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Attorneys for Court-Appointed Receiver R. Wayne Klein

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

<p>R. Wayne Klein, as Receiver of National Note of Utah, LC <i>et al.</i>,</p> <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>Lisa Sanders Shah, Michael Vertner and Laurie Vertner,</p> <p style="text-align: right;">Defendants.</p>	<p style="text-align: center;">COMPLAINT (Ancillary to Case No. 2:12-cv-00591)</p> <p>Case No. _____</p> <p>Judge _____</p>
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R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC, its subsidiaries and affiliates (collectively, “NNU”), and the assets of Wayne LaMar Palmer (“Palmer”), hereby files this Complaint against Lisa Sanders Shah, Michael Vertner and Laurie Vertner (collectively, “Defendants”). In support hereof, the Receiver states as follows:

PARTIES

1. Plaintiff Receiver was appointed by this Court as the receiver for NNU on June 25, 2012.

2. Upon information and belief, Lisa Sanders Shah (“Shah”) is an individual residing in Michigan.

3. Upon information and belief, Michael and Laurie Vertner (together, the “Vertners”) are a married couple residing in Utah.

4. The Defendants are persons who invested money with NNU pursuant to certain promissory notes.

JURISDICTION AND VENUE

5. Jurisdiction is proper pursuant to 28 U.S.C. §§ 1367 and 754.

6. Venue is proper pursuant to 28 U.S.C. §§ 754 and 1692.

FACTUAL BACKGROUND

NNU’s Operation as a Ponzi Scheme

7. On June 25, 2012, the Securities & Exchange Commission filed with the Court a complaint against NNU (the “SEC Complaint”), Case No. 2:12-cv-00591.¹

8. The SEC Complaint alleges that Palmer operated NNU as a classic “Ponzi scheme” and asserts various causes of action for securities fraud.

9. Specifically, the SEC Complaint states that from at least 2004, Palmer solicited and raised more than \$100 million from over 600 “investors.”

10. Additionally, the SEC Complaint alleges that Palmer represented to investors that NNU purchased and sold collateralized loans, as well as funded, managed and sold real property, and due to NNU’s expertise and knowledge in these areas, the company was able to generate significant returns and guarantee investors at least a 12% return.

¹ NNU Case Docket No. 1.

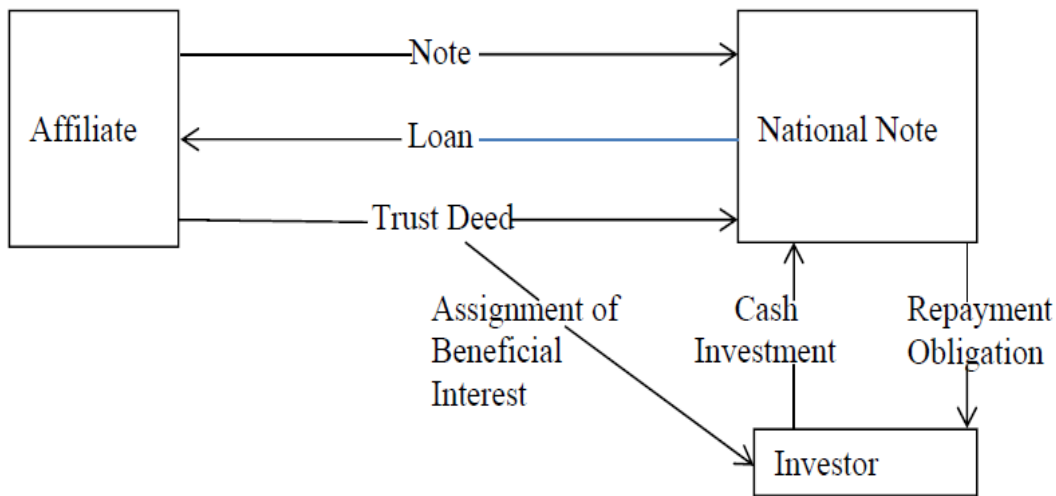
11. According to the SEC Complaint, however, at all times relevant hereto, NNU was insolvent and unable to make investor payments according to its contractual terms. As such, NNU paid investors from the investment funds of new investors.

NNU's Investment Scheme (Assignments of Beneficial Interest)

12. NNU represented to investors that their investment in NNU would be secured by real property. NNU, however, did not own real property sufficient to secure these investments. Thus, NNU devised a scheme whereby it would purport to grant investors a security interest in real property, when in actuality, NNU would take investors' money and give them no security in return. NNU's scheme went as follows.

(a) First, NNU would lend money to an affiliated entity (the "Affiliate"). The Affiliate would enter into a promissory note, pursuant to which it agreed to repay the loan to NNU (the "Affiliate Note"). The Affiliate Note would then be secured by a Trust Deed executed by the Affiliate in favor of NNU (the "Affiliate Trust Deed").

