNU Note Affiliates and those funds would be used to make payments back to National Note to service its debt payment, therefore, giving the appearance that the NNU Note Affiliates were making some debt service payments to National Note.

3. MANAGEMENT'S INABILITY TO INCREASE CASH FLOW

Based on the Balance Sheet Test and the analysis of the historical cash flow, National Note's liabilities exceeded its assets and did not have the ability to pay its debts as they came due at least as early as December 31, 2004, and likely earlier, although earlier periods are outside the scope of this report. The combined cash flow from operations from the Receivership Entities was insufficient to cover National Note's annual obligations to its investors. Absent the use of investor funds to service the amounts owed to other investors, National Note would not have been able to meet its obligations as they came due during the Analysis Period.

Furthermore, from 2004 forward, National Note's management was unable to increase cash flow from its investment choices, and as the Company's continued to fund operating losses and debt service obligation with new investor funds, the debt continued to grow, and National Note's inability to meet its obligations as they came due increased throughout the Analysis Period.

IX. OTHER NATIONAL NOTE AFFILIATES

National Note generally did not record its interest in affiliated entities as assets on its balance sheet. In the Receiver's Report, the Receiver states that to the extent that these affiliates had positive net equity, National Note might be entitled to claim that net equity as an asset that could assist National Note in meeting its promissory note obligations to investors. We have analyzed these entities for their ability to significantly impact the solvency of National Note. These entities are those affiliates that do not owe money to National Note ("Other Affiliates").

1. IMPACT OF OTHER AFFILIATES ON NATIONAL NOTE'S BALANCE SHEET TEST

As explained above, the fair value of the National Note's assets are significantly less than its liabilities to investors. Therefore, our analysis of the Other Affiliates was performed at a high level as the fair value of the Other Affiliates' assets would have to be significantly greater than their liabilities during the analysis period to render National Note solvent based on the Balance Sheet.

The following chart is a summary of the equity reported by affiliate for the Receivership Entities not own owing money to National Note:

Equity Summary for Receivership Entities Not Owing Money to N. Note										
Entity	Date Formed	2004 Equity	2005 Equity	2006 Equity	2007 Equity	2008 Equity	2009 Equity	2010 Equity	2011 Equity	6/25/2012 Equity
Property Co. Trust	7/5/1994			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Passport Properties	8/14/1995	\$18,155.42	\$23,233.42	\$28,303.42	\$33,433.42	\$38,264.44	\$45,142.35	\$50,569.35	\$55,369.35	\$55,369.35
Pedigree Properties	6/26/1998	(\$4,824.21)	(\$4,698.21)	(\$4,599.21)	(\$4,670.71)	\$85,952.04	\$92,052.29	\$93,307.29	\$90,361.29	\$90,342.79
Prime Wave 1	11/2/2005			\$6,848.40	(\$8,459.92)	(\$9,558.54)	(\$11,883.01)	(\$13,131.49)	(\$28,081.52)	(\$28,020.28)
Top Flight	5/6/2008					(\$363,730.78)	(\$431,918.22)	(\$475,820.56)	(\$504,402.54)	(\$498,785.53)
ND 1	3/31/2010							(\$1,725.08)	(\$2,670.08)	(\$57.58)
Montana One	7/21/2010							\$99,717.64	\$99,585.09	\$102,060.09
Homeland Minerals	12/13/2010							\$0.00	\$3,969,322.46	\$3,968,980.46
HSb Technologies	2/24/2011							\$0.00	(\$91,831.29)	(\$92,526.72)
Total		\$13,331.21	\$18,535.21	\$30,552.61	\$20,302.79	(\$249,072.84)	(\$306,606.59)	(\$247,082.85)	\$3,587,652.76	\$3,597,362.58

Based on our review of the assets of the Other Affiliates reported on their individual financial statements, discussions with the Receiver, and our review other documents produced in this matter, the only asset that may have a material positive impact on the Balance Sheet Test is

Homeland Minerals.¹⁷ However, it is very unlikely that the impact of Homeland Minerals or any of the Other Affiliates would be sufficient to render National Note solvent.

In an effort to be conservative, in 2011 and 2012, the years where the Homeland Minerals and the Other Affiliates reported positive equity, I have added that amount to National Note's adjusted balance sheet in the Other Non-Current Assets account. See Schedule 1.2 for more details.

2. IMPACT OF OTHER AFFILIATES ON NATIONAL NOTES ABILITY TO PAY ITS OBLIGATIONS AS THEY COME DUE.

The following chart illustrates the income generated by these entities during the Analysis Period:

Source: Receiver Chart No. 33-34

Net Income Summary for Other Affiliated Receivership Entities										
Entity	Date Formed	2004 Net Income	2005 Net Income	2006 Net Income	2007 Net Income	2008 Net Income	2009 Net Income	2010 Net Income	2011 Net Income	6/25/2012 Net Income
Property Co. Trust	7/5/1994			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Passport Properties	8/14/1995	\$5,083	\$5,078	\$5,080	\$5,130	\$4,831	\$5,226	\$5,427	\$4,800	\$0
Pedigree Properties	6/26/1998	\$51,839	\$52,136	\$52,099	\$51,929	\$48,085	\$852	\$1,255	(\$2,946)	(\$19)
Prime Wave 1	11/2/2005			(\$3,621)	(\$1,339)	(\$1,099)	(\$2,324)	(\$1,248)	\$50	\$61
Top Flight	5/6/2008					(\$364,731)	(\$68,187)	(\$43,902)	(\$28,582)	\$5,617
ND 1	3/31/2010							\$3,169		
Montana One	7/21/2010							(\$282)	(\$133)	\$2,475
Homeland Minerals	12/13/2010							\$0	(\$27,878)	(\$342)
Hsb Technologies	2/24/2011							\$0	(\$91,831)	(\$695)
Total		\$56,922	\$57,214	\$53,558	\$55,719	(\$312,914)	(\$64,434)	(\$35,582)	(\$146,519)	\$7,097

¹⁷ Appendix A of the Receiver's Report provides a detailed discussion of Homeland Minerals. The company recorded approximately \$4 million from investors purchasing net participation interests for a certain share of profits from the expected recovery of precious metals. It is our understanding that the majority of these funds was not deposited into Homeland Mineral's bank accounts and was not used to develop the business, but rather taken out of the company and used for other National Note obligations. The Receiver has entered into a Management Agreement with an entity owning a share of the participation interests. It is our understanding that the agreement gives the Manager the rights to develop the business at its own costs, while preserving many of the rights of Homeland Minerals.

Homeland Mineral is not currently generating income and does not have the ability to generate income in the near future. Furthermore, the equity of Homeland Minerals is created by the notes receivable from affiliated entities (primarily National Note), which based on my analysis, is not collectable.

494 Based on the historical income generating potential of these entities, it is my opinion that the
495 Other Affiliates did not generate enough income to allow National Note to be able to meet its
496 obligation to its Investors as they came due.

497 Therefore, it is my opinion that National Note was insolvent from at least December 31, 2004 to
498 the end of the Analysis Period.

499 Respectfully Submitted,

500

501 

502 _____

503 Richard S. Hoffman CPA/ABV
504 Lone Peak Valuation Group

RICK S. HOFFMAN, CPA/ABV

Lone Peak Valuation Group
36 South State Street, Suite 500
Salt Lake City, Utah 84111
Tel. (801) 321-6334
Fax. (801) 708-7701
Email: Rhoffman@lpvgroup.com

Mr. Hoffman has over twenty years of experience in public accounting and consulting. He has been primarily involved with calculating damages related to commercial Litigation and has spent considerable time performing business valuations inside and outside of the litigation arena, with particular emphasis in the valuation of intellectual property. Mr. Hoffman is a Certified Public Accountant, Accredited in Business Valuation and has hundreds of hours of additional training in the areas of valuation, litigation, and lost profit calculations. He has taught on the subject of damages and has testified in State Court, Federal Court, Arbitrations, and acted as Special Master.

EMPLOYMENT HISTORY

April 2008 to Present	Co-Founding Shareholder and Principal Lone Peak Valuation Group Salt Lake City, Utah Litigation/Consulting Services
December 2000 to April 2008	Managing Director LECG, LLC Salt Lake City, Utah Litigation/Consulting Services
September 1992 to November 2000	Director PricewaterhouseCoopers LLP Salt Lake City, Utah Litigation/Consulting Services
September 1989 to August 1992	Sr. Associate Arthur Andersen & CO

EDUCATION & CREDENTIALS

Certified Public Accountant, Accredited in Business Valuations
Adjunct Professor – University of Utah (2002)
Co-Instructor NACVA – Valuation of Intellectual Property Damages
Southwest Texas State University, San Marcos, Texas
BA Accounting, 1989 (Magna Cum Laude)

PROFESSIONAL MEMBERSHIPS

American Institute of Certified Public Accountants
American Society of Appraisers (1999-2000)
Association of Investment Management Research (1998-2000)
Cardiovascular Credentialing International – Public Member (2012-Present)
Games Development Association – Patent Committee (2000-2001)
National Association of Certified Valuation Analysts (1999 - 2008)
National Litigation Certification Board – NACVA (2001-2001)
National Litigation Review Board (2005-2006)
Board Member of NACVA (2005-2006)
Management Advisory Council of LECG, LLC 2005
Editorial Advisory Board for National Litigation Consultants 2005-2006
Board Member of Journal of Business Valuation (2006-2010)
Board Member of Utah Clean Energy Association (2011 – Present)

SPEECHES, ARTICLES, AND BOOKS

“Helping Clients Realize Successful Liquidity Events”, The Journal Entry, Feature Article, October 2013

“Using Valuation Skills to Help Prepare a Business for Sale”, QuickRead National Association of Certified Valuation Analysts, July 2013

“Applied Economics”, Guest Lecturer, University of Utah, July 2013

“Trial Advocacy”, Guest Lecturer, University of Utah College of Law, March 2013

“Business and Intellectual Property Damages”, National Association of Certified Valuation Analysts, Las Vegas, Nevada, December 2012

“Earn Outs – Snake Oil or Cure-All?” Speech Presented at the Utah State Bar Convention, Sun Valley, Utah, July 2012

“Valuing Multi-Level Marketing Companies”, Grant Thornton’s Direct Sellers Conference, October 2011

“Lost Profits in Trademark and Copyright Cases”, a chapter in *“The Comprehensive Guide to Lost Profits Damages”*, Business Valuation Resources, LLC June 2009

“Financial Discovery”, Utah Bar Association, August 2006

“Improving the Rigor of Your Market Approach”, National Litigation Consultants Review, Feature Article, February 2006

“Keeping Track of Your Experience”, National Litigation Consultants Review, Feature Article, November 2005

“Valuing Intellectual Property and Other Intangible Assets”, Business Valuation Resources, LLC, Telephone Conference, June 2005

“Value of Intellectual Property Damage Calculation”, National Association of Certified Valuation Analysts, Las Vegas, Nevada, November 2004

“Intellectual Property Damages: Guideline and Analysis, 2004 Supplement”, Wiley Publications, November 2004

“Valuation in Context of a Merger”, Kennesaw State University, February 2004

“Valuing Start Up Technology Companies”, National Internal Revenue Service, September 2003

“Corporate Analysis of Intellectual Property”, Executive MBA Program, University of Utah, June 2003

“Value of Intellectual Property”, National Association of Certified Valuation Analysts, New York, New York, June 2003

“Intellectual Property Damages: Guidelines and Analysis”, Wiley Publications, November 2002

“Valuing Patents that are Not Generating Sales”, The RMA Journal, May 2002

“An Introduction to Valuing Intellectual Property”, The RMA Journal, May 2002

“How Intellectual Property Influences Your Existing Loans”, The RMA Journal, April 2002

“Intellectual Property Valuation”, American Institute of Certified Public Accountants, National Valuation Conference, December 2001

“Calculating Intellectual Property Damages”, National Association of Certified Valuation Analysts, Chicago, Illinois, December 2001

“Calculating Intellectual Property Damages”, Nation Association of Certified Valuation Analysts, Washington D.C., November 2001

“Reasonable Royalty Calculation”, Valuation Examiner, Summer 2001

“Calculating Damages in Intellectual Property Cases”, National Association of Certified Valuation Analysts, November 2001

“Intellectual Property Section”, Utah State Bar, September 2000

“Calculating Intellectual Property Damages”, National Association of Certified Valuation Analysts, Dallas, Texas, May 2000

“Valuing Intellectual Property”, Guest Lecturer, University of Utah, February 2000

“Patent Damages”, Utah Bar Association, April 1999

“Performing Business Valuations”, Guest Lecturer, University of Utah, October 1998 & February 1999

“Maximizing the Value of Intellectual Property”, Law and Economic Society, January 1999

“Business Valuations”, Utah Bar Association, July 1998

“Calculating Personal Injury Damages”, Young Lawyers Association, November 1997

“Calculating Personal Injury Damages”, Utah Bar Association, July 1997

PRIOR TESTIMONY EXPERIENCE

Zulema McLean and the Estate of Christopher Lee McLain vs. Tooele Hospital Corporation

Deposition

Third District Court of Utah

Unishippers Global Logistics, LLC vs. DHL Express (USA), Inc.

Deposition

Third District Court of Utah

USS Logistics, LLC, et al. vs. DHL Express (USA), Inc.

Deposition and Trial

Federal Court of Utah

Fatu Matagi and Shellise Matagi vs. Pacificorp d/b/a Rocky Mountain Power

Deposition

Third District Court of Utah

American Ski vs. Wolf Mountain

Deposition and Trial

Federal Court of Utah

ASC Utah, Inc. d/b/a The Canyons vs. Wolf Mountain Resorts, L.C.

