

Exhibit B

AUCTION PROCEDURES

SALE OF REAL PROPERTY (EXPRESSWAY LAND)

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 1100 North Market Place Drive, Spanish Fork, UT, with tax parcel numbers 27:010:0067, 27:010:0068, 27:010:0064, and 38:400:0307 -0326 (the “Property”), on the ___ day of _____, 2016, 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 1100 North Market Place Drive, Spanish Fork, UT, with tax parcel numbers 27:010:0067, 27:010:0068, 27:010:0064, and 38:400:0307 -0326 (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. The Receiver has received the following offers to purchase parts of the Property or the Property as a whole:
 - i. WoodSprings, LLC, has offered to purchase the Property as a whole for \$601,000.00 (the “WoodSprings Offer”), subject to higher and better offers and pursuant to the terms of a purchase agreement (the “WoodSprings Purchase Agreement”), a copy of which is attached to the Receiver Declaration as Exhibit D.
 - ii. John and Brenda (“the Cutlers”) have offered to purchase Parcel 1 for \$130,000.00 (“Cutler Offer A”), or Parcel 4 for \$125,000.00 (“Cutler Offer B”), or a 3.5 acre portion of Parcel 1 for \$85,000.00

(“Cutler Offer C”), pursuant to the terms of a purchase agreement (the “Cutler Purchase Agreement”), a copy of which is attached to the Receiver Declaration as Exhibit E. All of these offers are subject to higher and better offers.

D. To participate in the Auction, the potential purchaser must be a “Qualified Bidder.” Each of the parties identified in Section C above is a Qualified Bidder and may bid on any individual parcel or the Property as a whole.

E. No other 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 \$10,000.00 as an initial deposit (all such deposits being collectively, the “Initial Deposit”), by no later than 5:00 p.m. Mountain Time at least seven 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. The Receiver will conduct the Auction in two stages. Stage One shall proceed as follows:

- i. The Receiver will conditionally auction the individual parcels in the following order:
 - a) Parcels 1 & 3 (combined). The Receiver is treating Cutler Offer A as the opening bid for Parcels 1 & 3 combined.
 - b) Parcel 2.
 - c) Parcel 4. The Receiver is treating Cutler Offer B as the opening bid for Parcel 4.

The auction of each parcel shall proceed in rounds. Bidding shall begin with an initial minimum overbid of the opening bid for each parcel 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 opening bid for each parcel (the stalking horse bidder) will be allowed to match any bid made by another Qualified Bidder without increasing such bid by the \$5,000.00 minimum cash overbid amount. Bidding will continue until the Receiver determines that he has received the highest and best offer for the parcel, at which time he will close the auction of that parcel, with the person making the last bid prior to the Receiver's close of the auction of that parcel bound to purchase the parcel pursuant to the terms of the approved Auction Procedures (the "Successful Parcel Bidder").

- ii. If the combined sale price of the parcels obtained in Stage One exceeds \$601,000.00, the Receiver shall cancel the remainder of the Auction and confirm the auction results of Stage One as follows:
 - a) Each Qualified Bidder agrees that its last offer made on each parcel is irrevocable until the date that sale of that respective parcel closes to the respective Successful Parcel Bidder (the "Parcel Sale Closing Date").
 - b) Each Initial Deposit shall be retained by the Receiver until each respective Parcel Sale Closing Date. On each Parcel Sale Closing Date, the Initial Deposit of the respective Successful Parcel Bidder will be applied to the purchase price accepted at Auction by the Receiver. Within ten business days of each respective Parcel Sale Closing Date, the Receiver shall return all other Initial Deposits. In the event that the Successful Parcel Bidder's sale does not close, the Receiver (i) shall retain the Initial Deposit of the Successful Parcel Bidder as damages, and (ii) the Qualified Bidder who made the next highest and best offer at Auction for that parcel (the "Back-Up Bid") shall be deemed the Successful Parcel 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.
 - c) Immediately upon the close of the Auction, each Successful Parcel Bidder must (i) sign a purchase agreement on terms materially similar to the terms of sale

stated in the purchase agreement associated with the opening bid of that particular parcel; 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 Parcel Sale Closing Date does not occur for the Successful Parcel Bidder, the Successful Parcel Bidder's Initial Deposit and this 10% Deposit will be retained by the Receiver as damages.

- iii. If the combined sales price of the parcels obtained in Stage One does not exceed \$601,000.00, the Receiver will void the auction results of Stage One and proceed to Stage Two.

G. Stage Two shall proceed as follows:

- i. The Receiver will auction the Property as a whole. Stage Two shall proceed in rounds. Bidding shall begin with an initial minimum overbid of the WoodSprings Offer in an amount of \$5,000.00 in cash, and shall subsequently continue in \$5,000.00 minimum cash overbid increments. However, WoodSprings will be allowed to match any bid made by another Qualified Bidder without increasing such bid by the \$5,000.00 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").
- ii. Each Qualified Bidder agrees that its last offer made on the Property as a whole is irrevocable until the date that sale of the Property closes to Successful Bidder (the "Sale Closing Date").
- iii. 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 Stage Two of the 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.

- iv. 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 the WoodSprings Purchase 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.