(b) Next, NNU would solicit money from investors by promising them that their investment would be secured by Assignments of Beneficial Interest in Trust Deed (the "ABIs"), which purported to assign to the investors NNU's "right, title and interest" in the Affiliate Trust Deed. NNU, however, did not assign its interest in the Affiliate Note to the investors, as required by applicable law. The following diagram shows NNU's scheme:



13. Pursuant to NNU’s investment scheme, investors purportedly received an assignment of NNU’s secured interest in real property. The secured interest, however, only gave NNU the right to foreclose on the underlying real property if the Affiliate defaulted on the Affiliate Note. On the other hand, if the Affiliate never defaulted and the Affiliate Note was paid, the Affiliate Trust Deed was cancelled and the secured interest went away.

14. The Affiliate was not a party to any of the ABIs and there was no privity of contract between the Affiliate and the investors. As such, there was no contract pursuant to which the Affiliate was obligated to pay the Affiliate Note payments to the investors instead of NNU. Moreover, the ABI did not assign NNU’s rights under the Affiliate Note to the investors. Thus, the ABI did not give investors the right to demand payment under the Affiliate Note.

15. The end result of this scheme was that the investors received no security at all. If NNU breached its agreement with the investor, the investor had no foreclosure rights as a result of the assignment of NNU’s interest in the Affiliate Deed of Trust because the Affiliate Deed of Trust was security for the Affiliate Note, not the agreement between NNU and the investors.

*Purported Assignments of Beneficial Interest to Shah in the
Farrell Property*

16. Pursuant to the above-described investment scheme, on or about November 10, 2006, NNU affiliate Homeland Development II, LLC (“Homeland Development”) entered into a Commercial Trust Deed Note with NNU (the “Homeland Development Note”), whereby Homeland Development agreed to pay NNU \$3,000,000 plus interest in exchange for a loan that Homeland Development received from NNU. A true and correct copy of the Homeland Development Note is attached hereto as Exhibit A and incorporated herein by reference.

17. As security for payment of the Homeland Development Note, Homeland Development executed a Deed of Trust in favor of NNU (the “Homeland Development Deed of Trust”), which gave NNU a beneficial interest in certain real property located in Maricopa County, Arizona, the description of which was attached to the Homeland Development Deed of Trust (the “Farrell Property”). A true and correct copy of the Homeland Development Deed of Trust is attached hereto as Exhibit B and incorporated herein by reference.

18. Thereafter, on approximately August 6, 2010, Shah loaned money to NNU, and in exchange, NNU issued a promissory note to Shah (the “Shah Promissory Note”). A true and correct copy of the Shah Promissory Note is attached hereto as Exhibit C and incorporated herein by reference.

19. In connection with the Shah Promissory Note, NNU issued Shah an Assignment of Beneficial Interest in Trust Deed (the “Shah ABI”), which purportedly gave Shah a security interest in the Farrell Property to secure Shah’s rights to payment under the Shah Promissory Note. A true and correct copy of the Shah ABI is attached hereto as Exhibit D and incorporated herein by reference.

20. However, while NNU issued and recorded the Shah ABI for Shah, NNU did not assign to Shah its rights or interest in the Homeland Development Note. Moreover, because Homeland Development is not a party to the Shah ABI, there is no privity of contract between Homeland Development and Shah. Accordingly, the Shah ABI did not give Shah the right to demand payment under the Homeland Development Note.

21. Further, even if NNU had assigned a partial interest in the Homeland Development Note to Shah, which is disputed, (a) such grant of a partial interest in the Homeland Development Note is void under applicable law; and (b) Shah did not perfect her interest in the Homeland Development Note in accordance with Utah's Uniform Commercial Code. Accordingly, the Shah ABI is null, void and of no effect.

*Purported Assignments of Beneficial Interest to the Vertners in the
Farrell Property*

22. Pursuant to NNU's investment scheme, on or about August 1, 2007, NNU affiliate Homeland Funding Corp. ("Homeland Funding") entered into a Commercial Trust Deed Note with NNU (the "Homeland Funding Note"), whereby Homeland Funding agreed to pay NNU \$4,000,000 plus interest in exchange for a loan that Homeland Funding received from NNU. A true and correct copy of the Homeland Funding Note is attached hereto as Exhibit E and incorporated herein by reference.

23. As security for payment of the Homeland Funding Note, Homeland Funding executed a Deed of Trust in favor of NNU (the "Homeland Funding Deed of Trust"), which also gave NNU a beneficial interest in the Farrell Property. A true and correct copy of the Homeland Funding Deed of Trust is attached hereto as Exhibit F and incorporated herein by reference.

24. Thereafter, on approximately May 31, 2012, the Vertners loaned money to NNU, and in exchange, NNU issued a promissory note to the Vertners (the “Vertner Promissory Note”). A true and correct copy of the Vertner Promissory Note is attached hereto as Exhibit G and incorporated herein by reference.

25. In connection with the Vertner Promissory Note, NNU issued the Vertners an Assignment of Beneficial Interest in Trust Deed (the “Vertner ABI”), which purportedly gave the Vertners a security interest in the Farrell Property to secure the Vertners’ rights to payment under the Vertner Promissory Note. A true and correct copy of the Vertner ABI is attached hereto as Exhibit H and incorporated herein by reference.

