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Attorneys for Court-Appointed Receiver R. Wayne Klein

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

NATIONAL NOTE OF UTAH, LC, a Utah
Limited Liability Company, and WAYNE
LaMAR Palmer, an individual,

Defendants.

**MOTION SEEKING
AUTHORIZATION TO RELEASE
REAL ESTATE ACCOUNT FUNDS
AS SET FORTH IN SUPPLEMENTAL
REPORT AND MEMORANDUM IN
SUPPORT**

Civil No. 2:12-cv-00591 BSJ

The Honorable Bruce S. Jenkins

R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC, its subsidiaries and affiliates (collectively, “National Note”), and the assets of Wayne LaMar Palmer, by and through his counsel, respectfully submits this *Motion Seeking Authorization to Release Real Estate Account Funds as Set Forth In Supplemental Report* (the “Motion”). In support of this Motion, the Receiver submits his *Supplemental Report on Excess Sales Proceeds Available to the Receivership Estate as a Result of Releases of Purported Real*

Estate Interests (the “Supplemental Report”), attached hereto as Exhibit A, and provides the following Memorandum in Support. A proposed Order is attached hereto as Exhibit B.

I.

RELIEF REQUESTED

The Receiver requests that the Court enter an Order authorizing him to transfer a total of \$1,752,769.93 from a bank account of the Receivership Estate commonly referred to as the “Real Estate Account” to another Receivership Estate bank account commonly referred to as the “Operating Account.” By so doing, the Receiver will have, as of March 10, 2015, a total of \$3,340,330.10 on deposit in the Operating Account for payment of administrative expenses and claims against the Receivership Estate.¹

II.

MEMORANDUM IN SUPPORT

General Background

1. When the Receiver sells property of the Receivership Estate the “Net Sale Proceeds” of the sale are deposited into one of two accounts: the Real Estate Account, or the Operating Account.

2. The Receiver deposits all Net Sale Proceeds from any given sale into the Real Estate Account if the property that was sold has unresolved interests asserted against it, such as contested liens or Assignments of Beneficial Interests (“ABIs”). As disclosed in the motions for sale filed with the Court, the Receiver asks that the sale of the property be allowed despite the

¹ On February 27, 2015, the Receiver filed a *Motion Seeking Approval of Proposed Claim Procedures and Accompanying Forms and Memorandum in Support*, Docket No. 892.

existence of the contested interests, with the interests (to the extent valid) attaching to the Net Sale Proceeds of the property sale. Net Sale Proceeds in the Real Estate Account are held pending resolution of the disputed interests.

3. The Receiver deposits all Net Sale Proceeds from any given sale into the Operating Account if the property that was sold has no contested interests asserted against it. Funds in the Operating Account, therefore, are not subject to interests of others and are available to pay the costs of administration of the Receivership Estate and will be available to make distributions to holders of allowed claims against the Receivership Estate pursuant to a claim process approved by the Court.

4. It has been the Receiver's practice to transfer funds from the Real Estate Account to the Operating Account when all contested interests against a property are completely resolved. When this occurs, the Net Sale Proceeds are no longer encumbered with any interests and, therefore, should be included in the general funds on deposit in the Operating Account.

5. However, in instances where many but not all of the contested interests against the Net Sale Proceeds of a property sale have been released or resolved, the Real Estate Account holds funds in excess of the amount necessary to satisfy purported liens. Thus, while some interests still remain pending, the value of those interests – assuming they are ultimately held to be valid – is less than the total Net Sale Proceeds. The Receiver has not transferred these unencumbered Net Sale Proceeds, believing that he should first give notice of such a transfer in this case.

Initial Report as of December 31, 2014

6. On January 26, 2015, the Receiver filed a *Notice of Filing of Receiver's Report on*

Excess Net Sales Proceeds Available to the Receivership Estate as a Result of Releases of Purported Real Estate Interests (the “Initial Report”), giving notice of his intent to move what he believed to be unencumbered funds from the Real Estate Account to the Operating Account.²

7. The Initial Report was based on data as of December 31, 2014, and stated that there were Net Sale Proceeds in the total amount of \$1,836,168.61 in the Real Estate Account that were unencumbered as a result of property sales where some, but not all, asserted liens or ABIs had been released or resolved.

8. The Receiver’s calculations in the Initial Report were premised on two assumptions: (a) that no deed of trust holder or ABI holder would be entitled to claim rights to Net Sale Proceeds beyond the face amount of the holder’s deed of trust or ABI; and (b) such holders would not be entitled to recover more than the net principal amount of an investment.

9. A hearing on the Initial Report was held on February 3, 2015. At that hearing, the Court instructed the Receiver to recalculate the amount of the unencumbered funds, applying more conservative assumptions.