Trial

Third District Court of Utah

Daniel Updike vs. Yamaha Motor Corporation, U.S.A., et al.

Deposition

Utah State Court

First Line Security Bankruptcy Hearing Trial

Federal Court of Utah

Eleutian Technology, LLC vs. Pearson Education, Inc., and NCS Pearson, Inc.

Arbitration

Salt Lake City, Utah

Premier Technology, Inc. vs. Chad Orr, et al.

Deposition

Third District Court of Utah

Tri-Valley Distributing vs. Western Life Assurance Company

Deposition

Third District Court of Utah

Tahitian Noni International, Inc. vs. Robert L. Dean, Jr.

Trial

Federal Court of Utah

Holly L. Johnston

Deposition

Utah State Court

Mud Buddy, LLC vs. Gator Tail, LLC

Deposition

Third District Court of Utah

Zip Ship, Inc. vs. Unishippers Global Logistics, LLC
Trial
Third District Court of Utah

Debbie Herrera vs. Maria Oneida, M.D.
Deposition
Third District Court of Utah

Gulf Coast Shippers, LP, et al vs. DHL Express (USA), Inc.
Deposition and Trial
Federal Court of Utah

Brigham Young University and Dr. Daniel Simmons vs. Pfizer, Inc.
Deposition
Third District Court of Utah

Kristy Szeles and Rick Szeles vs. The Kroger Company
Deposition
Third District Court of Utah

Legacy Resources, Inc. vs. Liberty Pioneer Energy Source, Inc.
Testimony
Salt Lake City, Utah

Thomas Zenger vs. Javier Becerra-Macias and Dynatec Corporation
Deposition
Salt Lake City, Utah

Suzanne Caruso vs. Viridian Network, LLC
Arbitration
New York, New York

Sammy Boutot vs. Kevin D. Hiatt and Flint Energy
Deposition
Third District Court of Utah

Glen Jensen and Itsumo Family Investment Co., LLC vs. Agel Enterprises, LLC
Deposition
Fourth District Court of Utah

Glen Jensen and Itsumo Family Investment Co., LLC vs. Agel Enterprises, LLC
Trial
Fourth District Court of Utah

David Day and Shanna Day vs. Brooke L. Horan and Justin Williams
Deposition
Third District Court of Utah

Education Opportunities in America, Inc. vs. Stevens-Henager College
Deposition and Trial
Third District Court of Utah

Arla Jean Cochran and Loren Cochran vs. Intermountain Health Care
Trial
Fifth District Court of Utah

Patricia Dahl vs. James C. Pingree, M.D., and Utah Orthopedic Associates
Arbitration
Third District Court of Utah

Roy Santo vs. Lithonia Lighting
Deposition
Salt Lake City, Utah

Verlyn Linford vs. Tri City Medical Clinic, P.C.
Deposition
Salt Lake City, Utah

Cindy Schaugaard vs. State Farm Insurance and Lee Ann Wight
Trial
Third District Court of Utah

Sara Lee Corporation vs. Sycamore Family Bakery, Inc. and Leland Sycamore
Trial
Federal Court of Utah

iFreedom Direct Corporation vs. First Tennessee Bank National Association
Deposition
Salt Lake City, Utah

Alexis Flores and Jennifer Flores vs. University of Utah Health Sciences Center
Deposition
Salt Lake City, Utah

Stone Flood and Fire Restoration, Inc. vs. Safeco Insurance Company of America
Trial
Federal Court, Utah

Debrah Orr Watts and Todd Watts vs. University of Utah Hospital, et al.
Deposition
Boise, Idaho

MP Nexlevel, LLC vs. Codale Electric Supply, Inc., et al.
Deposition
Salt Lake City, Utah

Cytosport, Inc. vs. Vital Pharmaceuticals, Inc.
Deposition
Irvine, California

Karen Christoffersen vs. United Parcel Service, Inc.
Deposition
District Court of Utah, Central Division

Ifreedom Direct Corporation vs. First Tennessee Bank National Association
Trial
Third District Court of Utah

Hornady Manufacturing Company vs. Double Tap Ammunition, Inc.
Deposition
District Court of Utah, Central Division

Wendy McDaniel vs. Marc C. Bingham
Deposition
Third District Court of Utah

Lonnie Jill Wootten vs. Anthony R. Butler
Deposition
United States District Court of the Northern District of Alabama Southern Division

**Avail Shipping, et al. and Shero Shipping, et al.
vs. DHL Express (USA), Inc.**

Deposition

Supreme Court of the State of New York
County of New York

**Verilyn Linford vs. Tri City Medical
Clinic, P.C.**

Trial

Fourth Judicial District Court of Utah

Don McBroom vs. William H. Child

Deposition

Third Judicial District Court of Utah

Aimee L. Wilcox vs. Career Step, LLC

Deposition

District Court of Utah, Central Division

Kolby Stembridge vs. National Feeds, Inc.

Deposition

District Court of Utah, Central Division

Ashley L. Jones vs. Redstone Health Center

Deposition

Third Judicial District Court of Utah

Kevin Mueller vs. Michael Hess, M.D.

Deposition

Third Judicial District Court of Utah

**Patrick and Cindy Woodington vs. Eastern
Idaho Health Services, Inc., et al.**

Deposition and Trial

Seventh Judicial District Court, Bonneville
County, State of Idaho

**Fowers Fruit Ranch, LC vs. Bio Tech
Nutrients, LLC**

Deposition

District Court of Utah, Central Division

**PRG Resort Management, LLC vs. All
Seasons Resort Management, Inc.**

Mediation

Salt Lake City, Utah

**The Slaymaker Group, Inc. vs. Cottonwood
Mall, LLC**

Deposition

Third Judicial District Court of Utah

Jason Kaufusi vs. Stryker Corporation

Deposition

District Court of Utah, Central Division

**Electronic Network Holdings, Inc. vs.
Listmarketer Software, Inc.**

Deposition

Third Judicial District Court of Utah

**David Scott and Debra Scott vs.
Huntsman Cancer Institute**

Deposition

Third Judicial District Court of Utah

**Hydro Engineering, Inc. vs. Peter
Investments, Inc.**

Deposition

District Court of Utah, Central Division

Dustin Hansen vs. University of Utah

Deposition

Third Judicial District Court of Utah

PRG Resort Management, LLC vs. All Seasons Resort Management, Inc.
Deposition and Trial
United States District Court of Utah

Kolby Stembridge vs. National Feeds, Inc.
Trial
District Court of Utah, Central Division

Cellular Cellutions, Inc. vs. AT&T/Cingular Wireless
Deposition and Arbitration
Salt Lake City, Utah

Catheter Connections, Inc. vs. Ivera Medical Corporation
Deposition
District Court of Utah, Central Division

Diana Peterson vs. Jordan Clements
Trial
Third Judicial District Court of Utah

Questar Gas Company vs. QEP Field Services Company
Deposition
Salt Lake City, Utah

Trebro Manufacturing, Inc. vs. Firefly
Deposition
District Court of Montana, Billings Division

V Vector, Inc. vs. The Tax Club, Inc.
Deposition
District Court of Utah, in and for the District of Utah

Susan Tarver vs. Conexus, Inc.
Deposition
Third Judicial District Court of Utah

Joshua Westover vs. Moneydesktop, Inc.
Arbitration
Salt Lake City, Utah

Preston L. Handy vs. Ned P. Siegfried and Mitchell R. Jensen
Deposition
Third Judicial District Court of Utah

VFSC, Inc. and Voyager Bank vs. KPMG, LLP
Deposition
Salt Lake City, Utah.

Gulf Coast Shippers Limited Partnership vs. DHL Express (USA), Inc.
Deposition
Salt Lake City, Utah

Sanmedica International, Inc. vs. Amazon.com, Inc.
Deposition
District Court of Utah, Central Division

M.B. Signal, Inc. vs. AT&T/Cingular Wireless
Arbitration
Salt Lake City, Utah

Documents Relied On:

- 1 SEC Civil Enforcement Case, Docket No. 1
- 2 SEC Civil Enforcement Case, Docket No. 9.
- 3 Complaint to Avoid Fraudulent Transfers
- 4 Complaint (R. Wayne Klein v. Takeo Iwamoto et al.)
- 5 R. Wayne Klein Receiver's Report dated February 12, 2014, including schedule exhibits and appendix exhibits
- 6 Receiver's Initial Liquidation Plan filed with court
- 7 Various requests for approval to sell assets and orders approving the sale of assets filed with the court.
- 8 NoteSmith Payment History - All Accounts.xls
- 9 NoteSmith Summary for Lone Peak.xls
- 10 Master - Group Payee (07-12).xls
- 11 Various county tax records
- 12 Various Peachtree and QuickBooks files for National Note and Affiliates
- 13 National Note Real Estate - Summary.xls
- 14 Bad Debt NoteSmith Report Backup.xlsx
- 15 Loan Inquiry Summary.docx
- 16 Inquiry Letters.xlsx
- 17 Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))
- 18 Year-over-year value trends for various select markets (Analysis provided by J. Phillip Cook, LLC)
- 19 J. Philip Cook, LLC (Residential home sale market growth rates in Oneida, Bannock, and Franklin Counties)
- 20 J. Philip Cook, LLC (Industrial Sale Price Trends - Salt Lake County, UT)
- 21 J. Philip Cook, LLC (Office Sale Price Trends - Maricopa County, AZ)
- 22 J. Philip Cook, LLC (Office Sale Price Trends - Maricopa County, AZ)
- 23 J. Philip Cook, LLC (Wasatch Front MLS ("WFRMLS") - Eagle Mountain, UT)
- 24 J. Philip Cook, LLC (Idaho MLS ("IMLS") - Middleton, ID)
- 25 J. Philip Cook, LLC (Wasatch Front MLS ("WFRMLS") - Sandy, UT)
- 26 NNU Money Flow Categories (2007).xls
- 27 NNU Money Flow Categories (2008).xls
- 28 NNU Money Flow Categories (2009).xls
- 29 NNU Money Flow Categories (2010).xls
- 30 NNU Money Flow Categories (2011).xls
- 31 NNU Money Flow Categories (2012).xls
- 32 Elkhorn AppraisalLotsBair Apr414.pdf
- 33 Elkhorn AppraisalNorthShoreVarious Jan814.pdf
- 34 Elkhorn AppraiserBurris43etal (2.5 Acre) Apr814.pdf
- 35 Elkhorn AppraiserBurris1314(5 Acre) Apr814.pdf
- 36 Elkhorn AppraiserBurris26253819(3.75 Acre) Apr814.pdf
- 37 Elkhorn3 AppraisalNorthShore Sep2812.pdf
- 38 Appraisal Report of an Industrial Condominium Unit Located at 1021 North....pdf
- 39 ExpresswayLand Appraisal Mar1914.pdf
- 40 Settlement Agreement dated 02-14-13.pdf
- 41 Appraisal Report on 172.39 Acres of Vacant Land.pdf
- 42 MiddletonAppraisal BellHawthorne May3014.pdf
- 43 MiddletonAppraisal BrownHawthorne Jun514.pdf
- 44 MiddletonAppraisal FullmerHawthorne Apr2414.pdf
- 45 Real Properties Status as of June 30, 2014.xls
- 46 NNU: South Jordan Entites, Ovation 106
- 47 Management Agreement between R. Wayne Klien and HMI Mangaement LLC
- 48 Assay Reports (Homeland Minerals)
- 49 Non-performing loans backup (non-affiliates).pdf

National Note	Notes	National Note Unadjusted Balance Sheet								
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>
Assets										
Current Assets										
Cash		71,600	1,816,423	3,072,180	1,303,776	1,227,219	744,375	277,537	7,666	(395)
AR		4,475,059	758,814	722,949	656,982	282,312	1,321,070	1,899,965	1,737,211	1,379,725
Note Receivable - Other	<4>	(13,447)	2,844,720	2,453,497	2,486,328	2,486,328	2,486,328	-	47,043	47,043
Note Receivable - NNU	<3>	5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Allowance for Uncollectible Receivables	<2>	-	-	-	-	-	-	-	-	-
Net Note Receivable - NNU		5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Total Current Assets		\$ 9,594,507	\$ 21,503,377	\$ 44,992,852	\$ 61,804,693	\$ 73,332,664	\$ 82,806,258	\$ 97,464,191	\$ 107,763,577	\$ 108,166,668
Other Assets										
REO		2,374,802	3,928,927	2,454,518	2,458,174	4,993,855	7,198,614	5,470,064	8,015,785	5,973,980
Property & Equipment		92,736	93,643	108,264	117,732	119,940	107,229	92,433	84,552	87,276
Other Non-Current Assets		20,000	35,000	35,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Assets		\$ 12,082,044	\$ 25,560,947	\$ 47,590,634	\$ 64,400,600	\$ 78,466,460	\$ 90,132,101	\$ 103,046,687	\$ 115,883,914	\$ 114,247,924
Liabilities										
Current Liabilities										
Accounts Payable		28,714	86,182	80,932	15,429	344,504	732,278	770,236	1,567,060	1,404,633
Notes Payable		14,575,103	26,626,113	46,339,618	62,495,824	74,851,393	85,437,696	98,621,213	109,956,500	110,758,395
Total Current Liabilities		\$ 14,603,816	\$ 26,712,295	\$ 46,420,550	\$ 62,511,253	\$ 75,195,897	\$ 86,169,974	\$ 99,391,449	\$ 111,523,560	\$ 112,163,028
Other Liabilities										
Long Term Payable		544,342	106,868	96,356	76,575	1,788,519	2,981,879	2,931,826	3,099,858	1,818,696
Total Liabilities		\$ 15,148,158	\$ 26,819,163	\$ 46,516,905	\$ 62,587,828	\$ 76,984,416	\$ 89,151,853	\$ 102,323,276	\$ 114,623,418	\$ 113,981,724
Excess of Liabilities over Assets		(3,066,114)	(1,258,216)	1,073,729	1,812,771	1,482,044	980,248	723,412	1,260,496	266,200

Notes:

<1> As of June 25, 2012.