26. However, while NNU issued and recorded the Vertner ABI for the Vertners, NNU did not assign to the Vertners its rights or interest in the Homeland Funding Note. Moreover, because Homeland Funding is not a party to the Vertner ABI, there is no privity of contract between Homeland Funding and the Vertners. Accordingly, the Vertner ABI did not give the Vertners the right to demand payment under the Homeland Funding Note.

27. Further, even if NNU had assigned a partial interest in the Homeland Funding Note to the Vertners, which is disputed, (a) such grant of a partial interest in the Homeland Funding Note is void under applicable law; and (b) the Vertners did not perfect their interest in the Homeland Funding Note in accordance with Utah’s Uniform Commercial Code. Accordingly, the Vertner ABI is null, void and of no effect.

FIRST CLAIM FOR RELIEF
(Declaratory Judgment Voiding the Shah ABI)

28. The Receiver re-alleges and incorporates herein by reference each of the preceding allegations as if set forth completely herein.

29. NNU issued Shah the Shah ABI to purportedly secure Shah's rights to payment under the Shah Promissory Note.

30. NNU, however, did not assign to Shah its interest in the Homeland Development Note.

31. Moreover, even if NNU had assigned to Shah a partial interest in the Homeland Development Note, which is disputed, such grant of a partial interest in the Homeland Development Note is void under applicable law.

32. Further, even if NNU had assigned to Shah a partial interest in the Homeland Development Note, which is disputed, Shah did not perfect her interest in the Homeland Development Note in accordance with Utah's Uniform Commercial Code.

33. Therefore, the Receiver requests entry of an Order declaring that the Shah ABI is null, void and of no effect.

SECOND CLAIM FOR RELIEF

(Declaratory Judgment Voiding the Vertner ABI)

34. The Receiver re-alleges and incorporates herein by reference each of the preceding allegations as if set forth completely herein.

35. NNU issued the Vertners the Vertner ABI to purportedly secure the Vertners' rights to payment under the Vertner Promissory Note.

36. NNU, however, did not assign to the Vertners its interest in the Homeland Funding Note.

37. Moreover, even if NNU had assigned to the Vertners a partial interest in the Homeland Funding Note, which is disputed, such grant of a partial interest in the Homeland Funding Note is void under applicable law.

38. Further, even if NNU had assigned to the Vertners a partial interest in the Homeland Funding Note, which is disputed, the Vertners did not perfect their interest in the Homeland Funding Note in accordance with Utah's Uniform Commercial Code. Therefore, the Receiver requests entry of an Order declaring that the Vertner ABI is null, void and of no effect.

PRAYER FOR RELIEF

WHEREFORE, the Receiver respectfully prays for relief as follows:

A. On the Receiver's First Claim for Relief, entry of an Order declaring that the Shah ABI is null, void and of no effect.

B. On the Receiver's Second Claim for Relief, entry of an Order declaring that the Vertner ABI is null, void and of no effect.

C. On all Claims for Relief, for such other and further relief as the Court deems just and proper under the circumstances.

DATED this 3rd day of September, 2013.

DORSEY & WHITNEY LLP

 /s/ Nathan S. Seim
Peggy Hunt
Chris Martinez
Nathan Seim
Attorneys for Receiver

Loan No. 06-NNU-HD2-001
File No. 750529574

COMMERCIAL TRUST DEED NOTE

(Fixed Rate)

11/10/2006

West Jordan, Utah

Lots 1,2,3 & 4, FULLER COMMERCIAL CENTER
Gilbert, Arizona
(Property Address)

1. BORROWERS PROMISE TO PAY

In return for a loan that I have received, I promise to pay **THREE MILLION DOLLARS (U.S. \$3,000,000.00)** (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is **National Note of Utah, LC.**

I understand that the Lender may transfer this Note. The lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of **18%** before, and **24%** after any default described in Section 6(B) of this Note.

3. PAYMENTS

Time and Place of Payments

I will pay principle and interest payments on the first day of each month, starting on **12/1/2006.**

I will make monthly payments to **National Note of Utah, LC**, whose address is **1549 West 7800 South, West Jordan, Utah 84088** or at a different place if required by the Note Holder.

The amount of my initial payment, and each subsequent payment (up to and excepting my final payment) will be **1.5% of the outstanding balance.** I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on **1/1/2008**, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date." My final payment will be the total amount due under the terms of this Note, including all accrued interest, principal, late fees, and any other amounts due at that time.

4. BORROWERS RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of **Ten** calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be **10%** of my overdue payment of principal and interest. This charge will also apply to any balloon payment not received by the end of ten (10) calendar days after the date it is due. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all or it's costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class to me at the Property Address above or at a different address if I give of the Note Holder my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, recorded against the real property at the above Property Address (the "Property"), protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

10.1 Transfer of the Property of a Beneficial Interest in Borrower. If all of any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. If Lender exercises this option, Lender shall give Borrower notice of accelerations. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security


Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

II. ADDITIONAL ADVANCES BY LENDER

The Security Instrument is recorded against the Property. The owner of the Property is obligated to make payments to preserve ownership of the Property which may include, but are not necessarily limited to property taxes, debts secured by other Mortgages, Deeds of Trust or Security Deeds, liens to suppliers of labor or materials, assessments of government entities and owners association dues (hereafter collectively, all such obligations are called "Property Charges"). I promise to pay all of the Property Charges when they are due. My failure to pay any of the Property Charges when due shall be an event of default under this Note. If I fail to pay any of the Property Charges when due, the Lender shall have the right, but not the obligation to pay any and all of such unpaid Property Charges to protect the lien of the Security Instrument. If the Lender makes any such payments, I agree to repay all amounts advanced by the Lender, plus a document preparation fee of \$15.00 plus a surcharge of ten percent (10%) of the amount advanced plus the document fee (hereafter collectively the "Lender Advance"). Failure on my part to repay any Lender Advance on demand shall be an event of default under this Note. The full amount of all Lender Advance shall be added to the principal amount due under this Note, shall bear interest at the interest rate of this Note and shall be secured by the Security Instrument.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

Homeland Development II, LLC


By: **Reed H. Larsen**
Its: **Manager**

87-0754472

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OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2006-1487395A 11/13/06 01:55 PM

GABTELUMP

When Recorded Mail To:
National Note of Utah, LC
1549 West 7800 South
West Jordan, Utah 84088

Loan No. 06-NNU-HD2-001
File No. 750529574

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DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument"), made on 10 November, 2006. The Trustor is **Homeland Development II, LLC**, A Utah limited liability company (Borrower), whose address is 1549 West 7800 South, West Jordan, Utah 84088. The Trustee is **Security Title Agency, Inc.** ("Trustee"). The Beneficiary is **National Note of Utah, LC** ("Lender"), whose address is 1549 West 7800 South, West Jordan, Utah 84088. The Borrower owes Lender the principle sum of **THREE MILLION DOLLARS (U.S. \$3,000,000.00)**. This debt is evidenced by Borrower's note dated the same date as this security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on 1 January, 2008. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in **MARICOPA County, Arizona**:

Lots 1,2,3 & 4, FULLER COMMERCIAL CENTER, according to Book 783 of Maps, Page 40, Records of Maricopa County, Arizona.

which has the address of Lots 1,2,3 and 4, Fuller Commercial Center, Gilbert, Arizona.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or thereafter a part of the property. All replacements and additions shall also be covered by this Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

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1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. *2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower and Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due, and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contest in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewal. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 1 and 2 or charge the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence within sixty days after one year after the date of occupancy, unless Lender otherwise agreed in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair

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the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that in Lender's good faith determination precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument of Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance coverage previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by the Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment of modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceeding against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreement shall be joint and several. Any borrowers who co-sign this Security Instrument but do not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument of the Note without the Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest of other loan charges collected or to be collected in connection with the loan exceed the permitted limits, than: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

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15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument of the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument of the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property of a Beneficial Interest in Borrower. If all or any part of the Property of any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. These conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance of Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

21. Acceleration: Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant of agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and cost of title evidence.

If the power of sale is invoked, Trustee shall execute a written notice of the occurrence of an event of default and of the election to cause the Property to be sold and shall record such notice in each county in which any part of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of the sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may in accordance with applicable law, postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the county clerk of the county in which the sale took place.

22. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay all recordation costs.

20061487395A

23. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

24. Request for Notices. Borrower request that copies of the notices of default and sale be sent to Borrower's address which is the Property Address.

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

HOMELAND DEVELOPMENT II, LLC



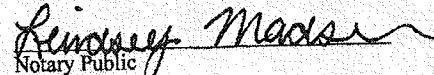
By: Reed H. Larsen
Its: Manager

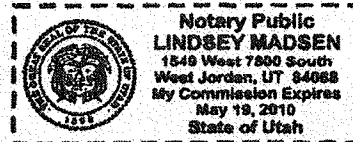
[space below this line for acknowledgment]

State of Utah)
) :ss
Salt Lake County)

The foregoing instrument was subscribed and sworn to and acknowledged before me this 10th day of November, 2006, by Reed H. Larsen, who did further state that he is the Manager of, and is duly authorized to execute this document on behalf of, Homeland Development I, LLC, and that he did execute this document on behalf of said limited liability company.

My commission expires:


Notary Public
Residing at:



[This Space Intentionally Left Blank]

PROMISSORY NOTE

\$400,000.00

8/6/2010

FOR VALUE RECEIVED, the undersigned promise to pay to

Lisa Sanders Shah

Tax ID No. 386-70-1415

FOUR HUNDRED THOUSAND & NO/100 Dollars (\$400,000.00)

together with interest from date at the rate of 18% per annum on the unpaid balance, payable as follows, viz:

\$5,128.77 on or before 9/1/2010; and
\$6,000.00 on or before 10/1/2010; and

continuing on or before the first (1st) day of each month thereafter until 8/1/2012, at which time the entire balance together with accrued interest shall be due and payable in full.

Late Fees. Together with a late fee of 2% for each interest payment not paid within 15 days of the date it is due.

Application of Payments/Default Interest. All payments shall be delivered to

2660 Glen Hollow Court
Caledonia, MI 49316

or assigns and shall be applied first on accrued interest and the balance to reduction of principal. Any installments of principal and interest not paid when due shall, at the option of the legal holder hereof, bear interest thereafter at the rate of 18% per annum until paid.