The Supplemental Report

10. At the Court’s instruction, the Receiver has performed a further analysis of Net Sale Proceeds currently on deposit in the Real Estate Account to determine the amount that may be released to the Operating Account based on the comments of the Court at the hearing. The new assumptions applied by the Receiver in calculating the amount of unencumbered Net Sale Proceeds are set forth in Part II of the Supplemental Report and are meant to address the issues raised by the Court at the February 3rd hearing.

² Docket No. 864.

11. Furthermore, the Supplemental Report updates information in the Initial Report. The Initial Report reported on interests asserted against Net Sale Proceeds as of December 31, 2014. Since that time, further ABIs have been voluntarily released or determined to be invalid through the entry of default judgments. The Supplemental Report updates the Initial Report to base calculations on interests asserted as of March 10, 2015

ANALYSIS

Applying the assumptions requested by the Court and taking into account ABIs that have been released or invalidated through March 10, 2015, the Receiver has determined that Net Sale Proceeds totaling \$1,752,769.93 are not encumbered and should be released to the Operating Account. This determination is based on the analysis set forth in the Supplemental Report attached hereto as **Exhibit A**. Based on the information provided, the Receiver maintains that the funds in question are no longer subject to any interests and, being unencumbered, should be transferred from the Real Estate Account to the Operating Account.

For these reasons, the Receiver requests that the Court grant this Motion and authorize him to transfer \$1,752,769.93 from the Real Estate Account to the Operating Account.

DATED this 11th day of March, 2015.

DORSEY & WHITNEY LLP

/s/ Peggy Hunt
Peggy Hunt
Chris Martinez
Attorneys for Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that the **MOTION SEEKING AUTHORIZATION TO RELEASE REAL ESTATE ACCOUNT FUNDS AS SET FORTH IN SUPPLEMENTAL REPORT AND MEMORANDUM IN SUPPORT** was filed with the Court on this 11th day of March, 2015, and served via ECF on all parties who have requested notice in this case.

Furthermore, IT IS HEREBY CERTIFIED that the **MOTION SEEKING AUTHORIZATION TO RELEASE REAL ESTATE ACCOUNT FUNDS AS SET FORTH IN SUPPLEMENTAL REPORT AND MEMORANDUM IN SUPPORT** was served on this 11th day of March, 2015, by U.S. First Class Mail, postage prepaid, on the following:

Wayne L. Palmer
8816 South 2240 West
West Jordan, UT 84088

David Barton
PO Box 816
Vernal, UT 84078

/s/ Candy Long

EXHIBIT A

**RECIEVER'S SUPPLEMENTAL REPORT ON EXCESS NET SALE PROCEEDS
AVAILABLE TO THE RECEIVERSHIP ESTATE AS A RESULT OF RELEASES OF
PURPORTED REAL ESTATE INTERESTS**

Prepared by;

**R. Wayne Klein
Klein & Associates, PLLC
10 Exchange Place, Suite 502
Salt Lake City, Utah 84111**

Date: March 10, 2015

I. INTRODUCTION

On January 26, 2015, the Receiver filed an *Report on Excess Net Sales Proceeds Available to the Receivership Estate as a Result of Releases of Purported Real Estate Interests* (the “Initial Report”), a copy of which is attached hereto as Exhibit 1 and incorporated herein, giving notice of his intent to transfer a total of \$1,836,168.61 from the Real Estate Account to the Operating Account based on his view that such funds were no longer encumbered.¹ Unless stated otherwise, capitalized terms defined in the Initial Report have the same meaning herein.

A hearing on the Initial Report was held on February 3, 2015, at which time the Court requested further information from the Receiver prior to the transfer of any funds. This Report serves as a supplement to the Initial Report. For purposes of efficiency, the Receiver incorporates the information in Part II of the Initial Report by reference herein. Part II of this Supplemental Report explains the changes the Receiver is implementing to address the Court’s concerns and to update the information from the Initial Report. Parts III and IV update the information in Parts III and IV of the Initial Report, taking into account the new assumptions and updated data. Based on the information herein, the Receiver believes that there are \$1,752,769.93 in unencumbered Net Sale Proceeds that should be transferred from the Real Estate Account to the Operating Account.

II. CHANGES IN CALCULATIONS

A. Changes in Assumptions

As noted above, in the Initial Report, the Receiver stated that a total of \$1,836,168.61

¹ *Notice of Filing of Receiver’s Initial Report on Excess Net Sales Proceeds Available to the Receivership Estate As a Result of Releases of Purported Real Estate Interests*, Docket No. 864.

was unencumbered Net Sale Proceeds that should be transferred from the Real Estate Account to the Operating Account. This amount was premised on two assumptions: (1) that no holder of a deed of trust or ABI would be entitled to claim rights to the Net Sale Proceeds of a property over and above the face amount of the holder's deed of trust or ABI; and (2) if the holder was a National Note investor, the investor would not be entitled to recover more than the net principal amount of his or her investment.