<2> National Note did not record an Allowance for Uncollectible Receivables.

<3> The detail of the Note Receivable - NNU balance in NoteSmith is slightly different than that recorded in Peachtree. See Schedule 3 for NoteSmith detail by National Note Affiliate.

<4> This is not an account in Peachtree, but rather a consolidatoin of non-affiliate accounts used for the purpose of this analysis.

National Note	Notes	Adjustments to Balance Sheet								
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>
Assets										
Current Assets										
Cash										
AR										
Note Receivable - Other	<7>									
Note Receivable - NNU	<3>									
Allowance for Uncollectible Receivables	<2><4>	(149,928)	(9,272,155)	(14,891,277)	(18,555,197)	(25,819,277)	(40,342,387)	(61,160,635)	(73,161,235)	(71,827,630)
Net Note Receivable - NNU	<5>	(149,928)	(9,272,155)	(14,891,277)	(18,555,197)	(25,819,277)	(40,342,387)	(61,160,635)	(73,161,235)	(71,827,630)
Total Current Assets		\$ (149,928)	\$ (9,272,155)	\$ (14,891,277)	\$ (18,555,197)	\$ (25,819,277)	\$ (40,342,387)	\$ (61,160,635)	\$ (73,161,235)	\$ (71,827,630)
Other Assets										
REO										
Property & Equipment										
Other Non-Current Assets	<6>								3,587,653	3,597,363
Total Assets		\$ (149,928)	\$ (9,272,155)	\$ (14,891,277)	\$ (18,555,197)	\$ (25,819,277)	\$ (40,342,387)	\$ (61,160,635)	\$ (69,573,582)	\$ (68,230,268)
Liabilities										
Current Liabilities										
Accounts Payable										
Notes Payable										
Total Current Liabilities		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities										
Long Term Payable										
Total Liabilities		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Liabilities over Assets		(149,928)	(9,272,155)	(14,891,277)	(18,555,197)	(25,819,277)	(40,342,387)	(61,160,635)	(69,573,582)	(68,230,268)

Notes:

<1> As of June 25, 2012.

<2> National Note did not record an Allowance for Uncollectible Receivables.

<3> The detail of the Note Receivable - NNU balance in NoteSmith is slightly different than that recorded in Peachtree. See Schedule 3 for NoteSmith detail by National Note Affiliate.

<4> The adjustment represents the required adjustment to reduce the Note Receivable - NNU to reflect the Total Adjusted Fair Value of Real Property Assets.

<i>Schedule 1</i>	5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
<i>Schedule 4.1</i>	4,911,366	6,811,265	23,852,950	38,802,410	43,517,530	37,912,099	34,126,054	32,810,422	34,912,665
	149,928	9,272,155	14,891,277	18,555,197	25,819,277	40,342,387	61,160,635	73,161,235	71,827,630

<5> Amount represents the estimated recoverability of National Note's Receivable - NNU (reflects adjustments to only NNU Note Affiliate Notes where Select Real Property Assets were analyzed).

<6> The adjustment represents the equity of the Non-Affiliated entities in years when their combined equity was positive. See Receivers Charts 33-34.

<7> This is not an account in Peachtree, but rather a consolidatoin of non-affiliate accounts used for the purpose of this analysis.

National Note	Notes	National Note Adjusted Balance Sheet								
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>
Assets										
Current Assets										
Cash		71,600	1,816,423	3,072,180	1,303,776	1,227,219	744,375	277,537	7,666	(395)
AR		4,475,059	758,814	722,949	656,982	282,312	1,321,070	1,899,965	1,737,211	1,379,725
Note Receivable - Other	<5>	(13,447)	2,844,720	2,453,497	2,486,328	2,486,328	2,486,328	-	47,043	47,043
Note Receivable - NNU	<3>	5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295
Allowance for Uncollectible Receivables	<2>	(149,928)	(9,272,155)	(14,891,277)	(18,555,197)	(25,819,277)	(40,342,387)	(61,160,635)	(73,161,235)	(71,827,630)
Net Note Receivable - NNU	<4>	4,911,366	6,811,265	23,852,950	38,802,410	43,517,530	37,912,099	34,126,054	32,810,422	34,912,665
Total Current Assets		\$ 9,444,579	\$ 12,231,222	\$ 30,101,576	\$ 43,249,496	\$ 47,513,388	\$ 42,463,871	\$ 36,303,557	\$ 34,602,342	\$ 36,339,037
Other Assets										
REO		2,374,802	3,928,927	2,454,518	2,458,174	4,993,855	7,198,614	5,470,064	8,015,785	5,973,980
Property & Equipment		92,736	93,643	108,264	117,732	119,940	107,229	92,433	84,552	87,276
Other Non-Current Assets		20,000	35,000	35,000	20,000	20,000	20,000	20,000	3,607,653	3,617,363
Total Assets		\$ 11,932,116	\$ 16,288,792	\$ 32,699,358	\$ 45,845,403	\$ 52,647,183	\$ 49,789,714	\$ 41,886,053	\$ 46,310,332	\$ 46,017,656
Liabilities										
Current Liabilities										
Accounts Payable		28,714	86,182	80,932	15,429	344,504	732,278	770,236	1,567,060	1,404,633
Notes Payable		14,575,103	26,626,113	46,339,618	62,495,824	74,851,393	85,437,696	98,621,213	109,956,500	110,758,395
Total Current Liabilities		\$ 14,603,816	\$ 26,712,295	\$ 46,420,550	\$ 62,511,253	\$ 75,195,897	\$ 86,169,974	\$ 99,391,449	\$ 111,523,560	\$ 112,163,028
Other Liabilities										
Long Term Payable		544,342	106,868	96,356	76,575	1,788,519	2,981,879	2,931,826	3,099,858	1,818,696
Total Liabilities		\$ 15,148,158	\$ 26,819,163	\$ 46,516,905	\$ 62,587,828	\$ 76,984,416	\$ 89,151,853	\$ 102,323,276	\$ 114,623,418	\$ 113,981,724
Excess of Liabilities over Assets		(3,216,042)	(10,530,371)	(13,817,548)	(16,742,425)	(24,337,233)	(39,362,139)	(60,437,223)	(68,313,086)	(67,964,068)

Notes:

<1> As of June 25, 2012.

<2> National Note did not record an Allowance for Uncollectible Receivables.

<3> The detail of the Note Receivable - NNU balance in NoteSmith is slightly different than that recorded in Peachtree. See Schedule 3 for NoteSmith detail by National Note Affiliate.

<4> Schedule 4.1

<5> This is not an account in Peachtree, but rather a consolidatoin of non-affiliate accounts used for the purpose of this analysis.

Unadjusted Profit & Loss Statements									
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue									
Fees/ Commissions		157,178	10,346	40,703	14,375	2,751	2,500	4,700	
Discount Earned	(19,515)	562,390	2,007,773	1,467,432	264,732	(28,057)	1,729,224	75,891	240
NNU Profit Sharing	57,067	52,920	34,494	17,120	15,564	6,226			
Referral Fees									
Note Interest	732,913	2,948,313	5,643,528	7,149,893	8,979,656	9,891,105	11,459,989	12,134,104	612,057
Foreclosure Profit, Sale of Property	(12,094)	(10,998)	454,646	39,546	303,910		31,013		
Rental, Laundry, Forfeit Deposits	176,767	170,509	214,392	242,722	231,551	214,767	182,581	186,235	159,561
Service, Late, Other Fees	8,477	24,642	74,671	36,682	21,260	(7,767)	4,805	39,464	11,378
Closing/ Title, Processing Fees	2,151	9,562	7,040	1,382		(682)			
Misc. Other	232	1,000		522,041	(176,736)	609,427	(23,922)	(26,921)	52,473
Notes									
Interest	3	3	2	21,681	12,882	221	3	0	12
Total Revenue	946,000	3,915,520	8,446,891	9,539,203	9,667,195	10,687,990	13,386,193	12,413,472	835,721
Cost of Sales									
Total Cost of Sales	-	-	-	-	-	-	-	-	-
Gross Profit	946,000	3,915,520	8,446,891	9,539,203	9,667,195	10,687,990	13,386,193	12,413,472	835,721
Operating Expenses									
Note Interest Expense	1,963,661	1,900,706	4,751,051	6,524,815	8,570,214	9,802,840	11,402,313	10,646,114	759,367
Loss on Sale, Write Offs, Other Interest						370,890	1,081,729	47,838	772,093
Other G&A	542,091	659,345	1,229,637	1,387,591	1,094,215	1,016,057	1,158,988	1,182,436	255,495
Total Operating Expenses	2,505,751	2,560,052	5,980,688	7,912,406	9,664,429	11,189,786	13,643,029	11,876,388	1,786,955
Net Income	\$ (1,559,752)	\$ 1,355,468	\$ 2,466,204	\$ 1,626,797	\$ 2,766	\$ (501,796)	\$ (256,836)	\$ 537,084	\$ (951,233)
EBIT	403,909	3,256,175	7,217,255	8,151,611	8,572,980	9,301,043	11,145,477	11,183,198	-191,867

National Note	Notes	National Note Adjusted Balance Sheet (Book Value of Real Property Assets)									
		2004	2005	2006	2007	2008	2009	2010	2011	2012 <1>	
Assets											
Current Assets		-	-	-	-	-	-	-	-	-	
Cash		71,600	1,816,423	3,072,180	1,303,776	1,227,219	744,375	277,537	7,666	(395)	
AR		4,475,059	758,814	722,949	656,982	282,312	1,321,070	1,899,965	1,737,211	1,379,725	
Note Receivable - Other	<3>	(13,447)	2,844,720	2,453,497	2,486,328	2,486,328	2,486,328	-	47,043	47,043	
		-	-	-	-	-	-	-	-	-	
Note Receivable - NNU		5,061,294	16,083,420	38,744,227	57,357,607	69,336,806	78,254,486	95,286,689	105,971,657	106,740,295	
Allowance for Uncollectible Receivables		(149,928)	(9,876,382)	(14,310,048)	(12,298,306)	(16,246,470)	(25,199,506)	(40,111,605)	(49,974,545)	(50,870,851)	
Net Note Receivable - NNU	<2>	4,911,366	6,207,038	24,434,178	45,059,301	53,090,337	53,054,979	55,175,084	55,997,113	55,869,444	
Total Current Assets		\$ 9,444,579	\$ 11,626,995	\$ 30,682,804	\$ 49,506,387	\$ 57,086,195	\$ 57,606,752	\$ 57,352,586	\$ 57,789,033	\$ 57,295,817	
Other Assets		-	-	-	-	-	-	-	-	-	
REO		2,374,802	3,928,927	2,454,518	2,458,174	4,993,855	7,198,614	5,470,064	8,015,785	5,973,980	
Property & Equipment		92,736	93,643	108,264	117,732	119,940	107,229	92,433	84,552	87,276	
Other Non-Current Assets		20,000	35,000	35,000	20,000	20,000	20,000	20,000	20,000	20,000	
Total Assets		\$ 11,932,116	\$ 15,684,565	\$ 33,280,586	\$ 52,102,294	\$ 62,219,990	\$ 64,932,595	\$ 62,935,082	\$ 65,909,369	\$ 63,377,073	
Liabilities											
Current Liabilities											
Accounts Payable		28,714	86,182	80,932	15,429	344,504	732,278	770,236	1,567,060	1,404,633	
Notes Payable		14,575,103	26,626,113	46,339,618	62,495,824	74,851,393	85,437,696	98,621,213	109,956,500	110,758,395	
Total Current Liabilities		\$ 14,603,816	\$ 26,712,295	\$ 46,420,550	\$ 62,511,253	\$ 75,195,897	\$ 86,169,974	\$ 99,391,449	\$ 111,523,560	\$ 112,163,028	
Other Liabilities											
Long Term Payable		544,342	106,868	96,356	76,575	1,788,519	2,981,879	2,931,826	3,099,858	1,818,696	
Total Liabilities		\$ 15,148,158	\$ 26,819,163	\$ 46,516,905	\$ 62,587,828	\$ 76,984,416	\$ 89,151,853	\$ 102,323,276	\$ 114,623,418	\$ 113,981,724	
Excess of Liabilities over Assets		(3,216,042)	(11,134,598)	(13,236,319)	(10,485,535)	(14,764,426)	(24,219,259)	(39,388,193)	(48,714,048)	(50,604,651)	

Notes:
<1> As of June 25, 2012. Peachtree records are not complete for 2012. Interest income and expense entries were not recorded by National Note for the full year
<2> For detail of the Adjusted Net Note Receivable - NNU, see Schedule 4
<3> This is not an account in Peachtree, but rather a consolidatoin of non-affiliate accounts used for the purpose of this analysis.