Default. In case of a default in the payment of any installment of principal or interest as herein stipulated, then it shall be optional with the legal holder of this note to declare the entire principal sum hereof due and payable; and proceedings may at once be instituted for the recovery of the same by law, with accrued interest and costs, including reasonable attorney's fees.

Notice/Modification. The makers and endorsers severally waive presentment, protest and demand; and waive notice of protest, demand and of dishonor and non-payment of this note, and expressly agree that this note may not be modified except by mutual consent of the parties hereto.

Security. This Note is secured by the Maker's interest in certain Notes and Trust Deeds and/or Security Agreements secured by real estate.

National Note of Utah, LC

By: _____
Wayne L. Palmer,
Managing Member

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20100858603 10/01/2010 02:15
ELECTRONIC RECORDING

When recorded, return to:
National Note of Utah
1549 West 7800 South
West Jordan, UT 84088

1285967126276-3-1-1--
Yorkm

ASSIGNMENT OF BENEFICIAL INTEREST IN TRUST DEED
FOR SECURITY

For value received, and to secure the payment of the indebtedness described below, the undersigned Assignor, National Note of Utah, L.C., hereby assigns to the Assignee(s), **Lisa Sanders Shah**, an undivided **\$400,000.00** of Assignor's right, title and interest in and to the beneficial interest in that certain Trust Deed dated November 10, 2006, between Homeland Development II, LLC, as Trustor(s), in favor of Security Title Agency, Inc., as Trustee, for the benefit of National Note of Utah, L.C, as Beneficiary, recorded November 13, 2006, as Entry No. 2006-1487395A, in the official records of the Recorder of Maricopa County, State of Arizona against the following described real property in Maricopa County, State of Arizona:

See Exhibit A

which has the address of **1324 North Farrell Court, Gilbert, Arizona.**
Parcel No. **302-12-665 9, 302-12-666 6, 302-12-667 3, 302-12-668 1, 302-12-669 8, 302-12-671 6, 302-12-672 3, 302-12-673 1, 302-12-675 5, 302-12-676 2, 302-12-677 0, 302-12-678 7.**

Assignor hereby represents the following to Assignee(s):

1. The Assignor has duly performed all of the conditions imposed on Assignor under said Trust Deed and the related Trust Deed Note.
2. The Trust Deed is now in full force and effect, and the unpaid balance owing on the Trust Deed Note secured by the Trust Deed is \$3,806,022.22 as of September 1, 2010.
3. The Trust Deed is assignable.

This assignment is given for the purpose of securing payment of the indebtedness evidenced by a Promissory Note dated **August 6, 2010**, in the principle sum of **\$400,000.00** in which Assignor is the maker, payable to the order of Assignee, at the times and in the manner and with interest as therein set forth.

As long as there is no default in the obligations of Assignor to Assignee in the Promissory Note from Assignor to Assignee, Assignor shall continue to collect all payments paid under the Trust Deed Note secured by the Trust Deed hereby assigned and shall have the right to enforce all remedies against the Trustors as makers of the Trust Deed Note if there is a default under the Trust Deed and/or the Trust Deed Note.

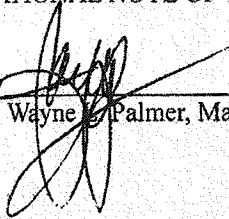
20100858603

If there is any default in the payments due from Assignor to Assignee under the Promissory Note between them, and the default continues for more than sixty (60) days after written notice of said default from Assignee to Assignor, then Assignee shall have the right to give notice directly to the Trustor(s) under the Trust Deed, as makers of the Trust Deed Note secured by the Trust Deed, to thereafter make all payments [or a proportionate amount of the payments if this is an assignment of a partial interest] under the Trust Deed Note directly to Assignee until the payment default in the Promissory Note between Assignor and Assignee is fully and completely cured, including but not limited to the payment of all attorneys fees and costs incurred by Assignee in giving notice of default, directing Trustors to make payments directly to Assignee and otherwise enforcing the rights of Assignee against Assignor under the Trust Deed and Trust Deed Note.

In addition to having the right to collect payments directly from the Trustors in the event of an uncured default under the Promissory Note between Assignor and Assignee as herein provided, if the Trustors default under the Trust Deed and/or the Trust Deed Note during the time of the uncured default between Assignor and Assignee, Assignee shall have the right to direct the Trustee to undertake foreclosure and all other available legal and equitable proceedings under the Trust Deed, for the benefit of Assignee, and, if Assignee deems such action advisable, to substitute a new Trustee under the Trust Deed to take such actions.

Dated October 1, 2010.

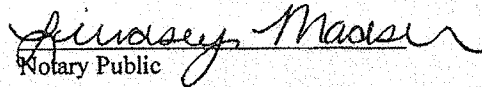
NATIONAL NOTE OF UTAH, L.C.

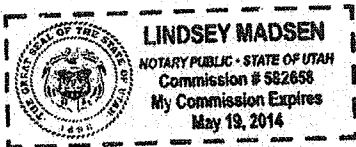
By 
Wayne L. Palmer, Manager

STATE OF UTAH)
 ss
COUNTY OF SALT LAKE)

On the 1st day of October, 2010, personally appeared before me Wayne L. Palmer, the Manager of National Note of Utah, L.C., a Utah limited liability company, the signer of the foregoing instrument, who being by me duly sworn, acknowledged to me that he executed the same for and on behalf of said limited liability company.