Following the Court's instructions, however, the Receiver has applied the following assumptions in this Supplemental Report: (a) treating each of the deeds of trust or ABIs as if they were valid; (b) not limiting claims of holders of ABIs or deeds of trust to a net principal investment amount, but calculating claims based on the assumption that unpaid interest up to the amount of Net Sale Proceeds can be claimed; and (c) calculating the claim based on the principal amount shown as owed on National Note's records as of the time of the Receiver's appointment plus interest at the promised rate (generally 12%) from June 25, 2012 to January 1, 2016.²

B. Update of Data to Include All Interests as of March 10, 2015

This Supplemental Report also includes updated data. The Initial Report reported on interests asserted against Net Sale Proceeds as of December 31, 2014. Since that time, further ABIs have been voluntarily released or determined to be invalid through the entry of default judgments. This Supplemental Report updates the Initial Report to base calculations on interests asserted as of March 10, 2015.

² This date was selected by the Receiver based on the expectation that litigation addressing the validity of the ABIs would be resolved by that date.

III. RECALCULATIONS OF PART III OF INITIAL REPORT: EXISTING
TRUST DEEDS AND UNENCUMBERED ASSETS

In the Initial Report, the Receiver reported that a total of \$920,620.29 was unencumbered by existing trust deed interests against properties. This amount was based on Net Sale Proceeds in the amount of \$979,620.29 less the face amount of the trust deed that had been recorded against the East Meadows Mobile Home Park in the amount of \$59,000.00 in the name of David Barton ("Barton"). As discussed below, the Receiver continues to maintain that Net Sale Proceeds in the amount of \$920,620.29 are unencumbered and should be transferred from the Real Estate Account to the Operating Account.

Barton lent National Note money, and the loan was collateralized by the East Meadows Mobile Home Park as evidenced by trust deed in question. That loan, however, was paid in full prior to the Receiver's appointment and, therefore, the underlying debt now has a balance of zero and the trust deed should be released. The Receiver has requested that Barton release the trust deed, but he has refused to do so, claiming he is owed money by Old Glory Mint, LLC based on transactions related to gold purchases. Any debt owed by Old Glory Mint, LLC to Barton is wholly unrelated to the trust deed and the Mobile Home Park loan, and there is nothing in the loan documentation indicating that the trust deed in any way collateralized debts that may be owed by Old Glory Mint, LLC.³ Accordingly, the trust deed does not secure a debt related to the Net Sale Proceeds of Mobile Home Park sale.

While the Receiver understands that until the trust deed is released or invalidated, he

³ See Exhibit 2. The Trustee intends to file an action to remove this trust deed and seek appropriate damages for Barton's willful refusal to release the trust deed.

must hold the face amount of the interest. Given that there is no debt associated with the trust deed, however, he should not be required to hold more than that amount, or \$59,000.00.

Accordingly, the Receiver believes that Net Sale Proceeds in the amount of \$920,620.29 are unencumbered and should be transferred from the Real Estate Account to the Operating Account.

IV. RECALCULATIONS OF PART IV OF INITIAL REPORT: EXISTING ABIs AND UNENCUMBERED ASSETS

In the Initial Report, the Receiver reported that the Net Sale Proceeds from following property sales still had ABIs asserted against them, and that as of December 31, 2014, the unencumbered Net Sale Proceeds (based on the Receiver's former assumptions noted above) were as follows:

Property Sold	Net Sales Proceeds	Face Amount of Existing ABIs	Unencumbered Funds
900 West (Salt Lake City)	\$65,295.00	\$43,936.31	\$21,358.69
Autumn Ridge Phases I and II	\$1,058,442.59	\$655,873.88	\$402,568.71
Clearview Business Park	\$591,295.43	\$834,847.23	\$0.00
Cottonwood Road	\$281,189.07	\$202,700.00	\$78,489.07
East Meadows Mobile Home Park	\$979,620.29	\$0.00	\$920,620.29 ⁴
Elkhorn Ridge, Lot #4	\$30,893.21	\$15,000.00	\$15,893.21
Elkhorn Ridge, Lot #48	\$73,620.84	\$125,000.00	\$0.00
Expressway Business Park, Unit #215	\$112,965.27	\$2,959,533.95	\$0.00
Fairfield Land	\$27,274.21	\$320,366.61	\$0.00
Farrell Business Park	\$847,238.64	\$450,000.00	\$397,238.64
Riverbend Home (Hawthorne)	\$69,569.48	\$245,000.00	\$0.00
Total			\$1,836,168.61

Applying the new assumptions set forth in Part II, the Cottonwood Road and the Farrell

⁴ As discussed above, a Trust Deed and ABIs were recorded against this property. The Trust Deed remains, and as part of the initial report, the Receiver deducted the face amount of the Trust Deed -- \$59,000.00, from unencumbered funds. This assumption has changed herein as discussed below.