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Notes Receivable by Affiliated Entity

Schedule 3

Source: Data Extracted from the NoteSmith Database

NUU Note Affiliate	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Company	114,096	199,128	199,128	199,128	199,128	199,128	199,128	199,128	199,128
Homeland Mortgage	110,016	2,205	0						
Homeland Funding	2,890,606	3,168,572	1,514,860	3,254,271	5,355,621	6,970,208	9,015,873	10,851,553	11,173,295
Land Utah	1,918,986	3,376,729	4,903,038	6,405,235	7,005,235	7,235,235	7,577,135	7,693,835	7,693,835
Homeland Holding	538,208	238,002	2,916,272	5,827,811	6,258,436	7,112,586	8,313,776	7,023,132	7,032,111
Expressway		2,450,749	2,937,470	5,380,355	7,170,418	7,824,219	10,381,881	13,362,569	13,545,801
Homeland Development I		513,280	1,193,952	2,741,143	4,256,677	5,364,847	6,593,259	7,817,174	7,966,896
Vision Land		1,337,447	5,820,430	6,521,887	7,576,702	9,680,179	13,116,405	15,079,829	15,107,653
Homeland Development II			1,274,577	4,115,439	3,811,227	4,304,147	5,213,558	5,834,936	5,914,293
Riverbend Estates			8,878,084	13,123,144	16,762,644	19,198,816	20,989,254	22,645,409	22,648,601
Presidential Utah Properties			496,950	671,682	828,106	1,013,514	1,302,530	1,522,366	1,524,449
DPLM			1,278,458	1,654,782	2,095,769	2,547,014	2,870,307	3,239,031	3,239,031
Elkhorn Ridge Estates			610,267	1,444,387	3,200,292	4,556,577	6,012,495	6,947,673	6,953,584
Old Glory Mint						109,116	0		
NPL America						23,302	27,393	29,313	29,313
Centennial Aviation		70,186	91,081	148,091	174,123	204,053	225,373	256,553	243,445
Spanish Fork Development							250,540	125,270	125,270
Total	5,571,912	11,356,298	32,114,567	51,487,354	64,694,378	76,342,942	92,088,908	102,627,771	103,396,705

<1>

Notes:

<1> The Note Balance from NoteSmith does not tie to the Note Receivable - NNU on the Balance Sheet. See my Report for additional discussion on this matter.

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Real Property Asset Book Value of NNU Note Affiliates

Schedule 4

Book Value of Real Property Assets

Entity	Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
The Property Company	\$ 391,539	\$ 318,702	\$ 519,177	\$ 636,402	\$ 638,405	\$ 409,951	\$ 404,211	\$ 313,439	\$ 183,024
Homeland Funding Corp			\$ 705,416	\$ 705,416	\$ 710,507	\$ 709,108	\$ 709,503	\$ 709,617	\$ 709,617
Land Utah	\$ 1,051,867	\$ 1,444,936	\$ 1,503,007	\$ 1,783,175	\$ 1,563,082	\$ 1,510,153	\$ 1,545,940	\$ 1,497,630	\$ 1,497,630
Homeland Holding Corp	\$ 1,005,781	\$ 1,005,781	\$ 2,946,495	\$ 4,738,884	\$ 2,910,707	\$ 2,606,741	\$ 2,371,155	\$ 2,392,155	\$ 2,392,155
Expressway Business Park	\$ 2,462,179	\$ 2,881,270	\$ 3,581,908	\$ 5,945,829	\$ 7,299,241	\$ 3,093,095	\$ 3,093,295	\$ 3,483,564	\$ 3,483,564
Homeland Development I		\$ 522,099	\$ 918,494	\$ 2,232,950	\$ 3,627,133	\$ 4,666,945	\$ 4,833,978	\$ 4,835,365	\$ 4,835,516
Vision Land				\$ 6,244,294	\$ 8,691,400	\$ 8,850,344	\$ 8,992,205	\$ 8,992,488	\$ 8,992,488
Homeland Development II		\$ 34,250	\$ 1,255,631	\$ 4,051,837	\$ 3,532,349	\$ 3,262,003	\$ 3,262,003	\$ 3,264,390	\$ 3,264,390
Prime Wave 1			\$ 4,536	\$ 221,644	\$ 274,064	\$ 391,045	\$ 391,145	\$ 6,871	\$ 6,871
Riverbend Estates			\$ 10,400,000	\$ 15,143,194	\$ 18,802,974	\$ 21,269,660	\$ 21,552,416	\$ 21,563,037	\$ 21,565,685
Presidential Utah Properties			\$ 338,108	\$ 330,160	\$ 322,212	\$ 314,264	\$ 323,621	\$ 315,673	\$ 315,673
DPLM			\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139	\$ 1,651,139
Elkhorn Ridge			\$ 610,267	\$ 1,374,376	\$ 3,067,124	\$ 4,288,843	\$ 5,725,096	\$ 6,656,003	\$ 6,655,951
NPL America						\$ 31,689	\$ 25,333	\$ 25,333	\$ 25,333
ND 1							\$ 195,106	\$ 195,106	\$ 195,106
Montana One							\$ 98,939	\$ 95,303	\$ 95,303
Spanish Fork Development									
Total Book Value of Real Property Assets <1>	\$ 4,911,366	\$ 6,207,038	\$ 24,434,178	\$ 45,059,301	\$ 53,090,337	\$ 53,054,979	\$ 55,175,084	\$ 55,997,113	\$ 55,869,444

Notes:

<1> In 2012, the primary difference between the book value of Real Property Assets of \$56 million and the NNU Note Affiliates Note Payable to National Note of \$106 million is the cumulative amount of the interest expense that was not paid in cash, but rather added to the Note Payables over the life of the loans. See Chart on line 384 for detail on the approximate \$40 million of accrued interest.

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Real Property Asset Fair Value of NNU Note Affiliates

Schedule 4.1

Adjusted Fair Value of Selected Real Property Assets

Entity	ref.	Year								
		2004	2005	2006	2007	2008	2009	2010	2011	2012
Elkhorn Ridge	Schedule 5.1			\$ 610,267	\$ 1,454,138	\$ 2,437,240	\$ 2,758,820	\$ 3,345,739	\$ 3,226,545	\$ 4,169,613
Expressway Business Park	Schedule 5.2	\$ 2,462,179	\$ 3,369,028	\$ 3,793,339	\$ 4,805,761	\$ 6,350,626	\$ 4,760,475	\$ 3,958,535	\$ 4,947,334	\$ 4,139,435
Homeland Development I	Schedule 5.3		\$ 522,099	\$ 717,754	\$ 1,794,620	\$ 2,876,059	\$ 2,710,535	\$ 1,774,109	\$ 1,353,081	\$ 1,255,134
Homeland Development II	Schedule 5.4		\$ 34,250	\$ 957,445	\$ 3,316,055	\$ 3,697,555	\$ 3,151,741	\$ 1,868,667	\$ 1,426,125	\$ 1,322,731
Homeland Holding Corp	Schedule 5.5	\$ 1,005,781	\$ 1,122,251	\$ 2,652,761	\$ 4,142,421	\$ 3,557,575	\$ 2,871,525	\$ 2,482,025	\$ 2,283,118	\$ 2,477,183
Riverbend Estates	Schedule 5.6			\$ 10,400,000	\$ 11,717,186	\$ 11,227,852	\$ 8,754,315	\$ 7,626,504	\$ 7,348,082	\$ 9,150,274
Vision Land	Schedule 5.7				\$ 6,244,294	\$ 8,211,213	\$ 7,887,338	\$ 7,725,537	\$ 7,416,026	\$ 7,718,600
Total FV of Select Real Property Assets		\$ 3,467,960	\$ 5,047,628	\$ 19,131,566	\$ 33,474,474	\$ 38,358,120	\$ 32,894,750	\$ 28,781,117	\$ 28,000,311	\$ 30,232,969

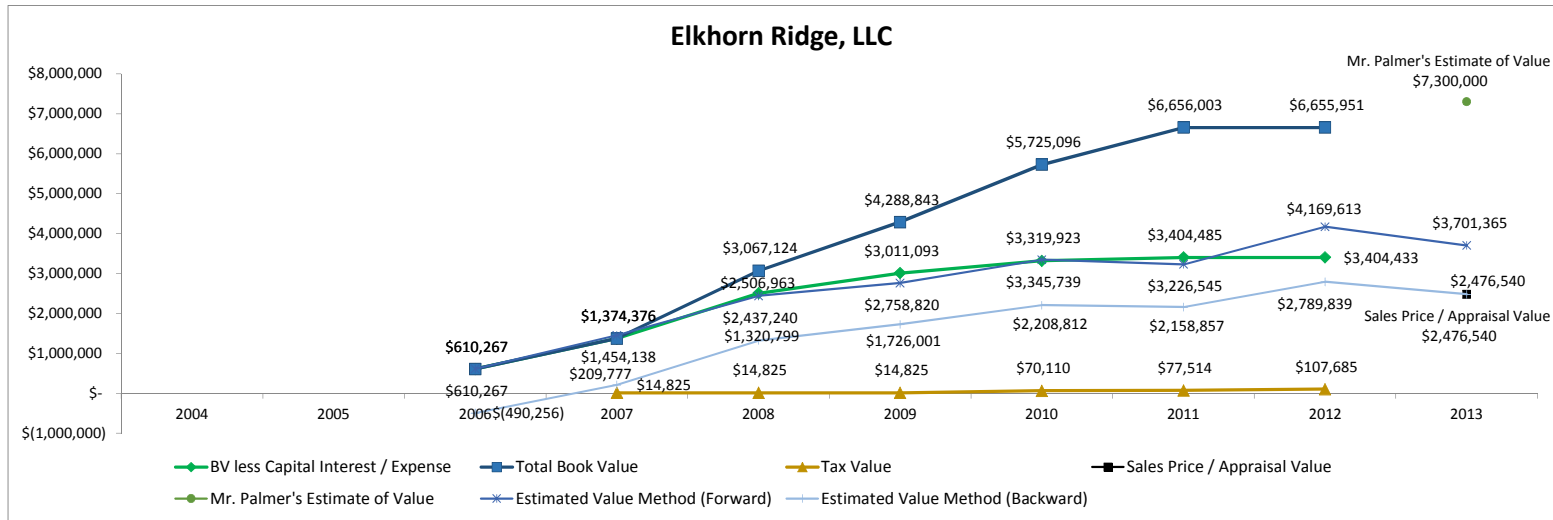
Adjustments to Book Value of Selected Real Property Assets <1>

Entity		Year								
		2004	2005	2006	2007	2008	2009	2010	2011	2012
Elkhorn Ridge				\$ -	\$ 79,762	\$ (629,885)	\$ (1,530,023)	\$ (2,379,357)	\$ (3,429,457)	\$ (2,486,338)
Expressway Business Park		\$ -	\$ 487,758	\$ 211,432	\$ (1,140,068)	\$ (948,615)	\$ 1,667,380	\$ 865,240	\$ 1,463,771	\$ 655,871
Homeland Development I			\$ -	\$ (200,741)	\$ (438,331)	\$ (751,074)	\$ (1,956,410)	\$ (3,059,869)	\$ (3,482,284)	\$ (3,580,383)
Homeland Development II			\$ -	\$ (298,186)	\$ (735,782)	\$ 165,206	\$ (110,261)	\$ (1,393,335)	\$ (1,838,265)	\$ (1,941,659)
Homeland Holding Corp		\$ -	\$ 116,469	\$ (293,734)	\$ (596,463)	\$ 646,868	\$ 264,785	\$ 110,871	\$ (109,037)	\$ 85,028
Riverbend Estates				\$ -	\$ (3,426,009)	\$ (7,575,121)	\$ (12,515,344)	\$ (13,925,911)	\$ (14,214,956)	\$ (12,415,411)
Vision Land					\$ -	\$ (480,186)	\$ (963,006)	\$ (1,266,668)	\$ (1,576,462)	\$ (1,273,888)
Total Adjustments of Fair Value of Select Real Property Assets		\$ -	\$ 604,227	\$ (581,229)	\$ (6,256,890)	\$ (9,572,807)	\$ (15,142,880)	\$ (21,049,030)	\$ (23,186,691)	\$ (20,956,780)
Total Adjusted Fair Value of Select Real Property Assets <2>		\$ 4,911,366	\$ 6,811,265	\$ 23,852,950	\$ 38,802,410	\$ 43,517,530	\$ 37,912,099	\$ 34,126,054	\$ 32,810,422	\$ 34,912,665

Notes:

<1> Adjustments required to record Selected Real Property Assets at their estimated Fair Value.

<2> Calculated as the Total Book Value of Real Property Assets from Schedule 4 less the Total Adjustments of Fair Value of Select Real Property Assets above. Amount represents the estimated recoverability of National Note's Receivable - NNU (reflects adjustments to only NNU Note Affiliate Notes where Select Real Property Assets were analyzed).