SEAL:


Lindsey Madsen
Notary Public



20100858603

Exhibit A

Units 103, 104, 105, 106, 107, 109, 110, 111, 113, 114, 115, 116, Farrell Business Park, a Condominium, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 974 of Maps, page 8.

Together with an undivided interest in and to the Common Elements, located within the Lots 1 through 4 of Fuller Commercial Center, recorded in Book 783, of Maps, page 40, a portion of the Northeast quarter of Section 2, Township 1 South, Range 5 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

COMMERCIAL TRUST DEED NOTE

(Fixed Rate)

1 August, 2007

Salt Lake City, Utah

Lots 1-4, Fuller Commercial Center
1324 North Farrell Ct.
Gilbert, AZ 85233
(Property Address)

1. BORROWERS PROMISE TO PAY

In return for a loan that I have received, I promise to pay **FOUR MILLION DOLLARS (U.S. \$4,000,000.00)** (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is **National Note of Utah, LC.**

I understand that the Lender may transfer this Note. The lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of **18%** before, and **24%** after any default described in Section 6(B) of this Note.

3. PAYMENTS

Time and Place of Payments

I will pay principle and interest payments on the first day of each month, starting on **1 September, 2007.** I will make monthly payments to **National Note of Utah, LC**, whose address is **1549 West 7800 South, West Jordan, UT 84088** or at a different place if required by the Note Holder.

The amount of my initial payment, and each subsequent payment (up to and excepting my final payment) will be **1.5% of the outstanding balance on the final day of the preceding month.** I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on **1 September, 2008**, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date." My final payment will be the total amount due under the terms of this Note, including all accrued interest, principal, late fees, and any other amounts due at that time.

4. BORROWERS RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of **Ten** calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be **10%** of my overdue payment of principal and interest. This charge will also apply to any balloon payment not received

by the end of ten (10) calendar days after the date it is due. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all or its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class to me at the Property Address above or at a different address if I give of the Note Holder my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, recorded against the real property at the above Property Address (the "Property"), protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

10.1 Transfer of the Property of a Beneficial Interest in Borrower. If all of any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. If Lender exercises this option, Lender shall give Borrower notice of accelerations. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

11. ADDITIONAL ADVANCES BY LENDER

The Security Instrument is recorded against the Property. The owner of the Property is obligated to make payments to preserve ownership of the Property which may include, but are not necessarily limited to property taxes, debts secured by other Mortgages, Deeds of Trust or Security Deeds, liens to suppliers of labor or materials, assessments of government entities and owners association dues (hereafter collectively, all such obligations are called "Property Charges"). I promise to pay all of the Property Charges when they are due. My failure to pay any of the Property Charges when due shall be an event of default under this Note. If I fail to pay any of the Property Charges when due, the Lender shall have the right, but not the obligation to pay any and all of such unpaid Property Charges to protect the lien of the Security Instrument. If the Lender makes any such payments, I agree to repay all amounts advanced by the Lender, plus a document preparation fee of \$15.00 plus a surcharge of ten percent (10%) of the amount advanced plus the document fee (hereafter collectively the "Lender Advance"). Failure on my part to repay any Lender Advance on demand shall be an event of default under this Note. The full amount of all Lender Advance shall be added to the principal amount due under this Note, shall bear interest at the interest rate of this Note and shall be secured by the Security Instrument.

12. PARTIAL RELEASE PROVISION

In exchange for a payment of \$250,000.00 for each release requested by Borrower, Beneficiary will execute a partial release of the security instrument to release its security interest from a unit of Borrower's choice, so that Borrower can deliver said chosen unit to a buyer unencumbered.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

HOMELAND DEVELOPMENT II, LLC



By: Reed H. Larsen, Vice President of Homeland Funding Corp.
Its: Manager

87-0754472

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OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20070889330 08/07/2007 09:06
ELECTRONIC RECORDING

When Recorded Mail To:
National Note of Utah, LC
1549 West 7800 South
West Jordan, UT 84088

1535342-7-2-1--
Reitzd

Loan No. 07-NNU-HD2-001

1/2 1535342

[Space Above This Line for Recording Data]

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument"), made on 1 August, 2007. The Trustor is **HOMELAND DEVELOPMENT II, LLC**, a Utah Limited Liability Company (Borrower), whose address is 1549 West 7800 South, West Jordan, UT 84088. The trustee is **Land America Transnation Title ("Trustee")**. The beneficiary is **National Note of Utah, LC ("Lender")**, whose address is 1549 West 7800 South, West Jordan, UT 84088. The Borrower owes Lender the principle sum of **FOUR MILLION DOLLARS (U.S. \$4,000,000.00)**. This debt is evidenced by Borrower's note dated the same date as this security instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on 1 August, 2008. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Maricopa County, Arizona:

Lots 1,2,3, and 4, FULLER COMMERCIAL CENTER, according to Book 783 of Maps, Page 40, Records of Maricopa County, Arizona

which has the address of 1324 N. Farrell Court, Gilbert, Arizona 85233

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or thereafter a part of the property. All replacements and additions shall also be covered by this instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for : (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. *2601 st seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount.