Business Park properties, noted above as having unencumbered funds in the amount of \$78,489.07 and \$397,238.64, respectively, no longer have unencumbered funds at this time. The following table provides information illustrating the reasons for this result:

Property	# ABI Holders	Net Sale Proceeds	Current Total Face Amount of ABIs	Net Principal Investment Amount of ABI Holder	Last Note Balance Plus Interest to 1/1/16
Cottonwood Road	5	\$281,189.07	\$168,600.00 ⁵	\$100,610.26	\$281,508.53
Farrell Business Park	2	\$847,238.64	\$450,000.00	\$360,751.23	\$882,010.53

Applying the new assumptions in Part II and taking into account releases or invalidation of ABIs since the filing of the Initial Report and through March 10, 2015, there are three properties with unencumbered Net Sale Proceeds where one or more ABIs were still on record at the time of the Initial Report: 900 West (Salt Lake City); Autumn Ridge Phases I and II; and Elkhorn Ridge, Lot #4. The status of these properties, however, has changed since the filing of Initial Report due to the release of a significant number of ABIs which, even applying the assumptions in Part II above, results in unencumbered funds.

Based on this new data, the Net Sale Proceeds for the 900 West and Elkhorn Ridge, Lot #6, in the amounts of \$62,295.00 and \$30,893.21, respectively, are now fully unencumbered because ABIs that had existed as of the Initial Report have been released or determined to be invalid through the entry of default judgments. On Autumn Ridge Phases I and II, the current status is as follows:

⁵ The face amount of the ABIs currently recorded against this property is less than that reported in the Initial Report, reflecting releases of ABIs since December 31, 2014—the effective date of the Initial Report.

Property	# ABI Holders	Net Sale Proceeds	Current Total Face Amount of ABIs	Net Principal Investment Amount of ABI Holder	Last Note Balance Plus Interest to 1/1/16
Autumn Ridge Phases I and II	3	\$1,058,442.59	\$128,580.18	\$100,610.26	\$322,481.16

Thus, based on this information, unencumbered funds in the total amount of \$735,961.43 (\$1,058,442.59 - \$322,481.16) exist – *i.e.*, Net Sale Proceeds in excess of the amount of principal and interest that ABI holders could potentially argue that they are entitled to if their interests are held valid.

IV. CONCLUSION

For the reasons set forth above, the Receiver maintains that a total of \$1,752,769.93 are unencumbered Net Sale Proceeds being held in the Real Estate Account that should be transferred to the Operating Account. This total is based on the following:

East Meadow Mobile Home Park:	\$ 920,620.29
900 West (Salt Lake City):	\$ 62,295.00
Autumn Ridge Phases I and II:	\$ 735,961.43
Elkhorn Ridge, Lot #4:	\$ 30,893.21
TOTAL	<u>\$1,752,769.93</u>

Dated this 10th day of March, 2015.


 R. Wayne Klein, Receiver

EXHIBIT 1

**RECEIVER'S REPORT ON EXCESS NET SALES PROCEEDS
AVAILABLE TO THE RECEIVERSHIP ESTATE AS A RESULT
OF RELEASES OF PURPORTED REAL ESTATE INTERESTS**

Prepared by:

**R. Wayne Klein
Klein & Associates, PLLC
10 Exchange Place, Suite 502
Salt Lake City, UT 84111**

Date: January 26, 2015

I. INTRODUCTION

Commencing in 2004, National Note of Utah, LC ("NNU") issued "Assignments of Beneficial Interest" ("ABIs") to some of its investors, purporting to provide the investors with an interest in certain real estate and these ABIs were recorded in public land records. NNU also granted Deeds of Trust in certain real estate to a more limited number of investors.

The Receiver contests the validity of the ABIs. He has requested that all holders of ABIs voluntarily release their ABIs, and many have done so. For those ABI holders who have not released their ABIs voluntarily, the Receiver has commenced lawsuits against them seeking a declaratory judgment that the ABIs are invalid.¹

In the meantime, the Receiver has been liquidating assets of the Receivership Estate, including real property against which ABIs and Deeds of Trust are recorded. For each property sale, the Court has entered orders approving the sale free and clear of such purported interests, with the interests, if any, attaching to the net sale proceeds. As has been disclosed to the Court and parties in interest, all net sale proceeds subject to purported interests have been deposited in the Receivership Estate's "Real Estate Account." Funds not subject to interests are deposited in the Receivership Estate's "Operating Account."