Elkhorn Ridge, LLC

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		26.01%	-7.04%	13.07%	-10.28%	-7.49%	10.08%	-6.09%	29.23%	-11.23%	<1>
Book Value											
BV less Capital Interest / Expense			\$ 610,267	\$ 1,374,376	\$ 2,506,963	\$ 3,011,093	\$ 3,319,923	\$ 3,404,485	\$ 3,404,433		
Total Book Value			\$ 610,267	\$ 1,374,376	\$ 3,067,124	\$ 4,288,843	\$ 5,725,096	\$ 6,656,003	\$ 6,655,951		
Tax Value				\$ 14,825	\$ 14,825	\$ 14,825	\$ 70,110	\$ 77,514	\$ 107,685		<5>
Sales Price / Appraisal Value										\$ 2,476,540	<6>
Real Estate Investment Value											
RE Investment			\$ 610,267	\$ 764,109	\$ 1,132,587	\$ 504,130	\$ 308,830	\$ 84,562	\$ (52)		
Estimated Value Method (Forward)			\$ 610,267	\$ 1,454,138	\$ 2,437,240	\$ 2,758,820	\$ 3,345,739	\$ 3,226,545	\$ 4,169,613	\$ 3,701,365	<2>
Estimated Value Method (Backward)			\$ (490,256)	\$ 209,777	\$ 1,320,799	\$ 1,726,001	\$ 2,208,812	\$ 2,158,857	\$ 2,789,839	\$ 2,476,540	<3>
Mr. Palmer's Estimate of Value										\$ 7,300,000	
Concluded Value			\$ 610,267	\$ 1,454,138	\$ 2,437,240	\$ 2,758,820	\$ 3,345,739	\$ 3,226,545	\$ 4,169,613	\$ 3,701,365	<4>

Notes:

- <1> Source: J. Philip Cook, LLC (Residential home sale market growth rates in Oneida, Bannock, and Franklin Counties)
- <2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t – BV of RE Investment_{t-1}
- <3> Calculated as: Real Estate Value (RE)_t = (RE_{t-1} - RE Investment_{t-1}) / (1 + g_{t-1});
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t – BV of RE Investment_{t-1}
- <4> Concluded Value is based on the Estimated Value using the Forward Method.
- <5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.
- <6> See Schedule 5.1.1

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Elkhorn Ridge, LLC

Schedule 5.1.1

Elkhorn Ridge Estate: 11000 Powerhouse Rd, Malad, ID 83252 (Marketed for sale with broker; several lots sold)

Description	Location	Parcel # or Serial Number	Type of Property	Size	Appraisal Value (1)	Appraisal Value (2)	Appraisal Value (3)	Estimated Value	Notes <1>, <2>	Listing Price	Sales Prices	Sale Date	Status
Elkhorn Ridge Estates	Malad, ID 83252	RP0281907	Lot 1	2.5 Acres	\$135,000.00	\$126,000.00	\$135,000.00	\$155,000.00	Sales Price	\$135,000	\$155,000	8/29/2013	Sale approved
Elkhorn Ridge Estates	Malad, ID 83252	RP0281908	Lot 2	2.5 Acres				\$31,500.00	Sales Price	\$35,000	\$31,500	12/6/2013	Sale approved
Elkhorn Ridge Estates	Malad, ID 83252	RP0281909	Lot 3	2.5 Acres	\$35,000.00			\$35,000.00	Appraisal Value by North Share Appraisal as of 9/28/2012				Appraised as of 9/28/12
Elkhorn Ridge Estates	Malad, ID 83252	RP0281910	Lot 4	2.5 Acres	\$37,000.00	\$30,000.00		\$35,000.00	Sales Price	\$35,000	\$35,000	4/26/2013	Sale approved
Elkhorn Ridge Estates	Malad, ID 83252	RP0281911	Lot 5	2.5 Acres	\$80,000.00	\$96,000.00	\$100,000.00	\$80,000.00	Sales Price	\$80,000	\$80,000	4/8/2013	Sale approved
Elkhorn Ridge Estates	Malad, ID 83252	RP0281912	Lot 6	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00	Appraisal Value (highest) by North Share Appraisal as of 1/8/2014				
Elkhorn Ridge Estates	Malad, ID 83252	RP0281913	Lot 7	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281915	Lot 9	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281916	Lot 10	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281917	Lot 11	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281918	Lot 12	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281919	Lot 13	5 Acres	\$46,000.00	\$45,500.00		\$46,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281920	Lot 14	5 Acres	\$46,000.00	\$41,000.00		\$46,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281921	Lot 15	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281922	Lot 16	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281923	Lot 17	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281924	Lot 18	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281925	Lot 19	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281926	Lot 20	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281927	Lot 21	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281928	Lot 22	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281929	Lot 23	2.7 Acres	\$33,000.00	\$25,000.00		\$33,000.00					

Lone Peak Valuation Group
National Note of Utah vs Defendants
Summary of Sales and Appraisal Value of Elkhorn Ridge, LLC

Schedule 5.1.1

Elkhorn Ridge Estate: 11000 Powerhouse Rd, Malad, ID 83252 (Marketed for sale with broker; several lots sold)

Description	Location	Parcel # or Serial Number	Type of Property	Size	Appraisal Value (1)	Appraisal Value (2)	Appraisal Value (3)	Estimated Value	Notes <1>, <2>	Listing Price	Sales Prices	Sale Date	Status
Elkhorn Ridge Estates	Malad, ID 83252	RP0281930	Lot 24	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00	Appraisal Value (highest) by North Share Appraisal as of 1/8/2014 (cont.)				
Elkhorn Ridge Estates	Malad, ID 83252	RP0281931	Lot 25	3.8 Acres	\$40,000.00	\$35,000.00		\$40,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281932	Lot 26	3.8 Acres	\$40,000.00	\$37,500.00		\$40,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281933	Lot 27	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281934	Lot 28	2.5 Acres	\$33,000.00	\$23,000.00		\$33,000.00					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281935	Lot 29	2.8 Acres	\$33,000	\$25,500		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281936	Lot 30	2.6 Acres	\$33,000	\$24,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281937	Lot 31	2.8 Acres	\$33,000	\$25,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281938	Lot 32	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281939	Lot 33	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281940	Lot 34	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281941	Lot 35	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281942	Lot 36	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281943	Lot 37	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281944	Lot 38	3.8 Acres	\$40,000	\$35,000		\$40,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281945	Lot 39	3.8 Acres	\$40,000	\$35,000		\$40,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281946	Lot 40	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281947	Lot 41	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281948	Lot 42	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281949	Lot 43	2.5 Acres	\$33,000	\$33,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281950	Lot 44	2.4 Acres	\$33,000	\$22,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281951	Lot 45	2.5 Acres	\$33,000	\$23,000		\$33,000					

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Elkhorn Ridge, LLC

Schedule 5.1.1

Elkhorn Ridge Estate: 11000 Powerhouse Rd, Malad, ID 83252 (Marketed for sale with broker; several lots sold)

Description	Location	Parcel # or Serial Number	Type of Property	Size	Appraisal Value (1)	Appraisal Value (2)	Appraisal Value (3)	Estimated Value	Notes <1>, <2>	Listing Price	Sales Prices	Sale Date	Status
Elkhorn Ridge Estates	Malad, ID 83252	RP0281952	Lot 46	2.5 Acres	\$33,000	\$23,000		\$33,000	Appraisal Value (highest) by North Share Appraisal as of 1/8/2014 (cont.)				
Elkhorn Ridge Estates	Malad, ID 83252	RP0281953	Lot 47	2.5 Acres	\$33,000	\$23,000		\$33,000					
Elkhorn Ridge Estates	Malad, ID 83252	RP0281954	Lot 48	2.5 Acres	\$80,000	\$89,000	\$95,000	\$80,000	Sales Price	\$80,000	\$80,000	4/9/2013	Sale approved
Elkhorn Ridge Estates	Malad, ID 83252		Parcel 3-A	80 Acres				\$240,000	According to the purchase agreement, the price was \$3,000 per acre. Due to lack of any appraisals or an indication of value, \$3,000 per acre was applied.				
Elkhorn Ridge Estates	Malad, ID 83252		Parcel 3-B	42 Acres				\$126,000					
Elkhorn Ridge Estates	Malad, ID 83252		Parcel 3-C	52 Acres				\$156,000					
Elkhorn Ridge Estates	Malad, ID 83252		Parcel 3-D-II	43.68 Acres				\$131,040					

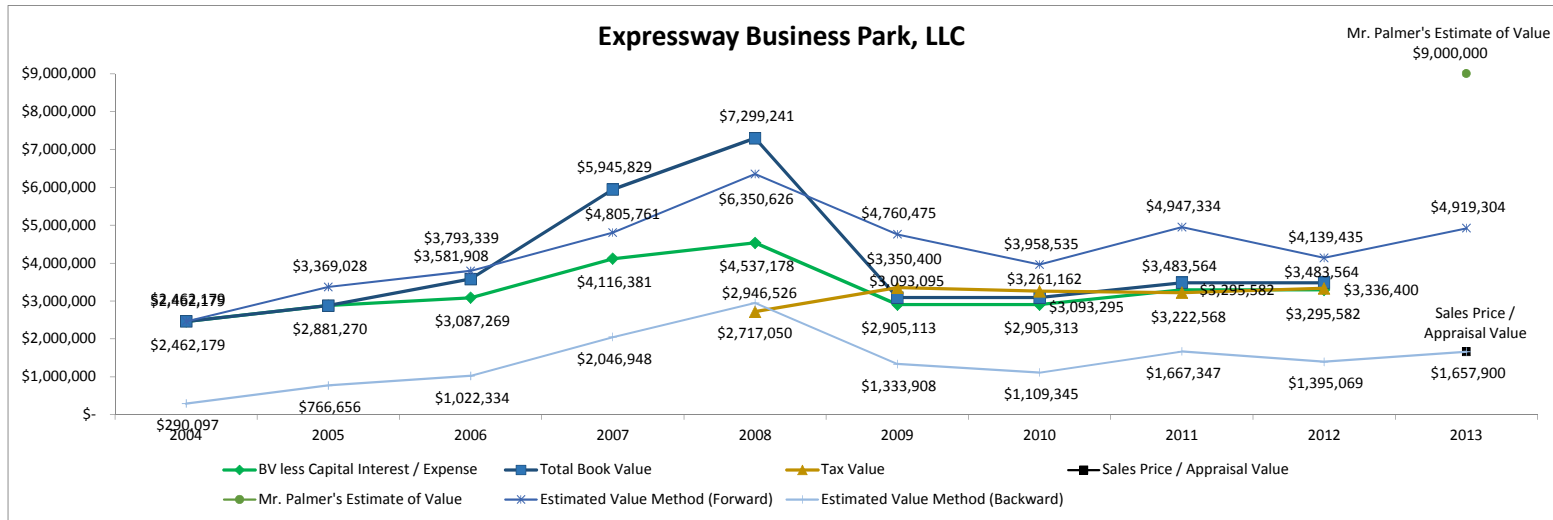
Total

\$2,476,540

Notes:

<1> Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))

<2> Sale prices are applied first, when available. If no sale price is available, the values are based on the appraisal or estimated price. Please see the notes column for more detail.



Expressway Business Park, LLC											
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		19.8%	6.5%	-0.4%	23.4%	0.7%	-16.9%	15.1%	-16.3%	18.8%	<1>
Book Value											
BV less Capital Interest / Expense	\$ 2,462,179	\$ 2,881,270	\$ 3,087,269	\$ 4,116,381	\$ 4,537,178	\$ 2,905,113	\$ 2,905,313	\$ 3,295,582	\$ 3,295,582		
Total Book Value	\$ 2,462,179	\$ 2,881,270	\$ 3,581,908	\$ 5,945,829	\$ 7,299,241	\$ 3,093,095	\$ 3,093,295	\$ 3,483,564	\$ 3,483,564		
Tax Value					\$ 2,717,050	\$ 3,350,400	\$ 3,261,162	\$ 3,222,568	\$ 3,336,400		<5>
Sales Price / Appraisal Value										\$ 1,657,900	<6>
Real Estate Investment Value											
RE Investment		\$ 419,091	\$ 205,999	\$ 1,029,112	\$ 420,797	\$ (1,632,065)	\$ 200	\$ 390,269	\$ -		
Estimated Value Method (Forward)	\$ 2,462,179	\$ 3,369,028	\$ 3,793,339	\$ 4,805,761	\$ 6,350,626	\$ 4,760,475	\$ 3,958,535	\$ 4,947,334	\$ 4,139,435	\$ 4,919,304	<2>
Estimated Value Method (Backward)	\$ 290,097	\$ 766,656	\$ 1,022,334	\$ 2,046,948	\$ 2,946,526	\$ 1,333,908	\$ 1,109,345	\$ 1,667,347	\$ 1,395,069	\$ 1,657,900	<3>
Mr. Palmer's Estimate of Value										\$ 9,000,000	
Concluded Value	\$ 2,462,179	\$ 3,369,028	\$ 3,793,339	\$ 4,805,761	\$ 6,350,626	\$ 4,760,475	\$ 3,958,535	\$ 4,947,334	\$ 4,139,435	\$ 4,919,304	<4>

Notes:

- <1> Source: J. Philip Cook, LLC (Industrial Sale Price Trends - Salt Lake County, UT)
- <2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}
- <3> Calculated as: Real Estate Value (RE)_t = (RE_{t-1} - RE Investment_{t-1}) / (1 + g_{t-1})
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}
- <4> Concluded Value is based on the Estimated Value using the Forward Method.
- <5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.
- <6> See Schedule 5.2.1

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Expressway Business Park, LLC