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Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower and Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due, and last, to any late charges due under the Note.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contest in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewal. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with

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any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 1 and 2 or charge the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence within sixty days after one year after the date of occupancy, unless Lender otherwise agreed in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that in Lender's good faith determination precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument of Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance coverage previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

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10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by the Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceeding against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreement shall be joint and several. Any borrowers who co-sign this Security Instrument but do not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument of the Note without the Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest of other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument of the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument of the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property of a Beneficial Interest in Borrower. If all or any part of the Property of any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is

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not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. These conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonable require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance of Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

21. Acceleration: Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant of agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and cost of title evidence.

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If the power of sale is invoked, Trustee shall execute a written notice of the occurrence of an event of default and of the election to cause the Property to be sold and shall record such notice in each county in which any part of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of the sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may in accordance with applicable law, postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the county clerk of the county in which the sale took place.

22. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay all recordation costs.

23. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

24. Request for Notices. Borrower request that copies of the notices of default and sale be sent to Borrower's address which is the Property Address.

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

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HOMELAND DEVELOPMENT II, LLC

By: Reed H. Larsen, Vice President of Homeland Funding Corp.
Its: Manager

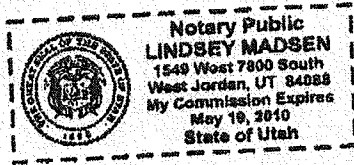
[space below this line for acknowledgment]

State of Utah)
)
Salt Lake County)

The foregoing instrument was subscribed and sworn to and acknowledged before me this 21st day of August, 2011, by Reed Larsen, who did further state that he/she is the Manager of, and is duly authorized to execute this document on behalf of Homeland Funding Corp.

My commission expires:

Lindsey Madsen
Notary Public
Residing at:



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PROMISSORY NOTE

Dated Effective as of 5/31/2012

\$50,000.00

FOR VALUE RECEIVED, the undersigned promise to pay to

C. Michael or Laurie N. Vertner

Tax ID No. 518-88-1091

FIFTY THOUSAND & NO/100 Dollars (\$50,000.00)

together with interest from date at the rate of 12% per annum on the unpaid balance, payable as follows, viz:

\$509.59 on or before 7/1/2012; and

\$505.10 on or before 8/1/2012; and

compounding on or before the first (1st) day of each month thereafter until 1/1/2015, at which time the entire balance together with accrued interest shall be due and payable in full.

Late Fees. Interest payments not timely made as provided above will be assessed a late fee of 2% for each interest payment not postmarked within 15 days of the date it is due.

Application of Payments/Default Interest. All payments shall be delivered to

10400 Dimple Dell Road
Sandy, UT 84092

or assigns and shall be applied first on accrued interest and fees and the balance to reduction of principal. Any installments of principal and interest not paid when due shall bear interest thereafter at the rate of 12% per annum until paid.

Default. In case of a default in the payment of any installment of principal or interest as herein provided if not cured within 30 days of written notice of said default, then it shall be optional with the legal holder of this note to declare the entire principal sum hereof due and payable; and proceedings may at once be instituted for the recovery of the same by law, with accrued interest and costs, including reasonable attorney's fees.

Notice/Modification. The maker waives presentment and protest; and waives notice of protest, and dishonor, and expressly agrees that this note may not be modified except by mutual consent of the parties hereto.

Security. This note is backed by the Maker's interest in certain Notes and Trust Deeds and/or Security Agreements secured by real estate. This note shall be governed by and construed in accordance with the laws of the State of Utah.

National Note of Utah, LC

By: _____

Wayne L. Palmer,
Managing Member

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20120466545 05/31/2012 12:00
ELECTRONIC RECORDING

When recorded, return to:
National Note of Utah
1549 West 7800 South
West Jordan, UT 84088

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mcdevittr

ASSIGNMENT OF BENEFICIAL INTEREST IN TRUST DEED
FOR SECURITY

For value received, and to secure the payment of the indebtedness described below, the undersigned Assignor, **National Note of Utah, L.C.**, hereby assigns to the Assignee(s), **C. Michael or Laurie N. Vertner, an undivided \$50,000.00** of Assignor's right, title and interest in and to the beneficial interest in that certain Trust Deed dated August 1, 2007, between Homeland Development II, LLC as Trustor(s), in favor of Land America Transnation Title. as Trustee, for the benefit of National Note of Utah, L.C, as Beneficiary, recorded August 7, 2007, as Entry No. 20070889330, in the official records of the Recorder of Maricopa County, State of Arizona against the following described real property in Maricopa County, State of Arizona:

See Exhibit A

which has the address of **1324 North Farrell Court, Gilbert, Arizona.**
Parcel No. **302-12-665 9, 302-12-666 6, 302-12-667 3, 302-12-668 1, 302-12-669 8, 302-12-671 6, 302-12-672 3, 302-12-673 1, 302-12-675 5, 302-12-676 2, 302-12-677 0, 302-12-678 7.**

Assignor hereby represents the following to Assignee(s):

1. The Assignor has duly performed all of the conditions imposed on Assignor under said Trust Deed and the related Trust Deed Note.
2. The Trust Deed is now in full force and effect, and the unpaid balance owing on the Trust Deed Note secured by the Trust Deed is \$1,236,983.52 as of May 1, 2012.
3. The Trust Deed is assignable.