The Receiver has not transferred any money from the Real Estate Account to the Operating Account unless all purported interests against a particular property's net sale proceeds have been released or resolved. As of December 31, 2014, however, there is \$1,836,168.61 on deposit in the Real Estate Account which is unencumbered because, although ABIs or Deeds of Trust are still asserted, many have been released or resolved. This Report details the purported interests in net proceeds of property sales as of December 31, 2014, and outlines the extent to

¹ See Status Report in *Klein v. Adams et al.*, Civil No. 2:14-cv-00614 (D. Utah).

which \$1,836,168.61 is unencumbered assuming all remaining purported interests are valid.

Because this is the case, twenty days after the filing of this Notice, unless the Court directs otherwise, the Receiver intends to transfer the now unencumbered \$1,836,168.61 to the unrestricted Operating Account.

II. EXTENT OF TRUST DEED ABI INTERESTS

At the time the Receiver was appointed on June 25, 2012, 26 Trust Deed and 349 ABIs had been recorded against real estate owned by NNU or its affiliates. These purported interests are summarized in the tables below:

I. Recorded Trust Deeds as of Commencement of Case

Property	Number of Trust Deeds	Total Face Value of Trust Deeds
7800 South Office Building	1	\$175,000.00
Almond Heights Subdivision	3	\$363,655.62
Cottonwood Lane Properties	1	\$1,900,000.00
Deer Meadows Land	1	\$40,000.00
East Meadows Mobile Home Park	2	\$209,564.90
Expressway Land (Lot #215, 305, 307-326, two metes and bounds parcels)	2	\$2,100,000.00
Expressway Land (109, 204)	2	\$253,792.28
Fairview Cabin	1	\$265,489.64
Fruitland Cabin	1	\$250,000.00
Indian Canyon/Outpost	1	\$22,500.00
Kanab Home	1	\$280,200.00
Overland Trails Lots	7	\$246,671.67
Riverbend Land	1	\$3,700,000.00
Spanish Fork Development Land	1	\$112,500.00
Twin Pines Apartments	1	\$400,000.00
Total	26	\$10,329,374.11

2. Recorded ABIs as of Commencement of Case

Property	Number of ABIs	Total Face Value of ABIs²
900 West Land (Salt Lake City)	8	\$551,136.31
Autumn Ridge Phases I and II	32	\$2,415,704.27
Clearview Business Park	28	\$2,943,941.69
Cottonwood Lane Properties	41	\$1,404,923.22
East Meadow Mobile Home Park	5	\$195,810.00
Elkhorn Ridge Lots	48	\$1,499,334.83
Expressway Business Park Units and Land	108	12,098,417.78
Fairfield Land	46	1,920,401.80
Farrell Business Park	15	3,405,000.00
Ogden Office Building	17	1,050,010.34
Riverbend Home (Hawthorne)	1	245,000.00
Total	349	27,729,680.24

III. EXISTING TRUST DEEDS AND UNENCUMBERED ASSETS

The Receiver investigated the financial transactions and legal viability of each of the Trust Deeds known to exist as set forth above. Thereafter, the Receiver undertook to obtain releases of or compromises related to as many of these Trust Deeds, and filed litigation when appropriate. Details about the Receiver's efforts in this regard are included in his quarterly Status Reports.

As discussed above, to date, the Receiver has deposited all net sale proceeds of real property in the Real Estate Account if there was an unresolved disputed Trust Deed recorded against the property at the time of the sale. Any existing Trust Deed, to the extent valid, attached to the net sale proceeds in the Real Estate Account. As a result of the Receiver's efforts, however, some interests no longer exist against the net sale proceeds and, therefore, although some disputed interests remain against the net sale proceeds outlined, the funds on deposit in the

² This total differs slightly from the number in the Ninth Status Report due to an inadvertent calculation error.

Real Estate Account are unencumbered because they exceed the face amount of the remaining asserted disputed interests. The Receiver believes that the unencumbered funds should be transferred to the Operating Account.

At this time, the net sale proceeds from following property sales still have Trust Deeds asserted against them. This chart shows the amount of net sale proceeds that are unencumbered inasmuch as the proceeds on deposit in the Real Estate Account are in excess of the face amount of existing Trust Deeds:

Property Sold	Net Sale Proceeds	Face Amount of Existing Trust Deeds	Unencumbered Funds
Almond Heights, Lot #17 ³	\$21,752.44	\$30,000.00	\$0.00
Almond Heights, Lot #26 ⁴	\$27,151.02	\$158,655.62	\$0.00
East Meadows Mobile Home Park	\$979,620.29	\$59,000.00	\$920,620.29
Fruitland Cabin	\$226,374.07	\$250,000.00	\$0.00
Total			\$920,620.20

IV. EXISTING ABIs AND UNENCUMBERED ASSETS

The Receiver investigated the financial transactions and legal viability of each of the ABIs known to exist as set forth above. Thereafter, the Receiver undertook to obtain voluntary releases of the ABIs, informing holders that he did not believe that such ABIs were valid or enforceable. As a result of those efforts, many ABI holders voluntarily released their ABIs. After all attempts to obtain voluntary releases were exhausted, the Receiver commenced litigation in several contexts against the ABI holders seeking a declaratory judgment that the

³ The Trust Deed recorded against Lot #17 also encumbers Almond Heights Lots 18-22. Accordingly, when those Lots are eventually sold, there should be equity in the property after satisfaction of the Trust Deed.

