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DISTRICT OF UTAH

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

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| <p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>NATIONAL NOTE OF UTAH, LC, a Utah Limited Liability Company and WAYNE LaMAR PALMER, and individual,</p> <p style="text-align: right;">Defendants.</p> | <p>ORDER APPROVING PUBLIC SALE OF PROPERTIES FREE AND CLEAR OF INTERESTS AND PUBLIC AUCTION PROCEDURES</p> <p>(BYRON WEST INDUSTRIAL PARK LOT 2 BLOCK 1)</p> <p>2:12-cv-00591 BSJ</p> <p>The Honorable Bruce S. Jenkins</p> |
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The matter before the Court is the *Receiver's Motion and Memorandum in Support Requesting Order Approving (1) Public Sale of Property Free and Clear of Interests, (2) Method and Form of Publication Notice, and (3) Public Auction Procedures (Byron West Industrial Park Lot 2 Block 1)* (the "Motion") filed by R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") in the above captioned case. Through the Motion, the Receiver is seeking approval to sell certain real property located at 1631 Voll Dr. NW Byron, Minnesota 55920 (the

“Property”) at public sale to the highest and best offer, using a bid made by a proposed buyer as a stalking horse bid. The Property is more particularly described as:

SECT-31 TWP-107 RANGE-015 BYRON WEST INDUSTRIAL PARK LOT-002
BLOOT-001 PIN 75.31.23.068509.

The sale is free and clear of all interests, with taxes and costs of closing to be paid at closing.

The Court has reviewed the Motion and the *Declaration of R. Wayne Klein, Receiver*, together with all of the Exhibits attached thereto, all other papers filed related thereto, and applicable law. A hearing on the Motion was held on November 24, 2014, at 11:05 am. At the hearing, Chris Martinez, Dorsey & Whitney, LLP, appeared on behalf of the Receiver. No other parties appeared. At the hearing, the Court instructed the Receiver to obtain a third appraisal for the Property. The Receiver obtained a third appraisal and submitted it to the Court on December 31, 2014, pursuant to the *Receiver’s Notice of Filing of Supplemental Appraisal for Byron West Industrial Park Lot 2 Block 1 and Byron West Industrial Park Lot 2 Block 2 and Request to Submit Related Motions* [Docket No. 842].

Based thereon, and for good cause appearing,

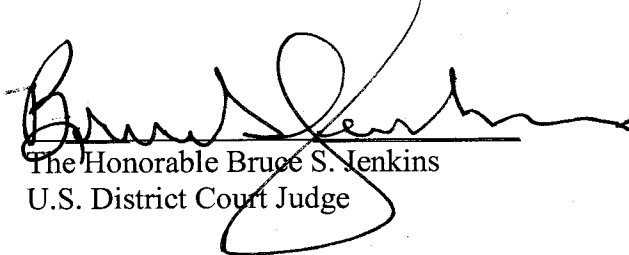
IT IS HEREBY ORDERED that:

1. The Motion is **GRANTED** as to the public sale and public auction procedures.
2. The sale of the Property as set forth in the Motion to the proposed buyer or a higher and better offeror at auction is **APPROVED**.
3. The Auction Procedures described in the Motion and attached to the Motion as Exhibit B are **APPROVED**.

DATED this 8th day of January, 2015.

2:12cv-591-BSJ

BY THE COURT:



The Honorable Bruce S. Jenkins
U.S. District Court Judge

Exhibit A

AUCTION PROCEDURES

SALE OF REAL ESTATE (BYRON WEST INDUSTRIAL PARK LOT 2 BLOCK 1)

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of National Note of Utah, LC, its subsidiaries and affiliates, and the assets of Wayne LaMar Palmer in the case styled *Securities and Exchange Commission v. National Note of Utah, LC et al*, Case No. 2:12-cv-00591 BSJ, in the United States District Court for the District of Utah (the "Civil Case") will conduct a public auction of certain real property located at 1631 Voll Dr. NW Byron, MN, 55920, with the following legal description: Sect-31 Twp-107 Range-015 Byron West Industrial Park Lot-002 Block-001 PIN 75.31.23.068509 (the "Property") on the ___ day of _____, 2014, at the hour of _____ on the Property at the above stated address, or as may be continued from time to time by the Receiver (the "Auction").