Schedule 5.2.1

Express Business Park: Spanish Fork, UT 84660

Description	Location	Parcel # or Serial Number	Type of Property	Size	Tax Value <3>	Appraisal Value (1)	Estimated Value	Notes <1>, <2>	Listing Price	Sales Prices	Sale Date	Status
Expressway Business Park	1021 N 1270 E, Spanish Fork, UT 84660	38:349:0109	Unit 109	0.05 acres	\$175,600	\$140,000.00	\$140,000	Appraisal Value by Van Drimmelen & Associates, Inc as of 9/20/2012	N/A	N/A	N/A	No equity; Court approved released to lender
Expressway Business Park	1006 N 1110 E, Spanish Fork, UT 84660	38:377:0204	Unit 204	0.04 acres	\$121,400		\$121,400	Tax Value	N/A	N/A	N/A	No equity; Court approved released to lender
Expressway Business Park	1151 E 1010 N, Spanish Fork, UT 84660	38:377:0215	Unit 215	0.05 acres	\$147,800		\$127,500	Sales Price	N/A	\$127,500	10/30/2013	Sale approved at auction
Expressway Business Park	1078 N 1110 E, Spanish Fork, UT 84660	38:400:0305	Unit 305	0.04 acres	\$122,600	\$65,000.00	\$69,000	Sales Price	\$65,000	\$69,000	6/27/2013	Court approved sale at auction
Expressway Vacant Lot	1111 E Expressway Lane, Spanish Fork, UT 84660	38:400:0307	Lot 307	0.05 acres	\$37,000	\$1,200,000.00	\$1,200,000	Appraisal Value By Merit Valuation LLC as of 3/6/2014. The valuation report includes a parcel (#3), which is recorded under 'Spanish Fork Development.' Therefore, \$50,000 of Parcel #3 was subtracted, accordingly.	\$1,250,000			Appraised as of 3/6/14
Expressway Vacant Lot	1127 E Expressway Lane, Spanish Fork, UT 84660	38:400:0308	Lot 308	0.05 acres	\$37,000							
Expressway Vacant Lot	1149 E Expressway Lane, Spanish Fork, UT 84660	38:400:0309	Lot 309	0.05 acres	\$37,000							
Expressway Vacant Lot	1159 E Expressway Lane, Spanish Fork, UT 84660	38:400:0310	Lot 310	0.05 acres	\$37,000							
Expressway Vacant Lot	1167 E Expressway Lane, Spanish Fork, UT 84660	38:400:0311	Lot 311	0.05 acres	\$37,000							
Expressway Vacant Lot	1191 E Expressway Lane, Spanish Fork, UT 84660	38:400:0312	Lot 312	0.05 acres	\$37,000							
Expressway Vacant Lot	1213 E Expressway Lane, Spanish Fork, UT 84660	38:400:0313	Lot 313	0.05 acres	\$37,000							
Expressway Vacant Lot	1223 E Expressway Lane, Spanish Fork, UT 84660	38:400:0314	Lot 314	0.05 acres	\$37,000							
Expressway Vacant Lot	1233 E Expressway Lane, Spanish Fork, UT 84660	38:400:0315	Lot 315	0.05 acres	\$37,000		\$1,250,000 (continued)	Appraisal Value By Merit Valuation LLC	\$1,250,000 (continued)			

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Expressway Business Park, LLC

Schedule 5.2.1

Express Business Park: Spanish Fork, UT 84660

Description	Location	Parcel # or Serial Number	Type of Property	Size	Tax Value <3>	Appraisal Value (1)	Estimated Value	Notes <1>, <2>	Listing Price	Sales Prices	Sale Date	Status
Expressway Vacant Lot	1243 E Expressway Lane, Spanish Fork, UT 84660	38:400:0316	Lot 316	0.05 acres	\$37,000			as of 3/6/2014. The valuation report includes a parcel (#3), which is recorded under 'Spanish Fork Development.' Therefore, \$50,000 of Parcel #3 was subtracted, accordingly.				
Expressway Vacant Lot	1242 E 1130 N, Spanish Fork, UT 84660	38:400:0317	Lot 317	0.05 acres	\$37,000							
Expressway Vacant Lot	1232 E 1130 N, Spanish Fork, UT 84660	38:400:0318	Lot 318	0.05 acres	\$37,000							
Expressway Vacant Lot	122? E 1130 N, Spanish Fork, UT 84660	38:400:0319	Lot 319	0.05 acres	\$37,000							
Expressway Vacant Lot	1212 E 1130 N, Spanish Fork, UT 84660	38:400:0320	Lot 320	0.05 acres	\$37,000							
Expressway Vacant Lot	1192 E 1130 N, Spanish Fork, UT 84660	38:400:0321	Lot 321	0.05 acres	\$37,000							
Expressway Vacant Lot	1168 E 1130 N, Spanish Fork, UT 84660	38:400:0322	Lot 322	0.05 acres	\$37,000							
Expressway Vacant Lot	1158 E 1130 N, Spanish Fork, UT 84660	38:400:0323	Lot 323	0.05 acres	\$37,000							
Expressway Vacant Lot	1148 E 1130 N, Spanish Fork, UT 84660	38:400:0324	Lot 324	0.05 acres	\$37,000							
Expressway Vacant Lot	1128 E 1130 N, Spanish Fork, UT 84660	38:400:0325	Lot 325	0.05 acres	\$37,000							
Expressway Vacant Lot	1114 E 1130 N, Spanish Fork, UT 84660	38:400:0326	Lot 326	0.05 acres	\$37,000							
Expressway Land	Spanish Fork, UT 84660	27:010:0067	Land	21.25 acres	\$1,578,000							
Expressway Land	Spanish Fork, UT 84660	27:010:0068	Land	3.94 acres	\$451,000							

Total

\$3,336,400

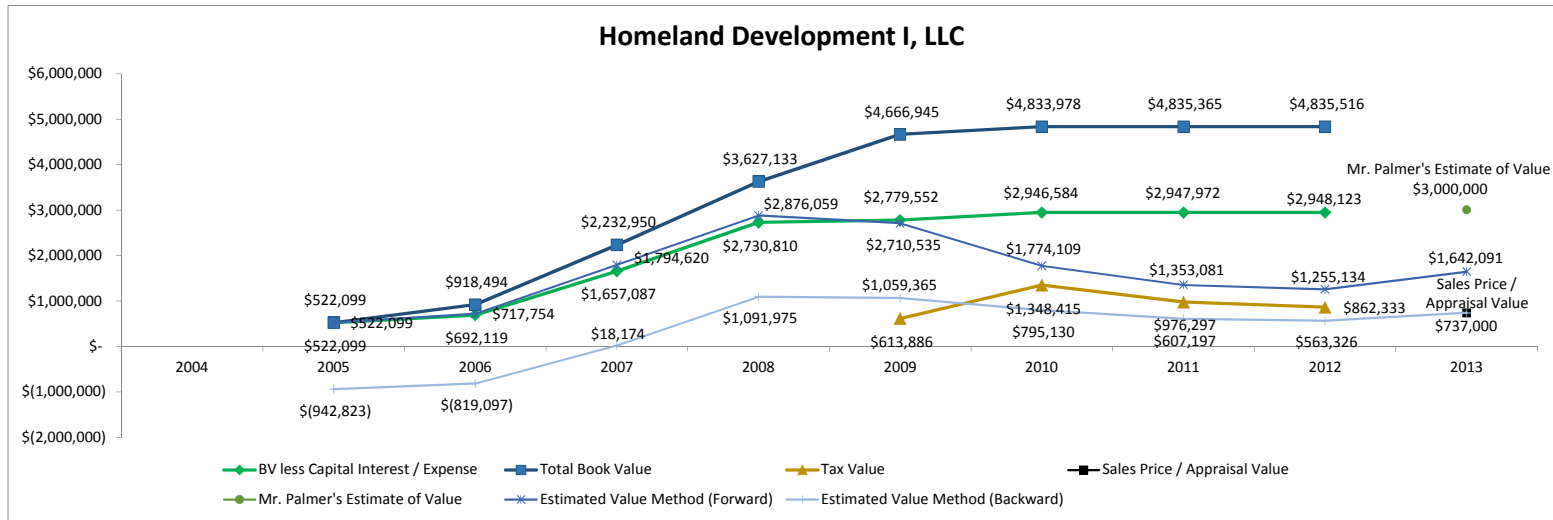
\$1,657,900

Notes:

<1> Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))

<2> Sale prices are applied first, when available. If no sale price is available, the values are based on the appraisal or tax values. Please see the notes column for more detail.

<3> Tax values represents 2012 tax values.



Homeland Development I, LLC

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		12.61%	4.91%	15.59%	0.43%	-7.45%	-40.71%	-23.81%	-7.25%	30.83%	<1>
Book Value											
BV less Capital Interest / Expense		\$ 522,099	\$ 692,119	\$ 1,657,087	\$ 2,730,810	\$ 2,779,552	\$ 2,946,584	\$ 2,947,972	\$ 2,948,123		
Total Book Value		\$ 522,099	\$ 918,494	\$ 2,232,950	\$ 3,627,133	\$ 4,666,945	\$ 4,833,978	\$ 4,835,365	\$ 4,835,516		
Tax Value						\$ 613,886	\$ 1,348,415	\$ 976,297	\$ 862,333		<5>
Sales Price / Appraisal Value										\$ 737,000	<6>
Real Estate Investment Value											
RE Investment		\$ 522,099	\$ 170,020	\$ 964,968	\$ 1,073,723	\$ 48,742	\$ 167,032	\$ 1,388	\$ 151		
Estimated Value Method (Forward)		\$ 522,099	\$ 717,754	\$ 1,794,620	\$ 2,876,059	\$ 2,710,535	\$ 1,774,109	\$ 1,353,081	\$ 1,255,134	\$ 1,642,091	<2>
Estimated Value Method (Backward)		\$ (942,823)	\$ (819,097)	\$ 18,174	\$ 1,091,975	\$ 1,059,365	\$ 795,130	\$ 607,197	\$ 563,326	\$ 737,000	<3>
Mr. Palmer's Estimate of Value										\$ 3,000,000	
Concluded Value		\$ 522,099	\$ 717,754	\$ 1,794,620	\$ 2,876,059	\$ 2,710,535	\$ 1,774,109	\$ 1,353,081	\$ 1,255,134	\$ 1,642,091	<4>

Notes:

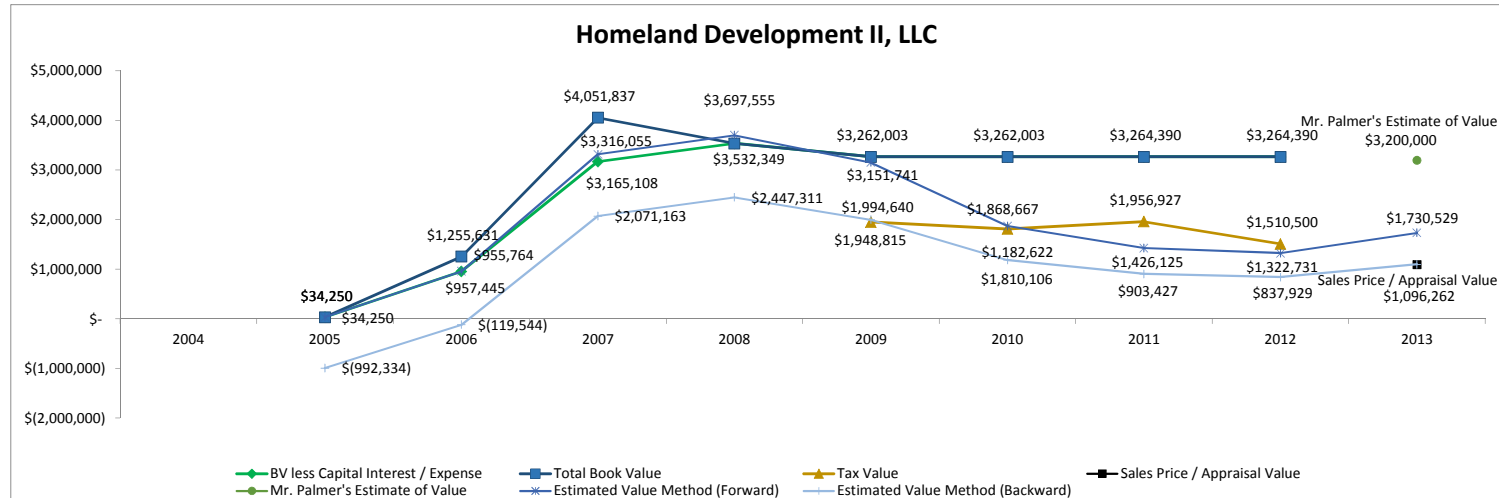
- <1> Source: J. Philip Cook, LLC (Office Sale Price Trends - Maricopa County, AZ)
- <2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t – BV of RE Investment_{t-1}
- <3> Calculated as: Real Estate Value (RE)_t = (RE_{t-1} - RE Investment_{t-1}) / (1 + g_{t-1});
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t – BV of RE Investment_{t-1}
- <4> Concluded Value is based on the Estimated Value using the Forward Method.
- <5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.
- <6> See Schedule 5.3.1

Description	Location	Parcel # or Serial Number	Type of Property	Tax Value	Estimated Value	Notes <1>	Listing Price	Sales Prices	Sale Date	Status
Clearview Business Park	1529 S Clearview Ave, Mesa, AZ 85209	218-56-448F 1	Suites 101, 103, 105-107, 109-110, 112	\$862,333	\$737,000	Sales Price	\$415,954	\$737,000	5/10/2013	Court approved sale at auction

Total

\$737,000

Notes:
<1> Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))

**Homeland Development II, LLC**

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		12.61%	4.91%	15.59%	0.43%	-7.45%	-40.71%	-23.81%	-7.25%	30.83%	<1>
Book Value											
Capitalized Interest			\$ 299,868	\$ 886,729							
Commercial: Office		\$ 34,250	\$ 955,764	\$ 3,165,108	\$ 3,532,349	\$ 3,262,003	\$ 3,262,003	\$ 3,264,390	\$ 3,264,390		
BV less Capital Interest / Expense		\$ 34,250	\$ 955,764	\$ 3,165,108	\$ 3,532,349	\$ 3,262,003	\$ 3,262,003	\$ 3,264,390	\$ 3,264,390		
Total Book Value		\$ 34,250	\$ 1,255,631	\$ 4,051,837	\$ 3,532,349	\$ 3,262,003	\$ 3,262,003	\$ 3,264,390	\$ 3,264,390		
Tax Value						\$ 1,948,815	\$ 1,810,106	\$ 1,956,927	\$ 1,510,500		<5>
Sales Price / Appraisal Value										\$ 1,096,262	<6>
Real Estate Investment Value											
RE Investment		\$ 34,250	\$ 921,514	\$ 2,209,344	\$ 367,241	\$ (270,346)	\$ -	\$ 2,387	\$ -		
Estimated Value Method (Forward)		\$ 34,250	\$ 957,445	\$ 3,316,055	\$ 3,697,555	\$ 3,151,741	\$ 1,868,667	\$ 1,426,125	\$ 1,322,731	\$ 1,730,529	<2>
Estimated Value Method (Backward)		\$ (992,334)	\$ (119,544)	\$ 2,071,163	\$ 2,447,311	\$ 1,994,640	\$ 1,182,622	\$ 903,427	\$ 837,929	\$ 1,096,262	<3>
Mr. Palmer's Estimate of Value										\$ 3,200,000	
Concluded Value		\$ 34,250	\$ 957,445	\$ 3,316,055	\$ 3,697,555	\$ 3,151,741	\$ 1,868,667	\$ 1,426,125	\$ 1,322,731	\$ 1,730,529	<4>

Notes:

<1> Source: J. Philip Cook, LLC (Office Sale Price Trends - Maricopa County, AZ)

<2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}<3> Calculated as: Real Estate Value (RE)_t = (RE_{t+1} - RE Investment_{t+1}) / (1 + g_{t+1});
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}

<4> Concluded Value is based on the Estimated Value using the Forward Method.