⁴ The Trust Deed recorded against Lot #26 also encumbers Almond Heights Lots 23-25. Accordingly, when those Lots are eventually sold, there should be equity in the property after satisfaction of the Trust Deed.

ABIs are invalid. Details about the Receiver's efforts in this regard are included in his quarterly Status Reports and most recently in the Status Report filed in *Klein v. Adams et al.*, Civil No. 2:14-cv-00614 (D. Utah).

As discussed above, to date, the Receiver has deposited all net sale proceeds of real property in the Real Estate Account if there were disputed interests recorded against the property at the time of the sale. Any existing ABIs, to the extent valid, attach to the net sale proceeds in the Real Estate Account. As a result of the Receiver's efforts, however, many ABIs are no longer interests against the net sale proceeds and, therefore, although some disputed interests remain against the net sale proceeds outlined, the funds on deposit in the Real Estate Account are unencumbered because they exceed the face amount of the remaining asserted disputed interests. The Receiver believes that the unencumbered funds should be transferred to the Operating Account.

At this time, the net sale proceeds from following property sales still have ABIs asserted against them. Also, this chart shows the amount of net sale proceeds that are unencumbered as of December 31, 2014 inasmuch as the proceeds on deposit in the Real Estate Account are in excess of the face amount of unreleased ABIs:

Property Sold	Net Sales Proceeds	Face Amount of Existing ABIs	Unencumbered Funds
900 West (Salt Lake City)	\$65,295.00	\$43,936.31	\$21,358.69
Autumn Ridge Phases I and II	\$1,058,442.59	\$655,873.88	\$402,568.71
Clearview Business Park ⁵	\$591,295.43	\$834,847.23	\$0.00
Cottonwood Road	\$281,189.07	\$202,700.00	\$78,489.07
East Meadows Mobile Home Park	\$979,620.29	\$0.00	\$920,620.29 ⁶

⁵ While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

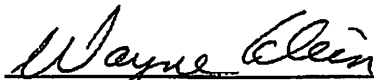
⁶ A Trust Deed and ABIs were recorded against this property. The Trust Deed remains but all ABIs have been released. The balance of unencumbered net sale proceeds reflects the reduction for the existing Trust Deed outlined in the chart above.

Elkhorn Ridge, Lot #4	\$30,893.21	\$15,000.00	\$15,893.21
Elkhorn Ridge, Lot #48 ⁷	\$73,620.84	\$125,000.00	\$0.00
Expressway Business Park, Unit #215 ⁸	\$112,965.27	\$2,959,533.95	\$0.00
Fairfield Land ⁹	\$27,274.21	\$320,366.61	\$0.00
Farrell Business Park	\$847,238.64	\$450,000.00	\$397,238.64
Riverbend Home (Hawthorne) ¹⁰	\$69,569.48	\$245,000.00	\$0.00
Total			\$1,836,168.61

V. CONCLUSION

As of December 31, 2014, the Receivership Estate's Real Estate Account had a balance in the amount of \$4,412,357.56. Of this amount, \$1,836,168.61 is unencumbered based on the information provided above. Accordingly, the Receiver intends to transfer \$1,836,168.61 to the unrestricted Operating Account twenty days after the filing of this Report with the Court unless directed otherwise by the Court.

Dated this 26th day of January, 2015.


 R. Wayne Klein
 Court-Appointed Receiver for National Note
 of Utah, LC and affiliated Entities.

⁷ While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

⁸ The ABIs recorded in relation to this property are against 24 different Expressway Business Park properties and Units, including Unit #215. While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

⁹ While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

¹⁰ While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

EXHIBIT 2

WHEN RECORDED MAIL TO:

ENTRY 95004587
 Book 601 Page 179-183 \$18.00
 15-AUG-95 11:13
 RANDY SIMMONS
 RECORDER, UTAH COUNTY, UTAH
 BASIN LAND TITLE AND ABSTRACT INC
 335 W. 50 N. SE-7 VERNAL UT 84078
 REC BY: RUTH DUNN , DEPUTY

SPACE ABOVE THIS LINE FOR RECORDER

ENTRY 95004587
Book 601 PAGE 179

BLT #9704

05-Q37-04-0007

6/11/95

ALL-INCLUSIVE TRUST DEED

With Assignment of Rents

THIS ALL-INCLUSIVE TRUST DEED made this 10 day of August, 19 95 between ROGER R. BROCKBANK,
 whose address is 4546 Highland Drive - Salt Lake City, UT 84117, as TRUSTOR,
 (Street and Number) (City) (State)

BASIN LAND TITLE AND ABSTRACT, INC., as TRUSTEE,* and
DAVID BARTON and LISA G. BARTON, as joint tenants

WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property
 situated in Utah County, State of Utah.