The Receiver will conduct the Auction in accordance with the procedures listed below (collectively, the "Auction Procedures"):

- a. The Receiver may conduct an auction of certain real property located at 1631 Voll Dr. NW Byron, MN, 55920, with the following legal description: Sect-31 Twp-107 Range-015 Byron West Industrial Park Lot-002 Block-001 PIN 75.31.23.068509 (the "Property") at the conclusion of the Publication Notice Time (the "Auction") in accordance with these Auction Procedures.
- b. The Receiver will facilitate reasonable requests for inspections of the Property by interested parties prior to the "Bid Deadline" (defined below).
- c. Pursuant to the Purchase Agreement attached as Exhibit D to the Receiver Declaration, the Receiver has received an offer to purchase the Property for \$149,000.00 which includes a \$5,000.00 deposit, subject to higher and better bids at the Auction (the "SH Agreement"). The Receiver is treating the offer in the SH Agreement as the opening bid at Auction and is referred to herein as the "Stalking Horse Bid."
- d. To participate in the Auction, the potential purchaser must be a "Qualified Bidder."

- e. No person will be deemed to be a Qualified Bidder unless the person:
- i. Delivers to the Receiver for the benefit of the Receivership Estate cash or a cashier's check in the amount of \$5,000.00 as an initial deposit (all such deposits and the deposit posted in conjunction with the Stalking Horse Bid, being collectively, the "Initial Deposit"), by no later than 5:00 p.m. Mountain Time at least five business days prior to the date set for the Auction (the "Bid Deadline");
 - ii. Agrees in writing that its Initial Deposit is non-refundable pending the Sale Closing Date (defined below) and will be applied as set forth in these Auction Procedures;
 - iii. Agrees in writing to the approved Auction Procedures;
 - iv. Represents and warrants in writing that it has the ability to perform at Auction and on the Sale Closing Date (defined below);
 - v. Agrees in writing that the sale of the Property is "AS IS" with no representations and warranties; and
 - vi. Appears in person or through a qualified agent at the Auction and performs at Auction, as determined in the sole discretion of the Receiver, as provided in these Auction Procedures.
- f. If no Qualified Bidders exist on the expiration of the Bid Deadline, the Receiver, in his sole discretion, need not conduct the Auction and may sell the Property to the holder of the Stalking Horse Bid pursuant to the terms of the SH Agreement and such sale shall be deemed to be a sale of the Property at public auction under all applicable law.
- g. The Receiver will conduct the Auction. The Auction shall proceed in rounds. Bidding at the Auction shall begin with an initial minimum overbid of the Stalking Horse Bid in an amount of \$5,000.00 in cash, and shall subsequently continue in \$5,000.00 minimum cash overbid increments. However, the holder of the Stalking Horse Bid will be allowed to match any bid made by a Qualified Bidder without increasing such bid by the \$5,000 minimum cash overbid amount. Bidding will continue until the Receiver determines that he has received the highest and best offer for the Property, at which time he will close the Auction, with the person making the last bid prior to the Receiver's close of the Auction bound to purchase the Property pursuant to the terms of the approved Auction Procedures (the "Successful Bidder").
- h. Each Qualified Bidder and the holder of the Stalking Horse Bid agree that its last offer made is irrevocable until the date that sale of the Property closes to the

Successful Bidder (the "Sale Closing Date").

- i. Each Initial Deposit shall be retained by the Receiver until Sale Closing Date. On the Sale Closing Date, the Initial Deposit of the Successful Bidder will be applied to the purchase price accepted at Auction by the Receiver. Within ten business days of Sale Closing Date, the Receiver shall return all other Initial Deposits. In the event that the Successful Bidder's sale does not close, the Receiver (i) shall retain the Initial Deposit of the Successful Bidder as damages, and (ii) the Qualified Bidder who made the next highest and best offer at Auction (the "Back-Up Bid") shall be deemed the Successful Bidder. The Initial Deposit of the Qualified Bidder with the Back-Up Bid shall be applied by the Receiver to the purchase offer made at Auction. The Receiver may repeat the same Back-Up Bid procedure provided herein to each Qualified Bidder, in the order of the highest and best offers received at Auction.

- j. Immediately upon the close of the Auction, the Successful Bidder must (i) sign a purchase agreement on terms materially similar to the terms of sale stated in SH Agreement; and (ii) must deliver to the Receiver an additional non-refundable deposit of 10% of the purchase price accepted at Auction (the "10% Deposit"). In the event that the Sale Closing Date does not occur for the Successful Bidder, the Successful Bidder's Initial Deposit and this 10% Deposit will be retained by the Receiver as damages.