<5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.

<6> See Schedule 5.4.1

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Homeland Development II, LLC

Schedule 5.4.1

Farrell Business Park: 1324 N Farrell Ct, Gilbert, AZ 85233

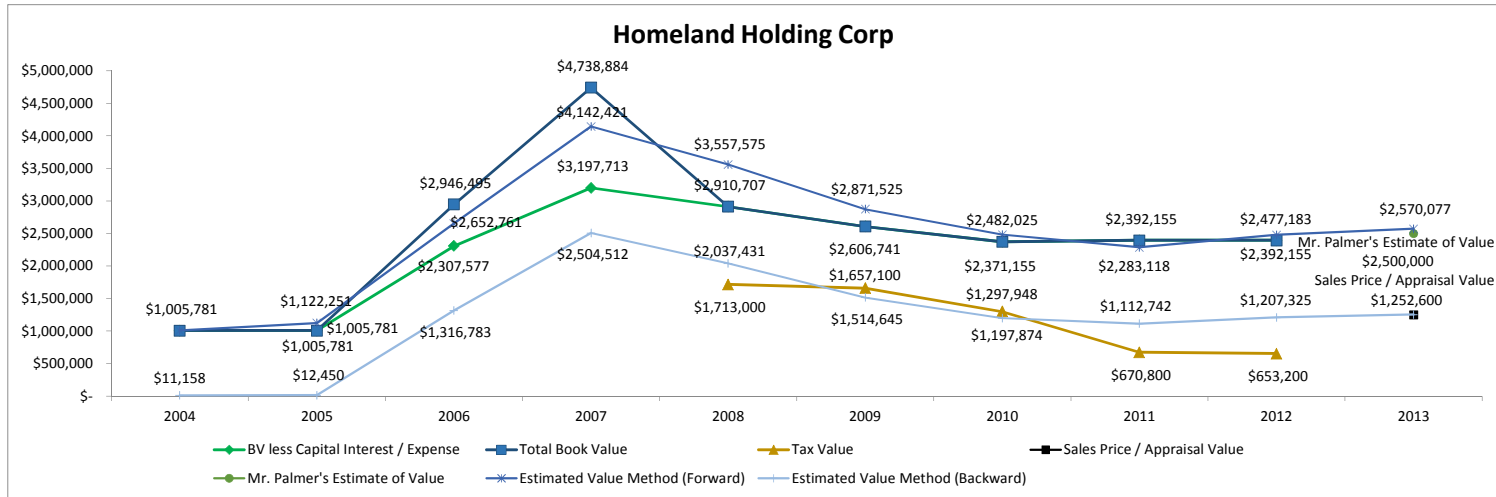
Description	Location	Parcel # or Serial Number	Type of Property	Tax Value	Estimated Value	Notes <1>	Listing Price	Sales Prices	Sale Date	Status
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-665 9	Unit 103	\$125,500	\$101,631	Sales Price	\$76,631	\$101,631	5/31/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-666 6	Unit 104	\$125,500	\$101,631	Sales Price	\$76,631	\$101,631	5/31/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-667 3	Unit 105	\$125,500	\$92,000	Sales Price	\$80,000	\$92,000	5/21/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-668 1	Unit 106	\$127,000	\$97,000	Sales Price	\$80,000	\$97,000	6/7/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-669 8	Unit 107	\$127,000	\$90,000	Sales Price	\$80,000	\$90,000	6/7/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-671 6	Unit 109	\$125,500	\$80,000	Sales Price	\$80,000	\$80,000	5/16/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-672 3	Unit 110	\$125,500	\$80,000	Sales Price	\$80,000	\$80,000	5/16/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-673 1	Unit 111	\$125,500	\$80,000	Sales Price	\$80,000	\$80,000	5/16/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-675 5	Unit 113	\$127,000	\$107,000	Sales Price	\$80,000	\$107,000	6/3/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-676 2	Unit 114	\$125,500	\$107,000	Sales Price	\$80,000	\$107,000	6/3/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-677 0	Unit 115	\$125,500	\$80,000	Sales Price	\$80,000	\$80,000	6/11/2013	Court approved sale at auction
Farrell Business Park	1324 N Farrell Ct, Gilbert, AZ 85233	302-12-678 7	Unit 116	\$125,500	\$80,000	Sales Price	\$80,000	\$80,000	6/11/2013	Court approved sale at auction

Total

\$1,510,500 \$1,096,262

Notes:

<1> Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))



Homeland Holding Corp

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		11.58%	20.38%	22.60%	-7.19%	-10.74%	-5.36%	-8.86%	8.50%	3.75%	<1>
Book Value											
Capitalized Interest			\$ 638,918	\$ 1,541,171							
Land: Residential	\$ 1,005,781	\$ 1,005,781	\$ 2,307,577	\$ 3,197,713	\$ 2,910,707	\$ 2,606,741	\$ 2,371,155	\$ 2,392,155	\$ 2,392,155		
BV less Capital Interest / Expense	\$ 1,005,781	\$ 1,005,781	\$ 2,307,577	\$ 3,197,713	\$ 2,910,707	\$ 2,606,741	\$ 2,371,155	\$ 2,392,155	\$ 2,392,155		
Total Book Value	\$ 1,005,781	\$ 1,005,781	\$ 2,946,495	\$ 4,738,884	\$ 2,910,707	\$ 2,606,741	\$ 2,371,155	\$ 2,392,155	\$ 2,392,155		
Tax Value					\$ 1,713,000	\$ 1,657,100	\$ 1,297,948	\$ 670,800	\$ 653,200		<5>
Sales Price / Appraisal Value										\$ 1,252,600	<6>
Real Estate Investment Value											
RE Investment		\$ -	\$ 1,301,796	\$ 890,136	\$ (287,006)	\$ (303,966)	\$ (235,586)	\$ 21,000	\$ -		
Estimated Value Method (Forward)	\$ 1,005,781	\$ 1,122,251	\$ 2,652,761	\$ 4,142,421	\$ 3,557,575	\$ 2,871,525	\$ 2,482,025	\$ 2,283,118	\$ 2,477,183	\$ 2,570,077	<2>
Estimated Value Method (Backward)	\$ 11,158	\$ 12,450	\$ 1,316,783	\$ 2,504,512	\$ 2,037,431	\$ 1,514,645	\$ 1,197,874	\$ 1,112,742	\$ 1,207,325	\$ 1,252,600	<3>
Mr. Palmer's Estimate of Value										\$ 2,500,000	
Concluded Value	\$ 1,005,781	\$ 1,122,251	\$ 2,652,761	\$ 4,142,421	\$ 3,557,575	\$ 2,871,525	\$ 2,482,025	\$ 2,283,118	\$ 2,477,183	\$ 2,570,077	<4>

Notes:

- <1> Source: J. Philip Cook, LLC (Wasatch Front MLS ("WFRMLS") - Eagle Mountain, UT)
- <2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}
- <3> Calculated as: Real Estate Value (RE)_t = (RE_{t+1} - RE Investment_{t+1}) / (1 + g_{t+1})
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}
- <4> Concluded Value is based on the Estimated Value using the Forward Method.
- <5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.
- <6> See Schedule 5.5.1

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Homeland Holding Corp

Schedule 5.5.1

Autumn Ridge Subdivision: Eagle Mountain, UT 84005

Description	Location	Parcel # or Serial Number	Type of Property	Size	Tax Value	Estimated Value	Notes <1>	Listing Price	Sales Prices	Sale Date	Status
Autumn Ridge Subdivision	958 E Searle Ln, Eagle Mountain, UT 84005	34:456:0002	Lot 2	0.19 acres	\$20,000	\$39,900	Sales Price	\$37,000	\$39,900		Motion for sale filed [Docket No. 647]. Awaiting sale approval.
Autumn Ridge Subdivision	970 E Searle Ln, Eagle Mountain, UT 84005	34:456:0003	Lot 3	0.20 acres	\$20,000	\$39,900	Sales Price	\$37,000	\$39,900		Sale approved [Docket no. 644] Sale closed 5/1/14
Autumn Ridge Subdivision	1004 E Searle Ln, Eagle Mountain, UT 84005	34:456:0004	Lot 4	0.18 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	6/3/2013	Sale approved
Autumn Ridge Subdivision	1026 E Searle Ln, Eagle Mountain, UT 84005	34:456:0006	Lot 6	0.19 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1038 E Searle Ln, Eagle Mountain, UT 84005	34:456:0007	Lot 7	0.19 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1050 E Searle Ln, Eagle Mountain, UT 84005	34:456:0008	Lot 8	0.19 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	5/31/2013	Sale approved
Autumn Ridge Subdivision	1084 E Searle Ln, Eagle Mountain, UT 84005	34:456:0011	Lot 11	0.19 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1148 E Searle Ln, Eagle Mountain, UT 84005	34:456:0016	Lot 16	0.19 acres	\$20,000	\$39,900	Sales Price	\$37,000	\$39,900		Motion for sale filed [Docket No. 668]. Awaiting sale approval.
Autumn Ridge Subdivision	4286 N Robbins Cir, Eagle Mountain, UT 84005	34:456:0021	Lot 21	0.18 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1217 E Searle Ln, Eagle Mountain, UT 84005	34:456:0030	Lot 30	0.19 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1165 E Searle Ln, Eagle Mountain, UT 84005	34:456:0033	Lot 33	0.23 acres	\$20,400	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1067 E Searle Ln, Eagle Mountain, UT 84005	34:456:0039	Lot 39	0.21 acres	\$20,000	\$39,900	Sales Price	\$37,000	\$39,900		Motion for sale filed [Docket No. 668]. Awaiting sale approval.
Autumn Ridge Subdivision	1055 E Searle Ln, Eagle Mountain, UT 84005	34:456:0040	Lot 40	0.21 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	9/25/2013	Sale approved
Autumn Ridge Subdivision	1043 E Searle Ln, Eagle Mountain, UT 84005	34:456:0041	Lot 41	0.21 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	8/14/2013	Sale approved

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Homeland Holding Corp

Schedule 5.5.1

Autumn Ridge Subdivision: Eagle Mountain, UT 84005

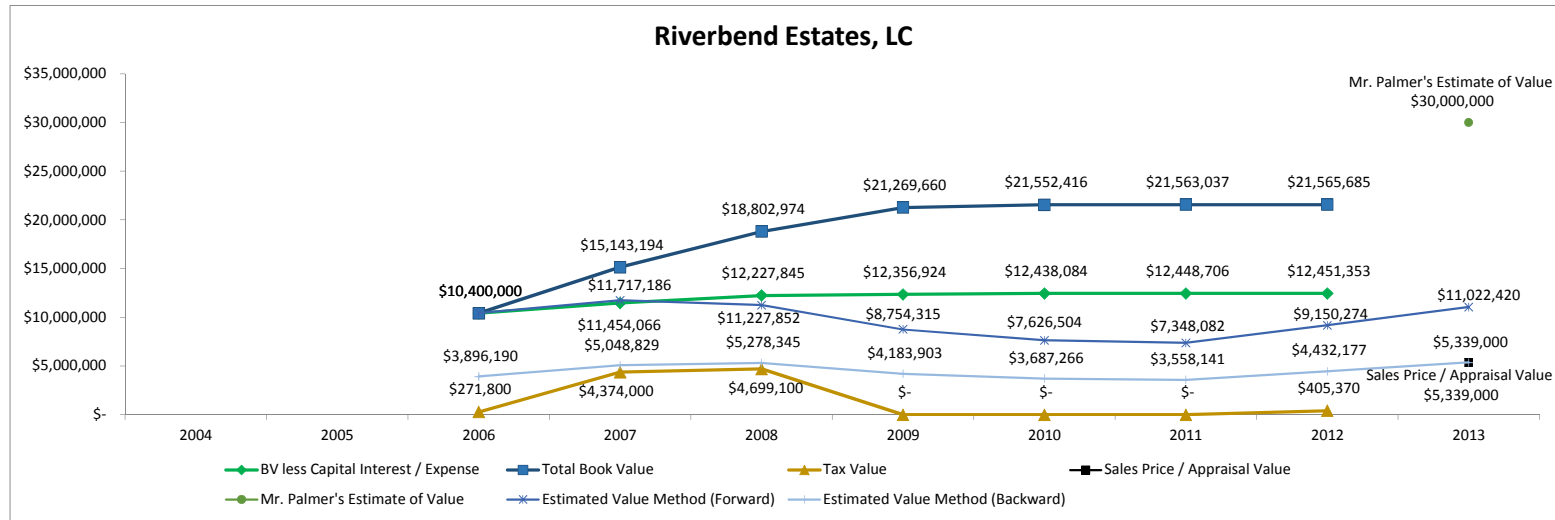
Description	Location	Parcel # or Serial Number	Type of Property	Size	Tax Value	Estimated Value	Notes <1>	Listing Price	Sales Prices	Sale Date	Status
Autumn Ridge Subdivision	1092 E Raven Way, Eagle Mountain, UT 84005	34:456:0051	Lot 51	0.20 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1104 E Raven Way, Eagle Mountain, UT 84005	34:456:0052	Lot 52	0.19 acres	\$20,000	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1127 E Raven Way, Eagle Mountain, UT 84005	34:456:0054	Lot 54	0.22 acres	\$20,400	\$37,000	Sales Price	\$37,000	\$37,000	5/31/2013	Sale approved
Autumn Ridge Subdivision	1152 E Raven Way, Eagle Mountain, UT 84005	34:456:0055	Lot 55	0.27 acres	\$22,300	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	1251 E Raven Way, Eagle Mountain, UT 84005	34:456:0060	Lot 60	0.30 acres	\$23,300	\$37,000	Sales Price	\$37,000	\$37,000	10/31/2013	Sale approved
Autumn Ridge Subdivision	Eagle Mountain, UT	59:044:0105	Vacant Lots (Phase 2)	17.79 acres	\$266,800	\$538,000	Sales Price	N/A	\$538,000	10/1/2013	Sale approved