See attached Exhibit "A"

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, and issues, profits, income
 tenements, hereditaments, privileges and appurtenances hereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof,
 SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and
 profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by an All-Inclusive Promissory Note (hereinafter the "Note") of
 even date herewith, in the principal sum of \$ 70,000.00, made by Trustor, payable to the order of Beneficiary at the times, in the manner
 and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor
 herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when
 evidenced by a Promissory Note or Notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by
 Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

This instrument is an All-Inclusive Trust Deed subject and subordinate to the following instruments (hereinafter "Senior Encumbrances"):

(1) A Trust Deed/Mortgage recorded 7/28/94 as Entry No. 94004855 in Book 578 at Page 88 of
 Official Records of Utah County, Utah, which, if a Trust Deed secures a Promissory Note
 in the original principal amount of, or if a Mortgage, is in the original principal amount of Fifty-Nine Thousand and no/100
 Dollars, (\$ 59,000.00), dated July 15, 19 94 in favor of L-I Caldwell Trust
 Beneficiary/Mortgagee, with the Trustor/Mortgagor being David Barron and Lisa G. Barron
 If a Trust Deed, its Trustee is Basin Land Title and Abstract, Inc.

(2) A Trust Deed/Mortgage recorded _____ as Entry No. _____ in Book _____ at Page _____ of
 Official Records of _____, which, if a Trust Deed secures a Promissory Note
 in the original principal amount of, or if a Mortgage, is in the original principal amount of _____
 Dollars, (\$ _____), dated _____, 19 _____ in favor of _____
 Beneficiary/Mortgagee, with the Trustor/Mortgagor being _____
 If a Trust Deed, its Trustee is _____

The Promissory Note(s) secured by said Trust Deed(s) is (are) hereinafter referred to as the "Senior Note(s)". Nothing in this Trust Deed, the Note,
 or any deed in connection herewith shall be deemed to be an assumption by the Trustor of the Senior Notes or Senior Encumbrances.

*NOTE: Trustee must be a member of the Utah State Bar, a bank, building and loan association, savings and loan association, or insurance company
 authorized to do such business in Utah; a corporation authorized to conduct a trust business in Utah; a title insurance or abstract company authorized
 to do such business in Utah, or a U.S. Government Agency.

This form has been approved by the Utah Real Estate Commission.

FORM NO 142-B

© GEM PTC CO - 3219 SO 2000 EAST - SALT LAKE CITY

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair; not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:

(a) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and

(b) To allow Beneficiary to inspect said property at all times during construction.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To provide and maintain insurance, of such type or types and amounts as Beneficiary may require, on the improvements now existing or hereafter erected or placed on said property. Such insurance shall be carried in companies approved by Beneficiary with loss payable clauses in favor of and in form acceptable to Beneficiary. In event of loss, Trustor shall give immediate notice to Beneficiary, who may make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Trustor and Beneficiary jointly, and the insurance proceeds, or any part thereof, may be applied by Beneficiary, at its option, to reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security thereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay all taxes, insurance and assessments of every kind or nature as and when required by the Holders of Senior Encumbrances or when otherwise due in absence of any requirements under the Senior Encumbrances.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay reasonable legal fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate borne by the principal balance under the Note until paid, and the repayment thereof shall be secured hereby.

IT IS MUTUALLY AGREED THAT:

8. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights or action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

9. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note of endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any persons for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereon; (d) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

10. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

11. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said

rents, issued, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

12. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damages of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

13. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

14. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part of parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

15. After the lapse of such time as may then be required by law following the recording of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which property is sold) consisting of several known lots or parcels, shall be sold, at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the same. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the evidence of title procured in connection with such sale; (2) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate borne by the principal balance under the Note from date of expenditure; (3) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

16. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and beneficiary shall be entitled to recover in such proceedings all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

17. Beneficiary may appoint a Successor Trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part hereof is situated, a substitution of Trustee. From the time the substitution is filed for record, the new Trustee shall succeed to all powers, duties, authority and title of the Trustee named herein or of any Successor Trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law.

18. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular includes the plural.

19. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

20. This Trust Deed shall be construed according to the laws of the State of Utah.

21. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinafter set forth.

Signature of Trustor

 Roger R. Brockbank

(If Trustor an Individual)

Book 601 Page 182

STATE OF UTAH

COUNTY OF Salt Lake ss.

On the 11 day of August, 1995 personally appeared before me Roger R. Brockbank, the signer(s) of the above instrument, who duly acknowledged to me that he executed the same.

My Commission Expires:

8-10-2016

NOTARY PUBLIC

Residing at: Sandy, Utah

(If Trustor a Corporation)



STATE OF UTAH

COUNTY OF _____ ss.

On the _____ day of _____, 19____ personally appeared before me _____, who being by me duly sworn, says that he is the _____ of the corporation that executed the above and foregoing instrument and that said instrument was signed in behalf of said corporation by authority of its by-laws (or by authority of a resolution of its board of directors) and said _____ acknowledged to me that said corporation executed the same.

My Commission Expires:

NOTARY PUBLIC

Residing at: _____

REQUEST FOR FULL RECONVEYANCE

(To be used only when indebtedness secured hereby has been paid in full)

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Trust Deed. Said note, together with all other indebtedness secured by said Trust Deed has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Trust Deed, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Trust Deed delivered to you herewith, together with the said Trust Deed, and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed, all of the estate now held by you thereunder.

DATED _____, 19____

Mail reconveyance to _____

ENTRY 95004587
BOOK 601 PAGE 183

S-37-7 S.W.1/4

Exhibit "A"

Beginning at a point on the West Section line of Section 24, Township 4 South, Range 21 East, Salt Lake Base and Meridian, said point is North 0 degrees 03'25" West 474 feet from the West quarter corner of said Section; thence North along said Section line North 0 degrees 03'25" West 186 feet; thence North 89 degrees 57'04" East 377.14 feet parallel to the East-West quarter Section line of said Section; thence North 0 degrees 03'25" West 487 feet; thence South 89 degrees 57'04" West 377.15 feet to the West section line of said Section; thence North 0 degrees 03'25" West 66 feet along said West Section line; thence North 89 degrees 57'04" East 402.57 feet; thence North 0 degrees 03'25" West 112.85 feet to the North line of the Southwest quarter of the Northwest quarter of said Section; thence North 89 degrees 48'45" East 927.20 feet along said North line of the Southwest quarter of the Northwest quarter to the Northeast corner of said Southwest quarter of the Northwest quarter; thence South 0 degrees 02'35" East 272.10 feet along the East line of the Southwest quarter of the Northwest quarter; thence South 89 degrees 57'04" West 75.90 feet; thence South 0 degrees 03'25" East 582 feet; thence South 89 degrees 57'04" West 1254 feet to the point of beginning.

TOGETHER with an easement for the construction and maintenance of sewage lines described as follows: Beginning at the Southeast corner of the Northwest quarter of the Northwest quarter of Section 24, Township 4 South, Range 21 East, Salt Lake Meridian; thence North 500 feet; thence West 40 feet; thence South 500 feet; thence East 40 feet to the point of beginning.

EXHIBIT B

Order Prepared and Submitted By:

Peggy Hunt (Utah State Bar No. 6060)
Chris Martinez (Utah State Bar No. 11152)
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Attorneys for Court-Appointed Receiver R. Wayne Klein

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

<p>SECURITIES AND EXCHANGE COMMISSSION,</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, an individual,</p> <p style="text-align: right;">Defendants.</p>	<p>ORDER GRANTING MOTION SEEKING AUTHORIZATION TO RELEASE REAL ESTATE ACCOUNT FUNDS AS SET FORTH IN SUPPLEMENTAL REPORT</p> <p>Civil No. 2:12-cv-00591 BSJ</p> <p>The Honorable Bruce S. Jenkins</p>
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The matter before the Court is the *Motion Seeking Authorization to Release Real Estate Account Funds as Set Forth in Supplemental Report* (the “Motion”) filed by R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”). The Court has reviewed the Motion, the Reciever’s *Supplemental Report on Excess Sales Proceeds Available to the Receivership Estate as a Result*

of Releases of Purported Real Estate Interests (the “Supplemental Report”), attached to the Motion, and has considered the record in this case. Based thereon, and for good cause appearing

IT IS HEREBY ORDERED that:

- (1) The Motion is **GRANTED**;
- (2) The Receiver is **AUTHORIZED** to transfer a total of \$1,752,769.93 currently on deposit in the “Real Estate Account” to Receivership Estate’s “Operating Account,” as those terms are in the Motion.

Dated this _____ day of March, 2015.

BY THE COURT

The Honorable Bruce S. Jenkins
United States District Court