This assignment is given for the purpose of securing payment of the indebtedness evidenced by a Promissory Note dated **May 31, 2012**, in the principle sum of **\$50,000.00** in which Assignor is the maker, payable to the order of Assignee, at the times and in the manner and with interest as therein set forth.

As long as there is no default in the obligations of Assignor to Assignee in the Promissory Note from Assignor to Assignee, Assignor shall continue to collect all payments paid under the Trust Deed Note secured by the Trust Deed hereby assigned and shall have the right to enforce all remedies against the Trustors as makers of the Trust Deed Note if there is a default under the Trust Deed and/or the Trust Deed Note.

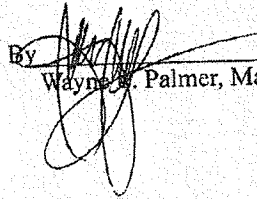
20120466545

If there is any default in the payments due from Assignor to Assignee under the Promissory Note between them, and the default continues for more than sixty (60) days after written notice of said default from Assignee to Assignor, then Assignee shall have the right to give notice directly to the Trustor(s) under the Trust Deed, as makers of the Trust Deed Note secured by the Trust Deed, to thereafter make all payments [or a proportionate amount of the payments if this is an assignment of a partial interest] under the Trust Deed Note directly to Assignee until the payment default in the Promissory Note between Assignor and Assignee is fully and completely cured, including but not limited to the payment of all attorneys fees and costs incurred by Assignee in giving notice of default, directing Trustors to make payments directly to Assignee and otherwise enforcing the rights of Assignee against Assignor under the Trust Deed and Trust Deed Note.

In addition to having the right to collect payments directly from the Trustors in the event of an uncured default under the Promissory Note between Assignor and Assignee as herein provided, if the Trustors default under the Trust Deed and/or the Trust Deed Note during the time of the uncured default between Assignor and Assignee, Assignee shall have the right to direct the Trustee to undertake foreclosure and all other available legal and equitable proceedings under the Trust Deed, for the benefit of Assignee, and, if Assignee deems such action advisable, to substitute a new Trustee under the Trust Deed to take such actions.

Dated May 31, 2012.

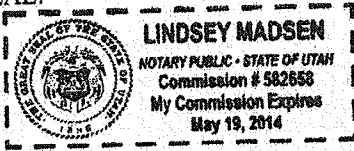
NATIONAL NOTE OF UTAH, L.C.

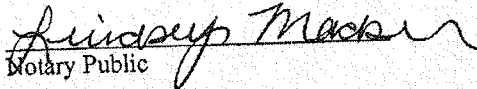
By 
Wayne L. Palmer, Manager

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On the 31st day of May, 2012, personally appeared before me Wayne L. Palmer, the Manager of National Note of Utah, L.C., a Utah limited liability company, the signer of the foregoing instrument, who being by me duly sworn, acknowledged to me that he executed the same for and on behalf of said limited liability company.

SEAL:




Lindsey Madsen
Notary Public

20120466545

Exhibit A

Units 103, 104, 105, 106, 107, 109, 110, 111, 113, 114, 115, 116, Farrell Business Park, a Condominium, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 974 of Maps, page 8.

Together with an undivided interest in and to the Common Elements, located within the Lots 1 through 4 of Fuller Commercial Center, recorded in Book 783, of Maps, page 40, a portion of the Northeast quarter of Section 2, Township 1 South, Range 5 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

JS 44 (Rev. 12/07)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS
 R. Wayne Klein, as Receiver of National Note of Utah, LC

(b) County of Residence of First Listed Plaintiff Salt Lake
 (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)
 Dorsey & Whitney LLP
 136 South Main Street, #1000; Salt Lake City, Utah 84101
 801-933-7360

DEFENDANTS
 Lisa Sanders Shah, Michael Vertner and Laurie Vertner,

County of Residence of First Listed Defendant State of Michigan
 (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

1 U.S. Government Plaintiff

3 Federal Question (U.S. Government Not a Party)

2 U.S. Government Defendant

4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

(For Diversity Cases Only)

Citizen of This State	PTF <input type="checkbox"/> 1	DEF <input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	PTF <input type="checkbox"/> 4	DEF <input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input checked="" type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions		

V. ORIGIN (Place an "X" in One Box Only)

1 Original Proceeding

2 Removed from State Court

3 Remanded from Appellate Court

4 Reinstated or Reopened

5 Transferred from another district (specify)

6 Multidistrict Litigation

7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C § 754

Brief description of cause:
Avoidance of purported assignments of beneficial interest in real property

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$ _____

CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY (See instructions):

JUDGE Jenkins DOCKET NUMBER 2:12-cv-00591

DATE 9/3/13 SIGNATURE OF ATTORNEY OF RECORD [Signature]

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____