Total

\$653,200 \$1,252,600

Notes:

<1> Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))



Riverbend Estates, LC											
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		20.9%	29.7%	2.5%	-10.8%	-23.2%	-13.8%	-3.8%	24.5%	20.5%	<1>
Book Value											
BV less Capital Interest / Expense			\$ 10,400,000	\$ 11,454,066	\$ 12,227,845	\$ 12,356,924	\$ 12,438,084	\$ 12,448,706	\$ 12,451,353		
Total Book Value			\$ 10,400,000	\$ 15,143,194	\$ 18,802,974	\$ 21,269,660	\$ 21,552,416	\$ 21,563,037	\$ 21,565,685		
Tax Value			\$ 271,800	\$ 4,374,000	\$ 4,699,100	N/A	N/A	N/A	\$ 405,370		<5>
Sales Price / Appraisal Value										\$ 5,339,000	<6>
Real Estate Investment Value											
RE Investment			\$ 10,400,000	\$ 1,054,066	\$ 773,779	\$ 129,079	\$ 81,160	\$ 10,622	\$ 2,648		
Estimated Value Method (Forward)			\$ 10,400,000	\$ 11,717,186	\$ 11,227,852	\$ 8,754,315	\$ 7,626,504	\$ 7,348,082	\$ 9,150,274	\$ 11,022,420	<2>
Estimated Value Method (Backward)			\$ 3,896,190	\$ 5,048,829	\$ 5,278,345	\$ 4,183,903	\$ 3,687,266	\$ 3,558,141	\$ 4,432,177	\$ 5,339,000	<3>
Mr. Palmer's Estimate of Value										\$ 30,000,000	
Concluded Value			\$ 10,400,000	\$ 11,717,186	\$ 11,227,852	\$ 8,754,315	\$ 7,626,504	\$ 7,348,082	\$ 9,150,274	\$ 11,022,420	<4>

Notes:

- <1> Source: J. Philip Cook, LLC (Idaho MLS ("iMLS") - Middleton, ID)
- <2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t – BV of RE Investment_{t-1}
- <3> Calculated as: Real Estate Value (RE)_t = (RE_{t-1} - RE Investment_{t-1}) / (1 + g_{t-1});
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t – BV of RE Investment_{t-1}
- <4> Concluded Value is based on the Estimated Value using the Forward Method.
- <5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.
- <6> See Schedule 5.6.1

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Riverbend Estate, LC.

Schedule 5.6.1

River Run Subdivision: Middleton, ID 83644

Description	Location	Parcel # or Serial Number	Type of Property	Size	Tax Value	Appraisal Value (1)	Appraisal Value (2)	Appraisal Value (3)	Estimated Value	Notes <1>,<2>	Listing Price	Sales Prices	Sale Date	Status
River Run Subdivision	0 Middleton RD, Middleton, ID 83644	33909000 0	Irrigated Agricultural Land	28.11 acres	\$32,050	\$1,000,000.00 (5 parcels)			\$5,129,000	The settlement agreement indicated that the receiver conveyed title to the Middleton Property to Barclay Associates LLC for the loans of \$5.129 million. [Docket No. 552 1]				
River Run Subdivision	0 Middleton RD, Middleton, ID 83644	33909010 0	Land	6.77 acres	\$1,000	\$1,000,000.00 (5 parcels)								
River Run Subdivision	0 Middleton RD, Middleton, ID 83644	33909011 0	Land	0.18 acres	\$500	\$1,000,000.00 (5 parcels)								
River Run Subdivision	0 Middleton RD, Middleton, ID 83644	33900012B0	Residential Lot	1.41 acres	\$14,100									
River Run Subdivision	0 Donna Dr, Middleton, ID 83644	18537000 0	Exempt Property	0.05 acres	\$0									
River Run Subdivision	326 S Hawthorne Dr, Middleton, ID 83644	33910000 0	Irrigated Agricultural Land	105.10 acres	\$181,140	\$1,000,000.00 (5 parcels)								
River Run Subdivision	0 Hwy 44, Middleton, ID 83644	34752000 0	Irrigated Agricultural Land	30.86 acres	\$35,180	\$1,000,000.00 (5 parcels)								
Riverbend Estates	325 S Hawthorne Dr, Middleton, ID 83644	33901000 0	Rental Dwelling	0.61 acres	\$76,300	\$105,000.00	\$80,000.00	\$78,000.00	\$105,000	Appraisal Value (Highest) by Adam's Residential Appraisal Service LLC as of 4/24/2014	\$80,000			
Riverbend Estates	420 S 1st Ave E, Middleton, ID 83644	18669000 0	Rental Dwelling	0.22 acres	\$65,100				\$105,000	Sales Price				Motion for sale filed [Docket No. 680]. Awaiting sale approval.

Total

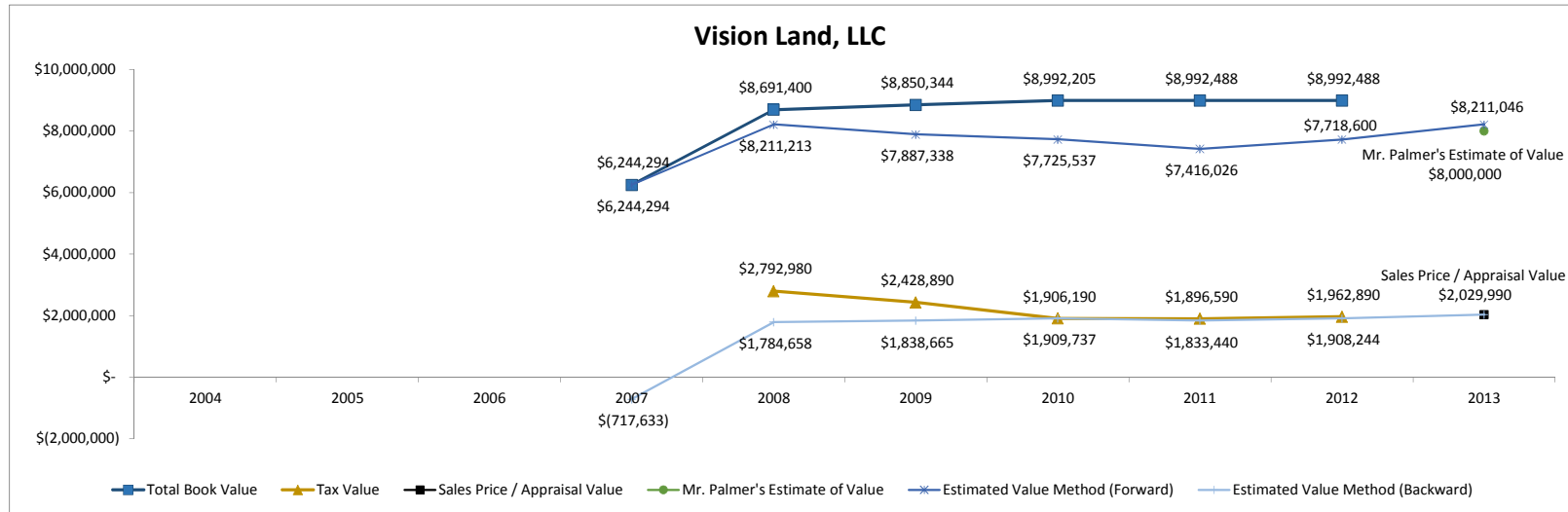
\$405,370

\$5,339,000

Notes:

<1> Sales Price and Listing Price [Source: Klein & Associates, PLLC (Real Properties - Status)].

<2> The estimated value is based on the settlement agreement and appraisal price. Please see the notes column for more detail.



Vision Land, LLC

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Growth Rate on Corresponding Market (%)		10.46%	23.32%	11.14%	-7.69%	-5.88%	-3.85%	-4.01%	4.08%	6.38%	<1>
Book Value											
Total Book Value				\$ 6,244,294	\$ 8,691,400	\$ 8,850,344	\$ 8,992,205	\$ 8,992,488	\$ 8,992,488		
Tax Value					\$ 2,792,980	\$ 2,428,890	\$ 1,906,190	\$ 1,896,590	\$ 1,962,890		<5>
Sales Price / Appraisal Value										\$ 2,029,990	<6>
Real Estate Investment Value											
RE Investment				\$ 6,244,294	\$ 2,447,106	\$ 158,944	\$ 141,861	\$ 283	\$ -		
Estimated Value Method (Forward)				\$ 6,244,294	\$ 8,211,213	\$ 7,887,338	\$ 7,725,537	\$ 7,416,026	\$ 7,718,600	\$ 8,211,046	<2>
Estimated Value Method (Backward)				\$ (717,633)	\$ 1,784,658	\$ 1,838,665	\$ 1,909,737	\$ 1,833,440	\$ 1,908,244	\$ 2,029,990	<3>
Mr. Palmer's Estimate of Value										\$ 8,000,000	
Concluded Value				\$ 6,244,294	\$ 8,211,213	\$ 7,887,338	\$ 7,725,537	\$ 7,416,026	\$ 7,718,600	\$ 8,211,046	<4>

Notes:

- <1> Source: J. Philip Cook, LLC (Wasatch Front MLS ("WFRMLS") - Sandy, UT)
- <2> Calculated as: Real Estate (RE) Value_t = Book Value (BV)_{t-1} of RE Investment x (1 + g_t) + RE Investment_t
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}
- <3> Calculated as: Real Estate Value (RE)_t = (RE_{t-1} - RE Investment_{t-1}) / (1 + g_{t-1})
where: g_t = Annual growth rate (%) of corresponding real estate market in year, t; RE Investment_t = BV of RE Investment_t - BV of RE Investment_{t-1}
- <4> Concluded Value is based on the Estimated Value using the Forward Method.
- <5> Tax values by parcel were obtained from county tax records. We may not have been able to obtain tax values for all properties in all years.
- <6> See Schedule 5.7.1

Lone Peak Valuation Group

National Note of Utah vs Defendants

Summary of Sales and Appraisal Value of Vision Land, LLC

Schedule 5.7.1

Description	Location	Parcel # or Serial Number	Type of Property	Size	Tax Value <3>	Appraisal Value (1)	Appraisal Value (2)	Appraisal Value (3)	Estimated Value	Notes <1>, <2>	Listing Price	Sales Prices	Sale Date	Status
Cottonwood Property	3611 Little Cottonwood Canyon Road, Sandy, UT 84092	28-12-152-021-0000		1.79 acres	\$1,021,090	\$1,100,000			\$1,021,090	Tax Value	N/A	N/A	N/A	No equity. Court approved release of property to lender
Cottonwood Property	3601 Little Cottonwood Canyon Road, Sandy, UT 84092	28-12-152-019-0000		2.15 acres	\$717,900				\$717,900	Tax Value	N/A	N/A	N/A	No equity. Court approved release of property to lender
Cottonwood Property	3711 Little Cottonwood Canyon Road, Sandy, UT 84092	28-12-178-025-0000	Parcel	0.19 acres	\$16,200				\$291,000	Sales Price	N/A	\$291,000	11/8/2013	Sale at auction approved
Cottonwood Property	3725 Little Cottonwood Canyon Road, Sandy, UT 84092	28-12-178-007-0000	Single Family Home	0.39 acres	\$185,000									
Cottonwood Property	3731 Little Cottonwood Canyon Road, Sandy, UT 84092	28-12-326-001-0000	Parcel	0.12 acres	\$500									
Cottonwood Property	9767 Little Cottonwood Pl, Sandy, UT 84092	28-12-178-022-0000	Parcel	0.09 acres	\$7,700									
Cottonwood Property	9778 S. Mountain Valley Way, Sandy, UT 84092	28-12-178-024-0000	Parcel	0.17 acres	\$14,500									

Total

\$2,029,990

Notes:

<1> Sales Price (Source: Klein & Associates, PLLC (Real Properties - Status))

<2> Sale prices are applied first, when available. If no sale price is available, the values are based on the tax value. Please see the notes column for the detail.

<3> Tax values represents 2012 tax values.